

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 7, 2020

AMENDED CERTIFICATION

Dr. Cathy Palmer  
Superintendent  
O'Donnell Independent School District  
P.O. Box 487  
O'Donnell, Texas 79351

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between O'Donnell Independent School District and TREX US Red Holly LLC, Application 1291

Dear Superintendent Palmer:

This application (Application 1291) was originally submitted on August 23, 2018, to the O'Donnell Independent School District (school district) by TREX US Red Holly LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On October 16, 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 January 9, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on February 26, 2019.

On July 23, 2020, Comptroller received an amendment to the agreement to move the start of limitation from January 1, 2021 to January 1, 2023 and modify the project boundary. 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.

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<sup>1</sup> 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, 2020.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:  
  
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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 TREX US Red Holly LLC (project) applying to O'Donnell 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 TREX US Red Holly LLC.

	<b>Original</b>	<b>Amendment No. 1</b>
Applicant	TREX US Red Holly LLC	TREX US Red Holly LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar	Renewable Energy - Solar
School District	O'Donnell ISD	O'Donnell ISD
2017-2018 Average Daily Attendance	295	295
County	Dawson	Dawson
Proposed Total Investment in District	\$235,000,000	\$235,000,000
Proposed Qualified Investment	\$235,000,000	\$47,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2020-2021	2020-2021
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	\$970	\$970
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$970	\$970
Minimum annual wage committed to by applicant for qualified jobs	\$50,465	\$50,465
Minimum weekly wage required for non-qualifying jobs	\$747	\$747
Minimum annual wage required for non-qualifying jobs	\$38,857	\$38,857
Investment per Qualifying Job	117,500,000	117,500,000
Estimated M&O levy without any limit (15 years)	\$13,094,257	\$13,379,804
Estimated M&O levy with Limitation (15 years)	\$5,233,487	\$5,233,487
Estimated gross M&O tax benefit (15 years)	\$7,860,769	\$8,146,317

\* 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 TREX US Red Holly LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	25	32	57	\$1,500,000	\$2,982,690	\$4,482,690
2022	175	221	396.359	\$10,500,000	\$21,696,111	\$32,196,111
2023	27	54	81	\$1,600,929	\$7,389,258	\$8,990,188
2024	2	19	21	\$100,929	\$3,717,046	\$3,817,976
2025	2	7	9	\$100,929	\$2,358,900	\$2,459,829
2026	2	0	2	\$100,929	\$1,415,515	\$1,516,444
2027	2	(3)	-1	\$100,929	\$862,288	\$963,218
2028	2	(3)	-1	\$100,929	\$595,123	\$696,052
2029	2	(2)	0	\$100,929	\$524,588	\$625,518
2030	2	(1)	1	\$100,929	\$572,527	\$673,457
2031	2	1	3	\$100,929	\$684,217	\$785,146
2032	2	3	5	\$100,929	\$815,489	\$916,419
2033	2	4	6	\$100,929	\$917,845	\$1,018,774
2034	2	5	7	\$100,929	\$1,035,664	\$1,136,593
2035	2	5	7	\$100,929	\$1,141,792	\$1,242,722
2036	2	6	8	\$100,929	\$1,217,915	\$1,318,844
2037	2	6	8	\$100,929	\$1,265,481	\$1,366,411

