

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



March 3, 2014

Andrew Peters
Superintendent
Marfa Independent School District
P.O. Box T
Marfa, Texas 79843

Dear Superintendent Peters:

On Dec. 5, 2013, the Comptroller received the completed application (Application # 368) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in November 2013 to the Marfa Independent School District (the school district) by Alpine 1 Solar, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$85 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a solar power electric generation facility in Presidio County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and correct, finds that the applicant is eligible for a limitation and determines that granting the application is

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

in the best interest of the school district and this state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Note that any new building or other improvement existing as of the application review start date of Dec. 5, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025..

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Alpine 1 Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Solar
School District	Marfa ISD
2011-12 Enrollment in School District	329
County	Presidio
Total Investment in District	\$85,000,000
Qualified Investment	\$85,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	1*
Number of qualifying jobs committed to by applicant	1
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$711
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$711
Minimum Annual Wage committed to by applicant for qualified jobs	\$36,994
Investment per Qualifying Job	\$85,000,000
Estimated 15 year M&O levy without any limit or credit:	\$4,996,905
Estimated gross 15 year M&O tax benefit	\$3,471,897
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):	\$2,731,561
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$338,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$2,265,345
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	54.7%
Percentage of tax benefit due to the limitation	90.3%
Percentage of tax benefit due to the credit.	9.7%
* 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 Alpine 1 Solar, LLC (the project) applying to Marfa 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 one new job when fully operational. This job 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 Rio Grande Council of Governments Region, where Presidio County is located was \$33,631 in 2012. The annual average manufacturing wage for 2012-2013 for Presidio County is not available. During that same period, the county annual average wage for all industries was \$37,908. In addition to an annual average salary of \$36,994 each qualifying position will receive benefits such as medical and prescription coverage, dental, basic life insurance, accidental death and dismemberment (AD&D), supplemental life insurance and AD&D, dependent life insurance and AD&D, short- and long-term disability, employee assistance program, flexible spending accounts (FSA), 401(k) retirement plan, stock purchase plan, tuition reimbursement plan, paid holidays, and paid time off. The project's total investment is \$85 million, resulting in a relative level of investment per qualifying job of \$85 million.

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

According to Alpine 1 Solar, LLC's application, "Alpine 1 Solar, LLC is a wholly owned subsidiary of First Solar, Inc. ("First Solar"). First Solar is a global solar developer with project opportunities all across the United States." The application also states "The ability to enter into a limited appraisal valuation agreement with the Marfa Independent School District is a motivating factor for constructing the project in Presidio County, Texas, as opposed to building and investing in another state or region."

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

During the past two years, one project in the Rio Grande Council of Governments 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 Alpine 1 Solar, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

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

Table 1 depicts Alpine 1 Solar, LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Alpine 1 Solar, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	0	0	0	\$0	\$0	\$0
2015	451	411	862	\$16,927,294	\$30,435,706	\$47,363,000
2016	451	418	869	\$16,927,294	\$35,684,706	\$52,612,000
2017	1	20	21	\$36,994	\$8,508,006	\$8,545,000
2018	1	(11)	-10	\$36,994	\$4,480,006	\$4,517,000
2019	1	(26)	-25	\$36,994	\$2,038,006	\$2,075,000
2020	1	(36)	-35	\$36,994	\$573,006	\$610,000
2021	1	(34)	-33	\$36,994	-\$890,994	-\$854,000
2022	1	(34)	-33	\$36,994	-\$1,379,994	-\$1,343,000
2023	1	(28)	-27	\$36,994	-\$1,257,994	-\$1,221,000
2024	1	(22)	-21	\$36,994	-\$1,135,994	-\$1,099,000
2025	1	(13)	-12	\$36,994	-\$1,257,994	-\$1,221,000
2026	1	(13)	-12	\$36,994	-\$890,994	-\$854,000
2027	1	(9)	-8	\$36,994	-\$768,994	-\$732,000
2028	1	(5)	-4	\$36,994	-\$524,994	-\$488,000
2029	1	(7)	-6	\$36,994	-\$280,994	-\$244,000

Source: CPA, REMI, Alpine 1 Solar, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2012-2013. Marfa ISD's ad valorem tax base in 2012-2013 was \$166.8 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Marfa ISD's estimated wealth per WADA was \$256,569. 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, Marfa, Presidio County, and the Big Bend Regional Hospital district with all property tax incentives sought being granted using estimated market value from Alpine 1 Solar, LLC's application. Alpine 1 Solar, LLC has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Alpine 1 Solar, LLC project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Marfa ISD I&S Levy	Marfa ISD M&O Levy	Marfa ISD M&O and I&S Tax Levies (Before Credit Credited)	Marfa ISD M&O and I&S Tax Levies (After Credit Credited)	Presidio County Tax Levy	Big Bend Regional Hospital District Tax Levy	Estimated Total Property Taxes
2015	\$0	\$0		0.3200	1.0400	\$0	\$0	0.6964	0.1250	\$0
2016	\$42,500,000	\$42,500,000		\$136,000	\$442,000	\$578,000	\$578,000	\$59,194	\$10,625	\$647,819
2017	\$78,625,000	\$10,000,000		\$251,600	\$104,000	\$355,600	\$355,600	\$109,509	\$19,656	\$484,765
2018	\$66,831,250	\$10,000,000		\$213,860	\$104,000	\$317,860	\$269,574	\$93,083	\$16,708	\$379,365
2019	\$56,806,563	\$10,000,000		\$181,781	\$104,000	\$285,781	\$237,495	\$79,120	\$14,202	\$330,817
2020	\$48,285,578	\$10,000,000		\$154,514	\$104,000	\$258,514	\$210,228	\$67,252	\$12,071	\$289,552
2021	\$41,042,741	\$10,000,000		\$131,337	\$104,000	\$235,337	\$187,051	\$57,164	\$10,261	\$254,476
2022	\$34,886,330	\$10,000,000		\$111,636	\$104,000	\$215,636	\$167,351	\$48,590	\$8,722	\$224,662
2023	\$29,653,381	\$10,000,000		\$94,891	\$104,000	\$198,891	\$150,605	\$41,301	\$7,413	\$199,320
2024	\$25,205,374	\$10,000,000		\$80,657	\$104,000	\$184,657	\$136,371	\$35,106	\$6,301	\$177,779
2025	\$21,424,568	\$21,424,568		\$68,559	\$222,816	\$291,374	\$291,374	\$29,840	\$5,356	\$326,570
2026	\$18,210,882	\$18,210,882		\$58,275	\$189,393	\$247,668	\$247,668	\$126,821	\$22,764	\$397,252
2027	\$17,000,000	\$17,000,000		\$54,400	\$176,800	\$231,200	\$231,200	\$118,388	\$21,250	\$370,838
						Total	\$3,062,518	\$865,368	\$155,329	\$4,083,215

