



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 28, 2016

AMENDED CERTIFICATION

Ralph Traynham  
Superintendent  
Fort Stockton Independent School District  
101 West Division  
Fort Stockton, Texas 79735

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Fort Stockton Independent School District and RE Roserock, LLC, Application 1012

Dear Superintendent Traynham:

This application (Application 1012) was originally submitted on May 19, 2014, to the Fort Stockton Independent School District (school district) by RE Roserock, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>[1]</sup>. On June 25, 2014, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on August 28, 2014. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on December 15, 2014.

On December 27, 2016, the Comptroller received an amendment to the agreement. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

**Determination required by 313.025(h)**

The information provided by the applicant related to eligibility has not changed and therefore, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

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

**Certificate decision required by 313.025(d)**

Determination required by 313.026(c)(1)

Based on the amended information provided by the applicant, the Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the amendment to the agreement by December 31, 2016.

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

Sincerely,



Mike Reissig  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of RE Roserock, LLC (project) applying to Fort Stockton 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 RE Roserock, LLC.

Applicant	RE Roserock, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy
School District	Fort Stockton ISD
2012-2013 Average Daily Attendance	2,425
County	Pecos
Proposed Total Investment in District	\$285,000,000
Proposed Qualified Investment	\$285,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2015-2016
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$711.53
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$709.50
Minimum annual wage committed to by applicant for qualified jobs	\$37,000
Minimum weekly wage required for non-qualifying jobs	\$850
Minimum annual wage required for non-qualifying jobs	\$40,800
Investment per Qualifying Job	\$142,500,000
Estimated M&O levy without any limit (15 years)	\$19,858,162
Estimated M&O levy with Limitation (15 years)	\$ 6,312,913
Estimated gross M&O tax benefit (15 years)	\$13,545,249
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	



**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Pecos County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with Pecos County, Midland College and Middle Pecos Groundwater District.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought										
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Fort Stockton I&S Tax Levy	Fort Stockton ISD M&O Tax Levy	Fort Stockton ISD M&O and I&S Tax Levies	Pecos County Tax Levy	Midland College Tax Levy	Middle Pecos Groundwater District Tax Levy	Estimated Total Property Taxes
				0.1660	1.0400		0.6999	0.0255	0.0250	
2016	\$70,000,000	\$70,000,000		\$116,200	\$728,000	\$844,200	\$240,066	\$8,747	\$8,575	\$1,101,587
2017	\$142,500,000	\$30,000,000		\$236,550	\$312,000	\$548,550	\$488,705	\$17,805	\$17,456	\$1,072,517
2018	\$285,000,000	\$30,000,000		\$473,100	\$312,000	\$785,100	\$977,410	\$35,611	\$34,913	\$1,833,034
2019	\$242,250,000	\$30,000,000		\$402,135	\$312,000	\$714,135	\$830,799	\$30,269	\$29,676	\$1,604,879
2020	\$205,912,500	\$30,000,000		\$341,815	\$312,000	\$653,815	\$706,179	\$25,729	\$25,224	\$1,410,947
2021	\$175,025,625	\$30,000,000		\$290,543	\$312,000	\$602,543	\$600,252	\$21,869	\$21,441	\$1,246,105
2022	\$148,771,781	\$30,000,000		\$246,961	\$312,000	\$558,961	\$510,214	\$18,589	\$18,225	\$1,105,989
2023	\$126,456,014	\$30,000,000		\$209,917	\$312,000	\$521,917	\$433,682	\$15,801	\$15,491	\$986,891
2024	\$107,487,612	\$30,000,000		\$178,429	\$312,000	\$490,429	\$368,630	\$13,431	\$13,167	\$885,657
2025	\$91,364,470	\$30,000,000		\$151,665	\$312,000	\$463,665	\$313,335	\$11,416	\$11,192	\$799,609
2026	\$77,659,800	\$30,000,000		\$128,915	\$312,000	\$440,915	\$543,541	\$19,803	\$19,415	\$1,023,674
2027	\$66,010,830	\$66,010,830		\$109,578	\$686,513	\$796,091	\$462,010	\$16,833	\$16,503	\$1,291,436
2028	\$57,000,000	\$57,000,000		\$94,620	\$592,800	\$687,420	\$398,943	\$14,535	\$14,250	\$1,115,148
2029	\$57,000,000	\$57,000,000		\$94,620	\$592,800	\$687,420	\$398,943	\$14,535	\$14,250	\$1,115,148
2030	\$57,000,000	\$57,000,000		\$94,620	\$592,800	\$687,420	\$398,943	\$14,535	\$14,250	\$1,115,148
				<b>Total</b>	<b>\$6,312,913</b>	<b>\$9,482,581</b>	<b>\$7,671,653</b>	<b>\$279,507</b>	<b>\$274,027</b>	<b>\$17,707,767</b>
				<b>Diff</b>	<b>\$13,545,249</b>	<b>\$13,545,249</b>	<b>\$5,692,508</b>	<b>\$207,400</b>	<b>\$203,333</b>	<b>\$19,648,490</b>

