



UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

TOPIC: Discussion and Possible Action on a Resolution adopting Findings of Fact and approving the Application of Corazon Energy, LLC for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code

SUBMITTED BY: Fortunato Paredes, UISD School Attorney
Underwood Law Firm
Moak, Casey & Associates

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: _____

DATE ASSIGNED FOR BOARD CONSIDERATION: June 16, 2020

RECOMMENDATION:

It is recommended that the Board of Trustees discuss and take possible action on a Resolution adopting Findings of Fact and approving the Application of Corazon Energy, LLC for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code

RATIONALE:

BUDGETARY INFORMATION:

POLICY REFERENCE & COMPLIANCE:

RESOLUTION AND FINDINGS OF FACT
of the
UNITED INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER CHAPTER 313 OF THE TEXAS TAX CODE
ON THE APPLICATION FOR APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY
SUBMITTED BY CORAZON ENERGY, LLC

STATE OF TEXAS §
COUNTY OF WEBB §
UNITED INDEPENDENT SCHOOL DISTRICT §

PREAMBLE

On the 16th day of June, 2020, a public meeting of the Board of Trustees of the United Independent School District (the “Board”) was held to solicit input from interested parties on the application by Corazon Energy, LLC (“Corazon Energy” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the application by Corazon Energy for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Analysis under Texas Tax Code §313.026, the Board of Trustees of the United Independent School District, in accordance with Texas Tax Code §313.025(e) and (f) and 34 T.A.C. §9.1054, makes the following Findings regarding the Application:

On or about the 21st day of October, 2019, the Board of Trustees for the United Independent School District received an Application for Appraised Value Limitation on Qualified Property from Corazon Energy, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for a renewable energy electric generation project; specifically, a solar powered electric generating facility (the “Property”). See Application, §6.2(5), and Tab 4, attached hereto as Attachment A; see also Attachment D. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts (“Comptroller”) immediately upon the District’s determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about October 23, 2019. Thereafter, on or about November 22, 2019, the District submitted Supplement No. 01 (reinvestment zone resolution). On or about December 12, 2019, the District, on behalf of Applicant, submitted Amendment No. 1 (wage data and revised vicinity map), and the Comptroller issued its notice of completeness and determined the Application complete as of December 18, 2019, the Application Review Start Date. The Application, Supplement No. 1 and Amendment No. 01 are hereafter collectively referred to as the “Application.” A copy of the Application and Comptroller’s completeness letter of December 18, 2019 are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for Corazon Energy, LLC is 32051577594. Corazon Energy is an entity subject to Chapter 171 of the Texas Tax Code and is active and has the right to transact business in Texas, as represented by the Texas Comptroller of Public Accounts and as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §§313.025(a)(1) and 313.031(b) of the Texas Tax Code, 34 T.A.C. §9.1054(a), and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to §313.025(b) of the Texas Tax Code.

Notice of the Application was delivered to the Webb County Appraisal District, pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.024, 313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on February 13, 2020 that the Application be approved (the "Certificate Decision"). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of United Independent School District. A copy of a revised report prepared by Moak, Casey & Associates and dated June 2, 2020 is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of property applicable to the Corazon Energy Application in the United Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, fell within Category 1 of §313.022 of the Texas Tax Code at the time the Certificate Decision was issued. *See* "2019 Preliminary Property Value Study Report," attached hereto as Attachment G; *see also* Attachment D.

The District's Board of Trustees, by resolution dated April 3, 2020, granted Applicant's request to extend the statutory deadline by which the District must consider its Application for the maximum time allowed, *i.e.*, until December 31, 2020. The Comptroller was provided notice of this extension, as set out under 34 Texas Administrative Code §9.1054(d). *See* Resolution authorizing extension of consideration period and notice to Applicant, collectively attached hereto as Attachment K.

After receipt of the completed Application, the District entered into negotiations with Corazon Energy regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Agreement") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted (Form 50-826, Jan 2020). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined by 34. Tex. Admin. Code §9.1051 and adopted by §9.1052(a)(6)) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1015(e)(1). See copy of May 29, 2020, Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller's Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of Corazon Energy's Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

Board Finding Number 1.

Based on the Application and the Comptroller's Certificate Decision, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(5) as a renewable energy electric generation project.

In support of Finding Number 1, the Comptroller's Certificate Decision states:

Determination required by 313.025(h)

* * *

Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

* * *

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 B.

See Attachment C. See also Attachment A (Tab 1, §6.2(5) and Tabs 4 and 8) and Attachment D.

Board Finding Number 2.

The project proposed by Applicant is reasonably likely to generate sufficient tax revenue to offset the District's 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.

In support of Finding Number 2, the Certificate Decision states:

Certification 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's 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 [to the Certification Decision].

See Attachment C.

Also in support of Finding Number 2, the Comptroller's Economic Impact Analysis states:

Attachment B - Tax Revenue before 25th Anniversary of Limitation Start

This [table] represents the Comptroller's determination that Corazon 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.

