

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 14, 2012

Randel Beaver  
Superintendent  
Archer City Independent School District  
P. O. Box 926  
Archer City, Texas 76351

Dear Superintendent Beaver:

On February 7, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in December 19, 2011 to the Archer City Independent School District (Archer City ISD) by Briar Creek LLC. On June 1, 2012, the Comptroller received revised application schedules and other supplemental application materials. This letter presents the results of the comptroller's review of the application:

- 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 make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

Archer City ISD is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$300 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement. Briar Creek LLC is proposing the construction of a wind power electric generation facility in Archer County. Briar Creek LLC is an active franchise taxpayer in good standing, as required by Tax Code Section 313.024(a).

As required by Section 313.024(h), the Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by Briar Creek LLC, the Comptroller's recommendation is that Briar Creek's application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. The school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025 (f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

The Comptroller's recommendation is based on the application that has been submitted and reviewed by the Comptroller. The recommendation may not be used by the ISD to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

1. The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
4. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

**Economic Impact for Chapter 313 Project**

Applicant	Briar Creek LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Archer City ISD
2010-11 Enrollment in School District	504
County	Archer
Total Investment in District	\$300,000,000
Qualified Investment	\$300,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	7*
Number of qualifying jobs committed to by applicant	6
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$807
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$807
Minimum Annual Wage committed to by applicant for qualified jobs	\$41,968
Investment per Qualifying Job	\$50,000,000
Estimated 15 year M&O levy without any limit or credit:	\$12,994,800
Estimated gross 15 year M&O tax benefit	\$7,248,300
Estimated 15 year M&O tax benefit ( <i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$7,082,115
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,245,900
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$5,912,685
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	54.5%
Percentage of tax benefit due to the limitation	69.0%
Percentage of tax benefit due to the credit.	31.0%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Briar Creek LLC (the project) applying to Archer City Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
  - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
  - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

**Wages, salaries and benefits [313.026(6-8)]**

After construction, the project will create seven new jobs when fully operational. Six of those jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Nortex Regional Planning Commission Region, where Archer County is located was \$38,153 in 2010. The annual average manufacturing wage for 2010-2011 for Archer County is \$27,742. That same year, the county annual average wage for all industries was \$31,697. In addition to a salary of \$41,968, each qualifying position will receive medical, dental, vision, and life insurance. The project's total investment is \$300 million, resulting in a relative level of investment per qualifying job of \$50 million.

**Ability of applicant to locate to another state and [313.026(9)]**

According to Briar Creek LLC's application, "Briar Creek LLC has the ability to relocate to another state or another region of the state. Wind farms are currently being developed in numerous other states, including, but not limited to, Colorado, Kansas, New Mexico, Oklahoma, California and Minnesota. Within Texas, at least 25 other counties have wind farms proposed, under construction or are currently operating with potential new sites growing yearly. The Company could invest its resources in any of these locations."

**Number of new facilities in region [313.026(12)]**

During the past two years, six projects in the Nortex Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

**Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]**

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Briar Creek LLC project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

**Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]**

Table 1 depicts Briar Creek LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Briar Creek LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	15	10	25	\$642,532	\$357,468	\$1,000,000
2013	7	5	12	\$293,776	\$706,224	\$1,000,000
2014	7	7	14	\$293,776	\$706,224	\$1,000,000
2015	7	13	20	\$293,776	\$706,224	\$1,000,000
2016	7	15	22	\$293,776	\$706,224	\$1,000,000
2017	7	14	21	\$293,776	\$1,706,224	\$2,000,000
2018	7	16	23	\$293,776	\$1,706,224	\$2,000,000
2019	7	16	23	\$293,776	\$1,706,224	\$2,000,000
2020	7	12	19	\$293,776	\$1,706,224	\$2,000,000
2021	7	15	22	\$293,776	\$1,706,224	\$2,000,000
2022	7	16	23	\$293,776	\$1,706,224	\$2,000,000
2023	7	15	22	\$293,776	\$1,706,224	\$2,000,000
2024	7	20	27	\$293,776	\$1,706,224	\$2,000,000
2025	7	16	23	\$293,776	\$1,706,224	\$2,000,000
2026	7	14	21	\$293,776	\$1,706,224	\$2,000,000
2027	7	14	21	\$293,776	\$1,706,224	\$2,000,000

Source: CPA, REMI, Briar Creek LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Archer City ISD's ad valorem tax base in 2010 was \$181 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Archer City ISD's estimated wealth per WADA was \$221,995. The impact on the facilities and finances of the district are presented in Attachment 2. .

