



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 12, 2016

Mr. Leon Freeman
Superintendent
Lohn Independent School District
P.O. Box 277
Lohn, Texas 76852-0277

Dear Superintendent Freeman:

On May 18, 2016, the Comptroller issued written notice that Heart of Texas Wind LLC (the applicant) submitted a completed application (Application #1129) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on March 28, 2016, to the Lohn Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application 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)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has requested a waiver for the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1129.

Based on the information provided by the applicant, 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)

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. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

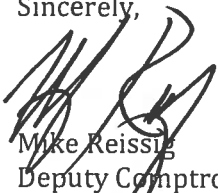
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed 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 agreement by December 31, 2016.

Note that any building or improvement existing as of the application review start date of May 18, 2016, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

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

Applicant	Heart of Texas Wind LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Lohn ISD
Estimated 2014-15 Average Daily Attendance	114
County	McCulloch
Qualified Time Period	2017-2018
Proposed Total Investment in District	\$182,250,000
Proposed Qualified Investment	\$182,250,000
Limitation Amount	\$15,000,000
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	\$823
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$823
Minimum annual wage committed to by applicant for qualified jobs	\$42,775
Minimum weekly wage required for non-qualifying jobs	\$751
Minimum annual wage required for non-qualifying jobs	\$39,052
Investment per Qualifying Job	\$45,562,500
Estimated M&O levy without any limit (15 years)	\$19,237,351
Estimated M&O levy with Limitation (15 years)	\$5,587,803
Estimated gross M&O tax benefit (15 years)	\$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
2016	0	402	402	\$0	\$26,079,050	\$26,079,050
2017	203	(171)	31,9612	\$8,600,000	-\$5,026,920	\$3,573,080
2018	3	20	23	\$128,325	\$2,653,015	\$2,781,340
2019	3	12	15	\$128,325	\$1,912,035	\$2,040,360
2020	3	7	10	\$128,325	\$1,380,845	\$1,509,170
2021	3	5	8	\$128,325	\$1,009,065	\$1,137,390
2022	3	3	6	\$128,325	\$758,325	\$886,650
2023	3	3	6	\$128,325	\$578,545	\$706,870
2024	3	3	6	\$128,325	\$450,385	\$578,710
2025	3	3	6	\$128,325	\$389,495	\$517,820
2026	3	3	6	\$128,325	\$353,325	\$481,650
2027	3	2	5	\$128,325	\$145,075	\$273,400
2028	3	2	5	\$128,325	\$59,365	\$187,690
2029	3	2	5	\$128,325	\$735	\$129,060

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 ¹	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 District Tax Levy	Estimated Total Property Taxes
2016	\$0	\$0	0.0570	\$0	1.1700	\$0	0.4831	0.1223	0.0350	\$0
2017	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2018	\$178,605,000	\$178,605,000		\$101,758	\$2,089,679	\$2,191,437	\$862,894	\$218,345	\$62,512	\$3,335,188
2019	\$166,103,000	\$166,103,000		\$94,636	\$1,943,405	\$2,038,041	\$802,493	\$203,061	\$58,136	\$3,101,731
2020	\$154,476,000	\$154,476,000		\$88,011	\$1,807,369	\$1,895,380	\$746,320	\$188,847	\$54,067	\$2,884,614
2021	\$143,663,000	\$143,663,000		\$81,851	\$1,680,857	\$1,762,708	\$694,079	\$175,628	\$50,282	\$2,682,697
2022	\$133,607,000	\$133,607,000		\$76,121	\$1,563,202	\$1,639,323	\$645,495	\$163,335	\$46,762	\$2,494,916
2023	\$124,255,000	\$124,255,000		\$70,793	\$1,453,784	\$1,524,577	\$600,313	\$151,902	\$43,489	\$2,320,281
2024	\$115,557,000	\$115,557,000		\$65,837	\$1,352,017	\$1,417,854	\$558,291	\$141,268	\$40,445	\$2,157,858
2025	\$107,468,000	\$107,468,000		\$61,229	\$1,257,376	\$1,318,604	\$519,210	\$131,380	\$37,614	\$2,006,808
2026	\$99,945,000	\$99,945,000		\$56,943	\$1,169,357	\$1,226,299	\$482,864	\$122,183	\$34,981	\$1,866,327
2027	\$92,949,000	\$92,949,000		\$52,957	\$1,087,503	\$1,140,460	\$449,065	\$113,630	\$32,532	\$1,735,687
2028	\$88,302,000	\$88,302,000		\$50,309	\$1,033,133	\$1,083,443	\$426,613	\$107,949	\$30,906	\$1,648,911
2029	\$83,887,000	\$83,887,000		\$47,794	\$981,478	\$1,029,272	\$405,283	\$102,552	\$29,360	\$1,566,467
2030	\$79,693,000	\$79,693,000		\$45,404	\$932,408	\$977,812	\$385,021	\$97,425	\$27,893	\$1,488,150
2031	\$75,708,000	\$75,708,000		\$43,134	\$885,784	\$928,917	\$365,768	\$92,553	\$26,498	\$1,413,736
					Total	\$20,174,127	\$7,943,710	\$2,010,057	\$575,476	\$30,703,371

