



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 28, 2018

AMENDED CERTIFICATION

Billy Collins
Superintendent
Borden County Independent School District
Box 95
Gail, Texas 79738

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Borden County Independent School District and Fluvanna Wind Energy 2, LLC, Application 1175

Dear Superintendent Collins:

This application (Application 1175) was originally submitted on January 17, 2017, to the Borden County Independent School District (school district) by Fluvanna Wind Energy 2, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On March 23, 2017, 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 10, 2017. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on August 28, 2017.

On June 1, 2018, Comptroller received an amendment to delay the start of limitation and increase the size of project and number of wind turbines. 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 within a year from the date of this letter.

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

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Fluvanna Wind Energy 2, LLC (project) applying to Borden 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 Fluvanna Wind Energy 2, LLC.

	Original	Amendment No. 3
Applicant	Fluvanna Wind Energy 2, LLC	Fluvanna Wind Energy 2, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation	Renewable Energy Electric Generation
School District	Borden County ISD	Borden County ISD
2015-2016 Average Daily Attendance	298	298
County	Borden	Borden
Proposed Total Investment in District	\$161,070,000	\$180,000,000
Proposed Qualified Investment	\$161,070,000	\$180,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2018-2019	2018-2019
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	\$1,115	\$1,115
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(B)	\$1,108	\$1,108
Minimum annual wage committed to by applicant for qualified jobs	\$58,000	\$58,000
Minimum weekly wage required for non-qualifying jobs	\$676	\$676
Minimum annual wage required for non-qualifying jobs	\$35,127	\$35,127
Investment per Qualifying Job	\$40,267,500	\$45,000,000
Estimated M&O levy without any limit (15 years)	\$16,386,990	\$18,252,000
Estimated M&O levy with Limitation (15 years)	\$6,481,434	\$6,864,000
Estimated gross M&O tax benefit (15 years)	\$9,905,556	\$11,388,000

* 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 Fluvanna Wind Energy 2, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	150	141	291	\$7,854,600	\$11,432,509	\$19,287,109
2020	4	14	17,578	\$232,000	\$2,575,617	\$2,807,617
2021	4	10	14	\$232,000	\$1,843,195	\$2,075,195
2022	4	6	10	\$232,000	\$1,232,844	\$1,464,844
2023	4	4	8	\$232,000	\$1,232,844	\$1,464,844
2024	4	2	6	\$232,000	\$988,703	\$1,220,703
2025	4	12	16	\$232,000	\$1,110,773	\$1,342,773
2026	4	4	8	\$232,000	\$866,633	\$1,098,633
2027	4	6	10	\$232,000	\$988,703	\$1,220,703
2028	4	8	12	\$232,000	\$1,232,844	\$1,464,844
2029	4	4	8	\$232,000	\$744,563	\$976,563
2030	4	4	8	\$232,000	\$500,422	\$732,422
2031	4	2	6	\$232,000	\$500,422	\$732,422
2032	4	4	8	\$232,000	\$256,281	\$488,281
2033	4	(0)	4	\$232,000	\$256,281	\$488,281
2034	4	(0)	4	\$232,000	\$12,141	\$244,141

Source: CPA REMI, Fluvanna Wind Energy 2, 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*	Borden County ISD I&S Tax Levy	Borden County ISD M&O Tax Levy	Borden County ISD M&O and I&S Tax Levies	Borden County Tax Levy	Estimated Total Property Taxes
			0.2800	1.0400			0.7175	
2020	\$180,000,000	\$180,000,000		\$504,000	\$1,872,000	\$2,376,000	\$1,291,500	\$3,667,500
2021	\$171,000,000	\$171,000,000		\$478,800	\$1,778,400	\$2,257,200	\$1,226,925	\$3,484,125
2022	\$162,000,000	\$162,000,000		\$453,600	\$1,684,800	\$2,138,400	\$1,162,350	\$3,300,750
2023	\$153,000,000	\$153,000,000		\$428,400	\$1,591,200	\$2,019,600	\$1,097,775	\$3,117,375
2024	\$144,000,000	\$144,000,000		\$403,200	\$1,497,600	\$1,900,800	\$1,033,200	\$2,934,000
2025	\$135,000,000	\$135,000,000		\$378,000	\$1,404,000	\$1,782,000	\$968,625	\$2,750,625
2026	\$126,000,000	\$126,000,000		\$352,800	\$1,310,400	\$1,663,200	\$904,050	\$2,567,250
2027	\$117,000,000	\$117,000,000		\$327,600	\$1,216,800	\$1,544,400	\$839,475	\$2,383,875
2028	\$108,000,000	\$108,000,000		\$302,400	\$1,123,200	\$1,425,600	\$774,900	\$2,200,500
2029	\$99,000,000	\$99,000,000		\$277,200	\$1,029,600	\$1,306,800	\$710,325	\$2,017,125
2030	\$90,000,000	\$90,000,000		\$252,000	\$936,000	\$1,188,000	\$645,750	\$1,833,750
2031	\$81,000,000	\$81,000,000		\$226,800	\$842,400	\$1,069,200	\$581,175	\$1,650,375
2032	\$72,000,000	\$72,000,000		\$201,600	\$748,800	\$950,400	\$516,600	\$1,467,000
2033	\$63,000,000	\$63,000,000		\$176,400	\$655,200	\$831,600	\$452,025	\$1,283,625
2034	\$54,000,000	\$54,000,000		\$151,200	\$561,600	\$712,800	\$387,450	\$1,100,250
			Total	\$4,914,000	\$18,252,000	\$23,166,000	\$12,592,125	\$35,758,125

