



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

January 8, 2016

Ronny Wright  
Superintendent  
Goldthwaite Consolidated Independent School District  
1509 Hannah Valley Road  
Goldthwaite, Texas 76844

Dear Superintendent Wright:

On Oct. 16, 2015, the Comptroller issued written notice that Priddy Wind Energy, LLC (the applicant) submitted a completed application (Application #1097) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on Aug. 17, 2015, to the Goldthwaite Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application 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)**

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has requested a waiver for the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1097.

Based on the information provided by the applicant, 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.

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<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)

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. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

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 50-286) 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 agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of Oct. 16, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at [korry.castillo@cpa.texas.gov](mailto:korry.castillo@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig  
Deputy Comptroller

Enclosure

cc: Korry Castillo

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Priddy Wind Energy, LLC (the project) applying to Goldthwaite Independent School District (the 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 Priddy Wind Energy, LLC.

Applicant	Priddy Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Wind
School District	Goldthwaite ISD
Estimated 2014-2015 Average Daily Attendance	575
County	Mills
Proposed Total Investment in District	\$144,000,000
Proposed Qualified Investment	\$144,000,000
Limitation Amount	\$20,000,000
Number of new qualifying jobs committed to by applicant*	6
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$563
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$563
Minimum annual wage committed to by applicant for qualified jobs	\$29,301
Minimum weekly wage required for non-qualifying jobs	\$604
Minimum annual wage required for non-qualifying jobs	\$31,395
Investment per Qualifying Job	\$24,000,000
Estimated M&O levy without any limit (15 years)	\$12,575,749
Estimated M&O levy with Limitation (15 years)	\$4,745,374
Estimated gross M&O tax benefit (15 years)	\$7,830,374
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

**Table 2** is the estimated statewide economic impact of Priddy Wind Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	306	315	621	\$15,175,806	\$27,648,842	\$42,824,648
2018	6	40	46	\$175,806	\$5,459,381	\$5,635,187
2019	6	24	30	\$175,806	\$4,011,157	\$4,186,963
2020	6	11	17	\$175,806	\$2,745,079	\$2,920,885
2021	6	3	9	\$175,806	\$1,905,700	\$2,081,506
2022	6	0	6	\$175,806	\$1,381,505	\$1,557,311
2023	6	(1)	5	\$175,806	\$1,041,638	\$1,217,444
2024	6	(1)	5	\$175,806	\$858,815	\$1,034,621
2025	6	0	6	\$175,806	\$813,109	\$988,915
2026	6	1	7	\$175,806	\$836,935	\$1,012,741
2027	6	3	9	\$175,806	\$896,484	\$1,072,290
2028	6	3	9	\$175,806	\$828,214	\$1,004,020
2029	6	3	9	\$175,806	\$845,788	\$1,021,594
2030	6	4	10	\$175,806	\$880,568	\$1,056,374
2031	6	4	10	\$175,806	\$934,434	\$1,110,240
2032	6	5	11	\$175,806	\$986,697	\$1,162,503

