



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

February 4, 2020

Gonzalo Salazar  
Superintendent  
Los Fresnos Consolidated Independent School District  
P.O. Box 309  
Los Fresnos, TX 78566

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Los Fresnos Consolidated Independent School District and La Chalupa, LLC, Application 1415

Dear Superintendent Salazar:

On November 14, 2019, the Comptroller issued written notice that La Chalupa, LLC (applicant) submitted a completed application (Application 1415) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on August 12, 2019, to the Los Fresnos Consolidated 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.

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<sup>1</sup> 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 1415.

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

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

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

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

Note that any building or improvement existing as of the application review start date of November 14, 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](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,

A handwritten signature in cursive script that reads "Lisa Craven".

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of La Chalupa, LLC (project) applying to Los Fresnos Consolidated 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 La Chalupa, LLC.

Applicant	La Chalupa, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Los Fresnos CISD
2018-2019 Average Daily Attendance	9,865
County	Cameron
Proposed Total Investment in District	\$166,820,000
Proposed Qualified Investment	\$166,820,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	4*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$758
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$758
Minimum annual wage committed to by applicant for qualified jobs	\$39,400
Minimum weekly wage required for non-qualifying jobs	\$652
Minimum annual wage required for non-qualifying jobs	\$33,917
Investment per Qualifying Job	\$41,705,000
Estimated M&O levy without any limit (15 years)	\$15,021,609
Estimated M&O levy with Limitation (15 years)	\$5,222,441
Estimated gross M&O tax benefit (15 years)	\$9,799,168

\* 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 La Chalupa, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	300	272	572.27	\$15,750,000	\$24,040,000	\$39,790,000
2021	4	23	27	\$157,600	\$4,722,400	\$4,880,000
2022	4	10	14	\$157,600	\$3,382,400	\$3,540,000
2023	4	2	6	\$157,600	\$2,042,400	\$2,200,000
2024	4	(2)	2	\$157,600	\$1,182,400	\$1,340,000
2025	4	2	6	\$157,600	\$692,400	\$850,000
2026	4	(0)	4	\$157,600	\$452,400	\$610,000
2027	4	(0)	4	\$157,600	\$572,400	\$730,000
2028	4	2	6	\$157,600	\$822,400	\$980,000
2029	4	2	6	\$157,600	\$822,400	\$980,000
2030	4	6	10	\$157,600	\$822,400	\$980,000
2031	4	4	8	\$157,600	\$822,400	\$980,000
2032	4	8	12	\$157,600	\$572,400	\$730,000
2033	4	4	8	\$157,600	\$572,400	\$730,000
2034	4	8	12	\$157,600	\$822,400	\$980,000
2035	4	4	8	\$157,600	\$572,400	\$730,000

