



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 18, 2020

AMENDED CERTIFICATION

Elda Alejandro
Superintendent
Knippa Independent School District
100 Kessler lane
Knippa, Texas 78870

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Knippa Independent School District and OCI Sunray, LLC, Application 1439

Dear Superintendent Alejandro:

This application (Application 1439) was originally submitted on October 10, 2019, to the Knippa Independent School District (school district) by OCI Sunray, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On April 10, 2020, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on May 22, 2020. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on August 6, 2020.

On October 9 2020, the Comptroller received an amendment to the agreement to 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.

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 within a year from the date of this letter.

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 OCI Sunray, LLC (project) applying to Knippa 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 OCI Sunray, LLC.

	Original	Amendment No. 1
Applicant	OCI Sunray, LLC	OCI Sunray, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar	Renewable Energy - Solar
School District	Knippa ISD	Knippa ISD
2018-2019 Average Daily Attendance	416	416
County	Uvalde	Uvalde
Proposed Total Investment in District	\$168,000,000	\$168,000,000
Proposed Qualified Investment	\$168,000,000	\$168,000,000
Limitation Amount	\$20,000,000	\$20,000,000
Qualifying Time Period (Full Years)	2021-2022	2021-2022
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	\$901	\$901
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$901	\$901
Minimum annual wage committed to by applicant for qualified jobs	\$46,865	\$46,865
Minimum weekly wage required for non-qualifying jobs	\$682	\$682
Minimum annual wage required for non-qualifying jobs	\$35,438	\$35,438
Investment per Qualifying Job	\$168,000,000	\$168,000,000
Estimated M&O levy without any limit (15 years)	\$12,342,270	\$12,065,828
Estimated M&O levy with Limitation (15 years)	\$4,004,601	\$3,728,159
Estimated gross M&O tax benefit (15 years)	\$8,337,669	\$8,337,669

* 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 OCI Sunray, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	20	15	35	\$600,000	\$1,475,000	\$2,075,000
2022	180	136	316,406	\$5,400,000	\$14,253,000	\$19,653,000
2023	1	15	16	\$46,865	\$2,883,135	\$2,930,000
2024	1	5	6	\$46,865	\$1,906,135	\$1,953,000
2025	1	9	10	\$46,865	\$1,540,135	\$1,587,000
2026	1	5	6	\$46,865	\$1,052,135	\$1,099,000
2027	1	7	8	\$46,865	\$1,418,135	\$1,465,000
2028	1	7	8	\$46,865	\$1,418,135	\$1,465,000
2029	1	7	8	\$46,865	\$1,174,135	\$1,221,000
2030	1	5	6	\$46,865	\$685,135	\$732,000
2031	1	5	6	\$46,865	\$1,174,135	\$1,221,000
2032	1	11	12	\$46,865	\$1,174,135	\$1,221,000
2033	1	9	10	\$46,865	\$930,135	\$977,000
2034	1	7	8	\$46,865	\$1,174,135	\$1,221,000
2035	1	7	8	\$46,865	\$685,135	\$732,000
2036	1	11	12	\$46,865	\$685,135	\$732,000

Source: CPA REMI, OCI Sunray, 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*	Knippa ISD I&S Tax Levy	Knippa ISD M&O Tax Levy	Knippa ISD M&O and I&S Tax Levies	Uvalde County Tax Levy	Uvalde Co UWCD Tax Levy	SWTJC Tax Levy	Estimated Total Property Taxes
				0.1400	1.0685		0.6158	0.0126	0.1614	
2022	\$7,728,000	\$7,728,000		\$10,819	\$82,574	\$93,393	\$47,589	\$974	\$12,473	\$154,429
2023	\$154,560,000	\$154,560,000		\$216,384	\$1,651,474	\$1,867,858	\$951,780	\$19,475	\$249,460	\$3,088,572
2024	\$150,292,800	\$150,292,800		\$210,410	\$1,605,879	\$1,816,288	\$925,503	\$18,937	\$242,573	\$3,003,301
2025	\$138,660,480	\$138,660,480		\$194,125	\$1,481,587	\$1,675,712	\$853,871	\$17,471	\$223,798	\$2,770,852
2026	\$121,227,120	\$121,227,120		\$169,718	\$1,295,312	\$1,465,030	\$746,517	\$15,275	\$195,661	\$2,422,482
2027	\$105,917,280	\$105,917,280		\$148,284	\$1,131,726	\$1,280,010	\$652,239	\$13,346	\$170,950	\$2,116,545
2028	\$90,634,320	\$90,634,320		\$126,888	\$968,428	\$1,095,316	\$558,126	\$11,420	\$146,284	\$1,811,146
2029	\$72,727,200	\$72,727,200		\$101,818	\$777,090	\$878,908	\$447,854	\$9,164	\$117,382	\$1,453,308
2030	\$57,556,800	\$57,556,800		\$80,580	\$614,994	\$695,574	\$354,435	\$7,252	\$92,897	\$1,150,158
2031	\$47,496,960	\$47,496,960		\$66,496	\$507,505	\$574,001	\$292,486	\$5,985	\$76,660	\$949,132
2032	\$41,242,320	\$41,242,320		\$57,739	\$440,674	\$498,413	\$253,970	\$5,197	\$66,565	\$824,145
2033	\$40,387,200	\$40,387,200		\$56,542	\$431,537	\$488,079	\$248,704	\$5,089	\$65,185	\$807,057
2034	\$33,600,000	\$33,600,000		\$47,040	\$359,016	\$406,056	\$206,909	\$4,234	\$54,230	\$671,429
2035	\$33,600,000	\$33,600,000		\$47,040	\$359,016	\$406,056	\$206,909	\$4,234	\$54,230	\$671,429
2036	\$33,600,000	\$33,600,000		\$47,040	\$359,016	\$406,056	\$206,909	\$4,234	\$54,230	\$671,429
			Total	\$1,580,923	\$12,065,828	\$13,646,750	\$6,953,801	\$142,283	\$1,822,578	\$22,565,413

