



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 6, 2019

REVISED RECOMMENDATION

Roel A. Gonzalez
Superintendent
Rio Grande City Consolidated Independent School District
Fort Ringgold
Rio Grande City, Texas 78582

Re: Amended Recommendation for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Rio Grande City Consolidated Independent School District and Hidalgo Wind Farm, LLC, Application 395

Dear Superintendent Gonzalez:

On December 19, 2013, the Comptroller received the completed application (Application 395) for a limitation on appraised value under the provisions of Tax Code Chapter 313^[1]. This application was originally submitted in December 2013 to the Rio Grande City Consolidated Independent School District (school district) by Hidalgo Wind Farm, LLC (applicant).

At the time of application, the school district was classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts.

On March 12, 2019, the Comptroller received an amendment to the application to:

- (a) add an affiliate to the application; and
- (b) increase the size of the project.

The Comptroller's recommendation is based on the amended 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 amended property value limitation agreement if the amended application is modified, the information presented in the amended application changes, or the amended limitation agreement does not conform to the amended 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] All statutory references are to the Texas Tax Code, unless otherwise noted.

- 1) The applicant must provide the Comptroller a copy of the proposed amended 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 amended agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute an amended limitation agreement that has been reviewed by the Comptroller; and
- 4) The school district must provide a copy of the signed amended limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Hidalgo Wind Farm. LLC (project) applying to Rio Grande City Consolidated Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Hidalgo Wind Farm. LLC.

	Original	Amendment No. X
Applicant	Hidalgo Wind Farm. LLC	Hidalgo Wind Farm. LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Wind	Renewable Energy – Wind
School District	Rio Grande City CISD	Rio Grande City CISD
2012-2013 Average Daily Attendance	10,796	10,796
County	Starr County	Starr County
Proposed Total Investment in District	\$72,700,000	\$120,700,000
Proposed Qualified Investment	\$66,947,799	\$114,947,799
Limitation Amount	\$10,000,000	\$10,000,000
Number of total jobs committed to by applicant	1*	2*
Number of qualifying jobs committed to by applicant	1	2
Average weekly wage of qualifying jobs committed to by applicant	\$596	\$596
Minimum weekly wage required by Tax Code, 313.051(b)	\$596	\$596
Minimum annual wage committed to by applicant for qualified jobs	\$30,987	\$30,987
Investment per Qualifying Job	\$72,700,000	\$60,350,000
Estimated 15 year M&O levy without any limit or credit	\$5,865,503	\$10,216,026
Estimated gross 15 year M&O tax benefit	\$3,320,753	\$6,036,757
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):	\$2,468,030	\$4,060,330
Tax Credits (estimated – part of total tax benefit in the two lines above – appropriated through Foundation School Program)	\$0	\$0
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection	\$3,397,473	\$6,155,696
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	42.1%	39.7%
Percentage of tax benefit due to the limitation	100.0%	100.0%
Percentage of tax benefit due to the credit	0.0%	0.0%

* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).