

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



December 12, 2011

Mrs. Christina Gutierrez  
Superintendent  
Bishop Consolidated Independent School District  
719 E. Sixth St.  
Bishop, Texas 78343-2708

Dear Superintendent Gutierrez:

On Oct. 6, 2011, the agency received the completed application for a limitation on appraised value originally submitted to the Bishop Consolidated Independent School District (Bishop CISD) by EC&R Development, LLC (EC&R Development) in August 2011, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding EC&R Development's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that the applicant would perform according to the provisions of the agreement reached with the school district if the application is approved. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Bishop CISD is currently classified as a rural school district in Category 1. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$235,850,000) 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.

EC&R Development is proposing the construction of a wind power electric generation facility in Nueces County. EC&R Development is an active franchise taxpayer, as required by Tax Code Section 313.024(a) and is in good standing. After reviewing the application using the criteria listed in Section 313.026 and the information provided by EC&R Development, the Comptroller's recommendation is that EC&R Development's application under Tax Code Chapter 313 not be approved.

The agency's complete economic impact evaluation is enclosed, but, in summary, the agency finds that the net impact of the EC&R project is likely to negatively impact the regional economy due to the potential impact on the military training mission of Naval Air Station Kingsville (NASK). The potential negative economic impact caused by the impact on the mission of NASK exceeds the positive economic impact estimated to be caused by the construction and operation of the project which is within 15 nautical miles (17.26 miles) of the base.

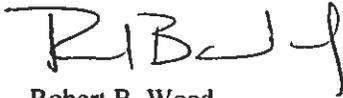
Chief of Naval Operations W. R. Burke requested in a memorandum (copy enclosed) that the Navy assess the impact of wind turbine development near NAS Kingsville. Burke goes on to request an assessment of "the feasibility and cost of all mitigation options such as.... relocating some or all of NAS Kingsville's mission to other installations..." Additionally, the Commander, Navy Installations Command, M.C. Vitale states in the attached memorandum, "(I) recommend that turbines not be located within 15 nmi (nautical miles) of NAS Kingsville DASR-11 RADAR..." In the absence of further information from the Navy, we are left to conclude that relocating some or all of the mission to other installations remains a viable alternative for the Navy, particularly if turbines are located within 15 nautical miles of the base.

Mrs. Christina Gutierrez  
December 12, 2011  
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The economy of the region around Bishop CISD is heavily dependent on the continued operation of NASK. Kingsville mayor Sam Fugate has expressed concerns that impairing the flight area around NASK could lead to the closure of NASK in the future. While the naval training mission can be moved to other bases, those bases are outside Texas, and while the naval mission may not be impaired by such a move, the economy of the region around NASK would be impaired significantly.

Should you have any questions, please contact me at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,

A handwritten signature in black ink, appearing to read "R B Wood". The signature is stylized with a large "R" and "B", and a cursive "Wood".

Robert B. Wood  
Director, Economic Development and Analysis

Enclosures



DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
2000 NAVY PENTAGON  
WASHINGTON, DC 20350-2000

IN REPLY REFER TO:  
5090  
Ser N4/

From: Chief of Naval Operations (N4)  
To: Commander, U.S. Pacific Fleet  
Commander, Naval Installations Command

Subj: WIND TURBINE ENCROACHMENT AT NAVAL AIR STATION  
KINGSVILLE, TEXAS

1. This letter requests your assistance in evaluating and justifying the risk to readiness presented by proposed construction of additional wind turbines in the vicinity of NAS Kingsville.

2. Per the 2011 National Defense Authorization Act (NDAA), a DoD objection to a renewable energy project cannot be registered unless SECDEF or his designee determines that the project would result in an unacceptable risk to the national security of the United States. This determination must be supported by a report to Congress explaining the readiness impacts that led to the determination; discussion of mitigation options considered; and an explanation of why the mitigation measures were not feasible or did not resolve the conflict.

3. I request that PACFLT, in coordination with CNAF and CNATRA, assess the impacts of wind turbine development near NAS Kingsville on Navy readiness and advise whether such impacts, if unmitigated, would present an unacceptable risk to National Security. I also request that PACFLT and CNIC identify and assess the feasibility and cost of all possible mitigation options, such as technological improvements, training procedure modifications, siting the wind turbines so as to minimize mission impacts, relocating some or all of NAS Kingsville's mission to other installations, and purchasing easements to prevent incompatible development. Please provide the readiness and mitigation assessment by 31 July 2011.

4. My point of contact is RADM Philip Cullom, at (703) 695-5029.

W. R. BURKE



DEPARTMENT OF THE NAVY  
COMMANDER, NAVY INSTALLATIONS COMMAND  
716 SICARD STREET, SE, SUITE 1000  
WASHINGTON NAVY YARD, DC 20374-5140

11100  
Ser N00/11U61537  
SEP 23 2011

From: Commander, Navy Installations Command  
To: Deputy Chief of Naval Operations (Fleet Readiness and Logistics)

Subj: EVALUATION OF WIND TURBINE COMPATIBILITY AT NAVAL AIR STATION KINGSVILLE, TX

Ref: (a) CNO Washington DC ltr 5090 Ser N4/11U156042 of 10 Jun 11  
(b) NAS Kingsville TX Predictive Loss Modeling Study of 29 Mar 11

Encl: (1) COMNAVAIRFOR San Diego CA ltr 5090 Ser N01/1468 of 01 Sep 11  
(2) COMPACFLT Pearl Harbor HI ltr 5090 Ser N01/1188 of 08 Sep 11  
(3) CNIC Washington DC Paper, "Preventing the Incompatible Development of Wind Farms on NAS Kingsville Missions"

1. Reference (a) requested that Commander, Navy Installations Command (CNIC), supported by Commander, U.S. Pacific Fleet (COMPACFLT) Pearl Harbor, HI and Commander, U.S. Fleet Forces Command (COMUSFLTFOR) Norfolk, VA, lead an assessment of the mission impacts of wind farm development in the Kingsville vicinity. Enclosures (1), (2) and (3) provide an assessment of the feasibility and ROM cost of all possible mitigation options, such as technological improvements, training procedure modifications, wind turbine siting to minimize mission impacts, relocating some or all of NAS Kingsville mission to other installations, and purchasing easements to prevent incompatible development.

2. Training Air Wing TWO at NAS Kingsville trains 112 of the Navy's approximately 200 tactical aviation pilots each year. Reference (b), a study of the degradation to NAS Kingsville RADAR and NAVAIDS caused by electromagnetic interference from nearby wind farms, determined installation of wind turbines would reduce Navy's ability to train aviators safely. The study further predicted that Navy would graduate 24-31 fewer pilots

Subj: EVALUATION OF WIND TURBINE COMPATIBILITY AT NAVAL AIR STATION KINGSVILLE, TX

annually due to this impact. Enclosures (1) and (2) provide detailed assessments of these mission impacts from Commander, Naval Air Forces (COMNAVAIRFOR) San Diego, CA and COMPACFLT Pearl Harbor, HI.

3. Enclosure (3) assessed an additional three potential mitigation options mentioned in reference (a): applying technological improvements; siting of wind turbines so as to minimize mission impacts; and purchasing easements to prevent incompatible development. This paper further examines the possible use of state and local regulations to prevent incompatible development.

4. Siting enforced by regulation remains the most effective way to mitigate wind farm encroachment. Recommend that turbines not be located within 15 nmi of NAS Kingsville DASR-11 RADAR, and further recommend that Kleberg and Nueces counties be authorized by the state of Texas to prohibit wind turbine construction in all areas within a 15 nmi radius of NAS Kingsville DASR-11. As no readily available technological mitigations to wind turbine-related RADAR and NAVAID degradation were identified, I concur with COMPACFLT Pearl Harbor HI recommendation that DoN continue to investigate technological solutions which could minimize wind farm interference with RADAR and NAVAIDS.

5. CNIC's point of contact for this issue is LCDR Jim Roche, Encroachment Action Officer, DSN 288-4892, commercial (202) 433-4892, or e-mail james.roche@navy.mil.



