



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 2, 2018

AMENDED CERTIFICATION

Jose Cervantes
Superintendent
Pecos-Barstow-Toyah Independent School District
1301 S. Eddy
Pecos, Texas 79772

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Pecos Barstow Toyah Independent School District and West of the Pecos Solar, LLC, Application 1189

Dear Superintendent Cervantes:

This application (Application 1189) was originally submitted on April 20, 2017, to the Pecos Barstow Toyah Independent School District (school district) by West of the Pecos Solar, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On June 6, 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 July 11, 2017. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on October 24, 2017.

On October 10, 2018, Comptroller received an amendment to the agreement to delay the start of the limitation. 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, 2018.

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 West of the Pecos Solar, LLC (project) applying to Pecos-Barstow-Toyah 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 West of the Pecos Solar, LLC.

	Original	Amendment No. 1
Applicant	West of the Pecos Solar, LLC	West of the Pecos Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation	Renewable Energy Electric Generation
School District	Pecos-Barstow-Toyah ISD	Pecos-Barstow-Toyah ISD
2015-2016 Average Daily Attendance	2,270	2,270
County	Reeves	Reeves
Proposed Total Investment in District	\$90,000,000	\$90,000,000
Proposed Qualified Investment	\$90,000,000	\$90,000,000
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	2*	2*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$692	\$692
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$680	\$680
Minimum annual wage committed to by applicant for qualified jobs	\$36,000	\$36,000
Minimum weekly wage required for non-qualifying jobs	\$776	\$776
Minimum annual wage required for non-qualifying jobs	\$40,366	\$40,366
Investment per Qualifying Job	\$45,000,000	\$45,000,000
Estimated M&O levy without any limit (15 years)	\$6,146,400	\$6,177,600
Estimated M&O levy with Limitation (15 years)	\$3,744,000	\$3,775,200
Estimated gross M&O tax benefit (15 years)	\$2,402,400	\$2,402,400

* 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 West of the Pecos Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	120	138	258	\$4,243,699	\$11,524,401	\$15,768,100
2020	122	157	278.537	\$4,315,699	\$14,253,401	\$18,569,100
2021	2	33	35	\$72,000	\$4,298,700	\$4,370,700
2022	2	12	14	\$72,000	\$2,637,500	\$2,709,500
2023	2	(2)	0	\$72,000	\$1,352,400	\$1,424,400
2024	2	(9)	-7	\$72,000	\$529,300	\$601,300
2025	2	(11)	-9	\$72,000	\$38,400	\$110,400
2026	2	(11)	-9	\$72,000	-\$198,100	-\$126,100
2027	2	(9)	-7	\$72,000	-\$229,100	-\$157,100
2028	2	(6)	-4	\$72,000	-\$145,500	-\$73,500
2029	2	(3)	-1	\$72,000	\$15,500	\$87,500
2030	2	(1)	1	\$72,000	\$205,100	\$277,100
2031	2	1	3	\$72,000	\$393,300	\$465,300
2032	2	3	5	\$72,000	\$565,800	\$637,800
2033	2	4	6	\$72,000	\$704,200	\$776,200

Source: CPA REMI, West of the Pecos Solar, 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*	Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital Tax Levy	Estimated Total Property Taxes
			0.0550		1.0400		0.4995	0.3505	
2020	\$90,000,000	\$90,000,000		\$49,500	\$936,000	\$985,500	\$449,568	\$315,473	\$1,750,541
2021	\$81,000,000	\$81,000,000		\$44,550	\$842,400	\$886,950	\$404,611	\$283,925	\$1,575,486
2022	\$72,000,000	\$72,000,000		\$39,600	\$748,800	\$788,400	\$359,654	\$252,378	\$1,400,432
2023	\$63,000,000	\$63,000,000		\$34,650	\$655,200	\$689,850	\$314,698	\$220,831	\$1,225,378
2024	\$54,000,000	\$54,000,000		\$29,700	\$561,600	\$591,300	\$269,741	\$189,284	\$1,050,324
2025	\$45,000,000	\$45,000,000		\$24,750	\$468,000	\$492,750	\$224,784	\$157,736	\$875,270
2026	\$36,000,000	\$36,000,000		\$19,800	\$374,400	\$394,200	\$179,827	\$126,189	\$700,216
2027	\$27,000,000	\$27,000,000		\$14,850	\$280,800	\$295,650	\$134,870	\$94,642	\$525,162
2028	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2029	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2030	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2031	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2032	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2033	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2034	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
			Total	\$326,700	\$6,177,600	\$6,504,300	\$2,967,149	\$2,082,119	\$11,553,567

