



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 12, 2020

Ted West
Superintendent
Electra Independent School District
400 East Roosevelt Avenue
Electra, Texas 76360

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Electra Independent School District and Sunshine Hill Solar, LLC, Application 1488

Dear Superintendent West:

On June 19, 2020, the Comptroller issued written notice that Sunshine Hill Solar, LLC (applicant) submitted a completed application (Application 1488) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on April 20, 2020, to the Electra 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 1488.

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 June 19, 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 Sunshine Hill Solar, LLC (project) applying to Electra 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 Sunshine Hill Solar, LLC.

Applicant	Sunshine Hill Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Electra ISD
2018-2019 Average Daily Attendance	379
County	Wichita
Proposed Total Investment in District	\$ 455,351,000
Proposed Qualified Investment	\$455,351,000
Limitation Amount	\$40,000,000
Qualifying Time Period (Full Years)	2021-2022
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	\$1,265
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5) (A)	\$1,263
Minimum annual wage committed to by applicant for qualified jobs	\$65,800
Minimum weekly wage required for non-qualifying jobs	\$799
Minimum annual wage required for non-qualifying jobs	\$41,535
Investment per Qualifying Job	\$227,675,500
Estimated M&O levy without any limit (15 years)	\$21,963,429
Estimated M&O levy with Limitation (15 years)	\$7,831,983
Estimated gross M&O tax benefit (15 years)	\$14,131,446

* 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 Sunshine Hill Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	250	324	574	\$15,000,000	\$29,800,000	\$44,800,000
2022	250	337	587	\$15,000,000	\$35,200,000	\$50,200,000
2023	2	46	48	\$131,600	\$8,968,400	\$9,100,000
2024	2	21	23	\$131,600	\$5,868,400	\$6,000,000
2025	2	(1)	1	\$131,600	\$3,168,400	\$3,300,000
2026	2	(11)	-9	\$131,600	\$1,668,400	\$1,800,000
2027	2	(13)	-11	\$131,600	\$768,400	\$900,000
2028	2	(12)	-10	\$131,600	\$468,400	\$600,000
2029	2	(8)	-6	\$131,600	\$468,400	\$600,000
2030	2	(4)	-2	\$131,600	\$668,400	\$800,000
2031	2	(0)	2	\$131,600	\$968,400	\$1,100,000
2032	2	3	5	\$131,600	\$1,268,400	\$1,400,000
2033	2	6	8	\$131,600	\$1,568,400	\$1,700,000
2034	2	8	10	\$131,600	\$1,768,400	\$1,900,000
2035	2	9	11	\$131,600	\$1,968,400	\$2,100,000
2036	2	10	12	\$131,600	\$2,068,400	\$2,200,000
2037	2	10	12	\$131,600	\$2,168,400	\$2,300,000

Source: CPA REMI, Sunshine Hill 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	Tax Rate*	Electra ISD I&S Tax Levy	Electra ISD M&O Tax Levy	Electra ISD M&O and I&S Tax Levies	Wichita County Tax Levy	Electra Hospital Tax Levy	Estimated Total Property Taxes
			0.3800	0.3800	1.0684		0.6718	0.3500	
2022	\$12,500,000	\$12,500,000		\$47,500	\$133,544	\$181,044	\$83,977	\$17,500	\$282,521
2023	\$297,252,247	\$297,252,247		\$1,129,559	\$3,175,694	\$4,305,253	\$1,996,985	\$416,153	\$6,718,391
2024	\$273,461,317	\$273,461,317		\$1,039,153	\$2,921,524	\$3,960,677	\$1,837,154	\$382,846	\$6,180,677
2025	\$247,790,089	\$247,790,089		\$941,602	\$2,647,265	\$3,588,868	\$1,664,691	\$346,906	\$5,600,465
2026	\$220,047,313	\$220,047,313		\$836,180	\$2,350,875	\$3,187,055	\$1,478,311	\$308,066	\$4,973,432
2027	\$190,105,492	\$190,105,492		\$722,401	\$2,030,992	\$2,753,393	\$1,277,157	\$266,148	\$4,296,698
2028	\$157,773,378	\$157,773,378		\$599,539	\$1,685,572	\$2,285,111	\$1,059,945	\$220,883	\$3,565,939
2029	\$122,859,723	\$122,859,723		\$466,867	\$1,312,572	\$1,779,439	\$825,390	\$172,004	\$2,776,832
2030	\$85,141,407	\$85,141,407		\$323,537	\$909,608	\$1,233,146	\$571,993	\$119,198	\$1,924,336
2031	\$64,157,440	\$64,157,440		\$243,798	\$685,426	\$929,224	\$431,019	\$89,820	\$1,450,064
2032	\$64,147,240	\$64,147,240		\$243,760	\$685,317	\$929,077	\$430,951	\$89,806	\$1,449,833
2033	\$64,137,240	\$64,137,240		\$243,722	\$685,210	\$928,932	\$430,884	\$89,792	\$1,449,607
2034	\$64,127,540	\$64,127,540		\$243,685	\$685,107	\$928,791	\$430,818	\$89,779	\$1,449,388
2035	\$64,118,040	\$64,118,040		\$243,649	\$685,005	\$928,654	\$430,755	\$89,765	\$1,449,173
2036	\$64,108,840	\$64,108,840		\$243,614	\$684,907	\$928,520	\$430,693	\$89,752	\$1,448,966
2037	\$64,099,840	\$64,099,840		\$243,579	\$684,811	\$928,390	\$430,632	\$89,740	\$1,448,762
			Total	\$7,812,143	\$21,963,429	\$29,775,572	\$13,811,355	\$2,878,158	\$46,465,086

