GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 13, 2019

John Hardwick Jr.
Superintendent
Ganado Independent School District
P.O. Box 1200
Ganado, TX 77962

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ganado Independent School District and Lunis Creek Solar Project II, LLC, LLC, Application 1397

Dear Superintendent Hardwick:

On September 16, 2019, the Comptroller issued written notice that Lunis Creek Solar Project II, LLC, LLC (applicant) submitted a completed application (Application 1396) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on June 28, 2019, to the Ganado Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

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

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

[1] All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1397.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of September 16, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

FOR Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Lunis Creek Solar Project II, LLC (project) applying to Ganado 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 Lunis Creek Solar Project II, LLC.

Applicant	Lunis Creek Solar Project II, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Ganado ISD
2018-2019 Average Daily Attendance	735
County	Jackson
Proposed Total Investment in District	$261,350,000
Proposed Qualified Investment	$261,350,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	1*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,257
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,257
Minimum annual wage committed to by applicant for qualified jobs	$65,353
Minimum weekly wage required for non-qualifying jobs	$862
Minimum annual wage required for non-qualifying jobs	$44,811
Investment per Qualifying Job	$261,350,000
Estimated M&O levy without any limit (15 years)	$16,762,182
Estimated M&O levy with Limitation (15 years)	$5,458,675
Estimated gross M&O tax benefit (15 years)	$11,303,507

** 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 Lunis Creek Solar Project II, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	250	490	740	$15,411,550	$37,318,450	$52,730,000
2022	251	1,056	1306.64	$15,473,196	$82,186,804	$97,660,000
2023	1	56	57	$61,646	$14,098,354	$14,160,000
2024	1	3	4	$61,646	$8,238,354	$8,300,000
2025	1	(19)	-18	$61,646	$4,208,354	$4,270,000
2026	1	(38)	-37	$61,646	$1,158,354	$1,220,000
2027	1	(38)	-37	$61,646	-$61,646	$0
2028	1	(40)	-39	$61,646	-$791,646	-$730,000
2029	1	(38)	-37	$61,646	-$1,521,646	-$1,460,000
2030	1	(30)	-29	$61,646	-$2,261,646	-$2,200,000
2031	1	(26)	-25	$61,646	-$1,771,646	-$1,710,000
2032	1	(19)	-18	$61,646	-$2,011,646	-$1,950,000
2033	1	(13)	-12	$61,646	-$1,041,646	-$980,000
2034	1	(11)	-10	$61,646	-$551,646	-$490,000
2035	1	(5)	-4	$61,646	-$301,646	-$240,000

Source: CPA REMI, Lunis Creek Solar Project II, 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		Ganado ISD I&S Tax Levy	Ganado ISD M&O Tax Levy	Ganado ISD M&O and I&S Tax Levies	Jackson County Tax Levy	Jackson County Hospital Tax Levy	Jackson County Drainage District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3594	0.9700		0.4464	0.2100	0.0643	
2023	$261,350,000	$261,350,000		$939,292	$2,535,095	$3,474,387	$1,166,666	$1,166,666	$168,048	$5,975,768
2024	$235,255,000	$235,255,000		$845,506	$2,281,974	$3,127,480	$1,050,178	$1,050,178	$151,269	$5,379,106
2025	$209,160,000	$209,160,000		$751,721	$2,028,852	$2,780,573	$933,690	$933,690	$134,490	$4,782,443
2026	$183,065,000	$183,065,000		$657,936	$1,775,731	$2,433,666	$817,202	$817,202	$117,711	$4,185,781
2027	$156,970,000	$156,970,000		$564,150	$1,522,609	$2,086,759	$700,714	$700,714	$100,932	$3,589,119
2028	$130,875,000	$130,875,000		$470,365	$1,269,488	$1,739,852	$584,226	$584,226	$84,153	$2,992,457
2029	$104,780,000	$104,780,000		$376,579	$1,016,366	$1,392,945	$467,738	$467,738	$67,374	$2,395,795
2030	$78,685,000	$78,685,000		$282,794	$763,245	$1,046,038	$351,250	$351,250	$50,594	$1,799,133
2031	$52,590,000	$52,590,000		$189,008	$510,123	$699,131	$234,762	$234,762	$33,815	$1,202,470
2032	$52,580,000	$52,580,000		$188,973	$510,026	$698,999	$234,717	$234,717	$33,809	$1,202,242
2033	$52,570,000	$52,570,000		$188,937	$509,929	$698,866	$234,672	$234,672	$33,803	$1,202,013
2034	$52,560,000	$52,560,000		$188,901	$509,832	$698,733	$234,628	$234,628	$33,796	$1,201,784
2035	$52,550,000	$52,550,000		$188,865	$509,735	$698,600	$234,583	$234,583	$33,790	$1,201,556
2036	$52,540,000	$52,540,000		$188,829	$509,638	$698,467	$234,539	$234,539	$33,783	$1,201,327
2037	$52,530,000	$52,530,000		$188,793	$509,541	$698,334	$234,494	$234,494	$33,777	$1,201,098
			Total	$6,210,648	$16,762,182	$22,972,830	$7,714,060	$7,714,060	$1,111,143	$39,512,092