M. C. VITALE

Copy to:  
CNO Washington DC (N45)  
COMPACFLT Pearl Harbor HI (N01)  
COMUSFLTFORCOM Norfolk VA (N45)  
COMNAVAIRFOR San Diego CA (N03)  
CNATRA Corpus Christ TX (N03)  
COMNAVFACENGCOM Washington DC  
COMNAVREG SE Jacksonville FL  
NAS Kingsville TX

# CITY OF KINGSVILLE

P. O. BOX 1458 - KINGSVILLE, TEXAS 78364

November 16, 2010

OFFICE OF THE MAYOR  
SAM R. FUGATE

Honorable Susan Combs  
Comptroller of Public Accounts  
P.O. Box 13528  
Austin, TX 78711-3528

Dear Comptroller Combs:

Your office and staff have been extremely helpful in trying to understand and evaluate the impact of wind farms on military training activity.

The multiple studies and countless meetings on the subject have left the City of Kingsville very concerned that the construction of two wind farms within a 10 mile radius of Naval Air Station Kingsville will have a negative impact on the operations of Training Air Wing II. The leadership at the base opposes the construction of the wind farms but is limited in public discussion of their concern due to the strong advocacy for renewable energy expressed by the Administration and Department of Defense.

Our recent discussions in the Pentagon with Navy leadership give credence to another Base Realignment and Closure (BRAC) round within the next five years. Such a review of training operations during a decrease in the Navy's pilot training rate could result in the single siting of advance jet training at one of the Navy's two remaining strike pilot training bases - NAS Meridian (Mississippi) and NAS Kingsville. With the potential negative impact on radar systems from the wind farms, the training mission at NAS Kingsville could be viewed in a less favorable position.

We respectfully ask that your office declare a moratorium on state assistance to wind farms within a 25 miles radius of a military installation until a better understanding of their impact on military training missions is clarified. We specifically ask that your office not recommend any projects for approval under Chapter 313 of the tax code if they fall in this radius. Your consideration of this request is greatly appreciated.

Sincerely,



Sam R. Fugate,  
Mayor



**Economic Impact for Chapter 313 Project**

Applicant	EC&R Development, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Bishop Consolidated Independent School District
2009-10 Enrollment in School District	1,224
County	Nueces
Total Investment in District	\$235,850,000
Qualified Investment	\$235,850,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	4*
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$948.20
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$948.20
Minimum Annual Wage committed to by applicant for qualified jobs	\$49,306
Investment per Qualifying Job	\$58,962,500
Estimated 15 year M&O levy without any limit or credit:	\$23,164,738
Estimated gross 15 year M&O tax benefit	\$14,231,171
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):	\$12,325,304
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$548,433
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$10,839,434
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	53.2%
Percentage of tax benefit due to the limitation	96.1%
Percentage of tax benefit due to the credit.	3.9%
* 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 EC&R Development (the project) applying to Bishop consolidated 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 four new jobs when fully operational. All 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 Coastal Bend State Planning Region, where Nueces County is located was \$44,824 in 2010. The annual average manufacturing wage for 2010 for Nueces County is \$62,283. That same year, the county annual average wage for all industries was \$38,610. In addition to a salary of \$49,306, each qualifying position will receive benefits such as medical insurance, prescription insurance, dental insurance, vision insurance, life & personal accident insurance, short- and long-term disability benefits, free instructor led and online training, tuition reimbursement, employee assistance program, adoption assistance, health care flexible spending account plan, dependent care flexible spending account plan, commuter benefits program, purchasing advantages through Insperity's MarketPlace, 401(k) plan, Making Friends international exchange program for children of employees, 15 to 25 days of paid vacation per year, 12 paid holidays per year, paid family and medical leave, and paid military leave. The project's total investment is \$235.85 million, resulting in a relative level of investment per qualifying job of \$58.96 million.

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

According to EC&R Development's application, "E.ON Climate & Renewables (EC&R) is an international company that develops, constructs, and operates wind energy projects. EC&R has a proven history of success across the United States evidenced by the development, construction and operation of over 2,000 MWs of wind farms. We have the ability to locate projects of this type across several regions within the United States, Canada, and Europe which gives EC&R the opportunity to maximize its return on capital investment. Securing this Chapter 313 agreement with BISD will help make the project more economically viable and competitive versus other investment options in this region."

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

During the past two years, four projects in the Coastal Bend State Planning 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 EC&R Development project requires appear to be in line with the focus and themes of the plan. However, the EC&R Development project will likely have a negative impact on Texas' economic growth plans due to the project's proximity to the Naval Air Station Kingsville (NASK). NASK has played an important role in the state's economy for almost 70 years, and has helped create thousands of Texas jobs. The EC&R Development project would result in the closure of NASK, which would result in the loss of a far greater number of Texas jobs than the EC&R Development project would create.

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

The following analysis examines EC&R Development's estimated economic impact to Texas. It examines the direct, indirect and induced effects to employment and personal income within the state, while taking into account the impact of the project's effect on the NASK base. The Comptroller's office calculated the economic impact based on 15 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.

### **RATIONALE**

This analysis seeks to answer the following question, “What is the impact on the state economy if the following events occur simultaneously: (1) the construction and operation of a wind farm; and, (2) the potential closure of a military installation?”

**ASSUMPTIONS**

Using information regarding a Chapter 313 application submitted by the Bishop Consolidated ISD for a proposed wind farm project (EC&R Development, LLC) and study conducted by Impact Data Source on the annual economic impact of Naval Air Station Kingsville, the following timeline, with their associated employment and income projections have been developed:

**EMPLOYMENT**

Year	Wind Farm		Military Installation Force Reduction/Closure			Total Change in Employment
	Construction	Operations	Military	Federal Civilian	Military Construction	
(Fulltime Equivalents)						
2012	100					100
2013	40	4	-100	-204	-49	-309
2014		4	-100	-204	-49	-349
2015		4	-100	-204	-49	-349
2016		4	-100	-204	-49	-349
2017		4	-100	-204	-49	-349
2018		4	-97	-204	-48	-345
2019		4				4
2020		4				4
2021		4				4
2022		4				4
2023		4				4
2024		4				4
2025		4				4
2026		4				4

**SOURCES:**

1)	The number of construction and operation employment for the wind farm is based on information contained in the proposed EC&R Development, LLC Project Chapter 313 Application.
2)	According to a study of the annual economic impact of Naval Air Station - Kingsville, the facility had been host to 597 military and 1,224 civilian employees in 2010. In addition, 293 contract construction workers rely upon public work projects undertaken at the facility. (A Report of the Annual Economic Impact During Fiscal year 2010 of Naval Air Station Kingsville, Kingsville, Texas by Impact Data Source, December 19, 2009)
	The reductions in the number of facility's workers are distributed over a six year time period. This follows the recommended time frame that is prescribed under the Base Realignment and Closure law ( <a href="http://www.hqda.army.mil/acsim/brac/pt_files/pt_FAQ.htm#general_q3">http://www.hqda.army.mil/acsim/brac/pt_files/pt_FAQ.htm#general_q3</a> ).

**Additional Information:**

1)	The average annual wage rate to be paid to construction workers on the wind farm project is \$52,000.
2)	The average annual wage rate to be paid to wind farm workers is \$49,306.40.
3)	The salaries paid to the military workers at the facility totaled \$38,777,394 in 2010. This rounds off to approximately \$64,953.75 per person.
4)	The salaries paid to the civilian workers at the facility totaled \$57,973,585 in 2010. On a per worker basis, this comes out to approximately \$47,364.04.
5)	The salaries paid the construction workers associated with the facility totaled \$13,200,000 in 2010. The average wage for construction workers associated with the installation is roughly \$45,051.19.

**INCOME**

Year	Wind Farm		Military Installation Force Reduction/Closure		
	Construction	Operations	Military	Federal Civilian	Military Construction
2012	\$5,200,000				
2013	\$2,080,000	\$197,226	-\$6,495,376	-\$9,662,264	-\$2,207,509
2014		\$197,226	-\$6,495,376	-\$9,662,264	-\$2,207,509
2015		\$197,226	-\$6,495,376	-\$9,662,264	-\$2,207,509
2016		\$197,226	-\$6,495,376	-\$9,662,264	-\$2,207,509
2017		\$197,226	-\$6,495,376	-\$9,662,264	-\$2,207,509
2018		\$197,226	-\$6,300,515	-\$9,662,264	-\$2,162,457
2019		\$197,226			
2020		\$197,226			
2021		\$197,226			
2022		\$197,226			
2023		\$197,226			
2024		\$197,226			
2025		\$197,226			
2026		\$197,226			

**NOTE:**

Income was derived by multiplying the number of jobs in the Jobs Table by the average annual wage rate presented in the Addition Information Table.

