

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



June 20, 2013

Kelli Moulton  
Superintendent  
Hereford Independent School District  
601 N. 25 Mile Ave.  
Hereford, Texas 79045

Dear Superintendent Moulton:

On Mar. 28, 2013, the Comptroller received the completed application (Application # 268) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in February 2013 to the Hereford Independent School District (the school district) by TX Hereford Wind, LLC (the applicant). 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.

The school district is currently classified as a rural school district in Category 1 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 (\$285 million) is consistent with the proposed appraised value limitation sought (\$30 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.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a wind power electric generation facility in Deaf Smith and Castro County, an eligible property use under Section 313.024(b). 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 the applicant, the Comptroller's recommendation is that this 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 only approve an application if the school district finds that the information in the application is true and

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this 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, the Comptroller's recommendation is prepared 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.

Note that any new building or other improvement existing as of the application review start date of Mar. 28, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district 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 ten (10) days prior to the meeting scheduled by the school 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 must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

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	TX Hereford Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Hereford ISD
2011-12 Enrollment in School District	4,276
County	Deaf Smith and Castro
Total Investment in District	\$285,000,000
Qualified Investment	\$285,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	6*
Number of qualifying jobs committed to by applicant	6
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$885
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$850
Minimum Annual Wage committed to by applicant for qualified jobs	\$44,216
Investment per Qualifying Job	\$47,500,000
Estimated 15 year M&O levy without any limit or credit:	\$29,964,660
Estimated gross 15 year M&O tax benefit	\$18,787,801
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):	\$17,383,825
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,608,320
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$12,580,835
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	58.0%
Percentage of tax benefit due to the limitation	86.1%
Percentage of tax benefit due to the credit	13.9%
* 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 Hereford Wind (the project) applying to Hereford 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 six new jobs when fully operational. All six 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 Panhandle Regional Planning Commission Region, where Deaf Smith County is located was \$40,196 in 2011. The annual average manufacturing wage for 2011-12 for Deaf Smith County is \$41,392. That same year, the county annual average wage for all industries was \$35,178. In addition to a salary of \$46,000, each qualifying position will receive the following benefits: medical, dental and vision insurance coverage; paid holidays; paid vacations; 401k; short and long term disability; life insurance; sick time; flexible spending accounts. The project's total investment is \$285 million, resulting in a relative level of investment per qualifying job of \$47.5 million.

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

According to Hereford Wind's application, "A wind energy project can be located in any state, or any county in the State, with a commercially viable wind resource, and access to transmission and an attractive market. The Applicant's parent company – Lincoln Renewable Energy, LLC - currently has projects under development at viable sites in numerous states. In addition, Lincoln Renewable Energy, LLC has a wind project under development on the Texas coast. Securing this Chapter 313 value limitation agreement with Hereford ISD will help make the project more economically viable and competitive versus other options in the region and in Texas."

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

During the past two years, five projects in the Panhandle 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 Hereford Wind 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 Spinning Spur Two'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 Hereford Wind**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	10	11	21	\$520,000	\$480,000	\$1,000,000
2014	156	163	319	\$8,076,000	\$10,924,000	\$19,000,000
2015	6	16	22	\$276,000	\$1,724,000	\$2,000,000
2016	6	6	12	\$276,000	\$1,724,000	\$2,000,000
2017	6	6	12	\$276,000	\$1,724,000	\$2,000,000
2018	6	6	12	\$276,000	\$1,724,000	\$2,000,000
2019	6	2	8	\$276,000	\$724,000	\$1,000,000
2020	6	6	12	\$276,000	\$724,000	\$1,000,000
2021	6	12	18	\$276,000	\$1,724,000	\$2,000,000
2022	6	10	16	\$276,000	\$1,724,000	\$2,000,000
2023	6	12	18	\$276,000	\$1,724,000	\$2,000,000
2024	6	12	18	\$276,000	\$1,724,000	\$2,000,000
2025	6	12	18	\$276,000	\$1,724,000	\$2,000,000
2026	6	8	14	\$276,000	\$1,724,000	\$2,000,000
2027	6	10	16	\$276,000	\$1,724,000	\$2,000,000
2028	6	10	16	\$276,000	\$1,724,000	\$2,000,000

Source: CPA, REMI, Hereford Wind

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011. Hereford ISD's ad valorem tax base in 2011 was \$1 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Hereford ISD's estimated wealth per WADA was \$189,136. 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, Deaf Smith County, Hereford Regional Medical Center, High Plains Water District, and Amarillo Jr. College, with all property tax incentives sought being granted using estimated market value from Hereford Wind's application. Hereford Wind has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and medical center. Table 3 illustrates the estimated tax impact of the Hereford Wind project on the region if all taxes are assessed.



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 II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$26,887,513. The estimated gross 13 year M&O tax benefit, or levy loss, is \$18,787,801.

