



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

May 15, 2019

AMENDED CERTIFICATION

Wynn Robinson
Superintendent
Southland Independent School District
190 Eighth Street
Southland, Texas 79364

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Southland Independent School District and Sage Draw Wind, LLC, Application 1249

Dear Superintendent Robinson:

This application (Application 1249) was originally submitted on April 13, 2018, to the Southland Independent School District (school district) by Sage Draw Wind, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On June 6, 2018, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on August 24, 2018. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on September 24, 2018.

On March 19, 2019, Comptroller received an amendment to the agreement to increase the installed capacity of the 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 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 Sage Draw Wind, LLC (project) applying to Southland 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 Sage Draw Wind, LLC.

	Original	Amendment No. 1
Applicant	Sage Draw Wind, LLC	Sage Draw Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy -Wind	Renewable Energy -Wind
School District	Southland ISD	Southland ISD
2016-2017 Average Daily Attendance	154	154
County	Garza	Garza
Proposed Total Investment in District	\$206,500,000	\$197,560,000
Proposed Qualified Investment	\$206,500,000	\$197,560,000
Limitation Amount	\$20,000,000	\$20,000,000
Qualifying Time Period (Full Years)	2019-2020	2019-2020
Number of new qualifying jobs committed to by applicant	3*	3*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$804.04	\$804.04
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$804	\$804
Minimum annual wage committed to by applicant for qualified jobs	\$41,811	\$41,811
Minimum weekly wage required for non-qualifying jobs	\$729	\$729
Minimum annual wage required for non-qualifying jobs	\$37,922	\$37,922
Investment per Qualifying Job	\$68,833,333	\$65,853,333
Estimated M&O levy without any limit (15 years)	\$21,598,606	\$20,650,677
Estimated M&O levy with Limitation (15 years)	\$6,833,810	\$6,633,062
Estimated gross M&O tax benefit (15 years)	\$14,764,796	\$14,017,615

* 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 Sage Draw Wind, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	96	80	176	\$3,840,000	\$7,160,000	\$11,000,000
2020	3	13	16	\$125,430	\$1,874,570	\$2,000,000
2021	3	11	14	\$125,430	\$1,874,570	\$2,000,000
2022	3	9	12	\$125,430	\$874,570	\$1,000,000
2023	3	9	12	\$125,430	\$1,874,570	\$2,000,000
2024	3	5	8	\$125,430	\$874,570	\$1,000,000
2025	3	13	16	\$125,430	\$874,570	\$1,000,000
2026	3	9	12	\$125,430	\$874,570	\$1,000,000
2027	3	11	14	\$125,430	\$874,570	\$1,000,000
2028	3	9	12	\$125,430	\$874,570	\$1,000,000
2029	3	5	8	\$125,430	\$874,570	\$1,000,000
2030	3	7	10	\$125,430	\$874,570	\$1,000,000
2031	3	3	6	\$125,430	\$874,570	\$1,000,000
2032	3	3	6	\$125,430	-\$125,430	\$0
2033	3	3	6	\$125,430	-\$125,430	\$0

Source: CPA REMI, Sage Draw 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*	Southland ISD I&S Tax Levy	Southland ISD M&O Tax Levy	Southland ISD M&O and I&S Tax Levies	Lynn County Tax Levy	Garza County Tax Levy	Lynn Hospital Tax Levy	Garza Hospital Tax Levy	High Plains UWD Tax Levy	Estimated Total Property Taxes
				0.0000	1.1700		0.8500	0.5946	0.2899	0.1329	0.0069	
2020	\$197,560,000	\$197,560,000		\$0	\$2,311,452	\$2,311,452	\$772,460	\$634,334	\$263,474	\$141,781	\$6,271	\$4,129,771
2021	\$181,795,200	\$181,795,200		\$0	\$2,127,004	\$2,127,004	\$710,819	\$583,715	\$242,450	\$130,467	\$5,770	\$3,800,225
2022	\$167,289,984	\$167,289,984		\$0	\$1,957,293	\$1,957,293	\$654,104	\$537,141	\$223,105	\$120,057	\$5,310	\$3,497,010
2023	\$153,943,649	\$153,943,649		\$0	\$1,801,141	\$1,801,141	\$601,920	\$494,288	\$205,306	\$110,479	\$4,886	\$3,218,020
2024	\$141,663,547	\$141,663,547		\$0	\$1,657,463	\$1,657,463	\$553,904	\$454,859	\$188,928	\$101,666	\$4,496	\$2,961,318
2025	\$130,364,437	\$130,364,437		\$0	\$1,525,264	\$1,525,264	\$509,725	\$418,579	\$173,859	\$93,557	\$4,138	\$2,725,123
2026	\$119,967,897	\$119,967,897		\$0	\$1,403,624	\$1,403,624	\$469,074	\$385,198	\$159,994	\$86,096	\$3,808	\$2,507,795
2027	\$110,401,775	\$110,401,775		\$0	\$1,291,701	\$1,291,701	\$431,671	\$354,482	\$147,236	\$79,231	\$3,504	\$2,307,826
2028	\$101,599,691	\$101,599,691		\$0	\$1,188,716	\$1,188,716	\$397,255	\$326,220	\$135,498	\$72,914	\$3,225	\$2,123,828
2029	\$93,500,572	\$93,500,572		\$0	\$1,093,957	\$1,093,957	\$365,587	\$300,215	\$124,696	\$67,102	\$2,968	\$1,954,525
2030	\$86,048,227	\$86,048,227		\$0	\$1,006,764	\$1,006,764	\$336,449	\$276,287	\$114,757	\$61,753	\$2,731	\$1,798,742
2031	\$79,190,962	\$79,190,962		\$0	\$926,534	\$926,534	\$309,637	\$254,270	\$105,612	\$56,832	\$2,514	\$1,655,398
2032	\$72,881,215	\$72,881,215		\$0	\$852,710	\$852,710	\$284,966	\$234,010	\$97,197	\$52,304	\$2,313	\$1,523,500
2033	\$67,075,226	\$67,075,226		\$0	\$784,780	\$784,780	\$262,264	\$215,368	\$89,454	\$48,137	\$2,129	\$1,402,133
2034	\$61,732,736	\$61,732,736		\$0	\$722,273	\$722,273	\$241,375	\$198,214	\$82,329	\$44,303	\$1,959	\$1,290,454
			Total	\$0	\$20,650,677	\$20,650,677	\$6,901,209	\$5,667,181	\$2,353,897	\$1,266,681	\$56,022	\$36,895,666

