



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

December 1, 2017

AMENDED CERTIFICATION

Leon Freeman  
Superintendent  
Lohn Independent School District  
P.O. Box 277  
Lohn, Texas 76852

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Lohn Independent School District and Heart of Texas Wind, LLC, Application 1129

Dear Superintendent Freeman:

This application (Application 1129) was originally submitted on March 28, 2016, to the Lohn Independent School District (school district) by Heart of Texas Wind, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On May 18, 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 July 12, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on November 21, 2016.

On November 8, 2017, 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.

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<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

**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.

**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's 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.

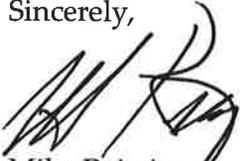
Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

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, 2017.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto: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



## Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Heart of Texas Wind, LLC (project) applying to Lohn Independent School District (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 Heart of Texas Wind, LLC.

	<b>Original</b>	<b>Amendment No. 02</b>
Applicant	Heart of Texas Wind, LLC	Heart of Texas Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation	Renewable Energy Electric Generation
School District	Lohn ISD	Lohn ISD
2014-2015 Average Daily Attendance	114	114
County	McCulloch	McCulloch
Proposed Total Investment in District	\$182,250,00	\$182,250,000
Proposed Qualified Investment	\$182,250,00	\$182,250,000
Limitation Amount	\$15,000,000	\$15,000,000
Qualifying Time Period (Full Years)	2017-2018	2017-2018
Number of new qualifying jobs committed to by applicant	4*	4*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$823	\$823
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$823	\$823
Minimum annual wage committed to by applicant for qualified jobs	\$42,775	\$42,775
Minimum weekly wage required for non-qualifying jobs	\$751	\$751
Minimum annual wage required for non-qualifying jobs	\$39,052	\$39,052
Investment per Qualifying Job	\$45,562,500	\$45,562,500
Estimated M&O levy without any limit (15 years)	\$19,237,351	\$20,078,850
Estimated M&O levy with Limitation (15 years)	\$5,587,803	\$6,429,302
Estimated gross M&O tax benefit (15 years)	\$13,649,548	\$13,649,548

\* 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 Heart of Texas Wind, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	200	163	363	\$8,600,000	\$12,274,000	\$20,874,000
2019	4	14	17,5781	\$171,100	\$2,392,400	\$2,563,500
2020	4	6	10	\$171,100	\$1,904,100	\$2,075,200
2021	4	6	10	\$171,100	\$1,293,700	\$1,464,800
2022	4	(2)	2	\$171,100	\$1,049,600	\$1,220,700
2023	4	(0)	4	\$171,100	\$561,300	\$732,400
2024	4	(0)	4	\$171,100	\$561,300	\$732,400
2025	4	6	10	\$171,100	\$439,300	\$610,400
2026	4	(0)	4	\$171,100	\$317,200	\$488,300
2027	4	6	10	\$171,100	\$317,200	\$488,300
2028	4	4	8	\$171,100	\$561,300	\$732,400
2029	4	(0)	4	\$171,100	\$317,200	\$488,300
2030	4	(2)	2	\$171,100	-\$171,100	\$0
2031	4	(4)	0	\$171,100	-\$415,200	-\$244,100
2032	4	(0)	4	\$171,100	-\$659,400	-\$488,300
2033	4	(2)	2	\$171,100	-\$659,400	-\$488,300

Source: CPA REMI, Heart of Texas Wind, 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*	Lohn ISD I&S Tax Levy	Lohn ISD M&O Tax Levy	Lohn ISD M&O and I&S Tax Levies	McCulloch County Tax Levy	Heart of Texas Hospital Dist Tax Levy	Hickory UWCD #1 District Tax Levy	Estimated Total Property Taxes
2019	\$178,605,000	\$178,605,000		\$119,787	\$2,089,679	\$2,209,465	\$862,894	\$218,345	\$218,345	\$3,509,049
2020	\$166,103,000	\$166,103,000		\$111,402	\$1,943,405	\$2,054,807	\$802,493	\$203,061	\$203,061	\$3,263,422
2021	\$154,476,000	\$154,476,000		\$103,604	\$1,807,369	\$1,910,973	\$746,320	\$188,847	\$188,847	\$3,034,987
2022	\$143,663,000	\$143,663,000		\$96,352	\$1,680,857	\$1,777,209	\$694,079	\$175,628	\$175,628	\$2,822,544
2023	\$133,607,000	\$133,607,000		\$89,608	\$1,563,202	\$1,652,809	\$645,495	\$163,335	\$163,335	\$2,624,974
2024	\$124,255,000	\$124,255,000		\$83,335	\$1,453,784	\$1,537,119	\$600,313	\$151,902	\$151,902	\$2,441,235
2025	\$115,557,000	\$115,557,000		\$77,502	\$1,352,017	\$1,429,519	\$558,291	\$141,268	\$141,268	\$2,270,346
2026	\$107,468,000	\$107,468,000		\$72,077	\$1,257,376	\$1,329,452	\$519,210	\$131,380	\$131,380	\$2,111,422
2027	\$99,945,000	\$99,945,000		\$67,031	\$1,169,357	\$1,236,388	\$482,864	\$122,183	\$122,183	\$1,963,617
2028	\$92,949,000	\$92,949,000		\$62,339	\$1,087,503	\$1,149,842	\$449,065	\$113,630	\$113,630	\$1,826,167
2029	\$88,302,000	\$88,302,000		\$59,222	\$1,033,133	\$1,092,356	\$426,613	\$107,949	\$107,949	\$1,734,868
2030	\$83,887,000	\$83,887,000		\$56,261	\$981,478	\$1,037,739	\$405,283	\$102,552	\$102,552	\$1,648,126
2031	\$79,693,000	\$79,693,000		\$53,449	\$932,408	\$985,857	\$385,021	\$97,425	\$97,425	\$1,565,727
2032	\$75,708,000	\$75,708,000		\$50,776	\$885,784	\$936,559	\$365,768	\$92,553	\$92,553	\$1,487,434
2033	\$71,923,000	\$71,923,000		\$48,237	\$841,499	\$889,736	\$347,482	\$87,926	\$87,926	\$1,413,070
			<b>Total</b>	<b>\$1,150,981</b>	<b>\$20,078,850</b>	<b>\$21,229,831</b>	<b>\$8,291,192</b>	<b>\$2,097,982</b>	<b>\$2,097,982</b>	<b>\$33,716,988</b>