Attachment 3 is an economic overview of Deaf Smith 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

TX Hereford Wind, LLC  
Hereford ISD

Applicant Name  
ISD Name

PROPERTY INVESTMENT AMOUNTS												
(Estimated investment in each year. Do not put cumulative totals.)												
	Year	School Year (YYYY-YYYY)	Tax Year (File 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)	Column C: Sum of A and B (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)				
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -				
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)			\$ -	\$ -	\$ -	\$ -	\$ -				
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)			\$ 4,000,000.00	\$ -	\$ -	\$ 4,000,000.00	\$ -	\$ 4,000,000.00			
	Complete tax years of qualifying time period			1	2014-2015	2014	\$ 280,000,000.00	\$ 800,000.00	\$ 280,800,000.00	\$ -	\$ 280,800,000.00	
				2	2015-2016	2015	\$ 0	\$ -	\$ 0	\$ -	\$ -	
				3	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -	
				4	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	
				5	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -	
				6	2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -	
				7	2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -	
				8	2021-2022	2021	\$ -	\$ -	\$ -	\$ -	\$ -	
				9	2022-2023	2022	\$ -	\$ -	\$ -	\$ -	\$ -	
				10	2023-2024	2023	\$ -	\$ -	\$ -	\$ -	\$ -	
				11	2024-2025	2024	\$ -	\$ -	\$ -	\$ -	\$ -	
				12	2025-2026	2025	\$ -	\$ -	\$ -	\$ -	\$ -	
	13	2026-2027	2026	\$ -	\$ -	\$ -	\$ -	\$ -				
	14	2027-2028	2027	\$ -	\$ -	\$ -	\$ -	\$ -				
	15	2028-2029	2028	\$ -	\$ -	\$ -	\$ -	\$ -				
Tax Credit Period (with 50% cap on credit)	Value Limitation Period											
Credit Settle-Up Period	Continue to Maintain Viable Presence											
	Post- Settle-Up Period											
	Post- Settle-Up Period											

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: 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 C: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. 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 E: 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 these amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE  DATE 3-18-13

**Schedule B (Rev. May 2010): Estimated Market And Taxable Value**  
**TX Hereford Wind, LLC**  
**Hereford ISD**

Amendment No. 001

Form 50-296

Applicant Name ISD Name	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"		Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions
	pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	1	2014-2015	2014	\$ -	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000	\$ 4,000,000
	2	2015-2016	2015	\$ -	\$ 800,000	\$ 280,000,000	\$ -	\$ 280,800,000	\$ 280,800,000
	3	2016-2017	2016	\$ -	\$ 760,000	\$ 266,000,000	\$ -	\$ 266,760,000	\$ 30,000,000
	4	2017-2018	2017	\$ -	\$ 722,000	\$ 252,700,000	\$ -	\$ 253,422,000	\$ 30,000,000
	5	2018-2019	2018	\$ -	\$ 685,900	\$ 240,065,000	\$ -	\$ 240,750,900	\$ 30,000,000
Tax Credit Period (with 50% cap on credit)	6	2019-2020	2019	\$ -	\$ 651,605	\$ 228,061,750	\$ -	\$ 228,713,355	\$ 30,000,000
	7	2020-2021	2020	\$ -	\$ 619,025	\$ 216,658,663	\$ -	\$ 217,277,687	\$ 30,000,000
	8	2021-2022	2021	\$ -	\$ 588,074	\$ 205,825,729	\$ -	\$ 206,413,803	\$ 30,000,000
	9	2022-2023	2022	\$ -	\$ 558,670	\$ 195,534,443	\$ -	\$ 196,093,113	\$ 30,000,000
	10	2023-2024	2023	\$ -	\$ 530,736	\$ 185,757,721	\$ -	\$ 186,288,457	\$ 30,000,000
Credit Settle-Up Period	11	2024-2025	2024	\$ -	\$ 504,200	\$ 176,469,835	\$ -	\$ 176,974,034	\$ 176,974,034
	12	2025-2026	2025	\$ -	\$ 478,990	\$ 167,646,343	\$ -	\$ 168,125,333	\$ 168,125,333
	13	2026-2027	2026	\$ -	\$ 455,040	\$ 159,264,026	\$ -	\$ 159,719,066	\$ 159,719,066
Post- Settle-Up Period	14	2027-2028	2027	\$ -	\$ 432,288	\$ 151,300,825	\$ -	\$ 151,733,113	\$ 151,733,113
	15	2028-2029	2028	\$ -	\$ 410,674	\$ 143,735,783	\$ -	\$ 144,146,457	\$ 144,146,457

