

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

March 5, 2021

Cheryl Burns  
Smithville Independent School District  
901 NE 6<sup>th</sup> Street  
PO Box 479  
Smithville, Texas 78957

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Smithville Independent School District and Big Star Solar, LLC, Application 1531

Dear Superintendent Burns:

On December 10, 2020, the Comptroller issued written notice that Big Star Solar, LLC (applicant) submitted a completed application (Application 1531) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on September 21, 2020, to the Smithville Independent School District (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.

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<sup>1</sup> All Statutory references are to the Texas Tax Code, unless otherwise noted.

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 1531.

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.

**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'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.

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, 2021.

Note that any building or improvement existing as of the application review start date of December 10, 2020, 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 Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:  
  
11EA6DEF0EC441E...

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Big Star Solar, LLC (project) applying to Smithville Independent School District (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 Big Star Solar, LLC.

Applicant	Big Star Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Smithville ISD
2018-2019 Average Daily Attendance	1,671
County	Bastrop
Proposed Total Investment in District	\$207,621,847
Proposed Qualified Investment	\$207,621,847
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2022-2023
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,098
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	1,098
Minimum annual wage committed to by applicant for qualified jobs	\$57,086
Minimum weekly wage required for non-qualifying jobs	\$790
Minimum annual wage required for non-qualifying jobs	\$41,093
Investment per Qualifying Job	\$103,810,924
Estimated M&O levy without any limit (15 years)	\$14,605,383
Estimated M&O levy with Limitation (15 years)	\$4,376,257
Estimated gross M&O tax benefit (15 years)	\$10,229,126

\* 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 Big Star Solar, LLC (modeled).

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	250	230	480	\$14,271,400	\$20,148,600	\$34,420,000	1660000	-910000	\$2,570,000
2022	2	12	13.67	\$114,171	\$3,665,829	\$3,780,000	110000	310000	-\$200,000
2023	2	6	8	\$114,171	\$2,575,829	\$2,690,000	150000	320000	-\$170,000
2024	2	(0)	2	\$114,171	\$1,475,829	\$1,590,000	190000	300000	-\$110,000
2025	2	6	8	\$114,171	\$1,345,829	\$1,460,000	180000	290000	-\$110,000
2026	2	2	4	\$114,171	\$985,829	\$1,100,000	190000	270000	-\$80,000
2027	2	6	8	\$114,171	\$1,345,829	\$1,460,000	210000	260000	-\$50,000
2028	2	6	8	\$114,171	\$1,345,829	\$1,460,000	220000	260000	-\$40,000
2029	2	4	6	\$114,171	\$1,105,829	\$1,220,000	230000	260000	-\$30,000
2030	2	6	8	\$114,171	\$865,829	\$980,000	220000	250000	-\$30,000
2031	2	4	6	\$114,171	\$1,105,829	\$1,220,000	210000	250000	-\$40,000
2032	2	10	12	\$114,171	\$1,105,829	\$1,220,000	200000	240000	-\$40,000
2033	2	8	10	\$114,171	\$865,829	\$980,000	190000	210000	-\$20,000
2034	2	8	10	\$114,171	\$1,105,829	\$1,220,000	180000	190000	-\$10,000
2035	2	8	10	\$114,171	\$865,829	\$980,000	140000	180000	-\$40,000
2036	2	10	12	\$114,171	\$1,105,829	\$1,220,000	160000	130000	\$30,000

