



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

May 7, 2019

Fabian H. Gomez
Superintendent
Water Valley Independent School District
18000 Wildcat Drive
Water Valley, Texas 76958

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Water Valley Independent School District and RE Rambler, LLC, Application 1332

Dear Superintendent Gomez:

On February 21, 2019, the Comptroller issued written notice that RE Rambler, LLC (applicant) submitted a completed application (Application 1332) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on January 17, 2019, to the Water Valley 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 1332.

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 February 21, 2019, 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 RE Rambler, LLC (project) applying to Water Valley 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 RE Rambler, LLC.

Applicant	RE Rambler, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Water Valley ISD
2017-2018 Average Daily Attendance	324
County	Tom Green
Proposed Total Investment in District	\$180,000,000
Proposed Qualified Investment	\$180,000,000
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	\$866
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$866
Minimum annual wage committed to by applicant for qualified jobs	\$45,016
Minimum weekly wage required for non-qualifying jobs	\$820
Minimum annual wage required for non-qualifying jobs	\$42,641
Investment per Qualifying Job	\$90,000,000
Estimated M&O levy without any limit (15 years)	\$10,698,890
Estimated M&O levy with Limitation (15 years)	\$3,874,748
Estimated gross M&O tax benefit (15 years)	\$6,824,142

* 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 RE Rambler, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	450	560	1,010	\$20,257,380	\$49,742,620	\$70,000,000
2020	452	591	1043	\$20,347,413	\$58,652,587	\$79,000,000
2021	2	69	71	\$90,033	\$13,909,967	\$14,000,000
2022	2	21	23	\$90,033	\$7,909,967	\$8,000,000
2023	2	(21)	-19	\$90,033	\$3,909,967	\$4,000,000
2024	2	(39)	-37	\$90,033	\$909,967	\$1,000,000
2025	2	(42)	-40	\$90,033	-\$1,090,033	-\$1,000,000
2026	2	(37)	-35	\$90,033	-\$1,090,033	-\$1,000,000
2027	2	(28)	-26	\$90,033	-\$1,090,033	-\$1,000,000
2028	2	(18)	-16	\$90,033	-\$90,033	\$0
2029	2	(8)	-6	\$90,033	-\$90,033	\$0
2030	2	(1)	1	\$90,033	\$909,967	\$1,000,000
2031	2	5	7	\$90,033	\$1,909,967	\$2,000,000
2032	2	10	12	\$90,033	\$1,909,967	\$2,000,000
2033	2	12	14	\$90,033	\$1,909,967	\$2,000,000
2034	2	13	15	\$90,033	\$2,909,967	\$3,000,000

Source: CPA REMI, RE Rambler, 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*	Water Valley ISD I&S Tax Levy	Water Valley ISD M&O Tax Levy	Water Valley ISD M&O and I&S Tax Levies	Tom Green County Tax Levy	TGC ES #1 Tax Levy	Estimated Total Property Taxes
				0.1900	1.1700		0.5450	0.2861	
2020	\$80,000,000	\$80,000,000		\$152,000	\$936,000	\$1,088,000	\$436,000	\$114,440	\$1,638,440
2021	\$130,000,000	\$130,000,000		\$247,000	\$1,521,000	\$1,768,000	\$708,500	\$185,965	\$2,662,465
2022	\$117,035,000	\$117,035,000		\$222,367	\$1,369,310	\$1,591,676	\$637,841	\$167,419	\$2,396,935
2023	\$104,070,000	\$104,070,000		\$197,733	\$1,217,619	\$1,415,352	\$567,182	\$148,872	\$2,131,406
2024	\$91,105,000	\$91,105,000		\$173,100	\$1,065,929	\$1,239,028	\$496,522	\$130,326	\$1,865,876
2025	\$78,140,000	\$78,140,000		\$148,466	\$914,238	\$1,062,704	\$425,863	\$111,779	\$1,600,346
2026	\$65,175,000	\$65,175,000		\$123,833	\$762,548	\$886,380	\$355,204	\$93,233	\$1,334,817
2027	\$52,210,000	\$52,210,000		\$99,199	\$610,857	\$710,056	\$284,545	\$74,686	\$1,069,287
2028	\$39,245,000	\$39,245,000		\$74,566	\$459,167	\$533,732	\$213,885	\$56,140	\$803,757
2029	\$26,280,000	\$26,280,000		\$49,932	\$307,476	\$357,408	\$143,226	\$37,594	\$538,228
2030	\$26,265,000	\$26,265,000		\$49,904	\$307,301	\$357,204	\$143,144	\$37,572	\$537,920
2031	\$26,250,000	\$26,250,000		\$49,875	\$307,125	\$357,000	\$143,063	\$37,551	\$537,613
2032	\$26,235,000	\$26,235,000		\$49,847	\$306,950	\$356,796	\$142,981	\$37,529	\$537,306
2033	\$26,220,000	\$26,220,000		\$49,818	\$306,774	\$356,592	\$142,899	\$37,508	\$536,999
2034	\$26,205,000	\$26,205,000		\$49,790	\$306,599	\$356,388	\$142,817	\$37,486	\$536,692
			Total	\$1,737,427	\$10,698,890	\$12,436,316	\$4,983,671	\$1,308,099	\$18,728,086