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

3-18-13

Schedule C- Application: Employment Information Amendment No. 001

TX Hereford Wind, LLC  
Hereford ISD

Applicant Name  
ISD Name

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	2013-2014	2013	10 FTE \$ 52,000.00		0 \$	-	0	
	1	2014-2015	2014	150 FTE \$ 52,000.00		6 \$	46,000	6 \$	46,000
	2	2015-2016	2015	0	N/A	6 \$	46,000	6 \$	46,000
	3	2016-2017	2016	0	N/A	6 \$	46,000	6 \$	46,000
	4	2017-2018	2017	0	N/A	6 \$	46,000	6 \$	46,000
	5	2018-2019	2018	0	N/A	6 \$	46,000	6 \$	46,000
	6	2019-2020	2019	0	N/A	6 \$	46,000	6 \$	46,000
	7	2020-2021	2020	0	N/A	6 \$	46,000	6 \$	46,000
	8	2021-2022	2021	0	N/A	6 \$	46,000	6 \$	46,000
	9	2022-2023	2022	0	N/A	6 \$	46,000	6 \$	46,000
	10	2023-2024	2023	0	N/A	6 \$	46,000	6 \$	46,000
	11	2024-2025	2024	0	N/A	6 \$	46,000	6 \$	46,000
	12	2025-2026	2025	0	N/A	6 \$	46,000	6 \$	46,000
	13	2026-2027	2026	0	N/A	6 \$	46,000	6 \$	46,000
	14	2027-2028	2027	0	N/A	6 \$	46,000	6 \$	46,000
	15	2028-2029	2028	0	N/A	6 \$	46,000	6 \$	46,000
Complete tax years of qualifying time period									
Tax Credit Period (with 50% cap on credit)									
Credit Settle-Up Period									
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

3-18-13

DATE

Applicant Name

**TX Hereford Wind, LLC**

**Hereford ISD**

Form 50-296

Sales Tax Information		Franchise Tax		Other Property Tax Abatements Sought					
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	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	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013	\$ 12,100,000	\$ 272,900,000	\$ -	0			Fill in percentage exemption requested or granted in each year of the Agreement
Complete tax years of qualifying time period	1	2014-2015			\$ -	100%		100%	
	2	2015-2016			\$ -	100%		100%	
	3	2016-2017			\$ -	100%		100%	
Value Limitation Period	4	2017-2018			\$ -	100%		100%	
	5	2018-2019			\$ -	100%		100%	
	6	2019-2020			\$ 220,000.00	100%		100%	
	7	2020-2021			\$ 220,000.00	100%		100%	
	8	2021-2022			\$ 220,000.00	100%		100%	
Credit Settle-Up Period	9	2022-2023			\$ 220,000.00	100%		100%	
	10	2023-2024			\$ 220,000.00	100%		100%	
	11	2024-2025			\$ 220,000.00	100%		100%	
Post-Settle-Up Period	12	2025-2026			\$ 220,000.00				
	13	2026-2027			\$ 220,000.00				
Post-Settle-Up Period	14	2027-2028			\$ 220,000.00				
	15	2028-2029			\$ 220,000.00				

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

DATE 02/08/2013

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE 

# **Attachment 2**

June 13, 2013

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 TX Hereford Wind, LLC project on the number and size of school facilities in Hereford Independent School District (HISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and a conversation with the HISD superintendent, Kelli Moulton, the TEA has found that the TX Hereford Wind, LLC project would not have a significant impact on the number or size of school facilities in HISD.

Please feel free to contact me 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 about this issue.

Sincerely,



Al McKenzie, Manager  
Foundation School Program Support

AM/rk

June 13, 2013

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 (TEA) has analyzed the revenue gains that would be realized by the proposed TX Hereford Wind, LLC project for the Hereford Independent School District (HISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Randy McDowell and Neal Brown 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 TX Hereford Wind, LLC project on HISD are correct.

Please feel free to contact me 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 about this issue.

Sincerely,



Al McKenzie, Manager  
Foundation School Program Support

AM/rk

**Summary of the District's Financial Impact  
of Chapter 313 Agreement  
with TX Hereford Wind, LLC**

**Prepared by**

**Randy McDowell, RTSBA**

**School Financial Consultant**

**&**

**Neal Brown**

**School Finance Specialist, Region 16 ESC**

# Hereford ISD Financial Impact of Chapter 313 Agreement

---

**Summary of Hereford ISD Financial Impact  
of the  
Limited Appraised Value Application  
from  
TX Hereford Wind, LLC**

## **Introduction**

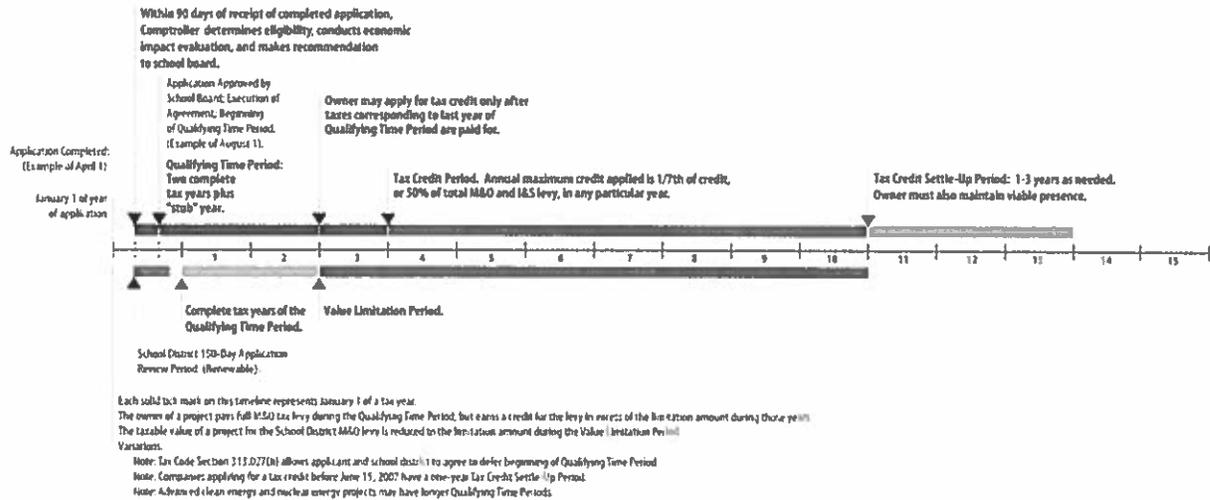
TX Hereford Wind, LLC applied for a property value limitation from Hereford Independent School District under Chapter 313 of the Tax Code. The application was submitted on February 11, 2013 and subsequently approved for consideration by the Hereford ISD Board of Trustees. TX Hereford Wind, LLC ("TX Hereford Wind"), is requesting the property value limitation as a "renewable energy electric generation" project as listed in Sec. 313.024.(b) of the Tax Code.

