



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

October 9, 2019

AMENDED CERTIFICATION

Dr. Dustin Barton
Superintendent
Skidmore-Tynan Independent School District
224 W. Main Street
Skidmore, Texas 78389

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Skidmore-Tynan Independent School District and Karankawa Wind, LLC, Application 1177

Dear Superintendent Barton:

This application (Application 1177) was originally submitted on February 13, 2017, to the Skidmore-Tynan Independent School District (school district) by Karankawa Wind, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On April 11, 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 May 1, 2017. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on October 16, 2017.

On September 17, 2019, Comptroller received an amendment to the agreement to assign the project to Karankawa Wind, LLC, increase qualified investment to \$167,000,000 and reduce qualifying jobs from 4 to 3. 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,



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 Karankawa Wind, LLC (project) applying to Skidmore-Tynan 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 Karankawa Wind, LLC.

	Original	Amendment No. 1
Applicant	Karankawa Wind, LLC	Karankawa Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Power Generation	Renewable Energy Power Generation
School District	Skidmore-Tynan ISD	Skidmore-Tynan ISD
2015-2016 Average Daily Attendance	799	799
County	San Patricio County/Bee County	San Patricio County/Bee County
Proposed Total Investment in District	\$108,585,000	\$167,000,000
Proposed Qualified Investment	\$108,500,000	\$167,000,000
Limitation Amount	\$20,000,000	\$20,000,000
Qualifying Time Period (Full Years)	2018-2019	2018-2019
Number of new qualifying jobs committed to by applicant	4*	3*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,142.48	\$1,142.48
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,142.48	\$1,142.48
Minimum annual wage committed to by applicant for qualified jobs	\$59,408.80	\$59,408.80
Minimum weekly wage required for non-qualifying jobs	\$888.75	\$888.75
Minimum annual wage required for non-qualifying jobs	\$46,215	\$46,215
Investment per Qualifying Job	\$27,146,250	\$55,666,666.67
Estimated M&O levy without any limit (15 years)	\$13,025,025	\$15,984,675
Estimated M&O levy with Limitation (15 years)	\$5,526,788	\$5,279,400
Estimated gross M&O tax benefit (15 years)	\$7,498,238	\$10,705,275

* 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 Karankawa Wind, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	50	69	119	\$2,750,000	\$5,250,000	\$8,000,000
2019	50	73	123	\$2,750,000	\$6,250,000	\$9,000,000
2020	3	16	19	\$178,226	\$1,821,774	\$2,000,000
2021	3	13	16	\$178,226	\$1,821,774	\$2,000,000
2022	3	10	13	\$178,226	\$1,821,774	\$2,000,000
2023	3	8	11	\$178,226	\$821,774	\$1,000,000
2024	3	8	11	\$178,226	\$821,774	\$1,000,000
2025	3	8	11	\$178,226	\$821,774	\$1,000,000
2026	3	9	12	\$178,226	\$1,821,774	\$2,000,000
2027	3	10	13	\$178,226	\$1,821,774	\$2,000,000
2028	3	11	14	\$178,226	\$1,821,774	\$2,000,000
2029	3	11	14	\$178,226	\$1,821,774	\$2,000,000
2030	3	11	14	\$178,226	\$1,821,774	\$2,000,000
2031	3	9	12	\$178,226	\$1,821,774	\$2,000,000
2032	3	8	11	\$178,226	\$1,821,774	\$2,000,000

