

**FINDINGS**  
of the  
***MULESHOE INDEPENDENT  
SCHOOL DISTRICT  
BOARD OF TRUSTEES***

**Under Chapter 313 of the  
Texas Tax Code**

**ON THE APPLICATION FOR  
APPRAISED VALUE LIMITATION  
ON QUALIFIED PROPERTY**

**SUBMITTED BY**

***WILLING SOLAR ENERGY LLC***

***Comptroller Application Number 1366***

**November 18, 2019**



hereafter collectively referred to as the “Application.” A copy of the Application and Comptroller’s completeness letter of July 23, 2019 are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for Willing Solar Energy LLC is 32069928482. Willing Solar Energy is an entity subject to Chapter 171 of the Texas Tax Code and is active and has the right to transact business in Texas, as represented by the Texas Comptroller of Public Accounts and as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §§313.025(a)(1) and 313.031(b) of the Texas Tax Code, 34 T.A.C. §9.1054(a), and Local District Policy.

The Application was delivered to the Texas Comptroller’s Office for review pursuant to §313.025(b) of the Texas Tax Code.

A copy of the Application was delivered to the Bailey County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller’s Office pursuant to Texas Tax Code §§313.024, 313.025 and 313.026. After receipt of the Application, the Texas Comptroller’s Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on September 26, 2019 that the Application be approved (the “Certificate Decision”). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Muleshoe Independent School District. A copy of a report prepared by McDowell School Finance Consulting, LLC and dated September 8, 2019, is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the Willing Solar Energy Application in the Muleshoe Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, fell within a rural school district, Category 3 of §313.054 of the Texas Tax Code at the time the Application was deemed complete by the Comptroller. *See* “2018 Property Value Study Report,” attached hereto as Attachment G; *see also* Attachment D.

After receipt of the completed Application, the District entered into negotiations with Willing Solar Energy regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the “Agreement”) pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District pursuant to Section 48.256(d) of the Texas Education Code. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller’s Office, the parties changed only the provisions of

the template that the Comptroller permitted (2016 Form 50-826). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined by 34. Tex. Admin. Code §9.1051 and adopted by §9.1052(a)(6)) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1055(e)(1). See copy of November 14, 2019, Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller’s Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of Willing Solar Energy’s Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

**Board Finding Number 1.**

*Based on the Application and the Comptroller’s Certificate Decision, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(5) as a renewable energy electric generation project.*

In support of Finding Number 1, the Comptroller’s Certificate Decision states:

**Determination required by 313.025(h)**

\* \* \*

Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

\* \* \*

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.

See Attachment C. See also Attachment A (Tab 1, §6.2(5) and Tab 7) and Attachment D.

**Board Finding Number 2.**

*The project proposed by Applicant is reasonably likely to generate sufficient tax revenue to offset the District’s maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25<sup>th</sup> anniversary of the beginning of the limitation period.*

In support of Finding Number 2, the Certificate Decision states:

**Certification 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.

See Attachment C.

Also in support of Finding Number 2, the Comptroller’s Economic Impact Analysis states:

**Attachment B - Tax Revenue before 25th Anniversary of Limitation Start**

This [table] represents the Comptroller’s determination that Willing Solar Energy 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	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
	2022	\$420,000	\$420,000	\$0	\$0
Limitation Period (10 Years)	2023	\$210,000	\$630,000	\$2,336,880	\$2,336,880
	2024	\$210,000	\$840,000	\$2,133,117	\$4,469,997
	2025	\$210,000	\$1,050,000	\$1,913,247	\$6,383,244
	2026	\$210,000	\$1,260,000	\$1,675,638	\$8,058,882
	2027	\$210,000	\$1,470,000	\$1,419,192	\$9,478,075
	2028	\$210,000	\$1,680,000	\$1,142,274	\$10,620,348
	2029	\$210,000	\$1,890,000	\$843,244	\$11,463,592
	2030	\$210,000	\$2,100,000	\$520,192	\$11,983,784
	2031	\$210,000	\$2,310,000	\$340,467	\$12,324,250
	2032	\$210,000	\$2,520,000	\$340,377	\$12,664,627
Maintain Viable Presence (5 Years)	2033	\$550,290	\$3,070,290	\$0	\$12,664,627
	2034	\$550,204	\$3,620,493	\$0	\$12,664,627
	2035	\$550,120	\$4,170,613	\$0	\$12,664,627
	2036	\$550,037	\$4,720,651	\$0	\$12,664,627
	2037	\$549,957	\$5,270,607	\$0	\$12,664,627
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	\$549,877	\$5,820,485	\$0	\$12,664,627
	2039	\$549,800	\$6,370,285	\$0	\$12,664,627
	2040	\$549,724	\$6,920,009	\$0	\$12,664,627
	2041	\$549,649	\$7,469,658	\$0	\$12,664,627
	2042	\$549,576	\$8,019,235	\$0	\$12,664,627
	2043	\$549,505	\$8,568,739	\$0	\$12,664,627
	2044	\$549,435	\$9,118,174	\$0	\$12,664,627
	2045	\$549,366	\$9,667,540	\$0	\$12,664,627
	2046	\$549,299	\$10,216,839	\$0	\$12,664,627
	2047	\$549,233	\$10,766,072	\$0	\$12,664,627
		<b>\$10,766,072</b>	is less than	<b>\$12,664,627</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?	No