"The Economic Development Act", Tax Code Chapter 313, was created by House Bill 1200 of the 77<sup>th</sup> Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80<sup>th</sup> Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.

# Hereford ISD Financial Impact of Chapter 313 Agreement

## Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year or a later year if agreed upon by the District and the Company. The first two years of the agreement are considered the qualifying time period and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Hereford ISD is considered a Rural category 1 District as categorized with total taxable value of industrial property of \$200 million or more, thus Hereford ISD has a

## Hereford ISD Financial Impact of Chapter 313 Agreement

---

minimum qualified investment amount of \$30 million. A qualifying entity's taxable value would be reduced to \$30 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Hereford ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

### Taxable Value Impact from LAVA

The "Additional Value from TX Hereford Wind" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$30,000,000 minimum qualified investment of Hereford ISD.

**TABLE I- Calculation of Taxable Value:**

Tax Year	Additional Value From TX Hereford Wind	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	4,000,000	n/a	0	4,000,000
Jan. 1, 2015	280,800,000	n/a	0	280,800,000
Jan. 1, 2016	266,760,000	(30,000,000)	236,760,000	30,000,000
Jan. 1, 2017	253,422,000	(30,000,000)	223,422,000	30,000,000
Jan. 1, 2018	240,750,900	(30,000,000)	210,750,900	30,000,000
Jan. 1, 2019	228,713,355	(30,000,000)	198,713,355	30,000,000
Jan. 1, 2020	217,277,687	(30,000,000)	187,277,687	30,000,000
Jan. 1, 2021	206,413,803	(30,000,000)	176,413,803	30,000,000
Jan. 1, 2022	196,093,113	(30,000,000)	166,093,113	30,000,000
Jan. 1, 2023	186,288,457	(30,000,000)	156,288,457	30,000,000
Jan. 1, 2024	176,974,034	n/a	0	176,974,034
Jan. 1, 2025	168,125,333	n/a	0	168,125,333
Jan. 1, 2026	159,719,066	n/a	0	159,719,066

## Hereford ISD Financial Impact of Chapter 313 Agreement

### TX Hereford Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for TX Hereford Wind is \$17.38 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Hereford ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has not held a tax ratification election that would approve a M&O tax rate in excess of \$1.04; therefore, the study assumes that they will maintain a M&O tax rate of \$1.04. This does not suggest that Hereford ISD will not exercise its authority to hold an agreement during this agreement period.
- The District currently has no outstanding bond obligations and therefore has no I&S tax rate. The study assumes that they will have no bonded indebtedness during the agreement period; however, the district could call for a bond referendum and install an I&S tax during this agreement period.

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	1.04	0.00	41,600	0	n/a	0	0
2015-2016	1.04	0.00	2,920,320	0	n/a	0	0
2016-2017	1.04	0.00	2,774,304	2,462,304	n/a	(1,403,976)	1,058,328
2017-2018	1.04	0.00	2,635,589	2,323,589	156,000	0	2,479,589
2018-2019	1.04	0.00	2,503,809	2,191,809	156,000	0	2,347,809
2019-2020	1.04	0.00	2,378,619	2,066,619	156,000	0	2,222,619
2020-2021	1.04	0.00	2,259,688	1,947,688	156,000	0	2,103,688
2021-2022	1.04	0.00	2,146,704	1,834,704	156,000	0	1,990,704
2022-2023	1.04	0.00	2,039,368	1,727,368	156,000	0	1,883,368
2023-2024	1.04	0.00	1,937,400	1,625,400	156,000	0	1,781,400
2024-2025	1.04	0.00	1,840,530	0	1,516,320	0	1,516,320
2025-2026	1.04	0.00	1,748,503	0	0	0	0
2026-2027	1.04	0.00	1,661,078	0	0	0	0
<b>Totals</b>			<b>26,887,513</b>	<b>16,179,481</b>	<b>2,608,320</b>	<b>(1,403,976)</b>	<b>17,383,825</b>

# Hereford ISD Financial Impact of Chapter 313 Agreement

---

## Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Hereford ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the "Calculation of LAVA Impact on District's Finances" section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2012-2013 fiscal year) were used for state aid and recapture calculation purposes
  - Level 2 of Tier II yield - \$59.97 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2012.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2012 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2012-2013 was decreased by .1% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

# Hereford ISD Financial Impact of Chapter 313 Agreement

## Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of TX Hereford Wind (Table III), the addition of TX Hereford Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of TX Hereford Wind's taxable values with a Chapter 313 Agreement (Table V).

