

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 10, 2020

AMENDED CERTIFICATION
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Michael Lamb  
Superintendent  
Sulphur Springs Independent School District  
631 Connally Street  
Sulphur Springs, TX 75482

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sulphur Springs Independent School District and Hopkins Energy, LLC, Application 1384

Dear Superintendent Lamb:

This application (Application 1384) was originally submitted on June 11, 2019 to the Sulphur Springs Independent School District (school district) by Hopkins Energy, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On July 31, 2019, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on September 19, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on January 13, 2020.

On October 30, 2020, the Comptroller received an amendment to the agreement to move the start of the start of the qualifying time period from 2021 to 2022; and, move the start of the limitation from 2022 to 2023. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

**Determination required by 313.025(h)**

The information provided by the applicant related to eligibility has not changed and therefore, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

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<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

**Certificate decision required by 313.025(d)**

Determination required by 313.026(c)(1)

Based on the amended information provided by the applicant, the Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller previously determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the amendment to the agreement by December 31, 2020.

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

Sincerely,

DocuSigned by:  
  
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Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

### Amended Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Hopkins Energy, LLC (project) applying to Sulphur Springs 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 Hopkins Energy, LLC.

	<b>Original</b>	<b>Amendment No. 1</b>
Applicant	Hopkins Energy, LLC	Hopkins Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation	Renewable Energy Electric Generation
School District	Sulphur Springs ISD	Sulphur Springs ISD
2017-2018 Average Daily Attendance	4,018	4,018
County	Hopkins	Hopkins
Proposed Total Investment in District	\$96,000,000	\$96,000,000
Proposed Qualified Investment	\$96,000,000	\$96,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022	2022-2023
Number of new qualifying jobs committed to by applicant	1*	1*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$818	\$818
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$818	\$818
Minimum annual wage committed to by applicant for qualified jobs	\$42,529	\$42,529
Minimum weekly wage required for non-qualifying jobs	\$754	\$754
Minimum annual wage required for non-qualifying jobs	\$39,209	\$39,209
Investment per Qualifying Job	\$96,000,000	\$96,000,000
Estimated M&O levy without any limit (15 years)	\$6,410,730	\$6,410,730
Estimated M&O levy with Limitation (15 years)	\$3,853,616	\$3,853,616
Estimated gross M&O tax benefit (15 years)	\$2,557,114	\$2,557,114

\* 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 Hopkins Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	180	207	387	\$7,655,274	\$20,104,726	\$27,760,000
2022	180	215	395.24	\$7,655,274	\$23,654,726	\$31,310,000
2023	1	24	25	\$42,529	\$5,497,471	\$5,540,000
2024	1	8	9	\$42,529	\$3,327,471	\$3,370,000
2025	1	(7)	-6	\$42,529	\$1,527,471	\$1,570,000
2026	1	(13)	-12	\$42,529	\$467,471	\$510,000
2027	1	(14)	-13	\$42,529	-\$62,529	-\$20,000
2028	1	(12)	-11	\$42,529	-\$232,529	-\$190,000
2029	1	(9)	-8	\$42,529	-\$162,529	-\$120,000
2030	1	(5)	-4	\$42,529	\$17,471	\$60,000
2031	1	(2)	-1	\$42,529	\$267,471	\$310,000
2032	1	1	2	\$42,529	\$527,471	\$570,000
2033	1	3	4	\$42,529	\$767,471	\$810,000
2034	1	4	5	\$42,529	\$957,471	\$1,000,000
2035	1	5	6	\$42,529	\$1,107,471	\$1,150,000
2036	1	6	7	\$42,529	\$1,197,471	\$1,240,000