Source: CPA, REMI, Priddy Wind Energy, LLC

**Table 3** examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

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>	Goldthwaite ISD I&S Levy	Goldthwaite ISD M&O Levy	Goldthwaite ISD M&O and I&S Tax Levies	Mills County Tax Levy	Estimated Total Property Taxes
				<b>0.14497</b>	<b>0.9089</b>		<b>0.7286</b>	
2018	\$144,000,000	\$144,000,000		\$208,757	\$1,308,816	\$1,517,573	\$1,049,184	\$2,566,757
2019	\$133,920,000	\$133,920,000		\$194,144	\$1,217,199	\$1,411,343	\$975,741	\$2,387,084
2020	\$124,545,600	\$124,545,600		\$180,554	\$1,131,995	\$1,312,549	\$907,439	\$2,219,988
2021	\$115,827,408	\$115,827,408		\$167,915	\$1,052,755	\$1,220,670	\$843,918	\$2,064,589
2022	\$107,719,489	\$107,719,489		\$156,161	\$979,062	\$1,135,223	\$784,844	\$1,920,068
2023	\$100,179,125	\$100,179,125		\$145,230	\$910,528	\$1,055,758	\$729,905	\$1,785,663
2024	\$93,166,586	\$93,166,586		\$135,064	\$846,791	\$981,855	\$678,812	\$1,660,666
2025	\$86,644,925	\$86,644,925		\$125,609	\$787,516	\$913,125	\$631,295	\$1,544,420
2026	\$80,579,781	\$80,579,781		\$116,817	\$732,390	\$849,206	\$587,104	\$1,436,310
2027	\$74,939,196	\$74,939,196		\$108,639	\$681,122	\$789,762	\$546,007	\$1,335,769
2028	\$71,192,236	\$71,192,236		\$103,207	\$647,066	\$750,274	\$518,707	\$1,268,980
2029	\$67,632,624	\$67,632,624		\$98,047	\$614,713	\$712,760	\$492,771	\$1,205,531
2030	\$64,250,993	\$64,250,993		\$93,145	\$583,977	\$677,122	\$468,133	\$1,145,255
2031	\$61,038,443	\$61,038,443		\$88,487	\$554,778	\$643,266	\$444,726	\$1,087,992
2032	\$57,986,521	\$57,986,521		\$84,063	\$527,039	\$611,103	\$422,490	\$1,033,592
			<b>Total</b>	<b>\$2,005,838</b>	<b>\$12,575,749</b>	<b>\$14,581,587</b>	<b>\$10,081,077</b>	<b>\$24,662,664</b>

Source: CPA, Priddy Wind Energy, LLC

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

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Mills 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 the county.

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

<b>Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought</b>								
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Goldthwaite ISD I&S Levy	Goldthwaite ISD M&O Levy	Goldthwaite ISD M&O and I&S Tax Levies	Mills County Tax Levy	Estimated Total Property Taxes
				<b>0.14497</b>	<b>0.9089</b>		<b>0.7286</b>	
2018	\$144,000,000	\$20,000,000		\$208,757	\$181,780	\$390,537	\$157,378	\$547,915
2019	\$133,920,000	\$20,000,000		\$194,144	\$181,780	\$375,924	\$146,361	\$522,285
2020	\$124,545,600	\$20,000,000		\$180,554	\$181,780	\$362,334	\$136,116	\$498,450
2021	\$115,827,408	\$20,000,000		\$167,915	\$181,780	\$349,695	\$126,588	\$476,283
2022	\$107,719,489	\$20,000,000		\$156,161	\$181,780	\$337,941	\$117,727	\$455,668
2023	\$100,179,125	\$20,000,000		\$145,230	\$181,780	\$327,010	\$109,486	\$436,496
2024	\$93,166,586	\$20,000,000		\$135,064	\$181,780	\$316,844	\$101,822	\$418,666
2025	\$86,644,925	\$20,000,000		\$125,609	\$181,780	\$307,389	\$94,694	\$402,084
2026	\$80,579,781	\$20,000,000		\$116,817	\$181,780	\$298,597	\$88,066	\$386,662
2027	\$74,939,196	\$20,000,000		\$108,639	\$181,780	\$290,419	\$81,901	\$372,321
2028	\$71,192,236	\$71,192,236		\$103,207	\$647,066	\$750,274	\$518,707	\$1,268,980
2029	\$67,632,624	\$67,632,624		\$98,047	\$614,713	\$712,760	\$492,771	\$1,205,531
2030	\$64,250,993	\$64,250,993		\$93,145	\$583,977	\$677,122	\$468,133	\$1,145,255
2031	\$61,038,443	\$61,038,443		\$88,487	\$554,778	\$643,266	\$444,726	\$1,087,992
2032	\$57,986,521	\$57,986,521		\$84,063	\$527,039	\$611,103	\$422,490	\$1,033,592
			<b>Total</b>	<b>\$2,005,838</b>	<b>\$4,745,374</b>	<b>\$6,751,212</b>	<b>\$3,506,967</b>	<b>\$10,258,179</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$7,830,374</b>	<b>\$7,830,374</b>	<b>\$6,574,110</b>	<b>\$14,404,484</b>