Based on the tables presented above, it is assumed that the construction of the wind farm is the starting point of the analysis. In the succeeding year, additional construction and operations at the wind farm is projected to take effect. At the same time, reduction in force at the naval air facility will commence.

The projected job numbers for the wind farm construction and operations were obtained from the Chapter 313 application. On the other hand, it was assumed that the reduction in force at the facility would take place in equal increments over six years. This six-year time period is the maximum number of years that is prescribed by the Base Realignment and Closure law.

The information provided in the table was used as inputs in the REMI model for the Texas. For ease of analysis, this investigation precluded the use of specific investment and operational costs. In lieu of this, the REMI model used its built-in output per worker data to estimate the impacts of the job creation and job loss on economic activity in the state. The results of the analysis are presented in the succeeding table.

**RESULTS**

The results obtained from the REMI model reflect the deviations from its control forecasted values of economic activity that are associated with the job and income changes listed above.

Year	Deviation from the REMI Base Model (Control) Projections				
	Total Employment	Real GDP	Real Output	Real Personal Income	Population
		(Millions of 2005 Dollars)			
2012	193	12.08	21.00	9.34	39
2013	-933	-68.73	-123.29	-52.72	-299
2014	-1,022	-75.32	-134.77	-61.66	-451
2015	-1,018	-75.81	-135.25	-65.39	-588
2016	-1,003	-75.93	-135.25	-68.38	-707
2017	-983	-75.93	-134.77	-70.79	-814
2018	-969	-75.44	-134.77	-73.53	-912
2019	38	4.64	8.30	-9.09	-650
2020	70	6.84	12.70	-4.62	-576
2021	88	8.18	14.89	-1.77	-516
2022	83	8.67	14.65	0.00	-453
2023	78	7.69	13.18	0.84	-406
2024	62	6.71	11.23	0.74	-363
2025	54	5.49	10.01	0.96	-324
2026	39	4.27	7.81	0.47	-297

SOURCE: TX CPA calculations based on the REMI Model for Texas.

Based on information presented above, it is projected that the 100 jobs created by the 2012 construction of the wind farm will lead to the creation of an additional 93 jobs in Texas. These 100 jobs and its associated income of \$5.2 million will lead to the creation of an additional \$4.14 in real personal income in the state. In addition economic activity associated with the construction activity will result in the production of an additional \$21 million of intermediate and final goods and services in the state. In terms of Gross Domestic Product, this activity will increase projected state GDP by \$12.08 million. All of these monetary changes are presented in real terms (2005 dollars).

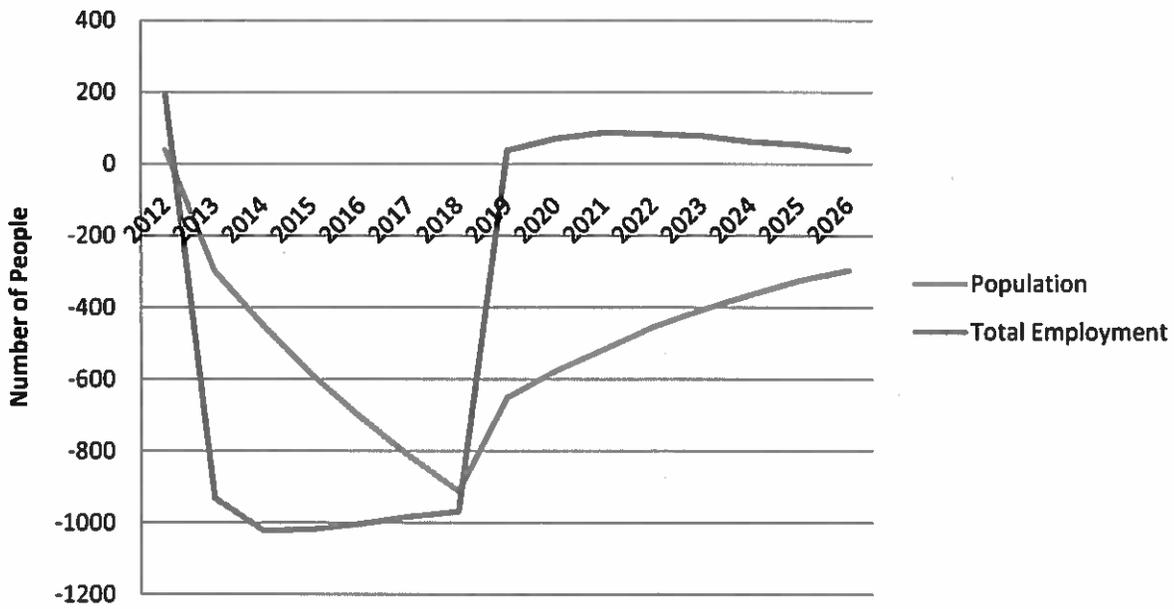
In the succeeding six years, the net job losses associated with the base closure will lead reductions in employment in Texas. The projected losses directly associated with the naval station (military, civilian, contract construction) will affect at least twice as many Texas jobs in indirect and induced ways. These losses will also translate into reductions in real personal income, real state GDP, real state output and population.

From 2019 to 2026, it is expected that all economic variables under consideration (except for population) are projected to be above the model's control projections.

### SUMMARY

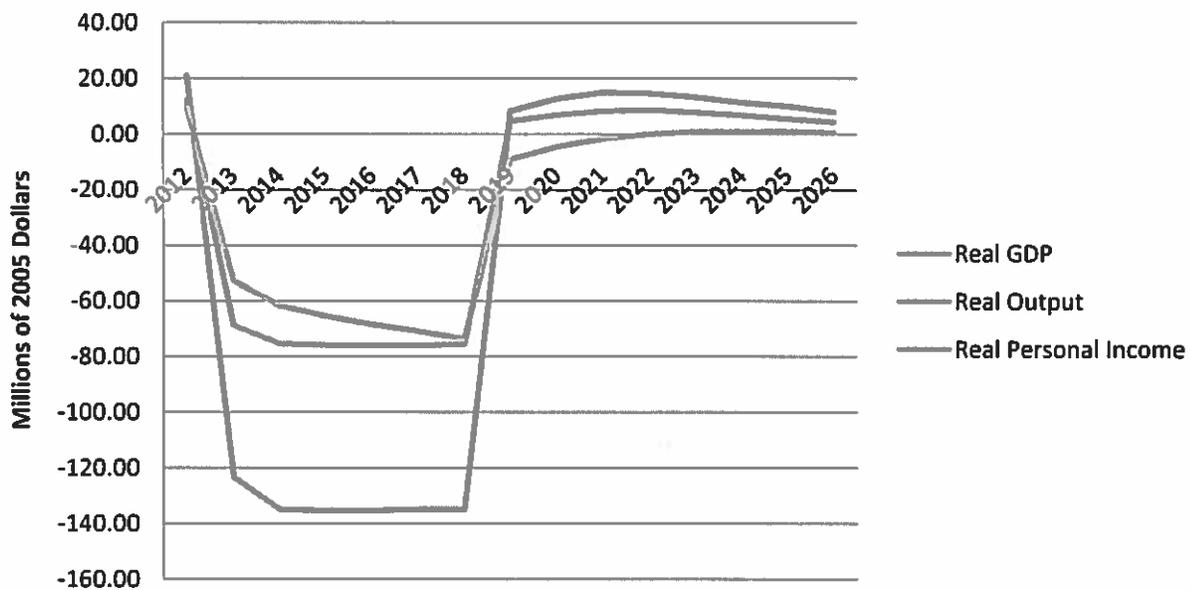
The following graphs provide a visual rendering of the projected impact/deviation of the combined events. In terms of population and total employment, the net jobs losses associated with the closure of the naval installation is projected to have a lingering effect on population growth in the state. As shown in the table, over the 15 year time period, the net change in population will be negative. A significant component of this population reduction, especially over the six year period associated with the base closure, is projected to be represented by the out-migration of people from the state.

## Change in Population and Total Employment



As far as the change in real GDP, real output and real personal income are concerned, the net loss of jobs and income associated with the base closure will have a significant impact on the negative deviation of these variables from the REMI model's control projections. What is interesting to note is that despite the rise in the values of these variables after the base closure's six year period, the increased values fall short of the first year changes in value for real GDP, real output, and real personal income. These are presented in the succeeding graph.