Source: CPA REMI, La Chalupa, 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*	Los Fresnos CISD I&S Tax Levy	Los Fresnos CISD M&O Tax Levy	Los Fresnos CISD M&O and I&S Tax Levies	Cameron County Tax Levy	EMS #1 Tax Levy	Port of Harlingen Tax Levy	Browsville Nav. Tax Levy	Texas Southmost College Tax Levy	South Texas ISD Tax Levy	Drainage Dist #3 Tax Levy	Estimated Total Property Taxes
2021	\$160,157,200	\$160,157,200		\$32,031	\$1,681,651	\$1,713,682	\$657,931	\$149,954	\$48,047	\$57,528	\$260,107	\$78,797	\$235,780	\$3,201,826
2022	\$147,371,574	\$147,371,574		\$29,474	\$1,547,402	\$1,576,876	\$605,407	\$137,983	\$44,211	\$52,936	\$239,342	\$72,507	\$216,957	\$2,946,219
2023	\$135,608,124	\$135,608,124		\$27,122	\$1,423,885	\$1,451,007	\$557,082	\$126,969	\$40,682	\$48,710	\$220,237	\$66,719	\$199,640	\$2,711,046
2024	\$124,785,094	\$124,785,094		\$24,957	\$1,310,243	\$1,335,201	\$512,621	\$116,835	\$37,436	\$44,823	\$202,660	\$61,394	\$183,706	\$2,494,675
2025	\$114,827,265	\$114,827,265		\$22,965	\$1,205,686	\$1,228,652	\$471,714	\$107,512	\$34,448	\$41,246	\$186,488	\$56,495	\$169,046	\$2,295,600
2026	\$105,665,438	\$105,665,438		\$21,133	\$1,109,487	\$1,130,620	\$434,077	\$98,933	\$31,700	\$37,955	\$171,608	\$51,987	\$155,559	\$2,112,439
2027	\$97,235,949	\$97,235,949		\$19,447	\$1,020,977	\$1,040,425	\$399,448	\$91,041	\$29,171	\$34,927	\$157,918	\$47,840	\$143,149	\$1,943,919
2028	\$89,480,225	\$89,480,225		\$17,896	\$939,542	\$957,438	\$367,587	\$83,779	\$26,844	\$32,141	\$145,322	\$44,024	\$131,731	\$1,788,868
2029	\$82,344,380	\$82,344,380		\$16,469	\$864,616	\$881,085	\$338,273	\$77,098	\$24,703	\$29,578	\$133,733	\$40,513	\$121,226	\$1,646,210
2030	\$75,778,839	\$75,778,839		\$15,156	\$795,678	\$810,834	\$311,302	\$70,951	\$22,734	\$27,220	\$123,070	\$37,283	\$111,560	\$1,514,953
2031	\$69,737,990	\$69,737,990		\$13,948	\$732,249	\$746,196	\$286,486	\$65,295	\$20,921	\$25,050	\$113,259	\$34,311	\$102,667	\$1,394,186
2032	\$64,179,873	\$64,179,873		\$12,836	\$673,889	\$686,725	\$263,653	\$60,091	\$19,254	\$23,053	\$104,233	\$31,576	\$94,484	\$1,283,069
2033	\$59,065,883	\$59,065,883		\$11,813	\$620,192	\$632,005	\$242,644	\$55,303	\$17,720	\$21,216	\$95,927	\$29,060	\$86,956	\$1,180,832
2034	\$54,360,502	\$54,360,502		\$10,872	\$570,785	\$581,657	\$223,315	\$50,897	\$16,308	\$19,526	\$88,285	\$26,745	\$80,028	\$1,086,763
2035	\$50,031,054	\$50,031,054		\$10,006	\$525,326	\$535,332	\$205,529	\$46,844	\$15,009	\$17,971	\$81,254	\$24,615	\$73,655	\$1,000,209
			<b>Total</b>	<b>\$286,126</b>	<b>\$15,021,609</b>	<b>\$15,307,734</b>	<b>\$5,877,068</b>	<b>\$1,339,484</b>	<b>\$429,189</b>	<b>\$513,882</b>	<b>\$2,323,442</b>	<b>\$703,870</b>	<b>\$2,106,144</b>	<b>\$28,600,814</b>