Source: CPA, Heart of Texas Wind LLC

¹Tax 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 and the Heart of Texas Hospital District.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	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 District Tax Levy	Estimated Total Property Taxes
2016	\$0	\$0	0.0570	\$0	\$0	\$0	0.4831	0.1223	0.0350	\$0
2017	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2018	\$178,605,000	\$15,000,000		\$101,758	\$175,500	\$277,258	\$0	\$0	\$62,512	\$339,770
2019	\$166,103,000	\$15,000,000		\$94,636	\$175,500	\$270,136	\$0	\$0	\$58,136	\$328,272
2020	\$154,476,000	\$15,000,000		\$88,011	\$175,500	\$263,511	\$0	\$0	\$54,067	\$317,578
2021	\$143,663,000	\$15,000,000		\$81,851	\$175,500	\$257,351	\$0	\$0	\$50,282	\$307,633
2022	\$133,607,000	\$15,000,000		\$76,121	\$175,500	\$251,621	\$0	\$0	\$46,762	\$298,384
2023	\$124,255,000	\$15,000,000		\$70,793	\$175,500	\$246,293	\$0	\$0	\$43,489	\$289,782
2024	\$115,557,000	\$15,000,000		\$65,837	\$175,500	\$241,337	\$0	\$0	\$40,445	\$281,782
2025	\$107,468,000	\$15,000,000		\$61,229	\$175,500	\$236,729	\$0	\$0	\$37,614	\$274,343
2026	\$99,945,000	\$15,000,000		\$56,943	\$175,500	\$232,443	\$0	\$0	\$34,981	\$267,423
2027	\$92,949,000	\$15,000,000		\$52,957	\$175,500	\$228,457	\$0	\$0	\$32,532	\$260,989
2028	\$88,302,000	\$88,302,000		\$50,309	\$1,033,133	\$1,083,443	\$426,587	\$107,993	\$30,906	\$1,648,929
2029	\$83,887,000	\$83,887,000		\$47,794	\$981,478	\$1,029,272	\$405,258	\$102,594	\$29,360	\$1,566,484
2030	\$79,693,000	\$79,693,000		\$45,404	\$932,408	\$977,812	\$384,997	\$97,465	\$27,893	\$1,488,166
2031	\$75,708,000	\$75,708,000		\$43,134	\$885,784	\$928,917	\$365,768	\$92,553	\$26,498	\$1,413,736
					Total	\$6,524,580	\$1,216,842	\$308,052	\$575,476	\$7,669,534
					Diff	\$13,649,548	\$6,726,868	\$1,702,005	\$0	\$23,033,836

Source: CPA, Heart of Texas Wind 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 over 25 Years