## Change in Real GDP, Output and Personal Income



The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Bishop ISD's ad valorem tax base in 2010 was \$530.3 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Bishop ISD's estimated wealth per WADA was \$322,455. 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, Nueces County, Nueces County Hospital District, Nueces County Drainage District #3, Nueces County Emergency Services District #3, and Nueces County Emergency Services District #6, with all property tax incentives sought being granted using estimated market value from EC&R Development's application. EC&R Development has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with Nueces County, Nueces County Hospital District, and Nueces County Drainage District #3. Table 3 illustrates the estimated tax impact of the EC&R Development project on the region if all taxes are assessed. Note that Tables 2 and 3 only examine the direct impact on the property taxes of the aforementioned local entities, and do not take into account the negative economic impact due to the project's resulting closure of the NASK base.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Bishop CISD I&S Levy	Bishop CISD M&O Levy	Bishop CISD M&O and I&S Tax Levies (Before Credit Credited)	Bishop CISD M&O and I&S Tax Levies (After Credit Credited)	Nueces County	Nueces County Hospital District	Nueces County Drainage District #3 (53%)	Nueces County Emergency Services District #3	Nueces County Emergency Services District #6	Estimated Total Property Taxes
2012	\$0	\$0		0.5237	1.0392	\$0	\$0	0.3553	0.1624	0.1891	0.0300	0.0700	\$0
2013	\$82,772,500	\$82,772,500		\$433,517	\$860,205	\$1,293,722	\$1,293,722	\$294,057	\$134,446	\$82,937	\$24,832	\$57,941	\$1,887,934
2014	\$235,850,000	\$30,000,000		\$1,235,253	\$311,772	\$1,547,025	\$1,547,025	\$251,364	\$114,926	\$70,896	\$70,755	\$165,095	\$2,220,060
2015	\$224,057,500	\$30,000,000		\$1,173,490	\$311,772	\$1,485,262	\$1,406,914	\$238,795	\$109,180	\$67,351	\$67,217	\$156,840	\$2,046,298
2016	\$212,265,000	\$30,000,000		\$1,111,727	\$311,772	\$1,423,499	\$1,345,152	\$226,227	\$103,433	\$63,806	\$63,680	\$148,586	\$1,950,884
2017	\$200,472,500	\$30,000,000		\$1,049,965	\$311,772	\$1,361,737	\$1,283,389	\$213,659	\$97,687	\$60,262	\$60,142	\$140,331	\$1,855,469
2018	\$188,680,000	\$30,000,000		\$988,202	\$311,772	\$1,299,974	\$1,221,627	\$201,091	\$91,941	\$56,717	\$56,604	\$132,076	\$1,760,055
2019	\$176,887,500	\$30,000,000		\$926,439	\$311,772	\$1,238,211	\$1,159,864	\$188,523	\$86,194	\$53,172	\$53,066	\$123,821	\$1,664,640
2020	\$165,095,000	\$30,000,000		\$864,677	\$311,772	\$1,176,449	\$1,098,101	\$175,954	\$80,448	\$49,627	\$49,529	\$115,567	\$1,569,226
2021	\$153,302,500	\$30,000,000		\$802,914	\$311,772	\$1,114,686	\$1,036,339	\$163,386	\$74,702	\$46,082	\$45,991	\$107,312	\$1,473,812
2022	\$141,510,000	\$141,510,000		\$741,152	\$1,470,629	\$2,211,780	\$2,211,780	\$150,818	\$68,956	\$42,538	\$42,453	\$99,057	\$2,615,601
2023	\$129,717,500	\$129,717,500		\$679,389	\$1,348,076	\$2,027,465	\$2,027,465	\$138,250	\$63,209	\$38,993	\$38,915	\$90,802	\$2,397,635
2024	\$117,925,000	\$117,925,000		\$617,626	\$1,225,524	\$1,843,150	\$1,843,150	\$418,939	\$191,543	\$118,160	\$35,378	\$82,548	\$2,689,717
2025	\$106,132,500	\$106,132,500		\$555,864	\$1,102,971	\$1,658,835	\$1,658,835	\$377,045	\$172,389	\$106,344	\$31,840	\$74,293	\$2,420,746
2026	\$94,340,000	\$94,340,000		\$494,101	\$980,419	\$1,474,520	\$1,474,520	\$335,151	\$153,235	\$94,528	\$28,302	\$66,038	\$2,151,774
						<b>Total</b>	<b>\$20,607,882</b>	<b>\$3,373,260</b>	<b>\$1,542,288</b>	<b>\$951,412</b>	<b>\$668,702</b>	<b>\$1,560,305</b>	<b>\$28,703,850</b>

Assumes School Value Limitation and Tax Abatements with Nueces County, Nueces County Hospital District, and Nueces County Drainage District #3.

Source: CPA, EC&R Development, LLC

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

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Bishop CISD I&S Levy	Bishop CISD M&O Levy	Bishop CISD M&O and I&S Tax Levies	Nueces County	Nueces County Hospital District	Nueces County Drainage District #3 (53%)	Nueces County Emergency Services District #3	Nueces County Emergency Services District #6	Estimated Total Property Taxes	
2012	\$0	\$0		0.5237	1.0392	\$0	0.3553	0.1624	0.1891	0.0300	0.0700	\$0	
2013	\$82,772,500	\$82,772,500		\$433,517	\$860,205	\$1,293,722	\$294,057	\$134,446	\$82,937	\$24,832	\$57,941	\$1,887,934	
2014	\$235,850,000	\$235,850,000		\$1,235,253	\$2,451,048	\$3,686,300	\$837,878	\$383,086	\$236,320	\$70,755	\$165,095	\$5,379,435	
2015	\$224,057,500	\$224,057,500		\$1,173,490	\$2,328,495	\$3,501,985	\$795,984	\$363,932	\$224,504	\$67,217	\$156,840	\$5,110,463	
2016	\$212,265,000	\$212,265,000		\$1,111,727	\$2,205,943	\$3,317,670	\$754,091	\$344,778	\$212,688	\$63,680	\$148,586	\$4,841,491	
2017	\$200,472,500	\$200,472,500		\$1,049,965	\$2,083,390	\$3,133,355	\$712,197	\$325,623	\$200,872	\$60,142	\$140,331	\$4,572,519	
2018	\$188,680,000	\$188,680,000		\$988,202	\$1,960,838	\$2,949,040	\$670,303	\$306,469	\$189,056	\$56,604	\$132,076	\$4,303,548	
2019	\$176,887,500	\$176,887,500		\$926,439	\$1,838,286	\$2,764,725	\$628,409	\$287,315	\$177,240	\$53,066	\$123,821	\$4,034,576	
2020	\$165,095,000	\$165,095,000		\$864,677	\$1,715,733	\$2,580,410	\$586,515	\$268,161	\$165,424	\$49,529	\$115,567	\$3,765,604	
2021	\$153,302,500	\$153,302,500		\$802,914	\$1,593,181	\$2,396,095	\$544,621	\$249,006	\$153,608	\$45,991	\$107,312	\$3,496,632	
2022	\$141,510,000	\$141,510,000		\$741,152	\$1,470,629	\$2,211,780	\$502,727	\$229,852	\$141,792	\$42,453	\$99,057	\$3,227,661	
2023	\$129,717,500	\$129,717,500		\$679,389	\$1,348,076	\$2,027,465	\$460,833	\$210,698	\$129,976	\$38,915	\$90,802	\$2,958,689	
2024	\$117,925,000	\$117,925,000		\$617,626	\$1,225,524	\$1,843,150	\$418,939	\$191,543	\$118,160	\$35,378	\$82,548	\$2,689,717	
2025	\$106,132,500	\$106,132,500		\$555,864	\$1,102,971	\$1,658,835	\$377,045	\$172,389	\$106,344	\$31,840	\$74,293	\$2,420,746	
2026	\$94,340,000	\$94,340,000		\$494,101	\$980,419	\$1,474,520	\$335,151	\$153,235	\$94,528	\$28,302	\$66,038	\$2,151,774	
						<b>Total</b>	<b>\$34,839,053</b>	<b>\$7,918,750</b>	<b>\$3,620,532</b>	<b>\$2,233,447</b>	<b>\$668,702</b>	<b>\$1,560,305</b>	<b>\$50,840,789</b>

Source: CPA, EC&R Development, LLC

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

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$23,164,738. The estimated gross 15 year M&O tax benefit, or levy loss, is \$14,231,171.