Source: CPA, Willing Solar Energy, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	0	0	0	\$0	\$0	\$0	0	0	\$0
2021	300	585	884.77	\$13,500,000	\$45,340,000	\$58,840,000	4670000	-1660000	\$6,330,000
2022	300	991	1291	\$13,500,000	\$80,130,000	\$93,630,000	8200000	-1740000	\$9,940,000
2023	2	51	53	\$90,000	\$14,310,000	\$14,400,000	580000	1450000	-\$870,000
2024	2	(2)	0	\$90,000	\$8,210,000	\$8,300,000	440000	1440000	-\$1,000,000
2025	2	(27)	-25	\$90,000	\$3,820,000	\$3,910,000	300000	1370000	-\$1,070,000
2026	2	(41)	-39	\$90,000	\$1,010,000	\$1,100,000	210000	1260000	-\$1,050,000
2027	2	(39)	-37	\$90,000	-\$90,000	\$0	180000	1110000	-\$930,000
2028	2	(43)	-41	\$90,000	-\$820,000	-\$730,000	110000	980000	-\$870,000
2029	2	(39)	-37	\$90,000	-\$1,550,000	-\$1,460,000	60000	850000	-\$790,000
2030	2	(35)	-33	\$90,000	-\$2,290,000	-\$2,200,000	60000	750000	-\$690,000
2031	2	(25)	-23	\$90,000	-\$2,040,000	-\$1,950,000	50000	620000	-\$570,000
2032	2	(18)	-16	\$90,000	-\$1,800,000	-\$1,710,000	50000	540000	-\$490,000
2033	2	(10)	-8	\$90,000	-\$1,070,000	-\$980,000	50000	430000	-\$380,000
2034	2	(8)	-6	\$90,000	-\$330,000	-\$240,000	20000	370000	-\$350,000
2035	2	(6)	-4	\$90,000	-\$580,000	-\$490,000	-20000	300000	-\$320,000
2036	2	(2)	0	\$90,000	-\$330,000	-\$240,000	-50000	220000	-\$270,000
2037	2	2	4	\$90,000	-\$90,000	\$0	-80000	150000	-\$230,000
2038	2	(6)	-4	\$90,000	\$150,000	\$240,000	-90000	110000	-\$200,000
2039	2	(0)	2	\$90,000	\$150,000	\$240,000	-80000	50000	-\$130,000
2040	2	(2)	0	\$90,000	\$400,000	\$490,000	-90000	-40000	-\$50,000
2041	2	(0)	2	\$90,000	\$640,000	\$730,000	-110000	-90000	-\$20,000
2042	2	(4)	-2	\$90,000	\$150,000	\$240,000	-120000	-130000	\$10,000
2043	2	(4)	-2	\$90,000	-\$90,000	\$0	-140000	-180000	\$40,000
2044	2	(6)	-4	\$90,000	-\$90,000	\$0	-200000	-210000	\$10,000
2045	2	(8)	-6	\$90,000	-\$580,000	-\$490,000	-240000	-310000	\$70,000
2046	2	(12)	-10	\$90,000	-\$580,000	-\$490,000	-170000	-320000	\$150,000
2047	2	(4)	-2	\$90,000	\$890,000	\$980,000	-120000	-350000	\$230,000
<b>Total</b>							\$13,470,000	\$6,970,000	\$6,500,000
							\$17,266,072	is greater than	\$12,664,627
<b>Analysis Summary</b>									
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.

See Attachment D (at Attachment B thereof).

**Board Finding Number 3.**

*The new qualifying jobs creation requirement under § 313.051(b) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Applicant’s facility described in the Application, and Applicant qualifies for a waiver of the new jobs requirement pursuant to § 313.025(f-1).*

In support of this Finding, Applicant submitted, as Tab 12 to its Application, information regarding the industry standard for the number of jobs for a project with qualified property of this size and type. The Application states that for a project of the size and type described in the Application, the project will require less than ten (10) permanent jobs. Applicant reports in Tab 12 of the Application that solar projects create a large number of full-time, temporary jobs during the construction phase, but

require a small number of highly skilled technicians to operate the solar project once construction operations end and commercial operations have been established. The permanent employees of a solar energy project maintain and solar panels, mounting racks, underground electrical connections, substations and related infrastructure. There are also asset managers who supervise, monitor, and support solar project operations from offsite locations. Applicant further reports that it owns and operates a number of similar facilities in the State of Texas and, based on this experience, the industry standard for the minimum full-time job requirements to operate solar facilities is approximately 1 full-time job per 250 megawatts of nameplate capacity, and in line with this standard, the Applicant commits to creating two (2) permanent full-time employees to operate the Willing Solar Energy LLC facility, which will be up to 300 megawatts. A copy of Tab 12 submitted with the Application is attached hereto as Attachment J.

See also Attachments A (Tab 4), and D.

#### **Board Finding Number 4.**

*The Applicant will create two (2) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) pay an annual wage of \$45,000 (\$865 per week)<sup>2</sup>, an amount equal to at least 110% of the Regional average weekly wage for manufacturing jobs as defined under §313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.*

See Attachments A, D and J.

#### **Board Finding Number 5.**

*The Applicant does not intend to create any non-qualifying jobs.*

In its application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$765<sup>3</sup> per week, which exceeds the county average wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). See Attachments A and D.

#### **Board Finding Number 6.**

*The ability of the Applicant to locate the proposed renewable energy facility in another state or another region of this state is significant because of the highly competitive marketplace for electricity and economic development. Therefore, the*

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<sup>2</sup> Applicant has committed to a higher weekly wage than the minimum amount required; per its Application (Tab 1, §14#7.c and #9), the minimum weekly wage is \$851.70 and the minimum annual wage is \$44,288.20.

<sup>3</sup> The weekly salary for non-qualifying jobs stated in the Com Comptroller's Economic Impact Analysis is rounded up to the nearest dollar; the Application (Tab 1, §14#7.a), provides for a weekly wage of \$764.50.

***limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and Muleshoe ISD.***

See Attachment C.

In support of Finding Number 6, the Comptroller's Certificate states, "[t]he 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. The Economic Impact Analysis further states:

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Willing Solar Energy 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:

- Invenergy, as the parent company of Willing Solar Energy, LLC, is North America's largest privately held renewable energy provider, with a national portfolio of wind, solar, storage, and natural gas project[s].
- Per Invenergy in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. "Without tax incentives such as the Ch. 313 Value Limitation on Qualified Property, the economic return for this project is negatively impacted to the point that locating the project in Bailey County becomes unlikely. If Willing Solar Energy, LLC was not able to obtain a value limitation agreement for this project, the project would most likely be terminated and financial resources would be allocated to projects with more favorable economic returns."
  - B. "Invenergy is currently considering alternative sites outside the State of Texas for solar developments, including locations in the following states: Oklahoma and New Mexico."
- Supplemental information provided by the applicant stated the following:
  - A. In ERCOT's records, the project is known as Willing Solar Energy, LLC.
  - B. The project received the IGNR number from ERCOT, GEN-2017-190 on November 30, 2018.

See Attachment D (at Attachment C thereof).

**Board Finding Number 7.**

***The proposed limitation on appraised value for the qualified property is \$20,000,000.***

The Comptroller's Minimum School District Limitation Values Report, effective as of January 1, 2019, provides that the District is a Subchapter C, Category 3 District, with a minimum limitation of \$20,000,000. See Attachments A and D.

### **Board Finding Number 8.**

***The revenue gains that will be realized by the school district if the Application is approved will be significant in the long term, with special reference to revenues used for supporting school district debt.***

In support of this Finding, McDowell School Finance Consulting, LLC estimates in the District's Financial Impact Report, based on the property values recited Willing Solar Energy's Application, that the project would add \$242,560,000 to the tax base at the peak investment level for tax year 2023 (school year 2023-2024). The additional project value is fully taxable for debt service taxes and can be used to meet any current or future debt needs serviced by an interest and sinking fund tax of the District. See Table I of Attachment E. See also Schedule B (Tab 14) of Attachment A, and Table 4 of Attachment D. In addition, the potential revenue gains from Supplemental Payments provided for in the proposed Agreement are estimated to be approximately \$2,146,336. See Attachment H at Section 6.2.A and Table VI of Attachment E.