Source: CPA, Lunis Creek Solar Project II, LLC
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Jackson 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 and Jackson County 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		Ganado ISD I&S Tax Levy	Ganado ISD M&O Tax Levy	Ganado ISD M&O and I&S Tax Levies	Jackson County Tax Levy	Jackson County Hospital Tax Levy	Jackson County Drainage District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3594	0.9700		0.4464	0.2100	0.0643	
2023	$261,350,000	$30,000,000		$939,292	$291,000	$1,230,292	$350,000	$350,000	$168,048	$2,098,340
2024	$235,255,000	$30,000,000		$845,506	$291,000	$1,136,506	$315,053	$315,053	$151,269	$1,917,882
2025	$209,160,000	$30,000,000		$751,721	$291,000	$1,042,721	$280,107	$280,107	$134,490	$1,737,425
2026	$183,065,000	$30,000,000		$657,936	$291,000	$948,936	$245,161	$245,161	$117,711	$1,556,968
2027	$156,970,000	$30,000,000		$564,150	$291,000	$855,150	$210,214	$210,214	$100,932	$1,376,510
2028	$130,875,000	$30,000,000		$470,365	$291,000	$761,365	$175,268	$175,268	$84,153	$1,196,053
2029	$104,780,000	$30,000,000		$376,579	$291,000	$667,579	$140,321	$140,321	$67,374	$1,015,596
2030	$78,685,000	$30,000,000		$282,794	$291,000	$573,794	$105,375	$105,375	$50,594	$835,138
2031	$52,590,000	$30,000,000		$189,008	$291,000	$480,008	$70,429	$70,429	$33,815	$654,681
2032	$52,580,000	$30,000,000		$188,973	$291,000	$479,973	$70,415	$70,415	$33,809	$654,612
2033	$52,570,000	$52,570,000		$188,937	$509,929	$698,866	$234,672	$234,672	$33,803	$1,202,013
2034	$52,560,000	$52,560,000		$188,901	$509,832	$698,733	$234,628	$234,628	$33,796	$1,201,784
2035	$52,550,000	$52,550,000		$188,865	$509,735	$698,600	$234,583	$234,583	$33,790	$1,201,556
2036	$52,540,000	$52,540,000		$188,829	$509,638	$698,467	$234,539	$234,539	$33,783	$1,201,327
2037	$52,530,000	$52,530,000		$188,793	$509,541	$698,334	$234,494	$234,494	$33,777	$1,201,098
			Total	**$6,210,648**	**$5,458,675**	**$11,669,323**	**$3,135,259**	**$3,135,259**	**$1,111,143**	**$19,050,984**
			Diff	**$0**	**$11,303,507**	**$11,303,507**	**$4,578,801**	**$4,578,801**	**$0**	**$20,461,108**

