



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 29, 2019

Greg Anderson
Superintendent
Danbury Independent School District
5611 Panther Drive
P.O. Box 378
Danbury, TX 77534

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Danbury Independent School District and Myrtle Solar LLC, Application 1287

Dear Superintendent Allen:

On November 28, 2018, the Comptroller issued written notice that Myrtle Solar LLC (applicant) submitted a completed application (Application 1287) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on August 20, 2018, to the Danbury Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application 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)

Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

¹ All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1287.

Based on the information provided by the applicant, 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.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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 has 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, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

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 agreement by December 31, 2019.

Note that any building or improvement existing as of the application review start date of November 28, 2018, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Myrtle Solar LLC (project) applying to Danbury 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 Myrtle Solar LLC.

Applicant	Myrtle Solar LLC
Tax Code, 313.024 Eligibility Category	Electric power generation, solar
School District	Danbury ISD
2014-2015 Average Daily Attendance	724
County	Brazoria
Proposed Total Investment in District	\$152,000,000
Proposed Qualified Investment	\$152,000,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,274
Minimum annual wage committed to by applicant for qualified jobs	\$66,222
Minimum weekly wage required for non-qualifying jobs	\$1,112
Minimum annual wage required for non-qualifying jobs	\$57,799
Investment per Qualifying Job	\$76,000,000
Estimated M&O levy without any limit (15 years)	\$11,498,760
Estimated M&O levy with Limitation (15 years)	\$3,897,720
Estimated gross M&O tax benefit (15 years)	\$7,619,040

* 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 Myrtle Solar LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	200	287	487.47	\$13,244,440	\$23,865,560	\$37,110,000
2020	202	304	506	\$13,376,884	\$28,403,116	\$41,780,000
2021	2	42	44	\$132,444	\$7,357,556	\$7,490,000
2022	2	16	18	\$132,444	\$4,527,556	\$4,660,000
2023	2	(5)	-3	\$132,444	\$2,157,556	\$2,290,000
2024	2	(15)	-13	\$132,444	\$717,556	\$850,000
2025	2	(17)	-15	\$132,444	\$37,556	\$170,000
2026	2	(15)	-13	\$132,444	-\$182,444	-\$50,000
2027	2	(11)	-9	\$132,444	-\$122,444	\$10,000
2028	2	(6)	-4	\$132,444	\$107,556	\$240,000
2029	2	(2)	0	\$132,444	\$387,556	\$520,000
2030	2	2	4	\$132,444	\$717,556	\$850,000
2031	2	4	6	\$132,444	\$1,007,556	\$1,140,000
2032	2	6	8	\$132,444	\$1,247,556	\$1,380,000
2033	2	8	10	\$132,444	\$1,427,556	\$1,560,000
2034	2	8	10	\$132,444	\$1,557,556	\$1,690,000

Source: CPA REMI, Myrtle 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	Danbury ISD I&S Tax Levy	Danbury ISD M&O Tax Levy	Danbury ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Angleton-Danbury Tax Levy	Brazoria County Road & Bridge Tax Levy	Freeport Tax Levy	Angleton Drainage Tax Levy	Emergency Services Tax Levy	Estimated Total Property Taxes
			0.0807	1.1700		0.3802	0.2737	0.0600	0.0401	0.1469	0.1000		
2020	\$10,000,000	\$10,000,000		\$8,070	\$117,000	\$125,070	\$38,023	\$27,368	\$6,000	\$4,010	\$14,686	\$10,000	\$190,462
2021	\$152,000,000	\$152,000,000		\$122,664	\$1,778,400	\$1,901,064	\$577,956	\$415,995	\$91,200	\$60,952	\$223,220	\$152,000	\$2,895,015
2022	\$136,800,000	\$136,800,000		\$110,398	\$1,600,560	\$1,710,958	\$520,160	\$374,396	\$82,080	\$54,857	\$200,898	\$136,800	\$2,605,513
2023	\$121,600,000	\$121,600,000		\$98,131	\$1,422,720	\$1,520,851	\$462,365	\$332,796	\$72,960	\$48,762	\$178,576	\$121,600	\$2,316,012
2024	\$106,400,000	\$106,400,000		\$85,865	\$1,244,880	\$1,330,745	\$404,569	\$291,197	\$63,840	\$42,666	\$156,254	\$106,400	\$2,026,510
2025	\$91,200,000	\$91,200,000		\$73,598	\$1,067,040	\$1,140,638	\$346,773	\$249,597	\$54,720	\$36,571	\$133,932	\$91,200	\$1,737,009
2026	\$76,000,000	\$76,000,000		\$61,332	\$889,200	\$950,532	\$288,978	\$207,998	\$45,600	\$30,476	\$111,610	\$76,000	\$1,447,507
2027	\$60,800,000	\$60,800,000		\$49,066	\$711,360	\$760,426	\$231,182	\$166,398	\$36,480	\$24,381	\$89,288	\$60,800	\$1,158,006
2028	\$45,600,000	\$45,600,000		\$36,799	\$533,520	\$570,319	\$173,387	\$124,799	\$27,360	\$18,286	\$66,966	\$45,600	\$868,504
2029	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
2030	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
2031	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
2032	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
2033	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
2034	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
			Total	\$793,120	\$11,498,760	\$12,291,880	\$3,736,940	\$2,689,737	\$589,680	\$394,103	\$1,443,291	\$982,800	\$18,718,556