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Archer County with all property tax incentives sought being granted using estimated market value from Briar Creek LLC's application. Briar Creek LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Briar Creek LLC project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Archer City I&S Levy	Archer City I&S M&O Levy	Archer City I&S M&O and I&S Tax Levies (Before Credit Credited)	Archer City I&S M&O and I&S Tax Levies (After Credit Credited)	Archer County	Estimated Total Property Taxes
				0.0800	1.0400			0.6826	
2013	\$255,000,000	\$255,000,000		\$204,000	\$2,652,000	\$2,856,000	\$2,856,000	\$0	\$2,856,000
2014	\$178,500,000	\$178,500,000		\$142,800	\$1,856,400	\$1,999,200	\$1,999,200	\$36,551	\$2,035,751
2015	\$140,250,000	\$10,000,000		\$112,200	\$104,000	\$216,200	\$216,200	\$38,291	\$254,491
2016	\$102,000,000	\$10,000,000		\$81,600	\$104,000	\$185,600	\$92,800	\$62,658	\$155,458
2017	\$63,750,000	\$10,000,000		\$51,000	\$104,000	\$155,000	\$77,500	\$65,269	\$142,769
2018	\$51,000,000	\$10,000,000		\$40,800	\$104,000	\$144,800	\$72,400	\$69,620	\$142,020
2019	\$51,000,000	\$10,000,000		\$40,800	\$104,000	\$144,800	\$72,400	\$100,949	\$173,349
2020	\$51,000,000	\$10,000,000		\$40,800	\$104,000	\$144,800	\$72,400	\$118,354	\$190,754
2021	\$51,000,000	\$10,000,000		\$40,800	\$104,000	\$144,800	\$72,400	\$118,354	\$190,754
2022	\$51,000,000	\$10,000,000		\$40,800	\$104,000	\$144,800	\$72,400	\$118,354	\$190,754
2023	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$0	\$118,354	\$118,354
2024	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$0	\$348,101	\$348,101
2025	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$0	\$348,101	\$348,101
2026	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$571,200	\$348,101	\$919,301
2027	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$571,200	\$348,101	\$919,301
						<b>Total</b>	<b>\$6,746,100</b>	<b>\$2,239,156</b>	<b>\$8,985,256</b>

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Briar Creek LLC

<sup>1</sup>Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Archer City I&S Levy	Archer City I&S M&O Levy	Archer City I&S M&O and I&S Tax Levies	Archer County	Estimated Total Property Taxes	
				0.0800	1.0400		0.6826		
2013	\$255,000,000	\$255,000,000		\$204,000	\$2,652,000	\$2,856,000	\$1,740,503	\$4,596,503	
2014	\$178,500,000	\$178,500,000		\$142,800	\$1,856,400	\$1,999,200	\$1,218,352	\$3,217,552	
2015	\$140,250,000	\$140,250,000		\$112,200	\$1,458,600	\$1,570,800	\$957,276	\$2,528,076	
2016	\$102,000,000	\$102,000,000		\$81,600	\$1,060,800	\$1,142,400	\$696,201	\$1,838,601	
2017	\$63,750,000	\$63,750,000		\$51,000	\$663,000	\$714,000	\$435,126	\$1,149,126	
2018	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2019	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2020	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2021	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2022	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2023	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2024	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2025	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2026	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2027	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
						<b>Total</b>	<b>\$13,994,400</b>	<b>\$8,528,462</b>	<b>\$22,522,862</b>

Source: CPA, Briar Creek LLC

<sup>1</sup>Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$12,994,800. The estimated gross 15 year M&O tax benefit, or levy loss, is \$7,248,300.

Attachment 3 is an economic overview of Archer County.

**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.

# Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

# **Attachment 1**

Schedule A (Rev. May 2010): Investment

Form 90-296

Brisk Creek LLC  
Acher City ISD

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
2011-12	2011	\$0	\$0		\$0	\$0
2012-13	2012	\$7,000,000	\$0		\$0	\$7,000,000
2012-13	2012	\$293,000,000	\$0	\$293,000,000	\$0	\$293,000,000
2013-14	2013	\$0	\$0	\$0	\$0	\$0
2014-15	2014	\$0	\$0	\$0	\$0	\$0
2015-16	2015	\$0	\$0	\$0	\$0	\$0
2016-17	2016	\$0	\$0	\$0	\$0	\$0
2017-18	2017	\$0	\$0	\$0	\$0	\$0
2018-19	2018	\$0	\$0	\$0	\$0	\$0
2019-20	2019	\$0	\$0	\$0	\$0	\$0
2020-21	2020	\$0	\$0	\$0	\$0	\$0
2021-22	2021	\$0	\$0	\$0	\$0	\$0
2022-23	2022	\$0	\$0	\$0	\$0	\$0
2023-24	2023	\$0	\$0	\$0	\$0	\$0
2024-25	2024	\$0	\$0	\$0	\$0	\$0
2025-26	2025	\$0	\$0	\$0	\$0	\$0
2026-27	2026	\$0	\$0	\$0	\$0	\$0
2027-28	2027	\$0	\$0	\$0	\$0	\$0

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.

Column C: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Column D: Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

6/5/12

DATE

**Schedule B (Rev. May 2010): Estimated Market And Taxable Value**  
**Briar Creek LLC**

Applicant Name  
 Briar Creek LLC

Anchor City ISD

Form 50-296

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value		Estimated Taxable Value	
			Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S after all reductions	Final taxable value for M&C after all reductions	
pre-year 1	2012-13	2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Complete tax years of qualifying time period	1	2013	\$0	\$255,000,000	\$0	\$0	\$0	\$255,000,000	\$255,000,000
	2	2014	\$0	\$178,500,000	\$0	\$0	\$0	\$178,500,000	\$178,500,000
	3	2015	\$0	\$140,250,000	\$0	\$0	\$0	\$140,250,000	\$140,250,000
	4	2016	\$0	\$102,000,000	\$0	\$0	\$0	\$102,000,000	\$102,000,000
	5	2017	\$0	\$63,750,000	\$0	\$0	\$0	\$63,750,000	\$63,750,000
Value Limitation Period	6	2018	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000
	7	2019	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000
	8	2020	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000
	9	2021	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000
	10	2022	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000
Credit Settle-Up Period	11	2023	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000
	12	2024	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000
	13	2025	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000
Post-Settle-Up Period	14	2026	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000
	15	2027	\$0	\$51,000,000	\$0	\$0	\$0	\$51,000,000	\$51,000,000