Source: CPA, La Chalupa, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Cameron County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Los Fresnos CISD I&S Tax Levy	Los Fresnos CISD M&O Tax Levy	Los Fresnos CISD M&O and I&S Tax Levies	Cameron County Tax Levy	EMS #1 Tax Levy	Port of Harlingen Tax Levy	Browsville Nav. Tax Levy	Texas Southmost College Tax Levy	South Texas ISD Tax Levy	Drainage Dist #3 Tax Levy	Estimated Total Property Taxes
2021	\$160,157,200	\$20,000,000		\$32,031	\$210,000	\$242,031	\$0	\$149,954	\$48,047	\$57,528	\$260,107	\$78,797	\$235,780	\$1,072,245
2022	\$147,371,574	\$20,000,000		\$29,474	\$210,000	\$239,474	\$0	\$137,983	\$44,211	\$52,936	\$239,342	\$72,507	\$216,957	\$1,003,410
2023	\$135,608,124	\$20,000,000		\$27,122	\$210,000	\$237,122	\$0	\$126,969	\$40,682	\$48,710	\$220,237	\$66,719	\$199,640	\$940,079
2024	\$124,785,094	\$20,000,000		\$24,957	\$210,000	\$234,957	\$0	\$116,835	\$37,436	\$44,823	\$202,660	\$61,394	\$183,706	\$881,811
2025	\$114,827,265	\$20,000,000		\$22,965	\$210,000	\$232,965	\$0	\$107,512	\$34,448	\$41,246	\$186,488	\$56,495	\$169,046	\$828,200
2026	\$105,665,438	\$20,000,000		\$21,133	\$210,000	\$231,133	\$0	\$98,933	\$31,700	\$37,955	\$171,608	\$51,987	\$155,559	\$778,875
2027	\$97,235,949	\$20,000,000		\$19,447	\$210,000	\$229,447	\$0	\$91,041	\$29,171	\$34,927	\$157,918	\$47,840	\$143,149	\$733,493
2028	\$89,480,225	\$20,000,000		\$17,896	\$210,000	\$227,896	\$0	\$83,779	\$26,844	\$32,141	\$145,322	\$44,024	\$131,731	\$691,738
2029	\$82,344,380	\$20,000,000		\$16,469	\$210,000	\$226,469	\$0	\$77,098	\$24,703	\$29,578	\$133,733	\$40,513	\$121,226	\$653,321
2030	\$75,778,839	\$20,000,000		\$15,156	\$210,000	\$225,156	\$0	\$70,951	\$22,734	\$27,220	\$123,070	\$37,283	\$111,560	\$617,974
2031	\$69,737,990	\$20,000,000		\$13,948	\$210,000	\$223,948	\$286,486	\$65,295	\$20,921	\$25,050	\$113,259	\$34,311	\$102,667	\$1,394,186
2032	\$64,179,873	\$20,000,000		\$12,836	\$210,000	\$222,836	\$263,653	\$60,091	\$19,254	\$23,053	\$104,233	\$31,576	\$94,484	\$1,283,069
2033	\$59,065,883	\$20,000,000		\$11,813	\$210,000	\$221,813	\$242,644	\$55,303	\$17,720	\$21,216	\$95,927	\$29,060	\$86,956	\$1,180,832
2034	\$54,360,502	\$20,000,000		\$10,872	\$210,000	\$220,872	\$223,315	\$50,897	\$16,308	\$19,526	\$88,285	\$26,745	\$80,028	\$1,086,763
2035	\$50,031,054	\$20,000,000		\$10,006	\$210,000	\$220,006	\$205,529	\$46,844	\$15,009	\$17,971	\$81,254	\$24,615	\$73,655	\$1,000,209
			<b>Total</b>	<b>\$286,126</b>	<b>\$5,222,441</b>	<b>\$5,508,567</b>	<b>\$1,221,627</b>	<b>\$1,339,484</b>	<b>\$429,189</b>	<b>\$513,882</b>	<b>\$2,323,442</b>	<b>\$703,870</b>	<b>\$2,106,144</b>	<b>\$14,146,204</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$9,799,168</b>	<b>\$9,799,168</b>	<b>\$4,655,442</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,454,610</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, La Chalupa, 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 La Chalupa, 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)
<b>Limitation Pre-Years</b>	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2021	\$210,000	\$210,000	\$1,471,651	\$1,471,651
	2022	\$210,000	\$420,000	\$1,337,402	\$2,809,052
	2023	\$210,000	\$630,000	\$1,213,885	\$4,022,937
	2024	\$210,000	\$840,000	\$1,100,243	\$5,123,181
	2025	\$210,000	\$1,050,000	\$995,686	\$6,118,867
	2026	\$210,000	\$1,260,000	\$899,487	\$7,018,354
	2027	\$210,000	\$1,470,000	\$810,977	\$7,829,332
	2028	\$210,000	\$1,680,000	\$729,542	\$8,558,874
	2029	\$210,000	\$1,890,000	\$654,616	\$9,213,490
	2030	\$210,000	\$2,100,000	\$585,678	\$9,799,168
<b>Maintain Viable Presence (5 Years)</b>	2031	\$732,249	\$2,832,249	\$0	\$9,799,168
	2032	\$673,889	\$3,506,138	\$0	\$9,799,168
	2033	\$620,192	\$4,126,329	\$0	\$9,799,168
	2034	\$570,785	\$4,697,115	\$0	\$9,799,168
	2035	\$525,326	\$5,222,441	\$0	\$9,799,168
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2036	\$483,499	\$5,705,939	\$0	\$9,799,168
	2037	\$445,012	\$6,150,951	\$0	\$9,799,168
	2038	\$409,600	\$6,560,551	\$0	\$9,799,168
	2039	\$377,016	\$6,937,567	\$0	\$9,799,168
	2040	\$347,034	\$7,284,601	\$0	\$9,799,168
	2041	\$319,446	\$7,604,048	\$0	\$9,799,168
	2042	\$294,061	\$7,898,109	\$0	\$9,799,168
	2043	\$270,703	\$8,168,811	\$0	\$9,799,168
	2044	\$249,208	\$8,418,020	\$0	\$9,799,168
	2045	\$229,430	\$8,647,450	\$0	\$9,799,168