Source: CPA, Alpine 1 Solar, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Marfa ISD I&S Levy	Marfa ISD M&O Levy	Marfa ISD M&O and I&S Tax Levies	Presidio County Tax Levy	Big Bend Regional Hospital District Tax Levy	Estimated Total Property Taxes	
2015	\$0	\$0		0.3200	1.0400	\$0	0.6964	0.1250	\$0	
2016	\$42,500,000	\$42,500,000		\$136,000	\$442,000	\$578,000	\$295,970	\$53,125	\$927,095	
2017	\$78,625,000	\$78,625,000		\$251,600	\$817,700	\$1,069,300	\$547,545	\$98,281	\$1,715,126	
2018	\$66,831,250	\$66,831,250		\$213,860	\$695,045	\$908,905	\$465,413	\$83,539	\$1,457,857	
2019	\$56,806,563	\$56,806,563		\$181,781	\$590,788	\$772,569	\$395,601	\$71,008	\$1,239,178	
2020	\$48,285,578	\$48,285,578		\$154,514	\$502,170	\$656,684	\$336,261	\$60,357	\$1,053,302	
2021	\$41,042,741	\$41,042,741		\$131,337	\$426,845	\$558,181	\$285,822	\$51,303	\$895,306	
2022	\$34,886,330	\$34,886,330		\$111,636	\$362,818	\$474,454	\$242,948	\$43,608	\$761,010	
2023	\$29,653,381	\$29,653,381		\$94,891	\$308,395	\$403,286	\$206,506	\$37,067	\$646,859	
2024	\$25,205,374	\$25,205,374		\$80,657	\$262,136	\$342,793	\$175,530	\$31,507	\$549,830	
2025	\$21,424,568	\$21,424,568		\$68,559	\$222,816	\$291,374	\$149,201	\$26,781	\$467,356	
2026	\$18,210,882	\$18,210,882		\$58,275	\$189,393	\$247,668	\$126,821	\$22,764	\$397,252	
2027	\$17,000,000	\$17,000,000		\$54,400	\$176,800	\$231,200	\$118,388	\$21,250	\$370,838	
						Total	\$6,534,415	\$3,346,005	\$600,590	\$10,481,009

Source: CPA, Alpine 1 Solar, LLC

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B and C provided by the applicant in the application. Applicant requested that Schedule D to be confidential. 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. The last table in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$ \$4,996,905. The estimated gross 13 year M&O tax benefit, or levy loss, is \$ \$3,471,897.

Attachment 3 is an economic overview of Presidio County.

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

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

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

Applicant Name: Alpine 1 Solar, LLC
 ISD Name: Marfa ISD

Form 50-296

Year	School Year (YYYY-YYYY)	Tax Year (Fall in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Reductions from Market Value	Estimated Taxable Value	
				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	2014-2015	2014	NA	0	0	\$0.00	\$0	\$0
1	2015-2016	2015	NA	0	0	\$0.00	\$0	\$0
2	2016-2017	2016	NA	\$42,500,000	0	\$0.00	\$42,500,000	\$42,500,000
3	2017-2018	2017	NA	\$78,625,000	0	\$0.00	\$78,625,000	\$10,000,000
4	2018-2019	2018	NA	\$66,831,250	0	\$0.00	\$66,831,250	\$10,000,000
5	2019-2020	2019	NA	\$56,806,563	0	\$0.00	\$56,806,563	\$10,000,000
6	2020-2021	2020	NA	\$48,285,578	0	\$0.00	\$48,285,578	\$10,000,000
7	2021-2022	2021	NA	\$41,042,741	0	\$0.00	\$41,042,741	\$10,000,000
8	2022-2023	2022	NA	\$34,886,330	0	\$0.00	\$34,886,330	\$10,000,000
9	2023-2024	2023	NA	\$29,653,381	0	\$0.00	\$29,653,381	\$10,000,000
10	2024-2025	2024	NA	\$25,205,374	0	\$0.00	\$25,205,374	\$10,000,000
11	2025-2026	2025	NA	\$21,424,568	0	\$0.00	\$21,424,568	\$21,424,568
12	2026-2027	2026	NA	\$18,210,882	0	\$0.00	\$18,210,882	\$18,210,882
13	2027-2028	2027	NA	\$17,000,000	0	\$0.00	\$17,000,000	\$17,000,000
14	2028-2029	2028	NA	\$17,000,000	0	\$0.00	\$17,000,000	\$17,000,000
15	2029-2030	2029	NA	\$17,000,000	0	\$0.00	\$17,000,000	\$17,000,000

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.

Alpine 1 Solar

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11/14/13

DATE

Attachment 2

FINAL REPORT

**Summary of the Financial Impact of
The Proposed Alpine Solar 1, LLC on the Marfa ISD
Under a Requested Chapter 313 Property Value Limitation**

Prepared By

Larry Stavinoha

School Finance Consultant

November 19, 2013

Introduction

On Monday November 18, 2013, Element Power/First Solar presented an application to the Marfa ISD Board of Trustees asking that the board grant a property value limitation agreement under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. Element Power/First Solar proposes to invest \$78,625,000 in the Marfa ISD to build a solar power generation plant.