[see table on next page]

	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	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$485,000	\$485,000	\$0	\$0
Limitation Period (10 Years)	2022	\$970,000	\$1,455,000	\$1,971,182	\$1,971,182
	2023	\$970,000	\$2,425,000	\$1,735,776	\$3,706,958
	2024	\$970,000	\$3,395,000	\$1,481,764	\$5,188,722
	2025	\$970,000	\$4,365,000	\$1,207,255	\$6,395,977
	2026	\$970,000	\$5,335,000	\$910,986	\$7,306,962
	2027	\$970,000	\$6,305,000	\$591,065	\$7,898,027
	2028	\$970,000	\$7,275,000	\$245,600	\$8,143,628
	2029	\$842,384	\$8,117,384	\$0	\$8,143,628
	2030	\$634,752	\$8,752,135	\$0	\$8,143,628
	2031	\$634,653	\$9,386,788	\$0	\$8,143,628
Maintain Viable Presence (5 Years)	2032	\$634,556	\$10,021,343	\$0	\$8,143,628
	2033	\$634,461	\$10,655,805	\$0	\$8,143,628
	2034	\$634,369	\$11,290,174	\$0	\$8,143,628
	2035	\$634,280	\$11,924,454	\$0	\$8,143,628
	2036	\$634,193	\$12,558,647	\$0	\$8,143,628
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$634,107	\$13,192,754	\$0	\$8,143,628
	2038	\$634,025	\$13,826,779	\$0	\$8,143,628
	2039	\$633,944	\$14,460,724	\$0	\$8,143,628
	2040	\$633,866	\$15,094,590	\$0	\$8,143,628
	2041	\$633,789	\$15,728,379	\$0	\$8,143,628
	2042	\$602,175	\$16,330,554	\$0	\$8,143,628
	2043	\$602,102	\$16,932,656	\$0	\$8,143,628
	2044	\$602,031	\$17,534,688	\$0	\$8,143,628
	2045	\$601,962	\$18,136,649	\$0	\$8,143,628
	2046	\$601,894	\$18,738,543	\$0	\$8,143,628

\$18,738,543 is greater than \$8,143,628

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

Source: CPA, Corazon 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.

See Attachment D.

Board Finding Number 3.

The new qualifying jobs creation requirement under § 313.021(2)(A)(iv)(b) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Applicant's facility described in the Application, and Applicant qualifies for a waiver of the new jobs requirement pursuant to § 313.025(f-1).

In support of this Finding, Applicant submitted information as Tab 12 to its Application regarding the industry standard for the number of jobs for a project with qualified property of this size and type. Applicant states that a project of the size and type described in the Application will require less than twenty-five (25) permanent jobs. Applicant reports in Tab 12 that solar projects create a large number of full-time, temporary jobs during the construction phase (1st year), but require a small number of

highly skilled technicians to operate the solar project once construction operations end and commercial operations begin. Applicant further reports that hiring one (1) full-time employee for each 100 MW of project capacity is the industry standard, and that it has committed to creating 4 full-time positions for its 400 MW utility-scale solar energy Project. A copy of Tab 12 submitted with the Application is attached hereto as Attachment J. *See also* Attachment A, §14 of Tab 1 and Tab 8. This number of jobs is consistent with industry standards and other limitation agreement applications previously certified by the Texas Comptroller of Public Accounts.

Board Finding Number 4.

The Applicant will create four (4) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) pay an annual wage of \$40,800.00 (\$785¹ per week), an amount equal to at least 110% of the Regional average weekly wage for manufacturing jobs as defined under §313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.

See Attachments A, D and J.

Board Finding Number 5.

The Applicant does not intend to create any non-qualifying jobs.

In its application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$710² per week, which exceeds the average weekly wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). *See* Attachments A and D.

Board Finding Number 6.

The ability of the Applicant to locate the proposed renewable energy facility in another state or another region of this state is significant because of the highly competitive marketplace for electricity and economic development. Therefore, the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and United ISD.

See Attachment C.

¹ The Comptroller's Analysis rounds this figure up to the nearest dollar; the weekly wage in Corazon Energy's application, Tab 1, §14#7.c, provides for a weekly wage of \$784.55.

² The Comptroller's Analysis increases this figure from the average weekly wage of \$709.00, which is the actual average weekly wage for all jobs in the County, stated in Corazon Energy's application, Tab 1, §14#7.a.

In support of Finding Number 6, the Comptroller's Certificate states, "[t]he Comptroller has determined that the limitation on appraised value is a determining factor in the Corazon Energy, LLC's decision to invest capital and construct the project in this state." See Attachment C. The Economic Impact Analysis further states:

- Per BayWa. [Corazon Energy, LLC] in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. "In light of its global scope, BayWa has many opportunities to invest its capital in other alternate locations in the United States and internationally. Current U.S. locations under consideration are in California, Kentucky, North Carolina, Illinois, Utah and Georgia. A key consideration for choosing to invest in this project is the projected return on capital, which will be materially impacted by securing the Texas 313 Value Limitation Agreement."

See Attachment D and Supporting Information (at attachment C thereto).

Board Finding Number 7.

The proposed limitation on appraised value for the qualified property is \$100,000,000.

