

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 8, 2020

AMENDED CERTIFICATION

Dr. Michael O'Guin
Superintendent
Wharton Independent School District
2100 N Fulton
Wharton, TX 77488

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Wharton Independent School District and AP Solar 6, LLC, Application 1390

Dear Superintendent O'Guin:

This application (Application 1390) was originally submitted on May 28, 2019, to the Wharton Independent School District (school district) by AP Solar 6, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On September 13, 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 November 18, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on January 28, 2020.

On July 17, 2020, Comptroller received an amendment to the agreement to change the limitation from 2022 to 2023 and increased the investment. 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.

¹ 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 or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:

11EA6DEF0EC441E...
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 AP Solar 6, LLC (project) applying to Wharton 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 AP Solar 6, LLC.

	Original	Amendment No. 1
Applicant	AP Solar 6, LLC	AP Solar 6, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation	Renewable Energy Electric Generation
School District	Wharton ISD	Wharton ISD
2018-2019 Average Daily Attendance	1,827	1,827
County	Wharton	Wharton
Proposed Total Investment in District	\$300,000,000	\$300,000,000
Proposed Qualified Investment	\$300,000,000	\$300,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022	2021-2022
Number of new qualifying jobs committed to by applicant	3*	3*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$912	\$912
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$912	\$912
Minimum annual wage committed to by applicant for qualified jobs	\$47,405	\$47,405
Minimum weekly wage required for non-qualifying jobs	\$767	\$767
Minimum annual wage required for non-qualifying jobs	\$39,898	\$39,898
Investment per Qualifying Job	\$100,000,000	\$100,000,000
Estimated M&O levy without any limit (15 years)	\$22,500,000	\$23,176,200
Estimated M&O levy with Limitation (15 years)	\$7,500,000	\$7,623,750
Estimated gross M&O tax benefit (15 years)	\$15,000,000	\$15,552,450

* 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 AP Solar 6, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	300	288	588	\$18,458,700	\$24,541,300	\$43,000,000
2022	303	301	604	\$18,600,914	\$30,399,087	\$49,000,000
2023	3	30	33	\$142,214	\$7,857,787	\$8,000,000
2024	3	3	6	\$142,214	\$4,857,787	\$5,000,000
2025	3	(3)	0	\$142,214	\$2,857,787	\$3,000,000
2026	3	(13)	-10	\$142,214	\$857,787	\$1,000,000
2027	3	(15)	-12	\$142,214	\$857,787	\$1,000,000
2028	3	(13)	-10	\$142,214	-\$142,214	\$0
2029	3	(9)	-6	\$142,214	-\$142,214	\$0
2030	3	(7)	-4	\$142,214	-\$142,214	\$0
2031	3	(9)	-6	\$142,214	-\$142,214	\$0
2032	3	1	4	\$142,214	-\$142,214	\$0
2033	3	1	4	\$142,214	-\$142,214	\$0
2034	3	3	6	\$142,214	\$857,787	\$1,000,000
2035	3	5	8	\$142,214	\$857,787	\$1,000,000
2036	3	9	12	\$142,214	-\$142,214	\$0

