

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



June 13, 2013

Blair Brown  
Superintendent  
Panhandle Independent School District  
1001 Elsie Street  
Panhandle, Texas 79068

Dear Superintendent Brown:

On March 18, 2013, the Comptroller received the completed application (Application # 269) 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 Panhandle Independent School District (the school district) by Route 66 Wind Power, 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 2 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 (\$125.2 million) is consistent with the proposed appraised value limitation sought (\$20 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 Carson 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 TaxCode, 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 March 18, 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	Route 66 Wind Power, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Panhandle ISD
2011-2012 Enrollment in School District	663
County	Carson
Total Investment in District	\$125,210,000
Qualified Investment	\$125,210,000
Limitation Amount	\$20,000,000
Number of total jobs committed to by applicant	5*
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$865
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$773
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,000
Investment per Qualifying Job	\$31,302,500
Estimated 15 year M&O levy without any limit or credit:	\$10,231,174
Estimated gross 15 year M&O tax benefit	\$6,084,686
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$6,038,109
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$1,042,305
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$4,193,065
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	59.0%
Percentage of tax benefit due to the limitation	82.9%
Percentage of tax benefit due to the credit.	17.1%
* 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 Route 66 Wind Power, LLC (the project) applying to Panhandle 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 five new jobs when fully operational. Four 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 Carson County is located was \$47,610 in 2011. The annual average wage for all industries for 2011-2012 for Carson County is \$73,671. That same year, there was no annual average manufacturing wage for the county. In addition to a salary of \$45,000, each qualifying position will receive health insurance, 401(k) retirement savings plan, vacation time, sick leave and skills training. The project's total investment is \$125.2 million, resulting in a relative level of investment per qualifying job of \$31.2 million.

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

According to Route 66 Wind Power, LLC's application, "Route 66 Wind Power, LLC ("Route 66") is a Delaware limited liability company formed to develop, build, own and operate the Route 66 Wind Power Project. Route 66 has one member – Westerly Route 66, LLC ("Westerly Route 66"), which is in turn wholly owned by Westerly Wind, LLC ("Westerly"). As the member, Westerly Route 66 is the Project "sponsor," i.e. the entity responsible for the development, financing, construction and operation of the Project. Westerly, the owner of Westerly Route 66, is a Delaware limited liability company based in Braintree, Massachusetts. It was formed in 2009 to provide development capital, management expertise and commercial assistance to independent wind power developers.

The Westerly management team has considerable experience in the energy sector, and has been directly involved in the development, financing, construction and operation of over 6500 MW of independent power assets, including over 1500 MW of wind power projects in Texas. The development resources necessary to advance the subject 132 MW Route 66 Wind Power Project could be redeployed to other renewable energy development projects in other power markets in the United States. Westerly chose Texas – and in particular Armstrong and Carson Counties – for its favorable wind resource, access to the ERCOT market as a result of the new CREZ transmission lines, and favorable property tax incentives under the Tax Code Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation. Westerly is keen to develop and build the proposed Route 66 Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects."

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

During the past two years, six 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 Route 66 Wind Power, 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 Route 66 Wind Power, 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 Route 66 Wind Power, LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	5	7	12	\$240,000	\$360,000	\$600,000
2014	103	106	209	\$4,920,000	\$7,180,000	\$12,100,000
2015	5	12	17	\$200,000	\$1,300,000	\$1,500,000
2016	5	3	8	\$200,000	\$1,000,000	\$1,200,000
2017	5	5	10	\$200,000	\$800,000	\$1,000,000
2018	5	1	6	\$200,000	\$500,000	\$700,000
2019	5	(5)	0	\$200,000	\$0	\$200,000
2020	5	(3)	2	\$200,000	\$0	\$200,000
2021	5	(3)	2	\$200,000	\$300,000	\$500,000
2022	5	(3)	2	\$200,000	\$200,000	\$400,000
2023	5	(1)	4	\$200,000	\$300,000	\$500,000
2024	5	(3)	2	\$200,000	\$200,000	\$400,000
2025	5	1	6	\$200,000	-\$200,000	\$0
2026	5	(3)	2	\$200,000	\$0	\$200,000
2027	5	(3)	2	\$200,000	\$0	\$200,000
2028	5	(3)	2	\$200,000	\$300,000	\$500,000