Source: CPA, Sunshine Hill Solar, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Wichita 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*	Electra ISD I&S Tax Levy	Electra ISD M&O Tax Levy	Electra ISD M&O and I&S Tax Levies	Wichita County Tax Levy	Electra Hospital Tax Levy	Estimated Total Property Taxes
				0.3800	1.0684		0.6718	0.3500	
2022	\$12,500,000	\$12,500,000		\$47,500	\$133,544	\$181,044	\$83,977	\$17,500	\$282,521
2023	\$297,252,247	\$40,000,000		\$1,129,559	\$427,340	\$1,556,899	\$599,096	\$416,153	\$2,572,147
2024	\$273,461,317	\$40,000,000		\$1,039,153	\$427,340	\$1,466,493	\$551,146	\$382,846	\$2,400,485
2025	\$247,790,089	\$40,000,000		\$941,602	\$427,340	\$1,368,942	\$499,407	\$346,906	\$2,215,256
2026	\$220,047,313	\$40,000,000		\$836,180	\$427,340	\$1,263,520	\$443,493	\$308,066	\$2,015,079
2027	\$190,105,492	\$40,000,000		\$722,401	\$427,340	\$1,149,741	\$383,147	\$266,148	\$1,799,036
2028	\$157,773,378	\$40,000,000		\$599,539	\$427,340	\$1,026,879	\$317,984	\$220,883	\$1,565,745
2029	\$122,859,723	\$40,000,000		\$466,867	\$427,340	\$894,207	\$247,617	\$172,004	\$1,313,828
2030	\$85,141,407	\$40,000,000		\$323,537	\$427,340	\$750,877	\$171,598	\$119,198	\$1,041,673
2031	\$64,157,440	\$40,000,000		\$243,798	\$427,340	\$671,138	\$129,306	\$89,820	\$890,264
2032	\$64,147,240	\$40,000,000		\$243,760	\$427,340	\$671,100	\$129,285	\$89,806	\$890,191
2033	\$64,137,240	\$64,137,240		\$243,722	\$685,210	\$928,932	\$430,884	\$89,792	\$1,449,607
2034	\$64,127,540	\$64,127,540		\$243,685	\$685,107	\$928,791	\$430,818	\$89,779	\$1,449,388
2035	\$64,118,040	\$64,118,040		\$243,649	\$685,005	\$928,654	\$430,755	\$89,765	\$1,449,173
2036	\$64,108,840	\$64,108,840		\$243,614	\$684,907	\$928,520	\$430,693	\$89,752	\$1,448,966
2037	\$64,099,840	\$64,099,840		\$243,579	\$684,811	\$928,390	\$430,632	\$89,740	\$1,448,762
			Total	\$7,812,143	\$7,831,983	\$15,644,126	\$5,709,838	\$2,878,158	\$24,232,122
			Diff	\$0	\$14,131,446	\$14,131,446	\$8,101,518	\$0	\$22,232,964

