



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

June 2, 2016

Shawn Mason
Superintendent
Crosbyton Consolidated Independent School District
204 S. Harrison
Crosbyton, Texas 79322

Dear Superintendent Mason:

On March 4, 2016, the Comptroller issued written notice that Wake with the Sun (the applicant) submitted a completed application (Application #1020) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on December 7, 2015, to the Crosbyton Consolidated 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 to create 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 #1020.

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.

¹ 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).

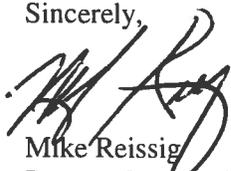
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application.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

Note that any building or improvement existing as of the application review start date of March 4, 2016 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 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 Wake with the Sun (the project) applying to Crosby Consolidated 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 Wake with the Sun.

Applicant	Wake with the Sun
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Crosbyton ISD
2014-15 Enrollment in School District	335
County	Crosby
Proposed Total Investment in District	\$100,000,000
Proposed Qualified Investment	\$100,000,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant	1
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$736.87
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$736.87
Minimum annual wage committed to by applicant for qualified jobs	\$38,317
Minimum weekly wage required for non-qualifying jobs	\$677.50
Minimum annual wage required for non-qualifying jobs	\$35,230
Investment per Qualifying Job	\$100,00,000
Estimated M&O levy without any limit (15 years)	\$6,160,504
Estimated M&O levy with Limitation (15 years)	\$4,104,000
Estimated gross M&O tax benefit (15 years)	\$2,056,504
* 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 Wake with the Sun (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	0	0	0	\$0	\$0	\$0
2016	87	(10)	77	\$0	\$6,000,000	\$6,000,000
2017	1	25	26	\$0	\$2,000,000	\$2,000,000
2018	1	231	232	\$0	\$20,000,000	\$20,000,000
2019	1	264	265	\$0	\$25,000,000	\$25,000,000
2020	1	259	260	\$0	\$26,000,000	\$26,000,000
2021	1	229	230	\$0	\$25,000,000	\$25,000,000
2022	1	189	190	\$0	\$23,000,000	\$23,000,000
2023	1	148	149	\$0	\$20,000,000	\$20,000,000
2024	1	108	109	\$0	\$16,000,000	\$16,000,000
2025	1	75	76	\$0	\$13,000,000	\$13,000,000
2026	1	48	49	\$0	\$10,000,000	\$10,000,000
2027	1	33	34	\$0	\$8,000,000	\$8,000,000
2028	1	25	26	\$0	\$7,000,000	\$7,000,000
2029	1	22	23	\$0	\$7,000,000	\$7,000,000
2030	1	21	22	\$0	\$6,000,000	\$6,000,000

Source: CPA, REMI, Wake with the Sun

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Crosbyton ISD I&S Tax Levy	Crosbyton ISD M&O Tax Levy	Crosbyton ISD M&O and I&S Tax Levies	Crosby County Tax Levy	Crosby County Hospital District Tax Levy	High Plains Water District Tax Levy	Estimated Total Property Taxes	
			0.0000		1.0800		0.5200	0.1207	0.0080		
2017	\$100,000,000	\$100,000,000		\$0	\$1,080,000	\$1,080,000	\$520,000	\$120,700	\$8,026	\$1,728,726	
2018	\$72,250,000	\$72,250,000		\$0	\$780,300	\$780,300	\$375,700	\$87,206	\$5,799	\$1,249,005	
2019	\$61,412,500	\$61,412,500		\$0	\$663,255	\$663,255	\$319,345	\$74,125	\$4,929	\$1,061,654	
2020	\$52,200,625	\$52,200,625		\$0	\$563,767	\$563,767	\$271,443	\$63,006	\$4,190	\$902,406	
2021	\$44,370,531	\$44,370,531		\$0	\$479,202	\$479,202	\$230,727	\$53,555	\$3,561	\$767,045	
2022	\$37,714,952	\$37,714,952		\$0	\$407,321	\$407,321	\$196,118	\$45,522	\$3,027	\$651,988	
2023	\$32,057,709	\$32,057,709		\$0	\$346,223	\$346,223	\$166,700	\$38,694	\$2,573	\$554,190	
2024	\$27,249,053	\$27,249,053		\$0	\$294,290	\$294,290	\$141,695	\$32,890	\$2,187	\$471,061	
2025	\$23,161,695	\$23,161,695		\$0	\$250,146	\$250,146	\$120,441	\$27,956	\$1,859	\$400,402	
2026	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
2027	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
2028	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
2029	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
2030	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
2031	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
						Total	\$6,160,504	\$2,966,169	\$688,493	\$45,782	\$9,860,948