Source: CPA, Myrtle Solar LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Brazoria 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*	Danbury ISD I&S Tax Levy	Danbury ISD M&O Tax Levy	Danbury ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Angleton-Danbury Tax Levy	Brazoria County Road & Bridge Tax Levy	Freeport Tax Levy	Angleton Drainage Tax Levy	Emergency Services Tax Levy	Estimated Total Property Taxes
				0.0807	1.1700		0.3802	0.2737	0.0600	0.0401	0.1469	0.1000	
2020	\$10,000,000	\$10,000,000		\$8,070	\$117,000	\$125,070	\$38,023	\$27,368	\$6,000	\$4,010	\$14,686	\$10,000	\$190,462
2021	\$152,000,000	\$20,000,000		\$122,664	\$234,000	\$356,664	\$144,489	\$415,995	\$91,200	\$60,952	\$223,220	\$152,000	\$917,148
2022	\$136,800,000	\$20,000,000		\$110,398	\$234,000	\$344,398	\$130,040	\$374,396	\$82,080	\$54,857	\$200,898	\$136,800	\$848,833
2023	\$121,600,000	\$20,000,000		\$98,131	\$234,000	\$332,131	\$115,591	\$332,796	\$72,960	\$48,762	\$178,576	\$121,600	\$780,518
2024	\$106,400,000	\$20,000,000		\$85,865	\$234,000	\$319,865	\$101,142	\$291,197	\$63,840	\$42,666	\$156,254	\$106,400	\$712,204
2025	\$91,200,000	\$20,000,000		\$73,598	\$234,000	\$307,598	\$86,693	\$249,597	\$54,720	\$36,571	\$133,932	\$91,200	\$643,889
2026	\$76,000,000	\$20,000,000		\$61,332	\$234,000	\$295,332	\$72,244	\$207,998	\$45,600	\$30,476	\$111,610	\$76,000	\$575,574
2027	\$60,800,000	\$20,000,000		\$49,066	\$234,000	\$283,066	\$57,796	\$166,398	\$36,480	\$24,381	\$89,288	\$60,800	\$507,259
2028	\$45,600,000	\$20,000,000		\$36,799	\$234,000	\$270,799	\$43,347	\$124,799	\$27,360	\$18,286	\$66,966	\$45,600	\$438,944
2029	\$30,400,000	\$20,000,000		\$24,533	\$234,000	\$258,533	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$457,323
2030	\$30,400,000	\$20,000,000		\$24,533	\$234,000	\$258,533	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$457,323
2031	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
2032	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
2033	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
2034	\$30,400,000	\$30,400,000		\$24,533	\$355,680	\$380,213	\$115,591	\$83,199	\$18,240	\$12,190	\$44,644	\$30,400	\$579,003
			Total	\$793,120	\$3,879,720	\$4,672,840	\$1,482,913	\$2,689,737	\$589,680	\$394,103	\$1,443,291	\$982,800	\$8,845,489
			Diff	\$0	\$7,619,040	\$7,619,040	\$2,254,027	\$0					\$9,873,067