Source: CPA, Fluvanna Wind Energy 2, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Borden 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*	Borden County ISD I&S Tax Levy	Borden County ISD M&O Tax Levy	Borden County ISD M&O and I&S Tax Levies	Borden County Tax Levy	Estimated Total Property Taxes
				0.2800	1.0400		0.7175	
2020	\$180,000,000	\$30,000,000		\$504,000	\$312,000	\$816,000	\$0	\$816,000
2021	\$171,000,000	\$30,000,000		\$478,800	\$312,000	\$790,800	\$0	\$790,800
2022	\$162,000,000	\$30,000,000		\$453,600	\$312,000	\$765,600	\$0	\$765,600
2023	\$153,000,000	\$30,000,000		\$428,400	\$312,000	\$740,400	\$0	\$740,400
2024	\$144,000,000	\$30,000,000		\$403,200	\$312,000	\$715,200	\$0	\$715,200
2025	\$135,000,000	\$30,000,000		\$378,000	\$312,000	\$690,000	\$0	\$690,000
2026	\$126,000,000	\$30,000,000		\$352,800	\$312,000	\$664,800	\$0	\$664,800
2027	\$117,000,000	\$30,000,000		\$327,600	\$312,000	\$639,600	\$0	\$639,600
2028	\$108,000,000	\$30,000,000		\$302,400	\$312,000	\$614,400	\$0	\$614,400
2029	\$99,000,000	\$30,000,000		\$277,200	\$312,000	\$589,200	\$0	\$589,200
2030	\$90,000,000	\$90,000,000		\$252,000	\$936,000	\$1,188,000	\$645,750	\$1,833,750
2031	\$81,000,000	\$81,000,000		\$226,800	\$842,400	\$1,069,200	\$581,175	\$1,650,375
2032	\$72,000,000	\$72,000,000		\$201,600	\$748,800	\$950,400	\$516,600	\$1,467,000
2033	\$63,000,000	\$63,000,000		\$176,400	\$655,200	\$831,600	\$452,025	\$1,283,625
2034	\$54,000,000	\$54,000,000		\$151,200	\$561,600	\$712,800	\$387,450	\$1,100,250
			Total	\$4,914,000	\$6,864,000	\$11,778,000	\$2,583,000	\$14,361,000
			Diff	\$0	\$11,388,000	\$11,388,000	\$10,009,125	\$21,397,125

Source: CPA, Fluvanna Wind Energy 2, 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 Fluvanna Wind Energy 2, 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	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2020	\$312,000	\$312,000	\$1,560,000	\$1,560,000
	2021	\$312,000	\$624,000	\$1,466,400	\$3,026,400
	2022	\$312,000	\$936,000	\$1,372,800	\$4,399,200
	2023	\$312,000	\$1,248,000	\$1,279,200	\$5,678,400
	2024	\$312,000	\$1,560,000	\$1,185,600	\$6,864,000
	2025	\$312,000	\$1,872,000	\$1,092,000	\$7,956,000
	2026	\$312,000	\$2,184,000	\$998,400	\$8,954,400
	2027	\$312,000	\$2,496,000	\$904,800	\$9,859,200
	2028	\$312,000	\$2,808,000	\$811,200	\$10,670,400
	2029	\$312,000	\$3,120,000	\$717,600	\$11,388,000
Maintain Viable Presence (5 Years)	2030	\$936,000	\$4,056,000	\$0	\$11,388,000
	2031	\$842,400	\$4,898,400	\$0	\$11,388,000
	2032	\$748,800	\$5,647,200	\$0	\$11,388,000
	2033	\$655,200	\$6,302,400	\$0	\$11,388,000
	2034	\$561,600	\$6,864,000	\$0	\$11,388,000
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$468,000	\$7,332,000	\$0	\$11,388,000
	2036	\$374,400	\$7,706,400	\$0	\$11,388,000
	2037	\$374,400	\$8,080,800	\$0	\$11,388,000
	2038	\$374,400	\$8,455,200	\$0	\$11,388,000
	2039	\$374,400	\$8,829,600	\$0	\$11,388,000
	2040	\$374,400	\$9,204,000	\$0	\$11,388,000
	2041	\$374,400	\$9,578,400	\$0	\$11,388,000
	2042	\$374,400	\$9,952,800	\$0	\$11,388,000
	2043	\$374,400	\$10,327,200	\$0	\$11,388,000
	2044	\$374,400	\$10,701,600	\$0	\$11,388,000