Source: CPA, Sage Draw Wind, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Garza 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 Lynn County Hospital.

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*	Southland ISD I&S Tax Levy	Southland ISD M&O Tax Levy	Southland ISD M&O and I&S Tax Levies	Lynn County Tax Levy	Garza County Tax Levy	Lynn Hospital Tax Levy	Garza Hospital Tax Levy	High Plains UWD Tax Levy	Estimated Total Property Taxes
			0.0000	0.0000	1.1700		0.8500	0.5946	0.2899	0.1329	0.0069	
2020	\$197,560,000	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$634,334	\$0	\$141,781	\$6,271	\$1,016,385
2021	\$181,795,200	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$583,715	\$0	\$130,467	\$5,770	\$953,953
2022	\$167,289,984	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$537,141	\$0	\$120,057	\$5,310	\$896,508
2023	\$153,943,649	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$494,288	\$0	\$110,479	\$4,886	\$843,654
2024	\$141,663,547	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$454,859	\$0	\$101,666	\$4,496	\$795,022
2025	\$130,364,437	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$418,579	\$0	\$93,557	\$4,138	\$750,274
2026	\$119,967,897	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$385,198	\$0	\$86,096	\$3,808	\$709,102
2027	\$110,401,775	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$354,482	\$0	\$79,231	\$3,504	\$671,218
2028	\$101,599,691	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$326,220	\$0	\$72,914	\$3,225	\$636,359
2029	\$93,500,572	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$300,215	\$0	\$67,102	\$2,968	\$604,285
2030	\$86,048,227	\$86,048,227		\$0	\$1,006,764	\$1,006,764	\$336,449	\$276,287	\$114,757	\$61,753	\$2,731	\$1,798,742
2031	\$79,190,962	\$79,190,962		\$0	\$926,534	\$926,534	\$309,637	\$254,270	\$105,612	\$56,832	\$2,514	\$1,655,398
2032	\$72,881,215	\$72,881,215		\$0	\$852,710	\$852,710	\$284,966	\$234,010	\$97,197	\$52,304	\$2,313	\$1,523,500
2033	\$67,075,226	\$67,075,226		\$0	\$784,780	\$784,780	\$262,264	\$215,368	\$89,454	\$48,137	\$2,129	\$1,402,133
2034	\$61,732,736	\$61,732,736		\$0	\$722,273	\$722,273	\$241,375	\$198,214	\$82,329	\$44,303	\$1,959	\$1,290,454
			Total	\$0	\$6,633,062	\$6,633,062	\$1,434,690	\$5,667,181	\$489,351	\$1,266,681	\$56,022	\$15,546,986
			Diff	\$0	\$14,017,615	\$14,017,615	\$5,466,519	\$0	\$1,864,546	\$0	\$0	\$21,348,680

Source: CPA, Sage Draw 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.