The purpose of the Texas Economic Development Act, enacted in 2001, is to “encourage large scale capital investments” in the State of Texas. Projects that are eligible for tax limitation agreements under the Texas Economic Development Act include projects for manufacturing, research and development, clean coal projects, nuclear power projects and projects that would produce renewable electric energy. The Alpine Solar 1, LLC project proposes sun powered electrical production and thus qualifies as an eligible project under the Texas Economic Development Act.

Provisions of the Texas Economic Development Act call for a two year qualifying period at which time any value of the capital investment would be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S). The proposed agreement calls for the qualifying period to occur during the 2015-16 and 2016-17 school years. At the conclusion of the two year qualifying period, this project would be eligible for a tax limitation in the amount of \$10,000,000 for years three through ten of the agreement for M&O tax levies. The full value of the project would remain subject to taxation for I&S levies. The application proposes that the full value of the project will reach \$78,625,000 in the 2017-18 school fiscal year. Depreciation will reduce the project values over the course of the agreement.

The proposed agreement calls for a calculation of the revenue impact of the value limitation in years three through ten on the school district under the school finance formulas and property tax laws that would apply during that period. It is

estimated that Marfa ISD would suffer a revenue loss of \$740,336 during the third year of this agreement.

The calculations in this school finance report estimate that the total tax savings to the company during the proposed agreement timeline will be \$3,471,897. Net of the predicted Revenue Protection payments tax savings to the district would be \$2,731,561.

Texas Public School Funding

Texas school districts are financed by some combination of local property tax revenue and state aid. All Texas School Districts collect ad valorem property taxes to use for the maintenance and operation of the school district and taxes to pay the principal and interest on bonded debt approved by district voters. While taxes are collected by the district on the current year county appraisal district (CAD) value, the state funding formulas use the comptroller's property tax division (CPTD) value for the purpose of calculating the district's required local shares within the funding tiers of that formula. The CPTD is a reflection of last year's CAD value; therefore, it lags behind the CAD value in all years. Texas School Finance Law establishes the Foundation School Program that determines how much state and local aid a school district is due and how much of this revenue is provided by the state. The Program is administered by the Texas Education Agency. The Foundation School Program is meant to ensure that all school districts, regardless of property wealth, receive "substantially equal access to similar revenues per student at similar levels of tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences." In other words, the system seeks to provide the same dollars for the same kids for the same tax effort.

The operations component of the Foundation School Program provides funding for school districts in two tiers. Tier 1 provides districts a basic level of funding with allotments for special programs. The revenue that a school district is guaranteed in Tier 1, at the compressed tax rate, is determined by either the target revenue/hold harmless formulas or the state share of Tier 1 plus local taxes collected at the compressed rate, whichever is greater. In 2006, the legislature mandated that school districts compress maintenance and operation tax rates by one third. The legislation held districts harmless at revenue totals derived from

formulas that took into account revenues generated during the 2005-2006 school year. This placed virtually all school districts under target revenue/hold harmless formulas. To replace local tax revenue lost due to tax compression, the state provided Additional State Aid for Tax Reduction. Subsequent legislation in 2009, 2011, and 2013 moved many districts out of target revenue/hold harmless funding and into formula funding. The 2011 legislative session cut \$4 billion dollars from the Foundation School Program and formulas were adjusted accordingly. Some of these cuts were restored by the recently completed 2013 legislative session. A statement of legislative intent adopted in 2011 calls for the complete elimination of Additional State Aid for Tax Reduction by the 2017-18 school year.

The other tier of the operations component of the Foundation School Program is Tier 2. Tier 2 of the FSP is intended to supplement the funding provided in Tier 1. Currently this tier provides for a guaranteed yield of \$59.97 per penny per Weighted ADA for the first six pennies levied and collected above the district compressed tax rate and a yield of \$31.95 per penny per weighted ADA for pennies collected above the first six pennies up to a maximum maintenance and operation tax rate of \$1.17.

Marfa ISD had been a target revenue/hold harmless district from the 2006-2007 school year through the 2012-2013 school fiscal year. It is predicted that this will change with the 2013-2014 fiscal year. Preliminary calculations show Marfa becoming a "formula" district for 2013-2014 and remaining in formula funding for the remainder of the tax limitation agreement period. Marfa ISD currently levies a tax rate of \$1.04.

The other component of the Foundation School Program is Tier 3 which assists eligible school districts with state aid to pay debt service. These programs provide for a guaranteed yield of \$35 per Average Daily Attendance per penny of tax effort. Marfa ISD does not qualify for this program because the local yield per penny derived from the current tax base is greater than the guaranteed yield per penny guarantee. The additional property value that would result from this proposed agreement would allow the district to finance more bonded debt with fewer pennies on the I&S tax rate.

Project Assumptions

Chapter 313 applications require that 15 years of data be analyzed to project the impact of the proposed limitation agreement on the school district and on the taxes paid by the project applicant. In analyzing this data for the Marfa Independent School District, the following assumptions were made:

1. School funding formulas under Senate Bill 1, enacted by the 83rd Legislature, Regular Session, will be in place throughout the proposed limitation agreement.
2. Student counts for both Average Daily Attendance and Weighted ADA will remain constant during the 15 year agreement period.
3. The local property value, as certified by the County Appraisal District on or about July 25, 2013, was used as the base value for both subsequent CAD and CPTD property values.
4. Tax collections for each year of the projections were based on an M&O tax rate of \$1.04 and I&S rates ranging from \$.18 to \$.28. Collection rates of 100% were used throughout the 15 years.

Utilizing these assumptions makes it possible to isolate the effects of the value limitation agreement on both the applicant company and the Marfa Independent School District. A summary of the data used in this analysis is illustrated in Table 1.