**TABLE III – District Revenues *without* TX Hereford Wind:**

Fiscal Year	Total Taxable Value	M&O Taxes			Revenue Above		Total District Revenue
		Compressed Rate	State Revenue	Recapture Amount	Tier I Revenue	Comp Rate	
2014-2015	1,109,297,417	11,092,974	14,895,873	0	25,988,847	1,303,609	27,292,456
2015-2016	1,120,390,391	11,203,904	14,748,894	0	25,952,797	1,302,305	27,255,103
2016-2017	1,131,594,295	11,315,943	14,600,829	0	25,916,772	1,301,003	27,217,775
2017-2018	1,142,910,238	11,429,102	14,451,669	0	25,880,771	1,299,702	27,180,473
2018-2019	1,154,339,340	11,543,393	14,301,401	0	25,844,794	1,298,402	27,143,196
2019-2020	1,165,882,734	11,658,827	14,150,014	0	25,808,842	1,297,104	27,105,945
2020-2021	1,177,541,561	11,775,416	13,997,498	0	25,772,913	1,295,807	27,068,720
2021-2022	1,189,316,977	11,893,170	13,843,839	0	25,737,009	1,294,511	27,031,520
2022-2023	1,201,210,147	12,012,101	13,689,027	0	25,701,129	1,293,216	26,994,345
2023-2024	1,213,222,248	12,132,222	13,533,050	0	25,665,273	1,291,923	26,957,196
2024-2025	1,225,354,470	12,253,545	13,375,896	0	25,629,441	1,290,631	26,920,072
2025-2026	1,237,608,015	12,376,080	13,217,553	0	25,593,633	1,289,340	26,882,973
2026-2027	1,249,984,095	12,499,841	13,058,008	0	25,557,849	1,288,051	26,845,900

## Hereford ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues with TX Hereford Wind without Chapter 313 Agreement:**

Fiscal Year	M&O Taxes						Revenue	
	Total Taxable	Compressed	State	Recapture	Tier I	Above	Total District	
	Value	Rate	Revenue	Amount	Revenue	Comp Rate	Revenue	
2014-2015	1,113,297,417	11,132,974	16,432,112	0	27,565,086	1,308,309	28,873,395	
2015-2016	1,401,190,391	14,011,904	18,790,418	0	32,802,321	1,622,846	34,425,167	
2016-2017	1,398,354,295	13,983,543	12,615,128	0	26,598,671	1,285,514	27,884,185	
2017-2018	1,396,332,238	13,963,322	12,628,141	0	26,591,463	1,284,973	27,876,436	
2018-2019	1,395,090,240	13,950,902	12,632,069	0	26,582,971	1,284,403	27,867,374	
2019-2020	1,394,596,089	13,945,961	12,617,597	0	26,563,558	1,283,806	27,847,364	
2020-2021	1,394,819,248	13,948,192	12,604,856	0	26,553,048	1,283,182	27,836,230	
2021-2022	1,395,730,780	13,957,308	12,583,785	0	26,541,093	1,282,531	27,823,624	
2022-2023	1,397,303,260	13,973,033	12,545,331	0	26,518,364	1,281,855	27,800,219	
2023-2024	1,399,510,705	13,995,107	12,509,518	0	26,504,625	1,281,152	27,785,777	
2024-2025	1,402,328,504	14,023,285	12,467,253	0	26,490,538	1,280,425	27,770,963	
2025-2026	1,405,733,348	14,057,333	12,407,659	0	26,464,993	1,279,674	27,744,667	
2026-2027	1,409,703,161	14,097,032	12,351,371	0	26,448,402	1,278,900	27,727,302	

