



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

October 11, 2016

AMENDED CERTIFICATION

Jay Lamb
Superintendent
Groom Independent School District
304 W. 3rd Street
Groom, Texas 79039

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Groom Independent School District and Grandview Wind Farm III, LLC, Application #1108

Dear Superintendent Lamb:

This application (Application #1108) was originally submitted on October 19, 2015, to the Groom 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 26, 2016.

On September 15, 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 Groom 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	Groom ISD
2014-2015 Average Daily Attendance	130
County	Carson
Proposed Total Investment in District	\$43,740,000
Proposed Qualified Investment	\$43,740,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant	2
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	\$21,870,000
Estimated M&O levy without any limit (15 years)	\$4,548,960
Estimated M&O levy with Limitation (15 years)	\$3,175,120
Estimated gross M&O tax benefit (15 years)	\$1,373,840
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

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	28	25	53	\$1,353,278	\$2,646,722	\$4,000,000
2019	2	3	5	\$100,000	-\$100,000	\$0
2020	2	2	4	\$100,000	-\$100,000	\$0
2021	2	1	3	\$100,000	-\$100,000	\$0
2022	2	0	2	\$100,000	-\$100,000	\$0
2023	2	0	2	\$100,000	-\$100,000	\$0
2024	2	(1)	1	\$100,000	-\$100,000	\$0
2025	2	(1)	1	\$100,000	-\$100,000	\$0
2026	2	(1)	1	\$100,000	-\$100,000	\$0
2027	2	(1)	1	\$100,000	-\$100,000	\$0
2028	2	(1)	1	\$100,000	-\$100,000	\$0
2029	2	(1)	1	\$100,000	-\$100,000	\$0
2030	2	(1)	1	\$100,000	-\$100,000	\$0
2031	2	(1)	1	\$100,000	-\$100,000	\$0
2032	2	(1)	1	\$100,000	-\$100,000	\$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.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Groom Hill ISD I&S Tax Levy	Groom ISD M&O Tax Levy	Groom ISD M&O and I&S Tax Levies	Carson County Tax Levy	Panhandle Groundwater Tax Levy	Estimated Total Property Taxes
				0.0440	1.0400		0.5380	0.0079	
2017	\$40,500,000	\$40,500,000		\$17,820	\$421,200	\$439,020	\$217,890	\$3,200	\$660,110
2018	\$38,880,000	\$38,880,000		\$17,107	\$404,352	\$421,459	\$209,174	\$3,072	\$633,705
2019	\$37,260,000	\$37,260,000		\$16,394	\$387,504	\$403,898	\$200,459	\$2,944	\$607,301
2020	\$35,640,000	\$35,640,000		\$15,682	\$370,656	\$386,338	\$191,743	\$2,816	\$580,896
2021	\$34,020,000	\$34,020,000		\$14,969	\$353,808	\$368,777	\$183,028	\$2,688	\$554,492
2022	\$32,400,000	\$32,400,000		\$14,256	\$336,960	\$351,216	\$174,312	\$2,560	\$528,088
2023	\$30,780,000	\$30,780,000		\$13,543	\$320,112	\$333,655	\$165,596	\$2,432	\$501,683
2024	\$29,160,000	\$29,160,000		\$12,830	\$303,264	\$316,094	\$156,881	\$2,304	\$475,279
2025	\$27,540,000	\$27,540,000		\$12,118	\$286,416	\$298,534	\$148,165	\$2,176	\$448,874
2026	\$25,920,000	\$25,920,000		\$11,405	\$269,568	\$280,973	\$139,450	\$2,048	\$422,470
2027	\$24,300,000	\$24,300,000		\$10,692	\$252,720	\$263,412	\$130,734	\$1,920	\$396,066
2028	\$22,680,000	\$22,680,000		\$9,979	\$235,872	\$245,851	\$122,018	\$1,792	\$369,661
2029	\$21,060,000	\$21,060,000		\$9,266	\$219,024	\$228,290	\$113,303	\$1,664	\$343,257
2030	\$19,440,000	\$19,440,000		\$8,554	\$202,176	\$210,730	\$104,587	\$1,536	\$316,853
2031	\$17,820,000	\$17,820,000		\$7,841	\$185,328	\$193,169	\$95,872	\$1,408	\$290,448
			Total	\$192,456	\$4,548,960	\$4,741,416	\$2,353,212	\$34,555	\$7,129,183