Source: CPA REMI, Hopkins Energy, 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*	Sulphur Springs ISD	Sulphur Springs ISD M&O Tax Levy	Sulphur Springs M&O and I&S Tax Levies	Hopkins County Tax Levy	Hopkins Co. Mem. Hosp. Tax Levy	Estimated Total Property Taxes
				I&S Tax Levy					
				<b>0.3105</b>	<b>0.9700</b>		<b>0.6249</b>	<b>0.2500</b>	
2022	\$21,000,000	\$21,000,000		\$65,201	\$203,700	\$268,901	\$131,227	\$52,500	\$452,628
2023	\$96,490,000	\$96,490,000		\$299,582	\$935,953	\$1,235,535	\$602,958	\$241,225	\$2,079,718
2024	\$86,880,000	\$86,880,000		\$269,745	\$842,736	\$1,112,481	\$542,906	\$217,200	\$1,872,587
2025	\$77,270,000	\$77,270,000		\$239,908	\$749,519	\$989,427	\$482,854	\$193,175	\$1,665,456
2026	\$67,660,000	\$67,660,000		\$210,071	\$656,302	\$866,373	\$422,802	\$169,150	\$1,458,325
2027	\$58,050,000	\$58,050,000		\$180,234	\$563,085	\$743,319	\$362,750	\$145,125	\$1,251,193
2028	\$48,440,000	\$48,440,000		\$150,397	\$469,868	\$620,265	\$302,698	\$121,100	\$1,044,062
2029	\$38,830,000	\$38,830,000		\$120,559	\$376,651	\$497,210	\$242,646	\$97,075	\$836,931
2030	\$29,220,000	\$29,220,000		\$90,722	\$283,434	\$374,156	\$182,593	\$73,050	\$629,800
2031	\$19,610,000	\$19,610,000		\$60,885	\$190,217	\$251,102	\$122,541	\$49,025	\$422,668
2032	\$19,600,000	\$19,600,000		\$60,854	\$190,120	\$250,974	\$122,479	\$49,000	\$422,453
2033	\$19,590,000	\$19,590,000		\$60,823	\$190,023	\$250,846	\$122,416	\$48,975	\$422,237
2034	\$19,580,000	\$19,580,000		\$60,792	\$189,926	\$250,718	\$122,354	\$48,950	\$422,022
2035	\$19,570,000	\$19,570,000		\$60,761	\$189,829	\$250,590	\$122,291	\$48,925	\$421,806
2036	\$19,560,000	\$19,560,000		\$60,730	\$189,732	\$250,462	\$122,229	\$48,900	\$421,591
2037	\$19,550,000	\$19,550,000		\$60,699	\$189,635	\$250,334	\$122,166	\$48,875	\$421,375
			<b>Total</b>	<b>\$2,051,962</b>	<b>\$6,410,730</b>	<b>\$8,462,692</b>	<b>\$4,129,911</b>	<b>\$1,652,250</b>	<b>\$14,244,854</b>