Source: CPA, REMI, Route 66 Wind Power, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Panhandle ISD's ad valorem tax base in 2011-2012 was \$402 million. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Panhandle ISD's estimated wealth per WADA was \$383,101. 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, Carson County and Panhandle Groundwater Conservation District #3 with all property tax incentives sought being granted using estimated market value from Route 66 Wind Power, LLC's application. Route 66 Wind Power, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with Carson County. Table 3 illustrates the estimated tax impact of the Route 66 Wind Power, 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>	Panhandle ISD I&S Levy	Panhandle ISD M&O Levy	Panhandle ISD M&O and I&S Tax Levies (Before Credit Credited)	Panhandle ISD M&O and I&S Tax Levies (After Credit Credited)	Carson County Tax Levy	Panhandle Groundwater Conservation District #3 Tax Levy	Estimated Total Property Taxes
			0.4400	0.4400	1.0400			0.5162	0.0084	
2014	\$2,842,750	\$2,842,750		\$12,508	\$29,565	\$42,073	\$42,073	\$0	\$238	\$42,311
2015	\$120,221,600	\$120,221,600		\$528,975	\$1,250,305	\$1,779,280	\$1,779,280	\$0	\$10,063	\$1,789,342
2016	\$109,434,500	\$20,000,000		\$481,512	\$208,000	\$689,512	\$689,512	\$0	\$9,160	\$698,671
2017	\$99,617,300	\$20,000,000		\$438,316	\$208,000	\$646,316	\$497,415	\$0	\$8,338	\$505,753
2018	\$90,682,400	\$20,000,000		\$399,003	\$208,000	\$607,003	\$458,102	\$0	\$7,590	\$465,692
2019	\$82,550,800	\$20,000,000		\$363,224	\$208,000	\$571,224	\$422,323	\$0	\$6,910	\$429,232
2020	\$75,150,500	\$20,000,000		\$330,662	\$208,000	\$538,662	\$389,761	\$0	\$6,290	\$396,051
2021	\$68,415,500	\$20,000,000		\$301,028	\$208,000	\$509,028	\$360,127	\$0	\$5,726	\$365,854
2022	\$62,285,800	\$20,000,000		\$274,058	\$208,000	\$482,058	\$333,157	\$0	\$5,213	\$338,370
2023	\$56,707,300	\$20,000,000		\$249,512	\$208,000	\$457,512	\$308,611	\$0	\$4,746	\$313,358
2024	\$51,630,100	\$51,630,100		\$227,172	\$536,953	\$764,125	\$764,125	\$266,527	\$4,321	\$1,034,974
2025	\$47,009,100	\$47,009,100		\$206,840	\$488,895	\$695,735	\$695,735	\$242,673	\$3,935	\$942,342
2026	\$42,803,400	\$42,803,400		\$188,335	\$445,155	\$633,490	\$633,490	\$220,962	\$3,583	\$858,035
2027	\$38,975,900	\$38,975,900		\$171,494	\$405,349	\$576,843	\$576,843	\$201,203	\$3,262	\$781,309
2028	\$35,491,700	\$35,491,700		\$156,163	\$369,114	\$525,277	\$525,277	\$183,217	\$2,971	\$711,465
						<b>Total</b>	<b>\$8,475,830</b>	<b>\$1,114,582</b>	<b>\$82,346</b>	<b>\$9,672,758</b>

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Route 66 Wind Power, 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>	Panhandle ISD I&S Levy	Panhandle ISD M&O Levy	Panhandle ISD M&O and I&S Tax Levies	Carson County Tax Levy	Panhandle Groundwater Conservation District #3 Tax Levy	Estimated Total Property Taxes	
			0.4400	0.4400	1.0400		0.5162	0.0084		
2014	\$2,842,750	\$2,842,750		\$12,508	\$29,565	\$42,073	\$14,675	\$238	\$56,986	
2015	\$120,221,600	\$120,221,600		\$528,975	\$1,250,305	\$1,779,280	\$620,614	\$10,063	\$2,409,956	
2016	\$109,434,500	\$109,434,500		\$481,512	\$1,138,119	\$1,619,631	\$564,928	\$9,160	\$2,193,719	
2017	\$99,617,300	\$99,617,300		\$438,316	\$1,036,020	\$1,474,336	\$514,249	\$8,338	\$1,996,923	
2018	\$90,682,400	\$90,682,400		\$399,003	\$943,097	\$1,342,100	\$468,125	\$7,590	\$1,817,815	
2019	\$82,550,800	\$82,550,800		\$363,224	\$858,528	\$1,221,752	\$426,148	\$6,910	\$1,654,809	
2020	\$75,150,500	\$75,150,500		\$330,662	\$781,565	\$1,112,227	\$387,946	\$6,290	\$1,506,463	
2021	\$68,415,500	\$68,415,500		\$301,028	\$711,521	\$1,012,549	\$353,178	\$5,726	\$1,371,454	
2022	\$62,285,800	\$62,285,800		\$274,058	\$647,772	\$921,830	\$321,535	\$5,213	\$1,248,578	
2023	\$56,707,300	\$56,707,300		\$249,512	\$589,756	\$839,268	\$292,737	\$4,746	\$1,136,752	
2024	\$51,630,100	\$51,630,100		\$227,172	\$536,953	\$764,125	\$266,527	\$4,321	\$1,034,974	
2025	\$47,009,100	\$47,009,100		\$206,840	\$488,895	\$695,735	\$242,673	\$3,935	\$942,342	
2026	\$42,803,400	\$42,803,400		\$188,335	\$445,155	\$633,490	\$220,962	\$3,583	\$858,035	
2027	\$38,975,900	\$38,975,900		\$171,494	\$405,349	\$576,843	\$201,203	\$3,262	\$781,309	
2028	\$35,491,700	\$35,491,700		\$156,163	\$369,114	\$525,277	\$183,217	\$2,971	\$711,465	
						<b>Total</b>	<b>\$14,560,516</b>	<b>\$5,078,718</b>	<b>\$82,346</b>	<b>\$19,721,579</b>