Attachment 3 is an economic overview of Nueces 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**

Applicant Name: ECLER Development, LLC  
 ISD Name: Bishop CUSD

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

Year	School Year (YYYY-YYYY)	Tax Year (Fall in actual tax year below)	Column A: Tangible Personal Property Investment (original cost placed in service during this year)	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualifying investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+C+D)
The year preceding the first complete tax year of the qualifying time period (assuming no arrears)  Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)  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)  Complete tax years of qualifying time period  Value Limitation Period  Continue to Maintain Viable Presence  Post-Settle-Up Period  Post-Settle-Up Period	1	2012-2013	\$ 117,175,000	\$ 750,000	\$ 117,925,000	\$ -	\$ 117,925,000
	2	2013-2014	\$ 117,625,000	\$ -	\$ 117,625,000	\$ -	\$ 117,625,000
	3	2014-2015	\$ -	\$ -	\$ -	\$ -	\$ -
	4	2015-2016	\$ -	\$ -	\$ -	\$ -	\$ -
	5	2016-2017	\$ -	\$ -	\$ -	\$ -	\$ -
	6	2017-2018	\$ -	\$ -	\$ -	\$ -	\$ -
	7	2018-2019	\$ -	\$ -	\$ -	\$ -	\$ -
	8	2019-2020	\$ -	\$ -	\$ -	\$ -	\$ -
	9	2020-2021	\$ -	\$ -	\$ -	\$ -	\$ -
	10	2021-2022	\$ -	\$ -	\$ -	\$ -	\$ -
	11	2022-2023	\$ -	\$ -	\$ -	\$ -	\$ -
	12	2023-2024	\$ -	\$ -	\$ -	\$ -	\$ -
	13	2024-2025	\$ -	\$ -	\$ -	\$ -	\$ -
	14	2025-2026	\$ -	\$ -	\$ -	\$ -	\$ -
	15	2026-2027	\$ -	\$ -	\$ -	\$ -	\$ -

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years. 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: Includes estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. 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. 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, water projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, report additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE: \_\_\_\_\_ DATE: 8/31/11

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Applicant Name  
EC&R Development, LLC

ISD Name  
Bishop CISD

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	2011-2012	2011	-	-	-	-	-	-
1	2012-2013	2012	-	-	-	-	-	-
2	2013-2014	2013	-	750,000	82,022,500	-	82,772,500	82,772,500
3	2014-2015	2014	-	750,000	235,100,000	-	235,850,000	30,000,000
4	2015-2016	2015	-	712,500	223,345,000	-	224,057,500	30,000,000
5	2016-2017	2016	-	675,000	211,590,000	-	212,265,000	30,000,000
6	2017-2018	2017	-	637,500	199,835,000	-	200,472,500	30,000,000
7	2018-2019	2018	-	600,000	188,080,000	-	188,680,000	30,000,000
8	2019-2020	2019	-	562,500	176,325,000	-	176,887,500	30,000,000
9	2020-2021	2020	-	525,000	164,570,000	-	165,095,000	30,000,000
10	2021-2022	2021	-	487,500	152,815,000	-	153,302,500	30,000,000
11	2022-2023	2022	-	450,000	141,060,000	-	141,510,000	141,510,000
12	2023-2024	2023	-	412,500	129,305,000	-	129,717,500	129,717,500
13	2024-2025	2024	-	375,000	117,550,000	-	117,925,000	117,925,000
14	2025-2026	2025	-	337,500	105,795,000	-	106,132,500	106,132,500
15	2026-2027	2026	-	300,000	94,040,000	-	94,340,000	94,340,000

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

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

8/31/11

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule C- Application: Employment Information

EC&R Development, LLC  
Bishop CISD

Applicant Name  
ISD Name

Form 50-256

	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	2011-2012	2011	0	\$ -	0	\$ -	0	\$ -	
Complete tax years of qualifying time period	1	2012-2013	2012	100 FTE	\$ 52,000.00	0	\$ -	0	\$ -	
	2	2013-2014	2013	40 FTE	\$ 52,000.00	4	\$ 49,306.40	4	\$ 49,306.40	
	3	2014-2015	2014			4	\$ 49,306.40	4	\$ 49,306.40	
	4	2015-2016	2015			4	\$ 49,306.40	4	\$ 49,306.40	
	5	2016-2017	2016			4	\$ 49,306.40	4	\$ 49,306.40	
Tax Credit Period (with 50% cap on credit)	6	2017-2018	2017			4	\$ 49,306.40	4	\$ 49,306.40	
	7	2018-2019	2018			4	\$ 49,306.40	4	\$ 49,306.40	
	8	2019-2020	2019			4	\$ 49,306.40	4	\$ 49,306.40	
	9	2020-2021	2020			4	\$ 49,306.40	4	\$ 49,306.40	
	10	2021-2022	2021			4	\$ 49,306.40	4	\$ 49,306.40	
Credit Settle-Up Period	11	2022-2023	2022			4	\$ 49,306.40	4	\$ 49,306.40	
	12	2023-2024	2023			4	\$ 49,306.40	4	\$ 49,306.40	
	13	2024-2025	2024			4	\$ 49,306.40	4	\$ 49,306.40	
Post-Settle-Up Period	14	2025-2026	2025			4	\$ 49,306.40	4	\$ 49,306.40	
Post-Settle-Up Period	15	2026-2027	2026			4	\$ 49,306.40	4	\$ 49,306.40	

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.

  
DATE 8/31/11

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE



# **Attachment 2**

October 27, 2011

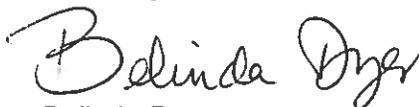
Mr. Robert Wood  
Director, Economic Development and Analysis  
Texas Comptroller of Public Accounts  
Lyndon B. Johnson State Office Building  
111 East 17th Street  
Austin, Texas 78774

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 EC&R Development LLC project on the number and size of school facilities in Bishop Consolidated Independent School District (BCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the BCISD business manager, Ms. Carolyn Lee, the TEA has found that the EC&R Development LLC project would not have a significant impact on the number or size of school facilities in BCISD.

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

Sincerely,



Belinda Dyer  
Division Manager  
Office of School Finance

BD/hd



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

Robert Scott  
Commissioner

October 27, 2011

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

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed EC&R Development LLC project for the Bishop Consolidated Independent School District (BCISD). Projections prepared by our Office of School Finance confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the EC&R Development LLC project on BCISD are correct.

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

Sincerely,

A handwritten signature in cursive script that reads "Belinda Dyer".

Belinda Dyer  
Division Manager  
Office of School Finance

BD/hd

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED EC&R  
DEVELOPMENT, LLC PROJECT ON THE FINANCES OF THE  
BISHOP CONSOLIDATED ISD UNDER A REQUESTED CHAPTER  
313 PROPERTY VALUE LIMITATION**

**October 14, 2011**

**Final Report--REVISED**

**PREPARED BY**



# Estimated Impact of the Proposed EC&R Development, LLC Project on the Finances of the Bishop Consolidated ISD under a Requested Chapter 313 Property Value Limitation

## Introduction

EC&R Development, LLC (EC&R) has requested that the Bishop Consolidated ISD (BCISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new renewable electric wind generation project. An application was submitted to BCISD on August 29, 2011. EC&R proposes to invest \$236 million to construct a new wind energy project in BCISD.

The EC&R project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

## School Finance Mechanics

Under the provisions of Chapter 313, BCISD may offer a minimum value limitation of \$30 million. Based on the application, the qualifying time period would begin with the 2012-13 school year. The full taxable value of the investment is expected to reach \$236 million in 2014-15, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2012-13 and 2013-14 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2012-13 and 2013-14 school years. Beginning in 2014-15, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes. The full taxable value of the project could be assessed for debt service (I&S) taxes on voter-approved bond issues throughout the limitation period, with BCISD currently levying a \$0.524 per \$100 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was generally problematical for a school district that approved a Chapter 313 value limitation. This typically resulted in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

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

In the case of HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point was the target revenue provisions from HB 1. This amount was then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts did have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 70 percent of all school districts were funded at the minimum \$120 per WADA level, while approximately 30 percent school districts were able to generate higher revenue amounts per WADA in the 2009-10 school year. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district's base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 797 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 227 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the appropriations bill. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the EC&R project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect

in each of those years. This meets the statutory requirement under Section 313.027(f) (1) of the Tax Code to provide school district revenue protection language in the agreement.