Source: CPA REMI, AP Solar 6, 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	Wharton ISD I&S Tax Levy	Wharton ISD M&O Tax Levy	Wharton ISD M&O and I&S Tax Levies	Wharton County Tax Levy	Wharton County Hospital District Tax Levy	FM & LR Tax Levy	Wharton County Emergency Sevices District #1 Tax Levy	Wharton County Emergency Sevices District #4 Tax Levy	Coastal Bend Groundwater Conservation District Tax Levy	Wharton County Junior College District Tax Levy	Estimated Total Property Taxes
2022	\$150,000,000	\$150,000,000	0.2807	\$421,050	\$1,524,750	\$1,945,800	\$633,810	\$333,000	\$77,130	\$90,000	\$102,315	\$12,450	\$215,190	\$3,409,695
2023	\$300,000,000	\$300,000,000		\$842,100	\$3,049,500	\$3,891,600	\$1,267,620	\$666,000	\$154,260	\$180,000	\$204,630	\$24,900	\$430,380	\$6,819,390
2024	\$285,000,000	\$285,000,000		\$799,995	\$2,897,025	\$3,697,020	\$1,204,239	\$632,700	\$146,547	\$171,000	\$194,399	\$23,655	\$408,861	\$6,478,421
2025	\$255,000,000	\$255,000,000		\$715,785	\$2,592,075	\$3,307,860	\$1,077,477	\$566,100	\$131,121	\$153,000	\$173,936	\$21,165	\$365,823	\$5,796,482
2026	\$225,000,000	\$225,000,000		\$631,575	\$2,287,125	\$2,918,700	\$950,715	\$499,500	\$115,695	\$135,000	\$153,473	\$18,675	\$322,785	\$5,114,543
2027	\$195,000,000	\$195,000,000		\$547,365	\$1,982,175	\$2,529,540	\$823,953	\$432,900	\$100,269	\$117,000	\$133,010	\$16,185	\$279,747	\$4,432,604
2028	\$165,000,000	\$165,000,000		\$463,155	\$1,677,225	\$2,140,380	\$697,191	\$366,300	\$84,843	\$99,000	\$112,547	\$13,695	\$236,709	\$3,750,665
2029	\$135,000,000	\$135,000,000		\$378,945	\$1,372,275	\$1,751,220	\$570,429	\$299,700	\$69,417	\$81,000	\$92,084	\$11,205	\$193,671	\$3,068,726
2030	\$105,000,000	\$105,000,000		\$294,735	\$1,067,325	\$1,362,060	\$443,667	\$233,100	\$53,991	\$63,000	\$71,621	\$8,715	\$150,633	\$2,386,787
2031	\$90,000,000	\$90,000,000		\$252,630	\$914,850	\$1,167,480	\$380,286	\$199,800	\$46,278	\$54,000	\$61,389	\$7,470	\$129,114	\$2,045,817
2032	\$75,000,000	\$75,000,000		\$210,525	\$762,375	\$972,900	\$316,905	\$166,500	\$38,565	\$45,000	\$51,158	\$6,225	\$107,595	\$1,704,848
2033	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878
2034	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878
2035	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878
2036	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878
2037	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878
			Total	\$6,399,960	\$23,176,200	\$29,576,160	\$9,633,912	\$5,061,600	\$1,172,376	\$1,368,000	\$1,555,188	\$189,240	\$3,270,888	\$51,827,364

Source: CPA, AP Solar 6, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Wharton 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, FM & LR, and hospital.

