



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 24, 2019

AMENDED CERTIFICATION

Bryan Gray
Superintendent
Irion County Independent School District
P. O. Box 469
Mertzon, Texas 76941

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Irion County Independent School District and Santa Rita East Wind, LLC, Application 1152

Dear Superintendent Gray:

This application (Application 1152) was originally submitted on September 2, 2016, to the Irion County Independent School District (school district) by Santa Rita East Wind, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On October 13, 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 November 17, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on May 15, 2017.

On October 17, 2018, Comptroller received an amendment to the agreement to expand the project size by increasing the number of wind turbines and operating capacity, the number of new qualify jobs and total investment but decreasing the size of the reinvestment zone. 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'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 previously 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, 2019.

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,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Santa Rita East Wind Energy LLC (project) applying to Irion County 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 Santa Rita East Wind Energy LLC.

	Original	Amendment No. 1
Applicant	Santa Rita East Wind Energy LLC	Santa Rita East Wind Energy LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation	Renewable Energy Electric Generation
School District	Irion County ISD	Irion County ISD
2014-2015 Average Daily Attendance	292	292
County	Irion	Irion
Proposed Total Investment in District	\$241,150,000	\$331,650,000
Proposed Qualified Investment	\$240,000,000	\$331,150,000
Limitation Amount	\$25,000,000	\$25,000,000
Qualifying Time Period (Full Years)	2018-2019	2018-2019
Number of new qualifying jobs committed to by applicant	5*	7*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$908	\$827
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$827	\$827
Minimum annual wage committed to by applicant for qualified jobs	\$47,235	\$43,017
Minimum weekly wage required for non-qualifying jobs	\$1,277.52	\$1,278
Minimum annual wage required for non-qualifying jobs	\$66,431	\$66,431
Investment per Qualifying Job	\$48,230,000	\$47,378,571
Estimated M&O levy without any limit (15 years)	\$21,250,430	\$30,714,127
Estimated M&O levy with Limitation (15 years)	\$7,013,718	\$8,977,405
Estimated gross M&O tax benefit (15 years)	\$14,236,713	\$21,736,722

* 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 Santa Rita East Wind Energy LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	15	20	35	\$825,000	\$1,250,195	\$2,075,195
2017	0	2	1.95313	\$0	\$122,070	\$122,070
2018	0	0	0	\$0	-\$122,070	-\$122,070
2019	200	1,640	1840	\$11,000,000	\$105,455,078	\$116,455,078
2020	7	61	68	\$301,116	\$13,614,899	\$13,916,016
2021	7	18	25	\$301,116	\$8,610,017	\$8,911,133
2022	7	(15)	-8	\$301,116	\$4,581,696	\$4,882,813
2023	7	(25)	-18	\$301,116	\$2,262,360	\$2,563,477
2024	7	(32)	-25	\$301,116	\$1,163,728	\$1,464,844
2025	7	(23)	-16	\$301,116	\$187,165	\$488,281
2026	7	(23)	-16	\$301,116	-\$545,257	-\$244,141
2027	7	(17)	-10	\$301,116	-\$301,116	\$0
2028	7	(15)	-8	\$301,116	-\$545,257	-\$244,141
2029	7	(13)	-6	\$301,116	-\$301,116	\$0
2030	7	(9)	-2	\$301,116	-\$789,398	-\$488,281
2031	7	(7)	0	\$301,116	-\$301,116	\$0
2032	7	(1)	6	\$301,116	-\$301,116	\$0
2033	7	(1)	6	\$301,116	\$187,165	\$488,281
2034	7	1	8	\$301,116	\$431,306	\$732,422