### **Underlying Assumptions**

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding, the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, with future changes dependent on legislation that is difficult to forecast. While there is a statement of intent to no longer fund target revenue by the 2017-18 school year, implementing this change will require future legislative action, with any changes coming through the appropriations process, statutory changes, or both.

Student enrollment counts are held constant at 1,144 students in average daily attendance (ADA) in analyzing the effects of the EC&R project on the finances of BCISD. The District's local tax base reached \$456 million for the 2011 tax year. The underlying \$456 million taxable value for 2011-12 is maintained for the forecast period in order to isolate the effects of the property value limitation. BCISD is not a property-wealthy district at present, with wealth per weighted ADA or WADA of approximately \$282,691 for the 2011-12 school year, which is very close to the state average. These assumptions are summarized in Table 1.

In addition to these factors, BCISD has a base target revenue of \$4,958 per WADA, which is more than \$200 below the state average of \$5,182 calculated by the Texas Education Agency (TEA) for the 2011-12 school year. As a result, BCISD is generally a "formula" district, with its state funding more responsive to changes in local M&O tax collections than that experienced by "hold harmless" districts.

### **School Finance Impact**

A baseline model was prepared for BCISD under the assumptions outlined above through the 2025-26 school year. No attempt is made to forecast the 88<sup>th</sup> percentile or Austin yield that influences future state funding beyond the \$59.97 per WADA that is currently in law for the 2011-12 and 2012-13 school years. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation beyond the third year of the agreement, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed EC&R facility to the model, but without assuming that a value limitation is approved. The results of this model are shown in Table 2.

A third model is developed which adds the EC&R value but imposes the proposed property value limitation effective in the third year, which in this case is the 2014-15 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection

provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.04 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$8.3 million a year in net General Fund revenue for district operations.

Under these assumptions, BCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2014-15 school year of \$1.9 million, compared with \$2.1 million in anticipated tax savings under the agreement. As a formula district, BCISD would be able to keep a substantial amount of local tax revenue under the scenario where the project is fully taxed. Once the value limitation is recognized in the state property value study used to calculate state aid in the fourth year of the agreement, the third-year loss factor disappears under the projections shown here.

As noted previously, no attempt is made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year. One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2014-15 school year. These estimates assume a \$275,354 payment in ASATR funding in the 2014-15 school year to partially offset the reduction in local M&O tax collections when the \$30 million limit goes into effect. It does not appear that ASATR funds are a factor after the 2014-15 school year.

On August 9, 2011, the Comptroller's Property Tax Assistance Division announced at a meeting of the Property Tax Advisory Committee that it would be adopting a rule this fall that would implement the use of two values for school districts for its 2011 state property value study. These are the state values that will be used to calculate state aid and recapture in the 2012-13 school year. This change will be extremely beneficial to BCISD, given its high I&S tax rate. Under the Comptroller's previous methodology, the District would see any I&S revenue gains as a result of the wind energy project used to reduce the deduction for the project in the state property value study.

Under the EC&R request for a value limitation, the 2014 state property value used for the 2015-16 school year would be the first year that this change in the value study would be reflected in funding formula calculations for the new EC&R project. This change has been made in the models presented here.

### **Impact on the Taxpayer**

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2011-12 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$13.7 million over the life of the agreement. In addition, EC&R would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$0.5 million over the life of the agreement, with no unpaid tax credits anticipated.

The key BCISD revenue losses are associated with the initial impact of the value limitation on M&O tax collections in the third year of the agreement, totaling an estimated \$1.9 million revenue loss in the 2014-15 school year. In addition, the District is to be reimbursed by the state for the tax credit payments.

The potential net tax benefits are estimated to total \$12.3 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the 2014-15 school year, there would still be a substantial tax benefit to EC&R under the value limitation agreement for the remaining years that the limitation is in effect.

### **Facilities Funding Impact**

The EC&R project remains fully taxable for debt services taxes, with BCISD currently levying a \$0.524 I&S rate. The value of the EC&R project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. At its peak taxable value, the project adds 47.2 percent to BCISD's current tax base, which should assist the District in meeting its debt service obligations.

The EC&R project is not expected to affect BCISD in terms of enrollment. Continued expansion of the renewable energy industry could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

### **Conclusion**

The proposed EC&R wind energy project enhances the tax base of BCISD. It reflects continued capital investment in renewable electric energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$12.3 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of BCISD in meeting its future debt service obligations.

**Table 1 – Base District Information with EC&R Development, LLC Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2012-13	1,147.01	1,637.81	\$1.0392	\$0.5237	\$456,538,864	\$456,538,864	\$462,993,135	\$462,993,135	\$282,691	\$282,691
2	2013-14	1,147.01	1,637.81	\$1.0392	\$0.5237	\$539,311,364	\$539,311,364	\$462,993,135	\$462,993,135	\$282,691	\$282,691
3	2014-15	1,147.01	1,637.81	\$1.0392	\$0.5237	\$692,388,864	\$486,538,864	\$545,765,635	\$545,765,635	\$333,229	\$333,229
4	2015-16	1,147.01	1,637.81	\$1.0392	\$0.5237	\$680,596,364	\$486,538,864	\$698,843,135	\$492,993,135	\$426,694	\$301,008
5	2016-17	1,147.01	1,637.81	\$1.0392	\$0.5237	\$668,803,864	\$486,538,864	\$687,050,635	\$492,993,135	\$419,494	\$301,008
6	2017-18	1,147.01	1,637.81	\$1.0392	\$0.5237	\$657,011,364	\$486,538,864	\$675,258,135	\$492,993,135	\$412,294	\$301,008
7	2018-19	1,147.01	1,637.81	\$1.0392	\$0.5237	\$645,218,864	\$486,538,864	\$663,465,635	\$492,993,135	\$405,094	\$301,008
8	2019-20	1,147.01	1,637.81	\$1.0392	\$0.5237	\$633,426,364	\$486,538,864	\$651,673,135	\$492,993,135	\$397,894	\$301,008
9	2020-21	1,147.01	1,637.81	\$1.0392	\$0.5237	\$621,633,864	\$486,538,864	\$639,880,635	\$492,993,135	\$390,693	\$301,008
10	2021-22	1,147.01	1,637.81	\$1.0392	\$0.5237	\$609,841,364	\$486,538,864	\$628,088,135	\$492,993,135	\$383,493	\$301,008
11	2022-23	1,147.01	1,637.81	\$1.0392	\$0.5237	\$598,048,864	\$598,048,864	\$616,295,635	\$492,993,135	\$376,293	\$301,008
12	2023-24	1,147.01	1,637.81	\$1.0392	\$0.5237	\$586,256,364	\$586,256,364	\$604,503,135	\$604,503,135	\$369,093	\$369,093
13	2024-25	1,147.01	1,637.81	\$1.0392	\$0.5237	\$574,463,864	\$574,463,864	\$592,710,635	\$592,710,635	\$361,893	\$361,893
14	2025-26	1,147.01	1,637.81	\$1.0392	\$0.5237	\$562,671,364	\$562,671,364	\$580,918,135	\$580,918,135	\$354,692	\$354,692
15	2026-27	1,147.01	1,637.81	\$1.0392	\$0.5237	\$550,878,864	\$550,878,864	\$569,125,635	\$569,125,635	\$347,492	\$347,492