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE 6/5/12

**Schedule C- Application: Employment Information**

**Applicant Name**  
**ISD Name**

Briar Creek LLC  
 Archer City ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2012-13	2012	20,000 man hours	\$45,000	5	\$41,968	4	\$41,968
	1	2013-14	2013			7	\$41,968	6	\$41,968
	2	2014-15	2014			7	\$41,968	6	\$41,968
	3	2015-16	2015			7	\$41,968	6	\$41,968
	4	2016-17	2016			7	\$41,968	6	\$41,968
	5	2017-18	2017			7	\$41,968	6	\$41,968
	6	2018-19	2018			7	\$41,968	6	\$41,968
	7	2019-20	2019			7	\$41,968	6	\$41,968
	8	2020-21	2020			7	\$41,968	6	\$41,968
	9	2021-22	2021			7	\$41,968	6	\$41,968
	10	2022-23	2022			7	\$41,968	6	\$41,968
	11	2023-24	2023			7	\$41,968	6	\$41,968
	12	2024-25	2024			7	\$41,968	6	\$41,968
	13	2025-26	2025			7	\$41,968	6	\$41,968
	14	2026-27	2026			7	\$41,968	6	\$41,968
	15	2027-28	2027			7	\$41,968	6	\$41,968
<b>Tax Credit Period (with 50% cap on credit)</b>	Complete tax years of qualifying time period								
	Value Limitation Period								
	Credit Settle-Up Period	Continue to Maintain Viable Presence							
	Post- Settle-Up Period								
	Post- Settle-Up Period								

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

6/5/12  
 DATE

Schedule D: (Rev. May 2010): Other Tax Information

Form 50-296

Archery City ISD  
Other Property Tax Abatements Sought

ISD Name  
Franchise Tax

Sales Tax Information

Briar Creek LLC

	Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax					
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2012-13	2012	\$25,587,307	\$34,712,693	\$0	100%	0%	0%	0%
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2013-14	\$0	\$0	\$0	100%	0%	0%	0%
		2	2014-15	\$0	\$0	\$0	97%	0%	0%	0%
		3	2015-16	\$0	\$0	\$5,000	96%	0%	0%	0%
	4	2016-17	\$0	\$0	\$5,000	91%	0%	0%	0%	
	5	2017-18	\$0	\$0	\$5,000	85%	0%	0%	0%	
	6	2018-19	\$0	\$0	\$5,000	80%	0%	0%	0%	
	7	2019-20	\$0	\$0	\$5,000	71%	0%	0%	0%	
	8	2020-21	\$0	\$0	\$5,000	66%	0%	0%	0%	
	9	2021-22	\$0	\$0	\$5,000	66%	0%	0%	0%	
	10	2022-23	\$0	\$0	\$5,000	66%	0%	0%	0%	
	11	2023-24	\$0	\$0	\$5,000	66%	0%	0%	0%	
	12	2024-25	\$0	\$0	\$5,000	0%	0%	0%	0%	
	13	2025-26	\$0	\$0	\$5,000	0%	0%	0%	0%	
	14	2026-27	\$0	\$0	\$5,000	0%	0%	0%	0%	
	15	2027-28	\$0	\$0	\$5,000	0%	0%	0%	0%	

\*For planning, construction and operation of the facility.

 DATE 6/5/12

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

# Attachment 2



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Robert Scott  
Commissioner

August 7, 2012

Mr. Robert Wood  
Director, Economic Development and Analysis  
Texas Comptroller of Public Accounts  
Lyndon B. Johnson State Office Building  
111 East 17th Street  
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has again reanalyzed the revenue gains that would be realized by the proposed Briar Creek LLC project for the Archer City Independent School District (ACISD). Projections prepared by our Office of School Finance confirm the further-revised analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Briar Creek LLC project on ACISD are correct.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

Belinda Dyer  
Division Manager  
Office of School Finance

BD/bd

August 7, 2012

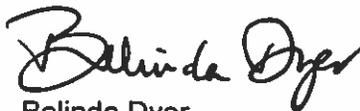
Mr. Robert Wood  
Director, Economic Development and Analysis  
Texas Comptroller of Public Accounts  
Lyndon B. Johnson State Office Building  
111 East 17th Street  
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Briar Creek LLC project on the number and size of school facilities in Archer City Independent School District (ACISD). Based on the further-revised analysis prepared by Moak, Casey and Associates for the school district, the TEA has found that the Briar Creek LLC project still would not have a significant impact on the number or size of school facilities in ACISD.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,



Belinda Dyer  
Division Manager  
Office of School Finance

BD/bd

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED BRIAR  
CREEK, LLC PROJECT ON THE FINANCES OF THE ARCHER CITY  
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED  
CHAPTER 313 PROPERTY VALUE LIMITATION**

June 4, 2012

Updated Final Report

**PREPARED BY**



## **Estimated Impact of the Proposed Briar Creek, LLC Project on the Finances of the Archer City Independent School District under a Requested Chapter 313 Property Value Limitation**

### **Introduction**

Briar Creek, LLC (Briar Creek) has requested that the Archer City Independent School District (ACISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to ACISD on December 16, 2011, as amended on May 9, 2012, Briar Creek proposes to invest \$263 million to construct a new wind energy project in ACISD.