Source: CPA, Myrtle 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 Myrtle 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	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$117,000	\$117,000	\$0	\$0
Limitation Period (10 Years)	2021	\$234,000	\$351,000	\$1,544,400	\$1,544,400
	2022	\$234,000	\$585,000	\$1,366,560	\$2,910,960
	2023	\$234,000	\$819,000	\$1,188,720	\$4,099,680
	2024	\$234,000	\$1,053,000	\$1,010,880	\$5,110,560
	2025	\$234,000	\$1,287,000	\$833,040	\$5,943,600
	2026	\$234,000	\$1,521,000	\$655,200	\$6,598,800
	2027	\$234,000	\$1,755,000	\$477,360	\$7,076,160
	2028	\$234,000	\$1,989,000	\$299,520	\$7,375,680
	2029	\$234,000	\$2,223,000	\$121,680	\$7,497,360
	2030	\$234,000	\$2,457,000	\$121,680	\$7,619,040
Maintain Viable Presence (5 Years)	2031	\$355,680	\$2,812,680	\$0	\$7,619,040
	2032	\$355,680	\$3,168,360	\$0	\$7,619,040
	2033	\$355,680	\$3,524,040	\$0	\$7,619,040
	2034	\$355,680	\$3,879,720	\$0	\$7,619,040
	2035	\$355,680	\$4,235,400	\$0	\$7,619,040
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$355,680	\$4,591,080	\$0	\$7,619,040
	2037	\$355,680	\$4,946,760	\$0	\$7,619,040
	2038	\$355,680	\$5,302,440	\$0	\$7,619,040
	2039	\$355,680	\$5,658,120	\$0	\$7,619,040
	2040	\$355,680	\$6,013,800	\$0	\$7,619,040
	2041	\$355,680	\$6,369,480	\$0	\$7,619,040
	2042	\$355,680	\$6,725,160	\$0	\$7,619,040
	2043	\$355,680	\$7,080,840	\$0	\$7,619,040
	2044	\$355,680	\$7,436,520	\$0	\$7,619,040
	2045	\$355,680	\$7,792,200	\$0	\$7,619,040

\$7,792,200

is greater than

\$7,619,040

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

Source: CPA, Myrtle 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.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines 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.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Myrtle Solar, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Myrtle Solar, LLC (an affiliate of SunChase Power LLC) in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “SunChase Power LLC is a renewable energy company focused on developing utility-scale and large industrial behind-the-meter solar energy projects. They work with landowners and large industrial electricity users to identify promising locations for profitable solar energy projects, and bring those projects to market.”
 - B. “SunChase is active throughout the Southern US and has the ability to locate projects of this type in other states with strong solar characteristics and more favorable tax environments. SunChase is currently developing projects in Texas, Oklahoma, Louisiana, Arkansas, Mississippi, Tennessee, and Florida.”
 - C. “Property taxes are often the highest operating expense for a solar generation facility, as solar plants do not have any associated fuel costs to produce electricity. Further, with the Texas wholesale electricity price already below the international average, the necessity of limiting the property tax liability becomes paramount. The magnitude at which tax expenses affect the feasibility of a project is what causes agreements like the Ch. 313 to be so important to companies like this applicant. If the 313 is not granted, the rate of return drops too low for investors to tolerate, and the capital once allocated to the project must be reapportioned to out-of-state projects with better cash flows (due to tax incentives and higher wholesale electricity rates). Effectively, whether or not the project is built hinges heavily on the execution of 313 agreement.”
- According to the *Free Share* article dated August 28, 2018, “Austin-based renewable energy developer SunChase Power plans to build a 200-megawatt photovoltaic solar farm northwest of Danbury. The company, through its subsidiary Myrtle Solar, is asking the school district for an agreement to limit the amount of property taxes it will pay on the \$180 million project, which would be one of the first utility-scale solar farms in Southeast Texas.”

- Supplemental information provided by applicant stated the following:
 - A. Is the Myrtle Solar, LLC currently known by any other project names? No.
 - B. Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when it was assigned. Yes. The IGNR # is 19INR0041, and it was assigned 3/15/17.
 - C. Please also list any other names by which this project may have been known in the past in media reports, investor presentations, or any listings with any federal or state agency. No other names.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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.

