



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 10, 2020

Daniel Fuller
Stockdale Independent School District
503 South First Street
Stockdale, Texas 78160

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Stockdale Independent School District and 247CT 8me LLC, Application 1529

Dear Superintendent Fuller:

On November 30, 2020, the Comptroller issued written notice that 247CT 8me LLC (applicant) submitted a completed application (Application 1529) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on September 14, 2020, to the Stockdale 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 1529.

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 November 30, 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 247CT 8me LLC (project) applying Stockdale 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 247CT 8me LLC.

Applicant	247CT 8me LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Stockdale ISD
2018-2019 Average Daily Attendance	757
County	Wilson
Proposed Total Investment in District	\$106,250,000
Proposed Qualified Investment	\$106,250,000
Limitation Amount	\$40,000,000
Qualifying Time Period (Full Years)	2022-2023
Number of new qualifying jobs committed to by applicant	1*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,172
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,172
Minimum annual wage committed to by applicant for qualified jobs	\$60,941
Minimum weekly wage required for non-qualifying jobs	\$800
Minimum annual wage required for non-qualifying jobs	\$41,613
Investment per Qualifying Job	\$106,250,000
Estimated M&O levy without any limit (15 years)	\$6,970,160
Estimated M&O levy with Limitation (15 years)	\$4,644,760
Estimated gross M&O tax benefit (15 years)	\$2,325,400

* 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 247CT 8me LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	30	39	69	\$1,828,233	\$3,591,767	\$5,420,000
2022	100	129	228.786	\$6,094,110	\$12,751,890	\$18,846,000
2023	100	134	234	\$6,094,110	\$14,767,890	\$20,862,000
2024	1	15	16	\$60,941	\$3,658,059	\$3,719,000
2025	1	5	6	\$60,941	\$2,202,059	\$2,263,000
2026	1	(4)	-3	\$60,941	\$1,017,059	\$1,078,000
2027	1	(8)	-7	\$60,941	\$327,059	\$388,000
2028	1	(9)	-8	\$60,941	-\$4,941	\$56,000
2029	1	(7)	-6	\$60,941	-\$99,941	-\$39,000
2030	1	(5)	-4	\$60,941	-\$50,941	\$10,000
2031	1	(3)	-2	\$60,941	\$90,059	\$151,000
2032	1	(1)	0	\$60,941	\$267,059	\$328,000
2033	1	1	2	\$60,941	\$453,059	\$514,000
2034	1	2	3	\$60,941	\$624,059	\$685,000
2035	1	3	4	\$60,941	\$765,059	\$826,000
2036	1	4	5	\$60,941	\$863,059	\$924,000
2037	1	4	5	\$60,941	\$921,059	\$982,000
2038	1	4	5	\$60,941	\$943,059	\$1,004,000

Source: CPA REMI, 247CT 8me 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		Stockdale ISD I&S Tax Levy	Stockdale ISD M&O Tax Levy	Stockdale ISD M&O and I&S Tax Levies	Wilson County Tax Levy	Evergreen Water	ESD #3	San Antonio River Authority	Estimated Total Property Taxes
			Tax Rate*	0.4069	0.9664		0.4851	0.0054	0.1000	0.0186	
2023	\$20,000,000	\$20,000,000		\$81,380	\$193,280	\$274,660	\$97,020	\$1,076	\$20,000	\$3,716	\$396,472
2024	\$106,250,000	\$106,250,000		\$432,331	\$1,026,800	\$1,459,131	\$515,419	\$5,716	\$106,250	\$19,741	\$2,106,258
2025	\$95,625,000	\$95,625,000		\$389,098	\$924,120	\$1,313,218	\$463,877	\$5,145	\$95,625	\$17,767	\$1,895,632
2026	\$85,000,000	\$85,000,000		\$345,865	\$821,440	\$1,167,305	\$412,335	\$4,573	\$85,000	\$15,793	\$1,685,006
2027	\$74,375,000	\$74,375,000		\$302,632	\$718,760	\$1,021,392	\$360,793	\$4,001	\$74,375	\$13,819	\$1,474,380
2028	\$63,750,000	\$63,750,000		\$259,399	\$616,080	\$875,479	\$309,251	\$3,430	\$63,750	\$11,845	\$1,263,755
2029	\$53,125,000	\$53,125,000		\$216,166	\$513,400	\$729,566	\$257,709	\$2,858	\$53,125	\$9,871	\$1,053,129
2030	\$42,500,000	\$42,500,000		\$172,933	\$410,720	\$583,653	\$206,168	\$2,287	\$42,500	\$7,897	\$842,503
2031	\$31,875,000	\$31,875,000		\$129,699	\$308,040	\$437,739	\$154,626	\$1,715	\$31,875	\$5,922	\$631,877
2032	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2033	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2034	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2035	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2036	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2037	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2038	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
			Total	\$2,934,766	\$6,970,160	\$9,904,926	\$3,498,784	\$38,803	\$721,250	\$134,008	\$14,297,772