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Sunshine Hill 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 Sunshine Hill 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 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	\$133,544	\$133,544	\$0	\$0
Limitation Period (10 Years)	2023	\$427,340	\$560,884	\$2,748,354	\$2,748,354
	2024	\$427,340	\$988,224	\$2,494,184	\$5,242,538
	2025	\$427,340	\$1,415,564	\$2,219,925	\$7,462,464
	2026	\$427,340	\$1,842,904	\$1,923,535	\$9,385,999
	2027	\$427,340	\$2,270,244	\$1,603,652	\$10,989,651
	2028	\$427,340	\$2,697,584	\$1,258,232	\$12,247,883
	2029	\$427,340	\$3,124,924	\$885,232	\$13,133,115
	2030	\$427,340	\$3,552,264	\$482,268	\$13,615,383
	2031	\$427,340	\$3,979,604	\$258,086	\$13,873,469
	2032	\$427,340	\$4,406,944	\$257,977	\$14,131,446
	Maintain Viable Presence (5 Years)	2033	\$685,210	\$5,092,154	\$0
2034		\$685,107	\$5,777,261	\$0	\$14,131,446
2035		\$685,005	\$6,462,266	\$0	\$14,131,446
2036		\$684,907	\$7,147,172	\$0	\$14,131,446
2037		\$684,811	\$7,831,983	\$0	\$14,131,446
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	\$684,717	\$8,516,700	\$0	\$14,131,446
	2039	\$684,626	\$9,201,325	\$0	\$14,131,446
	2040	\$684,537	\$9,885,863	\$0	\$14,131,446
	2041	\$684,451	\$10,570,313	\$0	\$14,131,446
	2042	\$684,366	\$11,254,679	\$0	\$14,131,446
	2043	\$684,284	\$11,938,963	\$0	\$14,131,446
	2044	\$684,204	\$12,623,167	\$0	\$14,131,446
	2045	\$684,126	\$13,307,293	\$0	\$14,131,446
	2046	\$684,049	\$13,991,342	\$0	\$14,131,446
	2047	\$683,974	\$14,675,316	\$0	\$14,131,446
		\$14,675,316	is greater than	\$14,131,446	
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, Sunshine Hill Solar, 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 Sunshine Hill Solar 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:

- Per Sunshine Hill Solar LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “With both domestic U.S and international opportunities, the company has the ability to locate projects of this type in any of these states and countries where favorable wind and solar conditions exist. The Applicant is actively assessing the financial viability and potential development of this project against other projects in the development pipeline that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Markets in other areas of the country that have statewide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.”
 - B. “The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would not be able to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.”
- The IGNR number is 22INR0269 and was assigned on 01/06/2020.
- On May 06, 2020 the *Texomas homepage.com (Wichita Falls, TX)* reported that:
 - A. “EDF Renewables reached out to Electra ISD to install solar panels inside the district’s land but not inside Electra city limits. EDF needs plenty of space and they want to use up to 12,000 acres in the district. Even though the solar panels would be on farmland, they would pay a different tax rate.”
 - B. “Today, the ISD receives less money because of ag valued property,” Wichita County Precinct 4 Commissioner Jeff Watts said. “When the solar farm comes into existence, they’ll receive a higher

allotment of property tax because the solar farm would be required to pay a commercial rate for their property taxes.”

- C. “The state has somewhat assisted the county with grants because of energy, oil production mostly, on some roads each year,” Watts said. “We’re hoping that that continues and maybe with this participation, we’ll see an increased amount of money roll in toward road endeavors.”

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

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

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 October 2020
- 2. Estimated commencement of construction November 2021
- 3. Beginning of qualifying time period (MM/DD/YYYY) 01/01/2021
- 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(a-1)(2):
 - 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 2022

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Wichita County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Wichita 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>Electra ISD; 100%; \$1.06835</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Electra ISD; 100%; \$0.38000</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Wichita County; 100%; \$0.671815</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Electra Hospital; 40%; \$0.35000</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): _____ <small>(Name, tax rate and percent of project)</small>	Other (describe): _____ <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.

With origins dating back to 1985, EDF Renewables has a presence worldwide having built 16 GW of operating projects with an additional 1,000MW of renewable energy projects currently under construction. EDF Renewables has developed operating power projects supplying power on the West Coast, Mid-west and Northeast portions of the US.