Source: CPA, Wake with the Sun
¹Tax Rate per \$100 Valuation

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Crosbyton ISD I&S Tax Levy	Crosbyton ISD M&O Tax Levy	Crosbyton ISD M&O and I&S Tax Levies	Crosby County Tax Levy	Crosby County Hospital District Tax Levy	High Plains Water District Tax Levy	Estimated Total Property Taxes	
				0.0000	1.0800		0.5200	0.1207	0.0080		
2017	\$100,000,000	\$100,000,000		\$0	\$1,080,000	\$1,080,000	\$520,000	\$120,700	\$8,026	\$1,728,726	
2018	\$72,250,000	\$20,000,000		\$0	\$216,000	\$216,000	\$56,355	\$87,206	\$5,799	\$365,360	
2019	\$61,412,500	\$20,000,000		\$0	\$216,000	\$216,000	\$47,902	\$74,125	\$4,929	\$342,956	
2020	\$52,200,625	\$20,000,000		\$0	\$216,000	\$216,000	\$40,716	\$63,006	\$4,190	\$323,912	
2021	\$44,370,531	\$20,000,000		\$0	\$216,000	\$216,000	\$34,609	\$53,555	\$3,561	\$307,725	
2022	\$37,714,952	\$20,000,000		\$0	\$216,000	\$216,000	\$29,418	\$45,522	\$3,027	\$293,967	
2023	\$32,057,709	\$20,000,000		\$0	\$216,000	\$216,000	\$25,005	\$38,694	\$2,573	\$282,272	
2024	\$27,249,053	\$20,000,000		\$0	\$216,000	\$216,000	\$21,254	\$32,890	\$2,187	\$272,331	
2025	\$23,161,695	\$20,000,000		\$0	\$216,000	\$216,000	\$18,066	\$27,956	\$1,859	\$263,881	
2026	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$15,600	\$24,140	\$1,605	\$257,345	
2027	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$15,600	\$24,140	\$1,605	\$257,345	
2028	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
2029	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
2030	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
2031	\$20,000,000	\$20,000,000		\$0	\$216,000	\$216,000	\$104,000	\$24,140	\$1,605	\$345,745	
						Total	\$4,104,000	\$1,240,525	\$688,493	\$45,782	\$6,078,800
						Difference	\$2,056,504	\$1,725,643	\$0	\$0	\$3,782,148
Assumes School Value Limitation and Tax Abatements with Crosby County											

Source: CPA, Wake with the Sun

¹Tax 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 before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that WAKE WITH THE SUN (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)
Limitation Pre-Years	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$1,080,000	\$1,080,000	\$0	\$0
Limitation Period (10 Years)	2018	\$216,000	\$1,296,000	\$564,300	\$564,300
	2019	\$216,000	\$1,512,000	\$447,255	\$1,011,555
	2020	\$216,000	\$1,728,000	\$347,767	\$1,359,322
	2021	\$216,000	\$1,944,000	\$263,202	\$1,622,523
	2022	\$216,000	\$2,160,000	\$191,321	\$1,813,845
	2023	\$216,000	\$2,376,000	\$130,223	\$1,944,068
	2024	\$216,000	\$2,592,000	\$78,290	\$2,022,358
	2025	\$216,000	\$2,808,000	\$34,146	\$2,056,504
	2026	\$216,000	\$3,024,000	\$0	\$2,056,504
	2027	\$216,000	\$3,240,000	\$0	\$2,056,504
Maintain Viable Presence (5 Years)	2028	\$216,000	\$3,456,000	\$0	\$2,056,504
	2029	\$216,000	\$3,672,000	\$0	\$2,056,504
	2030	\$216,000	\$3,888,000	\$0	\$2,056,504
	2031	\$216,000	\$4,104,000	\$0	\$2,056,504
	2032	\$216,000	\$4,320,000	\$0	\$2,056,504
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$216,000	\$4,536,000	\$0	\$2,056,504
	2034	\$216,000	\$4,752,000	\$0	\$2,056,504
	2035	\$216,000	\$4,968,000	\$0	\$2,056,504
	2036	\$216,000	\$5,184,000	\$0	\$2,056,504
	2037	\$216,000	\$5,400,000	\$0	\$2,056,504
	2038	\$216,000	\$5,616,000	\$0	\$2,056,504
	2039	\$216,000	\$5,832,000	\$0	\$2,056,504
	2040	\$216,000	\$6,048,000	\$0	\$2,056,504
	2041	\$216,000	\$6,264,000	\$0	\$2,056,504
	2042	\$216,000	\$6,480,000	\$0	\$2,056,504

\$6,480,000

is greater than

\$2,056,504

Analysis Summary

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

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

Source: CPA, WAKE WITH THE SUN

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 Wake with the Sun 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:

- Applicant asserts that state and local incentives are the primary input for the decision for this project. A Value Limitation Agreement is required for this project to be financially competitive and allow it the best possibility of moving forward.

Supporting Information

- a) Section 8 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 (complete Section 13)
<input type="checkbox"/> Expansion of existing operation on the land (complete Section 13)	<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.