Source: CPA REMI, TREX US Red Holly 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*	O'Donnell ISD I&S Tax Levy	O'Donnell ISD M&O Tax Levy	O'Donnell ISD M&O and I&S Tax Levies	Dawson County Tax Levy	Dawson County Hospital Tax Levy	Mesa Underground Water Conservation District Tax Levy	Estimated Total Property Taxes
				0.3500	1.0878		0.8566	0.3839	0.0145	
2023	\$157,500,000	\$157,500,000		\$551,250	\$1,713,285	\$2,264,535	\$1,349,178	\$604,598	\$22,819	\$4,241,130
2024	\$165,777,500	\$165,777,500		\$580,221	\$1,803,328	\$2,383,549	\$1,420,085	\$636,373	\$24,018	\$4,464,025
2025	\$148,977,500	\$148,977,500		\$521,421	\$1,620,577	\$2,141,998	\$1,276,173	\$571,883	\$21,584	\$4,011,638
2026	\$126,840,000	\$126,840,000		\$443,940	\$1,379,766	\$1,823,706	\$1,086,538	\$486,903	\$18,377	\$3,415,523
2027	\$107,975,000	\$107,975,000		\$377,913	\$1,174,552	\$1,552,465	\$924,937	\$414,486	\$15,643	\$2,907,530
2028	\$91,927,500	\$91,927,500		\$321,746	\$999,987	\$1,321,734	\$787,470	\$352,884	\$13,318	\$2,475,406
2029	\$78,260,000	\$78,260,000		\$273,910	\$851,312	\$1,125,222	\$670,392	\$300,418	\$11,338	\$2,107,370
2030	\$66,622,500	\$66,622,500		\$233,179	\$724,720	\$957,898	\$570,702	\$255,745	\$9,652	\$1,793,998
2031	\$56,717,500	\$56,717,500		\$198,511	\$616,973	\$815,484	\$485,854	\$217,723	\$8,217	\$1,527,278
2032	\$48,282,500	\$48,282,500		\$168,989	\$525,217	\$694,206	\$413,598	\$185,343	\$6,995	\$1,300,142
2033	\$41,107,500	\$41,107,500		\$143,876	\$447,167	\$591,044	\$352,135	\$157,800	\$5,956	\$1,106,935
2034	\$35,000,000	\$35,000,000		\$122,500	\$380,730	\$503,230	\$299,817	\$134,355	\$5,071	\$942,473
2035	\$35,000,000	\$35,000,000		\$122,500	\$380,730	\$503,230	\$299,817	\$134,355	\$5,071	\$942,473
2036	\$35,000,000	\$35,000,000		\$122,500	\$380,730	\$503,230	\$299,817	\$134,355	\$5,071	\$942,473
2037	\$35,000,000	\$35,000,000		\$122,500	\$380,730	\$503,230	\$299,817	\$134,355	\$5,071	\$942,473
			<b>Total</b>	<b>\$4,304,956</b>	<b>\$13,379,804</b>	<b>\$17,684,760</b>	<b>\$10,536,331</b>	<b>\$4,721,578</b>	<b>\$178,201</b>	<b>\$33,120,870</b>

Source: CPA, TREX US Red Holly LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Dawson County, Dawson County Hospital District and Mesa Underground Water Conservation District, 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 abatements with the county and hospital district.