Source: CPA, RE Rambler, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Tom Green 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*	Water Valley ISD I&S Tax Levy	Water Valley ISD M&O Tax Levy	Water Valley ISD M&O and I&S Tax Levies	Tom Green County Tax Levy	TGC ES #1 Tax Levy	Estimated Total Property Taxes
				0.1900	1.1700		0.5450	0.2861	
2020	\$80,000,000	\$20,000,000		\$152,000	\$234,000	\$386,000	\$152,600	\$114,440	\$653,040
2021	\$130,000,000	\$20,000,000		\$247,000	\$234,000	\$481,000	\$247,975	\$185,965	\$914,940
2022	\$117,035,000	\$20,000,000		\$222,367	\$234,000	\$456,367	\$223,244	\$167,419	\$847,029
2023	\$104,070,000	\$20,000,000		\$197,733	\$234,000	\$431,733	\$198,514	\$148,872	\$779,119
2024	\$91,105,000	\$20,000,000		\$173,100	\$234,000	\$407,100	\$173,783	\$130,326	\$711,208
2025	\$78,140,000	\$20,000,000		\$148,466	\$234,000	\$382,466	\$149,052	\$111,779	\$643,297
2026	\$65,175,000	\$20,000,000		\$123,833	\$234,000	\$357,833	\$124,321	\$93,233	\$575,387
2027	\$52,210,000	\$20,000,000		\$99,199	\$234,000	\$333,199	\$99,591	\$74,686	\$507,476
2028	\$39,245,000	\$20,000,000		\$74,566	\$234,000	\$308,566	\$74,860	\$56,140	\$439,565
2029	\$26,280,000	\$20,000,000		\$49,932	\$234,000	\$283,932	\$50,129	\$37,594	\$371,655
2030	\$26,265,000	\$26,265,000		\$49,904	\$307,301	\$357,204	\$143,144	\$37,572	\$537,920
2031	\$26,250,000	\$26,250,000		\$49,875	\$307,125	\$357,000	\$143,063	\$37,551	\$537,613
2032	\$26,235,000	\$26,235,000		\$49,847	\$306,950	\$356,796	\$142,981	\$37,529	\$537,306
2033	\$26,220,000	\$26,220,000		\$49,818	\$306,774	\$356,592	\$142,899	\$37,508	\$536,999
2034	\$26,205,000	\$26,205,000		\$49,790	\$306,599	\$356,388	\$142,817	\$37,486	\$536,692
			Total	\$1,737,427	\$3,874,748	\$5,612,174	\$2,208,972	\$1,308,099	\$9,129,245
			Diff	\$0	\$6,824,142	\$6,824,142	\$2,774,699	\$0	\$9,598,841