The Briar Creek 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, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production 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.

Under the provisions of Chapter 313, ACISD may offer a minimum value limitation of \$10 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2013-14 and 2014-15 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2013-14 and 2014-15 school years. Beginning in the 2015-16 school year, 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 (M&O) 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 ACISD currently levying a \$0.08 per \$100 I&S tax rate. The full value of the investment is expected to reach \$255 million in 2013-14, with relatively rapid depreciation over the next five years expected to reduce the taxable value of the project, reaching a terminal value of \$51 million in the 2018-19 school year.

In the case of the Briar Creek 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. ACISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$166,185), with no future revenue losses anticipated after the first year the value limitation takes effect.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$7.08 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

## School Finance Mechanics

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 its 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.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results 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 under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 786 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 241 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. These changes result in 624 formula districts and 403 ASATR districts.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. ASATR state funding could be reduced in future years and is anticipated to be eliminated by the 2017-18 school year, based on current state policy.

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 Briar Creek 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 general 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. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Briar Creek, LLC project are factored into the base model used here. The impact of the limitation value for the proposed Briar Creek project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 470 students in average daily attendance (ADA) in analyzing the effects of the Briar Creek project on the finances of ACISD. The District's local tax base is expected to reach \$212 million for the 2011 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. ACISD has estimated state property wealth per weighted ADA or WADA of approximately \$229,686 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

### **School Finance Impact**

School finance models were prepared for ACISD under the assumptions outlined above through the 2027-28 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influence future state funding beyond the projected level for that school year. 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 model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Briar Creek facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Briar Creek value but imposes the proposed property value limitation effective in the third year, which in this case is the 2015-16 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).

A summary of the differences between these models is shown in Table 4. The model results show approximately \$4.3 million annually in net General Fund revenue for most years, after recapture (if appropriate) and other adjustments have been made, as needed.

Under these assumptions, ACISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$166,185). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the property value study.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year, although it is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2015-16 school year. The formula loss of \$166,185 cited above between the base and the limitation models is based on an assumption of Briar Creek achieving \$1.35 million in M&O tax savings when the \$10 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, a \$1.15 million increase in ASATR funding is expected to offset most of the reduction in M&O taxes in the first year the value limitation is in effect.

In general, the ASATR offset poses little financial risk to the school district as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding for the 2015-16 school year could reduce the residual tax savings for Briar Creek in the first year that the \$10 million value limitation takes effect.

The Comptroller's state property value study influences these calculations, as noted previously. 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. The Comptroller's Property Tax Assistance Division makes two value determinations for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

### **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 \$1.04 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$5.0 million over the life of the agreement. In addition, Briar Creek would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying 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. Given the ramp-up of the project in the initial qualifying year as reflected in the application, tax credits are expected to total approximately \$3.4 million over the life of the agreement. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key ACISD revenue losses are expected to total approximately -\$166,185 in the initial 2015-16 tax year, when the \$10 million value limitation agreement takes effect. The potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$7.08 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year the limitation takes effect, there would still be a substantial tax benefit to Briar Creek under the value limitation agreement for the remaining years that the limitation is in effect.

### **Facilities Funding Impact**

The Briar Creek project remains fully taxable for debt services taxes, with ACISD currently levying a \$0.08 per \$100 I&S rate. While the value of the Briar Creek project is expected to depreciate rapidly in the first five years of the agreement, full access to the additional value should permit ACISD to reduce its I&S tax rate by an estimated \$0.0475 cents in the peak value year.

The Briar Creek project is not expected to affect ACISD in terms of enrollment. Continued expansion of the project and related development 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 Briar Creek wind energy project enhances the tax base of ACISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$7.08 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of ACISD in meeting its future debt service obligations.

**Table 1 – Base District Information with Briar Creek, LLC 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
Pre-Year 1	2012-13	470.00	827.65	\$1.0400	\$0.0800	\$212,000,000	\$212,000,000	\$190,100,176	\$190,100,176	\$229,686	\$229,686
1	2013-14	470.00	827.65	\$1.0400	\$0.0800	\$467,000,000	\$467,000,000	\$209,105,019	\$209,105,019	\$252,648	\$252,648
2	2014-15	470.00	827.65	\$1.0400	\$0.0800	\$405,500,000	\$405,500,000	\$464,105,019	\$464,105,019	\$560,748	\$560,748
3	2015-16	470.00	827.65	\$1.0400	\$0.0800	\$362,250,000	\$232,000,000	\$402,605,019	\$402,605,019	\$486,442	\$486,442
4	2016-17	470.00	827.65	\$1.0400	\$0.0800	\$324,000,000	\$232,000,000	\$359,355,019	\$229,105,019	\$434,186	\$276,813
5	2017-18	470.00	840.78	\$1.0400	\$0.0800	\$285,750,000	\$232,000,000	\$321,105,019	\$229,105,019	\$381,913	\$272,491
6	2018-19	470.00	840.78	\$1.0400	\$0.0800	\$273,000,000	\$232,000,000	\$282,855,019	\$229,105,019	\$336,419	\$272,491
7	2019-20	470.00	840.78	\$1.0400	\$0.0800	\$273,000,000	\$232,000,000	\$270,105,019	\$229,105,019	\$321,255	\$272,491
8	2020-21	470.00	840.78	\$1.0400	\$0.0800	\$273,000,000	\$232,000,000	\$270,105,019	\$229,105,019	\$321,255	\$272,491
9	2021-22	470.00	840.78	\$1.0400	\$0.0800	\$273,000,000	\$232,000,000	\$270,105,019	\$229,105,019	\$321,255	\$272,491
10	2022-23	470.00	840.78	\$1.0400	\$0.0800	\$273,000,000	\$232,000,000	\$270,105,019	\$229,105,019	\$321,255	\$272,491
11	2023-24	470.00	840.78	\$1.0400	\$0.0800	\$302,000,000	\$302,000,000	\$270,105,019	\$229,105,019	\$321,255	\$272,491
12	2024-25	470.00	840.78	\$1.0400	\$0.0800	\$300,500,000	\$300,500,000	\$299,105,019	\$299,105,019	\$355,747	\$355,747
13	2025-26	470.00	840.78	\$1.0400	\$0.0800	\$299,000,000	\$299,000,000	\$297,605,019	\$297,605,019	\$353,963	\$353,963
14	2026-27	470.00	840.78	\$1.0400	\$0.0800	\$296,000,000	\$296,000,000	\$296,105,019	\$296,105,019	\$352,179	\$352,179
15	2027-28	470.00	840.78	\$1.0400	\$0.0800	\$293,000,000	\$293,000,000	\$293,105,019	\$293,105,019	\$348,610	\$348,610

