



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

October 11, 2016

AMENDED CERTIFICATION

Blair Brown
Superintendent
Panhandle Independent School District
101 Elsie Avenue
Panhandle, Texas 79068

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Panhandle Independent School District and Grandview Wind Farm III, LLC, Application #1107

Dear Superintendent Brown:

This application (Application #1107) was originally submitted on October 20, 2015, to the Panhandle Independent School District (the school district) by Grandview Wind Farm III, LLC (the applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313⁽¹⁾. On January 11, 2016, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a Certificate for a limitation on appraised value on April 04, 2016. The applicant and school district executed an agreement for a limitation on appraised value (the agreement) on September 27, 2016.

On September 16, 2016, the Comptroller received an amendment to the agreement. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

The information provided by the applicant related to eligibility has not changed and therefore, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

⁽¹⁾ All statutory references are to the Texas Tax Code, unless otherwise noted.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

Based on the amended information provided by the applicant, the Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the amendment to the agreement by December 31, 2016.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Grandview Wind Farm III, LLC (the project) applying to Panhandle Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Grandview Wind Farm III, LLC.

Applicant	Grandview Wind Farm III, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Panhandle ISD
2014-2015 Average Daily Attendance	598
County	Carson
Proposed Total Investment in District	\$104,490,000
Proposed Qualified Investment	\$104,490,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant	4
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$961.54
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$926.98
Minimum annual wage committed to by applicant for qualified jobs	\$50,000
Minimum weekly wage required for non-qualifying jobs	\$1,574.75
Minimum annual wage required for non-qualifying jobs	\$81,887
Investment per Qualifying Job	\$26,122,500
Estimated M&O levy without any limit (15 years)	\$10,866,960
Estimated M&O levy with Limitation (15 years)	\$5,736,120
Estimated gross M&O tax benefit (15 years)	\$5,130,840
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

Table 2 is the estimated statewide economic impact of Grandview Wind Farm III, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	65	58	123	\$3,140,383	\$5,859,617	\$9,000,000
2019	4	8	12	\$200,000	\$800,000	\$1,000,000
2020	4	5	9	\$200,000	\$800,000	\$1,000,000
2021	4	3	7	\$200,000	\$800,000	\$1,000,000
2022	4	2	6	\$200,000	\$800,000	\$1,000,000
2023	4	1	5	\$200,000	\$800,000	\$1,000,000
2024	4	0	4	\$200,000	-\$200,000	\$0
2025	4	0	4	\$200,000	-\$200,000	\$0
2026	4	0	4	\$200,000	-\$200,000	\$0
2027	4	0	4	\$200,000	-\$200,000	\$0
2028	4	0	4	\$200,000	-\$200,000	\$0
2029	4	(1)	3	\$200,000	-\$200,000	\$0
2030	4	(1)	3	\$200,000	-\$200,000	\$0
2031	4	(1)	3	\$200,000	-\$200,000	\$0
2032	4	(1)	3	\$200,000	-\$200,000	\$0

Source: CPA REMI, Grandview Wind Farm III, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives								
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Panhandle ISD I&S Tax Levy	Panhandle ISD M&O Tax Levy	Panhandle ISD M&O and I&S Tax Levies	Carson County Tax Levy	Estimated Total Property Taxes
			0.4400		1.0400		0.5390	
2019	\$96,750,000	\$96,750,000		\$425,700	\$1,006,200	\$1,431,900	\$521,483	\$1,953,383
2020	\$92,880,000	\$92,880,000		\$408,672	\$965,952	\$1,374,624	\$500,623	\$1,875,247
2021	\$89,010,000	\$89,010,000		\$391,644	\$925,704	\$1,317,348	\$479,764	\$1,797,112
2022	\$85,140,000	\$85,140,000		\$374,616	\$885,456	\$1,260,072	\$458,905	\$1,718,977
2023	\$81,270,000	\$81,270,000		\$357,588	\$845,208	\$1,202,796	\$438,045	\$1,640,841
2024	\$77,400,000	\$77,400,000		\$340,560	\$804,960	\$1,145,520	\$417,186	\$1,562,706
2025	\$73,530,000	\$73,530,000		\$323,532	\$764,712	\$1,088,244	\$396,327	\$1,484,571
2026	\$69,660,000	\$69,660,000		\$306,504	\$724,464	\$1,030,968	\$375,467	\$1,406,435
2027	\$65,790,000	\$65,790,000		\$289,476	\$684,216	\$973,692	\$354,608	\$1,328,300
2028	\$61,920,000	\$61,920,000		\$272,448	\$643,968	\$916,416	\$333,749	\$1,250,165
2029	\$58,050,000	\$58,050,000		\$255,420	\$603,720	\$859,140	\$312,890	\$1,172,030
2030	\$54,180,000	\$54,180,000		\$238,392	\$563,472	\$801,864	\$292,030	\$1,093,894
2031	\$50,310,000	\$50,310,000		\$221,364	\$523,224	\$744,588	\$271,171	\$1,015,759
2032	\$46,440,000	\$46,440,000		\$204,336	\$482,976	\$687,312	\$250,312	\$937,624
2033	\$42,570,000	\$42,570,000		\$187,308	\$442,728	\$630,036	\$229,452	\$859,488
			Total	\$4,597,560	\$10,866,960	\$15,464,520	\$5,632,011	\$21,096,531