**TABLE V – District Revenues with TX Hereford Wind with Chapter 313 Agreement:**

Fiscal Year	M&O Taxes						Revenue	Payment	Total District Revenue
	Total Taxable	Compressed	State	Recapture	Tier I	Above	for District		
	Value	Comp Rate	Revenue	Amount	Revenue	Comp Rate	Losses		
2014-2015	1,113,297,417	11,132,974	16,432,112	0	27,565,086	1,308,309	0	28,873,395	
2015-2016	1,401,190,391	14,011,904	18,790,418	0	32,802,321	1,622,846	0	34,425,167	
2016-2017	1,161,594,295	11,615,943	12,610,086	0	24,226,029	1,067,860	1,403,976	26,697,864	
2017-2018	1,172,910,238	11,729,102	15,263,173	0	26,992,275	1,299,369	0	28,291,645	
2018-2019	1,184,339,340	11,843,393	15,119,450	0	26,962,843	1,298,073	0	28,260,917	
2019-2020	1,195,882,734	11,958,827	14,964,710	0	26,923,538	1,296,778	0	28,220,316	
2020-2021	1,207,541,561	12,075,416	14,818,711	0	26,894,126	1,295,485	0	28,189,611	
2021-2022	1,219,316,977	12,193,170	14,671,049	0	26,864,219	1,294,192	0	28,158,411	
2022-2023	1,231,210,147	12,312,101	14,512,330	0	26,824,432	1,292,901	0	28,117,333	
2023-2024	1,243,222,248	12,432,222	14,362,268	0	26,794,491	1,291,611	0	28,086,102	
2024-2025	1,402,328,504	14,023,285	15,593,023	0	29,616,308	1,441,391	0	31,057,699	
2025-2026	1,405,733,348	14,057,333	12,407,659	0	26,464,993	1,279,674	0	27,744,667	
2026-2027	1,409,703,161	14,097,032	12,351,351	0	26,448,382	1,278,900	0	27,727,282	

# Hereford ISD Financial Impact of Chapter 313 Agreement

---

## Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79<sup>th</sup> Legislative Session and became effective for the 2006-2007 school year. These formula changes have had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the new funding formulas, it is presumed that the majority of the district's revenue losses in year three of the LAVA will be offset with additional state funding or a reduction of recapture payments made to the State. Prior to these recent formula changes, school districts felt a significant loss in revenues in year three because the state funding formulas considered the district more property wealthy based on their prior year taxable value. However, districts were only able to tax on the lower value that was a result of the LAVA. Districts are currently "held harmless" for the majority amount of loss in year three; however, it is possible that a future legislative session could eliminate this provision. If the "hold harmless" provision is eliminated, then the company would be required to offset the district's losses as computed in Article III of the Agreement.

## Hereford ISD Financial Impact of Chapter 313 Agreement

---

### Payments in Lieu of Taxes

Assuming that the District and TX Hereford Wind, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Hereford ISD by TX Hereford Wind, the projected amount of these payments over the life of the agreement is \$5.02 million of the \$17.38 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

**TABLE VI - Calculation of the Payment in Lieu of Taxes:**

Fiscal Year	Net Tax Savings	Hereford ISD Share \$100/ADA	TX Hereford Wind Share
2014-2015	0	388,821	(388,821)
2015-2016	0	388,432	(388,432)
2016-2017	1,058,328	388,044	670,284
2017-2018	2,479,589	387,656	2,091,933
2018-2019	2,347,809	387,268	1,960,541
2019-2020	2,222,619	386,881	1,835,738
2020-2021	2,103,688	386,494	1,717,194
2021-2022	1,990,704	386,108	1,604,596
2022-2023	1,883,368	385,721	1,497,647
2023-2024	1,781,400	385,336	1,396,064
2024-2025	1,516,320	384,950	1,131,370
2025-2026	0	384,565	(384,565)
2026-2027	0	384,181	(384,181)
<b>Totals</b>	<b>17,383,825</b>	<b>5,024,458</b>	<b>12,359,367</b>

# Hereford ISD Financial Impact of Chapter 313 Agreement

## Impact of Projected Student Growth On District Facilities

**TABLE VII – Campus Capacity and Available Growth**

Campus	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Aikman Elem	K-5	23	506	441	65
Bluebonnet Elem	K-5	18	396	337	59
Northwest Elem	K-5	24	528	478	50
Tierra Blanca El.	K-5	19	418	358	60
West Central El.	K-5	15	330	257	73
Stanton Learning	PK-EE	16	352	320	32
Hereford Jr High	6-7	35	700	604	96
Hereford Prep Academy	8	24	480	309	171
Hereford High	9-12	77	1540	1118	422
<b>Total</b>		<b>251</b>	<b>5,250</b>	<b>4,222</b>	<b>1,028</b>

The building capacities are based on 22 students per classroom for the elementary campuses, 20 students for the Jr. High and high school. Hereford ISD is a pre-kindergarten through 12<sup>th</sup> grade district.

TX Hereford Wind, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that six full-time employees are expected. It is not known whether these would be new employees to the Hereford ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new two positions equates to 3 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Hereford ISD as displayed in Table VII above.

# Hereford ISD Financial Impact of Chapter 313 Agreement

---

## Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with TX Hereford Wind, LLC, would be beneficial to both TX Hereford Wind and Hereford ISD under the current school finance system.

TX Hereford Wind, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, TX Hereford Wind is projected to benefit from a 80% tax savings over the first eleven year period of this agreement. TX Hereford Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Hereford ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require TX Hereford Wind to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.