\$10,701,600
 is less than **\$11,388,000**

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, Fluvanna Wind Energy 2, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2019	150	141	291	\$7,854,600	\$11,432,509	\$19,287,109	1014709.5	-526428.2	\$1,541,138
2020	4	14	17.578	\$232,000	\$2,575,617	\$2,807,617	160217.3	198364.3	-\$38,147
2021	4	10	14	\$232,000	\$1,843,195	\$2,075,195	129699.7	198364.3	-\$68,665
2022	4	6	10	\$232,000	\$1,232,844	\$1,464,844	76293.9	175476.1	-\$99,182
2023	4	4	8	\$232,000	\$1,232,844	\$1,464,844	91552.7	175476.1	-\$83,923
2024	4	2	6	\$232,000	\$988,703	\$1,220,703	114440.9	144958.5	-\$30,518
2025	4	12	16	\$232,000	\$1,110,773	\$1,342,773	91552.7	129699.7	-\$38,147
2026	4	4	8	\$232,000	\$866,633	\$1,098,633	83923.3	114440.9	-\$30,518
2027	4	6	10	\$232,000	\$988,703	\$1,220,703	91552.7	53405.8	\$38,147
2028	4	8	12	\$232,000	\$1,232,844	\$1,464,844	106811.5	38147	\$68,665
2029	4	4	8	\$232,000	\$744,563	\$976,563	122070.3	45776.4	\$76,294
2030	4	4	8	\$232,000	\$500,422	\$732,422	76293.9	0	\$76,294
2031	4	2	6	\$232,000	\$500,422	\$732,422	53405.8	-15258.8	\$68,665
2032	4	4	8	\$232,000	\$256,281	\$488,281	61035.2	-30517.6	\$91,553
2033	4	(0)	4	\$232,000	\$256,281	\$488,281	45776.4	-83923.3	\$129,700
2034	4	(0)	4	\$232,000	\$12,141	\$244,141	30517.6	-83923.3	\$114,441
2035	4	(0)	4	\$232,000	\$12,141	\$244,141	15258.8	-114440.9	\$129,700
2036	4	(4)	0	\$232,000	-\$232,000	\$0	-38147	-183105.5	\$144,959
2037	4	(4)	0	\$232,000	-\$720,281	-\$488,281	-76293.9	-213623	\$137,329
2038	4	(4)	0	\$232,000	-\$1,208,563	-\$976,563	-76293.9	-251770	\$175,476
2039	4	(6)	-2	\$232,000	-\$964,422	-\$732,422	-91552.7	-312805.2	\$221,253
2040	4	(8)	-4	\$232,000	-\$2,429,266	-\$2,197,266	-152587.9	-373840.3	\$221,252
2041	4	(6)	-2	\$232,000	-\$1,696,844	-\$1,464,844	-152587.9	-419616.7	\$267,029
2042	4	(8)	-4	\$232,000	-\$2,185,125	-\$1,953,125	-152587.9	-434875.5	\$282,288
2043	4	(10)	-6	\$232,000	-\$1,696,844	-\$1,464,844	-122070.3	-473022.5	\$350,952
2044	4	(12)	-8	\$232,000	-\$2,673,406	-\$2,441,406	-152587.9	-473022.5	\$320,435
2045	4	(10)	-6	\$232,000	-\$2,673,406	-\$2,441,406	-167846.7	-518798.8	\$350,952
2046	4	(8)	-4	\$232,000	-\$2,185,125	-\$1,953,125	-106811.5	-511169.4	\$404,358
Total							\$1,075,745	-\$3,746,032	\$4,821,777
							\$15,523,377	is greater than	\$11,388,000
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.