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 and investment 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	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2018	\$175,500	\$175,500	\$1,914,179	\$1,914,179
	2019	\$175,500	\$351,000	\$1,767,905	\$3,682,084
	2020	\$175,500	\$526,500	\$1,631,869	\$5,313,953
	2021	\$175,500	\$702,000	\$1,505,357	\$6,819,310
	2022	\$175,500	\$877,500	\$1,387,702	\$8,207,012
	2023	\$175,500	\$1,053,000	\$1,278,284	\$9,485,295
	2024	\$175,500	\$1,228,500	\$1,176,517	\$10,661,812
	2025	\$175,500	\$1,404,000	\$1,081,876	\$11,743,688
	2026	\$175,500	\$1,579,500	\$993,857	\$12,737,544
	2027	\$175,500	\$1,755,000	\$912,003	\$13,649,548
Maintain Viable Presence (5 Years)	2028	\$1,033,133	\$2,788,133	\$0	\$13,649,548
	2029	\$981,478	\$3,769,611	\$0	\$13,649,548
	2030	\$932,408	\$4,702,019	\$0	\$13,649,548
	2031	\$885,784	\$5,587,803	\$0	\$13,649,548
	2032	\$841,499	\$6,429,302	\$0	\$13,649,548
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$799,426	\$7,228,728	\$0	\$13,649,548
	2034	\$759,459	\$7,988,187	\$0	\$13,649,548
	2035	\$721,481	\$8,709,667	\$0	\$13,649,548
	2036	\$685,409	\$9,395,077	\$0	\$13,649,548
	2037	\$651,140	\$10,046,217	\$0	\$13,649,548
	2038	\$618,579	\$10,664,796	\$0	\$13,649,548
	2039	\$587,656	\$11,252,452	\$0	\$13,649,548
	2040	\$558,277	\$11,810,729	\$0	\$13,649,548
	2041	\$533,081	\$12,343,810	\$0	\$13,649,548
	2042	\$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

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
2016	0	0	0	\$0	\$0	\$0	0	0	\$0
2017	200	235	434.57	\$8,600,000	\$23,750,000	\$32,350,000	1632690	-785828	\$2,418,518
2018	4	23	27	\$171,100	\$3,858,900	\$4,030,000	183105	282288	-\$99,183
2019	4	12	16	\$171,100	\$2,638,900	\$2,810,000	175476	297546	-\$122,070
2020	4	4	8	\$171,100	\$2,148,900	\$2,320,000	152588	274658	-\$122,070
2021	4	6	10	\$171,100	\$1,778,900	\$1,950,000	152588	221252	-\$68,664
2022	4	6	10	\$171,100	\$1,538,900	\$1,710,000	122070	190735	-\$68,665
2023	4	4	8	\$171,100	\$1,288,900	\$1,460,000	114441	152588	-\$38,147
2024	4	4	8	\$171,100	\$1,288,900	\$1,460,000	137329	114441	\$22,888
2025	4	10	14	\$171,100	\$1,288,900	\$1,460,000	91553	91553	\$0
2026	4	6	10	\$171,100	\$1,168,900	\$1,340,000	99182	68665	\$30,517
2027	4	6	10	\$171,100	\$1,538,900	\$1,710,000	68665	15259	\$53,406
2028	4	6	10	\$171,100	\$1,048,900	\$1,220,000	53406	-30518	\$83,924
2029	4	2	6	\$171,100	\$808,900	\$980,000	38147	-45776	\$83,923
2030	4	2	6	\$171,100	\$808,900	\$980,000	-7629	-76294	\$68,665
2031	4	(4)	0	\$171,100	\$318,900	\$490,000	-53406	-106812	\$53,406
2032	4	(0)	4	\$171,100	\$68,900	\$240,000	-61035	-129700	\$68,665
2033	4	(2)	2	\$171,100	-\$171,100	\$0	-91553	-190735	\$99,182
2034	4	(6)	-2	\$171,100	-\$411,100	-\$240,000	-144958	-251770	\$106,812
2035	4	(10)	-6	\$171,100	-\$901,100	-\$730,000	-175476	-282288	\$106,812
2036	4	(8)	-4	\$171,100	-\$661,100	-\$490,000	-190735	-366211	\$175,476
2037	4	(10)	-6	\$171,100	-\$1,631,100	-\$1,460,000	-251770	-419617	\$167,847
2038	4	(10)	-6	\$171,100	-\$1,631,100	-\$1,460,000	-228882	-442505	\$213,623
2039	4	(10)	-6	\$171,100	-\$1,391,100	-\$1,220,000	-228882	-526428	\$297,546
2040	4	(10)	-6	\$171,100	-\$2,121,100	-\$1,950,000	-274658	-595093	\$320,435
2041	4	(12)	-8	\$171,100	-\$2,121,100	-\$1,950,000	-289917	-633240	\$343,323
2042	4	(12)	-8	\$171,100	-\$2,371,100	-\$2,200,000	-335693	-648499	\$312,806
Total							\$686,646	-\$3,822,329	\$4,508,975

\$17,385,866 is greater 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?