The Comptroller's Minimum School District Limitation Values Report, effective as of January 1, 2019, provides that the District is a Subchapter B, Category 1 District under Texas Tax Code §313.022, with a minimum limitation of \$100,000,000. See Attachments A and D.

Board Finding Number 8.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long term, with special reference to revenues used for supporting school district debt.

In support of this Finding, the analysis prepared by Moak, Casey & Associates indicates that the Project would add an estimated \$303,214,650 to the tax base for debt service purposes at the peak investment level for the 2022-23 school year (tax year 2022). See Table 5, Attachment E. The Project remains fully taxable for debt services taxes, with United ISD currently levying a \$0.2117 per \$100 I&S rate. See Attachment E, p. 8 and Table 6. As a result, local taxpayers could see modest benefits from the addition of the Corazon Energy project to the local I&S tax roll, especially in the early years of the project. See Attachment E, p. 8 and Table 6. In addition, the estimated potential revenue gains from Supplemental Payments as provided for in the proposed Agreement are estimated to be \$3,471,851. See Estimated Financial Impact Table dated May 29, 2020, at the last page of Attachment E, and Attachment H (Article VI).

Board Finding Number 9.

Applicant's project, based on the District's enrollment and the potential number of new jobs reported by Applicant, is not expected to have a significant impact on the District's instructional facility needs. United ISD can accommodate the student growth anticipated from Applicant's project with its existing facilities.

See TEA's Facilities Impact Review Letter at Attachment F.

Board Finding Number 10.

The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table 5 of Attachment E (column labeled "Taxes after Value Limit"), and the total amount of M&O taxes that would be imposed on the qualified property with the limitation on appraised valued is estimated to be \$12,383,839.

Board Finding Number 11.

The projected dollar amount of the maintenance and operations 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, based on the further depreciations of investment provided by Applicant, is shown in Table 5 of Attachment E (column labeled "Taxes before Value Limit"), and the total amount of M&O taxes that would be imposed on the qualified property without the limitation on appraised valued is estimated to be \$20,414,113.

Board Finding Number 12.

Based upon the Applicant's certification that the Application is true and correct, the Comptroller's Economic Impact Analysis, the Comptroller's Certificate Decision, and the consultants' review of these and other documents, the Board has determined that the information provided by the Applicant in its Application was true and correct when submitted.

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's

representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. A Chapter 313 application is a governmental record under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an “official proceeding,” a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

Board Finding Number 13.

The Applicant (Taxpayer Id. 32051577594) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on the Comptroller's acknowledgment that Applicant's right to transact business in Texas is active as a franchise-tax paying entity subject to taxes imposed by Chapter 171 of the Texas Tax Code.

See Attachments A, B and C.

Board Finding Number 14.

The project will be located within an area currently designated as a reinvestment zone established by Resolution of the United Independent School District's Board of Trustees dated November 20, 2019, pursuant to Chapters 312 and 313 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant's efforts to ensure that the area remains designated as a reinvestment zone for so long as the law allows.

See Attachment A (Tab 16).

Board Finding Number 15.

Per Applicant's certification in its Application, no existing improvements are located on the land and construction of Qualified Property has not begun on the project site.

See Attachment A (§7.2 of Tab 1, and Tab 10).

Board Finding Number 16.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all the requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.

In support of this Finding, and based on current school finance law and the information provided and certified by Applicant in its Application, the District's Financial Impact Analysis demonstrates that the District is projected to receive a revenue protection payment in tax year 2022 (school year 2022-23) in the estimated total amount of \$721,114. See Table 5 in Attachment E. Therefore, any potential negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See proposed Agreement, Article IV, at Attachment H, and Estimated Financial Impact Table 5 at Attachment E.

Board Finding Number 17.

The Board finds there are no conflicts of interest at the time of its consideration of the Agreement.

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees and the Superintendent have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it has taken appropriate action to ensure that all other applicable District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

Board Finding Number 18.

Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve Corazon Energy's Application and enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Board Finding Number 19.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller, as of January

2020, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 T.A.C. Chapter 9, Subchapter F.

See also Attachment I.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the United Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and (f) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the new jobs requirement pursuant to § 313.021(2)(A)(iv)(b) is hereby WAIVED in accordance with § 313.025(f-1); and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the United Independent School District, along with a copy of these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting and maintained in the permanent records of the United Independent School District Board of Trustees.

Dated this 16th day of June, 2020.

United Independent School District

By _____
Signature

Printed Name and Title

Attest:

By _____
Signature

Printed Name and Title

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED CORAZON
ENERGY, LLC PROJECT IN THE UNITED INDEPENDENT
SCHOOL DISTRICT
(PROJECT # 1441)**

PREPARED BY



**UPDATED
JUNE 2, 2020**

Executive Summary

Corazon Energy, LLC (Company) has requested that the United Independent School District (UISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to UISD on October 16, 2019, the Company plans to invest \$303.2 million in additional taxable value to construct a renewable solar energy electric generation facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Corazon Energy project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others, although few of these other types of projects have been the basis for Chapter 313 applications.