Source: CPA REMI, Big Star Solar, LLC

**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*	Smithville ISD I&S Tax Levy	Smithville ISD M&O Tax Levy	Smithville ISD M&O and I&S Tax Levies	Bastrop County Tax Levy	Emer. Svcs Dist. #1 Tax Levy	Estimated Total Property Taxes
			<b>0.2800</b>	<b>0.2800</b>	<b>1.0683</b>		<b>0.5699</b>	<b>0.1000</b>	
2021	\$500,000	\$500,000		\$1,400	\$5,342	\$6,742	\$2,850	\$500	\$10,091
2022	\$190,458,990	\$190,458,990		\$533,285	\$2,034,673	\$2,567,959	\$1,085,426	\$190,459	\$3,843,843
2023	\$173,834,242	\$173,834,242		\$486,736	\$1,857,071	\$2,343,807	\$990,681	\$173,834	\$3,508,323
2024	\$157,209,494	\$157,209,494		\$440,187	\$1,679,469	\$2,119,656	\$895,937	\$157,209	\$3,172,802
2025	\$140,584,747	\$140,584,747		\$393,637	\$1,501,867	\$1,895,504	\$801,192	\$140,585	\$2,837,281
2026	\$123,959,999	\$123,959,999		\$347,088	\$1,324,265	\$1,671,353	\$706,448	\$123,960	\$2,501,761
2027	\$107,335,251	\$107,335,251		\$300,539	\$1,146,662	\$1,447,201	\$611,704	\$107,335	\$2,166,240
2028	\$90,710,503	\$90,710,503		\$253,989	\$969,060	\$1,223,050	\$516,959	\$90,711	\$1,830,719
2029	\$74,085,756	\$74,085,756		\$207,440	\$791,458	\$998,898	\$422,215	\$74,086	\$1,495,199
2030	\$57,461,008	\$57,461,008		\$160,891	\$613,856	\$774,747	\$327,470	\$57,461	\$1,159,678
2031	\$41,874,369	\$41,874,369		\$117,248	\$447,344	\$564,592	\$238,642	\$41,874	\$845,109
2032	\$41,859,369	\$41,859,369		\$117,206	\$447,184	\$564,390	\$238,557	\$41,859	\$844,806
2033	\$41,844,369	\$41,844,369		\$117,164	\$447,023	\$564,188	\$238,471	\$41,844	\$844,503
2034	\$41,829,369	\$41,829,369		\$117,122	\$446,863	\$563,985	\$238,386	\$41,829	\$844,200
2035	\$41,814,369	\$41,814,369		\$117,080	\$446,703	\$563,783	\$238,300	\$41,814	\$843,898
2036	\$41,799,369	\$41,799,369		\$117,038	\$446,543	\$563,581	\$238,215	\$41,799	\$843,595
			<b>Total</b>	<b>\$3,828,051</b>	<b>\$14,605,383</b>	<b>\$18,433,435</b>	<b>\$7,791,452</b>	<b>\$1,367,161</b>	<b>\$27,592,047</b>

Source: CPA, Big Star Solar, LLC

\*Tax Rate per \$100 Valuation

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

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		Smithville ISD I&S Tax Levy	Smithville ISD M&O Tax Levy	Smithville ISD M&O and I&S Tax Levies	Bastrop County Tax Levy	Emer. Svcs Dist. #1 Tax Levy	Estimated Total Property Taxes
			<b>Tax Rate*</b>	<b>0.2800</b>	<b>1.0683</b>		<b>0.5699</b>	<b>0.1000</b>	
2021	\$500,000	\$500,000		\$1,400	\$5,342	\$6,742	\$2,850	\$500	\$10,091
2022	\$190,458,990	\$20,000,000		\$533,285	\$213,660	\$746,945	\$1,085,426	\$190,459	\$2,022,830
2023	\$173,834,242	\$20,000,000		\$486,736	\$213,660	\$700,396	\$990,681	\$173,834	\$1,864,911
2024	\$157,209,494	\$20,000,000		\$440,187	\$213,660	\$653,847	\$895,937	\$157,209	\$1,706,993
2025	\$140,584,747	\$20,000,000		\$393,637	\$213,660	\$607,297	\$801,192	\$140,585	\$1,549,075
2026	\$123,959,999	\$20,000,000		\$347,088	\$213,660	\$560,748	\$706,448	\$123,960	\$1,391,156
2027	\$107,335,251	\$20,000,000		\$300,539	\$213,660	\$514,199	\$611,704	\$107,335	\$1,233,238
2028	\$90,710,503	\$20,000,000		\$253,989	\$213,660	\$467,649	\$516,959	\$90,711	\$1,075,319
2029	\$74,085,756	\$20,000,000		\$207,440	\$213,660	\$421,100	\$422,215	\$74,086	\$917,401
2030	\$57,461,008	\$20,000,000		\$160,891	\$213,660	\$374,551	\$327,470	\$57,461	\$759,482
2031	\$41,874,369	\$20,000,000		\$117,248	\$213,660	\$330,908	\$238,642	\$41,874	\$611,425
2032	\$41,859,369	\$41,859,369		\$117,206	\$447,184	\$564,390	\$238,557	\$41,859	\$844,806
2033	\$41,844,369	\$41,844,369		\$117,164	\$447,023	\$564,188	\$238,471	\$41,844	\$844,503
2034	\$41,829,369	\$41,829,369		\$117,122	\$446,863	\$563,985	\$238,386	\$41,829	\$844,200
2035	\$41,814,369	\$41,814,369		\$117,080	\$446,703	\$563,783	\$238,300	\$41,814	\$843,898
2036	\$41,799,369	\$41,799,369		\$117,038	\$446,543	\$563,581	\$238,215	\$41,799	\$843,595
			<b>Total</b>	<b>\$3,828,051</b>	<b>\$4,376,257</b>	<b>\$8,204,309</b>	<b>\$7,791,452</b>	<b>\$1,367,161</b>	<b>\$17,362,922</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$10,229,126</b>	<b>\$10,229,126</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,229,126</b>
Assumes School Value Limitation and Tax Abatements with the County.									