Supporting Information

Section 8 of the Application for
a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value



The applicant's parent company, SunChase Power LLC is a renewable energy company focused on developing utility-scale and large industrial behind-the-meter solar energy projects. They work with landowners and large industrial electricity users to identify promising locations for profitable solar energy projects, and bring those projects to market. SunChase is active throughout the Southern US and has the ability to locate projects of this type in other states with strong solar characteristics and more favorable tax environments. SunChase is currently developing projects in Texas, Oklahoma, Louisiana, Arkansas, Mississippi, Tennessee, and Florida. Property taxes are often the highest operating expense for a solar generation facility, as solar plants do not have any associated fuel costs to produce electricity. Further, with the Texas wholesale electricity price already below the international average, the necessity of limiting the property tax liability becomes paramount. The magnitude at which tax expenses affect the feasibility of a project is what causes agreements like the Ch. 313 to be so important to companies like this applicant. If the 313 is not granted, the rate of return drops too low for investors to tolerate, and the capital once allocated to the project must be reapportioned to out-of-state projects with better cash flows (due to tax incentives and higher wholesale electricity rates). Effectively, whether or not the project is built hinges heavily on the execution of a 313 agreement.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Major solar project seeks tax abatement from Danbury ISD

By Codi Kozacek codi.kozacek@thefacts.com Aug 28, 2018

DANBURY — A large-scale solar farm proposed for construction within Danbury ISD is seeking tax incentives from the school district.

Austin-based renewable energy developer SunChase Power plans to build a 200-megawatt photovoltaic solar farm northwest of Danbury. The company, through its subsidiary Myrtle Solar, is asking the school district for an agreement to limit the amount of property taxes it will pay on the \$180 million project, which would be one of the first utility-scale solar farms in Southeast Texas.

The district's Board of Trustees voted last week to move forward with an application to form the deal and to retain consultants to help with the process. The vote does not approve the agreement, and the cost of the consultants is paid by the company.

The project could bring in new revenue to help the district pay down bonds and service its debt, and securing the deal — known as a Chapter 313 agreement — likely will play a role in determining whether construction moves forward.

"This project is by no means a done deal," Will Furgeson, a vice president at SunChase Power, told the board at its meeting last week. "One of the requirements the project has to meet at the comptroller level is to prove the acceptance of this agreement, because it is a critical part of the facility's ability to operate."

About 80 percent of the proposed solar farm would lie within the school district, or an estimated \$152 million of its projected property value, according to documents shared with the board. The company is seeking a tax limitation of \$30 million that would apply for the 2021 to 2030 tax years.

In other words, for the first 10 years of the project's life, the company would pay taxes to

the district on \$30 million of property value, rather than the whole \$152 million.

The limitation, however, applies only to the district's tax rate for maintenance and operations, Superintendent Greg Anderson said. It does not apply to the portion of the tax rate that goes toward paying off the district's bonds and debts — a portion the district increased by 35 cents this year to service a \$18.7 million bond voters approved to build a new elementary school.

Under a 313 agreement, the company still would have to pay those debt service taxes on the entire \$152 million of property value throughout the life of the project. The agreement could also require the company to provide up to \$100 per student in supplemental payments, though those terms are subject to negotiation.

"It's a win for the district in terms of additional funds coming in, especially on the debt side," Anderson said. "And it's a win for the business because they're not applying the full tax value on that particular facility."

Still, the 313 agreement is not the project's only hurdle. Developers are working on engineering and environmental assessments and confirming data on the area's potential for solar power, Furgeson told the board.

They also are looking to secure a utility to buy the power generated by the solar farm. Furgeson said there is growing interest in solar in Southeast Texas due to the large population and industrial demand in the Houston metropolitan region, but it only has become economically viable to develop projects of this size in the last two or three years.

If all goes well, he said, developers hope to begin construction on the project by the end of 2019 and bring it online by the end of 2020.

Codi Kozacek is a reporter for The Facts. Contact her at 979-237-0152.

codikozacek

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)

Danbury ISD – Myrtle Solar, LLC – App. #1287

Comptroller Questions (via email December 20, 2018):

1. Is the Myrtle Solar, LLC currently known by any other project names?
2. Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when was it assigned.
3. Please also list any other names by which this project may have been known in the past in media reports, investor presentations, or any listings with any federal or state agency.

Applicant Response (via hand-delivered on January 2, 2019):

1. No.
2. Yes. The IGNR# is 19INR0041, and it was assigned 3/15/17.
3. No other names.