Source: CPA, Route 66 Wind Power, 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 II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$9,457,251. The estimated gross 13 year M&O tax benefit, or levy loss, is \$5,042,379.

Attachment 3 is an economic overview of Carson 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. January 2013): Investment

Form 50-296

Applicant Name: Route 66 Wind Power, LLC  
 ISD Name: Panhandle 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 (The amount of new investment (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)				
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013	0	0		0	0	0		0	
			5,685,500	500,000		0	0	5,685,500			
Tax Credit Period (with 50% cap on credit)	2014-2015 2015-2016 2016-2017 2017-2018 2018-2019 2019-2020 2020-2021 2021-2022 2022-2023 2023-2024 2024-2025 2025-2026 2026-2027 2027-2028 2028-2029	2014	119,024,500	500,000		0	0	119,524,500		0	
		2015	0	0		0	0	0		0	
		2016	0	0		0	0	0	0		0
		2017	0	0		0	0	0	0		0
		2018	0	0		0	0	0	0		0
		2019	0	0		0	0	0	0		0
		2020	0	0		0	0	0	0		0
		2021	0	0		0	0	0	0		0
		2022	0	0		0	0	0	0		0
		2023	0	0		0	0	0	0		0
		2024	0	0		0	0	0	0		0
		2025	0	0		0	0	0	0		0
		2026	0	0		0	0	0	0		0
		2027	0	0		0	0	0	0		0
		2028	0	0		0	0	0	0		0
Credit Settle-Up Period	15	Post-Settle-Up Period	0	0		0	0	0		0	
		Post-Settle-Up Period	0	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 §313.02(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: 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 §313.02(1)(E).

Column C: 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 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.

*SURE*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

12-Feb-13

Schedule B (Rev. January 2013): Estimated Market And Taxable Value  
Route 66 Wind Power, LLC

Applicant Name  
ISD Name

Panhandle 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"		Final taxable value for M&O--after all reductions	Final taxable value for M&S - after all reductions
	pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	1	2014-2015	2014	\$ -	\$ -	\$ 2,842,750	\$ -	\$ 2,842,750	\$ 2,842,750
	2	2015-2016	2015	\$ -	\$ 500,000	\$ 119,721,600	\$ -	\$ 120,221,600	\$ 120,221,600
	3	2016-2017	2016	\$ -	\$ 487,500	\$ 108,947,000	\$ -	\$ 109,434,500	\$ 20,000,000
	4	2017-2018	2017	\$ -	\$ 475,300	\$ 99,142,000	\$ -	\$ 99,617,300	\$ 20,000,000
	5	2018-2019	2018	\$ -	\$ 463,400	\$ 90,219,000	\$ -	\$ 90,682,400	\$ 20,000,000
Value Limitation Period	6	2019-2020	2019	\$ -	\$ 451,800	\$ 82,099,000	\$ -	\$ 82,550,800	\$ 20,000,000
	7	2020-2021	2020	\$ -	\$ 440,500	\$ 74,710,000	\$ -	\$ 75,150,500	\$ 20,000,000
	8	2021-2022	2021	\$ -	\$ 429,500	\$ 67,986,000	\$ -	\$ 68,415,500	\$ 20,000,000
	9	2022-2023	2022	\$ -	\$ 418,800	\$ 61,867,000	\$ -	\$ 62,285,800	\$ 20,000,000
	10	2023-2024	2023	\$ -	\$ 408,300	\$ 56,299,000	\$ -	\$ 56,707,300	\$ 20,000,000
Credit Settle-Up Period	11	2024-2025	2024	\$ -	\$ 398,100	\$ 51,232,000	\$ -	\$ 51,630,100	\$ 51,630,100
	12	2025-2026	2025	\$ -	\$ 388,100	\$ 46,621,000	\$ -	\$ 47,009,100	\$ 47,009,100
	13	2026-2027	2026	\$ -	\$ 378,400	\$ 42,425,000	\$ -	\$ 42,803,400	\$ 42,803,400
Post- Settle-Up Period	14	2027-2028	2027	\$ -	\$ 368,900	\$ 38,607,000	\$ -	\$ 38,975,900	\$ 38,975,900
	15	2028-2029	2028	\$ -	\$ 359,700	\$ 35,132,000	\$ -	\$ 35,491,700	\$ 35,491,700

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.