# **Attachment 3**

## Deaf Smith County

### Population

- Total county population in 2010 for Deaf Smith County: 18,655 , up 1.6 percent from 2009. State population increased 1.8 percent in the same time period.
- Deaf Smith County was the state's 123th largest county in population in 2010 and the 54th fastest growing county from 2009 to 2010.
- Deaf Smith County's population in 2009 was 32.6 percent Anglo (below the state average of 46.7 percent), 1.6 percent African-American (below the state average of 11.3 percent) and 64.9 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Deaf Smith County:
 

Hereford:	14,367
-----------	--------

### Economy and Income

#### *Employment*

- September 2011 total employment in Deaf Smith County: 8,711 , down 0.2 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 Deaf Smith County unemployment rate: 6.0 percent, up from 5.5 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*

- Deaf Smith County's ranking in per capita personal income in 2009: 213th with an average per capita income of \$28,132, down 0.6 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 Deaf Smith County averaged \$546.57 million annually from 2007 to 2010. County total agricultural values in 2010 were up 25.6 percent from 2009. Major agriculture related commodities in Deaf Smith County during 2010 included:
 

- Other Beef	- Ensilage	- Wheat	- Corn	- Fed Beef
--------------	------------	---------	--------	------------
- 2011 oil and gas production in Deaf Smith County: barrels of oil and Mcf of gas. In September 2011, there were 0 producing oil wells and 0 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 Deaf Smith County during the fourth quarter 2010: \$30.13 million, up 0.1 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:
 

Hereford:	\$27.38 million, 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 Deaf Smith County through the fourth quarter of 2010: \$111.11 million, up 0.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:
 

Hereford:	\$99.86 million, up 3.1 percent from the same period in 2009.
-----------	---

*Annual (2010)*

- Taxable sales in Deaf Smith County during 2010: \$111.11 million, up 0.6 percent from 2009.
- Deaf Smith County sent an estimated \$6.94 million (or 0.04 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:
 

Hereford:	\$99.86 million, up 3.1 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 Deaf Smith County based on the sales activity month of August 2011: \$159,224.89, up 9.7 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 

Hereford:	\$159,224.89, up 9.7 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 Deaf Smith County based on sales activity months from September 2010 through August 2011: \$1.93 million, up 8.6 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 

Hereford:	\$1.93 million, up 8.6 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 Deaf Smith County based on sales activity months through August 2011: \$1.28 million, up 9.0 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 

Hereford:	\$1.28 million, up 9.0 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 Deaf Smith County based on sales activity in the 12 months ending in August 2011: \$1.93 million, up 8.6 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 

Hereford:	\$1.93 million, up 8.6 percent from the previous 12-month period.
-----------	---

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

- Payment to the cities from January 2011 through October 2011:
 

Hereford:	\$1.63 million, up 8.6 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 Deaf Smith County based on sales activity months in 2010: \$1.82 million, up 1.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 

Hereford:	\$1.82 million, up 1.9 percent from 2009.
-----------	---

## ***Property Tax***

- As of January 2009, property values in Deaf Smith County: \$1.45 billion, down 0.2 percent from January 2008 values. The property tax base per person in Deaf Smith County is \$78,766, below the statewide average of \$85,809. A negligible 0.0 percent of the property tax base is derived from oil, gas and minerals.

## **State Expenditures**

- Deaf Smith County's ranking in state expenditures by county in fiscal year 2010: 139th. State expenditures in the county for FY2010: \$57.57 million, unchanged 0.0 percent from FY2009.
- In Deaf Smith County, 11 state agencies provide a total of 65 jobs and \$650,637.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):

- Health & Human Services Commission
- Department of Public Safety
- Department of Aging and Disability Services
- Department of Transportation
- Department of Family and Protective Services

### **Higher Education**

- Community colleges in Deaf Smith County fall 2010 enrollment:
  - None.
  
- Deaf Smith County is in the service area of the following:
  - Amarillo College with a fall 2010 enrollment of 11,540 . Counties in the service area include:
    - Carson County
    - Castro County
    - Deaf Smith County
    - Moore County
    - Oldham County
    - Parmer County
    - Potter County
    - Randall County
    - Swisher County
  
- Institutions of higher education in Deaf Smith County fall 2010 enrollment:
  - None.

### **School Districts**

- Deaf Smith County had 2 school districts with 9 schools and 4,341 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.)
  - Hereford ISD had 4,203 students in the 2009-10 school year. The average teacher salary was \$43,857. The percentage of students meeting the 2010 TAKS passing standard for all tests was 63 percent.
  - Walcott ISD had 138 students in the 2009-10 school year. The average teacher salary was \$50,045. The percentage of students meeting the 2010 TAKS passing standard for all tests was 95 percent.

# Castro County

## Population

- Total county population in 2010 for Castro County: 7,308 , up 2.5 percent from 2009. State population increased 1.8 percent in the same time period.
- Castro County was the state's 184th largest county in population in 2010 and the 26 th fastest growing county from 2009 to 2010.
- Castro County's population in 2009 was 41.8 percent Anglo (below the state average of 46.7 percent), 2.8 percent African-American (below the state average of 11.3 percent) and 54.5 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Castro County:

Dimmitt:	3,693	Hart:	1,031
Nazareth:	317		

## Economy and Income

### *Employment*

- September 2011 total employment in Castro County: 3,475 , down 0.6 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 Castro County unemployment rate: 5.6 percent, up from 5.4 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*

