



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 24, 2020

Andrew Seigrist
Superintendent
Tidehaven Independent School District
P. O. Box 129
El Maton, Texas 77440

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Tidehaven Independent School District and Danish Fields Solar, LLC, Application 1470

Dear Superintendent Seigrist:

On May 14, 2020, the Comptroller issued written notice that Danish Fields Solar, LLC (applicant) submitted a completed application (Application 1470) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on March 2, 2020, to the Tidehaven 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 1470.

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 May 14, 2020, 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,

DocuSigned by:

11EA6DEF0EC441E...
Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Danish Fields Solar, LLC (project) applying to Tidehaven 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 Danish Fields Solar, LLC.

Applicant	Danish Fields Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy -Solar
School District	Tidehaven ISD
2018-2019 Average Daily Attendance	915
County	Matagorda
Proposed Total Investment in District	\$315,000,000
Proposed Qualified Investment	\$315,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2022-2023
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,310
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,310
Minimum annual wage committed to by applicant for qualified jobs	\$68,100
Minimum weekly wage required for non-qualifying jobs	\$1,087
Minimum annual wage required for non-qualifying jobs	\$56,524
Investment per Qualifying Job	\$157,500,000
Estimated M&O levy without any limit (15 years)	\$19,250,864
Estimated M&O levy with Limitation (15 years)	\$6,588,968
Estimated gross M&O tax benefit (15 years)	\$12,661,896

* 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 Danish Fields Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	0	0	0	\$0	\$0	\$0
2021	50	42	92	\$1,900,000	\$4,100,000	\$6,000,000
2022	200	163	363	\$7,600,000	\$16,400,000	\$24,000,000
2023	2	18	20	\$136,200	\$3,863,800	\$4,000,000
2024	2	10	12	\$136,200	\$2,863,800	\$3,000,000
2025	2	14	16	\$136,200	\$2,863,800	\$3,000,000
2026	2	8	10	\$136,200	\$1,863,800	\$2,000,000
2027	2	10	12	\$136,200	\$1,863,800	\$2,000,000
2028	2	10	12	\$136,200	\$1,863,800	\$2,000,000
2029	2	10	12	\$136,200	\$1,863,800	\$2,000,000
2030	2	12	14	\$136,200	\$863,800	\$1,000,000
2031	2	10	12	\$136,200	\$1,863,800	\$2,000,000
2032	2	12	14	\$136,200	\$1,863,800	\$2,000,000
2033	2	14	16	\$136,200	\$863,800	\$1,000,000
2034	2	8	10	\$136,200	\$863,800	\$1,000,000
2035	2	8	10	\$136,200	\$863,800	\$1,000,000