Source: CPA REMI, Karankawa 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 [*]	ISD I&S Tax Levy	ISD M&O Tax Levy	M&O and I&S Tax Levies	San Patricio County Tax Levy	Bee County Tax Levy	Coastal Bend College Tax Levy	Bee Water Conservation District Tax Levy	San Patricio Drainage Tax Levy	Estimated Total Property Taxes
				0.3388	1.0500		0.4919	0.5179	0.1852	0.0050	0.5789	
2019	\$2,000,000	\$2,000,000		\$6,776	\$21,000	\$27,776	\$9,838	\$10,358	\$3,705	\$100	\$11,578	\$63,356
2020	\$167,000,000	\$167,000,000		\$565,796	\$1,753,500	\$2,319,296	\$821,506	\$864,926	\$309,351	\$8,350	\$966,763	\$5,290,193
2021	\$156,990,000	\$156,990,000		\$531,882	\$1,648,395	\$2,180,277	\$772,265	\$813,083	\$290,808	\$7,850	\$908,815	\$4,973,098
2022	\$146,980,000	\$146,980,000		\$497,968	\$1,543,290	\$2,041,258	\$723,024	\$761,239	\$272,266	\$7,349	\$850,867	\$4,656,003
2023	\$136,970,000	\$136,970,000		\$464,054	\$1,438,185	\$1,902,239	\$673,783	\$709,395	\$253,723	\$6,849	\$792,919	\$4,338,908
2024	\$126,960,000	\$126,960,000		\$430,140	\$1,333,080	\$1,763,220	\$624,542	\$657,551	\$235,181	\$6,348	\$734,971	\$4,021,813
2025	\$116,950,000	\$116,950,000		\$396,227	\$1,227,975	\$1,624,202	\$575,300	\$605,707	\$216,638	\$5,848	\$677,024	\$3,704,719
2026	\$106,940,000	\$106,940,000		\$362,313	\$1,122,870	\$1,485,183	\$526,059	\$553,864	\$198,096	\$5,347	\$619,076	\$3,387,624
2027	\$96,930,000	\$96,930,000		\$328,399	\$1,017,765	\$1,346,164	\$476,818	\$502,020	\$179,553	\$4,847	\$561,128	\$3,070,529
2028	\$86,920,000	\$86,920,000		\$294,485	\$912,660	\$1,207,145	\$427,577	\$450,176	\$161,011	\$4,346	\$503,180	\$2,753,434
2029	\$76,910,000	\$76,910,000		\$260,571	\$807,555	\$1,068,126	\$378,336	\$398,332	\$142,468	\$3,846	\$445,232	\$2,436,340
2030	\$66,900,000	\$66,900,000		\$226,657	\$702,450	\$929,107	\$329,094	\$346,488	\$123,926	\$3,345	\$387,284	\$2,119,245
2031	\$58,550,000	\$58,550,000		\$198,367	\$614,775	\$813,142	\$288,019	\$303,242	\$108,458	\$2,928	\$338,946	\$1,854,735
2032	\$58,500,000	\$58,500,000		\$198,198	\$614,250	\$812,448	\$287,773	\$302,983	\$108,365	\$2,925	\$338,657	\$1,853,151
2033	\$58,450,000	\$58,450,000		\$198,029	\$613,725	\$811,754	\$287,527	\$302,724	\$108,273	\$2,923	\$338,367	\$1,851,567
2034	\$58,400,000	\$58,400,000		\$197,859	\$613,200	\$811,059	\$287,281	\$302,465	\$108,180	\$2,920	\$338,078	\$1,849,984
			Total	\$5,157,722	\$15,984,675	\$21,142,397	\$7,488,744	\$7,884,555	\$2,495,183	\$67,350	\$7,797,783	\$42,669,997

Source: CPA, Karankawa Wind, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and San Patricio County and Bee 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 counties, Bee Water Conservation District, Coastal Bend College and San Patricio Drainage Tax Levies.