*S. W. R. E.*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-Feb-13

DATE

**Schedule C- Application: Employment Information**

Applicant Name  
ISD Name  
Route 66 Wind Power, LLC  
Panthandle ISD

Form 50-296

		Construction				New Jobs		Qualifying Jobs	
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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	5 FTEs	\$48,000.00	0	\$40,000.00	0	\$44,500.00
	1	2014-2015	2014	100 FTEs	\$48,000.00	3	\$40,000.00	2	\$44,500.00
	2	2015-2016	2015			5	\$40,000.00	4	\$44,500.00
	3	2016-2017	2016			5	\$40,000.00	4	\$44,500.00
	4	2017-2018	2017			5	\$40,000.00	4	\$44,500.00
	5	2018-2019	2018			5	\$40,000.00	4	\$44,500.00
	6	2019-2020	2019			5	\$40,000.00	4	\$44,500.00
	7	2020-2021	2020			5	\$40,000.00	4	\$44,500.00
	8	2021-2022	2021			5	\$40,000.00	4	\$44,500.00
	9	2022-2023	2022			5	\$40,000.00	4	\$44,500.00
	10	2023-2004	2023			5	\$40,000.00	4	\$44,500.00
	11	2024-2025	2024			5	\$40,000.00	4	\$44,500.00
	12	2025-2026	2025			5	\$40,000.00	4	\$44,500.00
	13	2026-2027	2026			5	\$40,000.00	4	\$44,500.00
	14	2027-2028	2027			5	\$40,000.00	4	\$44,500.00
	15	2028-2029	2028			5	\$40,000.00	4	\$44,500.00
Tax Credit Period (with 50% cap on credit)									
		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 \_\_\_\_\_

12-Feb-13  
DATE

Schedule D: (Rev. January 2013): Other Tax Information

Applicant Name

Route 66 Wind Power, LLC

Panhandle ISD

Form 50-296

	Sales Tax Information			Franchise Tax	Other Property Tax Abatements Sought					
	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	Franchise Tax	County	City	Hospital	Other
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013	833,022	5,427,478						
Complete tax years of qualifying time period	1	2014-2015	15,827,420	103,122,080	13,000	100%	n/a	n/a	n/a	n/a
	2	2015-2016			13,000	100%	n/a	n/a	n/a	n/a
	3	2016-2017			13,000	100%	n/a	n/a	n/a	n/a
	4	2017-2018			13,000	100%	n/a	n/a	n/a	n/a
	5	2018-2019			13,000	100%	n/a	n/a	n/a	n/a
	6	2019-2020			13,000	100%	n/a	n/a	n/a	n/a
	7	2020-2021			13,000	100%	n/a	n/a	n/a	n/a
	8	2021-2022			13,000	100%	n/a	n/a	n/a	n/a
	9	2022-2023			13,000	100%	n/a	n/a	n/a	n/a
	10	2023-2004			13,000	100%	n/a	n/a	n/a	n/a
	11	2024-2025			13,000	0%	-	-	0%	-
	12	2025-2026			13,000	0%	-	-	0%	-
	13	2026-2027			13,000	0%	-	-	0%	-
	14	2027-2028			13,000	0%	-	-	0%	-
	15	2028-2029			13,000	0%	-	-	0%	-
Tax Credit Period (with 50% cap on credit)										
Credit Settle-Up Period										
Post-Settle-Up Period										
Post-Settle-Up Period										

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

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-Feb-13

DATE

# Attachment 2



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)

Michael L. Williams  
Commissioner

June 7, 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 Route 66 Wind Power LLC project for the Panhandle Independent School District (PISD). 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 Route 66 Wind Power LLC project on PISD 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,

A handwritten signature in black ink, appearing to read "Al McKenzie", is written over a horizontal line.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk





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)

Michael L. Williams  
Commissioner

June 7, 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 Route 66 Wind Power LLC project on the number and size of school facilities in Panhandle Independent School District (PISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and a conversation with the PISD superintendent, Blair Brown, the TEA has found that the Route 66 Wind Power LLC project would not have a significant impact on the number or size of school facilities in PISD.