Source: CPA REMI, Danish Fields Solar, 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	Tidehaven ISD I&S Tax Levy	Tidehaven ISD M&O Tax Levy	M&O and I&S Tax Levies	Matagorda County Tax Levy	Matagorda County Hospital District Tax Levy	Matagorda Drainage District #2 Tax Levy	Port of Bay City Tax Levy	Costal Plains GCD Tax Levy	Conservation & Reclamation Tax Levy	Estimated Total Property Taxes	
			Tax Rate*	0.2476	0.9700	0.4334	0.3216	0.0461	0.0548	0.0047	0.0078		
2023	\$274,429,500	\$274,429,500		\$679,487	\$2,661,966	\$3,341,454	\$796,920	\$591,300	\$41,713	\$100,704	\$8,642	\$14,268	\$4,895,001
2024	\$250,952,800	\$250,952,800		\$621,359	\$2,434,242	\$3,055,601	\$728,745	\$540,716	\$38,144	\$92,089	\$7,903	\$13,048	\$4,476,247
2025	\$225,620,550	\$225,620,550		\$558,636	\$2,188,519	\$2,747,156	\$655,183	\$486,134	\$34,294	\$82,793	\$7,105	\$11,730	\$4,024,395
2026	\$198,244,050	\$198,244,050		\$490,852	\$1,922,967	\$2,413,820	\$575,684	\$427,147	\$30,133	\$72,747	\$6,243	\$10,307	\$3,536,080
2027	\$168,697,500	\$168,697,500		\$417,695	\$1,636,366	\$2,054,061	\$489,883	\$363,485	\$25,642	\$61,905	\$5,312	\$8,771	\$3,009,058
2028	\$155,662,200	\$155,662,200		\$385,420	\$1,509,923	\$1,895,343	\$452,030	\$335,398	\$23,660	\$57,122	\$4,902	\$8,093	\$2,776,548
2029	\$121,209,450	\$121,209,450		\$300,115	\$1,175,732	\$1,475,846	\$351,982	\$261,164	\$18,424	\$44,479	\$3,817	\$6,302	\$2,162,014
2030	\$83,989,100	\$83,989,100		\$207,957	\$814,694	\$1,022,651	\$243,897	\$180,967	\$12,766	\$30,821	\$2,645	\$4,367	\$1,498,114
2031	\$63,280,000	\$63,280,000		\$156,681	\$613,816	\$770,497	\$183,760	\$136,346	\$9,618	\$23,221	\$1,993	\$3,290	\$1,128,726
2032	\$63,265,000	\$63,265,000		\$156,644	\$613,671	\$770,315	\$183,716	\$136,314	\$9,616	\$23,216	\$1,992	\$3,289	\$1,128,458
2033	\$63,250,000	\$63,250,000		\$156,607	\$613,525	\$770,132	\$183,673	\$136,282	\$9,614	\$23,210	\$1,992	\$3,288	\$1,128,191
2034	\$63,235,000	\$63,235,000		\$156,570	\$613,380	\$769,949	\$183,629	\$136,249	\$9,612	\$23,205	\$1,991	\$3,288	\$1,127,923
2035	\$63,220,000	\$63,220,000		\$156,533	\$613,234	\$769,767	\$183,585	\$136,217	\$9,609	\$23,199	\$1,991	\$3,287	\$1,127,656
2036	\$63,205,000	\$63,205,000		\$156,496	\$613,089	\$769,584	\$183,542	\$136,185	\$9,607	\$23,194	\$1,990	\$3,286	\$1,127,388
2037	\$63,190,000	\$63,190,000		\$156,458	\$612,943	\$769,401	\$183,498	\$136,153	\$9,605	\$23,188	\$1,990	\$3,285	\$1,127,120
2038	\$63,175,000	\$63,175,000		\$156,421	\$612,798	\$769,219	\$183,455	\$136,120	\$9,602	\$23,183	\$1,989	\$3,285	\$1,126,853
			Total	\$4,913,932	\$19,250,864	\$24,164,796	\$5,763,181	\$4,276,179	\$301,659	\$728,276	\$62,496	\$103,185	\$35,399,771

Source: CPA, Danish Fields Solar, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Matagorda 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.