School Funding Impact on Marfa ISD

In order to predict the financial impact that the property tax limitation agreement would have on the Marfa Independent School District, two funding models were prepared using the data assumptions noted earlier.

The first model developed adds the value of the proposed Alpine Solar 1, LLC project to the baseline property value but assumes that no tax limitation agreement is in place. A summary of these calculations can be seen in Exhibit A.

The second model developed adds the Alpine Solar 1, LLC value but imposes the limitation of \$10,000,000 starting in the third year of the agreement, which is the 2017-18 school year, and continuing through the tenth year of the agreement,

which is the 2024-25 school year. The results of this model can also be seen in Exhibit A.

These models estimate that the property tax limitation agreement would result in a loss of total M&O revenue of \$740,336 in year three of the agreement, which is the 2017-18 school year. The Revenue Protection clauses in the tax limitation agreement will hold the district harmless on this potential loss of revenue. A small gain in total revenue is indicated in years four through eleven. The calculations show no difference in M&O total revenue for years twelve through fifteen.

Impact on the Taxpayer

In the first two years of the value limitation agreement, the full value of the project is taxable. In years three through ten of the agreement, the taxable value of the project would be limited to \$10,000,000 for M&O purposes. The full value of the project would remain taxable for I&S levies.

It is estimated that Element Power/First Solar will benefit from tax savings resulting from the tax limitation in years three through eight of the agreement in the amount of \$3,133,897. In addition under current law, the company could also be entitled to a tax credit for any taxes paid during the two qualifying years of the agreement over and above the limitation amount. This is estimated to be \$338,000. Any tax credits due the company will eventually be calculated using current data. The district may apply to the Texas Education Agency for reimbursements in the amount of these tax credits. When the estimated \$740,336 in Revenue Protection Payments is considered, the estimated net tax savings to the district would be \$2,731,156.

A separate spreadsheet is included with this report entitled the "Comptroller's BETA Spreadsheet". Tax benefits to the applicant, as well as tax credit calculations, are illustrated on this spreadsheet.

Impact on Marfa ISD Facilities Funding

The total value of the Alpine Solar 1, LLC project will remain fully taxable for the I&S part of the district tax rate. This applies not only to the debt currently being

financed by Marfa ISD but also to future bonded debt that might be approved by district voters.

The Instructional Facilities Allotment and the Existing Debt Allotment are provisions of the state funding laws that provide state money to help districts pay the principal and interest on bonded debt. These programs provide a guaranteed yield per penny of \$35 per ADA per penny of tax effort. Marfa ISD is not eligible for either of these state programs because their current tax base provides more than the state guarantees per student.

Estimates produced by these calculations predict that the added taxable value that will be available to Marfa ISD during this agreement period will allow the district to finance debt currently on bond payment schedules with a tax rate less than the current rate of \$.29. It is predicted that I&S tax rates will range from a low of \$.18 to a high of \$.28 during the course of this agreement.

Summary

The potential benefits of this agreement on both the applicant and Marfa ISD are significant. Over the course of the agreement, First Solar would realize net property tax savings in excess of \$2.7 million dollars. Marfa ISD would experience an enhanced tax base that would allow the district to finance debt currently incurred with fewer pennies on the I&S side of the tax rate. The revenue protection clause in this agreement would hold the district harmless pertaining to any loss of state and local revenue due to the tax limitations called for in this agreement. Estimates of school district revenue will change as changes occur in state funding law, TEA interpretations of state funding law, changes in assessed property values, changes in tax rates and other factors. State funding laws in Texas have been found unconstitutional by a state district court judge. The case is expected to be reviewed in the coming months by the Texas Supreme Court. Any Texas Supreme Court decision is likely to spur significant changes in funding laws.