Source: CPA, West of the Pecos Solar, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Reeves 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	Tax Rate*	Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital Tax Levy	Estimated Total Property Taxes
				0.0550	1.0400		0.4995	0.3505	
2020	\$90,000,000	\$30,000,000		\$49,500	\$312,000	\$361,500	\$0	\$315,473	\$676,973
2021	\$81,000,000	\$30,000,000		\$44,550	\$312,000	\$356,550	\$0	\$283,925	\$640,475
2022	\$72,000,000	\$30,000,000		\$39,600	\$312,000	\$351,600	\$0	\$252,378	\$603,978
2023	\$63,000,000	\$30,000,000		\$34,650	\$312,000	\$346,650	\$0	\$220,831	\$567,481
2024	\$54,000,000	\$30,000,000		\$29,700	\$312,000	\$341,700	\$0	\$189,284	\$530,984
2025	\$45,000,000	\$30,000,000		\$24,750	\$312,000	\$336,750	\$0	\$157,736	\$494,486
2026	\$36,000,000	\$30,000,000		\$19,800	\$312,000	\$331,800	\$0	\$126,189	\$457,989
2027	\$27,000,000	\$27,000,000		\$14,850	\$280,800	\$295,650	\$0	\$94,642	\$390,292
2028	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$0	\$63,095	\$260,195
2029	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$0	\$63,095	\$260,195
2030	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2031	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2032	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2033	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
2034	\$18,000,000	\$18,000,000		\$9,900	\$187,200	\$197,100	\$89,914	\$63,095	\$350,108
			Total	\$326,700	\$3,775,200	\$4,101,900	\$449,568	\$2,082,119	\$6,633,587
			Diff	\$0	\$2,402,400	\$2,402,400	\$2,517,581	\$0	\$4,919,981

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, West of the Pecos Solar, 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 West of the Pecos Solar 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	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2020	\$312,000	\$312,000	\$624,000	\$624,000
	2021	\$312,000	\$624,000	\$530,400	\$1,154,400
	2022	\$312,000	\$936,000	\$436,800	\$1,591,200
	2023	\$312,000	\$1,248,000	\$343,200	\$1,934,400
	2024	\$312,000	\$1,560,000	\$249,600	\$2,184,000
	2025	\$312,000	\$1,872,000	\$156,000	\$2,340,000
	2026	\$312,000	\$2,184,000	\$62,400	\$2,402,400
	2027	\$280,800	\$2,464,800	\$0	\$2,402,400
	2028	\$187,200	\$2,652,000	\$0	\$2,402,400
	2029	\$187,200	\$2,839,200	\$0	\$2,402,400
Maintain Viable Presence (5 Years)	2030	\$187,200	\$3,026,400	\$0	\$2,402,400
	2031	\$187,200	\$3,213,600	\$0	\$2,402,400
	2032	\$187,200	\$3,400,800	\$0	\$2,402,400
	2033	\$187,200	\$3,588,000	\$0	\$2,402,400
	2034	\$187,200	\$3,775,200	\$0	\$2,402,400
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$187,200	\$3,962,400	\$0	\$2,402,400
	2036	\$187,200	\$4,149,600	\$0	\$2,402,400
	2037	\$187,200	\$4,336,800	\$0	\$2,402,400
	2038	\$187,200	\$4,524,000	\$0	\$2,402,400
	2039	\$187,200	\$4,711,200	\$0	\$2,402,400
	2040	\$187,200	\$4,898,400	\$0	\$2,402,400
	2041	\$187,200	\$5,085,600	\$0	\$2,402,400
	2042	\$187,200	\$5,272,800	\$0	\$2,402,400
	2042	\$187,200	\$5,460,000	\$0	\$2,402,400
	2043	\$187,200	\$5,647,200	\$0	\$2,402,400

\$5,647,200

 is greater than

 \$2,402,400

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 levv directly related to this project.
 Source: CPA, West of the Pecos Solar 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.