

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED BP WIND
ENERGY NORTH AMERICA INC. PROJECT ON THE FINANCES OF
THE OLNEY INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

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Final Report

PREPARED BY



Estimated Impact of the Proposed BP Wind Energy North America Inc. Project on the Finances of the Olney Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

BP Wind Energy North America Inc. (BP Wind) has requested that the Olney Independent School District (OISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new renewable electric wind generation project. An application was submitted to OISD on August 25, 2010. BP Wind proposes to invest \$320 million to construct the new wind energy project in OISD.

The BP Wind project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

School Finance Mechanics

Under the provisions of Chapter 313, OISD may offer a minimum value limitation of \$10 million. Based on the application, the qualifying time period would begin with the 2011-12 school year. The full value of the investment is expected to reach \$320 million in 2012-13, with depreciation expected to reduce the taxable value of the project over the course of the requested value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2011-12 and 2012-13 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2011-12 and 2012-13 school years. Beginning in 2013-14, the project would go on the local tax roll at \$10 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with OISD currently levying a \$0.205 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. Based on the data provided in the application, BP Wind indicates that \$320 million in taxable value would be in place in the second year under the agreement. In year three (2013-14) of the agreement, the project is expected to go on the tax roll at \$10 million or, if applicable, a higher value limitation amount approved by the OISD Board of Trustees. This difference would result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values reflect a reduction associated with the value limitation for the wind project.

HB 1 established a “target” revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district’s compressed M&O tax rate. The next six cents of tax effort that a district may levy are subject to an enriched level of equalization (or no recapture in the case of Chapter 41 school districts) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed plus six cents rate, equalization and recapture occur at the level of \$319,500 per student in weighted average daily attendance (WADA).

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts do have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 700 school districts are funded at the minimum \$120 per WADA level, while approximately 300 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district’s base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the BP Wind project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f) (1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. While the new target revenue system appears to limit the impact of property value changes for a majority of school districts, changes in underlying property value growth have the potential to influence the revenue stream of a number of school districts.

Student enrollment counts are held constant at 710 students in average daily attendance (ADA) in analyzing the effects of the BP Wind project on the finances of OISD. The District's local tax base reached \$198.9 million for the 2010 tax year. While the district's tax base has increased in recent years, the underlying \$198.9 million taxable value for 2010-11 is maintained for the forecast period in order to isolate the effects of the property value limitation. OISD is not a property-wealthy district, with wealth per WADA of approximately \$155,052 for the current 2010-11 school year. These underlying assumptions are summarized in Table 1.

School Finance Impact

A baseline model was prepared for OISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2010-11 school year, no attempt is made to forecast the 88th percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed BP Wind facility to the model, but without assuming that a value limitation is approved. The results of this model are shown in Table 2.

A third model is developed which adds the BP Wind value but imposes the proposed property value limitation effective in the third year, which in this case is the 2013-14 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.17 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$6.6 million a year in net General Fund revenue being received by the District.

Under these assumptions, OISD would experience a revenue loss as a result of the implementation of the value limitation in the 2013-14 school year (-\$479,193). The revenue reduction results from the mechanics of six cents equalized to the Austin ISD yield and the additional eleven cents above the six cents, which reflect the one-year lag in value associated with the state property value study. It appears that more modest differences persist between the two models over the course of the agreement, in part due to deductions made in state property value study that do not sufficiently offset the reduction in M&O taxes resulting from the impact of the value limitation agreement.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. At the school district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced

value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office, however, only a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. This methodology has been incorporated into these estimates and the typical result is an increase in the hold-harmless formula amounts owed to the school district by the company that receives the value limitation. The extent to which this affects a school district's finances appears to be influenced by the scale of the value limitation reduction relative to the district's underlying tax base, as well as its I&S tax rate.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.17 per \$100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$24.1 million over the life of the agreement. In addition, BP Wind would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$3.6 million over the life of the agreement, with no unpaid tax credits anticipated.

The key OISD revenue losses are associated primarily with the additional six-cent levy equalized to the Austin ISD yield and expected to total approximately -\$971,260 over the course of the agreement, with the school district to be reimbursed by the state for the tax credit payments. In total, the potential net tax benefits are estimated to total \$26.8 million over the life of the agreement.

