

**GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

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

August 2, 2021

AMENDED CERTIFICATION

Courtney Hudgins
Superintendent
East Bernard Independent School District
723 College Street
East Bernard, TX 77435

Re: Amended Certificate for Limitation on Appraised Value of Property for School
District Maintenance and Operations taxes by and between East Bernard
Independent School District and CG Wharton County LLC, Application 1540

Dear Superintendent Hudgins:

This application (Application 1540) was originally submitted on November 14, 2020, to the East Bernard Independent School District (school district) by CG Wharton County LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On January 12, 2021, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on February 26, 2021. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on May 10, 2021.

On July 27, 2021, the Comptroller received an amendment to the agreement to change the start of the limitation from 2023 to 2022. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

The information provided by the applicant related to eligibility has not changed and therefore, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

Based on the amended information provided by the applicant, the Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem* tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller previously determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.


Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the amendment to the agreement by December 31, 2021.

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:

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Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of CG Wharton County LLC (project) applying to East Bernard 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 CG Wharton County LLC.

	Original	Amendment No. 1
Applicant	CG Wharton County LLC	CG Wharton County LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation	Renewable Energy Electric Generation
School District	East Bernard ISD	East Bernard ISD
2018-2019 Average Daily Attendance	904	904
County	Wharton	Wharton
Proposed Total Investment in District	\$70,000,000	\$70,000,000
Proposed Qualified Investment	\$70,000,000	\$70,000,000
Limitation Amount	\$20,000,000	\$20,000,000
Qualifying Time Period (Full Years)	2022-2023	2022-2023
Number of new qualifying jobs committed to by applicant	1*	1*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$979	\$979
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$979	\$979
Minimum annual wage committed to by applicant for qualified jobs	\$50,908	\$50,908
Minimum weekly wage required for non-qualifying jobs	\$832.50	\$832.50
Minimum annual wage required for non-qualifying jobs	\$43,290	\$43,290
Investment per Qualifying Job	\$70,000,000	\$70,000,000
Estimated M&O levy without any limit (15 years)	\$6,125,661	\$5,676,933
Estimated M&O levy with Limitation (15 years)	\$3,553,563	\$3,104,835
Estimated gross M&O tax benefit (15 years)	\$2,572,098	\$2,572,098

** 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 CG Wharton County LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	50	59	109	\$2,288,000	\$5,712,000	\$8,000,000
2022	1	7	8	\$50,908	\$949,092	\$1,000,000
2023	1	6	7	\$50,908	\$949,092	\$1,000,000
2024	1	4	5	\$50,908	\$949,092	\$1,000,000
2025	1	2	3	\$50,908	\$949,092	\$1,000,000
2026	1	1	2	\$50,908	-\$50,908	\$0
2027	1	1	2	\$50,908	-\$50,908	\$0
2028	1	1	2	\$50,908	-\$50,908	\$0
2029	1	1	2	\$50,908	-\$50,908	\$0
2030	1	1	2	\$50,908	-\$50,908	\$0
2031	1	1	2	\$50,908	-\$50,908	\$0
2032	1	2	3	\$50,908	-\$50,908	\$0
2033	1	2	3	\$50,908	-\$50,908	\$0
2034	1	2	3	\$50,908	-\$50,908	\$0
2035	1	2	3	\$50,908	-\$50,908	\$0

Source: CPA REMI, CG Wharton County 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		East Bernard ISD I&S Tax Levy	East Bernard ISD M&O Tax Levy	East Bernard ISD M&O and I&S Tax Levies	Wharton County Tax Levy	Cons Groundwater Tax Levy	FM&LR Tax Levy	ESD #1 Tax Levy	ESD #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3092	1.0684		0.4225	0.0083	0.0514	0.0500	0.0846	
2022	\$70,000,000	\$70,000,000		\$216,440	\$747,880	\$964,320	\$295,778	\$5,810	\$35,994	\$35,000	\$59,227	\$1,396,129
2023	\$65,170,000	\$65,170,000		\$201,506	\$696,276	\$897,782	\$275,369	\$5,409	\$33,510	\$32,585	\$55,140	\$1,299,796
2024	\$59,948,000	\$59,948,000		\$185,359	\$640,484	\$825,844	\$253,304	\$4,976	\$30,825	\$29,974	\$50,722	\$1,195,645
2025	\$54,313,000	\$54,313,000		\$167,936	\$580,280	\$748,216	\$229,494	\$4,508	\$27,928	\$27,157	\$45,954	\$1,083,256
2026	\$48,223,000	\$48,223,000		\$149,106	\$515,215	\$664,320	\$203,761	\$4,003	\$24,796	\$24,112	\$40,801	\$961,793
2027	\$41,650,000	\$41,650,000		\$128,782	\$444,989	\$573,770	\$175,988	\$3,457	\$21,416	\$20,825	\$35,240	\$830,697
2028	\$34,552,000	\$34,552,000		\$106,835	\$369,154	\$475,988	\$145,996	\$2,868	\$17,767	\$17,276	\$29,234	\$689,129
2029	\$26,887,000	\$26,887,000		\$83,135	\$287,261	\$370,395	\$113,608	\$2,232	\$13,825	\$13,444	\$22,749	\$536,253
2030	\$18,606,000	\$18,606,000		\$57,530	\$198,787	\$256,316	\$78,618	\$1,544	\$9,567	\$9,303	\$15,743	\$371,091
2031	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2032	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2033	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2034	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2035	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2036	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2037	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2038	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
			Total	\$1,642,931	\$5,676,933	\$7,319,864	\$2,245,162	\$44,102	\$273,220	\$265,675	\$449,574	\$10,597,596