Amended Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Sage Draw 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 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	\$234,000	\$234,000	\$2,077,452	\$2,077,452
	2021	\$234,000	\$468,000	\$1,893,004	\$3,970,456
	2022	\$234,000	\$702,000	\$1,723,293	\$5,693,749
	2023	\$234,000	\$936,000	\$1,567,141	\$7,260,889
	2024	\$234,000	\$1,170,000	\$1,423,463	\$8,684,353
	2025	\$234,000	\$1,404,000	\$1,291,264	\$9,975,617
	2026	\$234,000	\$1,638,000	\$1,169,624	\$11,145,241
	2027	\$234,000	\$1,872,000	\$1,057,701	\$12,202,942
	2028	\$234,000	\$2,106,000	\$954,716	\$13,157,658
	2029	\$234,000	\$2,340,000	\$859,957	\$14,017,615
Maintain Viable Presence (5 Years)	2030	\$1,006,764	\$3,346,764	\$0	\$14,017,615
	2031	\$926,534	\$4,273,299	\$0	\$14,017,615
	2032	\$852,710	\$5,126,009	\$0	\$14,017,615
	2033	\$784,780	\$5,910,789	\$0	\$14,017,615
	2034	\$722,273	\$6,633,062	\$0	\$14,017,615
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$664,755	\$7,297,817	\$0	\$14,017,615
	2036	\$611,829	\$7,909,646	\$0	\$14,017,615
	2037	\$563,126	\$8,472,772	\$0	\$14,017,615
	2038	\$518,310	\$8,991,082	\$0	\$14,017,615
	2039	\$477,069	\$9,468,151	\$0	\$14,017,615
	2040	\$439,119	\$9,907,270	\$0	\$14,017,615
	2041	\$404,197	\$10,311,467	\$0	\$14,017,615
	2042	\$372,059	\$10,683,526	\$0	\$14,017,615
	2043	\$342,485	\$11,026,012	\$0	\$14,017,615
	2044	\$315,270	\$11,341,281	\$0	\$14,017,615

\$11,341,281

is less than

\$14,017,615

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 levy directly related to this project.

Source: CPA, Sage Draw Wind, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2019	96	80	176	\$3,840,000	\$7,160,000	\$11,000,000	580000	-328000	\$908,000
2020	3	13	16	\$125,430	\$1,874,570	\$2,000,000	122000	130000	-\$8,000
2021	3	11	14	\$125,430	\$1,874,570	\$2,000,000	122000	114000	\$8,000
2022	3	9	12	\$125,430	\$874,570	\$1,000,000	99000	122000	-\$23,000
2023	3	9	12	\$125,430	\$1,874,570	\$2,000,000	107000	107000	\$0
2024	3	5	8	\$125,430	\$874,570	\$1,000,000	130000	122000	\$8,000
2025	3	13	16	\$125,430	\$874,570	\$1,000,000	130000	92000	\$38,000
2026	3	9	12	\$125,430	\$874,570	\$1,000,000	145000	99000	\$46,000
2027	3	11	14	\$125,430	\$874,570	\$1,000,000	130000	69000	\$61,000
2028	3	9	12	\$125,430	\$874,570	\$1,000,000	130000	61000	\$69,000
2029	3	5	8	\$125,430	\$874,570	\$1,000,000	137000	76000	\$61,000
2030	3	7	10	\$125,430	\$874,570	\$1,000,000	107000	53000	\$54,000
2031	3	3	6	\$125,430	\$874,570	\$1,000,000	76000	38000	\$38,000
2032	3	3	6	\$125,430	-\$125,430	\$0	76000	31000	\$45,000
2033	3	3	6	\$125,430	-\$125,430	\$0	61000	-31000	\$92,000
2034	3	3	6	\$125,430	-\$125,430	\$0	53000	-38000	\$91,000
2035	3	1	4	\$125,430	-\$125,430	\$0	15000	-61000	\$76,000
2036	3	(3)	0	\$125,430	-\$125,430	\$0	-31000	-92000	\$61,000
2037	3	(1)	2	\$125,430	-\$125,430	\$0	-23000	-130000	\$107,000
2038	3	(3)	0	\$125,430	-\$125,430	\$0	-15000	-130000	\$115,000
2039	3	(1)	2	\$125,430	-\$125,430	\$0	15000	-160000	\$175,000
2040	3	1	4	\$125,430	-\$125,430	\$0	0	-191000	\$191,000
2041	3	3	6	\$125,430	-\$125,430	\$0	-15000	-214000	\$199,000
2042	3	3	6	\$125,430	-\$125,430	\$0	46000	-237000	\$283,000
2043	3	1	4	\$125,430	-\$125,430	\$0	46000	-244000	\$290,000
2044	3	1	4	\$125,430	-\$125,430	\$0	31000	-252000	\$283,000
2045	3	(3)	0	\$125,430	-\$1,125,430	-\$1,000,000	-31000	-282000	\$251,000
2046	3	(1)	2	\$125,430	-\$125,430	\$0	31000	-290000	\$321,000
Total							\$2,274,000	-\$1,566,000	\$3,840,000
							\$15,181,281	is greater than	\$14,017,615
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.