Source: CPA REMI, Santa Rita East Wind Energy 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*	Irion County ISD I&S Tax Levy	Irion County ISD M&O Tax Levy	Irion County ISD M&O and I&S Tax Levies	Irion County Tax Levy	Estimated Total Property Taxes
				0.2302	1.0400		0.3809	
2020	\$330,862,500	\$330,862,500		\$761,645	\$3,440,970	\$4,202,615	\$1,260,255	\$5,462,871
2021	\$304,419,375	\$304,419,375		\$700,773	\$3,165,962	\$3,866,735	\$1,159,533	\$5,026,268
2022	\$280,090,406	\$280,090,406		\$644,768	\$2,912,940	\$3,557,708	\$1,066,864	\$4,624,573
2023	\$257,706,526	\$257,706,526		\$593,240	\$2,680,148	\$3,273,388	\$981,604	\$4,254,992
2024	\$237,112,188	\$237,112,188		\$545,832	\$2,465,967	\$3,011,799	\$903,160	\$3,914,959
2025	\$218,164,289	\$218,164,289		\$502,214	\$2,268,909	\$2,771,123	\$830,988	\$3,602,111
2026	\$200,731,167	\$200,731,167		\$462,083	\$2,087,604	\$2,549,687	\$764,585	\$3,314,272
2027	\$184,691,694	\$184,691,694		\$425,160	\$1,920,794	\$2,345,954	\$703,491	\$3,049,445
2028	\$169,934,428	\$169,934,428		\$391,189	\$1,767,318	\$2,158,507	\$647,280	\$2,805,787
2029	\$156,356,840	\$156,356,840		\$359,933	\$1,626,111	\$1,986,045	\$595,563	\$2,581,608
2030	\$143,864,601	\$143,864,601		\$331,176	\$1,496,192	\$1,827,368	\$547,980	\$2,375,348
2031	\$132,370,925	\$132,370,925		\$304,718	\$1,376,658	\$1,681,375	\$504,201	\$2,185,576
2032	\$121,795,969	\$121,795,969		\$280,374	\$1,266,678	\$1,547,052	\$463,921	\$2,010,973
2033	\$112,066,273	\$112,066,273		\$257,977	\$1,165,489	\$1,423,466	\$426,860	\$1,850,326
2034	\$103,114,254	\$103,114,254		\$237,369	\$1,072,388	\$1,309,757	\$392,762	\$1,702,519
			Total	\$6,798,454	\$30,714,127	\$37,512,581	\$11,249,049	\$48,761,630

Source: CPA, Santa Rita East Wind Energy LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Irion County, with all property tax incentives sought 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*	Irion County ISD I&S Tax Levy	Irion County ISD M&O Tax Levy	Irion County ISD M&O and I&S Tax Levies	Irion County Tax Levy	Estimated Total Property Taxes
				0.2302	1.0400		0.3809	
2020	\$330,862,500	\$25,000,000		\$761,645	\$260,000	\$1,021,645	\$0	\$1,021,645
2021	\$304,419,375	\$25,000,000		\$700,773	\$260,000	\$960,773	\$0	\$960,773
2022	\$280,090,406	\$25,000,000		\$644,768	\$260,000	\$904,768	\$0	\$904,768
2023	\$257,706,526	\$25,000,000		\$593,240	\$260,000	\$853,240	\$0	\$853,240
2024	\$237,112,188	\$25,000,000		\$545,832	\$260,000	\$805,832	\$0	\$805,832
2025	\$218,164,289	\$25,000,000		\$502,214	\$260,000	\$762,214	\$0	\$762,214
2026	\$200,731,167	\$25,000,000		\$462,083	\$260,000	\$722,083	\$0	\$722,083
2027	\$184,691,694	\$25,000,000		\$425,160	\$260,000	\$685,160	\$0	\$685,160
2028	\$169,934,428	\$25,000,000		\$391,189	\$260,000	\$651,189	\$0	\$651,189
2029	\$156,356,840	\$25,000,000		\$359,933	\$260,000	\$619,933	\$0	\$619,933
2030	\$143,864,601	\$143,864,601		\$331,176	\$1,496,192	\$1,827,368	\$547,980	\$2,375,348
2031	\$132,370,925	\$132,370,925		\$304,718	\$1,376,658	\$1,681,375	\$504,201	\$2,185,576
2032	\$121,795,969	\$121,795,969		\$280,374	\$1,266,678	\$1,547,052	\$463,921	\$2,010,973
2033	\$112,066,273	\$112,066,273		\$257,977	\$1,165,489	\$1,423,466	\$426,860	\$1,850,326
2034	\$103,114,254	\$103,114,254		\$237,369	\$1,072,388	\$1,309,757	\$392,762	\$1,702,519
			Total	\$6,798,454	\$8,977,405	\$15,775,859	\$2,335,725	\$18,111,583
			Diff	\$0	\$21,736,722	\$21,736,722	\$8,913,324	\$30,650,046

