



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 20, 2024

AMENDED COMPLETENESS,
CERTIFICATE & AGREEMENT
APPROVAL

Dr. Christopher Heskett
Superintendent
Covington Independent School District
501 North Main St.
Covington, TX 76636

Re: Amendment Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Covington Independent School District and Midpoint Solar, LLC, Application 1879

Dear Superintendent Heskett:

This application (Application 1879) was originally submitted on May 5, 2022, to the Covington Independent School District (school district) by Midpoint Solar, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On August 19, 2022, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on November 17, 2022. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on December 15, 2022.

On July 30, 2024, the Comptroller received an amendment to the agreement to change the start of value limitation period from 2028 to 2026 and, subsequently, determined that it includes the information necessary to be determined as complete. 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 approves changes to the certificate for a limitation on appraised value for the amendment.

The Comptroller's review of the amended application and amended agreement assumes the accuracy and completeness of the statements in the amendment. If the amendment is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) and all amendments, 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 approval is no longer valid if the information presented in the amendment changes, or the amended limitation agreement does not conform to the amended application. Additionally, this approval is contingent on the school district approving and executing the amendment to the agreement by **December 31, 2024**.

This office has also been provided with the Amended Agreement for Limitation on Appraised Value. As requested, the amendment to the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1). Based on our review, this office concludes that the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact John Villarreal, Manager, Data Analysis & Transparency, by email at john.villarreal@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 3-5241, or at 512-463-5241.

Sincerely,

DocuSigned by:

8FDFC70F5753487...

Will Counihan

Director

Data Analysis & Transparency

cc: Sara Leon, Sara Leon & Associates, LLC
Eric Bauman, Midpoint Solar, LLC
Nathan Krieger, Midpoint Solar, LLC
Troy Reed, Ernst & Young LLP

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Midpoint Solar, LLC (project) applying to Covington 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 Midpoint Solar, LLC.

	Original	Amendment No. 1
Applicant	Midpoint Solar, LLC	Midpoint Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar	Renewable Energy - Solar
School District	Covington ISD	Covington ISD
2020-2021 Average Daily Attendance	269	269
County	Hill	Hill
Proposed Total Investment in District	\$91,844,314	\$45,935,748
Proposed Qualified Investment	\$91,844,314	\$45,935,748
Limitation Amount	\$15,000,000	\$15,000,000
Qualifying Time Period (Full Years)	2026-2027	2026-2027
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	\$1,069	\$1,069
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,069	\$1,069
Minimum annual wage committed to by applicant for qualified jobs	\$55,587	\$55,587
Minimum weekly wage required for non-qualifying jobs	\$908.00	\$908.00
Minimum annual wage required for non-qualifying jobs	\$47,216	\$47,2016
Investment per Qualifying Job	\$91,844,314	\$45,935,748
Estimated M&O levy without any limit (15 years)	\$5,368,809	\$2,476,309
Estimated M&O levy with Limitation (15 years)	\$2,322,431	\$1,664,707
Estimated gross M&O tax benefit (15 years)	\$3,046,378	\$811,602

* 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 Midpoint Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2025	250	274	524	\$12,500,000	\$31,150,000	\$43,650,000
2026	1	19	20	\$55,587	\$4,914,413	\$4,970,000
2027	1	12	13	\$55,587	\$3,364,413	\$3,420,000
2028	1	(2)	-1	\$55,587	\$1,684,413	\$1,740,000
2029	1	(8)	-7	\$55,587	\$654,413	\$710,000
2030	1	(9)	-8	\$55,587	\$114,413	\$170,000
2031	1	(9)	-8	\$55,587	-\$105,587	-\$50,000
2032	1	(7)	-6	\$55,587	-\$115,587	-\$60,000
2033	1	(4)	-3	\$55,587	\$4,413	\$60,000
2034	1	(2)	-1	\$55,587	\$194,413	\$250,000
2035	1	0	1	\$55,587	\$404,413	\$460,000
2036	1	2	3	\$55,587	\$594,413	\$650,000
2037	1	3	4	\$55,587	\$754,413	\$810,000
2038	1	4	5	\$55,587	\$894,413	\$950,000
2039	1	4	5	\$55,587	\$994,413	\$1,050,000
2040	1	4	5	\$55,587	\$1,054,413	\$1,110,000

Source: CPA REMI, Midpoint 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		Covington ISD I&S Tax Levy	Covington ISD M&O Tax Levy	Covington ISD M&O and I&S Tax Levies	Hill County Tax Levy	Hill County ESD #1 Tax Levy	Hill County ESD #2 Tax Levy	Hill College Tax Levy	Hill County Lateral Road Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1082	0.9603		0.4972	0.0288	0.0436	0.0852	0.0770	
2026	\$41,050,849	\$41,050,849		\$44,417	\$394,211	\$438,628	\$204,105	\$11,823	\$17,898	\$34,975	\$31,609	\$739,038
2027	\$36,142,614	\$36,142,614		\$39,106	\$347,078	\$386,184	\$179,701	\$10,409	\$15,758	\$30,794	\$27,830	\$650,675
2028	\$31,226,203	\$31,226,203		\$33,787	\$299,865	\$333,652	\$155,257	\$8,993	\$13,615	\$26,605	\$24,044	\$562,165
2029	\$26,326,512	\$26,326,512		\$28,485	\$252,813	\$281,299	\$130,895	\$7,582	\$11,478	\$22,430	\$20,271	\$473,956
2030	\$21,476,340	\$21,476,340		\$23,237	\$206,237	\$229,475	\$106,780	\$6,185	\$9,364	\$18,298	\$16,537	\$386,639
2031	\$18,292,993	\$18,292,993		\$19,793	\$175,668	\$195,461	\$90,953	\$5,268	\$7,976	\$15,586	\$14,086	\$329,329
2032	\$14,627,320	\$14,627,320		\$15,827	\$140,466	\$156,293	\$72,727	\$4,213	\$6,378	\$12,462	\$11,263	\$263,336
2033	\$11,254,258	\$11,254,258		\$12,177	\$108,075	\$120,252	\$55,956	\$3,241	\$4,907	\$9,589	\$8,666	\$202,610
2034	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2035	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2036	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2037	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2038	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2039	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2040	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
			Total	\$279,013	\$2,476,309	\$2,755,323	\$1,282,121	\$74,266	\$112,431	\$219,704	\$198,559	\$4,642,403