Source: CPA, OCI Sunray, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Uvalde 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		Knippa ISD I&S Tax Levy	Knippa ISD M&O Tax Levy	Knippa ISD M&O and I&S Tax Levies	Uvalde County Tax Levy	Uvalde Co UWCD Tax Levy	SWTJC Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1400	1.0685		0.6158	0.0126	0.1614	
2022	\$7,728,000	\$7,728,000		\$10,819	\$82,574	\$93,393	\$47,589	\$974	\$12,473	\$154,429
2023	\$154,560,000	\$20,000,000		\$216,384	\$213,700	\$430,084	\$951,780	\$19,475	\$249,460	\$1,650,799
2024	\$150,292,800	\$20,000,000		\$210,410	\$213,700	\$424,110	\$925,503	\$18,937	\$242,573	\$1,611,122
2025	\$138,660,480	\$20,000,000		\$194,125	\$213,700	\$407,825	\$853,871	\$17,471	\$223,798	\$1,502,965
2026	\$121,227,120	\$20,000,000		\$169,718	\$213,700	\$383,418	\$746,517	\$15,275	\$195,661	\$1,340,870
2027	\$105,917,280	\$20,000,000		\$148,284	\$213,700	\$361,984	\$652,239	\$13,346	\$170,950	\$1,198,519
2028	\$90,634,320	\$20,000,000		\$126,888	\$213,700	\$340,588	\$558,126	\$11,420	\$146,284	\$1,056,418
2029	\$72,727,200	\$20,000,000		\$101,818	\$213,700	\$315,518	\$447,854	\$9,164	\$117,382	\$889,918
2030	\$57,556,800	\$20,000,000		\$80,580	\$213,700	\$294,280	\$354,435	\$7,252	\$92,897	\$748,863
2031	\$47,496,960	\$20,000,000		\$66,496	\$213,700	\$280,196	\$292,486	\$5,985	\$76,660	\$655,327
2032	\$41,242,320	\$20,000,000		\$57,739	\$213,700	\$271,439	\$253,970	\$5,197	\$66,565	\$597,171
2033	\$40,387,200	\$40,387,200		\$56,542	\$431,537	\$488,079	\$248,704	\$5,089	\$65,185	\$807,057
2034	\$33,600,000	\$33,600,000		\$47,040	\$359,016	\$406,056	\$206,909	\$4,234	\$54,230	\$671,429
2035	\$33,600,000	\$33,600,000		\$47,040	\$359,016	\$406,056	\$206,909	\$4,234	\$54,230	\$671,429
2036	\$33,600,000	\$33,600,000		\$47,040	\$359,016	\$406,056	\$206,909	\$4,234	\$54,230	\$671,429
			Total	\$1,580,923	\$3,728,159	\$5,309,082	\$6,953,801	\$142,283	\$1,822,578	\$14,227,744
			Diff	\$0	\$8,337,669	\$8,337,669	\$0	\$0	\$0	\$8,337,669