Source: CPA, Heart of Texas Wind, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and McCulloch 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.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Lohn ISD I&S Tax Levy	Lohn ISD M&O Tax Levy	Lohn ISD M&O and I&S Tax Levies	McCulloch County Tax Levy	Heart of Texas Hospital Dist Tax Levy	Hickory UWCD #1 District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0671	1.1700		0.4831	0.1223	0.0350	
2019	\$178,605,000	\$15,000,000		\$119,787	\$175,500	\$295,287	\$237,296	\$218,345	\$18,338	\$769,265
2020	\$166,103,000	\$15,000,000		\$111,402	\$175,500	\$286,902	\$230,316	\$203,061	\$18,338	\$738,616
2021	\$154,476,000	\$15,000,000		\$103,604	\$175,500	\$279,104	\$222,403	\$188,847	\$18,338	\$708,692
2022	\$143,663,000	\$15,000,000		\$96,352	\$175,500	\$271,852	\$215,859	\$175,628	\$18,338	\$681,676
2023	\$133,607,000	\$15,000,000		\$89,608	\$175,500	\$265,108	\$209,141	\$163,335	\$18,338	\$655,920
2024	\$124,255,000	\$15,000,000		\$83,335	\$175,500	\$258,835	\$202,306	\$151,902	\$18,338	\$631,380
2025	\$115,557,000	\$15,000,000		\$77,502	\$175,500	\$253,002	\$195,960	\$141,268	\$18,338	\$608,568
2026	\$107,468,000	\$15,000,000		\$72,077	\$175,500	\$247,577	\$190,031	\$131,380	\$18,338	\$587,325
2027	\$99,945,000	\$15,000,000		\$67,031	\$175,500	\$242,531	\$183,971	\$122,183	\$18,338	\$567,023
2028	\$92,949,000	\$15,000,000		\$62,339	\$175,500	\$237,839	\$178,279	\$113,630	\$18,338	\$548,085
2029	\$88,302,000	\$88,302,000		\$59,222	\$1,033,133	\$1,092,356	\$426,613	\$107,949	\$107,949	\$1,734,868
2030	\$83,887,000	\$83,887,000		\$56,261	\$981,478	\$1,037,739	\$405,283	\$102,552	\$102,552	\$1,648,126
2031	\$79,693,000	\$79,693,000		\$53,449	\$932,408	\$985,857	\$385,021	\$97,425	\$97,425	\$1,565,727
2032	\$75,708,000	\$75,708,000		\$50,776	\$885,784	\$936,559	\$365,768	\$92,553	\$92,553	\$1,487,434
2033	\$71,923,000	\$71,923,000		\$48,237	\$841,499	\$889,736	\$347,482	\$87,926	\$87,926	\$1,413,070
			Total	\$1,150,981	\$6,429,302	\$7,580,284	\$3,995,728	\$2,097,982	\$671,780	\$14,345,773
			Diff	\$0	\$13,649,548	\$13,649,548	\$4,295,465	\$0	\$1,426,203	\$19,371,215
Assumes School Value Limitation and Tax Abatements with the County.										