Under the provisions of Chapter 313, UISD may offer a minimum value limitation of \$100 million. This value limitation, under the proposed application, will begin in the 2022-23 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's updated school finance analysis is detailed in this report. This analysis incorporates to the fullest extent possible the changes approved in House Bill 3 as approved in 2019, the most significant school finance revisions in more than 30 years. It also includes updated property values for the 2019 tax year. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to UISD	\$721,114
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$7.3 million

Basis for the Finance Update

The initial financial study for the Corazon Energy, LLC project was prepared on January 10, 2020 to assist in the negotiations over an Agreement between UISD and the Company, after issuance of the Completeness Letter by the Comptroller's Office. Property value information was yet not available for the 2019 state figures used in these calculations. The 2019 preliminary state property value study under

consideration this spring reported a value increase for UISD greater than 11 percent over 2018.

In updating the school finance model for the Corazon Energy project prior to final Board consideration of the Application, the substantial increase in property values for UISD triggered additional state aid for the District under the transition aid formula in HB 3. With the higher property value in effect, the transition aid amount projected for the 2022-23 school year—the first limitation year under the Agreement—increased by \$1.4 million. (This amount is reflected in the differences shown in Table 4.)

In the January 10, 2020 report, the anticipated revenue protection payment for the project under current law was \$2.1 million. With the new property values in place, \$1.4 million of this amount is expected to be made up with state funds under the transition aid formula, with \$721,114 in the form of a revenue protection payment.

Between now and the first limitation year in 2022-23, changes in school finance law, taxable values and tax rates could affect the amounts owed under this provision. The good news for UISD is that the revenue protection language in Article IV of the Agreement affords the District full revenue protection against initial-year revenue losses.

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. A Completeness Letter was issued for this application on December 18, 2019.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. The Certificate for this project was issued on February 13, 2020.

After the Comptroller's certificate was received, the District's legal counsel contacted the school district to discuss the value limitation agreement and began negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, the District's legal counsel will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting.

How the 313 Agreement Interacts with Texas School Finance

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). Recapture costs are primarily a Tier I issue, although Tier II also can involve recapture costs for some school districts.

The basic allotment is now set at \$6,160 per weighted ADA (WADA) and is the basis for Tier I calculations. In the case of Tier II, the first eight cents of additional tax effort can be used to generate state aid of up to \$98.56 per WADA for what are known as "golden" pennies. Tax effort for golden pennies is not subject to recapture. Up to an additional nine cents may be levied to generate \$49.28 per WADA for what are known as "copper" pennies (generating half the revenue per WADA of the golden pennies).

Changes in the recapture calculation are an important part of HB 3, for those districts subject to recapture under the new law. Rather than being tied to property wealth exceeding an equalized wealth level per WADA, recapture is now defined as the amount of revenue collected in excess of a district's Tier I allotment, or for Tier II the amount of collections in excess of the entitlement provided for tax effort generating copper-penny level state aid. (Golden pennies are not subject to recapture.) The changes in the recapture methodology may affect the results of revenue protection payments relative to what was calculated when the equalized wealth level was used to determine the amount of recapture owed the state by school districts subject to recapture. It does not appear to be an issue for UISD, based on the calculations shown below.

Another significant school funding change is establishing current-year property values to determine state funding and recapture under the Foundation School Program. The traditional approach for the last 30 years has been to rely upon prior-year state property values as determined annually under the Comptroller's State Property Value Study (Section 403 of the Government Code). The change in House Bill 3 calls for using current-year property values as determined by the Comptroller's Property Value Study, without an explanation as to how the property value study is to be completed on a real-time basis.

While school district funding will now be determined based on current-year property values, House Bill 3 included language that addressed the property values to be used in determining calculating revenue protection payments under Chapter 313 agreements. This information is contained in Section 48.256(d), Education Code, as shown below:

- d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district

to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year [emphasis added].

Given the directive regarding the use of preceding-tax-year values to calculate revenue protection payments required under Chapter 313 agreements, the amounts collected are expected to be consistent with the patterns shown since these calculations were first calculated under the standard Chapter 313 agreement language, dating back to 2004. The most significant impact is typically in the first limitation year, although major value increases in project values in later limitation years may also trigger a revenue protection payment. The additional factor that may generate a variance with the traditional pattern of revenue protection amounts is the new methodology in the calculation of recapture, as noted previously.

The calculations shown below are based on the Section 48.256(d), Education Code directive to use preceding-tax-year property values to determine the revenue protection payment, if any, owed to the school district under the terms of the Chapter 313 Agreement between the Applicant and the School District. These calculations are to be made for each of the 10 limitation years under the terms of the Agreement. Chapter 313 will be subject to legislative renewal in 2021 and any changes made may impact these calculations moving forward.

(For more detailed information on the school finance funding system, please review the Texas Education Agency's (TEA) website. [The current information is expected to be updated as the details of House Bill 3 implementation are determined by TEA.](#)

The implementation of recent legislative action on school funding in House Bill 3 could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment is now set to \$6,160, the Tier II golden penny yield is set to \$98.56 per WADA for up to eight cents, while the copper penny yield is \$49.28 per WADA for up to nine cents of local tax effort. These are maintained for future years at this time.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313 projects are also factored into the M&O tax bases used.