Facilities Funding Impact

The BP Wind project remains fully taxable for debt services taxes, with OISD currently levying a \$0.205 I&S rate. The value of the BP Wind project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently used to determine funding from the state's facilities program. The additional value is expected to help reduce the District's current I&S tax rate to \$0.074 per \$100 in 2012-13—about thirteen cents of tax effort—with the rate reduction diminishing as the project value depreciates.

The BP Wind project is not expected to affect OISD in terms of enrollment. Continued expansion of the renewable energy industry could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed BP Wind wind energy project enhances the tax base of OISD. It reflects continued capital investment in renewable electric energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$26.8 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of OISD in meeting its future debt service obligations.

Table 1 – Base District Information with BP Wind Energy North America Inc. Project Value and Limitation Values

| Year of Agreement | School Year | ADA | WADA | M&O Tax Rate | I&S Tax Rate | CAD Value with Project | CAD Value with Limitation | CPTD with Project | CPTD With Limitation | CPTD Value with Project per WADA | CPTD Value with Limitation per WADA |
|-------------------|-------------|--------|----------|--------------|--------------|------------------------|---------------------------|-------------------|----------------------|----------------------------------|-------------------------------------|
| 1 | 2011-12 | 710.00 | 1,158.83 | \$1.1700 | \$0.2050 | \$198,851,645 | \$198,851,645 | \$194,933,308 | \$194,933,308 | \$168,216 | \$168,216 |
| 2 | 2012-13 | 710.00 | 1,158.83 | \$1.1700 | \$0.0740 | \$518,851,645 | \$518,851,645 | \$194,933,308 | \$194,933,308 | \$168,216 | \$168,216 |
| 3 | 2013-14 | 710.00 | 1,158.83 | \$1.1700 | \$0.0990 | \$505,994,045 | \$208,851,645 | \$514,933,308 | \$514,933,308 | \$444,357 | \$444,357 |
| 4 | 2014-15 | 710.00 | 1,158.83 | \$1.1700 | \$0.0930 | \$493,708,349 | \$208,851,645 | \$502,075,708 | \$228,114,630 | \$433,262 | \$196,850 |
| 5 | 2015-16 | 710.00 | 1,158.83 | \$1.1700 | \$0.0950 | \$481,914,081 | \$208,851,645 | \$489,790,012 | \$225,908,505 | \$422,660 | \$194,946 |
| 6 | 2016-17 | 710.00 | 1,158.83 | \$1.1700 | \$0.0960 | \$470,591,583 | \$208,851,645 | \$477,995,744 | \$225,439,973 | \$412,482 | \$194,541 |
| 7 | 2017-18 | 710.00 | 1,158.83 | \$1.1700 | \$0.0980 | \$459,721,986 | \$208,851,645 | \$466,673,246 | \$224,780,886 | \$402,712 | \$193,973 |
| 8 | 2018-19 | 710.00 | 1,158.83 | \$1.1700 | \$0.1000 | \$449,287,172 | \$208,851,645 | \$455,803,649 | \$224,322,341 | \$393,332 | \$193,577 |
| 9 | 2019-20 | 710.00 | 1,158.83 | \$1.1700 | \$0.1020 | \$439,269,751 | \$208,851,645 | \$445,368,835 | \$223,865,239 | \$384,327 | \$193,183 |
| 10 | 2020-21 | 710.00 | 1,158.83 | \$1.1700 | \$0.1040 | \$429,653,027 | \$208,851,645 | \$435,351,414 | \$223,410,231 | \$375,683 | \$192,790 |
| 11 | 2021-22 | 710.00 | 1,158.83 | \$1.1700 | \$0.1060 | \$420,420,972 | \$420,420,972 | \$425,734,690 | \$222,957,910 | \$367,384 | \$192,400 |
| 12 | 2022-23 | 710.00 | 1,158.83 | \$1.1700 | \$0.1220 | \$411,558,199 | \$411,558,199 | \$416,502,635 | \$416,502,635 | \$359,417 | \$359,417 |
| 13 | 2023-24 | 710.00 | 1,158.83 | \$1.1700 | \$0.1240 | \$403,049,936 | \$403,049,936 | \$407,639,862 | \$407,639,862 | \$351,769 | \$351,769 |
| 14 | 2024-25 | 710.00 | 1,158.83 | \$1.1700 | \$0.1270 | \$394,882,005 | \$394,882,005 | \$399,131,599 | \$399,131,599 | \$344,427 | \$344,427 |
| 15 | 2025-26 | 710.00 | 1,158.83 | \$1.1700 | \$0.1290 | \$387,040,790 | \$387,040,790 | \$390,963,668 | \$390,963,668 | \$337,379 | \$337,379 |