\*Tier II Yield: \$47.65; ACISD 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
Pre-Year 1	2012-13	\$1,890,458	\$2,005,044	\$165,616	\$0	\$0	\$293,962	\$268,688	\$0	\$4,623,768
1	2013-14	\$4,139,670	\$1,833,992	\$0	\$0	\$0	\$643,710	\$476,387	\$0	\$7,093,758
2	2014-15	\$3,597,213	\$151,264	\$826,073	\$0	-\$513,433	\$559,359	\$16,658	-\$130,607	\$4,506,526
3	2015-16	\$3,239,175	\$166,551	\$718,283	\$0	-\$62,892	\$503,685	\$50,276	-\$93,815	\$4,521,263
4	2016-17	\$2,901,793	\$481,674	\$677,650	\$0	\$0	\$451,222	\$73,742	-\$64,685	\$4,521,396
5	2017-18	\$2,564,412	\$883,608	\$0	\$0	\$0	\$398,760	\$97,486	-\$35,367	\$3,908,899
6	2018-19	\$2,451,951	\$1,227,876	\$0	\$0	\$0	\$381,273	\$127,919	-\$10,407	\$4,178,613
7	2019-20	\$2,451,951	\$1,342,631	\$0	\$0	\$0	\$381,273	\$141,673	-\$1,130	\$4,316,398
8	2020-21	\$2,451,951	\$1,342,631	\$0	\$0	\$0	\$381,273	\$141,673	-\$1,130	\$4,316,398
9	2021-22	\$2,451,951	\$1,342,631	\$0	\$0	\$0	\$381,273	\$141,673	-\$1,130	\$4,316,398
10	2022-23	\$2,451,951	\$1,342,631	\$0	\$0	\$0	\$381,273	\$141,673	-\$1,130	\$4,316,398
11	2023-24	\$2,707,744	\$1,342,631	\$0	\$0	\$0	\$421,048	\$156,453	-\$1,248	\$4,626,628
12	2024-25	\$2,694,513	\$1,081,618	\$0	\$0	\$0	\$418,991	\$123,178	-\$23,169	\$4,295,131
13	2025-26	\$2,681,282	\$1,095,119	\$0	\$0	\$0	\$416,933	\$124,092	-\$22,031	\$4,295,396
14	2026-27	\$2,654,821	\$1,108,620	\$0	\$0	\$0	\$412,819	\$124,386	-\$20,789	\$4,279,857
15	2027-28	\$2,628,360	\$1,135,621	\$0	\$0	\$0	\$408,704	\$126,200	-\$18,522	\$4,280,363

**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
Pre-Year 1	2012-13	\$1,890,458	\$2,005,044	\$165,616	\$0	\$0	\$293,962	\$268,688	\$0	\$4,623,768
1	2013-14	\$4,142,126	\$1,833,992	\$0	\$0	\$0	\$644,091	\$476,669	\$0	\$7,096,878
2	2014-15	\$3,599,669	\$151,264	\$823,968	\$0	-\$513,783	\$559,740	\$16,669	-\$130,697	\$4,506,830
3	2015-16	\$2,069,322	\$166,551	\$1,865,422	\$0	-\$40,178	\$321,775	\$32,118	-\$59,933	\$4,355,078
4	2016-17	\$2,069,322	\$1,653,983	\$337,813	\$0	\$0	\$321,775	\$189,256	\$0	\$4,572,149
5	2017-18	\$2,069,322	\$1,711,650	\$0	\$0	\$0	\$321,775	\$197,362	\$0	\$4,300,110
6	2018-19	\$2,069,322	\$1,711,650	\$0	\$0	\$0	\$321,775	\$197,362	\$0	\$4,300,110
7	2019-20	\$2,069,322	\$1,711,650	\$0	\$0	\$0	\$321,775	\$197,362	\$0	\$4,300,110
8	2020-21	\$2,069,322	\$1,711,650	\$0	\$0	\$0	\$321,775	\$197,362	\$0	\$4,300,110
9	2021-22	\$2,069,322	\$1,711,650	\$0	\$0	\$0	\$321,775	\$197,362	\$0	\$4,300,110
10	2022-23	\$2,069,322	\$1,711,650	\$0	\$0	\$0	\$321,775	\$197,362	\$0	\$4,300,110
11	2023-24	\$2,686,753	\$1,711,650	\$0	\$0	\$0	\$417,784	\$256,250	\$0	\$5,072,438
12	2024-25	\$2,673,522	\$1,081,618	\$0	\$0	\$0	\$415,727	\$122,218	-\$22,989	\$4,270,097
13	2025-26	\$2,660,292	\$1,095,119	\$0	\$0	\$0	\$413,669	\$123,120	-\$21,859	\$4,270,342
14	2026-27	\$2,633,830	\$1,108,620	\$0	\$0	\$0	\$409,555	\$123,403	-\$20,625	\$4,254,783
15	2027-28	\$2,607,369	\$1,135,621	\$0	\$0	\$0	\$405,440	\$125,192	-\$18,375	\$4,255,248