ADA:	40,410
Local M&O Tax Base	\$19.1 billion
2019-20 M&O Tax Rate:	\$0.9700 per \$100 of Taxable Value

2020-21 Projected M&O Tax Rate: \$0.9565 per \$100 of Taxable Value
 I&S Tax Rate: \$0.2117 per \$100 of Taxable Value

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Table 1 - Base District Information with Corazon Energy Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	Sec. 48.256(d) District Revenue Protection District Property Value with Project	Sec. 48.256(d) District Revenue Protection District Property Value with Limitation	DPV Value with Project per WADA	DPV Value with Limitation per WADA
QTP0	2020-21	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,526,700,586	\$19,526,700,586	\$349,943	\$349,943
QTP1	2021-22	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,526,700,586	\$19,526,700,586	\$349,943	\$349,943
QTP2/VL1	2022-23	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,526,700,586	\$19,526,700,586	\$349,943	\$349,943
VL2	2023-24	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,829,915,236	\$19,626,700,586	\$355,377	\$351,735
VL3	2024-25	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,805,646,546	\$19,626,700,586	\$354,942	\$351,735
VL4	2025-26	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,779,459,771	\$19,626,700,586	\$354,473	\$351,735
VL5	2026-27	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,751,159,821	\$19,626,700,586	\$353,966	\$351,735
VL6	2027-28	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,720,616,636	\$19,626,700,586	\$353,418	\$351,735
VL7	2028-29	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,687,635,126	\$19,626,700,586	\$352,827	\$351,735
VL8	2029-30	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,652,020,201	\$19,626,700,586	\$352,189	\$351,735
VL9	2030-31	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,613,544,256	\$19,613,544,256	\$351,500	\$351,500
VL10	2031-32	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,592,138,886	\$19,592,138,886	\$351,116	\$351,116
VP1	2032-33	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,592,128,686	\$19,592,128,686	\$351,116	\$351,116
VP2	2033-34	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,592,118,686	\$19,592,118,686	\$351,116	\$351,116
VP3	2034-35	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,592,108,986	\$19,592,108,986	\$351,115	\$351,115
VP4	2035-36	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,592,099,486	\$19,592,099,486	\$351,115	\$351,115
VP5	2036-37	40,409.81	55,799.62	\$0.9565	\$0.2288	\$19,592,090,286	\$19,592,090,286	\$351,115	\$351,115

*Basic Allotment: \$6,160; Golden Penny Yield: \$98.56; Copper Penny Yield: \$49.28

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact of the Corazon Energy Project on UISD

A model is established to make a calculation of the "Baseline Revenue Model" (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the "Value Limitation Revenue Model" (Table 3) by adding the project's limited value of \$100 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$721,114 over the course of the Agreement, with all the loss reflected in the first limitation year (2022-23). As noted above, state transition aid is expected to increase by \$1.4 million to offset two-thirds of the revenue loss to the District. (This amount is reflected for the 2022-23 school year in the differences shown in Table 4.)

Table 2- "Baseline Revenue Model" --Project Value Added to DPV with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (Includes HH Funds)	Total General Fund
QTP0	2020-21	\$172,451,652	\$172,582,903	\$0	\$7,526,546	\$13,655,721	\$0	\$2,391,443	\$368,608,265
QTP1	2021-22	\$172,451,652	\$172,582,903	\$0	\$7,526,546	\$13,655,721	\$0	\$2,391,443	\$368,608,265
QTP2/VL1	2022-23	\$175,212,279	\$172,582,903	\$0	\$7,647,032	\$13,904,007	\$0	-\$16,964	\$369,329,257
VL2	2023-24	\$174,989,857	\$169,803,946	\$0	\$7,637,324	\$13,538,984	\$0	\$2,637,909	\$368,608,020
VL3	2024-25	\$174,749,856	\$170,026,368	\$0	\$7,626,849	\$13,548,327	\$0	-\$16,919	\$365,934,481
VL4	2025-26	\$174,490,487	\$170,266,369	\$0	\$7,615,529	\$13,558,409	\$0	-\$16,894	\$365,913,900
VL5	2026-27	\$174,210,560	\$170,525,738	\$0	\$7,603,312	\$13,569,304	\$0	-\$16,868	\$365,892,048
VL6	2027-28	\$173,908,285	\$170,805,666	\$0	\$7,590,120	\$13,581,064	\$0	-\$16,839	\$365,868,296
VL7	2028-29	\$173,581,874	\$171,107,941	\$0	\$7,575,874	\$13,593,761	\$0	-\$16,807	\$365,842,643
VL8	2029-30	\$173,231,655	\$171,434,351	\$0	\$7,560,588	\$13,607,473	\$0	-\$16,773	\$365,817,294
VL9	2030-31	\$173,039,398	\$171,786,982	\$0	\$7,552,198	\$13,622,286	\$0	-\$16,754	\$365,984,110
VL10	2031-32	\$173,039,307	\$171,983,162	\$0	\$7,552,194	\$13,630,528	\$0	-\$16,754	\$366,188,437
VP1	2032-33	\$173,039,217	\$171,983,255	\$0	\$7,552,190	\$13,630,531	\$0	-\$16,754	\$366,188,439
VP2	2033-34	\$173,039,130	\$171,983,347	\$0	\$7,552,186	\$13,630,535	\$0	-\$16,754	\$366,188,444
VP3	2034-35	\$173,039,045	\$171,983,436	\$0	\$7,552,182	\$13,630,539	\$0	-\$16,754	\$366,188,448
VP4	2035-36	\$173,038,962	\$171,983,523	\$0	\$7,552,179	\$13,630,543	\$0	-\$16,754	\$366,188,453
VP5	2036-37	\$173,038,881	\$171,983,607	\$0	\$7,552,175	\$13,630,546	\$0	-\$16,754	\$366,188,455