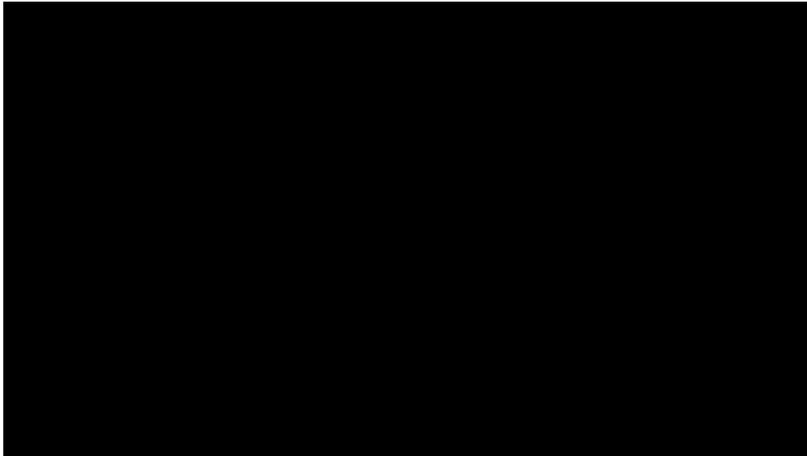
EDF Renewables is a national wind and solar developer currently evaluating a large project pipeline of approximately 24GW of wind and solar project opportunities in Washington, Oregon, California, Nevada, Utah, Arizona, Colorado Wyoming, New Mexico, Texas, Oklahoma, Kansas, Nebraska North Dakota Minnesota, Iowa, Missouri, Arkansas, Louisiana Michigan, Illinois, Indiana, Ohio Kentucky North Carolina Alabama, Georgia, Florida, New York, Maine and New Jersey as well as locations in Canada and Mexico. With both domestic U.S and international opportunities, the company has the ability to locate projects of this type in any of these states and countries where favorable wind and solar conditions exist. The Applicant is actively assessing the financial viability and potential development of this project against other projects in the development pipeline that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Markets in other areas of the country that have statewide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would not be able to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Electra ISD in discussions to install solar panels



by: [PJ Green](#)

Posted: May 6, 2020 / 09:35 PM CDT / Updated: May 6, 2020 / 09:35 PM CDT

WICHITA FALLS (KFDX/KJTL) — In April, the Electra ISD board of trustees voted to accept an application from a company that is looking to install a solar panel farm in their district.

The energy that the panels produce won't be used by the district. But the value that the panels bring would pump some new money into the area.

"The estimates are somewhere in the neighborhood of \$300 million worth of additional taxable value," Electra ISD Superintendent Ted West said. "Which we stand right now at about \$180 million taxable value so it would have a huge financial impact on our district."

EDF Renewables reached out to Electra ISD to install solar panels inside the district's land but not inside Electra city limits. EDF needs plenty of space and they want to use up to 12,000 acres in the district. Even though the solar panels would be on farmland, they would pay a different tax rate.

"Today, the ISD receives less money because of ag valued property," Wichita County Precinct 4 Commissioner Jeff Watts said. "When the solar farm comes into existence, they'll receive a higher allotment of property tax because the solar farm would be required to pay a commercial rate for their property taxes."

The solar panels could also affect the county as a whole.

"This all would be created in a reinvestment zone which the solar company has asked the county to consider," Watts said. "We've taken that into advisement. We're under investigation with it now."

If the panels were to come, they would have to pay taxes to Electra ISD and Wichita County and it could even mean more money from the state.

"The state has somewhat assisted the county with grants because of energy, oil production mostly, on some roads each year," Watts said. "We're hoping that that continues and maybe with this participation, we'll see an increased amount of money roll in toward road endeavors."

With Electra ISD and Wichita County not having to pay for any installation, this project could be a positive juncture for everyone in the community.

These talks are still preliminary as Electra ISD and the county work to make sure that this is the right move. However, according to Watts and West, if everything is worked out, construction of the solar farm could come in the next two years.

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
Electra ISD–Sunshine Hill Solar, LLC App. #1488

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

1. *Is the Sunshine Hill 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 July 22, 2020):

1. *Shinnery Hill.*
2. 22INR0269, assigned on 01/06/2020