### **Board Finding Number 9.**

***The effect of the Applicant's proposed project is not expected to increase the District's instructional facility needs. Muleshoe ISD can easily accommodate the student growth anticipated from Applicant's project with its existing facilities.***

In support of this finding, the District's Financial Impact Report states:

Willing Solar Energy LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that two full-time employees are expected. It is not known whether these would be new employees to the Muleshoe ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new seven positions equates to 1 new student.

This projected student growth can be accommodated with the current facilities of Muleshoe ISD....

See Table VII of Attachment E. See also TEA's Facilities Impact Review Letter at Attachment F.

### **Board Finding Number 10.**

***The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table II of Attachment E (column***

*labeled “Taxes w/o Agreement”), and is further based on the assumption that the projected total maintenance and operations tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.*

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2019-2020	1.0684	0.376	0	0	0	0
2020-2021	1.0548	0.376	0	0	0	0
2021-2022	1.0415	0.375	0	0	0	0
2022-2023	1.0372	0.329	414,864	0	0	0
2023-2024	1.0328	0.154	2,505,150	2,298,590	(3,282,355)	(983,765)
2024-2025	1.0285	0.156	2,295,036	2,089,345	0	2,089,345
2025-2026	1.0241	0.163	2,070,940	1,866,114	0	1,866,114
2026-2027	1.0198	0.170	1,831,463	1,627,497	0	1,627,497
2027-2028	1.0156	0.179	1,575,746	1,372,635	0	1,372,635
2028-2029	1.0113	0.190	1,302,427	1,100,168	0	1,100,168
2029-2030	1.0071	0.203	1,010,169	808,758	0	808,758
2030-2031	1.0028	0.220	697,396	496,828	0	496,828
2031-2032	0.9986	0.231	523,543	323,814	0	323,814
2032-2033	0.9945	0.230	521,269	322,376	0	322,376
2033-2034	0.9903	0.230	519,008	0	0	0
2034-2035	0.9862	0.229	516,760	0	0	0
2035-2036	0.9821	0.229	514,525	0	0	0
2036-2037	0.9780	0.000	512,321	0	0	0
2037-2038	0.9780	0.000	512,245	0	0	0
Totals			17,322,863	12,306,125	(3,282,355)	9,023,770

See also Table 3 of Attachment D<sup>4</sup>.

**Board Finding Number 11.**

*The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is discernible from Table II of Attachment E (subtracting the amounts in the column labeled “Tax Savings with Agreement” from the column labeled “Taxes w/o Agreement”), and is based on the assumption that the projected total maintenance and operations tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.*

[see table on next page]

<sup>4</sup> The estimated M&O tax rates provided by McDowell School Finance Consulting are compressed according to HB 3 of the Texas Legislature’s 86<sup>th</sup> Regular Session.

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2019-2020	1.0684	0.376	0	0	0	0
2020-2021	1.0548	0.376	0	0	0	0
2021-2022	1.0415	0.375	0	0	0	0
2022-2023	1.0372	0.329	414,864	0	0	0
2023-2024	1.0328	0.154	2,505,150	2,298,590	(3,282,355)	(983,765)
2024-2025	1.0285	0.156	2,295,036	2,089,345	0	2,089,345
2025-2026	1.0241	0.163	2,070,940	1,866,114	0	1,866,114
2026-2027	1.0198	0.170	1,831,463	1,627,497	0	1,627,497
2027-2028	1.0156	0.179	1,575,746	1,372,635	0	1,372,635
2028-2029	1.0113	0.190	1,302,427	1,100,168	0	1,100,168
2029-2030	1.0071	0.203	1,010,169	808,758	0	808,758
2030-2031	1.0028	0.220	697,396	496,828	0	496,828
2031-2032	0.9986	0.231	523,543	323,814	0	323,814
2032-2033	0.9945	0.230	521,269	322,376	0	322,376
2033-2034	0.9903	0.230	519,008	0	0	0
2034-2035	0.9862	0.229	516,760	0	0	0
2035-2036	0.9821	0.229	514,525	0	0	0
2036-2037	0.9780	0.000	512,321	0	0	0
2037-2038	0.9780	0.000	512,245	0	0	0
Totals			17,322,863	12,306,125	(3,282,355)	9,023,770

See also Table 4 of Attachment D. See note 4, *supra*.

**Board Finding Number 12.**

*Based upon the Applicant's certification that the Application is true and correct, the Comptroller's Economic Impact Analysis, the Comptroller's Certificate Decision, and the consultants' review of these and other documents, the Board has determined that the information provided by the Applicant in its Application was true and correct when submitted.*

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. A Chapter 313 application is a governmental record under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an "official proceeding," a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

**Board Finding Number 13.**

*The Applicant (Taxpayer Id. 32069928482) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on the Comptroller's acknowledgment that Applicant's right to transact business in Texas is active as a tax paying entity subject to taxes imposed by Chapter 171 of the Texas Tax Code.*

See Attachments A, B and C.

**Board Finding Number 14.**

*The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapters 312 and 313 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant's efforts to ensure that the area remains designated as a reinvestment zone for so long as the law allows.*

See Attachment A (Tabs 11 and 16).

**Board Finding Number 15.**

*Per Applicant's certification in its Application, no construction of Qualified Property has begun on the project site.*

See Attachment A (§7.2 of Tab 1, and Tabs 10 and 11).

**Board Finding Number 16.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all the requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.*

In support of this Finding and based on the information provided and certified by Applicant in its Application, the District's Financial Impact Analysis demonstrates that the District will receive an estimated revenue protection payment of \$3,282,355 during tax year 2023 (school years 2023-24) pursuant to current school finance law, including Texas Education Code §48.256(d). Any potential negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See Table II in Attachment E, and proposed Agreement, Article IV, at Attachment H.

**Board Finding Number 17.**

*The Board finds there are no conflicts of interest at the time of its consideration of the Agreement.*

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees and the Superintendent have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it has taken appropriate action to ensure that all District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

**Board Finding Number 18.**

*Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve Willing Solar Energy's Application and enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.*

See Attachment D.