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Table 3- "Value Limitation Revenue Model" --Project Value Added to DPV with Value Limitation in Effect

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (Includes HH Funds)	Total General Fund
QTP0	2020-21	\$172,451,652	\$172,582,903	\$0	\$7,526,546	\$13,655,721	\$0	\$2,391,443	\$368,608,265
QTP1	2021-22	\$172,451,652	\$172,582,903	\$0	\$7,526,546	\$13,655,721	\$0	\$2,391,443	\$368,608,265
QTP2/VL1	2022-23	\$173,349,821	\$172,582,903	\$0	\$7,565,746	\$13,726,660	\$0	\$1,383,013	\$368,608,143
VL2	2023-24	\$173,349,821	\$171,666,405	\$0	\$7,565,746	\$13,617,221	\$0	\$2,408,954	\$368,608,147
VL3	2024-25	\$173,349,821	\$171,666,405	\$0	\$7,565,746	\$13,617,221	\$0	-\$16,811	\$366,182,382
VL4	2025-26	\$173,349,821	\$171,666,405	\$0	\$7,565,746	\$13,617,221	\$0	-\$16,806	\$366,182,387
VL5	2026-27	\$173,349,821	\$171,666,405	\$0	\$7,565,746	\$13,617,221	\$0	-\$16,801	\$366,182,392
VL6	2027-28	\$173,349,821	\$171,666,405	\$0	\$7,565,746	\$13,617,221	\$0	-\$16,795	\$366,182,398
VL7	2028-29	\$173,349,821	\$171,666,405	\$0	\$7,565,746	\$13,617,221	\$0	-\$16,789	\$366,182,404
VL8	2029-30	\$173,231,655	\$171,666,405	\$0	\$7,560,588	\$13,617,221	\$0	-\$16,773	\$366,059,096
VL9	2030-31	\$173,039,398	\$171,786,982	\$0	\$7,552,198	\$13,622,286	\$0	-\$16,754	\$365,984,110
VL10	2031-32	\$173,039,307	\$171,983,162	\$0	\$7,552,194	\$13,630,528	\$0	-\$16,754	\$366,188,437
VP1	2032-33	\$173,039,217	\$171,983,255	\$0	\$7,552,190	\$13,630,531	\$0	-\$16,754	\$366,188,439
VP2	2033-34	\$173,039,130	\$171,983,347	\$0	\$7,552,186	\$13,630,535	\$0	-\$16,754	\$366,188,444
VP3	2034-35	\$173,039,045	\$171,983,436	\$0	\$7,552,182	\$13,630,539	\$0	-\$16,754	\$366,188,448
VP4	2035-36	\$173,038,962	\$171,983,523	\$0	\$7,552,179	\$13,630,543	\$0	-\$16,754	\$366,188,453
VP5	2036-37	\$173,038,881	\$171,983,607	\$0	\$7,552,175	\$13,630,546	\$0	-\$16,754	\$366,188,455

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Table 4 – Value Limitation Revenue Model Less Baseline Revenue Model with No Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
QTP0	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2022-23	-\$1,862,458	\$0	\$0	-\$81,286	-\$177,347	\$0	\$1,399,977	-\$721,114
VL2	2023-24	-\$1,640,036	\$1,862,459	\$0	-\$71,578	\$78,237	\$0	-\$228,955	\$127
VL3	2024-25	-\$1,400,035	\$1,640,037	\$0	-\$61,103	\$68,894	\$0	\$108	\$247,901
VL4	2025-26	-\$1,140,666	\$1,400,036	\$0	-\$49,783	\$58,812	\$0	\$88	\$268,487
VL5	2026-27	-\$860,739	\$1,140,667	\$0	-\$37,566	\$47,917	\$0	\$67	\$290,346
VL6	2027-28	-\$558,464	\$860,739	\$0	-\$24,374	\$36,157	\$0	\$44	\$314,102
VL7	2028-29	-\$232,053	\$558,464	\$0	-\$10,128	\$23,460	\$0	\$18	\$339,761
VL8	2029-30	\$0	\$232,054	\$0	\$0	\$9,748	\$0	\$0	\$241,802
VL9	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VL10	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP1	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP2	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2036-37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$8.0 million over the life of the agreement. The UISD revenue losses are expected to total approximately \$721,114. The total potential net tax benefits (after hold-harmless payments are made) are estimated to total \$7.3 million, prior to any negotiations with Corazon Energy on supplemental payments. (See Table 5.)