\*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

**Table 2 – “Baseline Revenue Model”--Project Value Added with No Value Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$4,438,034	\$3,518,842	\$0	\$0	\$0	\$236,242	\$264,921	\$0	\$8,458,038
2	2013-14	\$5,238,429	\$3,518,842	\$0	\$0	\$0	\$278,847	\$312,699	\$0	\$9,348,817
3	2014-15	\$6,718,660	\$2,702,112	\$0	\$0	\$0	\$357,642	\$285,992	\$0	\$10,064,406
4	2015-16	\$6,604,629	\$1,191,672	\$0	\$0	\$0	\$351,572	\$142,547	\$0	\$8,290,419
5	2016-17	\$6,490,598	\$1,308,030	\$0	\$0	\$0	\$345,502	\$148,420	\$0	\$8,292,550
6	2017-18	\$6,376,566	\$1,424,389	\$0	\$0	\$0	\$339,432	\$154,287	\$0	\$8,294,674
7	2018-19	\$6,262,535	\$1,540,747	\$0	\$0	\$0	\$333,362	\$160,146	\$0	\$8,296,790
8	2019-20	\$6,148,504	\$1,657,106	\$0	\$0	\$0	\$327,292	\$165,998	\$0	\$8,298,899
9	2020-21	\$6,034,472	\$1,773,464	\$0	\$0	\$0	\$321,222	\$171,842	\$0	\$8,301,000
10	2021-22	\$5,920,441	\$1,889,823	\$0	\$0	\$0	\$315,152	\$177,677	\$0	\$8,303,093
11	2022-23	\$5,806,410	\$2,006,181	\$0	\$0	\$0	\$309,082	\$183,503	\$0	\$8,305,175
12	2023-24	\$5,692,379	\$2,122,540	\$0	\$0	\$0	\$303,012	\$189,320	\$0	\$8,307,250
13	2024-25	\$5,578,347	\$2,238,898	\$0	\$0	\$0	\$296,942	\$195,127	\$0	\$8,309,313
14	2025-26	\$5,464,316	\$2,355,257	\$0	\$0	\$0	\$290,872	\$200,923	\$0	\$8,311,367
15	2026-27	\$5,350,285	\$2,471,615	\$0	\$0	\$0	\$284,802	\$206,707	\$0	\$8,313,408

Table 3- "Value Limitation Revenue Model"--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
		State Aid								
1	2012-13	\$4,438,034	\$3,518,842	\$0	\$0	\$0	\$236,242	\$264,921	\$0	\$8,458,038
2	2013-14	\$5,238,429	\$3,518,842	\$0	\$0	\$0	\$278,847	\$312,699	\$0	\$9,348,817
3	2014-15	\$4,728,129	\$2,702,112	\$275,354	\$0	\$0	\$251,684	\$201,262	\$0	\$8,158,539
4	2015-16	\$4,728,129	\$3,222,827	\$0	\$0	\$0	\$251,684	\$249,747	\$0	\$8,452,386
5	2016-17	\$4,728,129	\$3,222,827	\$0	\$0	\$0	\$251,684	\$249,747	\$0	\$8,452,386
6	2017-18	\$4,728,129	\$3,222,827	\$0	\$0	\$0	\$251,684	\$249,747	\$0	\$8,452,386
7	2018-19	\$4,728,129	\$3,222,827	\$0	\$0	\$0	\$251,684	\$249,747	\$0	\$8,452,386
8	2019-20	\$4,728,129	\$3,222,827	\$0	\$0	\$0	\$251,684	\$249,747	\$0	\$8,452,386
9	2020-21	\$4,728,129	\$3,222,827	\$0	\$0	\$0	\$251,684	\$249,747	\$0	\$8,452,386
10	2021-22	\$4,728,129	\$3,222,827	\$0	\$0	\$0	\$251,684	\$249,747	\$0	\$8,452,386
11	2022-23	\$5,806,410	\$3,222,827	\$0	\$0	\$0	\$309,082	\$306,704	\$0	\$9,645,022
12	2023-24	\$5,692,379	\$2,122,540	\$0	\$0	\$0	\$303,012	\$189,320	\$0	\$8,307,250
13	2024-25	\$5,578,347	\$2,238,898	\$0	\$0	\$0	\$296,942	\$195,127	\$0	\$8,309,313
14	2025-26	\$5,464,316	\$2,355,257	\$0	\$0	\$0	\$290,872	\$200,923	\$0	\$8,311,367
15	2026-27	\$5,350,285	\$2,471,615	\$0	\$0	\$0	\$284,802	\$206,707	\$0	\$8,313,408

Table 4 - Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
		State Aid								
1	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2014-15	-\$1,990,532	\$0	\$275,354	\$0	\$0	-\$105,958	-\$84,731	\$0	-\$1,805,867
4	2015-16	-\$1,876,500	\$2,031,155	\$0	\$0	\$0	-\$99,888	\$107,200	\$0	\$161,967
5	2016-17	-\$1,782,489	\$1,914,797	\$0	\$0	\$0	-\$93,818	\$101,327	\$0	\$159,836
6	2017-18	-\$1,648,438	\$1,798,438	\$0	\$0	\$0	-\$87,748	\$95,460	\$0	\$157,712
7	2018-19	-\$1,534,407	\$1,682,080	\$0	\$0	\$0	-\$81,678	\$89,601	\$0	\$155,596
8	2019-20	-\$1,420,375	\$1,565,721	\$0	\$0	\$0	-\$75,608	\$83,749	\$0	\$153,487
9	2020-21	-\$1,306,344	\$1,449,363	\$0	\$0	\$0	-\$69,538	\$77,905	\$0	\$151,386
10	2021-22	-\$1,192,313	\$1,333,004	\$0	\$0	\$0	-\$63,468	\$72,070	\$0	\$149,293
11	2022-23	\$0	\$1,216,646	\$0	\$0	\$0	\$0	\$123,200	\$0	\$1,339,846
12	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table 5 - Estimated Financial Impact of the EC&R Development, LLC Project Property Value Limitation Request Submitted to BCISD at \$1.04 M&O Tax Rate**

School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2013-14	\$82,772.500	\$82,772.500	\$0	\$860,205	\$860,205	\$0	\$0	\$0	\$0	\$0
2014-15	\$235,850,000	\$30,000,000	\$205,850,000	\$2,451,048	\$311,772	\$2,139,276	\$0	\$2,139,276	-\$1,905,867	\$233,409
2015-16	\$224,057,500	\$30,000,000	\$194,057,500	\$2,328,495	\$311,772	\$2,016,723	\$78,348	\$2,095,071	\$0	\$2,095,071
2016-17	\$212,265,000	\$30,000,000	\$182,265,000	\$2,205,943	\$311,772	\$1,894,171	\$78,348	\$1,972,518	\$0	\$1,972,518
2017-18	\$200,472,500	\$30,000,000	\$170,472,500	\$2,083,390	\$311,772	\$1,771,618	\$78,348	\$1,849,966	\$0	\$1,849,966
2018-19	\$188,680,000	\$30,000,000	\$158,680,000	\$1,960,838	\$311,772	\$1,649,066	\$78,348	\$1,727,414	\$0	\$1,727,414
2019-20	\$176,887,500	\$30,000,000	\$146,887,500	\$1,838,286	\$311,772	\$1,526,514	\$78,348	\$1,604,861	\$0	\$1,604,861
2020-21	\$165,095,000	\$30,000,000	\$135,095,000	\$1,715,733	\$311,772	\$1,403,961	\$78,348	\$1,482,309	\$0	\$1,482,309
2021-22	\$153,302,500	\$30,000,000	\$123,302,500	\$1,593,181	\$311,772	\$1,281,409	\$78,348	\$1,359,756	\$0	\$1,359,756
2022-23	\$141,510,000	\$141,510,000	\$0	\$1,470,629	\$1,470,629	\$0	\$0	\$0	\$0	\$0
2023-24	\$129,717,500	\$129,717,500	\$0	\$1,348,076	\$1,348,076	\$0	\$0	\$0	\$0	\$0
2024-25	\$117,925,000	\$117,925,000	\$0	\$1,225,524	\$1,225,524	\$0	\$0	\$0	\$0	\$0
2025-26	\$106,132,500	\$106,132,500	\$0	\$1,102,971	\$1,102,971	\$0	\$0	\$0	\$0	\$0
2026-27	\$94,340,000	\$94,340,000	\$0	\$980,419	\$980,419	\$0	\$0	\$0	\$0	\$0
<b>Totals</b>				<b>\$23,164,738</b>	<b>\$9,482,000</b>	<b>\$13,682,738</b>	<b>\$548,433</b>	<b>\$14,231,171</b>	<b>-\$1,905,867</b>	<b>\$12,325,304</b>
<b>Tax Credit for Value Over Limit in First 2 Years</b>							<b>Year 1</b>	<b>Year 2</b>	<b>Max Credits</b>	
							\$0	\$548,433	\$548,433	
							Credits Eamed		\$548,433	
							Credits Paid		<u>\$548,433</u>	
							Excess Credits Unpaid		\$0	

# Attachment 3

## Nueces County

### Population

Total county population in 2010 for Nueces County: 323,196, up 0.3 percent from 2009. State population increased 1.8 percent in the same time period. Nueces County was the state's 14th largest county in population in 2010 and the 174th fastest growing county from 2009 to 2010. Nueces County's population in 2009 was 33.8 percent Anglo (below the state average of 46.7 percent), 3.7 percent African-American (below the state average of 11.3 percent) and 60.0 percent Hispanic (above the state average of 36.9 percent).