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,

A handwritten signature in black ink, appearing to read "Al McKenzie", is written over a horizontal line.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

---

# **Panhandle ISD Financial Impact of Chapter 313 Agreement**

---

## **Summary of the District's Financial Impact of Chapter 313 Agreement with Route 66 Wind Power, LLC**

**Prepared by**

**Randy McDowell, RTSBA**

**School Financial Consultant**

**&**

**Neal Brown**

**School Finance Specialist, Region 16 ESC**

---

# Panhandle ISD Financial Impact of Chapter 313 Agreement

---

**Summary of Panhandle ISD Financial Impact  
of the  
Limited Appraised Value Application  
from  
Route 66 Wind Power, LLC**

## **Introduction**

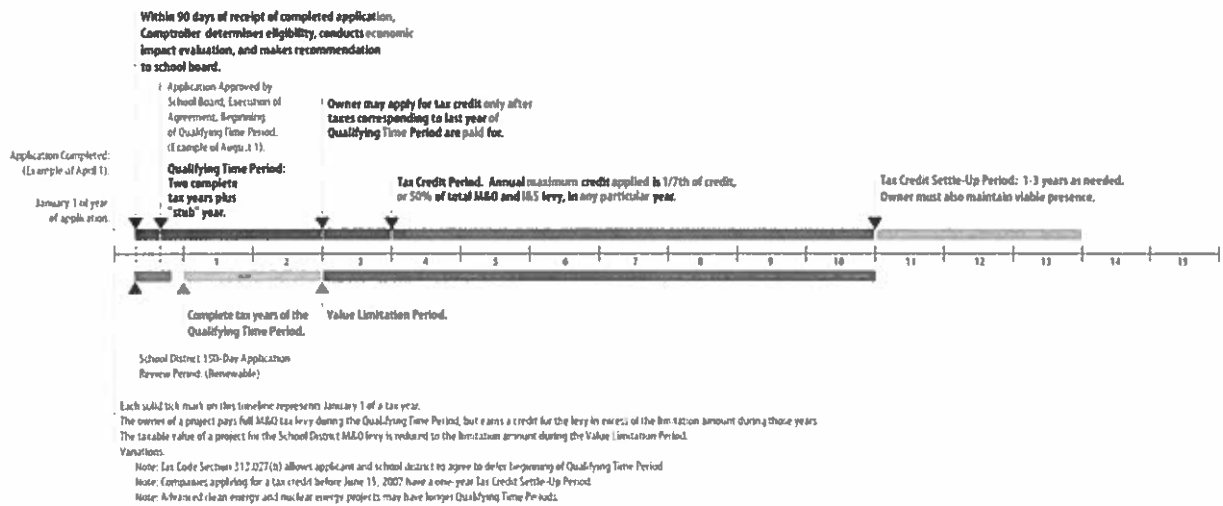
Route 66 Wind Power, LLC applied for a property value limitation from Panhandle Independent School District under Chapter 313 of the Tax Code. The application was submitted on February 14, 2013 and subsequently approved for consideration by the Panhandle ISD Board of Trustees. Route 66 Wind Power, LLC ("Route 66 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.

# Panhandle 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. Panhandle ISD is considered a Rural category 2 District as categorized with total taxable value of industrial property of at least \$10 million but less than \$200 million, thus Panhandle ISD

## Panhandle ISD Financial Impact of Chapter 313 Agreement

has a minimum qualified investment amount of \$20 million. A qualifying entity's taxable value would be reduced to \$20 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 Panhandle 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 Route 66 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 \$20,000,000 minimum qualified investment of Panhandle ISD.

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

Tax Year	Additional Value From Route 66 Wind	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	2,842,750	n/a	0	2,842,750
Jan. 1, 2015	120,221,600	n/a	0	120,221,600
Jan. 1, 2016	109,434,500	(20,000,000)	89,434,500	20,000,000
Jan. 1, 2017	99,617,300	(20,000,000)	79,617,300	20,000,000
Jan. 1, 2018	90,682,400	(20,000,000)	70,682,400	20,000,000
Jan. 1, 2019	82,550,800	(20,000,000)	62,550,800	20,000,000
Jan. 1, 2020	75,150,500	(20,000,000)	55,150,500	20,000,000
Jan. 1, 2021	68,415,500	(20,000,000)	48,415,500	20,000,000
Jan. 1, 2022	62,285,800	(20,000,000)	42,285,800	20,000,000
Jan. 1, 2023	56,707,300	(20,000,000)	36,707,300	20,000,000
Jan. 1, 2024	51,630,100	n/a	0	51,630,100
Jan. 1, 2025	47,009,100	n/a	0	47,009,100
Jan. 1, 2026	42,803,400	n/a	0	42,803,400

## Panhandle ISD Financial Impact of Chapter 313 Agreement

### Route 66 Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Route 66 Wind is \$6.038 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.