Source: CPA, RE Roserock, LLC

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

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

## Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that RE Roserock, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2015	\$0	\$0	\$0	\$0
	2016	\$728,000	\$728,000	\$0	\$0
<b>Limitation Period (10 Years)</b>	2017	\$312,000	\$1,040,000	\$1,170,000	\$1,170,000
	2018	\$312,000	\$1,352,000	\$2,652,000	\$3,822,000
	2019	\$312,000	\$1,664,000	\$2,207,400	\$6,029,400
	2020	\$312,000	\$1,976,000	\$1,829,490	\$7,858,890
	2021	\$312,000	\$2,288,000	\$1,508,267	\$9,367,157
	2022	\$312,000	\$2,600,000	\$1,235,227	\$10,602,383
	2023	\$312,000	\$2,912,000	\$1,003,143	\$11,605,526
	2024	\$312,000	\$3,224,000	\$805,871	\$12,411,397
	2025	\$312,000	\$3,536,000	\$638,190	\$13,049,587
	2026	\$312,000	\$3,848,000	\$495,662	\$13,545,249
<b>Maintain Viable Presence (5 Years)</b>	2027	\$686,513	\$4,534,513	\$0	\$13,545,249
	2028	\$592,800	\$5,127,313	\$0	\$13,545,249
	2029	\$592,800	\$5,720,113	\$0	\$13,545,249
	2030	\$592,800	\$6,312,913	\$0	\$13,545,249
	2031	\$592,800	\$6,905,713	\$0	\$13,545,249
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2032	\$592,800	\$7,498,513	\$0	\$13,545,249
	2033	\$592,800	\$8,091,313	\$0	\$13,545,249
	2034	\$592,800	\$8,684,113	\$0	\$13,545,249
	2035	\$592,800	\$9,276,913	\$0	\$13,545,249
	2036	\$592,800	\$9,869,713	\$0	\$13,545,249
	2037	\$592,800	\$10,462,513	\$0	\$13,545,249
	2038	\$592,800	\$11,055,313	\$0	\$13,545,249
	2039	\$592,800	\$11,648,113	\$0	\$13,545,249
	2040	\$592,800	\$12,240,913	\$0	\$13,545,249
	2041	\$592,800	\$12,833,713	\$0	\$13,545,249

\$12,833,713 is less than \$13,545,249

<b>Analysis Summary</b>	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	No

NOTE: The analysis above only takes into account this project’s estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, RE Roserock, LLC

**Employment Indirect and Induced Tax Effects**

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	200	181	381	\$7,506,800	\$13,367,200	\$20,874,000	1190186	-625610	\$1,815,796
2016	450	405	855.47	\$16,890,300	\$33,036,500	\$49,926,800	2784729	-1182556	\$3,967,285
2017	102	110	212	\$3,827,400	\$13,750,700	\$17,578,100	907898	534058	\$373,840
2018	2	6	8	\$74,000	\$5,419,200	\$5,493,200	305176	961304	-\$656,128
2019	2	(10)	-8	\$74,000	\$2,733,600	\$2,807,600	190735	885010	-\$694,275
2020	2	(20)	-18	\$74,000	\$1,879,100	\$1,953,100	129700	778198	-\$648,498
2021	2	(20)	-18	\$74,000	\$536,400	\$610,400	61035	656128	-\$595,093
2022	2	(20)	-18	\$74,000	-\$318,100	-\$244,100	7629	503540	-\$495,911
2023	2	(16)	-14	\$74,000	-\$196,100	-\$122,100	-22888	381470	-\$404,358
2024	2	(18)	-16	\$74,000	-\$562,300	-\$488,300	-30518	305176	-\$335,694
2025	2	(8)	-6	\$74,000	-\$562,300	-\$488,300	-61035	198364	-\$259,399
2026	2	(10)	-8	\$74,000	-\$806,400	-\$732,400	-83923	122070	-\$205,993
2027	2	(8)	-6	\$74,000	-\$806,400	-\$732,400	-144958	-7629	-\$137,329
2028	2	(6)	-4	\$74,000	-\$562,300	-\$488,300	-137329	-76294	-\$61,035
2029	2	(8)	-6	\$74,000	-\$562,300	-\$488,300	-160217	-129700	-\$30,517
2030	2	(8)	-6	\$74,000	-\$806,400	-\$732,400	-160217	-190735	\$30,518
2031	2	(8)	-6	\$74,000	-\$806,400	-\$732,400	-190735	-251770	\$61,035
2032	2	(6)	-4	\$74,000	-\$806,400	-\$732,400	-198364	-289917	\$91,553
2033	2	(6)	-4	\$74,000	-\$806,400	-\$732,400	-205994	-373840	\$167,846
2034	2	(8)	-6	\$74,000	-\$806,400	-\$732,400	-259399	-389099	\$129,700
2035	2	(12)	-10	\$74,000	-\$1,294,700	-\$1,220,700	-305176	-427246	\$122,070
2036	2	(14)	-12	\$74,000	-\$1,294,700	-\$1,220,700	-305176	-526428	\$221,252
2037	2	(14)	-12	\$74,000	-\$2,271,300	-\$2,197,300	-350952	-572205	\$221,253
2038	2	(16)	-14	\$74,000	-\$2,271,300	-\$2,197,300	-320435	-610352	\$289,917
2039	2	(16)	-14	\$74,000	-\$1,783,000	-\$1,709,000	-350952	-679016	\$328,064
2040	2	(16)	-14	\$74,000	-\$3,003,700	-\$2,929,700	-442505	-762939	\$320,434
2041	2	(18)	-16	\$74,000	-\$3,247,800	-\$3,173,800	-473022	-816345	\$343,323
2042	2	(22)	-20	\$74,000	-\$3,736,100	-\$3,662,100	-488281	-854492	\$366,211
<b>Total</b>							<b>\$885,012</b>	<b>-\$3,440,855</b>	<b>\$4,325,867</b>
							<b>\$17,159,580</b>	is greater than	<b>\$13,545,249</b>

**Analysis Summary**

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement? Yes

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