- Castro County's ranking in per capita personal income in 2009: 113th with an average per capita income of \$33,542, down 15.0 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 Castro County averaged \$480.68 million annually from 2007 to 2010. County total agricultural values in 2010 were down 3.4 percent from 2009. Major agriculture related commodities in Castro County during 2010 included:
  - Other Beef                      - Ensilage                      - Milk Cows                      - Corn                      - Fed Beef
- 2011 oil and gas production in Castro County: barrels of oil and Mcf of gas. In September 2011, there were 0 producing oil wells and 0 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 Castro County during the fourth quarter 2010: \$7.81 million, down 3.4 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Dimmitt:	\$3.70 million, down 8.1 percent from the same quarter in 2009.
Hart:	\$3.36 million, down 0.3 percent from the same quarter in 2009.
Nazareth:	\$340,157.00, up 17.9 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 Castro County through the fourth quarter of 2010: \$31.48 million, down 1.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Dimmitt:	\$15.04 million, down 4.3 percent from the same period in 2009.
Hart:	\$13.22 million, down 4.7 percent from the same period in 2009.
Nazareth:	\$1.29 million, up 12.7 percent from the same period in 2009.

*Annual (2010)*

- Taxable sales in Castro County during 2010: \$31.48 million, down 1.6 percent from 2009.
- Castro County sent an estimated \$1.97 million (or 0.01 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Dimmitt:	\$15.04 million, down 4.3 percent from 2009.
Hart:	\$13.22 million, down 4.7 percent from 2009.

Nazareth: \$1.29 million, up 12.7 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 Castro County based on the sales activity month of August 2011: \$34,131.32, up 9.8 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 

Dimmitt:	\$28,980.61, up 7.9 percent from August 2010.
Hart:	\$2,608.81, up 18.9 percent from August 2010.
Nazareth:	\$2,541.90, up 24.2 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 Castro County based on sales activity months from September 2010 through August 2011: \$424,743.33, up 15.7 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 

Dimmitt:	\$334,812.28, up 5.8 percent from fiscal 2010.
Hart:	\$59,869.30, up 152.8 percent from fiscal 2010.
Nazareth:	\$30,061.75, up 11.5 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 Castro County based on sales activity months through August 2011: \$296,661.96, up 28.2 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 

Dimmitt:	\$228,302.69, up 14.2 percent from the same period in 2010.
Hart:	\$48,920.63, up 253.2 percent from the same period in 2010.
Nazareth:	\$19,438.64, up 10.1 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 Castro County based on sales activity in the 12 months ending in August 2011: \$424,743.33, up 15.7 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 

Dimmitt:	\$334,812.28, up 5.8 percent from the previous 12-month period.
Hart:	\$59,869.30, up 152.8 percent from the previous 12-month period.
Nazareth:	\$30,061.75, up 11.5 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:
 

Dimmitt:	\$281,614.22, up 8.6 percent from the same period in 2010.
Hart:	\$54,906.99, up 185.3 percent from the same period in 2010.
Nazareth:	\$24,890.50, up 12.6 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 Castro County based on sales activity months in 2010: \$359,536.86, down 4.7 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 

Dimmitt:	\$306,461.52, down 5.9 percent from 2009.
Hart:	\$24,798.19, down 7.4 percent from 2009.
Nazareth:	\$28,277.15, up 13.5 percent from 2009.

### ***Property Tax***

- As of January 2009, property values in Castro County: \$675.17 million, up 0.1 percent from January 2008 values. The property tax base per person in Castro County is \$94,694, above the statewide average of \$85,809. A negligible 0.0 percent of the property tax base is derived from oil, gas and minerals.

## **State Expenditures**

- Castro County's ranking in state expenditures by county in fiscal year 2010: 173rd. State expenditures in the county for FY2010: \$32.69 million, up 0.1 percent from FY2009.
- In Castro County, 5 state agencies provide a total of 24 jobs and \$216,099.00 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
  - Department of Aging and Disability Services
  - Health & Human Services Commission
  - AgriLife Extension Service

## **Higher Education**

- Community colleges in Castro County fall 2010 enrollment:
  - None.
- Castro County is in the service area of the following:
  - Amarillo College with a fall 2010 enrollment of 11,540. Counties in the service area include:
    - Carson County
    - Castro County
    - Deaf Smith County
    - Moore County
    - Oldham County
    - Parmer County
    - Potter County
    - Randall County
    - Swisher County
- Institutions of higher education in Castro County fall 2010 enrollment:
  - None.

## **School Districts**

- Castro County had 3 school districts with 6 schools and 1,726 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.)
  - Dimmitt ISD had 1,193 students in the 2009-10 school year. The average teacher salary was \$39,323. The percentage of students meeting the 2010 TAKS passing standard for all tests was 60 percent.
  - Hart ISD had 300 students in the 2009-10 school year. The average teacher salary was \$34,473. The percentage of students meeting the 2010 TAKS passing standard for all tests was 48 percent.
  - Nazareth ISD had 233 students in the 2009-10 school year. The average teacher salary was \$39,691. The percentage of students meeting the 2010 TAKS passing standard for all tests was 85 percent.