Yes

Source: CPA, REMI, Heart of Texas Wind, 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.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines 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.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Heart of Texas Wind LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant:
 - (a) RES, the parent company, is a national wind and solar developer with the ability to locate projects of this type in other states.
 - (b) RES also has the ability to locate projects in other parts of the United States as well as regions of Texas with favorable wind characteristics.
 - (c) It is actively assessing and developing other projects that are competing for limited investment funds.
 - (d) Wholesale electricity prices in Texas are below international average.
 - (e) The state of California has subsidies and higher power prices, making it an attractive alternative to Texas.
 - (f) Without Chapter 313 incentives, the return to investors and financiers would be reduced to an unacceptable level and make the project non-financeable.
 - (g) Without the 313 value limitation, the applicant would be forced to walk away from this project.
- KNEL, the local radio station, on Monday, March 28, 2016, reported that the McCulloch County Commissioners approved reinvestment zones for wind turbine tax abatements for the Heart of Texas Wind Project.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

TAB 5

Documentation to assist in determining if limitation is a determining factor.

As one of the top renewable energy companies in the world, Renewable Energy Systems (RES) has been providing services in development, engineering, construction, and operations since 1982. RES has developed and/or built over 10 GW of renewable energy capacity worldwide, has an asset management portfolio exceeding 1 GW, and is active in a range of energy technologies including onshore wind, solar, energy storage, transmission, and demand side management (DSM).

Since 1997, RES has been active in the Americas where we developed and constructed our first wind project in the United States and today have over 7,500 MW of wind constructed in 13 states. We entered the Canadian renewable energy market in 2003, followed by the Chilean market in 2010. We started constructing our first solar project in 2010 and have since built over 280 MW in three states and one Canadian province. Continuing to provide innovative solutions for our clients, we are a leader in the energy storage market and in 2014 constructed our first 4 MW energy storage project in Ohio. While RES has constructed transmission lines for other projects, in 2013 we built an independent 214-mile/230kV transmission line.

The Applicant is a national wind and solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable wind characteristics. The Applicant is actively assessing and developing other projects that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a wind project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would not be able to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.

Supporting Information

Additional information
provided by the Comptroller



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4/11/2016 - McCulloch Comm. Approve Tax Abatement For Wind Project - [Click here to print this information](#)



At their meeting Monday, McCulloch County Commissioners approved tax abatement for the Heart of Texas Wind Energy Zones 2,3,and 4 as outlined in the their application that was approved by Commissioners on March 28th.

The County's independent auditor presented the Commission with report on the review of the County's finances or the 2015 Fiscal Year. The

auditor reported the County received a "clean audit report" indicted there were not significant problems with it finances or financial reporting for the year.

McCulloch Commissioners declared April as Child Abuse Awareness and Prevention Month, and they approved a proclamation recognizing National Library Week April 10th through 16th in the County.

Commissioners tabled consideration of an inter-local agreement with the City of Melvin for road maintenance and consideration of a proposal for janitorial services for the County.

After a recess, Commissioners reconvened for a workshop regarding the McCulloch County master plans for facility needs.





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3/29/2016 - McCulloch Co. Approves Reinvestment Zones For Wind Turbine Tax Abatements - [Click here to print this information](#)



Following a public hearing Monday morning, McCulloch County Commissioners approved on designating three reinvestment zones in the County for the Heart of Texas Wind energy project. This is the second phase of a project of constructing a number of wind turbines in western McCulloch County. The first phase, the Rattlesnake Energy Project, was approved last year.

McCulloch Commissioners also approved a letter to the Texas State Jail Commission for a feasibility and needs analysis study of the McCulloch County jail.

McCulloch Commissioners met Monday afternoon to review and upgrade the County's subdivision regulations, and to discuss and develop a master plan for County facilities, including the Library.