Source: CPA, 247CT 8me LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Wilson 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*	Stockdale ISD I&S Tax Levy	Stockdale ISD M&O Tax Levy	Stockdale ISD M&O and I&S Tax Levies	Wilson County Tax Levy	Evergreen Water	ESD #3	San Antonio River Authority	Estimated Total Property Taxes
2023	\$20,000,000	\$20,000,000	0.4069	\$81,380	\$193,280	\$274,660	\$97,020	\$1,076	\$20,000	\$3,716	\$396,472
2024	\$106,250,000	\$40,000,000		\$432,331	\$386,560	\$818,891	\$128,855	\$5,716	\$106,250	\$19,741	\$1,079,453
2025	\$95,625,000	\$40,000,000		\$389,098	\$386,560	\$775,658	\$115,969	\$5,145	\$95,625	\$17,767	\$1,010,164
2026	\$85,000,000	\$40,000,000		\$345,865	\$386,560	\$732,425	\$103,084	\$4,573	\$85,000	\$15,793	\$940,875
2027	\$74,375,000	\$40,000,000		\$302,632	\$386,560	\$689,192	\$90,198	\$4,001	\$74,375	\$13,819	\$871,585
2028	\$63,750,000	\$40,000,000		\$259,399	\$386,560	\$645,959	\$77,313	\$3,430	\$63,750	\$11,845	\$802,296
2029	\$53,125,000	\$40,000,000		\$216,166	\$386,560	\$602,726	\$64,427	\$2,858	\$53,125	\$9,871	\$733,007
2030	\$42,500,000	\$40,000,000		\$172,933	\$386,560	\$559,493	\$51,542	\$2,287	\$42,500	\$7,897	\$663,717
2031	\$31,875,000	\$31,875,000		\$129,699	\$308,040	\$437,739	\$38,656	\$1,715	\$31,875	\$5,922	\$515,908
2032	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$25,771	\$1,143	\$21,250	\$3,948	\$343,939
2033	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$25,771	\$1,143	\$21,250	\$3,948	\$343,939
2034	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2035	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2036	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2037	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
2038	\$21,250,000	\$21,250,000		\$86,466	\$205,360	\$291,826	\$103,084	\$1,143	\$21,250	\$3,948	\$421,252
			Total	\$2,934,766	\$4,644,760	\$7,579,526	\$1,334,025	\$38,803	\$721,250	\$134,008	\$9,807,613
			Diff	\$0	\$2,325,400	\$2,325,400	\$2,164,759	\$0	\$0	\$0	\$4,490,159

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, 247CT 8me 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 247CT 8me 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	2021	\$0	\$0	\$0	\$0
	2022	\$0	\$0	\$0	\$0
	2023	\$193,280	\$193,280	\$0	\$0
Limitation Period (10 Years)	2024	\$386,560	\$579,840	\$640,240	\$640,240
	2025	\$386,560	\$966,400	\$537,560	\$1,177,800
	2026	\$386,560	\$1,352,960	\$434,880	\$1,612,680
	2027	\$386,560	\$1,739,520	\$332,200	\$1,944,880
	2028	\$386,560	\$2,126,080	\$229,520	\$2,174,400
	2029	\$386,560	\$2,512,640	\$126,840	\$2,301,240
	2030	\$386,560	\$2,899,200	\$24,160	\$2,325,400
	2031	\$308,040	\$3,207,240	\$0	\$2,325,400
	2032	\$205,360	\$3,412,600	\$0	\$2,325,400
	2033	\$205,360	\$3,617,960	\$0	\$2,325,400
Maintain Viable Presence (5 Years)	2034	\$205,360	\$3,823,320	\$0	\$2,325,400
	2035	\$205,360	\$4,028,680	\$0	\$2,325,400
	2036	\$205,360	\$4,234,040	\$0	\$2,325,400
	2037	\$205,360	\$4,439,400	\$0	\$2,325,400
	2038	\$205,360	\$4,644,760	\$0	\$2,325,400
Additional Years as Required by 313.026(c)(1) (10 Years)	2039	\$205,360	\$4,850,120	\$0	\$2,325,400
	2040	\$205,360	\$5,055,480	\$0	\$2,325,400
	2041	\$205,360	\$5,260,840	\$0	\$2,325,400
	2042	\$205,360	\$5,466,200	\$0	\$2,325,400
	2043	\$205,360	\$5,671,560	\$0	\$2,325,400
	2044	\$205,360	\$5,876,920	\$0	\$2,325,400
	2045	\$205,360	\$6,082,280	\$0	\$2,325,400
	2046	\$205,360	\$6,287,640	\$0	\$2,325,400
	2047	\$205,360	\$6,493,000	\$0	\$2,325,400
	2048	\$205,360	\$6,698,360	\$0	\$2,325,400
		\$6,698,360	is greater than	\$2,325,400	
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, 247CT 8me, 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 247CT 8me, 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 247CT 8me, LLC. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “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.”
 - B. “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 247CT 8me LLC it is rather certain that the capital allotted for the development of this project will be reallocated for use in another state where either the property tax burden is lower or economic incentives can be secured, namely New Mexico, Oklahoma, California, Arizona, Nevada, or Utah—all areas where 8minute Solar Energy is currently active as well. Thus, an appraised value limitation agreement between 247CT 8me LLC and Stockdale Independent School District is the determining factor in the decision to locate this facility within the state of Texas.”
- Per email received November 4, 2020, “the project is not known by any other names. The IGNR# for this project is 23INR0027, and this number was assigned March 7, 2020.”

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

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 _____
2. Estimated commencement of construction _____
3. Beginning of qualifying time period (MM/DD/YYYY) _____
4. First year of limitation (MM/DD/YYYY) _____
- 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 _____

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located _____
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property _____
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): _____ <small>(Name, tax rate and percent of project)</small>	I&S (ISD): _____ <small>(Name, tax rate and percent of project)</small>
County: _____ <small>(Name, tax rate and percent of project)</small>	City: _____ <small>(Name, tax rate and percent of project)</small>
Hospital District: _____ <small>(Name, tax rate and percent of project)</small>	Water District: _____ <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

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 247CT 8me LLC it is rather certain that the capital allotted for the development of this project will be reallocated for use in another state where either the property tax burden is lower or economic incentives can be secured, namely New Mexico, Oklahoma, California, Arizona, Nevada, or Utah—all areas where 8minute Solar Energy is currently active as well. Thus, an appraised value limitation agreement between 247CT 8me LLC and Stockdale 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