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	Tax Rate	ISD I&S Tax Levy	ISD M&O Tax Levy	M&O and I&S Tax Levies	San Patricio County Tax Levy	Bee County Tax Levy	Coastal Bend College Tax Levy	Bee Water Conservation District Tax Levy	San Patricio Drainage Tax Levy	Estimated Total Property Taxes
				0.3388	1.0500		0.4919	0.5179	0.1852	0.0050	0.5789	
2019	\$2,000,000	\$2,000,000		\$6,776	\$21,000	\$27,776	\$7,762	\$2,186	\$741	\$20	\$9,262	\$37,724
2020	\$167,000,000	\$20,000,000		\$565,796	\$210,000	\$775,796	\$252,786	\$71,175	\$24,129	\$1,670	\$301,630	\$1,099,757
2021	\$156,990,000	\$20,000,000		\$531,882	\$210,000	\$741,882	\$237,634	\$66,909	\$22,683	\$1,570	\$283,550	\$1,046,424
2022	\$146,980,000	\$20,000,000		\$497,968	\$210,000	\$707,968	\$222,482	\$62,642	\$21,237	\$1,470	\$265,471	\$993,092
2023	\$136,970,000	\$20,000,000		\$464,054	\$210,000	\$674,054	\$207,330	\$58,376	\$19,790	\$1,370	\$247,391	\$939,760
2024	\$126,960,000	\$20,000,000		\$430,140	\$210,000	\$640,140	\$192,178	\$54,110	\$18,344	\$1,270	\$229,311	\$886,428
2025	\$116,950,000	\$20,000,000		\$396,227	\$210,000	\$606,227	\$177,026	\$49,844	\$16,898	\$1,170	\$541,619	\$833,096
2026	\$106,940,000	\$20,000,000		\$362,313	\$210,000	\$572,313	\$161,874	\$45,577	\$15,451	\$1,069	\$495,261	\$779,764
2027	\$96,930,000	\$20,000,000		\$328,399	\$210,000	\$538,399	\$146,722	\$41,311	\$14,005	\$969	\$448,902	\$726,432
2028	\$86,920,000	\$20,000,000		\$294,485	\$210,000	\$504,485	\$337,358	\$37,045	\$12,559	\$869	\$402,544	\$878,888
2029	\$76,910,000	\$20,000,000		\$260,571	\$210,000	\$470,571	\$298,507	\$84,048	\$28,494	\$769	\$356,186	\$853,126
2030	\$66,900,000	\$66,900,000		\$226,657	\$702,450	\$929,107	\$259,656	\$73,109	\$24,785	\$669	\$309,827	\$1,261,872
2031	\$58,550,000	\$58,550,000		\$198,367	\$614,775	\$813,142	\$227,247	\$63,984	\$21,692	\$586	\$271,157	\$1,104,374
2032	\$58,500,000	\$58,500,000		\$198,198	\$614,250	\$812,448	\$227,053	\$63,929	\$21,673	\$585	\$270,925	\$1,103,431
2033	\$58,450,000	\$58,450,000		\$198,029	\$613,725	\$811,754	\$226,859	\$63,875	\$21,655	\$585	\$270,694	\$1,102,487
2034	\$58,400,000	\$58,400,000		\$197,859	\$613,200	\$811,059	\$226,665	\$63,820	\$21,636	\$584	\$270,462	\$1,101,544
			Total	\$5,157,722	\$5,279,400	\$10,437,122	\$3,409,137	\$901,940	\$305,772	\$15,224	\$4,974,191	\$14,748,199
			Diff	\$0	\$10,705,275	\$10,705,275	\$4,079,607	\$6,982,615	\$2,189,411	\$52,127	\$2,823,592	\$27,921,798

Source: CPA, Karankawa 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 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Karankawa 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 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	\$21,200	\$21,200	\$0	\$0
Limitation Period (10 Years)	2020	\$210,000	\$231,200	\$1,543,500	\$1,543,500
	2021	\$210,000	\$441,200	\$1,438,395	\$2,981,895
	2022	\$210,000	\$651,200	\$1,333,290	\$4,315,185
	2023	\$210,000	\$861,200	\$1,228,185	\$5,543,370
	2024	\$210,000	\$1,071,200	\$1,123,080	\$6,666,450
	2025	\$210,000	\$1,281,200	\$1,017,975	\$7,684,425
	2026	\$210,000	\$1,491,200	\$912,870	\$8,597,295
	2027	\$210,000	\$1,701,200	\$807,765	\$9,405,060
	2028	\$210,000	\$1,911,200	\$702,660	\$10,107,720
	2029	\$210,000	\$2,121,200	\$597,555	\$10,705,275
	Maintain Viable Presence (5 Years)	2030	\$702,450	\$2,823,650	\$0
2031		\$614,775	\$3,438,425	\$0	\$10,705,275
2032		\$614,250	\$4,052,675	\$0	\$10,705,275
2033		\$613,725	\$4,666,400	\$0	\$10,705,275
2034		\$613,200	\$5,279,600	\$0	\$10,705,275
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$613,200	\$5,892,800	\$0	\$10,705,275
	2036	\$613,200	\$6,506,000	\$0	\$10,705,275
	2037	\$613,200	\$7,119,200	\$0	\$10,705,275
	2038	\$613,200	\$7,732,400	\$0	\$10,705,275
	2039	\$613,200	\$8,345,600	\$0	\$10,705,275
	2040	\$613,200	\$8,958,800	\$0	\$10,705,275
	2041	\$613,200	\$9,572,000	\$0	\$10,705,275
	2042	\$613,200	\$10,185,200	\$0	\$10,705,275
	2043	\$613,200	\$10,798,400	\$0	\$10,705,275
	2044	\$613,200	\$11,411,600	\$0	\$10,705,275

\$11,411,600

is greater than

\$10,705,275

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

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, Karankawa 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.