2009 population of the largest cities and places in Nueces County:

<b>Corpus Christi:</b>	287,439	<b>Robstown:</b>	12,169
<b>Port Aransas:</b>	3,905	<b>Bishop:</b>	3,127
<b>Driscoll:</b>	805	<b>Agua Dulce:</b>	715
<b>Petronila:</b>	79		

### Economy and Income

#### Employment

August 2011 total employment in Nueces County: 159,332, up 2.0 percent from August 2010. State total employment increased 0.6 percent during the same period.

August 2011 Nueces County unemployment rate: 7.8 percent, up from 7.6 percent in August 2010. The statewide unemployment rate for August 2011 was 8.5 percent, up from 8.2 percent in August 2010.

August 2011 unemployment rate in the city of:

**Corpus Christi:** 7.7 percent, up from 7.4 percent in August 2010.

**(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

Nueces County's ranking in per capita personal income in 2009: 58th with an average per capita income of \$37,162, down 2.4 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 Nueces County averaged \$80.34 million annually from 2007 to 2010. County total agricultural values in 2010 were up 755.7 percent from 2009. Major agriculture related commodities in Nueces County during 2010 included:

Cotton                      Sesame                      Nursery                      Other Beef                      Sorghum

2010 oil and gas production in Nueces County: 437,892.0 barrels of oil and 26.6 million Mcf of gas. In February 2011, there were 194 producing oil wells and 728 producing gas wells.

### Taxes

#### Sales Tax - Taxable Sales

*Quarterly (September 2010 through December 2010)*

Taxable sales in Nueces County during the fourth quarter 2010: \$1.04 billion, up 15.0 percent from the same quarter in 2009.

Taxable sales during the fourth quarter 2010 in the city of:

<b>Corpus Christi:</b>	\$938.09 million, up 10.8 percent from the same quarter in 2009.
<b>Robstown:</b>	\$57.65 million, up 113.2 percent from the same quarter in 2009.
<b>Port Aransas:</b>	\$11.99 million, up 11.1 percent from the same quarter in 2009.
<b>Bishop:</b>	\$1.44 million, down 2.2 percent from the same quarter in 2009.
<b>Driscoll:</b>	\$420,248.00, up 11.6 percent from the same quarter in 2009.
<b>Agua Dulce:</b>	\$296,518.00, down 2.7 percent from the same quarter in 2009.
<b>Petronila:</b>	\$72,807.00, up 184.8 percent from the same quarter in 2009.

*Annual (2010)*

Taxable sales in Nueces County during 2010: \$3.83 billion, up 9.8 percent from 2009. Nueces County sent an estimated \$239.49 million (or 1.40 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010. Taxable sales during 2010 in the city of:

<b>Corpus Christi:</b>	\$3.46 billion, up 7.2 percent from 2009.
<b>Robstown:</b>	\$200.33 million, up 69.6 percent from 2009.
<b>Port Aransas:</b>	\$70.69 million, down 1.1 percent from 2009.
<b>Bishop:</b>	\$5.79 million, up 1.1 percent from 2009.
<b>Driscoll:</b>	\$1.56 million, down 0.2 percent from 2009.
<b>Agua Dulce:</b>	\$1.13 million, up 5.6 percent from 2009.
<b>Petronila:</b>	\$211,186.00, up 54.0 percent from 2009.

#### Sales Tax – Local Sales Tax Allocations

*Monthly*

Statewide payments based on the sales activity month of July 2011: \$483.96 million, up 10.0 percent from July 2010.

Payments to all cities in Nueces County based on the sales activity month of July 2011: \$5.52 million, up 12.8 percent from July 2010. Payment based on the sales activity month of July 2011 to the city of:

<b>Corpus Christi:</b>	\$5.03 million, up 13.2 percent from July 2010.
<b>Robstown:</b>	\$268,894.64, up 2.0 percent from July 2010.
<b>Port Aransas:</b>	\$206,125.68, up 20.5 percent from July 2010.
<b>Bishop:</b>	\$13,869.22, up 2.0 percent from July 2010.

**Driscoll:** \$4,338.38, up 10.4 percent from July 2010.  
**Agua Dulce:** \$2,416.33, down 6.7 percent from July 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 Nueces County based on sales activity months in 2010: \$61.89 million, up 4.6 percent from 2009. Payment based on sales activity months in 2010 to the city of:

**Corpus Christi:** \$57.20 million, up 2.9 percent from 2009.  
**Robstown:** \$3.15 million, up 60.8 percent from 2009.  
**Port Aransas:** \$1.28 million, down 3.6 percent from 2009.  
**Bishop:** \$180,187.04, up 2.9 percent from 2009.  
**Driscoll:** \$40,265.82, up 1.3 percent from 2009.  
**Agua Dulce:** \$26,741.96, up 10.2 percent from 2009.

#### **Property Tax**

As of January 2009, property values in Nueces County: \$23.73 billion, up 3.6 percent from January 2008 values. The property tax base per person in Nueces County is \$73,450, below the statewide average of \$85,809. About 2.3 percent of the property tax base is derived from oil, gas and minerals.

#### **State Expenditures**

Nueces County's ranking in state expenditures by county in fiscal year 2010: 11th. State expenditures in the county for FY2010: \$1.67 billion, up 0.2 percent from FY2009.

In Nueces County, 36 state agencies provide a total of 5,597 jobs and \$170.96 million in annualized wages (as of 4th quarter 2010). Major state agencies in the county (as of fourth quarter 2010):

Texas A & M University                      Department of Aging and Disability Services (Corpus Christi State School)  
Department of Family and Protective Services      Department of Transportation

#### **Higher Education**

Community colleges in Nueces County fall 2010 enrollment:

Del Mar College, a Public Community College, had 12,236 students.

Nueces County is in the service area of the following:

Del Mar College with a fall 2010 enrollment of 12,236. Counties in the service area include:

Aransas County  
Kenedy County  
Kleberg County  
Nueces County  
San Patricio County

Institutions of higher education in Nueces County fall 2010 enrollment:

Texas A&M University-Corpus Christi, a Public University (part of Texas A&M University System), had 10,033 students.

#### **School Districts**

Nueces County had 12 school districts with 108 schools and 59,713 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.)**

Agua Dulce ISD had 341 students in the 2009-10 school year. The average teacher salary was \$41,075. The percentage of students meeting the 2010 TAKS passing standard for all tests was 61 percent.

Banquete ISD had 831 students in the 2009-10 school year. The average teacher salary was \$45,570. The percentage of students meeting the 2010 TAKS passing standard for all tests was 77 percent.

Bishop CISD had 1,224 students in the 2009-10 school year. The average teacher salary was \$44,028. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.

Calallen ISD had 3,797 students in the 2009-10 school year. The average teacher salary was \$47,321. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

Corpus Christi ISD had 38,041 students in the 2009-10 school year. The average teacher salary was \$50,380. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.

Driscoll ISD had 263 students in the 2009-10 school year. The average teacher salary was \$41,729. The percentage of students meeting the 2010 TAKS passing standard for all tests was 89 percent.

Flour Bluff ISD had 5,440 students in the 2009-10 school year. The average teacher salary was \$46,636. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.

London ISD had 352 students in the 2009-10 school year. The average teacher salary was \$46,308. The percentage of students meeting the 2010 TAKS passing standard for all tests was 93 percent.

Port Aransas ISD had 548 students in the 2009-10 school year. The average teacher salary was \$47,343. The percentage of students meeting the 2010 TAKS passing standard for all tests was 84 percent.

Robstown ISD had 3,385 students in the 2009-10 school year. The average teacher salary was \$43,354. The percentage of students meeting the 2010 TAKS passing standard for all tests was 55 percent.

Tuloso-Midway ISD had 3,408 students in the 2009-10 school year. The average teacher salary was \$45,404. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.

West Oso ISD had 2,083 students in the 2009-10 school year. The average teacher salary was \$45,631. The percentage of students meeting the 2010 TAKS passing standard for all tests was 63 percent.