**Board Finding Number 19.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller, as of January 24, 2016, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 T.A.C. Chapter 9, Subchapter F.*

See Attachment I.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Muleshoe Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and (f) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the new jobs requirement pursuant to § 313.051(b) is hereby WAIVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the Muleshoe Independent School District, along with a copy of these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Muleshoe Independent School District Board of Trustees.

Dated this 18<sup>th</sup> day of November, 2019.

Muleshoe Independent School District

By   
*Signature*

Curtis Preston Board President  
*Printed Name and Title*

Attest:

By   
*Signature*

ASHLEY TURNBOW BOARD SECRETARY  
*Printed Name and Title*

## LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Applicant's Franchise Tax Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Financial Impact Analysis
F	TEA's Facilities Impact Letter
G	Comptroller's 2018 Property Value Study Report
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's November 14, 2019 Agreement Review Letter
J	Job Waiver Request



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

July 23, 2019

R.L. Richards  
Superintendent  
Muleshoe Independent School District  
514 W. Ave G  
Muleshoe, Texas 79347

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Muleshoe Independent School District and Willing Solar Energy, LLC, Application 1366

Dear Superintendent Richards:

On April 29, 2019, the Comptroller's office received Willing Solar Energy, LLC's (applicant) application for a limitation on appraised value (Application 1366) from Muleshoe Independent School District (school district).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on July 23, 2019.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90<sup>th</sup> day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the school district and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Ginger Flowers with our office. She can be reached by email at [ginger.flowers@cpa.texas.gov](mailto:ginger.flowers@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 5-0552 or at 512-475-0552.

Sincerely,

A handwritten signature in black ink that reads "Will Counihan".

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.  
James Williams, Invenergy, LLC  
Julia Kimmerly, Invenergy, LLC  
Adam Glatz, Ernst & Young, LLP

See Application documents  
(Comptroller No. 1366)  
posted on Comptroller Website:  
Application (posted 06/04/19),  
Supplement No. 1 (posted 06/04/19),  
Amendment No. 1 (posted 07/10/19),  
Supplement No. 2 (posted 09/18/19), and  
Supplement No. 3 (posted 09/25/19)



## Franchise Tax Account Status

As of : 11/10/2019 12:08:04

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

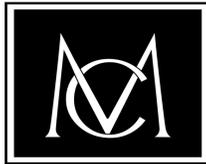
<b>WILLING SOLAR ENERGY LLC</b>	
<b>Texas Taxpayer Number</b>	32069928482
<b>Mailing Address</b>	1999 BRYAN ST STE 900 DALLAS, TX 75201-3140
<b>Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	DE
<b>Effective SOS Registration Date</b>	03/01/2019
<b>Texas SOS File Number</b>	0803253734
<b>Registered Agent Name</b>	C T CORPORATION SYSTEM
<b>Registered Office Street Address</b>	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

See Certification Packet  
(Comptroller No. 1366)  
Issued September 26, 2019 and  
posted on Comptroller Website 10/02/19

See Certification Packet  
(Comptroller No. 1366)  
Issued September 26, 2019 and  
posted on Comptroller Website 10/02/19

**Summary of the District's Financial Impact  
of Chapter 313 Agreement  
with Willing Solar Energy, LLC**

**September 8, 2019**



**MCDOWELL**  
School Finance  
**CONSULTING**

**Summary of Muleshoe ISD Financial Impact  
of the  
Limited Appraised Value Application  
from  
Willing Solar Energy, LLC**

## **Introduction**

Willing Solar Energy, LLC applied for a property value limitation from Muleshoe Independent School District under Chapter 313 of the Tax Code. The application was submitted on April 22, 2019 and subsequently approved for consideration by the Muleshoe ISD Board of Trustees. Willing Solar Energy, LLC (“Willing Solar”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

“The Economic Development Act “, Tax Code Chapter 313, was created by House Bill 1200 of the 77<sup>th</sup> Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80<sup>th</sup> Texas Legislative Session in 2007 and additionally House Bill 3390 from the 83<sup>rd</sup> Legislative Session.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below:

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

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The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year or a later year if agreed upon by the District and the Company.

## Years Prior to Start of Value Limitation Period:

The tax years prior to the start of the value limitation period are considered the “Prior to Start of Value Limitation Period” and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant has requested that tax years 2020, 2021, & 2022 are the years that are Prior to the Start of Value Limitation Period.

## Value Limitation Period:

During the ten years of the Value Limitation Period, the qualifying entity’s taxable value will be reduced to the Minimum Limitation Amount for the applicable school district as determined by the State Comptroller’s Office. Muleshoe ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million. Thus, Muleshoe ISD has a Minimum Qualified Investment amount of \$10 million and a Minimum Limitation Amount of \$20 million. A qualifying entity’s taxable value would be reduced to \$20 million during this ten year period of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Muleshoe ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy. The applicant has requested that the Value Limitation Period to begin in tax year 2023 and continue through tax year 2032.

## Final Five Years of the Agreement – Continue to Maintain a Viable Presence:

Tax years 2033 through 2037 will be the final five years of the agreement and the applicant agrees to maintain a viable presence with this project during this time.

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

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## Taxable Value Projections from Application

The following data shows the projected taxable values that Willing Solar Energy reported in the application to the District:

	Year	School Year	Tax Year	Projected Taxable Value	Actual Taxable Value with Agreement
Each Year Prior to Start of Value Limitation Period	0	2020-2021	2020	\$0	\$0
	0	2021-2022	2021	\$0	\$0
	0	2022-2023	2022	\$40,000,000	\$40,000,000
Value Limitation Period	1	2023-2024	2023	\$242,560,000	\$20,000,000
	2	2024-2025	2024	\$223,154,000	\$20,000,000
	3	2025-2026	2025	\$202,214,000	\$20,000,000
	4	2026-2027	2026	\$179,584,596	\$20,000,000
	5	2027-2028	2027	\$155,161,184	\$20,000,000
	6	2028-2029	2028	\$128,787,960	\$20,000,000
	7	2029-2030	2029	\$100,308,921	\$20,000,000
	8	2030-2031	2030	\$69,542,063	\$20,000,000
	9	2031-2032	2031	\$52,425,382	\$20,000,000
Continue to Maintain Viable Presence	10	2032-2033	2032	\$52,416,874	\$20,000,000
	11	2033-2034	2033	\$52,408,536	\$52,408,536
	12	2034-2035	2034	\$52,400,366	\$52,400,366
	13	2035-2036	2035	\$52,392,358	\$52,392,358
	14	2036-2037	2036	\$52,384,511	\$52,384,511
Additional Years for 25 Year Economic Impact Study	15	2037-2038	2037	\$52,376,821	\$52,376,821
	16	2038-2039	2038	\$52,369,285	\$52,369,285
	17	2039-2040	2039	\$52,361,899	\$52,361,899
	18	2040-2041	2040	\$52,354,661	\$52,354,661
	19	2041-2042	2041	\$52,347,568	\$52,347,568
	20	2042-2043	2042	\$52,340,616	\$52,340,616
	21	2043-2044	2043	\$52,333,804	\$52,333,804
	22	2044-2045	2044	\$52,327,128	\$52,327,128
	23	2045-2046	2045	\$52,320,585	\$52,320,585
24	2046-2047	2046	\$52,314,174	\$52,314,174	
	25	2047-2048	2047	\$52,307,890	\$52,307,890

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

## Taxable Value Impact from LAVA

The “Additional Value from Willing Solar” represents the values that the company estimated as their taxable values in the application that was filed with the district. During tax years 2023 through 2032, the company’s taxable value will be limited to the \$20,000,000 Minimum Limitation Amount of Muleshoe ISD.