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

Table 2--“Baseline Revenue Model”--Project Value Added with No Value Limitation

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Additional State Aid-Hold Harmless | Excess Formula Reduction | Recapture Costs | Additional Local M&O Collections | State Aid From Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Total General Fund |
|-------------------|-------------|-----------------------------|-------------|------------------------------------|--------------------------|-----------------|----------------------------------|---|--|--------------------|
| 1 | 2011-12 | \$1,896,760 | \$3,785,405 | \$93,616 | \$0 | \$0 | \$322,338 | \$479,451 | \$0 | \$6,577,570 |
| 2 | 2012-13 | \$4,877,894 | \$3,785,405 | \$0 | -\$2,481,929 | \$0 | \$828,957 | \$1,233,004 | \$0 | \$8,243,331 |
| 3 | 2013-14 | \$4,965,292 | \$585,245 | \$225,243 | \$0 | \$0 | \$843,809 | \$104,144 | -\$147,255 | \$6,576,478 |
| 4 | 2014-15 | \$4,882,674 | \$713,828 | \$179,279 | \$0 | \$0 | \$829,769 | \$112,536 | -\$135,316 | \$6,582,769 |
| 5 | 2015-16 | \$4,724,642 | \$836,691 | \$214,447 | \$0 | \$0 | \$802,913 | \$118,735 | -\$121,712 | \$6,575,716 |
| 6 | 2016-17 | \$4,611,371 | \$954,640 | \$209,769 | \$0 | \$0 | \$783,663 | \$125,574 | -\$109,716 | \$6,575,302 |
| 7 | 2017-18 | \$4,502,589 | \$1,067,870 | \$205,322 | \$0 | \$0 | \$765,177 | \$132,141 | -\$98,197 | \$6,574,902 |
| 8 | 2018-19 | \$4,398,154 | \$1,176,572 | \$201,055 | \$0 | \$0 | \$747,429 | \$138,447 | -\$87,136 | \$6,574,520 |
| 9 | 2019-20 | \$4,297,895 | \$1,280,925 | \$196,961 | \$0 | \$0 | \$730,391 | \$144,502 | -\$76,517 | \$6,574,157 |
| 10 | 2020-21 | \$4,201,642 | \$1,381,104 | \$193,035 | \$0 | \$0 | \$714,033 | \$150,317 | -\$66,320 | \$6,573,811 |
| 11 | 2021-22 | \$3,961,131 | \$1,477,276 | \$337,374 | \$0 | \$0 | \$673,161 | \$150,282 | -\$54,492 | \$6,544,731 |
| 12 | 2022-23 | \$3,878,071 | \$1,569,601 | \$328,108 | \$0 | \$0 | \$659,045 | \$155,550 | -\$45,459 | \$6,544,916 |
| 13 | 2023-24 | \$3,798,862 | \$1,658,234 | \$318,684 | \$0 | \$0 | \$645,584 | \$160,641 | -\$36,781 | \$6,545,224 |
| 14 | 2024-25 | \$3,722,781 | \$1,743,320 | \$309,680 | \$0 | \$0 | \$632,655 | \$165,541 | -\$28,437 | \$6,545,539 |
| 15 | 2025-26 | \$3,649,776 | \$1,825,004 | \$301,000 | \$0 | \$0 | \$620,248 | \$170,260 | -\$20,414 | \$6,545,875 |