It should be noted that a key element in the revenue-loss calculation appears to be linked to the retention of prior-year property values in the calculation of the revenue protection amount for the 2022-23 school year. Under the standard agreement, these calculations are based on whatever school finance and property tax laws are in effect each year. With a legislative session occurring in 2021, there could be changes made to current school finance law. While the District will still be protected against revenue losses, these calculations may be reduced below what we are projecting under what is now current law.

Table 5 - Estimated Financial Impact of the Corazon Energy Project Property Value Limitation Request Submitted to UISD at \$0.95650 per \$100 M&O Tax Rate

Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O with Limitation	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings to Company	School District Revenue Protection	Estimated Net Tax Benefits
QTP0	2020-21	\$0	\$0	\$0.95650	\$0	\$0	\$0	\$0	\$0
QTP1	2021-22	\$50,000,000	\$50,000,000	\$0.95650	\$478,249	\$478,249	\$0	\$0	\$0
QTP2/VL1	2022-23	\$303,214,650	\$100,000,000	\$0.95650	\$2,900,243	\$956,498	\$1,943,745	-\$721,114	\$1,222,631
VL2	2023-24	\$278,945,960	\$100,000,000	\$0.95650	\$2,668,113	\$956,498	\$1,711,615	\$0	\$1,711,615
VL3	2024-25	\$252,759,185	\$100,000,000	\$0.95650	\$2,417,637	\$956,498	\$1,461,139	\$0	\$1,461,139
VL4	2025-26	\$224,459,235	\$100,000,000	\$0.95650	\$2,146,949	\$956,498	\$1,190,450	\$0	\$1,190,450
VL5	2026-27	\$193,916,050	\$100,000,000	\$0.95650	\$1,854,804	\$956,498	\$898,305	\$0	\$898,305
VL6	2027-28	\$160,934,540	\$100,000,000	\$0.95650	\$1,539,336	\$956,498	\$582,838	\$0	\$582,838
VL7	2028-29	\$125,319,815	\$100,000,000	\$0.95650	\$1,198,680	\$956,498	\$242,182	\$0	\$242,182
VL8	2029-30	\$86,843,670	\$86,843,670	\$0.95650	\$830,658	\$830,658	\$0	\$0	\$0
VL9	2030-31	\$65,438,300	\$65,438,300	\$0.95650	\$625,916	\$625,916	\$0	\$0	\$0
VL10	2031-32	\$65,428,100	\$65,428,100	\$0.95650	\$625,819	\$625,819	\$0	\$0	\$0
VP1	2032-33	\$65,418,100	\$65,418,100	\$0.95650	\$625,723	\$625,723	\$0	\$0	\$0
VP2	2033-34	\$65,408,400	\$65,408,400	\$0.95650	\$625,630	\$625,630	\$0	\$0	\$0
VP3	2034-35	\$65,398,900	\$65,398,900	\$0.95650	\$625,539	\$625,539	\$0	\$0	\$0
VP4	2035-36	\$65,389,700	\$65,389,700	\$0.95650	\$625,451	\$625,451	\$0	\$0	\$0
VP5	2036-37	\$65,380,700	\$65,380,700	\$0.95650	\$625,365	\$625,365	\$0	\$0	\$0
					\$20,414,113	\$12,383,839	\$8,030,274	-\$721,114	\$7,309,160

QTP= Qualifying Time Period
 VL= Value Limitation
 VP= Viable Presence

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations, which could be significant under HB 3.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with UISD currently levying a \$0.2117 per \$100 I&S rate. As shown in the Table 6 below, local taxpayers could see modest benefits from the addition of the Corazon Energy project to the local I&S tax roll, especially in the early years of the project. Due to its property wealth per ADA prior to consideration of the project, UISD is no longer eligible for state facilities funding under the Existing Debt Allotment (EDA) or the Instructional Facilities Allotment (IFA). This makes local I&S tax base growth important to the District's finances.

The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Table 6 - Estimated Impact of the Corazon Energy Project Property Value Limitation Request on UISD I&S Tax Rate