**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
Pre-Year 1	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$2,455	\$0	\$0	\$0	\$0	\$382	\$283	\$0	\$3,120
2	2014-15	\$2,455	\$0	-\$2,105	\$0	-\$350	\$382	\$11	-\$89	\$304
3	2015-16	-\$1,169,853	\$0	\$1,147,139	\$0	\$22,714	-\$181,910	-\$18,158	\$33,882	-\$166,185
4	2016-17	-\$832,471	\$1,172,309	-\$339,838	\$0	\$0	-\$129,447	\$115,515	\$84,685	\$50,752
5	2017-18	-\$495,090	\$828,042	\$0	\$0	\$0	-\$76,985	\$99,876	\$35,367	\$391,211
6	2018-19	-\$382,629	\$483,774	\$0	\$0	\$0	-\$59,498	\$69,443	\$10,407	\$121,497
7	2019-20	-\$382,629	\$369,019	\$0	\$0	\$0	-\$59,498	\$55,689	\$1,130	-\$16,289
8	2020-21	-\$382,629	\$369,019	\$0	\$0	\$0	-\$59,498	\$55,689	\$1,130	-\$16,289
9	2021-22	-\$382,629	\$369,019	\$0	\$0	\$0	-\$59,498	\$55,689	\$1,130	-\$16,289
10	2022-23	-\$382,629	\$369,019	\$0	\$0	\$0	-\$59,498	\$55,689	\$1,130	-\$16,289
11	2023-24	-\$20,991	\$369,019	\$0	\$0	\$0	-\$3,264	\$99,797	\$1,248	\$445,809
12	2024-25	-\$20,991	\$0	\$0	\$0	\$0	-\$3,264	-\$960	\$190	-\$25,034
13	2025-26	-\$20,991	\$0	\$0	\$0	\$0	-\$3,264	-\$971	\$172	-\$25,054
14	2026-27	-\$20,991	\$0	\$0	\$0	\$0	-\$3,264	-\$983	\$164	-\$25,074
15	2027-28	-\$20,991	\$0	\$0	\$0	\$0	-\$3,264	-\$1,008	\$148	-\$25,115

**Table 5 - Estimated Financial impact of the Briar Creek, LLC Project Property Value Limitation Request Submitted to ACISD at \$1.04 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	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
Pre-Year 1	2012-13	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$255,000,000	\$255,000,000	\$0	\$1.040	\$2,652,000	\$2,652,000	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$178,500,000	\$178,500,000	\$0	\$1.040	\$1,856,400	\$1,856,400	\$0	\$0	\$0	\$0	\$0
3	2015-16	\$140,250,000	\$10,000,000	\$130,250,000	\$1.040	\$1,458,600	\$104,000	\$1,354,600	\$0	\$1,354,600	-\$166,185	\$1,188,415
4	2016-17	\$102,000,000	\$10,000,000	\$92,000,000	\$1.040	\$1,060,800	\$104,000	\$956,800	\$92,800	\$1,049,600	\$0	\$1,049,600
5	2017-18	\$63,750,000	\$10,000,000	\$53,750,000	\$1.040	\$663,000	\$104,000	\$559,000	\$77,500	\$636,500	\$0	\$636,500
6	2018-19	\$51,000,000	\$10,000,000	\$41,000,000	\$1.040	\$530,400	\$104,000	\$426,400	\$72,400	\$498,800	\$0	\$498,800
7	2019-20	\$51,000,000	\$10,000,000	\$41,000,000	\$1.040	\$530,400	\$104,000	\$426,400	\$72,400	\$498,800	\$0	\$498,800
8	2020-21	\$51,000,000	\$10,000,000	\$41,000,000	\$1.040	\$530,400	\$104,000	\$426,400	\$72,400	\$498,800	\$0	\$498,800
9	2021-22	\$51,000,000	\$10,000,000	\$41,000,000	\$1.040	\$530,400	\$104,000	\$426,400	\$72,400	\$498,800	\$0	\$498,800
10	2022-23	\$51,000,000	\$10,000,000	\$41,000,000	\$1.040	\$530,400	\$104,000	\$426,400	\$72,400	\$498,800	\$0	\$498,800
11	2023-24	\$51,000,000	\$51,000,000	\$0	\$1.040	\$530,400	\$530,400	\$0	\$571,200	\$571,200	\$0	\$571,200
12	2024-25	\$51,000,000	\$51,000,000	\$0	\$1.040	\$530,400	\$530,400	\$0	\$571,200	\$571,200	\$0	\$571,200
13	2025-26	\$51,000,000	\$51,000,000	\$0	\$1.040	\$530,400	\$530,400	\$0	\$571,200	\$571,200	\$0	\$571,200
14	2026-27	\$51,000,000	\$51,000,000	\$0	\$1.040	\$530,400	\$530,400	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$51,000,000	\$51,000,000	\$0	\$1.040	\$530,400	\$530,400	\$0	\$0	\$0	\$0	\$0
<b>Totals</b>						<b>\$12,994,800</b>	<b>\$7,992,400</b>	<b>\$5,002,400</b>	<b>\$2,245,900</b>	<b>\$7,248,300</b>	<b>-\$166,185</b>	<b>\$7,082,115</b>
<b>Tax Credit for Value Over Limit in First 2 Years</b>								<b>Year 1</b>	<b>Year 2</b>	<b>Max Credits</b>		
								\$2,548,000	\$1,752,400	\$4,300,400		
								Credits Earned		\$4,300,400		
								Credits Paid		\$2,245,900		
								Excess Credits Unpaid		\$2,054,500		