	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2	EXHIBIT A Alpine Solar 1, LLC - M&O REVENUE AGREEMENT												
3													
4	Revenue with Agreement												
5	Line	Column	Column	Column	Column	Column	Column	Column	Column	Column	Column	Column	Column
6	6	B	C	D	E	F	G	H	I	J	K	L	M
7	7	Agreement	School	Tax	District	M&O Taxes	State Funds	Taxable	Total Taxable	Total M&O	Total	Total Funds	Net
8	8	Year	Year	Year	Taxable Value	Not Including	Not	Value	Value	Funds	State Funds	Combined	Projected
9	9				Not Including	Project	Including	Per		Combined	with	Values	(Loss) / Gain
10	10				Project		Project	Alpine Solar 1		Value	Combined	Values	From
11	11										Values		Agreement
12													
13	14	0	2014-15	2014	\$159,186,640	\$1,655,541	\$1,861,886	\$0	\$159,186,640	\$1,655,541	\$1,861,886	\$3,517,427	\$0
14	15	1	2015-10	2015	\$159,186,640	\$1,655,541	\$1,861,886	\$0	\$159,186,640	\$1,655,541	\$1,861,886	\$3,517,427	\$0
15	16	2	2016-17	2016	\$159,186,640	\$1,655,541	\$1,861,886	\$42,500,000	\$201,686,640	\$2,097,541	\$1,887,324	\$3,984,865	\$0
16	17	3	2017-18	2017	\$159,186,640	\$1,655,541	\$1,861,886	\$10,000,000	\$169,186,640	\$1,759,541	\$1,407,271	\$3,166,812	(\$740,336)
17	18	4	2018-19	2018	\$159,186,640	\$1,655,541	\$1,861,886	\$10,000,000	\$169,186,640	\$1,759,541	\$1,757,886	\$3,517,427	\$125,821
18	19	5	2019-20	2019	\$159,186,640	\$1,655,541	\$1,861,886	\$10,000,000	\$169,186,640	\$1,759,541	\$1,757,886	\$3,517,427	\$107,298
19	20	6	2020-21	2020	\$159,186,640	\$1,655,541	\$1,861,886	\$10,000,000	\$169,186,640	\$1,759,541	\$1,757,886	\$3,517,427	\$91,481
20	21	7	2021-22	2021	\$159,186,640	\$1,655,541	\$1,861,886	\$10,000,000	\$169,186,640	\$1,759,541	\$1,757,886	\$3,517,427	\$77,977
21	22	8	2022-23	2022	\$159,186,640	\$1,655,541	\$1,861,886	\$10,000,000	\$169,186,640	\$1,759,541	\$1,757,886	\$3,517,427	\$66,452
22	23	9	2023-24	2023	\$159,186,640	\$1,655,541	\$1,861,886	\$10,000,000	\$169,186,640	\$1,759,541	\$1,757,886	\$3,517,427	\$56,617
23	24	10	2024-25	2024	\$159,186,640	\$1,655,541	\$1,861,886	\$10,000,000	\$169,186,640	\$1,759,541	\$1,757,886	\$3,517,427	\$133,625
24	25	11	2025-26	2025	\$159,186,640	\$1,655,541	\$1,861,886	\$21,424,568	\$180,611,208	\$1,878,357	\$1,764,050	\$3,642,407	\$166,047
25	26	12	2026-27	2026	\$159,186,640	\$1,655,541	\$1,861,886	\$18,210,882	\$177,397,522	\$1,844,934	\$1,637,527	\$3,482,461	\$0
26	27	13	2027-28	2027	\$159,186,640	\$1,655,541	\$1,861,886	\$17,000,000	\$176,186,640	\$1,832,341	\$1,671,892	\$3,504,233	\$0
27	28	14	2028-29	2028	\$159,186,640	\$1,655,541	\$1,861,886	\$17,000,000	\$176,186,640	\$1,832,341	\$1,685,086	\$3,517,427	\$0
28	29	15	2029-30	2029	\$159,186,640	\$1,655,541	\$1,861,886	\$17,000,000	\$170,186,640	\$1,832,341	\$1,685,086	\$3,517,427	\$0
29	30									\$28,705,268			\$84,982
30	31												
31	REVENUE without Agreement												
32		School	Tax	District	M&O Taxes	State Funds	Taxable	Total Taxable	Total	Total	Total Funds		
33	33	Year	Year	Taxable Value	On Value	Not	Value	Value	M&O Funds	State Funds	Combined		
34	34			Not Including	Not Including	Including	Per		Combined	with	Values		
35	35			Project	Project	Project	Alpine Solar 1		Value	Combined	Values		
36	36									Value			
37													
38	37	0	2014-15	2014	\$159,186,640	\$1,655,541	\$1,861,886	\$0	\$159,186,640	\$1,655,541	\$1,861,886	\$3,517,427	
39	38	1	2015-16	2015	\$159,186,640	\$1,655,541	\$1,861,886	\$0	\$159,186,640	\$1,655,541	\$1,861,886	\$3,517,427	
40	39	2	2016-17	2016	\$159,186,640	\$1,655,541	\$1,861,886	\$42,500,000	\$201,686,640	\$2,097,541	\$1,887,324	\$3,984,865	
41	40	3	2017-18	2017	\$159,186,640	\$1,655,541	\$1,861,886	\$78,626,000	\$237,811,640	\$2,473,241	\$1,433,907	\$3,907,148	
42	41	4	2018-19	2018	\$159,186,640	\$1,655,541	\$1,861,886	\$68,831,250	\$228,017,890	\$2,350,586	\$1,041,020	\$3,391,606	
43	42	5	2019-20	2019	\$159,186,640	\$1,655,541	\$1,861,886	\$58,806,563	\$215,993,203	\$2,246,329	\$1,163,800	\$3,410,129	
44	43	6	2020-21	2020	\$159,186,640	\$1,655,541	\$1,861,886	\$48,285,578	\$207,472,218	\$2,157,711	\$1,268,235	\$3,425,946	
45	44	7	2021-22	2021	\$159,186,640	\$1,655,541	\$1,861,886	\$41,042,741	\$200,229,381	\$2,082,386	\$1,357,064	\$3,439,450	
46	45	8	2022-23	2022	\$159,186,640	\$1,655,541	\$1,861,886	\$34,886,330	\$194,072,970	\$2,018,399	\$1,432,616	\$3,450,975	
47	46	9	2023-24	2023	\$159,186,640	\$1,655,541	\$1,861,886	\$29,653,381	\$188,840,021	\$1,963,936	\$1,498,874	\$3,460,810	
48	47	10	2024-25	2024	\$159,186,640	\$1,655,541	\$1,861,886	\$25,205,374	\$184,392,014	\$1,917,677	\$1,466,125	\$3,383,602	
49	48	11	2025-26	2025	\$159,186,640	\$1,655,541	\$1,861,886	\$21,424,568	\$180,611,208	\$1,878,357	\$1,598,003	\$3,476,360	
50	49	12	2026-27	2026	\$159,186,640	\$1,655,541	\$1,861,886	\$18,210,882	\$177,397,522	\$1,844,934	\$1,637,527	\$3,482,461	
51	50	13	2027-28	2027	\$159,186,640	\$1,655,541	\$1,861,886	\$17,000,000	\$176,186,640	\$1,832,341	\$1,671,892	\$3,504,233	
52	51	14	2028-29	2028	\$159,186,640	\$1,655,541	\$1,861,886	\$17,000,000	\$176,186,640	\$1,832,341	\$1,685,086	\$3,517,427	
53	52	15	2029-30	2029	\$159,186,640	\$1,655,541	\$1,861,886	\$17,000,000	\$176,186,640	\$1,832,341	\$1,685,086	\$3,517,427	
54													
55													
56													
57													

Notes:

1. Assumes no increase or decrease to the student population
2. Assumes no increase or decrease to the base year (2014-15) certified taxable value