Source: CPA, Grandview Wind Farm III, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Carson County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought								
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Panhandle ISD I&S Tax Levy	Panhandle ISD M&O Tax Levy	Panhandle ISD M&O and I&S Tax Levies	Carson County Tax Levy	Estimated Total Property Taxes
			0.4400		1.0400		0.5390	
2019	\$96,750,000	\$30,000,000		\$425,700	\$312,000	\$737,700	\$260,741	\$998,441
2020	\$92,880,000	\$30,000,000		\$408,672	\$312,000	\$720,672	\$250,312	\$970,984
2021	\$89,010,000	\$30,000,000		\$391,644	\$312,000	\$703,644	\$239,882	\$943,526
2022	\$85,140,000	\$30,000,000		\$374,616	\$312,000	\$686,616	\$229,452	\$916,068
2023	\$81,270,000	\$30,000,000		\$357,588	\$312,000	\$669,588	\$219,023	\$888,611
2024	\$77,400,000	\$30,000,000		\$340,560	\$312,000	\$652,560	\$208,593	\$861,153
2025	\$73,530,000	\$30,000,000		\$323,532	\$312,000	\$635,532	\$198,163	\$833,695
2026	\$69,660,000	\$30,000,000		\$306,504	\$312,000	\$618,504	\$187,734	\$806,238
2027	\$65,790,000	\$30,000,000		\$289,476	\$312,000	\$601,476	\$177,304	\$778,780
2028	\$61,920,000	\$30,000,000		\$272,448	\$312,000	\$584,448	\$166,874	\$751,322
2029	\$58,050,000	\$58,050,000		\$255,420	\$603,720	\$859,140	\$312,890	\$1,172,030
2030	\$54,180,000	\$54,180,000		\$238,392	\$563,472	\$801,864	\$292,030	\$1,093,894
2031	\$50,310,000	\$50,310,000		\$221,364	\$523,224	\$744,588	\$271,171	\$1,015,759
2032	\$46,440,000	\$46,440,000		\$204,336	\$482,976	\$687,312	\$250,312	\$937,624
2033	\$42,570,000	\$42,570,000		\$187,308	\$442,728	\$630,036	\$229,452	\$859,488
			Total	\$4,597,560	\$5,736,120	\$10,333,680	\$3,493,933	\$13,827,613
			Diff	\$0	\$5,130,840	\$5,130,840	\$2,138,078	\$7,268,918

Source: CPA, Grandview Wind Farm III, LLC

¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Grandview Wind Farm III, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2019	\$312,000	\$312,000	\$694,200	\$694,200
	2020	\$312,000	\$624,000	\$653,952	\$1,348,152
	2021	\$312,000	\$936,000	\$613,704	\$1,961,856
	2022	\$312,000	\$1,248,000	\$573,456	\$2,535,312
	2023	\$312,000	\$1,560,000	\$533,208	\$3,068,520
	2024	\$312,000	\$1,872,000	\$492,960	\$3,561,480
	2025	\$312,000	\$2,184,000	\$452,712	\$4,014,192
	2026	\$312,000	\$2,496,000	\$412,464	\$4,426,656
	2027	\$312,000	\$2,808,000	\$372,216	\$4,798,872
	2028	\$312,000	\$3,120,000	\$331,968	\$5,130,840
Maintain Viable Presence (5 Years)	2029	\$603,720	\$3,723,720	\$0	\$5,130,840
	2030	\$563,472	\$4,287,192	\$0	\$5,130,840
	2031	\$523,224	\$4,810,416	\$0	\$5,130,840
	2032	\$482,976	\$5,293,392	\$0	\$5,130,840
	2033	\$442,728	\$5,736,120	\$0	\$5,130,840
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$402,480	\$6,138,600	\$0	\$5,130,840
	2035	\$362,232	\$6,500,832	\$0	\$5,130,840
	2036	\$321,984	\$6,822,816	\$0	\$5,130,840
	2037	\$281,736	\$7,104,552	\$0	\$5,130,840
	2038	\$251,550	\$7,356,102	\$0	\$5,130,840
	2039	\$251,550	\$7,607,652	\$0	\$5,130,840
	2040	\$251,550	\$7,859,202	\$0	\$5,130,840
	2041	\$251,550	\$8,110,752	\$0	\$5,130,840
	2042	\$251,550	\$8,362,302	\$0	\$5,130,840
	2043	\$251,550	\$8,613,852	\$0	\$5,130,840

\$8,613,852 is greater than \$5,130,840

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

Source: CPA, Grandview Wind Farm III, LLC

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