Source: CPA, Heart of Texas Wind, LLC

\*Tax 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 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Heart of Texas Wind, 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 and direct, indirect and induced tax effects from project employment 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)
<b>Limitation Pre-Years</b>	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2019	\$175,500	\$175,500	\$1,914,179	\$1,914,179
	2020	\$175,500	\$351,000	\$1,767,905	\$3,682,084
	2021	\$175,500	\$526,500	\$1,631,869	\$5,313,953
	2022	\$175,500	\$702,000	\$1,505,357	\$6,819,310
	2023	\$175,500	\$877,500	\$1,387,702	\$8,207,012
	2024	\$175,500	\$1,053,000	\$1,278,284	\$9,485,295
	2025	\$175,500	\$1,228,500	\$1,176,517	\$10,661,812
	2026	\$175,500	\$1,404,000	\$1,081,876	\$11,743,688
	2027	\$175,500	\$1,579,500	\$993,857	\$12,737,544
	2028	\$175,500	\$1,755,000	\$912,003	\$13,649,548
<b>Maintain Viable Presence (5 Years)</b>	2029	\$1,033,133	\$2,788,133	\$0	\$13,649,548
	2030	\$981,478	\$3,769,611	\$0	\$13,649,548
	2031	\$932,408	\$4,702,019	\$0	\$13,649,548
	2032	\$885,784	\$5,587,803	\$0	\$13,649,548
	2033	\$841,499	\$6,429,302	\$0	\$13,649,548
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2034	\$799,426	\$7,228,728	\$0	\$13,649,548
	2035	\$759,459	\$7,988,187	\$0	\$13,649,548
	2036	\$721,481	\$8,709,667	\$0	\$13,649,548
	2037	\$685,409	\$9,395,077	\$0	\$13,649,548
	2038	\$651,140	\$10,046,217	\$0	\$13,649,548
	2039	\$618,579	\$10,664,796	\$0	\$13,649,548
	2040	\$587,656	\$11,252,452	\$0	\$13,649,548
	2041	\$558,277	\$11,810,729	\$0	\$13,649,548
	2042	\$533,081	\$12,343,810	\$0	\$13,649,548
	2043	\$533,081	\$12,876,891	\$0	\$13,649,548

**\$12,876,891**

is less than

**\$13,649,548**

### 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?

No

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Heart of Texas Wind, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2018	200	163	363	\$8,600,000	\$12,274,000	\$20,874,000	1106300	-671400	\$1,777,700
2019	4	14	17,5781	\$171,100	\$2,392,400	\$2,563,500	183100	282300	-\$99,200
2020	4	6	10	\$171,100	\$1,904,100	\$2,075,200	137300	282300	-\$145,000
2021	4	6	10	\$171,100	\$1,293,700	\$1,464,800	91600	244100	-\$152,500
2022	4	(2)	2	\$171,100	\$1,049,600	\$1,220,700	45800	198400	-\$152,600
2023	4	(0)	4	\$171,100	\$561,300	\$732,400	45800	175500	-\$129,700
2024	4	(0)	4	\$171,100	\$561,300	\$732,400	76300	145000	-\$68,700
2025	4	6	10	\$171,100	\$439,300	\$610,400	61000	99200	-\$38,200
2026	4	(0)	4	\$171,100	\$317,200	\$488,300	91600	83900	\$7,700
2027	4	6	10	\$171,100	\$317,200	\$488,300	45800	38100	\$7,700
2028	4	4	8	\$171,100	\$561,300	\$732,400	45800	22900	\$22,900
2029	4	(0)	4	\$171,100	\$317,200	\$488,300	15300	15300	\$0
2030	4	(2)	2	\$171,100	-\$171,100	\$0	-45800	-30500	-\$15,300
2031	4	(4)	0	\$171,100	-\$415,200	-\$244,100	-45800	-53400	\$7,600
2032	4	(0)	4	\$171,100	-\$659,400	-\$488,300	-53400	-83900	\$30,500
2033	4	(2)	2	\$171,100	-\$659,400	-\$488,300	-68700	-145000	\$76,300
2034	4	(6)	-2	\$171,100	-\$903,500	-\$732,400	-99200	-160200	\$61,000
2035	4	(6)	-2	\$171,100	-\$1,391,800	-\$1,220,700	-145000	-198400	\$53,400
2036	4	(8)	-4	\$171,100	-\$1,147,700	-\$976,600	-145000	-267000	\$122,000
2037	4	(4)	0	\$171,100	-\$1,147,700	-\$976,600	-145000	-289900	\$144,900
2038	4	(8)	-4	\$171,100	-\$1,880,100	-\$1,709,000	-167800	-351000	\$183,200
2039	4	(10)	-6	\$171,100	-\$2,124,200	-\$1,953,100	-198400	-389100	\$190,700
2040	4	(8)	-4	\$171,100	-\$2,612,500	-\$2,441,400	-228900	-457800	\$228,900
2041	4	(12)	-8	\$171,100	-\$3,100,800	-\$2,929,700	-244100	-473000	\$228,900
2042	4	(10)	-6	\$171,100	-\$3,100,800	-\$2,929,700	-259400	-511200	\$251,800
2043	4	(16)	-12	\$171,100	-\$3,100,800	-\$2,929,700	-228900	-534100	\$305,200
2044	4	(16)	-12	\$171,100	-\$3,100,800	-\$2,929,700	-259400	-526400	\$267,000
2045	4	(14)	-10	\$171,100	-\$3,589,100	-\$3,418,000	-305200	-595100	\$289,900
						<b>Total</b>	<b>-\$694,300</b>	<b>-\$4,150,400</b>	<b>\$3,456,100</b>
							<b>\$16,332,991</b>	is greater than	<b>\$13,649,548</b>
<b>Analysis Summary</b>									
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