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	Tidehaven ISD I&S Tax Levy	Tidehaven ISD M&O Tax Levy	M&O and I&S Tax Levies	Matagorda County Tax Levy	Matagorda County Hospital District Tax Levy	Matagorda Drainage District #2 Tax Levy	Port of Bay City Tax Levy	Costal Plains GCD Tax Levy	Conservation & Reclamation Tax Levy	Estimated Total Property Taxes	
			Tax Rate ¹	0.2476	0.9700	0.4334	0.3216	0.0461	0.0548	0.0047	0.0078		
2023	\$274,429,500	\$30,000,000		\$679,487	\$291,000	\$970,487	\$796,920	\$591,300	\$41,713	\$100,704	\$8,642	\$14,268	\$2,524,034
2024	\$250,952,800	\$30,000,000		\$621,359	\$291,000	\$912,359	\$728,745	\$540,716	\$38,144	\$92,089	\$7,903	\$13,048	\$2,333,004
2025	\$225,620,550	\$30,000,000		\$558,636	\$291,000	\$849,636	\$655,183	\$486,134	\$34,294	\$82,793	\$7,105	\$11,730	\$2,126,876
2026	\$198,244,050	\$30,000,000		\$490,852	\$291,000	\$781,852	\$575,684	\$427,147	\$30,133	\$72,747	\$6,243	\$10,307	\$1,904,113
2027	\$168,697,500	\$30,000,000		\$417,695	\$291,000	\$708,695	\$489,883	\$363,485	\$25,642	\$61,905	\$5,312	\$8,771	\$1,663,693
2028	\$155,662,200	\$30,000,000		\$385,420	\$291,000	\$676,420	\$452,030	\$335,398	\$23,660	\$57,122	\$4,902	\$8,093	\$1,557,624
2029	\$121,209,450	\$30,000,000		\$300,115	\$291,000	\$591,115	\$351,982	\$261,164	\$18,424	\$44,479	\$3,817	\$6,302	\$1,277,282
2030	\$83,989,100	\$30,000,000		\$207,957	\$291,000	\$498,957	\$243,897	\$180,967	\$12,766	\$30,821	\$2,645	\$4,367	\$974,420
2031	\$63,280,000	\$30,000,000		\$156,681	\$291,000	\$447,681	\$183,760	\$136,346	\$9,618	\$23,221	\$1,993	\$3,290	\$805,910
2032	\$63,265,000	\$30,000,000		\$156,644	\$291,000	\$447,644	\$183,716	\$136,314	\$9,616	\$23,216	\$1,992	\$3,289	\$805,788
2033	\$63,250,000	\$63,250,000		\$156,607	\$613,525	\$770,132	\$183,673	\$136,282	\$9,614	\$23,210	\$1,992	\$3,288	\$1,128,191
2034	\$63,235,000	\$63,235,000		\$156,570	\$613,380	\$769,949	\$183,629	\$136,249	\$9,612	\$23,205	\$1,991	\$3,288	\$1,127,923
2035	\$63,220,000	\$63,220,000		\$156,533	\$613,234	\$769,767	\$183,585	\$136,217	\$9,609	\$23,199	\$1,991	\$3,287	\$1,127,656
2036	\$63,205,000	\$63,205,000		\$156,496	\$613,089	\$769,584	\$183,542	\$136,185	\$9,607	\$23,194	\$1,990	\$3,286	\$1,127,388
2037	\$63,190,000	\$63,190,000		\$156,458	\$612,943	\$769,401	\$183,498	\$136,153	\$9,605	\$23,188	\$1,990	\$3,285	\$1,127,120
2038	\$63,175,000	\$63,175,000		\$156,421	\$612,798	\$769,219	\$183,455	\$136,120	\$9,602	\$23,183	\$1,989	\$3,285	\$1,126,853
			Total	\$4,913,932	\$6,588,968	\$11,502,899	\$5,763,181	\$4,276,179	\$301,659	\$728,276	\$62,496	\$103,185	\$22,737,874
			Diff	\$0	\$12,661,896	\$12,661,896	\$0	\$0	\$0	\$0	\$0	\$0	\$12,661,896

Source: CPA, Danish Fields Solar, 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 Danish Fields Solar, 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	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2022	\$485,000	\$485,000	\$0	\$0
Limitation Period (10 Years)	2023	\$291,000	\$776,000	\$2,370,966	\$2,370,966
	2024	\$291,000	\$1,067,000	\$2,143,242	\$4,514,208
	2025	\$291,000	\$1,358,000	\$1,897,519	\$6,411,728
	2026	\$291,000	\$1,649,000	\$1,631,967	\$8,043,695
	2027	\$291,000	\$1,940,000	\$1,345,366	\$9,389,061
	2028	\$291,000	\$2,231,000	\$1,218,923	\$10,607,984
	2029	\$291,000	\$2,522,000	\$884,732	\$11,492,716
	2030	\$291,000	\$2,813,000	\$523,694	\$12,016,410
	2031	\$291,000	\$3,104,000	\$322,816	\$12,339,226
	2032	\$291,000	\$3,395,000	\$322,671	\$12,661,896
Maintain Viable Presence (5 Years)	2033	\$613,525	\$4,008,525	\$0	\$12,661,896
	2034	\$613,380	\$4,621,905	\$0	\$12,661,896
	2035	\$613,234	\$5,235,139	\$0	\$12,661,896
	2036	\$613,089	\$5,848,227	\$0	\$12,661,896
	2037	\$612,943	\$6,461,170	\$0	\$12,661,896
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	\$612,798	\$7,073,968	\$0	\$12,661,896
	2039	\$612,652	\$7,686,620	\$0	\$12,661,896
	2040	\$612,507	\$8,299,126	\$0	\$12,661,896
	2041	\$612,361	\$8,911,487	\$0	\$12,661,896
	2042	\$612,216	\$9,523,703	\$0	\$12,661,896
	2043	\$612,070	\$10,135,773	\$0	\$12,661,896
	2044	\$611,925	\$10,747,697	\$0	\$12,661,896
	2045	\$611,779	\$11,359,476	\$0	\$12,661,896
	2046	\$611,634	\$11,971,110	\$0	\$12,661,896
	2047	\$611,488	\$12,582,598	\$0	\$12,661,896