Table 3--“Value Limitation Revenue Model”--Project Value Added with Value Limit

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Additional State Aid-Hold Harmless | Excess Formula Reduction | Recapture Costs | Additional Local M&O Collections | State Aid From Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Total General Fund |
|-------------------|-------------|-----------------------------|-------------|------------------------------------|--------------------------|-----------------|----------------------------------|---|--|--------------------|
| 1 | 2011-12 | \$1,896,760 | \$3,785,405 | \$93,616 | \$0 | \$0 | \$322,338 | \$479,451 | \$0 | \$6,577,570 |
| 2 | 2012-13 | \$4,877,894 | \$3,785,405 | \$0 | -\$2,481,929 | \$0 | \$828,957 | \$1,233,004 | \$0 | \$8,243,331 |
| 3 | 2013-14 | \$1,993,719 | \$585,245 | \$3,196,816 | \$0 | \$0 | \$338,816 | \$41,817 | -\$59,128 | \$6,097,286 |
| 4 | 2014-15 | \$1,993,963 | \$3,453,576 | \$328,242 | \$0 | \$0 | \$338,857 | \$381,417 | \$0 | \$6,496,055 |
| 5 | 2015-16 | \$1,993,881 | \$3,475,638 | \$306,261 | \$0 | \$0 | \$338,843 | \$388,435 | \$0 | \$6,503,059 |
| 6 | 2016-17 | \$1,993,841 | \$3,480,324 | \$301,616 | \$0 | \$0 | \$338,836 | \$389,939 | \$0 | \$6,504,556 |
| 7 | 2017-18 | \$1,993,760 | \$3,486,915 | \$295,106 | \$0 | \$0 | \$338,823 | \$392,060 | \$0 | \$6,506,663 |
| 8 | 2018-19 | \$1,993,679 | \$3,491,500 | \$290,602 | \$0 | \$0 | \$338,809 | \$393,538 | \$0 | \$6,508,127 |
| 9 | 2019-20 | \$1,993,598 | \$3,496,072 | \$286,110 | \$0 | \$0 | \$338,795 | \$395,017 | \$0 | \$6,509,593 |
| 10 | 2020-21 | \$1,993,518 | \$3,500,622 | \$281,641 | \$0 | \$0 | \$338,781 | \$396,496 | \$0 | \$6,511,058 |
| 11 | 2021-22 | \$3,961,131 | \$3,505,145 | \$0 | -\$1,284,906 | \$0 | \$673,161 | \$790,803 | \$0 | \$7,645,334 |
| 12 | 2022-23 | \$3,878,071 | \$1,569,601 | \$328,108 | \$0 | \$0 | \$659,045 | \$155,550 | -\$45,459 | \$6,544,916 |
| 13 | 2023-24 | \$3,798,862 | \$1,658,234 | \$318,684 | \$0 | \$0 | \$645,584 | \$160,641 | -\$36,781 | \$6,545,224 |
| 14 | 2024-25 | \$3,722,781 | \$1,743,320 | \$309,680 | \$0 | \$0 | \$632,655 | \$165,541 | -\$28,437 | \$6,545,539 |
| 15 | 2025-26 | \$3,649,776 | \$1,825,004 | \$301,000 | \$0 | \$0 | \$620,248 | \$170,260 | -\$20,414 | \$6,545,875 |

Table 4 – Value Limit less Project Value with No Limit

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Additional State Aid-Hold Harmless | Excess Formula Reduction | Recapture Costs | Additional Local M&O Collections | State Aid From Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Total General Fund |
|-------------------|-------------|-----------------------------|-------------|------------------------------------|--------------------------|-----------------|----------------------------------|---|--|--------------------|
| 1 | 2011-12 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | 2012-13 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 | 2013-14 | -\$2,971,573 | \$0 | \$2,971,573 | \$0 | \$0 | -\$504,994 | -\$62,327 | \$88,128 | -\$479,193 |
| 4 | 2014-15 | -\$2,888,711 | \$2,739,748 | \$148,963 | \$0 | \$0 | -\$490,912 | \$268,882 | \$135,316 | -\$86,714 |
| 5 | 2015-16 | -\$2,730,761 | \$2,638,947 | \$91,814 | \$0 | \$0 | -\$464,070 | \$269,700 | \$121,712 | -\$72,657 |
| 6 | 2016-17 | -\$2,617,530 | \$2,525,684 | \$91,846 | \$0 | \$0 | -\$444,827 | \$264,364 | \$109,716 | -\$70,747 |
| 7 | 2017-18 | -\$2,508,829 | \$2,419,045 | \$89,784 | \$0 | \$0 | -\$426,354 | \$259,919 | \$98,197 | -\$68,239 |
| 8 | 2018-19 | -\$2,404,475 | \$2,314,928 | \$89,547 | \$0 | \$0 | -\$408,620 | \$255,091 | \$87,136 | -\$66,393 |
| 9 | 2019-20 | -\$2,304,297 | \$2,215,147 | \$89,150 | \$0 | \$0 | -\$391,596 | \$250,515 | \$76,517 | -\$64,564 |
| 10 | 2020-21 | -\$2,208,124 | \$2,119,518 | \$88,606 | \$0 | \$0 | -\$375,252 | \$246,178 | \$66,320 | -\$62,753 |
| 11 | 2021-22 | \$0 | \$2,027,869 | -\$337,374 | -\$1,284,906 | \$0 | \$0 | \$640,521 | \$54,492 | \$1,100,603 |
| 12 | 2022-23 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13 | 2023-24 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 14 | 2024-25 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15 | 2025-26 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Table 5 - Estimated Financial impact of the BP Wind Energy North America Inc. Project Property Value Limitation Request Submitted to OISD at \$1.17 M&O Tax Rate