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Santa Rita East Wind Energy 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 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Santa Rita East Wind Energy, 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)
Limitation Pre-Years	2017	\$260	\$260	\$0	\$0
	2018	\$260	\$520	\$0	\$0
	2019	\$260	\$780	\$0	\$0
Limitation Period (10 Years)	2020	\$260,000	\$260,780	\$3,180,970	\$3,180,970
	2021	\$260,000	\$520,780	\$2,905,962	\$6,086,932
	2022	\$260,000	\$780,780	\$2,652,940	\$8,739,872
	2023	\$260,000	\$1,040,780	\$2,420,148	\$11,160,020
	2024	\$260,000	\$1,300,780	\$2,205,967	\$13,365,986
	2025	\$260,000	\$1,560,780	\$2,008,909	\$15,374,895
	2026	\$260,000	\$1,820,780	\$1,827,604	\$17,202,499
	2027	\$260,000	\$2,080,780	\$1,660,794	\$18,863,293
	2028	\$260,000	\$2,340,780	\$1,507,318	\$20,370,611
	2029	\$260,000	\$2,600,780	\$1,366,111	\$21,736,722
Maintain Viable Presence (5 Years)	2030	\$1,496,192	\$4,096,972	\$0	\$21,736,722
	2031	\$1,376,658	\$5,473,629	\$0	\$21,736,722
	2032	\$1,266,678	\$6,740,308	\$0	\$21,736,722
	2033	\$1,165,489	\$7,905,797	\$0	\$21,736,722
	2034	\$1,072,388	\$8,978,185	\$0	\$21,736,722
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$986,728	\$9,964,913	\$0	\$21,736,722
	2036	\$907,915	\$10,872,828	\$0	\$21,736,722
	2037	\$835,400	\$11,708,228	\$0	\$21,736,722
	2038	\$768,681	\$12,476,909	\$0	\$21,736,722
	2039	\$707,293	\$13,184,202	\$0	\$21,736,722
	2040	\$650,811	\$13,835,013	\$0	\$21,736,722
	2041	\$598,843	\$14,433,856	\$0	\$21,736,722
	2042	\$551,027	\$14,984,883	\$0	\$21,736,722
	2043	\$507,032	\$15,491,914	\$0	\$21,736,722
	2044	\$466,552	\$15,958,466	\$0	\$21,736,722

\$15,958,466

is less than

\$21,736,722

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 levv directly related to this project.
Source: CPA, Santa Rita East Wind Energy, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	15	20	35	\$825,000	\$1,250,195	\$2,075,195	129699.7	-53405.8	\$183,106
2017	0	2	1.95313	\$0	\$122,070	\$122,070	7629.4	7629.4	\$0
2018	0	0	0	\$0	-\$122,070	-\$122,070	7629.4	7629.4	\$0
2019	200	1,640	1840	\$11,000,000	\$105,455,078	\$116,455,078	14076232.9	-3372192.4	\$17,448,425
2020	7	61	68	\$301,116	\$13,614,899	\$13,916,016	656127.9	1296997.1	-\$640,869
2021	7	18	25	\$301,116	\$8,610,017	\$8,911,133	495910.6	1251220.7	-\$755,310
2022	7	(15)	-8	\$301,116	\$4,581,696	\$4,882,813	289917	1182556.2	-\$892,639
2023	7	(25)	-18	\$301,116	\$2,262,360	\$2,563,477	221252.4	1052856.4	-\$831,604
2024	7	(32)	-25	\$301,116	\$1,163,728	\$1,464,844	251770	953674.3	-\$701,904
2025	7	(23)	-16	\$301,116	\$187,165	\$488,281	205993.7	846862.8	-\$640,869
2026	7	(23)	-16	\$301,116	-\$545,257	-\$244,141	198364.3	724792.5	-\$526,428
2027	7	(17)	-10	\$301,116	-\$301,116	\$0	160217.3	595092.8	-\$434,876
2028	7	(15)	-8	\$301,116	-\$545,257	-\$244,141	122070.3	503540	-\$381,470
2029	7	(13)	-6	\$301,116	-\$301,116	\$0	129699.7	434875.5	-\$305,176
2030	7	(9)	-2	\$301,116	-\$789,398	-\$488,281	99182.1	343322.8	-\$244,141
2031	7	(7)	0	\$301,116	-\$301,116	\$0	68664.6	259399.4	-\$190,735
2032	7	(1)	6	\$301,116	-\$301,116	\$0	53405.8	205993.7	-\$152,588
2033	7	(1)	6	\$301,116	\$187,165	\$488,281	61035.2	114440.9	-\$53,406
2034	7	1	8	\$301,116	\$431,306	\$732,422	22888.2	76293.9	-\$53,406
2035	7	(3)	4	\$301,116	\$187,165	\$488,281	0	7629.4	-\$7,629
2036	7	1	8	\$301,116	\$187,165	\$488,281	-30517.6	-68664.6	\$38,147
2037	7	1	8	\$301,116	-\$56,976	\$244,141	-53405.8	-99182.1	\$45,776
2038	7	(3)	4	\$301,116	\$187,165	\$488,281	-45776.4	-175476.1	\$129,700
2039	7	(1)	6	\$301,116	\$431,306	\$732,422	-76293.9	-205993.7	\$129,700
2040	7	(5)	2	\$301,116	-\$301,116	\$0	-106811.5	-274658.2	\$167,847
2041	7	(3)	4	\$301,116	-\$301,116	\$0	-137329.1	-312805.2	\$175,476
2042	7	(7)	0	\$301,116	-\$545,257	-\$244,141	-137329.1	-343322.8	\$205,994
2043	7	(9)	-2	\$301,116	-\$789,398	-\$488,281	-167846.7	-404357.9	\$236,511
Total							\$16,502,380	\$4,554,748	\$11,947,632
							\$27,906,098	is greater than	\$21,736,722

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

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.