\$12,582,598

is less than

\$12,661,896

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, Danish Fields Solar, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	0	0	0	\$0	\$0	\$0	0	0	\$0
2021	50	42	92	\$1,900,000	\$4,100,000	\$6,000,000	275000	-183000	\$458,000
2022	200	163	363	\$7,600,000	\$16,400,000	\$24,000,000	1160000	-610000	\$1,770,000
2023	2	18	20	\$136,200	\$3,863,800	\$4,000,000	206000	320000	-\$114,000
2024	2	10	12	\$136,200	\$2,863,800	\$3,000,000	259000	328000	-\$69,000
2025	2	14	16	\$136,200	\$2,863,800	\$3,000,000	267000	343000	-\$76,000
2026	2	8	10	\$136,200	\$1,863,800	\$2,000,000	282000	328000	-\$46,000
2027	2	10	12	\$136,200	\$1,863,800	\$2,000,000	267000	313000	-\$46,000
2028	2	10	12	\$136,200	\$1,863,800	\$2,000,000	290000	328000	-\$38,000
2029	2	10	12	\$136,200	\$1,863,800	\$2,000,000	298000	313000	-\$15,000
2030	2	12	14	\$136,200	\$863,800	\$1,000,000	290000	313000	-\$23,000
2031	2	10	12	\$136,200	\$1,863,800	\$2,000,000	305000	305000	\$0
2032	2	12	14	\$136,200	\$1,863,800	\$2,000,000	275000	313000	-\$38,000
2033	2	14	16	\$136,200	\$863,800	\$1,000,000	252000	267000	-\$15,000
2034	2	8	10	\$136,200	\$863,800	\$1,000,000	237000	282000	-\$45,000
2035	2	8	10	\$136,200	\$863,800	\$1,000,000	221000	267000	-\$46,000
2036	2	14	16	\$136,200	\$863,800	\$1,000,000	206000	221000	-\$15,000
2037	2	12	14	\$136,200	\$863,800	\$1,000,000	183000	198000	-\$15,000
2038	2	6	8	\$136,200	\$863,800	\$1,000,000	168000	206000	-\$38,000
2039	2	14	16	\$136,200	\$1,863,800	\$2,000,000	198000	137000	\$61,000
2040	2	12	14	\$136,200	\$1,863,800	\$2,000,000	183000	114000	\$69,000
2041	2	14	16	\$136,200	\$1,863,800	\$2,000,000	198000	107000	\$91,000
2042	2	16	18	\$136,200	\$1,863,800	\$2,000,000	214000	99000	\$115,000
2043	2	14	16	\$136,200	\$2,863,800	\$3,000,000	229000	69000	\$160,000
2044	2	8	10	\$136,200	\$2,863,800	\$3,000,000	214000	92000	\$122,000
2045	2	10	12	\$136,200	\$1,863,800	\$2,000,000	198000	15000	\$183,000
2046	2	10	12	\$136,200	\$2,863,800	\$3,000,000	290000	38000	\$252,000
2047	2	16	18	\$136,200	\$3,863,800	\$4,000,000	381000	0	\$381,000
						Total	\$7,546,000	\$4,523,000	\$3,023,000
							\$15,605,598	is greater than	\$12,661,896

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 Danish Fields Solar, LLC’s (Brazos Renewable Energy, LLC – Parent Company) 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 Danish Fields Solar, LLC. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. Danish Fields Solar LLC’s states, “an appraised value limitation on qualified property allows developers to significantly diminish the property tax liability that composes a substantial ongoing cost of operations that directly impacts the economic rate of return for the project.”
 - B. “In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed. In the event an appraised value limitation agreement is not received by Danish Fields Solar, LLC, it is rather certain that capital allotted for the development of this project will be reallocated for use on a competing development in another state where economic incentives can be secured, including Oklahoma, Arkansas, Louisiana, Mississippi, Tennessee, or Florida.”
 - C. “Thus, an appraised value limitation agreement between Danish Fields Solar, LLC and Tidehaven Independent School District is the determining factor in the decision to relocate this facility within the state of Texas.”
- Supplemental information provided by the applicant stated the following:
 - A. Danish Fields Solar, LLC is not currently known by any other names.
 - B. The project is made up of three separate 200MW requests that share one interconnection agreement. INR#s are 20INR0069, submitted 4/12/2018, and 21INR0016 and 21INR0017, both submitted 5/10/2018.