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, RE Rambler, 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 RE Rambler, 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	\$234,000	\$234,000	\$702,000	\$702,000
	2021	\$234,000	\$468,000	\$1,287,000	\$1,989,000
	2022	\$234,000	\$702,000	\$1,135,310	\$3,124,310
	2023	\$234,000	\$936,000	\$983,619	\$4,107,929
	2024	\$234,000	\$1,170,000	\$831,929	\$4,939,857
	2025	\$234,000	\$1,404,000	\$680,238	\$5,620,095
	2026	\$234,000	\$1,638,000	\$528,548	\$6,148,643
	2027	\$234,000	\$1,872,000	\$376,857	\$6,525,500
	2028	\$234,000	\$2,106,000	\$225,167	\$6,750,666
	2029	\$234,000	\$2,340,000	\$73,476	\$6,824,142
Maintain Viable Presence (5 Years)	2030	\$307,301	\$2,647,301	\$0	\$6,824,142
	2031	\$307,125	\$2,954,426	\$0	\$6,824,142
	2032	\$306,950	\$3,261,375	\$0	\$6,824,142
	2033	\$306,774	\$3,568,149	\$0	\$6,824,142
	2034	\$306,599	\$3,874,748	\$0	\$6,824,142
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$306,423	\$4,181,171	\$0	\$6,824,142
	2036	\$306,248	\$4,487,418	\$0	\$6,824,142
	2037	\$306,072	\$4,793,490	\$0	\$6,824,142
	2038	\$305,897	\$5,099,387	\$0	\$6,824,142
	2039	\$305,721	\$5,405,108	\$0	\$6,824,142
	2040	\$305,546	\$5,710,653	\$0	\$6,824,142
	2041	\$305,370	\$6,016,023	\$0	\$6,824,142
	2042	\$305,195	\$6,321,218	\$0	\$6,824,142
	2043	\$305,019	\$6,626,237	\$0	\$6,824,142
	2044	\$304,844	\$6,931,080	\$0	\$6,824,142

\$6,931,080

is greater than

\$6,824,142

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, RE Rambler, 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 RE Rambler 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:

- RE Rambler LLC is a solar energy project managed by Recurrent Energy. Based in the United States, Recurrent Energy is a wholly owned subsidiary of Canadian Solar, Inc. and functions as Canadian Solar’s U.S. project development arm.
- Per Recurrent Energy in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. Currently, Recurrent Energy is considering a variety of other locations for RE Rambler LLC but believes Tom Green County, Texas, would be an ideal location for this solar facility. Due to the global nature of Recurrent Energy, there are locations across the world and other parts of the United States being evaluated for the establishment of this solar facility. In the event a 313 agreement is not permitted, Recurrent Energy will relocate RE Rambler LLC to another area more financially viable for the continuation of this project.
 - B. “Recurrent Energy’s ability to locate RE Rambler LLC in a variety of locations is based on their footprint throughout the United States, with facilities located in California, Arizona, Colorado, Oklahoma, Arkansas, Louisiana, Mississippi, Ohio, Virginia, North Carolina, Georgia and Texas. In the event a 313 value limitation agreement is not reached, Recurrent Energy undoubtedly has the potential to relocate the facility to areas in the aforementioned locations.”
- Supplemental information provided by the applicant in Tab 4 states:
 - A. RE Rambler LLC was formerly known as RE Vaquero LLC and RE Takoda LLC during the early stages of the interconnection process.
 - B. On August 9, 2017, the project was assigned the following IGNR number: 191NR0114.

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

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 type="checkbox"/> Land has no existing improvements	<input checked="" 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

Tab 5

Limitation as a Determining Factor

Currently, Recurrent Energy is considering a variety of other locations for RE Rambler LLC but believes Tom Green County, Texas, would be an ideal location for this solar facility. Due to the global nature of Recurrent Energy, there are locations across the world and other parts of the United States being evaluated for the establishment of this solar facility. In the event a 313 agreement is not permitted, Recurrent Energy will relocate RE Rambler LLC to another area more financially viable for the continuation of this project. Unfortunately, this would also dismiss Tom Green County from receiving the economic benefits associated with the development of a solar facility within their county. It is our goal to reach a 313 value-limitation agreement for RE Rambler LLC for the benefit of Water Valley Independent School District and Recurrent Energy.

Recurrent Energy is a leading utility-scale solar project developer, delivering competitive, clean electricity to large energy buyers. Based in the United States, Recurrent is a wholly owned subsidiary of Canadian Solar Inc. and functions as Canadian Solar's U.S. project development arm.

Recurrent Energy is one of the Top 3 U.S. Solar Developers with 2.7 GW of executed power contracts and 5 GW of project portfolios. Assets include over \$8 billion in secured capital and 2.2 GW of operating projects and 1.2 GW under asset management services. Recurrent has corporate offices in multiples locations including: San Francisco, CA; Walnut Creek, CA; and Austin, TX.

Recurrent Energy's ability to locate RE Rambler LLC in a variety of locations is based on their footprint throughout the United States, with facilities located in California, Arizona, Colorado, Oklahoma, Arkansas, Louisiana, Mississippi, Ohio, Virginia, North Carolina, Georgia, and Texas. In the event a 313 value limitation agreement is not reached, Recurrent Energy undoubtedly has the potential to relocate the facility to areas in the aforementioned locations.