| Year of Agreement | School Year | Project Value | Estimated Taxable Value | Value Savings | Taxes Before Value Limit | Taxes after Value Limit | Tax Savings @ Projected M&O Rate | Tax Credits for First Two Years Above Limit | Tax Benefit to Company Before Revenue Protection | School District Revenue Losses | Estimated Net Tax Benefits |
|-------------------|-------------|---------------|-------------------------|---------------|--------------------------|-------------------------|----------------------------------|---|--|--------------------------------|----------------------------|
| 1 | 2011-12 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | 2012-13 | \$320,000,000 | \$320,000,000 | \$0 | \$3,744,000 | \$3,744,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 | 2013-14 | \$307,142,400 | \$10,000,000 | \$297,142,400 | \$3,593,566 | \$117,000 | \$3,476,566 | \$0 | \$3,476,566 | -\$479,193 | \$2,997,373 |
| 4 | 2014-15 | \$298,856,704 | \$10,000,000 | \$288,856,704 | \$3,496,623 | \$117,000 | \$3,379,623 | \$197,468 | \$3,577,092 | -\$86,714 | \$3,490,377 |
| 5 | 2015-16 | \$283,062,436 | \$10,000,000 | \$273,062,436 | \$3,311,831 | \$117,000 | \$3,194,831 | \$192,955 | \$3,387,785 | -\$72,657 | \$3,315,128 |
| 6 | 2016-17 | \$271,739,938 | \$10,000,000 | \$261,739,938 | \$3,179,357 | \$117,000 | \$3,062,357 | \$188,935 | \$3,251,292 | -\$70,747 | \$3,180,546 |
| 7 | 2017-18 | \$260,870,341 | \$10,000,000 | \$250,870,341 | \$3,052,183 | \$117,000 | \$2,935,183 | \$186,326 | \$3,121,509 | -\$68,239 | \$3,053,270 |
| 8 | 2018-19 | \$250,435,527 | \$10,000,000 | \$240,435,527 | \$2,930,096 | \$117,000 | \$2,813,096 | \$183,718 | \$2,996,813 | -\$66,393 | \$2,930,420 |
| 9 | 2019-20 | \$240,418,106 | \$10,000,000 | \$230,418,106 | \$2,812,892 | \$117,000 | \$2,695,892 | \$181,113 | \$2,877,005 | -\$64,564 | \$2,812,441 |
| 10 | 2020-21 | \$230,801,382 | \$10,000,000 | \$220,801,382 | \$2,700,376 | \$117,000 | \$2,583,376 | \$178,517 | \$2,761,893 | -\$62,753 | \$2,699,140 |
| 11 | 2021-22 | \$221,569,327 | \$221,569,327 | \$0 | \$2,592,361 | \$2,592,361 | \$0 | \$2,317,968 | \$2,317,968 | \$0 | \$2,317,968 |
| 12 | 2022-23 | \$212,706,554 | \$212,706,554 | \$0 | \$2,488,667 | \$2,488,667 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13 | 2023-24 | \$204,198,291 | \$204,198,291 | \$0 | \$2,389,120 | \$2,389,120 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 14 | 2024-25 | \$196,030,360 | \$196,030,360 | \$0 | \$2,293,555 | \$2,293,555 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15 | 2025-26 | \$188,189,145 | \$188,189,145 | \$0 | \$2,201,813 | \$2,201,813 | \$0 | \$0 | \$0 | \$0 | \$0 |

\$40,786,440 \$16,645,516 \$24,140,924 \$3,627,000 \$27,767,924 -\$971,260 \$26,796,663

Tax Credit for Value Over Limit in First 2 Years

| | Year 1 | Year 2 | Max Credits |
|-----------------------|--------|-------------|--------------------|
| | \$0 | \$3,627,000 | \$3,627,000 |
| Credits Earned | | | \$3,627,000 |
| Credits Paid | | | <u>\$3,627,000</u> |
| Excess Credits Unpaid | | | \$0 |