Source: CPA, Midpoint Solar, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Hill 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		Covington ISD I&S Tax Levy	Covington ISD M&O Tax Levy	Covington ISD M&O and I&S Tax Levies	Hill County Tax Levy	Hill County ESD #1 Tax Levy	Hill County ESD #2 Tax Levy	Hill College Tax Levy	Hill County Lateral Road Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1082	0.9603		0.4972	0.0288	0.0436	0.0852	0.0770	
2026	\$41,050,849	\$15,000,000		\$44,417	\$144,045	\$188,462	\$204,105	\$11,823	\$17,898	\$34,975	\$31,609	\$488,872
2027	\$36,142,614	\$15,000,000		\$39,106	\$144,045	\$183,151	\$179,701	\$10,409	\$15,758	\$30,794	\$27,830	\$447,643
2028	\$31,226,203	\$15,000,000		\$33,787	\$144,045	\$177,832	\$155,257	\$8,993	\$13,615	\$26,605	\$24,044	\$406,345
2029	\$26,326,512	\$15,000,000		\$28,485	\$144,045	\$172,530	\$130,895	\$7,582	\$11,478	\$22,430	\$20,271	\$365,188
2030	\$21,476,340	\$15,000,000		\$23,237	\$144,045	\$167,282	\$106,780	\$6,185	\$9,364	\$18,298	\$16,537	\$324,446
2031	\$18,292,993	\$15,000,000		\$19,793	\$144,045	\$163,838	\$90,953	\$5,268	\$7,976	\$15,586	\$14,086	\$297,706
2032	\$14,627,320	\$14,627,320		\$15,827	\$140,466	\$156,293	\$72,727	\$4,213	\$6,378	\$12,462	\$11,263	\$263,336
2033	\$11,254,258	\$11,254,258		\$12,177	\$108,075	\$120,252	\$55,956	\$3,241	\$4,907	\$9,589	\$8,666	\$202,610
2034	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2035	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2036	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2037	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2038	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2039	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
2040	\$8,210,170	\$8,210,170		\$8,883	\$78,842	\$87,726	\$40,821	\$2,365	\$3,580	\$6,995	\$6,322	\$147,808
			Total	\$279,013	\$1,664,707	\$1,943,720	\$1,282,121	\$74,266	\$112,431	\$219,704	\$198,559	\$3,830,800
			Diff	\$0	\$811,602	\$811,602	\$0	\$0	\$0	\$0	\$0	\$811,602

Source: CPA, Midpoint 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 Midpoint 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	2023	\$0	\$0	\$0	\$0
	2024	\$0	\$0	\$0	\$0
	2025	\$116,767	\$116,767	\$0	\$0
Limitation Period (10 Years)	2026	\$144,045	\$260,812	\$250,166	\$250,166
	2027	\$144,045	\$404,857	\$203,033	\$453,199
	2028	\$144,045	\$548,902	\$155,820	\$609,019
	2029	\$144,045	\$692,947	\$108,768	\$717,788
	2030	\$144,045	\$836,992	\$62,192	\$779,980
	2031	\$144,045	\$981,037	\$31,623	\$811,602
	2032	\$140,466	\$1,121,503	\$0	\$811,602
	2033	\$108,075	\$1,229,578	\$0	\$811,602
	2034	\$78,842	\$1,308,420	\$0	\$811,602
	2035	\$78,842	\$1,387,263	\$0	\$811,602
Maintain Viable Presence (5 Years)	2036	\$78,842	\$1,466,105	\$0	\$811,602
	2037	\$78,842	\$1,544,947	\$0	\$811,602
	2038	\$78,842	\$1,623,789	\$0	\$811,602
	2039	\$78,842	\$1,702,632	\$0	\$811,602
	2040	\$78,842	\$1,781,474	\$0	\$811,602
Additional Years as Required by 313.026(c)(1) (10 Years)	2041	\$78,842	\$1,860,316	\$0	\$811,602
	2042	\$78,842	\$1,939,158	\$0	\$811,602
	2043	\$78,842	\$2,018,001	\$0	\$811,602
	2044	\$78,842	\$2,096,843	\$0	\$811,602
	2045	\$78,842	\$2,175,685	\$0	\$811,602
	2046	\$78,842	\$2,254,527	\$0	\$811,602
	2047	\$78,842	\$2,333,370	\$0	\$811,602
	2048	\$78,842	\$2,412,212	\$0	\$811,602
	2049	\$78,842	\$2,491,054	\$0	\$811,602
	2050	\$78,842	\$2,569,897	\$0	\$811,602
		\$2,569,897	is greater than	\$811,602	
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, Midpoint 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.