Source: CPA, Lunis Creek Solar Project II, 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 LUNIS CREEK SOLAR PROJECT II, 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	$291,000	$291,000	$0	$0
Limitation Period (10 Years)	2023	$291,000	$582,000	$2,244,095	$2,244,095
	2024	$291,000	$873,000	$1,990,974	$4,235,069
	2025	$291,000	$1,164,000	$1,737,852	$5,972,921
	2026	$291,000	$1,455,000	$1,484,731	$7,457,651
	2027	$291,000	$1,746,000	$1,231,609	$8,689,260
	2028	$291,000	$2,037,000	$978,488	$9,667,748
	2029	$291,000	$2,328,000	$725,366	$10,393,114
	2030	$291,000	$2,619,000	$472,245	$10,865,358
	2031	$291,000	$2,910,000	$219,123	$11,084,481
	2032	$291,000	$3,201,000	$219,026	$11,303,507
Maintain Viable Presence (5 Years)	2033	$509,929	$3,710,929	$0	$11,303,507
	2034	$509,832	$4,220,761	$0	$11,303,507
	2035	$509,735	$4,730,496	$0	$11,303,507
	2036	$509,638	$5,240,134	$0	$11,303,507
	2037	$509,541	$5,749,675	$0	$11,303,507
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	$509,444	$6,259,119	$0	$11,303,507
	2039	$509,347	$6,768,466	$0	$11,303,507
	2040	$509,250	$7,277,716	$0	$11,303,507
	2041	$509,153	$7,786,869	$0	$11,303,507
	2042	$509,056	$8,295,925	$0	$11,303,507
	2043	$508,959	$8,804,884	$0	$11,303,507
	2044	$508,862	$9,313,746	$0	$11,303,507
	2045	$508,765	$9,822,511	$0	$11,303,507
	2046	$508,668	$10,331,179	$0	$11,303,507
	2047	$508,571	$10,839,750	$0	$11,303,507

$10,839,750 is less than **$11,303,507**

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

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, LUNIS CREEK SOLAR PROJECT II, LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	250	490	740	$15,411,550	$37,318,450	$52,730,000	3880000	-1380000	$5,260,000
2022	251	1,056	1306.64	$15,473,196	$82,186,804	$97,660,000	8770000	-1890000	$10,660,000
2023	1	56	57	$61,646	$14,098,354	$14,160,000	540000	1340000	-$800,000
2024	1	3	4	$61,646	$8,238,354	$8,300,000	450000	1330000	-$880,000
2025	1	(19)	-18	$61,646	$4,208,354	$4,270,000	310000	1260000	-$950,000
2026	1	(38)	-37	$61,646	$1,158,354	$1,220,000	210000	1160000	-$950,000
2027	1	(38)	-37	$61,646	-$61,646	$0	120000	1020000	-$900,000
2028	1	(40)	-39	$61,646	-$791,646	-$730,000	110000	920000	-$810,000
2029	1	(38)	-37	$61,646	-$1,521,646	-$1,460,000	50000	810000	-$760,000
2030	1	(30)	-29	$61,646	-$2,261,646	-$2,200,000	50000	690000	-$640,000
2031	1	(26)	-25	$61,646	-$1,771,646	-$1,710,000	20000	590000	-$570,000
2032	1	(19)	-18	$61,646	-$2,011,646	-$1,950,000	20000	530000	-$510,000
2033	1	(13)	-12	$61,646	-$1,041,646	-$980,000	-10000	380000	-$390,000
2034	1	(11)	-10	$61,646	-$551,646	-$490,000	-20000	340000	-$360,000
2035	1	(5)	-4	$61,646	-$301,646	-$240,000	-20000	280000	-$300,000
2036	1	(5)	-4	$61,646	-$61,646	$0	-50000	200000	-$250,000
2037	1	(1)	0	$61,646	-$61,646	$0	-50000	150000	-$200,000
2038	1	(3)	-2	$61,646	$428,354	$490,000	-50000	120000	-$170,000
2039	1	1	2	$61,646	$668,354	$730,000	-80000	80000	-$160,000
2040	1	(1)	0	$61,646	$178,354	$240,000	-110000	0	-$110,000
2041	1	3	4	$61,646	$918,354	$980,000	-110000	-30000	-$80,000
2042	1	(1)	0	$61,646	$668,354	$730,000	-90000	-50000	-$40,000
2043	1	(1)	0	$61,646	$918,354	$980,000	-80000	-80000	$0
2044	1	(3)	-2	$61,646	$1,398,354	$1,460,000	-90000	-90000	$0
2045	1	(3)	-2	$61,646	$918,354	$980,000	-200000	-160000	-$40,000
2046	1	(5)	-4	$61,646	$918,354	$980,000	-110000	-160000	$50,000
2047	1	(3)	-2	$61,646	$1,888,354	$1,950,000	-30000	-190000	$160,000
2048	1	5	6	$61,646	$2,868,354	$2,930,000	-20000	-240000	$220,000
						Total	**$13,410,000**	**$6,930,000**	**$6,480,000**
							$17,319,750	is greater than	**$11,303,507**