- A March 3, 2020, Bay City Tribune, The (TX) article states the following:
 - A. “The Tidehaven ISD Board of Trustees accepted an application request for a tax abatement from a company looking to build a solar farm partially in the district.”
 - B. “Sunchase Power made a presentation to the board Monday night during its regular meeting about the project, which would cover around 3,600 acres.”
 - C. “Will Ferguson, vice president with Sunchase Power, addressed the board about the project, “You have a great landscape for solar,” Ferguson said. “It’s flat. It’s mostly out of the flood plain, which is what we are looking for. And its proximity to a transmission station, which is something we look for. We are always looking for areas close to existing transmission facilities.”

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 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.

SECTION 9: Projected Timeline

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

- 1. Estimated school board ratification of final agreement September 1, 2020
- 2. Estimated commencement of construction December 1, 2021
- 3. Beginning of qualifying time period(MM/DD/YYYY)..... 01/01/2022
- 4. First year of limitation(MM/DD/YYYY) 01/01/2023
- 4a. For the beginning of the limitation period, notate which one of the following will apply according to provision of 313.027(2): "A" "B" or "C":
 - A. January 1 following the application date
 - B. January 1 following the end of QTP
 - C. January 1 following the commencement of commercial operations
- 5. Commencement of commercial operations December 1, 2022

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Matagorda County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Matagorda CAD
- 3. Will this CAD be acting on behalf of another CAD to appraise this property? Yes No
- 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

M&O (ISD): <u>Tidehaven ISD, .97 100%</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Tidehaven ISD, .20 100%</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Matagorda County .433420 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>Port of Bay City .054770 100%</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Matagorda Co. Hosp. Dist.32159 100%</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>Coastal Plains GCD .0047 100%</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Drainage District #2 .04606 100%</u> <small>(Name, tax rate and percent of project)</small> <u>Conservation & Reclamation Dist. .00776 100%</u>	Other (describe): <u>Drainage District #2 .04606 100%</u> <small>(Name, tax rate and percent of project)</small>

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

Throughout the United States the production of renewable energy has been increasing as the cost of these systems has decreased and technological advancements have improved efficiency. In 2019, Texas ranked 4th in installed solar capacity.¹ The state's geographic position and containment of several large population centers has made Texas a favorable location for renewable energy development.

Renewable energy developers face many challenges in the determination of project location—one of these factors being the selection of an area where the greatest return on investment can be achieved. There are several factors that contribute to Texas favorability for development, one however that does not is the state's notoriously high property tax burden—ranking in the top 10 across the United States.

An appraised value limitation on qualified property allows developers to significantly diminish the property tax liability that composes a substantial ongoing cost of operation that directly impacts the economic rate of return for the project. In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed. In the event an appraised value limitation agreement is not received by Danish Fields Solar, LLC, it is rather certain that that capital allotted for the development of this project will be reallocated for use on a competing development in another state where economic incentives can be secured, including Oklahoma, Arkansas, Louisiana, Mississippi, Tennessee, or Florida. Thus, an appraised value limitation agreement between Danish Fields Solar, LLC and Tidehaven Independent School District is the determining factor in the decision to locate this facility within the state of Texas.

¹ U.S. Energy Information Administration

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
Tidehaven ISD–Danish Fields Solar, LLC App. #1470

Comptroller Questions (via email on April 22, 2020):

1. *Is the Danish Fields Solar, LLC currently known by any other project names?*
2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when was it assigned.*
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*

Applicant Response (via email on April 30, 2020):

1. *No.*
2. *Yes. The project is made up of three separate 200MW requests that share one interconnection agreement. INR#s are 20INR0069, submitted 4/12/2018, and 2INR0016 and 2INR0017, both submitted 5/10/2018.*
3. *None.*