**\*Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

# Attachment 3

## Archer County

### Population

- Total county population in 2010 for Archer County: 8,936 , up 0.3 percent from 2009. State population increased 1.8 percent in the same time period.
- Archer County was the state's 173th largest county in population in 2010 and the 169 th fastest growing county from 2009 to 2010.
- Archer County's population in 2009 was 88.4 percent Anglo (above the state average of 46.7 percent), 1.4 percent African-American (below the state average of 11.3 percent) and 8.2 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Archer County:

Archer City:	1,791	Holliday:	1,770
Lakeside City:	1,019	Windthorst:	437
Scotland:	426	Megargel:	247

### Economy and Income

#### Employment

- September 2011 total employment in Archer County: 4,696 , down 2.2 percent from September 2010. State total employment increased 0.9 percent during the same period.  
*(October 2011 employment data will be available November 18, 2011).*
- September 2011 Archer County unemployment rate: 6.7 percent, up from 5.6 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

**(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).**

#### Income

- Archer County's ranking in per capita personal income in 2009: 24th with an average per capita income of \$41,857, down 0.7 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

#### Industry

- Agricultural cash values in Archer County averaged \$74.63 million annually from 2007 to 2010. County total agricultural values in 2010 were up 2.4 percent from 2009. Major agriculture related commodities in Archer County during 2010 included:
  - Milk Cows                      - Hay                                      - Ensilage                              - Wheat                                      - Other Beef
- 2011 oil and gas production in Archer County: 709,021.0 barrels of oil and 289,940.0 Mcf of gas. In September 2011, there were 2978 producing oil wells and 5 producing gas wells.

### Taxes

#### Sales Tax - Taxable Sales

**(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).**

*Quarterly (September 2010 through December 2010)*

- Taxable sales in Archer County during the fourth quarter 2010: \$12.95 million, up 6.1 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Archer City:	\$1.91 million, down 0.1 percent from the same quarter in 2009.
Holliday:	\$5.60 million, up 5.4 percent from the same quarter in 2009.
Lakeside City:	\$308,635.00, down 2.4 percent from the same quarter in 2009.
Windthorst:	\$1.37 million, down 6.9 percent from the same quarter in 2009.
Scotland:	\$117,577.00, down 5.0 percent from the same quarter in 2009.
Megargel:	\$266,000.00, up 9.2 percent from the same quarter in 2009.

*Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)*

- Taxable sales in Archer County through the fourth quarter of 2010: \$52.63 million, up 10.0 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Archer City:	\$7.47 million, down 5.0 percent from the same period in 2009.
Holliday:	\$23.76 million, up 13.8 percent from the same period in 2009.
Lakeside City:	\$1.29 million, up 5.3 percent from the same period in 2009.
Windthorst:	\$4.58 million, up 11.3 percent from the same period in 2009.
Scotland:	\$528,936.00, up 6.7 percent from the same period in 2009.
Megargel:	\$974,241.00, up 15.8 percent from the same period in 2009.

**Annual (2010)**

- Taxable sales in Archer County during 2010: \$52.63 million, up 10.0 percent from 2009.
- Archer County sent an estimated \$3.29 million (or 0.02 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:
 

<b>Archer City:</b>	\$7.47 million, down 5.0 percent from 2009.
<b>Holliday:</b>	\$23.76 million, up 13.8 percent from 2009.
<b>Lakeside City:</b>	\$1.29 million, up 5.3 percent from 2009.
<b>Windthorst:</b>	\$4.58 million, up 11.3 percent from 2009.
<b>Scotland:</b>	\$528,936.00, up 6.7 percent from 2009.
<b>Megargel:</b>	\$974,241.00, up 15.8 percent from 2009.

**Sales Tax – Local Sales Tax Allocations**

*(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)*

**Monthly**

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Archer County based on the sales activity month of August 2011: \$51,651.76, up 28.6 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 

<b>Archer City:</b>	\$16,513.40, up 28.9 percent from August 2010.
<b>Holliday:</b>	\$25,677.84, up 36.5 percent from August 2010.
<b>Lakeside City:</b>	\$1,743.22, down 4.9 percent from August 2010.
<b>Windthorst:</b>	\$5,014.11, up 2.1 percent from August 2010.
<b>Scotland:</b>	\$1,068.51, up 46.9 percent from August 2010.
<b>Megargel:</b>	\$1,634.68, up 54.8 percent from August 2010.