Source: CPA, Hopkins Energy, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Lavaca 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		Sulphur Springs ISD I&S Tax Levy	Sulphur Springs ISD M&O Tax Levy	Sulphur Springs M&O and I&S Tax Levies	Hopkins County Tax Levy	Hopkins Co. Mem. Hosp. Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3105	0.9700		0.6249	0.2500	
2022	\$21,000,000	\$21,000,000		\$65,201	\$203,700	\$268,901	\$131,227	\$52,500	\$452,628
2023	\$96,490,000	\$30,000,000		\$299,582	\$291,000	\$590,582	\$120,592	\$48,245	\$759,419
2024	\$86,880,000	\$30,000,000		\$269,745	\$291,000	\$560,745	\$108,581	\$43,440	\$712,766
2025	\$77,270,000	\$30,000,000		\$239,908	\$291,000	\$530,908	\$96,571	\$38,635	\$666,114
2026	\$67,660,000	\$30,000,000		\$210,071	\$291,000	\$501,071	\$84,560	\$33,830	\$619,461
2027	\$58,050,000	\$30,000,000		\$180,234	\$291,000	\$471,234	\$72,550	\$29,025	\$572,809
2028	\$48,440,000	\$30,000,000		\$150,397	\$291,000	\$441,397	\$60,540	\$24,220	\$526,156
2029	\$38,830,000	\$30,000,000		\$120,559	\$291,000	\$411,559	\$48,529	\$19,415	\$479,503
2030	\$29,220,000	\$29,220,000		\$90,722	\$283,434	\$374,156	\$36,519	\$14,610	\$425,285
2031	\$19,610,000	\$19,610,000		\$60,885	\$190,217	\$251,102	\$24,508	\$9,805	\$285,415
2032	\$19,600,000	\$19,600,000		\$60,854	\$190,120	\$250,974	\$24,496	\$9,800	\$285,270
2033	\$19,590,000	\$19,590,000		\$60,823	\$190,023	\$250,846	\$122,416	\$48,975	\$422,237
2034	\$19,580,000	\$19,580,000		\$60,792	\$189,926	\$250,718	\$122,354	\$48,950	\$422,022
2035	\$19,570,000	\$19,570,000		\$60,761	\$189,829	\$250,590	\$122,291	\$48,925	\$421,806
2036	\$19,560,000	\$19,560,000		\$60,730	\$189,732	\$250,462	\$122,229	\$48,900	\$421,591
2037	\$19,550,000	\$19,550,000		\$60,699	\$189,635	\$250,334	\$122,166	\$48,875	\$421,375
			<b>Total</b>	<b>\$2,051,962</b>	<b>\$3,853,616</b>	<b>\$5,905,578</b>	<b>\$1,420,130</b>	<b>\$568,150</b>	<b>\$7,893,858</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$2,557,114</b>	<b>\$2,557,114</b>	<b>\$2,709,782</b>	<b>\$1,084,100</b>	<b>\$6,350,996</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Hopkins Energy, LLC

\*Tax Rate per \$100 Valuation

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

## Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Hopkins 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 directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
	2022	\$203,700	\$203,700	\$0	\$0
<b>Limitation Period (10 Years)</b>	2023	\$291,000	\$494,700	\$644,953	\$644,953
	2024	\$291,000	\$785,700	\$551,736	\$1,196,689
	2025	\$291,000	\$1,076,700	\$458,519	\$1,655,208
	2026	\$291,000	\$1,367,700	\$365,302	\$2,020,510
	2027	\$291,000	\$1,658,700	\$272,085	\$2,292,595
	2028	\$291,000	\$1,949,700	\$178,868	\$2,471,463
	2029	\$291,000	\$2,240,700	\$85,651	\$2,557,114
	2030	\$283,434	\$2,524,134	\$0	\$2,557,114
	2031	\$190,217	\$2,714,351	\$0	\$2,557,114
	2032	\$190,120	\$2,904,471	\$0	\$2,557,114
<b>Maintain Viable Presence (5 Years)</b>	2033	\$190,023	\$3,094,494	\$0	\$2,557,114
	2034	\$189,926	\$3,284,420	\$0	\$2,557,114
	2035	\$189,829	\$3,474,249	\$0	\$2,557,114
	2036	\$189,732	\$3,663,981	\$0	\$2,557,114
	2037	\$189,635	\$3,853,616	\$0	\$2,557,114
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2038	\$189,538	\$4,043,154	\$0	\$2,557,114
	2039	\$189,441	\$4,232,595	\$0	\$2,557,114
	2040	\$189,344	\$4,421,939	\$0	\$2,557,114
	2041	\$189,247	\$4,611,186	\$0	\$2,557,114
	2042	\$189,150	\$4,800,336	\$0	\$2,557,114
	2043	\$189,053	\$4,989,389	\$0	\$2,557,114
	2044	\$188,956	\$5,178,345	\$0	\$2,557,114
	2045	\$188,859	\$5,367,204	\$0	\$2,557,114
	2046	\$188,762	\$5,555,966	\$0	\$2,557,114
	2047	\$188,665	\$5,744,631	\$0	\$2,557,114
		<b>\$5,744,631</b>	is greater than	<b>\$2,557,114</b>	
<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

Source: CPA, Hopkins Energy, 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.