Panhandle 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 Panhandle ISD will not exercise its authority to hold an agreement during this agreement period.
- The district has outstanding bonds that are scheduled to payoff in 2037 and currently have a \$.44 I&S tax rate. The district has received guidance their financial advisor and bond counsel that they can maintain a \$.44 I&S tax rate and pay the bonds off in 2024 or earlier. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

**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	0.44	29,565	0	n/a	0	0
2015-2016	1.04	0.44	1,250,305	0	n/a	0	0
2016-2017	1.04	0.44	1,138,119	930,119	n/a	(41,450)	888,668
2017-2018	1.04	0.44	1,036,020	828,020	148,901	0	976,921
2018-2019	1.04	0.44	943,097	735,097	148,901	0	883,998
2019-2020	1.04	0.44	858,528	650,528	148,901	0	799,429
2020-2021	1.04	0.44	781,565	573,565	148,901	(4,632)	717,834
2021-2022	1.04	0.44	711,521	503,521	148,901	(492)	651,930
2022-2023	1.04	0.44	647,772	439,772	148,901	0	588,673
2023-2024	1.04	0.44	589,756	381,756	148,901	0	530,657
2024-2025	1.04	0.44	536,953	0	0	0	0
2025-2026	1.04	0	488,895	0	0	0	0
2026-2027	1.04	0	445,155	0	0	0	0
<b>Totals</b>			<b>9,457,261</b>	<b>5,042,379</b>	<b>1,042,305</b>	<b>(46,574)</b>	<b>6,038,109</b>

# **Panhandle 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 Panhandle 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 1.0% 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 .25% 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.

## Panhandle 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 Route 66 Wind (Table III), the addition of Route 66 Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Route 66 Wind's taxable values with a Chapter 313 Agreement (Table V).

**TABLE III – District Revenues *without* Route 66 Wind:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2014-2015	414,504,812	4,145,048	1,480,827	0	5,625,875	253,515	5,879,390
2015-2016	418,649,860	4,186,499	1,425,312	0	5,611,810	252,881	5,864,691
2016-2017	422,836,359	4,228,364	1,369,417	0	5,597,781	252,249	5,850,030
2017-2018	427,064,722	4,270,647	1,313,139	0	5,583,786	251,618	5,835,405
2018-2019	431,335,370	4,313,354	1,256,473	0	5,569,827	250,989	5,820,816
2019-2020	554,194,237	5,541,942	13,960	0	5,555,902	318,489	5,874,391
2020-2021	549,067,083	5,490,671	687,954	636,612	5,542,012	244,976	5,786,988
2021-2022	544,742,185	5,447,422	679,515	598,780	5,528,157	244,702	5,772,860
2022-2023	541,159,284	5,411,593	671,481	568,737	5,514,337	244,410	5,758,747
2023-2024	538,262,980	5,382,630	663,845	545,923	5,500,551	244,100	5,744,651
2024-2025	536,002,344	5,360,023	658,596	529,820	5,486,800	243,772	5,730,572
2025-2026	534,330,563	5,343,306	649,725	519,948	5,473,083	243,426	5,716,509
2026-2027	533,204,609	5,332,046	643,218	515,864	5,459,400	243,064	5,702,464



## Panhandle ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues with Route 66 Wind without Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2014-2015	417,347,562	4,173,476	1,452,399	0	5,625,875	255,254	5,881,129
2015-2016	538,871,460	5,388,715	915,865	0	6,304,579	323,283	6,627,862
2016-2017	532,270,859	5,322,709	697,459	422,387	5,597,781	246,692	5,844,473
2017-2018	526,682,022	5,266,820	687,060	370,094	5,583,786	246,511	5,830,297
2018-2019	522,017,770	5,220,178	677,227	327,578	5,569,827	246,304	5,816,130
2019-2020	636,745,037	6,367,450	85,461	361,301	6,091,610	302,362	6,393,972
2020-2021	624,217,583	6,242,176	726,981	1,427,144	5,542,012	249,687	5,791,699
2021-2022	613,157,685	6,131,577	715,579	1,318,999	5,528,157	245,263	5,773,420
2022-2023	603,445,084	6,034,451	704,613	1,224,727	5,514,337	242,131	5,756,468
2023-2024	594,970,280	5,949,703	694,095	1,143,247	5,500,551	241,967	5,742,518
2024-2025	587,632,444	5,876,324	684,040	1,073,565	5,486,800	241,781	5,728,581
2025-2026	581,339,663	5,813,397	674,451	1,014,765	5,473,083	241,573	5,714,656
2026-2027	576,008,009	5,760,080	665,326	966,006	5,459,400	241,344	5,700,744