Table 1- Data Assumptions for Alpine Solar 1, LLC

Year of Agreement	School Year	Tax Year	ADA	WADA	M & O Tax Rate	I & S Tax Rate	CAD VALUE with Project LIMITATION	CAD Value WITHOUT Limitation	CPTD with LIMITATION	CPTD VALUE WITHOUT Limitation
0	2014-2015	2014	305.00	642.00	\$1.04	\$0.28	\$159,186,640	\$159,186,640	\$159,186,829	\$159,186,640
1	2015-2016	2015	305.00	642.00	\$1.04	\$0.28	\$159,186,640	\$159,186,640	\$159,186,829	\$159,186,640
2	2016-2017	2016	305.00	642.00	\$1.04	\$0.22	\$201,686,640	\$201,686,640	\$159,186,640	\$159,186,640
3	2017-2018	2017	305.00	642.00	\$1.04	\$0.19	\$169,186,640	\$237,811,640	\$201,686,640	\$201,686,640
4	2018-2019	2018	305.00	642.00	\$1.04	\$0.20	\$169,186,640	\$226,017,890	\$169,186,640	\$237,811,640
5	2019-2020	2019	305.00	642.00	\$1.04	\$0.21	\$169,186,640	\$215,993,203	\$169,186,640	\$226,017,890
6	2020-2021	2020	305.00	642.00	\$1.04	\$0.24	\$169,186,640	\$207,472,218	\$169,186,640	\$215,993,203
7	2021-2022	2021	305.00	642.00	\$1.04	\$0.24	\$169,186,640	\$200,229,421	\$169,186,640	\$207,472,218
8	2022-2023	2022	305.00	642.00	\$1.04	\$0.25	\$169,186,640	\$194,072,970	\$169,186,640	\$200,229,421
9	2023-2024	2023	305.00	642.00	\$1.04	\$0.26	\$169,186,640	\$188,840,021	\$169,186,640	\$194,072,970
10	2024-2025	2024	305.00	642.00	\$1.04	\$0.27	\$169,186,640	\$184,392,014	\$169,186,640	\$188,840,021
11	2025-2026	2025	305.00	642.00	\$1.04	\$0.27	\$180,611,208	\$180,611,208	\$169,186,640	\$184,392,014
12	2026-2027	2026	305.00	642.00	\$1.04	\$0.28	\$177,397,522	\$177,397,522	\$180,611,208	\$180,611,208
13	2027-2028	2027	305.00	642.00	\$1.04	\$0.27	\$176,186,640	\$176,186,640	\$177,397,522	\$177,397,522
14	2028-2029	2028	305.00	642.00	\$1.04	\$0.28	\$176,186,640	\$176,186,640	\$176,186,640	\$176,186,640
15	2029-2030	2029	305.00	642.00	\$1.04	\$0.28	\$176,186,640	\$176,186,640	\$176,186,640	\$176,186,640

Year of Project	Year of Tax Credit Settle-Up	Year of Tax Credit of Limit	School Year	Tax Year	Market Value with no Exemptions	I&S Taxable Value of Investment	Difference from previous year's value	Annual Depreciation Rate	M&O Property Value Limitation Amount	M&O Exempt Value of Property
School District: Marfa ISD Project: Alpine Solar 1, LLC County: Presidio Eligibility Category: 5 Master App. Number: \$10,000,000 Limitation Amount: \$10,000,000					\$0	\$0			\$0	\$0
0			2014-15	2014	\$0	\$0			\$0	\$0
1			2015-16	2015	\$0	\$0			\$0	\$0
2			2016-17	2016	\$42,500,000	\$42,500,000	-\$42,500,000	-	\$0	\$0
3	1	1	2017-18	2017	\$78,625,000	\$78,625,000	-\$36,125,000	-85.00%	\$10,000,000	\$68,625,000
4	1	2	2018-19	2018	\$66,831,250	\$66,831,250	\$11,793,750	15.00%	\$10,000,000	\$56,831,250
5	2	3	2019-20	2019	\$56,806,563	\$56,806,563	\$10,024,687	15.00%	\$10,000,000	\$46,806,563
6	3	4	2020-21	2020	\$48,285,578	\$48,285,578	\$8,520,985	15.00%	\$10,000,000	\$38,285,578
7	4	5	2021-22	2021	\$41,042,741	\$41,042,741	\$7,242,837	15.00%	\$10,000,000	\$31,042,741
8	5	6	2022-23	2022	\$34,886,330	\$34,886,330	\$6,156,411	15.00%	\$10,000,000	\$24,886,330
9	6	7	2023-24	2023	\$29,653,381	\$29,653,381	\$5,232,949	15.00%	\$10,000,000	\$19,653,381
10	7	8	2024-25	2024	\$25,205,374	\$25,205,374	\$4,448,007	15.00%	\$10,000,000	\$15,205,374
11	1		2025-26	2025	\$21,424,568	\$21,424,568			\$0	\$0
12	2		2026-27	2026	\$18,210,882	\$18,210,882			\$0	\$0
13	3		2027-28	2027	\$17,000,000	\$17,000,000			\$0	\$0
2009 market value of the qualified property as reported by company M&O Taxable Value of Qualified Property (in 2009) if limitation were not in effect (I&S Value) Dollar amount of M&O levy that would have been imposed without the limitation (through 2009) M&O Taxable Value of Qualified Property (in 2009) with limitation in effect (Limited M&O Value) Dollar amount of M&O levy imposed with the limitation (through 2009) Estimated tax benefit (school levy loss) from value limitation through 2009 (Diff. between...) Estimated 13 year total M&O levy without any limit or credit (11 years for projects starting in 2017-18) Estimated 13 (or 11) year total gross tax benefit to company/levy loss to district (through limitation and tax credit) Amt. of Gross 13 (or 11) Year Tax Benefit ÷ Est. 13 (or 11) year total levy without any limit or credit = Percentage Exempted										
Number of qualifying jobs committed to:										69.48%
CDNO Value:										\$4,996,905
Subchapter B or Subchapter C:										\$3,471,897

NOTE: This is a BETA test estim Variables to plug in are (estima SAMPLES. This generates estim for Revenue Protection, Extrao

M&O Tax Base Years 1-13	M&O Tax Rate	M&O Tax Levy without Limitation	M&O Tax Levy with Limitation	I&S Tax Rate	I&S Tax Levy	I&S Tax Levies BEFORE CREDIT CREDITED	I&S Tax Levies AFTER CREDIT CREDITED	Tax Savings Due to Limitation
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nating spreadsheet for Chapter 313 for a first complete tax year of 2015 in the qualifying time period .
 ited market values), I&S taxable values, limitation amount, M&O and I&S tax rates. VALUES HERE ARE
 ated tax benefit figures BEFORE any further reductions in benefit negotiated due to payments to district
 ordinary Educational Expenses, or other supplemental payment in lieu of taxes.