Source: CPA, Priddy Wind Energy, 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 Priddy Wind Energy, 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 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	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2018	\$181,780	\$181,780	\$1,127,036	\$1,127,036
	2019	\$181,780	\$363,560	\$1,035,419	\$2,162,455
	2020	\$181,780	\$545,340	\$950,215	\$3,112,670
	2021	\$181,780	\$727,120	\$870,975	\$3,983,645
	2022	\$181,780	\$908,900	\$797,282	\$4,780,928
	2023	\$181,780	\$1,090,680	\$728,748	\$5,509,676
	2024	\$181,780	\$1,272,460	\$665,011	\$6,174,687
	2025	\$181,780	\$1,454,240	\$605,736	\$6,780,422
	2026	\$181,780	\$1,636,020	\$550,610	\$7,331,032
	2027	\$181,780	\$1,817,800	\$499,342	\$7,830,374
<b>Maintain Viable Presence (5 Years)</b>	2028	\$647,066	\$2,464,866	\$0	\$7,830,374
	2029	\$614,713	\$3,079,579	\$0	\$7,830,374
	2030	\$583,977	\$3,663,556	\$0	\$7,830,374
	2031	\$554,778	\$4,218,335	\$0	\$7,830,374
	2032	\$527,039	\$4,745,374	\$0	\$7,830,374
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2033	\$511,228	\$5,256,603	\$0	\$7,830,374
	2034	\$495,891	\$5,752,494	\$0	\$7,830,374
	2035	\$481,015	\$6,233,509	\$0	\$7,830,374
	2036	\$466,584	\$6,700,093	\$0	\$7,830,374
	2037	\$452,587	\$7,152,680	\$0	\$7,830,374
	2038	\$439,009	\$7,591,689	\$0	\$7,830,374
	2039	\$425,839	\$8,017,528	\$0	\$7,830,374
	2040	\$413,064	\$8,430,592	\$0	\$7,830,374
	2041	\$400,672	\$8,831,263	\$0	\$7,830,374
	2042	\$388,652	\$9,219,915	\$0	\$7,830,374
		<b>\$9,219,915</b>	is greater than	<b>\$7,830,374</b>	

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

Source: CPA, Priddy Wind Energy, LLC

**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 C – Limitation as a Determining Factor**

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines 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.” This represents the basis for the Comptroller’s determination.

### **Methodology**

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

### **Determination**

The Comptroller has determined that the limitation on appraised value is a determining factor in the Priddy Wind Energy, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, the land upon which the project will be constructed has no existing improvements.
- Per the applicant, the applicant has made no investment to date on the project site and construction will not start until the end of 2016.
- The applicant has a number of similar projects in other states, and appears to have a clear ability to build in other locations.
- The applicant submitted confidential information asserting that “economic return” is a primary factor in project selection, and that Chapter 313 increases that economic return.

### **Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

**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.

# **Supporting Information**

**Section 8 of the Application for  
a Limitation on Appraised Value**

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

1. Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
2. The property will be used for one of the following activities:
  - (1) manufacturing  Yes  No
  - (2) research and development  Yes  No
  - (3) a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - (5) renewable energy electric generation  Yes  No
  - (6) electric power generation using integrated gasification combined cycle technology  Yes  No
  - (7) nuclear electric power generation  Yes  No
  - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)  Yes  No
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051  Yes  No
3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
6. Are you including property that is owned by a person other than the applicant?  Yes  No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

**SECTION 7: Project Description**

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
 

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

**SECTION 8: Limitation as Determining Factor**

1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?  Yes  No
3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?  Yes  No
5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
7. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No

**Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.**

# **Supporting Information**

**Attachments provided in Tab 5  
of the Application for a  
Limitation on Appraised Value**

Confidential