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	Groom Hill ISD I&S Tax Levy	Groom ISD M&O Tax Levy	Groom ISD M&O and I&S Tax Levies	Carson County Tax Levy	Panhandle Groundwater Tax Levy	Estimated Total Property Taxes	
2019	\$40,500,000	\$20,000,000		0.0440	1.0400		0.5380	0.0079		
2020	\$38,880,000	\$20,000,000		\$17,820	\$208,000	\$225,820	\$108,945	\$3,200	\$337,965	
2021	\$37,260,000	\$20,000,000		\$17,107	\$208,000	\$225,107	\$104,587	\$3,072	\$332,766	
2022	\$35,640,000	\$20,000,000		\$16,394	\$208,000	\$224,394	\$100,229	\$2,944	\$327,567	
2023	\$34,020,000	\$20,000,000		\$15,682	\$208,000	\$223,682	\$95,872	\$2,816	\$322,369	
2024	\$32,400,000	\$20,000,000		\$14,969	\$208,000	\$222,969	\$91,514	\$2,688	\$317,170	
2025	\$30,780,000	\$20,000,000		\$14,256	\$208,000	\$222,256	\$87,156	\$2,560	\$311,972	
2026	\$30,780,000	\$20,000,000		\$13,543	\$208,000	\$221,543	\$82,798	\$2,432	\$306,773	
2027	\$29,160,000	\$20,000,000		\$12,830	\$208,000	\$220,830	\$78,440	\$2,304	\$301,574	
2028	\$25,920,000	\$20,000,000		\$12,118	\$208,000	\$220,118	\$74,083	\$2,176	\$296,376	
2029	\$24,300,000	\$24,300,000		\$11,405	\$208,000	\$219,405	\$69,725	\$2,048	\$291,177	
2030	\$22,680,000	\$22,680,000		\$10,692	\$252,720	\$263,412	\$130,734	\$1,920	\$396,066	
2031	\$21,060,000	\$21,060,000		\$9,979	\$235,872	\$245,851	\$122,018	\$1,792	\$369,661	
2032	\$19,440,000	\$19,440,000		\$9,266	\$219,024	\$228,290	\$113,303	\$1,664	\$343,257	
2033	\$17,820,000	\$17,820,000		\$8,554	\$202,176	\$210,730	\$104,587	\$1,536	\$316,853	
				\$7,841	\$185,328	\$193,169	\$95,872	\$1,408	\$290,448	
				Total	\$192,456	\$3,175,120	\$3,367,576	\$1,459,863	\$34,555	\$4,861,994
				Diff	\$0	\$1,373,840	\$1,373,840	\$893,349	\$0	\$2,267,189

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	\$208,000	\$208,000	\$823,472	\$823,472
	2020	\$208,000	\$416,000	\$782,213	\$1,605,685
	2021	\$208,000	\$624,000	\$740,954	\$2,346,639
	2022	\$208,000	\$832,000	\$699,695	\$3,046,335
	2023	\$208,000	\$1,040,000	\$658,436	\$3,704,771
	2024	\$208,000	\$1,248,000	\$617,178	\$4,321,949
	2025	\$208,000	\$1,456,000	\$575,919	\$4,897,868
	2026	\$208,000	\$1,664,000	\$534,660	\$5,432,527
	2027	\$208,000	\$1,872,000	\$493,401	\$5,925,928
	2028	\$208,000	\$2,080,000	\$452,142	\$6,378,070
Maintain Viable Presence (5 Years)	2029	\$618,883	\$2,698,883	\$0	\$6,378,070
	2030	\$577,624	\$3,276,508	\$0	\$6,378,070
	2031	\$536,365	\$3,812,873	\$0	\$6,378,070
	2032	\$495,107	\$4,307,980	\$0	\$6,378,070
	2033	\$453,848	\$4,761,827	\$0	\$6,378,070
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$412,589	\$5,174,416	\$0	\$6,378,070
	2035	\$371,330	\$5,545,746	\$0	\$6,378,070
	2036	\$330,071	\$5,875,817	\$0	\$6,378,070
	2037	\$288,812	\$6,164,629	\$0	\$6,378,070
	2038	\$257,868	\$6,422,497	\$0	\$6,378,070
	2039	\$257,868	\$6,680,365	\$0	\$6,378,070
	2040	\$257,868	\$6,938,233	\$0	\$6,378,070
	2041	\$257,868	\$7,196,101	\$0	\$6,378,070
	2042	\$257,868	\$7,453,969	\$0	\$6,378,070
	2043	\$257,868	\$7,711,837	\$0	\$6,378,070

\$7,711,837

is greater than

\$6,378,070

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

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.