



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

February 13, 2020

Roberto Santos
Superintendent
United Independent School District
201 Lindenwood
Laredo, Texas 78045

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between United Independent School
District and Corazon Energy, LLC, Application 1441

Dear Superintendent Santos:

On December 18, 2019, the Comptroller issued written notice that Corazon Energy, LLC (applicant) submitted a completed application (Application 1441) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on October 16, 2019, to the United 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 B; 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 1441.

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 B.

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 December 18, 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,

A handwritten signature in black ink that reads "Lisa Craven". The signature is fluid and cursive, with the first name "Lisa" and last name "Craven" clearly distinguishable.

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

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

Applicant	Corazon Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	United ISD
2018-2019 Average Daily Attendance	40,364
County	Webb
Proposed Total Investment in District	\$465,000,000
Proposed Qualified Investment	\$465,000,000
Limitation Amount	\$100,000,000
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	\$785
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$785
Minimum annual wage committed to by applicant for qualified jobs	\$40,800
Minimum weekly wage required for non-qualifying jobs	\$710
Minimum annual wage required for non-qualifying jobs	\$36,920
Investment per Qualifying Job	\$116,250,000
Estimated M&O levy without any limit (15 years)	\$20,702,275
Estimated M&O levy with Limitation (15 years)	\$12,558,647
Estimated gross M&O tax benefit (15 years)	\$8,143,628

* 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 Corazon Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	400	501	901	\$20,000,000	\$45,418,000	\$65,418,000
2021	400	523	922.683	\$20,000,000	\$53,402,000	\$73,402,000
2022	4	63	67	\$163,200	\$12,952,800	\$13,116,000
2023	4	23	27	\$163,200	\$7,965,800	\$8,129,000
2024	4	(12)	-8	\$163,200	\$3,725,800	\$3,889,000
2025	4	(27)	-23	\$163,200	\$1,295,800	\$1,459,000
2026	4	(31)	-27	\$163,200	\$69,800	\$233,000
2027	4	(27)	-23	\$163,200	-\$354,200	-\$191,000
2028	4	(20)	-16	\$163,200	-\$249,200	-\$86,000
2029	4	(12)	-8	\$163,200	\$148,800	\$312,000
2030	4	(4)	0	\$163,200	\$724,800	\$888,000
2031	4	3	7	\$163,200	\$1,347,800	\$1,511,000
2032	4	8	12	\$163,200	\$1,916,800	\$2,080,000
2033	4	12	16	\$163,200	\$2,389,800	\$2,553,000
2034	4	14	18	\$163,200	\$2,752,800	\$2,916,000
2035	4	15	19	\$163,200	\$3,001,800	\$3,165,000
2036	4	15	19	\$163,200	\$3,075,800	\$3,239,000

Source: CPA REMI, Corazon Energy, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		United ISD I&S Tax Levy	United ISD M&O Tax Levy	M&O and I&S Tax Levies	Webb County Tax Levy	Laredo College Distr Tax Levy	Webb Co Drainage Dist #1 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2117	0.9700		0.4120	0.3271	0.0462	
2021	\$50,000,000	\$50,000,000		\$105,862	\$485,000	\$590,862	\$206,000	\$163,552	\$23,117	\$983,530
2022	\$303,214,650	\$303,214,650		\$641,975	\$2,941,182	\$3,583,157	\$1,249,244	\$991,824	\$140,188	\$5,964,414
2023	\$278,945,960	\$278,945,960		\$590,593	\$2,705,776	\$3,296,369	\$1,149,257	\$912,441	\$128,968	\$5,487,034
2024	\$252,759,185	\$252,759,185		\$535,149	\$2,451,764	\$2,986,913	\$1,041,368	\$826,783	\$116,861	\$4,971,925
2025	\$224,459,235	\$224,459,235		\$475,232	\$2,177,255	\$2,652,486	\$924,772	\$734,213	\$103,776	\$4,415,248
2026	\$193,916,050	\$193,916,050		\$410,565	\$1,880,986	\$2,291,551	\$798,934	\$634,305	\$89,655	\$3,814,445
2027	\$160,934,540	\$160,934,540		\$340,735	\$1,561,065	\$1,901,800	\$663,050	\$526,422	\$74,406	\$3,165,679
2028	\$125,319,615	\$125,319,615		\$265,330	\$1,215,600	\$1,480,931	\$516,317	\$409,924	\$57,940	\$2,465,112
2029	\$86,843,670	\$86,843,670		\$183,868	\$842,384	\$1,026,252	\$357,796	\$284,068	\$40,151	\$1,708,267
2030	\$65,438,300	\$65,438,300		\$138,548	\$634,752	\$773,299	\$269,606	\$214,051	\$30,255	\$1,287,211
2031	\$65,428,100	\$65,428,100		\$138,526	\$634,653	\$773,179	\$269,564	\$214,017	\$30,250	\$1,287,010
2032	\$65,418,100	\$65,418,100		\$138,505	\$634,556	\$773,061	\$269,523	\$213,985	\$30,245	\$1,286,813
2033	\$65,408,400	\$65,408,400		\$138,485	\$634,461	\$772,946	\$269,483	\$213,953	\$30,241	\$1,286,622
2034	\$65,398,900	\$65,398,900		\$138,465	\$634,369	\$772,834	\$269,443	\$213,922	\$30,237	\$1,286,436
2035	\$65,389,700	\$65,389,700		\$138,445	\$634,280	\$772,725	\$269,406	\$213,892	\$30,232	\$1,286,255
2036	\$65,380,700	\$65,380,700		\$138,426	\$634,193	\$772,619	\$269,368	\$213,862	\$30,228	\$1,286,078
			Total	\$4,518,709	\$20,702,275	\$25,220,983	\$8,793,131	\$6,981,212	\$986,752	\$41,982,078