**TABLE I- Calculation of Taxable Value:**

Tax Year	Additional Value From Willing Solar	Minimum Limitation Amount	Abated Value	Taxable Value
Jan. 1, 2020	0	n/a	0	0
Jan. 1, 2021	0	n/a	0	0
Jan. 1, 2022	40,000,000	n/a	0	40,000,000
Jan. 1, 2023	242,560,000	(20,000,000)	222,560,000	20,000,000
Jan. 1, 2024	223,154,000	(20,000,000)	203,154,000	20,000,000
Jan. 1, 2025	202,214,000	(20,000,000)	182,214,000	20,000,000
Jan. 1, 2026	179,584,596	(20,000,000)	159,584,596	20,000,000
Jan. 1, 2027	155,161,184	(20,000,000)	135,161,184	20,000,000
Jan. 1, 2028	128,787,960	(20,000,000)	108,787,960	20,000,000
Jan. 1, 2029	100,308,921	(20,000,000)	80,308,921	20,000,000
Jan. 1, 2030	69,542,063	(20,000,000)	49,542,063	20,000,000
Jan. 1, 2031	52,425,382	(20,000,000)	32,425,382	20,000,000
Jan. 1, 2032	52,416,874	(20,000,000)	32,416,874	20,000,000
Jan. 1, 2033	52,408,536	n/a	0	52,408,536
Jan. 1, 2034	52,400,366	n/a	0	52,400,366
Jan. 1, 2035	52,392,358	n/a	0	52,392,358
Jan. 1, 2036	52,384,511	n/a	0	52,384,511
Jan. 1, 2037	52,376,821	n/a	0	52,376,821

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

## Willing Solar's Tax Benefit from Agreement

The projected amount of the net tax savings for Willing Solar is \$9.02 million over the life of the Agreement. This net savings is after all tax savings and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

Muleshoe ISD projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has held a tax ratification election and the study projects that it will maintain the maximum M&O tax rate allowable that doesn't require an additional voter election for the life of this agreement.
- The district has outstanding bonds that are scheduled to payoff in 2036 and currently have a \$.17 I&S tax rate. This district's annual debt payment is currently approx. \$1,525,000 per year and will decrease to \$1,240,000. The debt rates below are calculated rates using the projected taxable values with the addition of Willing Solar estimated taxable values. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2019-2020	1.0684	0.376	0	0	0	0
2020-2021	1.0548	0.376	0	0	0	0
2021-2022	1.0415	0.375	0	0	0	0
2022-2023	1.0372	0.329	414,864	0	0	0
2023-2024	1.0328	0.154	2,505,150	2,298,590	(3,282,355)	(983,765)
2024-2025	1.0285	0.156	2,295,036	2,089,345	0	2,089,345
2025-2026	1.0241	0.163	2,070,940	1,866,114	0	1,866,114
2026-2027	1.0198	0.170	1,831,463	1,627,497	0	1,627,497
2027-2028	1.0156	0.179	1,575,746	1,372,635	0	1,372,635
2028-2029	1.0113	0.190	1,302,427	1,100,168	0	1,100,168
2029-2030	1.0071	0.203	1,010,169	808,758	0	808,758
2030-2031	1.0028	0.220	697,396	496,828	0	496,828
2031-2032	0.9986	0.231	523,543	323,814	0	323,814
2032-2033	0.9945	0.230	521,269	322,376	0	322,376
2033-2034	0.9903	0.230	519,008	0	0	0
2034-2035	0.9862	0.229	516,760	0	0	0
2035-2036	0.9821	0.229	514,525	0	0	0
2036-2037	0.9780	0.000	512,321	0	0	0
2037-2038	0.9780	0.000	512,245	0	0	0
Totals			17,322,863	12,306,125	(3,282,355)	9,023,770

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

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## Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Muleshoe ISD. First, a seventeen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a seventeen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a seventeen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the “Calculation of LAVA Impact on District’s Finances” section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2019-2020 fiscal year) were used for state aid and recapture calculation purposes
  - Tier I - Basic Allotment of \$6,160 multiplied by the number of students in average daily attendance (ADA).
  - Level 1 of Tier II yield - \$98.56 - per weighted student in average daily attendance (WADA) per penny of tax effort
  - Level 2 of Tier II yield - \$49.28 – per WADA per penny of tax effort
- Use of current year property values for state funding calculations.
- Use of prior year property values for revenue protection payment calculations in accordance with Article IV of the Agreement.
- The district’s tax rate for maintenance & operations (M&O) for 2018-19 of \$1.17 will be compressed to \$1.06835 for 2019-20 and is projected to decrease based on estimated statewide property tax growth. No future tax ratification elections are projected in the calculations.
- An annual taxable value increase of .2% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2018 taxable value was used as a baseline for all projections.
- The district’s enrollment is projected to increase; therefore, the projected ADA and WADA for school year 2019-2020 was decreased by .25% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the years of this proposed agreement. Also, Legislative changes to the school finance formulas are almost certain during the life of this agreement.

# Mulshoe ISD Financial Impact of Chapter 313 Agreement

## Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Willing Solar (Table III), the addition of Willing Solar's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Willing Solar's taxable values with a Chapter 313 Agreement (Table V).