\$0	\$1.0400	\$0	\$0	\$0.2900	\$0	\$0	\$0	\$0
\$0	\$1.0400	\$0	\$0	\$0.2900	\$0	\$0	\$0	\$0
\$42,500,000	\$1.0400	\$442,000	\$442,000	\$0.2243	\$95,334	\$537,334	\$537,334	\$0
\$10,000,000	\$1.0400	\$817,700	\$104,000	\$0.1890	\$148,632	\$252,632	\$252,632	\$713,700
\$10,000,000	\$1.0400	\$695,045	\$104,000	\$0.1998	\$133,506	\$237,506	\$189,220	\$591,045
\$10,000,000	\$1.0400	\$590,788	\$104,000	\$0.2076	\$117,956	\$221,956	\$173,670	\$486,788
\$10,000,000	\$1.0400	\$502,170	\$104,000	\$0.2364	\$114,141	\$218,141	\$169,855	\$398,170
\$10,000,000	\$1.0400	\$426,845	\$104,000	\$0.2428	\$99,657	\$203,657	\$155,372	\$322,845
\$10,000,000	\$1.0400	\$362,818	\$104,000	\$0.2508	\$87,488	\$191,488	\$143,203	\$258,818
\$10,000,000	\$1.0400	\$308,395	\$104,000	\$0.2574	\$76,328	\$180,328	\$132,043	\$204,395
\$10,000,000	\$1.0400	\$262,136	\$104,000	\$0.2658	\$66,988	\$170,988	\$122,703	\$158,136
\$21,424,568	\$1.0400	\$222,816	\$222,816	\$0.2704	\$57,929	\$280,744	\$280,744	\$0
\$18,210,882	\$1.0400	\$189,393	\$189,393	\$0.2769	\$50,424	\$239,818	\$239,818	\$0
\$17,000,000	\$1.0400	\$176,800	\$176,800	\$0.2744	\$46,648	\$223,448	\$223,448	\$0
							Limitation Tax Savings:	\$3,133,897

Sum of taxes paid in first two
 Amount

M&O tax levy for the two years before tax benef
 13 year total levy witho
 13 year total t

Value upon which tax credits are based	M&O Tax amount the company is eligible to get back as credits in years 4-13	Tax Credits possible to be received by company each year based on taxes paid and	Total Levy Loss from Tax credit amount per year	Cumulative Tax Credit Applied to Company's Total Taxes	Gross Tax Savings (Limitation Savings + Credit Savings)	Funds for Protection of Future District Revenues (from school finance model)	Education al Expenses	Net Tax Savings	PILT/PILOT
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\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$32,500,000	\$338,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$713,700	\$0	\$0	\$713,700	\$0
		\$48,286	\$48,286	\$48,286	\$639,331	\$0	\$0	\$639,331	\$0
		\$48,286	\$48,286	\$96,571	\$535,074	\$0	\$0	\$535,074	\$0
		\$48,286	\$48,286	\$144,857	\$446,456	\$0	\$0	\$446,456	\$0
		\$48,286	\$48,286	\$193,143	\$371,130	\$0	\$0	\$371,130	\$0
		\$48,286	\$48,286	\$241,429	\$307,104	\$0	\$0	\$307,104	\$0
		\$48,286	\$48,286	\$289,714	\$252,681	\$0	\$0	\$252,681	\$0
		\$48,286	\$48,286	\$338,000	\$206,422	\$0	\$0	\$206,422	\$0
		\$0	\$0	\$338,000	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$338,000	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$338,000	\$0	\$0	\$0	\$0	\$0
Accrued Credits: \$338,000									
Credits/7: \$48,286									
Credits Savings: \$338,000									
years on base > limit: \$338,000									
: of tax credits "lost": \$0									
its result in levy loss: \$442,000									
ut any limit or credit: \$4,996,905									
ax savings/Levy Loss: \$3,471,897									
Taxes actually paid: \$1,525,009									
30.52%									
90.26%									
9.74%									
Totals: \$3,471,897						\$0	\$0	\$3,471,897	\$0

NOT INCL. HERE

NOT INCL. HERE

is the percentage of taxes they pay with 313 agreement compared to what they would have paid without 313 agreement
 is the percentage of the total savings due to the limitation
 is the percentage of the total savings due to the credit.

February 14, 2014

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 Alpine I Solar LLC project on the number and size of school facilities in Marfa Independent School District (MISD). Based on the analysis prepared by Walsh, Anderson, Gallego, Green and Trevino, PC for the school district and a conversation with the MISD business manager, Victoria Sanchez, the TEA has found that the Alpine I Solar LLC project would not have a significant impact on the number or size of school facilities in MISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,



Al McKenzie, Manager
Foundation School Program Support

AM/rk



TEXAS EDUCATION AGENCY

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Michael Williams
Commissioner

February 14, 2014

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

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Alpine I Solar LLC project for the Marfa Independent School District (MISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Walsh, Anderson, Gallego, Green and Trevino, PC 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 Alpine I Solar LLC project on MISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Al McKenzie', with a long horizontal flourish extending to the right.