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.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." This represents the basis for the Comptroller's determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Lunis Creek Solar Project, LLC 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:

- Per Savion LLC, in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "Currently, Savion LLC is considering a variety of other locations for Lunis Creek Solar Project, LLC but believes Ganado ISD would be an ideal location for this solar facility. Other locations being evaluated for the establishment of the site include New Mexico, Ohio, Kansas, Oklahoma, Georgia, Louisiana, Alabama, South Carolina, Missouri and Illinois – all locations where the development of this project would easily be feasible due to current company activity as well as previous development, and the presence of tax incentives."
  B. "Without the 313 Value Limitation tax incentive, the economics of this project could be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain."

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☑ Yes ☐ No
2. The property will be used for one of the following activities:
   - (1) manufacturing ☐ Yes ☑ No
   - (2) research and development ☐ Yes ☑ No
   - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No
   - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☑ No
   - (5) renewable energy electric generation ☑ Yes ☐ No
   - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☑ No
   - (7) nuclear electric power generation ☐ Yes ☑ No
   - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☑ No
   - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☑ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
   - ☑ Land has no existing improvements
   - ☐ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☑ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☑ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☑ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☑ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☑ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☑ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☑ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☑ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☑ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☑ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

Tab 5

Limitation as a Determining Factor

Currently, Savion, LLC is considering a variety of other locations for Lunis Creek Solar Project II, LLC but believes Ganado ISD would be an ideal location for this solar facility. Other locations being evaluated for the establishment of the site include New Mexico, Ohio, Kansas, Oklahoma, Georgia, Louisiana, Alabama, South Carolina, Missouri, and Illinois--all locations where the development of this project would easily be feasible due to current company activity as well as previous development, and the presence of tax incentives. In the event a 313 agreement is not permitted Savion, LLC will reallocate the capital for this project to establish a facility in another location more financially viable. Unfortuanately this would dismiss Ganado ISD from receiving the economic benefits associated with the development a solar facility within their jurisdiction. It is our goal to reach a 313 value limiation agreement for the benefit of both Lunis Creek Solar Project II, LLC and Ganado ISD. Savion, LLC is constantly evaluating various locations for development and where to commit substantial long-term investment based on economic rate of return with the proposed projects. The economic benefits provided by a Chapter 313 Value Limitation is one of the most important components in their analysis.

Not only Savion, LLC but all prudent energy developers, recognize the importance of tax incentives in establishing capital intensive facilities. Due to the high property tax burden in Texas, the decision to invest within the state requires any capital investment by Savion, LLC to be based on expected economic return on their investment.

Property tax liabilities compose a substantial ongoing cost of operation that directly impacts the rate of return on the investment. Without the 313 Value Limitation tax incentive, the economics of this project could be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain. Savion, LLC evaluates the economic viability of proposed projects through Discounted Cash Flow models (DCF), comparing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. To move forward, the model must show a rate of return where the project, with the valuation limitation agreement, would exceed the minimum rate of return required to proceed with the proposed investment. Therefore, receiving a value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize Savion, LLC to invest capital in the proposed project rather than making an alternative investment. This makes the ability to enter into a Chapter 313 appraised value limitation agreement with the school district "the determining factor" to invest in this project.