**TABLE III – District Revenues *without* Willing Solar Energy, LLC:**

Fiscal Year	Total Taxable Value	Total M&O Taxes	State	State	Total State Revenue	Recapture Payment	Total District Revenue
			Revenue Tier I	Revenue Tier II			
2019-2020	289,636,459	3,052,586	10,776,483	1,933,713	12,710,196	0	15,762,782
2020-2021	290,215,732	3,019,972	10,784,742	1,904,258	12,689,000	0	15,708,972
2021-2022	290,796,163	2,988,069	10,781,445	1,897,151	12,678,596	0	15,666,665
2022-2023	291,377,756	2,981,727	10,752,480	1,890,844	12,643,324	0	15,625,051
2023-2024	291,960,511	2,975,061	10,726,397	1,884,261	12,610,658	0	15,585,719
2024-2025	292,544,432	2,968,643	10,703,583	1,877,477	12,581,060	0	15,549,703
2025-2026	293,129,521	2,961,901	10,678,338	1,871,046	12,549,384	0	15,511,285
2026-2027	293,715,780	2,955,407	10,651,640	1,864,368	12,516,008	0	15,471,415
2027-2028	294,303,212	2,949,165	10,625,025	1,858,460	12,483,485	0	15,432,650
2028-2029	294,891,818	2,942,596	10,604,141	1,852,784	12,456,925	0	15,399,521
2029-2030	295,481,602	2,936,279	10,571,286	1,844,295	12,415,581	0	15,351,860
2030-2031	296,072,565	2,929,635	10,551,242	1,838,771	12,390,013	0	15,319,648
2031-2032	296,664,710	2,923,244	10,524,202	1,832,044	12,356,246	0	15,279,490
2032-2033	297,258,040	2,917,107	10,497,166	1,826,058	12,323,224	0	15,240,331
2033-2034	297,852,556	2,910,641	10,475,940	1,820,332	12,296,272	0	15,206,913
2034-2035	298,448,261	2,904,431	10,452,488	1,813,483	12,265,971	0	15,170,402
2035-2036	299,045,157	2,898,184	10,426,559	1,807,685	12,234,244	0	15,132,428
2036-2037	299,643,248	2,891,901	10,401,951	1,801,382	12,203,333	0	15,095,234
2037-2038	300,242,534	2,885,581	10,370,347	1,793,877	12,164,224	0	15,049,805

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues with Willing Solar Energy, LLC without Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Recapture Payment	Total District Revenue
			Tier I	Tier II			
2019-2020	289,636,459	3,052,586	10,776,483	1,933,713	12,710,196	0	15,762,782
2020-2021	290,215,732	3,019,972	10,784,742	1,904,258	12,689,000	0	15,708,972
2021-2022	290,796,163	2,988,069	10,781,445	1,897,151	12,678,596	0	15,666,665
2022-2023	331,377,756	3,107,725	10,679,296	1,836,244	12,515,540	0	15,623,265
2023-2024	534,520,511	4,961,813	9,034,929	1,549,471	10,584,400	0	15,546,213
2024-2025	515,698,432	4,787,797	9,156,149	1,573,096	10,729,245	0	15,517,042
2025-2026	495,343,521	4,599,609	9,287,303	1,591,998	10,879,301	0	15,478,910
2026-2027	473,300,376	4,395,813	9,430,616	1,617,784	11,048,400	0	15,444,213
2027-2028	449,464,396	4,175,442	9,588,465	1,644,416	11,232,881	0	15,408,323
2028-2029	423,679,779	3,937,055	9,767,754	1,674,695	11,442,449	0	15,379,504
2029-2030	395,790,523	3,679,210	9,952,021	1,707,475	11,659,496	0	15,338,706
2030-2031	365,614,628	3,400,224	10,167,541	1,744,592	11,912,133	0	15,312,357
2031-2032	349,090,092	3,247,450	10,266,193	1,761,225	12,027,418	0	15,274,868
2032-2033	349,674,913	3,252,856	10,227,140	1,754,509	11,981,649	0	15,234,505
2033-2034	350,261,092	3,258,276	10,193,907	1,748,795	11,942,702	0	15,200,978
2034-2035	350,848,626	3,263,708	10,158,401	1,742,009	11,900,410	0	15,164,118
2035-2036	351,437,516	3,269,152	10,120,485	1,736,169	11,856,654	0	15,125,806
2036-2037	352,027,759	3,274,609	10,083,899	1,729,878	11,813,777	0	15,088,386
2037-2038	352,619,355	3,280,079	10,040,327	1,722,383	11,762,710	0	15,042,789

**TABLE V – District Revenues with Willing Solar Energy, LLC with Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Recapture Payment	Payment for District Losses	Total District Revenue
			Tier I	Tier II				
2019-2020	289,636,459	3,052,586	10,776,483	1,933,713	12,710,196	0	0	15,762,782
2020-2021	290,215,732	3,019,972	10,784,742	1,904,258	12,689,000	0	0	15,708,972
2021-2022	290,796,163	2,988,069	10,781,445	1,897,151	12,678,596	0	0	15,666,665
2022-2023	331,377,756	3,107,725	10,679,296	1,836,244	12,515,540	0	0	15,623,265
2023-2024	311,960,511	2,926,798	10,803,456	1,856,961	12,660,417	0	3,282,355	18,869,570
2024-2025	312,544,432	2,932,239	10,768,410	1,850,197	12,618,607	0	0	15,550,846
2025-2026	313,129,521	2,937,691	10,730,954	1,844,508	12,575,462	0	0	15,513,153
2026-2027	313,715,780	2,943,153	10,692,057	1,837,826	12,529,883	0	0	15,473,036
2027-2028	314,303,212	2,948,627	10,653,254	1,831,160	12,484,414	0	0	15,433,041
2028-2029	314,891,818	2,954,112	10,620,195	1,825,484	12,445,679	0	0	15,399,791
2029-2030	315,481,602	2,959,607	10,575,162	1,817,015	12,392,177	0	0	15,351,784
2030-2031	316,072,565	2,965,114	10,542,966	1,812,217	12,355,183	0	0	15,320,297
2031-2032	316,664,710	2,970,631	10,503,784	1,805,486	12,309,270	0	0	15,279,901
2032-2033	317,258,040	2,976,160	10,464,618	1,798,758	12,263,376	0	0	15,239,536
2033-2034	350,261,092	3,348,552	10,101,730	1,748,795	11,850,525	0	0	15,199,077
2034-2035	350,848,626	3,354,136	10,066,128	1,742,009	11,808,137	0	0	15,162,273
2035-2036	351,437,516	3,359,732	10,028,057	1,736,169	11,764,226	0	0	15,123,958
2036-2037	352,027,759	3,365,341	9,991,316	1,729,878	11,721,194	0	0	15,086,535
2037-2038	352,619,355	3,370,963	9,947,588	1,722,383	11,669,971	0	0	15,040,934

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

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## Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 3 of the 86<sup>th</sup> Legislative Session and became effective for the 2019-2020 school year. The primary intent of the new legislation is to reduce maintenance & operations “M&O” tax rate and cooperatively reduce district’s recapture payments; thus, increasing the State’s share of school district funding. The maximum M&O tax rate prior to the Legislative Session was \$1.17 and that rate was reduced to a maximum rate of \$1.06835 for the 2019-2020 school year. The maximum tax rate is expected to continue to be compressed lower when statewide property values increase at a rate greater than 2.5% per year or also when a school district’s property values increase by more than 2.5%. However, a school district’s M&O tax rate can’t be reduced to a rate lower than 90% of the maximum allowable Tier I rate for the respective year.