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		O'Donnell ISD I&S Tax Levy	O'Donnell ISD M&O Tax Levy	O'Donnell ISD M&O and I&S Tax Levies	Dawson County Tax Levy	Dawson County Hospital Tax Levy	Mesa Underground Water Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3500	1.0878		0.8566	0.3839	0.0145	
2023	\$157,500,000	\$30,000,000		\$551,250	\$326,340	\$877,590	\$269,836	\$120,920	\$22,819	\$1,291,164
2024	\$165,777,500	\$30,000,000		\$580,221	\$326,340	\$906,561	\$284,017	\$127,275	\$24,018	\$1,341,871
2025	\$148,977,500	\$30,000,000		\$521,421	\$326,340	\$847,761	\$255,235	\$114,377	\$21,584	\$1,238,956
2026	\$126,840,000	\$30,000,000		\$443,940	\$326,340	\$770,280	\$217,308	\$97,381	\$18,377	\$1,103,345
2027	\$107,975,000	\$30,000,000		\$377,913	\$326,340	\$704,253	\$184,987	\$82,897	\$15,643	\$987,780
2028	\$91,927,500	\$30,000,000		\$321,746	\$326,340	\$648,086	\$157,494	\$70,577	\$13,318	\$889,476
2029	\$78,260,000	\$30,000,000		\$273,910	\$326,340	\$600,250	\$134,078	\$60,084	\$11,338	\$805,750
2030	\$66,622,500	\$30,000,000		\$233,179	\$326,340	\$559,519	\$114,140	\$51,149	\$9,652	\$734,461
2031	\$56,717,500	\$30,000,000		\$198,511	\$326,340	\$524,851	\$97,171	\$43,545	\$8,217	\$673,784
2032	\$48,282,500	\$30,000,000		\$168,989	\$326,340	\$495,329	\$82,720	\$37,069	\$6,995	\$622,112
2033	\$41,107,500	\$41,107,500		\$143,876	\$447,167	\$591,044	\$352,135	\$157,800	\$5,956	\$1,106,935
2034	\$35,000,000	\$35,000,000		\$122,500	\$380,730	\$503,230	\$299,817	\$134,355	\$5,071	\$942,473
2035	\$35,000,000	\$35,000,000		\$122,500	\$380,730	\$503,230	\$299,817	\$134,355	\$5,071	\$942,473
2036	\$35,000,000	\$35,000,000		\$122,500	\$380,730	\$503,230	\$299,817	\$134,355	\$5,071	\$942,473
2037	\$35,000,000	\$35,000,000		\$122,500	\$380,730	\$503,230	\$299,817	\$134,355	\$5,071	\$942,473
			<b>Total</b>	<b>\$4,304,956</b>	<b>\$5,233,487</b>	<b>\$9,538,444</b>	<b>\$3,348,390</b>	<b>\$1,500,492</b>	<b>\$178,201</b>	<b>\$14,565,527</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$8,146,317</b>	<b>\$8,146,317</b>	<b>\$7,187,941</b>	<b>\$3,221,085</b>	<b>\$0</b>	<b>\$18,555,343</b>

Assumes School Value Limitation and Tax Abatements with the County and Hospital District.

Source: CPA, TREX US Red Holly 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 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that TREX US Red Holly 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)
<b>Limitation Pre-Years</b>	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
	2022	\$380,730	\$380,730	\$0	\$0
<b>Limitation Period (10 Years)</b>	2023	\$326,340	\$707,070	\$1,386,945	\$1,386,945
	2024	\$326,340	\$1,033,410	\$1,476,988	\$2,863,933
	2025	\$326,340	\$1,359,750	\$1,294,237	\$4,158,170
	2026	\$326,340	\$1,686,090	\$1,053,426	\$5,211,595
	2027	\$326,340	\$2,012,430	\$848,212	\$6,059,807
	2028	\$326,340	\$2,338,770	\$673,647	\$6,733,455
	2029	\$326,340	\$2,665,110	\$524,972	\$7,258,427
	2030	\$326,340	\$2,991,450	\$398,380	\$7,656,807
	2031	\$326,340	\$3,317,790	\$290,633	\$7,947,440
	2032	\$326,340	\$3,644,130	\$198,877	\$8,146,317
<b>Maintain Viable Presence (5 Years)</b>	2033	\$447,167	\$4,091,297	\$0	\$8,146,317
	2034	\$380,730	\$4,472,027	\$0	\$8,146,317
	2035	\$380,730	\$4,852,757	\$0	\$8,146,317
	2036	\$380,730	\$5,233,487	\$0	\$8,146,317
	2037	\$380,730	\$5,614,217	\$0	\$8,146,317
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2038	\$380,730	\$5,994,947	\$0	\$8,146,317
	2039	\$380,730	\$6,375,677	\$0	\$8,146,317
	2040	\$380,730	\$6,756,407	\$0	\$8,146,317
	2041	\$380,730	\$7,137,137	\$0	\$8,146,317
	2042	\$380,730	\$7,517,867	\$0	\$8,146,317
	2043	\$380,730	\$7,898,597	\$0	\$8,146,317
	2040	\$380,730	\$8,279,327	\$0	\$8,146,317
	2041	\$380,730	\$8,660,057	\$0	\$8,146,317
	2042	\$380,730	\$9,040,787	\$0	\$8,146,317
	2043	\$380,730	\$9,421,517	\$0	\$8,146,317
		<b>\$9,421,517</b>	is greater than	<b>\$8,146,317</b>	

#### 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, TREX US Red Holly 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.