**\$8,647,450** is less than **\$9,799,168**

<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?	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 levv directly related to this project.

Source: CPA, La Chalupa, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	300	272	572.27	\$15,750,000	\$24,040,000	\$39,790,000	2182000	-1007000	\$3,189,000
2021	4	23	27	\$157,600	\$4,722,400	\$4,880,000	595000	183000	\$412,000
2022	4	10	14	\$157,600	\$3,382,400	\$3,540,000	420000	313000	\$107,000
2023	4	2	6	\$157,600	\$2,042,400	\$2,200,000	328000	336000	-\$8,000
2024	4	(2)	2	\$157,600	\$1,182,400	\$1,340,000	282000	351000	-\$69,000
2025	4	2	6	\$157,600	\$692,400	\$850,000	221000	328000	-\$107,000
2026	4	(0)	4	\$157,600	\$452,400	\$610,000	191000	320000	-\$129,000
2027	4	(0)	4	\$157,600	\$572,400	\$730,000	175000	267000	-\$92,000
2028	4	2	6	\$157,600	\$822,400	\$980,000	183000	229000	-\$46,000
2029	4	2	6	\$157,600	\$822,400	\$980,000	153000	221000	-\$68,000
2030	4	6	10	\$157,600	\$822,400	\$980,000	130000	160000	-\$30,000
2031	4	4	8	\$157,600	\$822,400	\$980,000	130000	137000	-\$7,000
2032	4	8	12	\$157,600	\$572,400	\$730,000	122000	130000	-\$8,000
2033	4	4	8	\$157,600	\$572,400	\$730,000	99000	53000	\$46,000
2034	4	8	12	\$157,600	\$822,400	\$980,000	84000	46000	\$38,000
2035	4	4	8	\$157,600	\$572,400	\$730,000	31000	38000	-\$7,000
2036	4	4	8	\$157,600	\$332,400	\$490,000	-8000	-23000	\$15,000
2037	4	4	8	\$157,600	\$332,400	\$490,000	-38000	-76000	\$38,000
2038	4	2	6	\$157,600	\$82,400	\$240,000	-31000	-76000	\$45,000
2039	4	8	12	\$157,600	\$572,400	\$730,000	-61000	-114000	\$53,000
2040	4	(2)	2	\$157,600	\$82,400	\$240,000	-92000	-168000	\$76,000
2041	4	6	10	\$157,600	-\$157,600	\$0	-92000	-168000	\$76,000
2042	4	(0)	4	\$157,600	\$82,400	\$240,000	-107000	-206000	\$99,000
2043	4	(2)	2	\$157,600	-\$157,600	\$0	-137000	-237000	\$100,000
2044	4	(4)	0	\$157,600	-\$157,600	\$0	-153000	-229000	\$76,000
2045	4	(0)	4	\$157,600	-\$157,600	\$0	-153000	-298000	\$145,000
2046	4	(2)	2	\$157,600	-\$157,600	\$0	-122000	-298000	\$176,000
<b>Total</b>							<b>\$4,332,000</b>	<b>\$212,000</b>	<b>\$4,120,000</b>
							\$12,767,450	is greater than	\$9,799,168

<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?	<b>Yes</b>	

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 La Chalupa, 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:

- The applicant is a wholly owned subsidiary of Acciona Energy USA Global LLC (“AEUG”). AEUG is part of the ACCIONA Group’s energy division and is responsible for development, construction and operations of renewable energy projects in the United States and Canada.
- Per the Acciona Group in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Due to the extremely competitive power market in ERCOT most if not all energy offtake economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today’s contracted power rates. For example, a signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA may have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA, or other offtake solution becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed “
  - B. “The ACCIONA Group has numerous wind and solar sites in development, both globally and throughout the US, and is continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, the ACCIONA Group currently has ongoing project developments in many states, including but not limited to, Pennsylvania, Virginia, New Mexico and Illinois, among others.”

- Supplemental information provided by the applicant stated the following:
  - A. La Chalupa Wind Farm or La Chalupa Wind Project. We did acquire development assets from a separate project that were integrated into La Chalupa. The name of that project was Cameron II, or Espiritu.”
  - B. “Two separate IGNR numbers that we have merged into one SGIA (signed earlier this week)”
    - Chalupa – 20INR0042
    - Espiritu – 17INR0031

**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
- c) Additional information provided by the Applicant or located by the Comptroller

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

# **Supporting Information**

**Section 8 of the Application for  
a Limitation on Appraised Value**

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

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

**SECTION 7: Project Description**

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
 

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

**SECTION 8: Limitation as Determining Factor**

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

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

# **Supporting Information**

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

**TAB 5**

*Documentation to assist in determining if limitation is a determining factor.*

The applicant is a wholly owned subsidiary of Acciona Energy USA Global LLC ("AEUG"). AEUG is part of the ACCIONA Group's energy division and is responsible for development, construction and operations of renewable energy projects in the United States and Canada.

The ACCIONA Group is a leader in the development and management of infrastructure, water, services and renewable energy. Listed on the Spanish blue-chip IBEX35 index (ANA.MC), it is a public company with over 33,550 employees in more than 30 countries in five continents.

In the United States, the ACCIONA Group develops, owns and operates renewable energy and infrastructure projects. The energy division owns and operates a nearly 900 MW of wind and solar projects across the U.S. and Canada and is an independent power producer focused solely on renewable energy. ACCIONA Group's U.S. team is involved in all aspects renewable energy, including, financing, construction, project development operations and power marketing.

The ACCIONA Group is keen to develop and build the proposed La Chalupa Wind Project as per this application. The applicant has undertaken customary development activities in connection with the La Chalupa Wind Project, including: (i) entering into various contracts such as real estate leases and service agreements for engineering services and environmental studies, and (ii) obtained certain state and local permits such as a road use agreement with Cameron County.

Since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind or other renewable energy projects. The ACCIONA Group is active throughout the United States and globally where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to its customers and making its investment more viable and marketable. The ACCIONA Group has numerous wind and solar sites in development, both globally and throughout the US, and is continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, the ACCIONA Group currently has ongoing project developments in many states, including but not limited to, Pennsylvania, Virginia, New Mexico and Illinois, among others.

Due to the extremely competitive power market in ERCOT most if not all energy offtake economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates. For example, a signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA may have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA, or other offtake solution becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)  
– Los Fresnos CISD– La Chalupa, LLC App. #1415

Comptroller Questions (via email on August 29, 2019):

Applicant Response (via email on January 16, 2020):

1. *Is La Chalupa, LLC currently known by any other project names?*

*La Chalupa Wind Farm or La Chalupa Wind Project. We did acquire development assets from a separate project that were integrated into La Chalupa. The name of that project was Cameron II, or Espiritu*

2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and date it was assigned.*

*Two separate IGNR numbers that we have merged into one SGIA (signed earlier this week)*

*Chalupa – 20INR0042*

*Espiritu – 17INR0031*

3. *Please also list any other names by which this project may have been known in the past – in media reports, investor presentations, or any listings with any federal or state agency.*

*La Chalupa Wind Farm or La Chalupa Wind Project. We did acquire development assets from a separate project that were integrated into La Chalupa. The name of that project was Cameron II, or Espiritu*