Year of Agreement	School Year	I&S Rate w/out Project	Local Value w/out Project	I&S Taxes w/out Project	Project Full Taxable Value	I&S Rate with Project Value	Change in I&S Rate
QTP0	2020-21	\$0.2117	\$19,138,339,105	\$43,796,175	\$0	\$0.228840	\$0.0000
QTP1	2021-22	\$0.2117	\$19,138,339,105	\$43,796,175	\$50,000,000	\$0.228244	-\$0.0006
QTP2/VL1	2022-23	\$0.2117	\$19,138,339,105	\$43,796,175	\$303,214,650	\$0.225271	-\$0.0036
VL2	2023-24	\$0.2117	\$19,138,339,105	\$43,796,175	\$278,945,960	\$0.225553	-\$0.0033
VL3	2024-25	\$0.2117	\$19,138,339,105	\$43,796,175	\$252,759,185	\$0.225857	-\$0.0030
VL4	2025-26	\$0.2117	\$19,138,339,105	\$43,796,175	\$224,459,235	\$0.226187	-\$0.0027
VL5	2026-27	\$0.2117	\$19,138,339,105	\$43,796,175	\$193,916,050	\$0.226545	-\$0.0023
VL6	2027-28	\$0.2117	\$19,138,339,105	\$43,796,175	\$160,934,540	\$0.226932	-\$0.0019
VL7	2028-29	\$0.2117	\$19,138,339,105	\$43,796,175	\$125,319,615	\$0.227351	-\$0.0015
VL8	2029-30	\$0.2117	\$19,138,339,105	\$43,796,175	\$86,843,670	\$0.227806	-\$0.0010
VL9	2030-31	\$0.2117	\$19,138,339,105	\$43,796,175	\$65,438,300	\$0.228060	-\$0.0008
VL10	2031-32	\$0.2117	\$19,138,339,105	\$43,796,175	\$65,428,100	\$0.228060	-\$0.0008
VP1	2032-33	\$0.2117	\$19,138,339,105	\$43,796,175	\$65,418,100	\$0.228060	-\$0.0008
VP2	2033-34	\$0.2117	\$19,138,339,105	\$43,796,175	\$65,408,400	\$0.228061	-\$0.0008
VP3	2034-35	\$0.2117	\$19,138,339,105	\$43,796,175	\$65,398,900	\$0.228061	-\$0.0008
VP4	2035-36	\$0.2117	\$19,138,339,105	\$43,796,175	\$65,389,700	\$0.228061	-\$0.0008
VP5	2036-37	\$0.2117	\$19,138,339,105	\$43,796,175	\$65,380,700	\$0.228061	-\$0.0008



TEXAS SCHOOL FINANCE EXPERTS

Estimated Financial Impact of the #1441 - Corazon Energy, LLC Chapter 313 Property Value Limitation Request Submitted to United ISD With 2019 Property Values

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O With Limitation	Assumed M&O Tax Rate	Tax Savings To Company	Article IV Estimated Revenue Protection Payment	Estimated Net Tax Benefits	PROPOSED Article VI Supplemental Benefit (47.5%)	Potential Company Tax Benefit
QTPO	2020-21	\$0	\$0	\$0.95650	\$0	\$0	\$0	\$0	\$0
QTP1	2021-22	\$50,000,000	\$50,000,000	\$0.95650	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2022-23	\$303,214,650	\$100,000,000	\$0.95650	\$1,943,745	-\$721,114	\$1,222,631	\$580,750	\$641,881
VL2	2023-24	\$278,945,980	\$100,000,000	\$0.95650	\$1,711,815	\$0	\$1,711,815	\$813,017	\$898,598
VL3	2024-25	\$252,759,185	\$100,000,000	\$0.95650	\$1,461,139	\$0	\$1,461,139	\$694,041	\$767,098
VL4	2025-26	\$224,459,235	\$100,000,000	\$0.95650	\$1,190,450	\$0	\$1,190,450	\$565,464	\$624,986
VL5	2026-27	\$193,916,050	\$100,000,000	\$0.95650	\$898,305	\$0	\$898,305	\$426,695	\$471,610
VL6	2027-28	\$160,934,540	\$100,000,000	\$0.95650	\$582,838	\$0	\$582,838	\$276,848	\$305,990
VL7	2028-29	\$125,319,615	\$100,000,000	\$0.95650	\$242,182	\$0	\$242,182	\$115,036	\$127,145
VL8	2029-30	\$86,843,670	\$86,843,670	\$0.95650	\$0	\$0	\$0	\$0	\$0
VL9	2030-31	\$65,438,300	\$65,438,300	\$0.95650	\$0	\$0	\$0	\$0	\$0
VL10	2031-32	\$65,428,100	\$65,428,100	\$0.95650	\$0	\$0	\$0	\$0	\$0
VP1	2032-33	\$65,418,100	\$65,418,100	\$0.95650	\$0	\$0	\$0	\$0	\$0
VP2	2033-34	\$65,408,400	\$65,408,400	\$0.95650	\$0	\$0	\$0	\$0	\$0
VP3	2034-35	\$65,398,900	\$65,398,900	\$0.95650	\$0	\$0	\$0	\$0	\$0
VP4	2035-36	\$65,389,700	\$65,389,700	\$0.95650	\$0	\$0	\$0	\$0	\$0
VP5	2036-37	\$65,380,700	\$65,380,700	\$0.95650	\$0	\$0	\$0	\$0	\$0
					\$8,030,274	-\$721,114	\$7,309,160	\$3,471,851	\$3,837,309

QTP = Qualifying Time Period
VL = Value Limitation

Fully Taxable for I&S

Loss of M&O taxes plus Tier II state aid would have earned on those

Actual Amount and when paid is negotiated during Agreement process

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this table.