Al McKenzie, Manager
Foundation School Program Support

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Attachment 3

Presidio County

Population

- Total county population in 2010 for Presidio County: 7,744 , up 3.7 percent from 2009. State population increased 1.8 percent in the same time period.
- Presidio County was the state's 180th largest county in population in 2010 and the 8 th fastest growing county from 2009 to 2010.
- Presidio County's population in 2009 was 17.0 percent Anglo (below the state average of 46.7 percent), 0.6 percent African-American (below the state average of 11.3 percent) and 81.8 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Presidio County:

Presidio:	4,699	Marfa:	1,915
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Economy and Income

Employment

- September 2011 total employment in Presidio County: 3,296 , down 0.2 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Presidio County unemployment rate: 14.1 percent, down from 17.2 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Presidio County's ranking in per capita personal income in 2009: 240th with an average per capita income of \$24,113, up 4.4 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 Presidio County averaged \$68.48 million annually from 2007 to 2010. County total agricultural values in 2010 were down 3.7 percent from 2009. Major agriculture related commodities in Presidio County during 2010 included:
 - Horses
 - Hunting
 - Recreation
 - Other Beef
 - Vegetables
- 2011 oil and gas production in Presidio County: barrels of oil and 0.0 Mcf of gas. In September 2011, there were 0 producing oil wells and 0 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Presidio County during the fourth quarter 2010: \$8.60 million, up 4.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Presidio:	\$5.23 million, up 7.9 percent from the same quarter in 2009.
Marfa:	\$3.09 million, down 0.7 percent from the same quarter in 2009.

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Presidio County through the fourth quarter of 2010: \$31.17 million, up 5.8 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Presidio:	\$18.27 million, up 6.2 percent from the same period in 2009.
Marfa:	\$11.76 million, up 4.7 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Presidio County during 2010: \$31.17 million, up 5.8 percent from 2009.
- Presidio County sent an estimated \$1.95 million (or 0.01 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Presidio:	\$18.27 million, up 6.2 percent from 2009.
Marfa:	\$11.76 million, up 4.7 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of November 2011 is currently scheduled for December 7, 2011.)

Monthly

- Statewide payments based on the sales activity month of September 2011: \$580.11 million, up 7.1 percent from September 2010.
- Payments to all cities in Presidio County based on the sales activity month of September 2011: \$70,662.12, up 11.8 percent from September 2010.
- Payment based on the sales activity month of September 2011 to the city of:

Presidio:	\$41,283.62, up 7.6 percent from September 2010.
Marfa:	\$29,378.50, up 18.3 percent from September 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2011 through September 2011: \$580.11 million, up 7.1 percent from the same period in 2011.
- Payments to all cities in Presidio County based on sales activity months from September 2011 through September 2011: \$70,662.12, up 11.8 percent from fiscal 2011.
- Payments based on sales activity months from September 2011 through September 2011 to the city of:

Presidio:	\$41,283.62, up 7.6 percent from fiscal 2011.
Marfa:	\$29,378.50, up 18.3 percent from fiscal 2011.

January 2011 through September 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through September 2011: \$4.57 billion, up 8.1 percent from the same period in 2010.
- Payments to all cities in Presidio County based on sales activity months through September 2011: \$596,051.11, up 10.2 percent from the same period in 2010.
- Payments based on sales activity months through September 2011 to the city of:

Presidio:	\$370,673.74, up 12.3 percent from the same period in 2010.
Marfa:	\$225,377.37, up 6.8 percent from the same period in 2010.

12 months ending in September 2011

- Statewide payments based on sales activity in the 12 months ending in September 2011: \$6.11 billion, up 7.9 percent from the previous 12-month period.
- Payments to all cities in Presidio County based on sales activity in the 12 months ending in September 2011: \$807,604.21, up 12.6 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in September 2011 to the city of:

Presidio:	\$497,657.03, up 14.3 percent from the previous 12-month period.
Marfa:	\$309,947.18, up 9.9 percent from the previous 12-month period.

City Calendar Year-To-Date (RJ 2011)

- Payment to the cities from January 2011 through November 2011:

Presidio:	\$463,496.86, up 13.2 percent from the same period in 2010.
Marfa:	\$290,108.57, up 11.5 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Presidio County based on sales activity months in 2010: \$752,567.11, up 15.1 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Presidio:	\$457,040.30, up 19.5 percent from 2009.
Marfa:	\$295,526.81, up 8.9 percent from 2009.

Property Tax

- As of January 2009, property values in Presidio County: \$385.62 million, up 0.5 percent from January 2008 values. The property tax base per person in Presidio County is \$51,622, below the statewide average of \$85,809. About 0.0 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Presidio County's ranking in state expenditures by county in fiscal year 2010: 162nd. State expenditures in the county for FY2010: \$40.08 million, unchanged 0.0 percent from FY2009.
- In Presidio County, 10 state agencies provide a total of 84 jobs and \$838,748.00 in annualized wages (as of 1st quarter 2011).

■ Major state agencies in the county (as of first quarter 2011):

- Parks & Wildlife Department
- Department of Transportation
- Department of Public Safety
- Department of State Health Services
- Health & Human Services Commission

Higher Education

■ Community colleges in Presidio County preliminary fall 2011 enrollment:

- None.

■ Presidio County is in the service area of the following:

- Odessa College with a preliminary fall 2011 enrollment of 5,128 . Counties in the service area include:
 - Andrews County
 - Brewster County
 - Crane County
 - Culberson County
 - Ector County
 - Gaines County
 - Jeff Davis County
 - Loving County
 - Presidio County
 - Reeves County
 - Upton County
 - Ward County
 - Winkler County

■ Institutions of higher education in Presidio County preliminary fall 2011 enrollment:

- None.

School Districts

■ Presidio County had 2 school districts with 5 schools and 1,847 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.)

- Marfa ISD had 383 students in the 2009-10 school year. The average teacher salary was \$40,719. The percentage of students meeting the 2010 TAKS passing standard for all tests was 56 percent.
- Presidio ISD had 1,464 students in the 2009-10 school year. The average teacher salary was \$42,896. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.