Source: CPA, Corazon Energy, LLC
*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Webb 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		United ISD I&S Tax Levy	United ISD M&O Tax Levy	M&O and I&S Tax Levies	Webb County Tax Levy	Laredo College Distr Tax Levy	Webb Co Drainage Dist #1 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2117	0.9700		0.4120	0.3271	0.0462	
2021	\$50,000,000	\$50,000,000		\$105,862	\$485,000	\$590,862	\$61,800	\$163,552	\$23,117	\$839,330
2022	\$303,214,650	\$100,000,000		\$641,975	\$970,000	\$1,611,975	\$374,773	\$991,824	\$140,188	\$3,118,761
2023	\$278,945,960	\$100,000,000		\$590,593	\$970,000	\$1,560,593	\$344,777	\$912,441	\$128,968	\$2,946,778
2024	\$252,759,185	\$100,000,000		\$535,149	\$970,000	\$1,505,149	\$312,410	\$826,783	\$116,861	\$2,761,203
2025	\$224,459,235	\$100,000,000		\$475,232	\$970,000	\$1,445,232	\$277,432	\$734,213	\$103,776	\$2,560,653
2026	\$193,916,050	\$100,000,000		\$410,565	\$970,000	\$1,380,565	\$239,680	\$634,305	\$89,655	\$2,344,205
2027	\$160,934,540	\$100,000,000		\$340,735	\$970,000	\$1,310,735	\$198,915	\$526,422	\$74,406	\$2,110,479
2028	\$125,319,615	\$100,000,000		\$265,330	\$970,000	\$1,235,330	\$154,895	\$409,924	\$57,940	\$1,858,090
2029	\$86,843,670	\$86,843,670		\$183,868	\$842,384	\$1,026,252	\$107,339	\$284,068	\$40,151	\$1,457,810
2030	\$65,438,300	\$65,438,300		\$138,548	\$634,752	\$773,299	\$80,882	\$214,051	\$30,255	\$1,098,487
2031	\$65,428,100	\$65,428,100		\$138,526	\$634,653	\$773,179	\$80,869	\$214,017	\$30,250	\$1,098,315
2032	\$65,418,100	\$65,418,100		\$138,505	\$634,556	\$773,061	\$269,523	\$213,985	\$30,245	\$1,286,813
2033	\$65,408,400	\$65,408,400		\$138,485	\$634,461	\$772,946	\$269,483	\$213,953	\$30,241	\$1,286,622
2034	\$65,398,900	\$65,398,900		\$138,465	\$634,369	\$772,834	\$269,443	\$213,922	\$30,237	\$1,286,436
2035	\$65,389,700	\$65,389,700		\$138,445	\$634,280	\$772,725	\$269,406	\$213,892	\$30,232	\$1,286,255
2036	\$65,380,700	\$65,380,700		\$138,426	\$634,193	\$772,619	\$269,368	\$213,862	\$30,228	\$1,286,078
			Total	\$4,518,709	\$12,558,647	\$17,077,356	\$3,580,995	\$6,981,212	\$986,752	\$28,626,315
			Diff	\$0	\$8,143,628	\$8,143,628	\$5,212,136	\$0	\$0	\$13,355,763
Assumes School Value Limitation and Tax Abatements with the County.										