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*	Wharton ISD I&S Tax Levy	Wharton ISD M&O Tax Levy	Wharton ISD M&O and I&S Tax Levies	Wharton County Tax Levy	Wharton County Hospital District Tax Levy	FM & LR Tax Levy	Wharton County Emergency Sevices Distric #1 Tax Levy	Wharton County Emergency Sevices Distric #4Tax Levy	Coastal Bend Groundwater Conservation District Tax Levy	Wharton County Junior College District Tax Levy	Estimated Total Property Taxes	
				0.2807	1.0165	0.4225	0.2220	0.0514	0.0600	0.0682	0.0083	0.1435			
2022	\$150,000,000	\$150,000,000		\$421,050	\$1,524,750	\$1,945,800	\$316,905	\$166,500	\$38,565	\$90,000	\$102,315	\$12,450	\$215,190	\$2,887,725	
2023	\$300,000,000	\$30,000,000		\$842,100	\$304,950	\$1,147,050	\$633,810	\$333,000	\$77,130	\$180,000	\$204,630	\$24,900	\$430,380	\$3,030,900	
2024	\$285,000,000	\$30,000,000		\$799,995	\$304,950	\$1,104,945	\$602,120	\$316,350	\$73,274	\$171,000	\$194,399	\$23,655	\$408,861	\$2,894,603	
2025	\$255,000,000	\$30,000,000		\$715,785	\$304,950	\$1,020,735	\$538,739	\$283,050	\$65,561	\$153,000	\$173,936	\$21,165	\$365,823	\$2,622,008	
2026	\$225,000,000	\$30,000,000		\$631,575	\$304,950	\$936,525	\$475,358	\$249,750	\$57,848	\$135,000	\$153,473	\$18,675	\$322,785	\$2,349,413	
2027	\$195,000,000	\$30,000,000		\$547,365	\$304,950	\$852,315	\$411,977	\$216,450	\$50,135	\$117,000	\$133,010	\$16,185	\$279,747	\$2,076,818	
2028	\$165,000,000	\$30,000,000		\$463,155	\$304,950	\$768,105	\$348,596	\$183,150	\$42,422	\$99,000	\$112,547	\$13,695	\$236,709	\$1,804,223	
2029	\$135,000,000	\$30,000,000		\$378,945	\$304,950	\$683,895	\$285,215	\$149,850	\$34,709	\$81,000	\$92,084	\$11,205	\$193,671	\$1,531,628	
2030	\$105,000,000	\$30,000,000		\$294,735	\$304,950	\$599,685	\$221,834	\$116,550	\$26,996	\$63,000	\$71,621	\$8,715	\$150,633	\$1,259,033	
2031	\$90,000,000	\$30,000,000		\$252,630	\$304,950	\$557,580	\$190,143	\$99,900	\$23,139	\$54,000	\$61,389	\$7,470	\$129,114	\$1,122,735	
2032	\$75,000,000	\$30,000,000		\$210,525	\$304,950	\$515,475	\$316,905	\$166,500	\$38,565	\$45,000	\$51,158	\$6,225	\$107,595	\$1,247,423	
2033	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878	
2034	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878	
2035	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878	
2036	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878	
2037	\$60,000,000	\$60,000,000		\$168,420	\$609,900	\$778,320	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,363,878	
				Total	\$6,399,960	\$7,623,750	\$14,023,710	\$5,609,219	\$2,947,050	\$682,601	\$1,368,000	\$1,555,188	\$189,240	\$3,270,888	\$29,645,895
				Diff	\$0	\$15,552,450	\$15,552,450	\$4,024,694	\$2,114,550	\$489,776	\$0	\$0	\$0	\$0	\$22,181,469

Assumes School Value Limitation and Tax Abatements with the County, FM & LR, and hospital.