Prior to the 86<sup>th</sup> Legislative Session and the passage of House Bill 3, school finance law required the use of a district’s prior year property values for the calculation of property wealth. House Bill 3 changed school finance law and now requires a district’s current year property values for the property wealth calculation; however, it also contains language for the calculation of revenue protection payments for Chapter 313 Agreements using prior year values in Section 48.256(d) as follows:

*(d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.*

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

## Supplemental Payments

Assuming that the District and Willing Solar Energy, LLC mutually agree in the LAVA that the greater of \$100 per student in average daily attendance (ADA) or \$50,000, the projected amount of these payments over the life of the agreement is \$2,146,336 of the \$9.02 million net tax savings amount. This amount will be computed annually according to Section VI of the Agreement.

**TABLE VI - Calculation of the Supplemental Payments:**

Fiscal Year	Net Tax Savings	Muleshoe ISD Supplemental	Willing Solar Share
2019-2020	0	0	0
2020-2021	0	134,146	(134,146)
2021-2022	0	134,146	(134,146)
2022-2023	0	134,146	(134,146)
2023-2024	(983,765)	134,146	(1,117,911)
2024-2025	2,089,345	134,146	1,955,199
2025-2026	1,866,114	134,146	1,731,968
2026-2027	1,627,497	134,146	1,493,351
2027-2028	1,372,635	134,146	1,238,489
2028-2029	1,100,168	134,146	966,022
2029-2030	808,758	134,146	674,612
2030-2031	496,828	134,146	362,682
2031-2032	323,814	134,146	189,668
2032-2033	322,376	134,146	188,230
2033-2034	0	134,146	(134,146)
2034-2035	0	134,146	(134,146)
2035-2036	0	134,146	(134,146)
2035-2036	0	0	0
2036-2037	0	0	0
2037-2038	0	0	0
<b>Totals</b>	<b>9,023,770</b>	<b>2,146,336</b>	<b>6,877,434</b>

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

## Impact of Projected Student Growth On District Facilities

**TABLE VII – Campus Capacity and Available Growth**

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Dillman Elementary	EE-2	24	528	393	135
Mary Deshazo Elementary	3-5	18	396	319	77
Muleshoe Jr High	6-8	20	480	340	140
Muleshoe High	9-12	26	624	350	274
Total		<b>88</b>	<b>2,028</b>	<b>1,402</b>	<b>626</b>

The building capacities are based on 22 students per classroom for early education through 5<sup>th</sup> grade and 24 students per grade level at secondary schools. Muleshoe ISD is an early-education through 12<sup>th</sup> grade district.

Willing Solar Energy, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that two employees are expected. It is not known whether these would be new employees to the Muleshoe ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new two positions equates to 1 new student.

This projected student growth can be accommodated with the current facilities of Muleshoe ISD as displayed in Table VII above.

# Muleshoe ISD Financial Impact of Chapter 313 Agreement

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## Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Willing Solar Energy, LLC, would be beneficial to both Willing Solar Energy and Muleshoe ISD under the current school finance system.

Willing Solar Energy, LLC would benefit from reduced property taxes during the ten years of the Value Limitation Period. Although some of the tax savings would be used to offset district's revenue losses and supplemental payments to the District, Willing Solar is projected to benefit from an 86% tax savings during that ten year period of this Agreement. Willing Solar also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Muleshoe ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Willing Solar to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.

**IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.**

July 26, 2019

Carroll Precure, President  
Board of Trustees  
Muleshoe Independent School District  
514 West Avenue G  
Muleshoe, TX 79347-3499

Dear Mr. Precure:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Willing Solar Energy LLC project #1366 on the number and size of school facilities in Muleshoe Independent School District (MISD). Based on an examination of MISD enrollment and the number of potential new jobs, the TEA has determined that the Willing Solar Energy LLC project should not have a significant impact on the number or size of school facilities in MISD.

Please feel free to contact me by phone at (512) 463-8732 or by email at [amy.copeland@tea.texas.gov](mailto:amy.copeland@tea.texas.gov) if you have any questions.

Sincerely,



Amy Copeland  
Assistant Director of State Funding

AC/rk  
Cc: RL Richards


**Taxes**

Property Tax Assistance

**2018 ISD Summary Worksheet****009-Bailey****009-901/Muleshoe ISD**

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2018 WTD Mean Ratio</b>	<b>2018 PTAD Value Estimate</b>	<b>2018 Value Assigned</b>
<b>A. SINGLE-FAMILY RESIDENCES</b>	86,249,907	N/A	86,249,907	86,249,907
<b>B. MULTIFAMILY RESIDENCES</b>	1,636,473	N/A	1,636,473	1,636,473
<b>C1. VACANT LOTS</b>	1,090,170	N/A	1,090,170	1,090,170
<b>C2. COLONIA LOTS</b>	0	N/A	0	0
<b>D1. QUALIFIED AGRICULTURE LAND</b>	25,747,426	N/A	25,747,426	25,747,426
<b>D2. REAL PROP: FARM &amp; RANCH</b>	2,120,260	N/A	2,120,260	2,120,260
<b>E. REAL PROP NON-AGRICULTURE ACREAGE</b>	29,144,545	N/A	29,144,545	29,144,545
<b>F1. COMMERCIAL REAL ESTATE</b>	19,846,635	N/A	19,846,635	19,846,635
<b>F2. INDUSTRIAL REAL ESTATE</b>	34,755,948	N/A	34,755,948	34,755,948
<b>G. OIL, GAS, MINERAL RIGHTS</b>	0	N/A	0	0
<b>J. UTILITIES</b>	44,112,765	N/A	44,112,765	44,112,765
<b>L1. COMMERCIAL PERSONAL</b>	22,470,580	N/A	22,470,580	22,470,580
<b>L2. INDUSTRIAL PERSONAL</b>	17,745,182	N/A	17,745,182	17,745,182
<b>M. MOBILE HOMES</b>	2,863,436	N/A	2,863,436	2,863,436