Source: CPA, Corazon Energy, LLC

*Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Corazon Energy, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$485,000	\$485,000	\$0	\$0
Limitation Period (10 Years)	2022	\$970,000	\$1,455,000	\$1,971,182	\$1,971,182
	2023	\$970,000	\$2,425,000	\$1,735,776	\$3,706,958
	2024	\$970,000	\$3,395,000	\$1,481,764	\$5,188,722
	2025	\$970,000	\$4,365,000	\$1,207,255	\$6,395,977
	2026	\$970,000	\$5,335,000	\$910,986	\$7,306,962
	2027	\$970,000	\$6,305,000	\$591,065	\$7,898,027
	2028	\$970,000	\$7,275,000	\$245,600	\$8,143,628
	2029	\$842,384	\$8,117,384	\$0	\$8,143,628
	2030	\$634,752	\$8,752,135	\$0	\$8,143,628
	2031	\$634,653	\$9,386,788	\$0	\$8,143,628
Maintain Viable Presence (5 Years)	2032	\$634,556	\$10,021,343	\$0	\$8,143,628
	2033	\$634,461	\$10,655,805	\$0	\$8,143,628
	2034	\$634,369	\$11,290,174	\$0	\$8,143,628
	2035	\$634,280	\$11,924,454	\$0	\$8,143,628
	2036	\$634,193	\$12,558,647	\$0	\$8,143,628
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$634,107	\$13,192,754	\$0	\$8,143,628
	2038	\$634,025	\$13,826,779	\$0	\$8,143,628
	2039	\$633,944	\$14,460,724	\$0	\$8,143,628
	2040	\$633,866	\$15,094,590	\$0	\$8,143,628
	2041	\$633,789	\$15,728,379	\$0	\$8,143,628
	2042	\$602,175	\$16,330,554	\$0	\$8,143,628
	2043	\$602,102	\$16,932,656	\$0	\$8,143,628
	2044	\$602,031	\$17,534,688	\$0	\$8,143,628
	2045	\$601,962	\$18,136,649	\$0	\$8,143,628
	2046	\$601,894	\$18,738,543	\$0	\$8,143,628

\$18,738,543

is greater than

\$8,143,628

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

Source: CPA, Corazon Energy, LLC

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

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 Corazon Energy 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 international trading conglomerate BayWa AG pools all its renewable activities in its subsidiary Bay Wa r.e. (r.e. stands for “renewable energy”), active in the wind, solar, geothermal and biogas industries. Headquartered in Munich since inception in 1923, BayWa AG is a publicly traded company generating an annual revenue of 16.6 billion Euros and employs over 17,000 individuals across its three core segments: Agriculture, Building Materials, and Energy.
- Per BayWa. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “In light of its global scope, BayWa has many opportunities to invest its capital in other alternate locations in the United States and internationally. Current U.S. locations under consideration are in California, Kentucky, North Carolina, Illinois, Utah and Georgia. A key consideration for choosing to invest in this project is the projected return on capital, which will be materially impacted by securing the Texas 313 Value Limitation Agreement.”
- According to the Energy Central News article released November 15, 2019, “Another, called Corazon, would be larger, a 200- to 400-megawatt project expected to cost about \$190 million. This project is the farthest along, with Bordas having finished the engineering, plus their financing partner is in place, Said Dan King, president of the company. Corazon is off Highway 59 near Ranchitos Los Lomas.”
- Per Tab 4 the applicant is not known by any other names. The IGNR number is 15INR0044 and was assigned on August 27, 2013. The project has not been referred to by any other names in any media reports, investor reports or federal and state filings.

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:

☒ Land has no existing improvements
☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Land has existing improvements (*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

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

The international trading conglomerate BayWa AG pools all its renewable activities in its subsidiary BayWa r.e. (r.e. stands for “renewable energy”), active in the wind, solar, geothermal and biogas industries. Headquartered in Munich since inception in 1923, BayWa AG is a publicly traded company generating an annual revenue of 16.6 billion Euros and employs over 17,000 individuals across its three core segments: Agriculture, Building Materials, and Energy.