Source: CPA, AP Solar 6, 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 AP Solar 6, 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	\$1,524,750	\$1,524,750	\$0	\$0
Limitation Period (10 Years)	2023	\$304,950	\$1,829,700	\$2,744,550	\$2,744,550
	2024	\$304,950	\$2,134,650	\$2,592,075	\$5,336,625
	2025	\$304,950	\$2,439,600	\$2,287,125	\$7,623,750
	2026	\$304,950	\$2,744,550	\$1,982,175	\$9,605,925
	2027	\$304,950	\$3,049,500	\$1,677,225	\$11,283,150
	2028	\$304,950	\$3,354,450	\$1,372,275	\$12,655,425
	2029	\$304,950	\$3,659,400	\$1,067,325	\$13,722,750
	2030	\$304,950	\$3,964,350	\$762,375	\$14,485,125
	2031	\$304,950	\$4,269,300	\$609,900	\$15,095,025
	2032	\$304,950	\$4,574,250	\$457,425	\$15,552,450
Maintain Viable Presence (5 Years)	2033	\$609,900	\$5,184,150	\$0	\$15,552,450
	2034	\$609,900	\$5,794,050	\$0	\$15,552,450
	2035	\$609,900	\$6,403,950	\$0	\$15,552,450
	2036	\$609,900	\$7,013,850	\$0	\$15,552,450
	2037	\$609,900	\$7,623,750	\$0	\$15,552,450
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	\$609,900	\$8,233,650	\$0	\$15,552,450
	2039	\$609,900	\$8,843,550	\$0	\$15,552,450
	2040	\$609,900	\$9,453,450	\$0	\$15,552,450
	2041	\$609,900	\$10,063,350	\$0	\$15,552,450
	2042	\$609,900	\$10,673,250	\$0	\$15,552,450
	2043	\$609,900	\$11,283,150	\$0	\$15,552,450
	2044	\$609,900	\$11,893,050	\$0	\$15,552,450
	2045	\$609,900	\$12,502,950	\$0	\$15,552,450
	2046	\$609,900	\$13,112,850	\$0	\$15,552,450
	2047	\$609,900	\$13,722,750	\$0	\$15,552,450
		\$13,722,750	is less than	\$15,552,450	
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, AP Solar 6, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	300	288	588	\$18,458,700	\$24,541,300	\$43,000,000	2100000	-1100000	\$3,200,000
2022	303	301	604	\$18,600,914	\$30,399,087	\$49,000,000	2200000	-700000	\$2,900,000
2023	3	30	33	\$142,214	\$7,857,787	\$8,000,000	300000	700000	-\$400,000
2024	3	3	6	\$142,214	\$4,857,787	\$5,000,000	300000	800000	-\$500,000
2025	3	(3)	0	\$142,214	\$2,857,787	\$3,000,000	200000	700000	-\$500,000
2026	3	(13)	-10	\$142,214	\$857,787	\$1,000,000	200000	700000	-\$500,000
2027	3	(15)	-12	\$142,214	\$857,787	\$1,000,000	100000	600000	-\$500,000
2028	3	(13)	-10	\$142,214	-\$142,214	\$0	100000	500000	-\$400,000
2029	3	(9)	-6	\$142,214	-\$142,214	\$0	100000	500000	-\$400,000
2030	3	(7)	-4	\$142,214	-\$142,214	\$0	100000	400000	-\$300,000
2031	3	(9)	-6	\$142,214	-\$142,214	\$0	100000	400000	-\$300,000
2032	3	1	4	\$142,214	-\$142,214	\$0	100000	300000	-\$200,000
2033	3	1	4	\$142,214	-\$142,214	\$0	100000	200000	-\$100,000
2034	3	3	6	\$142,214	\$857,787	\$1,000,000	100000	200000	-\$100,000
2035	3	5	8	\$142,214	\$857,787	\$1,000,000	100000	200000	-\$100,000
2036	3	9	12	\$142,214	-\$142,214	\$0	100000	100000	\$0
2037	3	9	12	\$142,214	\$857,787	\$1,000,000	100000	100000	\$0
2038	3	3	6	\$142,214	\$857,787	\$1,000,000	0	0	\$0
2039	3	9	12	\$142,214	\$1,857,787	\$2,000,000	0	0	\$0
2040	3	5	8	\$142,214	\$857,787	\$1,000,000	0	-100000	\$100,000
2041	3	5	8	\$142,214	\$857,787	\$1,000,000	-100000	-100000	\$0
2042	3	1	4	\$142,214	\$857,787	\$1,000,000	-100000	-200000	\$100,000
2043	3	(1)	2	\$142,214	-\$142,214	\$0	-100000	-200000	\$100,000
2044	3	(5)	-2	\$142,214	-\$142,214	\$0	-100000	-200000	\$100,000
2045	3	(5)	-2	\$142,214	-\$142,214	\$0	-200000	-300000	\$100,000
2046	3	(5)	-2	\$142,214	-\$142,214	\$0	-100000	-300000	\$200,000
2047	3	(3)	0	\$142,214	-\$142,214	\$0	0	-400000	\$400,000
						Total	\$5,700,000	\$2,800,000	\$2,900,000
							\$16,622,750	is greater than	\$15,552,450

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

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.