**TABLE V – District Revenues with Route 66 Wind with Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment for District Losses	Total District Revenue
2015-2016	538,871,460	5,388,715	915,865	0	6,304,579	323,283	0	6,627,862
2016-2017	442,836,359	4,428,364	1,520,832	351,415	5,597,781	205,242	41,450	5,844,473
2017-2018	447,064,722	4,470,647	1,113,139	0	5,583,786	251,506	0	5,835,292
2018-2019	451,335,370	4,513,354	1,056,473	0	5,569,827	250,878	0	5,820,705
2019-2020	574,194,237	5,741,942	520,066	0	6,262,008	315,360	0	6,577,368
2020-2021	569,067,083	5,690,671	674,205	822,864	5,542,012	245,056	4,632	5,791,699
2021-2022	564,742,185	5,647,422	666,007	785,271	5,528,157	244,771	492	5,773,420
2022-2023	561,159,284	5,611,593	658,205	755,461	5,514,337	244,468	0	5,758,805
2023-2024	558,262,980	5,582,630	650,793	732,871	5,500,551	244,147	0	5,744,698
2024-2025	587,632,444	5,876,324	368,246	757,771	5,486,800	257,679	0	5,744,478
2025-2026	581,339,663	5,813,397	674,451	1,014,765	5,473,083	241,573	0	5,714,656
2026-2027	576,008,009	5,760,080	665,326	966,006	5,459,400	241,344	0	5,700,744

## Panhandle 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.

## Panhandle ISD Financial Impact of Chapter 313 Agreement

### Payments in Lieu of Taxes

Assuming that the District and Route 66 Wind Power, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Panhandle ISD by Route 66 Wind, the projected amount of these payments over the life of the agreement is \$790,055 of the \$6.03 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	Panhandle ISD Share \$100/ADA	Route 66 Wind's Share
2014-2015	0	61,690	(61,690)
2015-2016	0	61,536	(61,536)
2016-2017	888,668	61,382	827,286
2017-2018	976,921	61,229	915,692
2018-2019	883,998	61,076	822,922
2019-2020	799,429	60,923	738,506
2020-2021	717,834	60,771	657,064
2021-2022	651,930	60,619	591,311
2022-2023	588,673	60,467	528,206
2023-2024	530,657	60,316	470,340
2024-2025	27,017	60,165	(60,165)
2025-2026	0	60,015	(60,015)
2026-2027	0	59,865	(59,865)
<b>Totals</b>	<b>6,038,109</b>	<b>790,055</b>	<b>5,248,054</b>

## Panhandle ISD Financial Impact of Chapter 313 Agreement

### Impact of Projected Student Growth On District Facilities

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

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
PreK thru 5	28	616	321	295
6-8	18	360	143	217
9-12	25	500	204	296
<b>Total</b>	<b>71</b>	<b>1,476</b>	<b>668</b>	<b>808</b>

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

Route 66 Wind Power, 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 five full-time employees are expected. It is not known whether these would be new employees to the Panhandle 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 three positions equates to 3 new students.

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

---

## Panhandle ISD Financial Impact of Chapter 313 Agreement

---

### Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Route 66 Wind Power, LLC, would be beneficial to both Route 66 Wind and Panhandle ISD under the current school finance system.

Route 66 Wind Power, 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, Route 66 Wind is projected to benefit from a 76% tax savings over the first ten year period of this agreement. Route 66 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.

Panhandle ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Route 66 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

## Carson County

### Population

- Total county population in 2010 for Carson County: 6,008 , down 1.0 percent from 2009. State population increased 1.8 percent in the same time period.
- Carson County was the state's 194th largest county in population in 2010 and the 236 th fastest growing county from 2009 to 2010.
- Carson County's population in 2009 was 86.7 percent Anglo (above the state average of 46.7 percent), 1.8 percent African-American (below the state average of 11.3 percent) and 9.5 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Carson County:

Panhandle:	2,425	White Deer:	982
Skellytown:	569	Groom:	548

### Economy and Income

#### *Employment*

- September 2011 total employment in Carson County: 3,099 , up 0.8 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 Carson County unemployment rate: 5.4 percent, up from 4.7 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*

- Carson County's ranking in per capita personal income in 2009: 57th with an average per capita income of \$37,163, down 0.2 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 Carson County averaged \$66.85 million annually from 2007 to 2010. County total agricultural values in 2010 were up 42.1 percent from 2009. Major agriculture related commodities in Carson County during 2010 included:
  - Sorghum                      - Other Beef                      - Wheat                      - Cotton                      - Corn
- 2011 oil and gas production in Carson County: 158,747.0 barrels of oil and 8.8 million Mcf of gas. In September 2011, there were 1420 producing oil wells and 543 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 Carson County during the fourth quarter 2010: \$4.29 million, down 3.9 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Panhandle:	\$1.50 million, up 0.9 percent from the same quarter in 2009.
White Deer:	\$1.04 million, down 2.7 percent from the same quarter in 2009.
Skellytown:	\$133,132.00, up 0.3 percent from the same quarter in 2009.
Groom:	\$599,521.00, up 7.9 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 Carson County through the fourth quarter of 2010: \$15.97 million, down 1.8 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Panhandle:	\$5.72 million, up 3.5 percent from the same period in 2009.
White Deer:	\$3.17 million, up 0.9 percent from the same period in 2009.
Skellytown:	\$570,791.00, up 4.5 percent from the same period in 2009.
Groom:	\$2.12 million, up 9.3 percent from the same period in 2009.