With over 1,800 employees working in BayWa r.e. in more than 30 locations across Europe, Japan, Southeast Asia and North America, the group has developed and constructed over 2.5 GWs and actively provides O&M and asset management for over 6 GWs. BayWa r.e. acquires, develops, constructs and operates renewable energy projects as well as distributing PV components on a wholesale basis. BayWa r.e. Solar Projects, LLC is responsible for the group's North American activities in the solar and storage sectors.

BayWa is a unique provider of renewable energy for a number of reasons:

- 96 Years of operating experience
- 6 GW of renewable energy experience
- The ability to finance the full cycle of a project on balance sheet
- 100% control and ownership of development assets
- Over 4 GW pipeline of projects in the U.S. and Mexican markets
- In-house turnkey services including development, EPC, financing and O&M

In light of its global scope, BayWa has many opportunities to invest its capital in other alternate locations in the United States and internationally. Current U.S. locations under consideration are in California, Kentucky, North Carolina, Illinois, Utah and Georgia. A key consideration for choosing to invest in this project is the projected return on capital, which will be materially impacted by securing the Texas 313 Value Limitation Agreement.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

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Renewable energy company asks for tax abatement for three Webb Co. solar projects

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Nov 15, 2019 7:59 pm GMT

413 views



The renewable energy company that developed and operates wind farms in Webb County approached the Commissioners Court on Tuesday requesting another tax abatement for a new

solar energy project in the area.

The court voted for their attorneys to meet with the company to discuss their proposal.

Bordas Energy plans to build three solar energy projects across Webb County. One near Uniroyal Drive and Interstate 35 would be a 150-megawatt project with an expected cost of about \$140 million.

Another, called Corazon, would be larger, a 200- to 400-megawatt project expected to cost about \$190 million. This project is the farthest along, with Bordas having finished the engineering, plus their financing partner is in place, said Dan King, president of the company. Corazon is off Highway 59 near Ranchitos Las Lomas.

The third project would be near Oilton off Highway 359, a 200-megawatt energy producer estimated to cost about \$190 million.

These projects would be smaller in scale than the wind farms in east Webb County, with solar panels and glass taking up 1,500 to 2,000 acres of space, King said. The wind farms, on the other hand, have been built on 25,000 acres of open land.

If everything goes as planned, these solar energy projects will be finished in 2021 and 2022, King said. He argues it would not be possible to complete these projects without a tax abatement from the county since property taxes in Texas are relatively high.

For better or worse, they're competing with other similar projects across the state that receive property tax abatements, he said.

When we go to sell our power, we're trying to get to the lowest price we can and have the cost be as competitive as possible. We need the tax abatement in order to do these things, King said.

Many economists argue that economic development deals are ineffective, or at the very least overused. Questionable deals such as Wisconsin's \$4 billion incentive to bring a Foxconn plant to the state and Amazon's nationwide competition to bid for its second headquarters brought this argument to the forefront.

County Judge Tano Tijerina admitted that tax abatements can be tough for the public to swallow, but he believes they lead to investments in the county that would never occur otherwise.

Bordas wind energy projects have brought in about \$7.2 million in tax revenue to Webb County

over the past 10 years, and around \$11.7 million to Webb Consolidated ISD.

The countys revenues could have been closer to \$12 million had a portion of the taxes not been abated, but in the end its money they would have never received, Tijerina believes.

Its a rural area. More than likely they probably would not have done the project ... Tijerina said. I think sometimes people need to look at it a different way.

From 2010 through 2019, Bordas Energy built windmills on thousands of acres in east Webb County near Oilton, Mirando City and Bruni. This project was built in five phases called Cedro Hill, Whitetail, Javelina I, Javelina II (Albercas) and Javelina III (Torrecillas).

The combined appraised value for these wind farms is about \$800 million this year.

However, because they entered a tax abatement agreement with the county, their combined taxable value was only about \$485 million in 2019.

Each phase of this project has received a 10-year property tax abatement with the county. Years 1-5 are a 60% abatement, and years 6-10 are a 40% abatement. These abatements are staggered since each phase began a couple years after the other.

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In total, Bordas employs 39 people for their wind energy projects in Webb. King admitted that theyre not big job producers but argued that the salaries are high for the area at \$39,000 on average.

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