Source: CPA, CG Wharton County LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Wharton 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		East Bernard ISD I&S Tax Levy	East Bernard ISD M&O Tax Levy	East Bernard ISD M&O and I&S Tax Levies	Wharton County Tax Levy	Cons Groundwater Tax Levy	FM&LR Tax Levy	ESD #1 Tax Levy	ESD #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3092	1.0684		0.4225	0.0083	0.0514	0.0500	0.0846	
2022	\$70,000,000	\$20,000,000		\$216,440	\$213,680	\$430,120	\$295,778	\$5,810	\$35,994	\$35,000	\$59,227	\$861,929
2023	\$65,170,000	\$20,000,000		\$201,506	\$213,680	\$415,186	\$275,369	\$5,409	\$33,510	\$32,585	\$55,140	\$817,200
2024	\$59,948,000	\$20,000,000		\$185,359	\$213,680	\$399,039	\$253,304	\$4,976	\$30,825	\$29,974	\$50,722	\$768,840
2025	\$54,313,000	\$20,000,000		\$167,936	\$213,680	\$381,616	\$229,494	\$4,508	\$27,928	\$27,157	\$45,954	\$716,656
2026	\$48,223,000	\$20,000,000		\$149,106	\$213,680	\$362,786	\$203,761	\$4,003	\$24,796	\$24,112	\$40,801	\$660,259
2027	\$41,650,000	\$20,000,000		\$128,782	\$213,680	\$342,462	\$175,988	\$3,457	\$21,416	\$20,825	\$35,240	\$599,388
2028	\$34,552,000	\$20,000,000		\$106,835	\$213,680	\$320,515	\$145,996	\$2,868	\$17,767	\$17,276	\$29,234	\$533,656
2029	\$26,887,000	\$20,000,000		\$83,135	\$213,680	\$296,815	\$113,608	\$2,232	\$13,825	\$13,444	\$22,749	\$462,672
2030	\$18,606,000	\$18,606,000		\$57,530	\$198,787	\$256,316	\$78,618	\$1,544	\$9,567	\$9,303	\$15,743	\$371,091
2031	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2032	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2033	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2034	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2035	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2036	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2037	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
2038	\$14,000,000	\$14,000,000		\$43,288	\$149,576	\$192,864	\$59,156	\$1,162	\$7,199	\$7,000	\$11,845	\$279,226
			Total	\$1,642,931	\$3,104,835	\$4,747,766	\$2,245,162	\$44,102	\$273,220	\$265,675	\$449,574	\$8,025,498
			Diff	\$0	\$2,572,098	\$2,572,098	\$0	\$0	\$0	\$0	\$0	\$2,572,098

Source: CPA, CG Wharton County 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 CG Wharton County 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	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2022	\$213,680	\$213,680	\$534,200	\$534,200
	2023	\$213,680	\$427,360	\$482,596	\$1,016,796
	2024	\$213,680	\$641,040	\$426,804	\$1,443,601
	2025	\$213,680	\$854,720	\$366,600	\$1,810,201
	2026	\$213,680	\$1,068,400	\$301,535	\$2,111,735
	2027	\$213,680	\$1,282,080	\$231,309	\$2,343,044
	2028	\$213,680	\$1,495,760	\$155,474	\$2,498,518
	2029	\$213,680	\$1,709,440	\$73,581	\$2,572,098
	2030	\$198,787	\$1,908,227	\$0	\$2,572,098
	2031	\$149,576	\$2,057,803	\$0	\$2,572,098
Maintain Viable Presence (5 Years)	2032	\$149,576	\$2,207,379	\$0	\$2,572,098
	2033	\$149,576	\$2,356,955	\$0	\$2,572,098
	2034	\$149,576	\$2,506,531	\$0	\$2,572,098
	2035	\$149,576	\$2,656,107	\$0	\$2,572,098
	2036	\$149,576	\$2,805,683	\$0	\$2,572,098
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$149,576	\$2,955,259	\$0	\$2,572,098
	2038	\$149,576	\$3,104,835	\$0	\$2,572,098
	2039	\$149,576	\$3,254,411	\$0	\$2,572,098
	2040	\$149,576	\$3,403,987	\$0	\$2,572,098
	2041	\$149,576	\$3,553,563	\$0	\$2,572,098
	2042	\$149,576	\$3,703,139	\$0	\$2,572,098
	2043	\$149,576	\$3,852,715	\$0	\$2,572,098
	2044	\$149,576	\$4,002,291	\$0	\$2,572,098
	2045	\$149,576	\$4,151,867	\$0	\$2,572,098
	2046	\$149,576	\$4,301,443	\$0	\$2,572,098
		\$4,301,443	is greater than	\$2,572,098	
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

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, CG Wharton County 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.