Source: CPA, OCI Sunray, 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 OCI Sunray, 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	\$82,574	\$82,574	\$0	\$0
Limitation Period (10 Years)	2023	\$213,700	\$296,274	\$1,437,774	\$1,437,774
	2024	\$213,700	\$509,974	\$1,392,179	\$2,829,952
	2025	\$213,700	\$723,674	\$1,267,887	\$4,097,839
	2026	\$213,700	\$937,374	\$1,081,612	\$5,179,451
	2027	\$213,700	\$1,151,074	\$918,026	\$6,097,477
	2028	\$213,700	\$1,364,774	\$754,728	\$6,852,205
	2029	\$213,700	\$1,578,474	\$563,390	\$7,415,595
	2030	\$213,700	\$1,792,174	\$401,294	\$7,816,890
	2031	\$213,700	\$2,005,874	\$293,805	\$8,110,695
	2032	\$213,700	\$2,219,574	\$226,974	\$8,337,669
Maintain Viable Presence (5 Years)	2033	\$431,537	\$2,651,111	\$0	\$8,337,669
	2034	\$359,016	\$3,010,127	\$0	\$8,337,669
	2035	\$359,016	\$3,369,143	\$0	\$8,337,669
	2036	\$359,016	\$3,728,159	\$0	\$8,337,669
	2037	\$359,016	\$4,087,175	\$0	\$8,337,669
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	\$359,016	\$4,446,191	\$0	\$8,337,669
	2039	\$364,042	\$4,810,233	\$0	\$8,337,669
	2040	\$366,376	\$5,176,609	\$0	\$8,337,669
	2041	\$369,410	\$5,546,018	\$0	\$8,337,669
	2042	\$375,944	\$5,921,962	\$0	\$8,337,669
	2043	\$377,110	\$6,299,072	\$0	\$8,337,669
	2044	\$380,377	\$6,679,450	\$0	\$8,337,669
	2045	\$386,678	\$7,066,128	\$0	\$8,337,669
	2046	\$392,512	\$7,458,640	\$0	\$8,337,669
	2047	\$406,514	\$7,865,154	\$0	\$8,337,669
		\$7,865,154	is less than	\$8,337,669	
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, OCI Sunray, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	20	15	35	\$600,000	\$1,475,000	\$2,075,000	92000	-76000	\$168,000
2022	180	136	316.406	\$5,400,000	\$14,253,000	\$19,653,000	977000	-572000	\$1,549,000
2023	1	15	16	\$46,865	\$2,883,135	\$2,930,000	160000	237000	-\$77,000
2024	1	5	6	\$46,865	\$1,906,135	\$1,953,000	183000	244000	-\$61,000
2025	1	9	10	\$46,865	\$1,540,135	\$1,587,000	168000	252000	-\$84,000
2026	1	5	6	\$46,865	\$1,052,135	\$1,099,000	175000	259000	-\$84,000
2027	1	7	8	\$46,865	\$1,418,135	\$1,465,000	183000	229000	-\$46,000
2028	1	7	8	\$46,865	\$1,418,135	\$1,465,000	221000	237000	-\$16,000
2029	1	7	8	\$46,865	\$1,174,135	\$1,221,000	221000	267000	-\$46,000
2030	1	5	6	\$46,865	\$685,135	\$732,000	229000	252000	-\$23,000
2031	1	5	6	\$46,865	\$1,174,135	\$1,221,000	259000	275000	-\$16,000
2032	1	11	12	\$46,865	\$1,174,135	\$1,221,000	244000	290000	-\$46,000
2033	1	9	10	\$46,865	\$930,135	\$977,000	214000	275000	-\$61,000
2034	1	7	8	\$46,865	\$1,174,135	\$1,221,000	191000	275000	-\$84,000
2035	1	7	8	\$46,865	\$685,135	\$732,000	153000	267000	-\$114,000
2036	1	11	12	\$46,865	\$685,135	\$732,000	145000	244000	-\$99,000
2037	1	9	10	\$46,865	\$685,135	\$732,000	145000	244000	-\$99,000
2038	1	7	8	\$46,865	\$930,135	\$977,000	183000	252000	-\$69,000
2039	1	15	16	\$46,865	\$1,906,135	\$1,953,000	229000	214000	\$15,000
2040	1	13	14	\$46,865	\$1,662,135	\$1,709,000	229000	198000	\$31,000
2041	1	22	23	\$46,865	\$2,150,135	\$2,197,000	229000	206000	\$23,000
2042	1	17	18	\$46,865	\$2,150,135	\$2,197,000	229000	198000	\$31,000
2043	1	11	12	\$46,865	\$1,906,135	\$1,953,000	214000	206000	\$8,000
2044	1	9	10	\$46,865	\$2,394,135	\$2,441,000	198000	221000	-\$23,000
2045	1	15	16	\$46,865	\$1,906,135	\$1,953,000	153000	160000	-\$7,000
2046	1	9	10	\$46,865	\$2,394,135	\$2,441,000	198000	183000	\$15,000
2047	1	15	16	\$46,865	\$2,394,135	\$2,441,000	275000	160000	\$115,000
2048	1	19	20	\$46,865	\$3,371,135	\$3,418,000	275000	198000	\$77,000
						Total	\$6,372,000	\$5,395,000	\$977,000
							\$8,842,154	is greater than	\$8,337,669

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.