*Annual (2010)*

- Taxable sales in Carson County during 2010: \$15.97 million, down 1.8 percent from 2009.
- Carson County sent an estimated \$997,921.88 (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:

<b>Panhandle:</b>	\$5.72 million, up 3.5 percent from 2009.
<b>White Deer:</b>	\$3.17 million, up 0.9 percent from 2009.
<b>Skellytown:</b>	\$570,791.00, up 4.5 percent from 2009.
<b>Groom:</b>	\$2.12 million, up 9.3 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 Carson County based on the sales activity month of August 2011: \$28,536.32, down 4.1 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 

<b>Panhandle:</b>	\$13,979.14, up 21.0 percent from August 2010.
<b>White Deer:</b>	\$7,475.77, down 32.5 percent from August 2010.
<b>Skellytown:</b>	\$1,664.29, down 10.5 percent from August 2010.
<b>Groom:</b>	\$5,417.12, up 2.7 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 Carson County based on sales activity months from September 2010 through August 2011: \$359,245.74, down 1.6 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 

<b>Panhandle:</b>	\$167,505.02, up 10.0 percent from fiscal 2010.
<b>White Deer:</b>	\$101,473.36, up 0.3 percent from fiscal 2010.
<b>Skellytown:</b>	\$22,911.96, down 37.4 percent from fiscal 2010.
<b>Groom:</b>	\$67,355.40, down 10.3 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 Carson County based on sales activity months through August 2011: \$234,340.47, down 0.6 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 

<b>Panhandle:</b>	\$112,576.02, up 12.1 percent from the same period in 2010.
<b>White Deer:</b>	\$65,544.15, up 9.0 percent from the same period in 2010.
<b>Skellytown:</b>	\$14,312.38, down 47.1 percent from the same period in 2010.
<b>Groom:</b>	\$41,907.92, down 12.7 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 Carson County based on sales activity in the 12 months ending in August 2011: \$359,245.74, down 1.6 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 

<b>Panhandle:</b>	\$167,505.02, up 10.0 percent from the previous 12-month period.
<b>White Deer:</b>	\$101,473.36, up 0.3 percent from the previous 12-month period.
<b>Skellytown:</b>	\$22,911.96, down 37.4 percent from the previous 12-month period.
<b>Groom:</b>	\$67,355.40, down 10.3 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>Panhandle:</b>	\$143,218.50, up 12.9 percent from the same period in 2010.
<b>White Deer:</b>	\$87,250.49, up 5.1 percent from the same period in 2010.
<b>Skellytown:</b>	\$19,342.17, down 38.9 percent from the same period in 2010.
<b>Groom:</b>	\$55,041.28, down 9.8 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 Carson County based on sales activity months in 2010: \$360,548.74, up 5.1 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 

Panhandle:	\$155,380.52, up 2.4 percent from 2009.
White Deer:	\$96,050.33, down 5.9 percent from 2009.
Skellytown:	\$35,649.27, up 50.3 percent from 2009.
Groom:	\$73,468.62, up 12.0 percent from 2009.

***Property Tax***

- As of January 2009, property values in Carson County: \$1.24 billion, up 14.1 percent from January 2008 values. The property tax base per person in Carson County is \$202,248, above the statewide average of \$85,809. About 43.7 percent of the property tax base is derived from oil, gas and minerals.

**State Expenditures**

- Carson County's ranking in state expenditures by county in fiscal year 2010: 206th. State expenditures in the county for FY2010: \$16.67 million, down 0.5 percent from FY2009.
- In Carson County, 8 state agencies provide a total of 39 jobs and \$402,980.00 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	• AgriLife Extension Service

**Higher Education**

- Community colleges in Carson County fall 2010 enrollment:
  - None.
- Carson 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 Carson County fall 2010 enrollment:
  - None.

**School Districts**

- Carson County had 3 school districts with 6 schools and 1,179 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.)

- Groom ISD had 134 students in the 2009-10 school year. The average teacher salary was \$43,590. The percentage of students meeting the 2010 TAKS passing standard for all tests was 91 percent.
- Panhandle ISD had 660 students in the 2009-10 school year. The average teacher salary was \$42,798. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
- White Deer ISD had 385 students in the 2009-10 school year. The average teacher salary was \$42,681. The percentage of students meeting the 2010 TAKS passing standard for all tests was 79 percent.