<b>N. INTANGIBLE PERSONAL PROPERTY</b>	0	N/A	0	0
<b>O. RESIDENTIAL INVENTORY</b>	0	N/A	0	0
<b>S. SPECIAL INVENTORY</b>	1,835,750	N/A	1,835,750	1,835,750
<b>Subtotal</b>	289,619,077	0	289,619,077	289,619,077
<b>Less Total Deductions</b>	35,989,019	0	35,989,019	35,989,019
<b>Total Taxable Value</b>	253,630,058	0	253,630,058	253,630,058

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

**Value Taxable For M & O Purposes**

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
262,750,364	253,630,058	262,750,364	253,630,058

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
9,120,306	0

T1 = School district taxable value for M & O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

**Value Taxable For I & S Purposes**

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>
262,750,364	253,630,058	262,750,364	253,630,058

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

**140-Lamb**

**009-901/Muleshoe ISD**

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2018 WTD Mean Ratio</b>	<b>2018 PTAD Value Estimate</b>	<b>2018 Value Assigned</b>
<b>A. SINGLE-FAMILY RESIDENCES</b>	520,060	N/A	520,060	520,060
<b>B. MULTIFAMILY RESIDENCES</b>	0	N/A	0	0
<b>C1. VACANT LOTS</b>	0	N/A	0	0
<b>C2. COLONIA LOTS</b>	0	N/A	0	0
<b>D1. QUALIFIED AGRICULTURAL LAND</b>	4,681,479	N/A	4,681,479	4,681,479

<b>D2. REAL PROP:FA RM &amp; RANCH</b>	219,600	N/A	219,600	219,600
<b>E. REAL PROP NO NQUAL ACREAGE</b>	3,168,848	N/A	3,168,848	3,168,848
<b>F1. COMMERCIAL REAL</b>	190,200	N/A	190,200	190,200
<b>F2. INDUSTRIAL R EAL</b>	3,079,460	N/A	3,079,460	3,079,460
<b>G. OIL,GAS,MINER ALS</b>	0	N/A	0	0
<b>J. UTILITIES</b>	572,180	N/A	572,180	572,180
<b>L1. COMMERCIAL PERSONAL</b>	28,881	N/A	28,881	28,881
<b>L2. INDUSTRIAL P ERSONAL</b>	0	N/A	0	0
<b>M. MOBILE HOMES</b>	2,980	N/A	2,980	2,980
<b>N. INTANGIBLE PE RSONAL PROP</b>	0	N/A	0	0
<b>O. RESIDENTIAL IN VENTORY</b>	0	N/A	0	0
<b>S. SPECIAL INVEN TORY</b>	0	N/A	0	0
<b>Subtotal</b>	12,463,688	0	12,463,688	12,463,688
<b>Less Total Deducti ons</b>	288,747	0	288,747	288,747
<b>Total Taxable Value</b>	12,174,941	0	12,174,941	12,174,941

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M & O Purposes

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
12,251,151	12,174,941	12,251,151	12,174,941

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
76,210	0

T1 = School district taxable value for M & O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

**Value Taxable For I & S Purposes**

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>
12,251,151	12,174,941	12,251,151	12,174,941

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

## 009-901-02/Muleshoe ISD

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2018 WTD Mean Ratio</b>	<b>2018 PTAD Value Estimate</b>	<b>2018 Value Assigned</b>
<b>A. SINGLE-FAMILY RESIDENCES</b>	86,769,967	N/A	86,769,967	86,769,967
<b>B. MULTIFAMILY RESIDENCES</b>	1,636,473	N/A	1,636,473	1,636,473
<b>C1. VACANT LOTS</b>	1,090,170	N/A	1,090,170	1,090,170
<b>C2. COLONIA LOTS</b>	0	N/A	0	0
<b>D1. QUALIFIED AGLAND</b>	30,428,905	N/A	30,428,905	30,428,905
<b>D2. REAL PROP:FARM &amp; RANCH</b>	2,339,860	N/A	2,339,860	2,339,860
<b>E. REAL PROP NONQUAL ACREAGE</b>	32,313,393	N/A	32,313,393	32,313,393
<b>F1. COMMERCIAL REAL</b>	20,036,835	N/A	20,036,835	20,036,835
<b>F2. INDUSTRIAL REAL</b>	37,835,408	N/A	37,835,408	37,835,408
<b>G. OIL,GAS,MINERALS</b>	0	N/A	0	0
<b>J. UTILITIES</b>	44,684,945	N/A	44,684,945	44,684,945
<b>L1. COMMERCIAL PERSONAL</b>	22,499,461	N/A	22,499,461	22,499,461
<b>L2. INDUSTRIAL PERSONAL</b>	17,745,182	N/A	17,745,182	17,745,182
<b>M. MOBILE HOMES</b>	2,866,416	N/A	2,866,416	2,866,416
<b>N. INTANGIBLE PERSONAL PROP</b>	0	N/A	0	0
<b>O. RESIDENTIAL INVENTORY</b>	0	N/A	0	0
<b>S. SPECIAL INVENTORY</b>	1,835,750	N/A	1,835,750	1,835,750

<b>Subtotal</b>	302,082,765		302,082,765	302,082,765
<b>Less Total Deductions</b>	36,277,766		36,277,766	36,277,766
<b>Total Taxable Value</b>	265,804,999		265,804,999	265,804,999

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

**Value Taxable For M & O Purposes**

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
275,001,515	265,804,999	275,001,515	265,804,999

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50 % of the loss to the Local Optional Percentage Homestead Exemption</b>
9,196,516	0

T1 = School district taxable value for M & O purposes before the loss to the additional \$10, 000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50 % of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50 % of the loss to the local optional percentage homestead exemption

### Value Taxable For I & S Purposes

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>
275,001,515	265,804,999	275,001,515	265,804,999

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

See Agreement (App No. 1366)  
posted on Comptroller Website



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

November 14, 2019

R.L. Richards  
Superintendent  
Muleshoe Independent School District  
514 W. Ave G  
Muleshoe, Texas 79347

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Muleshoe Independent School District and Willing Solar Energy, LLC, Application 1366

Dear Superintendent Richards:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Muleshoe Independent School District and Willing Solar Energy, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Ginger Flowers with our office. She can be reached by email at [ginger.flowers@cpa.texas.gov](mailto:ginger.flowers@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 5-0552, or at 512-475-0552.

Sincerely,

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.  
James, Williams, Invenergy, LLC  
Julia Kimmerly, Invenergy, LLC  
Adam Glatz, Ernst & Young LLP

See Tab 12 in Amendment No. 1 to  
application,  
(Comptroller No. 1366)  
posted on Comptroller Website  
(posted 07/10/19)