**Fiscal Year**

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Archer County based on sales activity months from September 2010 through August 2011: \$600,325.10, up 7.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 

<b>Archer City:</b>	\$195,577.14, up 12.6 percent from fiscal 2010.
<b>Holliday:</b>	\$277,131.47, up 12.9 percent from fiscal 2010.
<b>Lakeside City:</b>	\$25,687.43, down 13.7 percent from fiscal 2010.
<b>Windthorst:</b>	\$72,575.45, down 6.1 percent from fiscal 2010.
<b>Scotland:</b>	\$14,286.92, up 16.7 percent from fiscal 2010.
<b>Megargel:</b>	\$15,066.69, down 14.9 percent from fiscal 2010.

**January 2011 through August 2011 (Sales Activity Year-To-Date)**

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Archer County based on sales activity months through August 2011: \$407,573.14, up 12.1 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 

<b>Archer City:</b>	\$130,493.68, up 18.3 percent from the same period in 2010.
<b>Holliday:</b>	\$198,003.87, up 17.5 percent from the same period in 2010.
<b>Lakeside City:</b>	\$15,953.51, down 16.0 percent from the same period in 2010.
<b>Windthorst:</b>	\$43,009.20, down 8.3 percent from the same period in 2010.
<b>Scotland:</b>	\$9,577.69, up 27.8 percent from the same period in 2010.
<b>Megargel:</b>	\$10,535.19, down 7.4 percent from the same period in 2010.

**12 months ending in August 2011**

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Archer County based on sales activity in the 12 months ending in August 2011: \$600,325.10, up 7.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

<b>Archer City:</b>	\$195,577.14, up 12.6 percent from the previous 12-month period.
<b>Holliday:</b>	\$277,131.47, up 12.9 percent from the previous 12-month period.
<b>Lakeside City:</b>	\$25,687.43, down 13.7 percent from the previous 12-month period.
<b>Windthorst:</b>	\$72,575.45, down 6.1 percent from the previous 12-month period.
<b>Scotland:</b>	\$14,286.92, up 16.7 percent from the previous 12-month period.
<b>Megargel:</b>	\$15,066.69, down 14.9 percent from the previous 12-month period.

■ **City Calendar Year-To-Date (RJ 2011)**

■ **Payment to the cities from January 2011 through October 2011:**

<b>Archer City:</b>	\$162,158.05, up 14.5 percent from the same period in 2010.
<b>Holliday:</b>	\$236,170.84, up 12.9 percent from the same period in 2010.
<b>Lakeside City:</b>	\$19,894.82, down 16.1 percent from the same period in 2010.
<b>Windthorst:</b>	\$60,060.84, down 9.4 percent from the same period in 2010.
<b>Scotland:</b>	\$11,489.59, up 26.2 percent from the same period in 2010.
<b>Megargel:</b>	\$12,924.81, down 7.5 percent from the same period in 2010.

**Annual (2010)**

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Archer County based on sales activity months in 2010: \$556,233.30, up 6.4 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

<b>Archer City:</b>	\$175,346.71, down 1.5 percent from 2009.
<b>Holliday:</b>	\$247,608.18, up 10.5 percent from 2009.
<b>Lakeside City:</b>	\$28,719.88, up 6.5 percent from 2009.
<b>Windthorst:</b>	\$76,446.07, up 11.2 percent from 2009.
<b>Scotland:</b>	\$12,202.01, up 3.4 percent from 2009.
<b>Megargel:</b>	\$15,910.45, up 20.0 percent from 2009.

**Property Tax**

- As of January 2009, property values in Archer County: \$905.58 million, down 1.4 percent from January 2008 values. The property tax base per person in Archer County is \$101,614, above the statewide average of \$85,809. About 20.9 percent of the property tax base is derived from oil, gas and minerals.

**State Expenditures**

- Archer County's ranking in state expenditures by county in fiscal year 2010: 183rd. State expenditures in the county for FY2010: \$29.04 million, down 0.1 percent from FY2009.
- In Archer County, 8 state agencies provide a total of 38 jobs and \$400,901.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):

- Department of Transportation
- Department of Public Safety
- AgriLife Extension Service
- Parks & Wildlife Department
- Health & Human Services Commission

**Higher Education**

- Community colleges in Archer County fall 2010 enrollment:
  - None.
- Archer County is in the service area of the following:
  - Vernon College with a fall 2010 enrollment of 3,167. Counties in the service area include:
    - Archer County
    - Baylor County
    - Clay County
    - Cottle County
    - Foard County
    - Hardeman County
    - Haskell County
    - King County
    - Knox County

Throckmorton County  
Wichita County  
Wilbarger County

■ Institutions of higher education in Archer County fall 2010 enrollment:

- None.

**School Districts**

■ Archer County had 3 school districts with 8 schools and 1,844 students in the 2009-10 school year.

(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)

- Archer City ISD had 483 students in the 2009-10 school year. The average teacher salary was \$42,548. The percentage of students meeting the 2010 TAKS passing standard for all tests was 84 percent.
- Holliday ISD had 871 students in the 2009-10 school year. The average teacher salary was \$39,006. The percentage of students meeting the 2010 TAKS passing standard for all tests was 82 percent.
- Windthorst ISD had 490 students in the 2009-10 school year. The average teacher salary was \$42,671. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.