Source: CPA, Big Star Solar, LLC

\*Tax Rate per \$100 Valuation

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

## Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Big Star Solar, 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 and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$5,342	\$5,342	\$0	\$0
<b>Limitation Period (10 Years)</b>	2022	\$213,660	\$219,002	\$1,821,013	\$1,821,013
	2023	\$213,660	\$432,662	\$1,643,411	\$3,464,425
	2024	\$213,660	\$646,322	\$1,465,809	\$4,930,234
	2025	\$213,660	\$859,982	\$1,288,207	\$6,218,440
	2026	\$213,660	\$1,073,642	\$1,110,605	\$7,329,045
	2027	\$213,660	\$1,287,302	\$933,002	\$8,262,048
	2028	\$213,660	\$1,500,962	\$755,400	\$9,017,448
	2029	\$213,660	\$1,714,622	\$577,798	\$9,595,246
	2030	\$213,660	\$1,928,282	\$400,196	\$9,995,442
	2031	\$213,660	\$2,141,942	\$233,684	\$10,229,126
<b>Maintain Viable Presence (5 Years)</b>	2032	\$447,184	\$2,589,125	\$0	\$10,229,126
	2033	\$447,023	\$3,036,149	\$0	\$10,229,126
	2034	\$446,863	\$3,483,012	\$0	\$10,229,126
	2035	\$446,703	\$3,929,715	\$0	\$10,229,126
	2036	\$446,543	\$4,376,257	\$0	\$10,229,126
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2037	\$446,382	\$4,822,640	\$0	\$10,229,126
	2038	\$446,222	\$5,268,862	\$0	\$10,229,126
	2039	\$446,062	\$5,714,924	\$0	\$10,229,126
	2040	\$445,902	\$6,160,825	\$0	\$10,229,126
	2041	\$445,741	\$6,606,567	\$0	\$10,229,126
	2042	\$445,581	\$7,052,148	\$0	\$10,229,126
	2043	\$445,421	\$7,497,569	\$0	\$10,229,126
	2044	\$445,261	\$7,942,830	\$0	\$10,229,126
	2045	\$445,100	\$8,387,930	\$0	\$10,229,126
	2046	\$445,100	\$8,833,031	\$0	\$10,229,126
		<b>\$8,833,031</b>	is less than	<b>\$10,229,126</b>	

**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?	No
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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, Big Star Solar, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	250	230	480	\$14,271,400	\$20,148,600	\$34,420,000	1660000	-910000	\$2,570,000
2022	2	12	13.67	\$114,171	\$3,665,829	\$3,780,000	110000	310000	-\$200,000
2023	2	6	8	\$114,171	\$2,575,829	\$2,690,000	150000	320000	-\$170,000
2024	2	(0)	2	\$114,171	\$1,475,829	\$1,590,000	190000	300000	-\$110,000
2025	2	6	8	\$114,171	\$1,345,829	\$1,460,000	180000	290000	-\$110,000
2026	2	2	4	\$114,171	\$985,829	\$1,100,000	190000	270000	-\$80,000
2027	2	6	8	\$114,171	\$1,345,829	\$1,460,000	210000	260000	-\$50,000
2028	2	6	8	\$114,171	\$1,345,829	\$1,460,000	220000	260000	-\$40,000
2029	2	4	6	\$114,171	\$1,105,829	\$1,220,000	230000	260000	-\$30,000
2030	2	6	8	\$114,171	\$865,829	\$980,000	220000	250000	-\$30,000
2031	2	4	6	\$114,171	\$1,105,829	\$1,220,000	210000	250000	-\$40,000
2032	2	10	12	\$114,171	\$1,105,829	\$1,220,000	200000	240000	-\$40,000
2033	2	8	10	\$114,171	\$865,829	\$980,000	190000	210000	-\$20,000
2034	2	8	10	\$114,171	\$1,105,829	\$1,220,000	180000	190000	-\$10,000
2035	2	8	10	\$114,171	\$865,829	\$980,000	140000	180000	-\$40,000
2036	2	10	12	\$114,171	\$1,105,829	\$1,220,000	160000	130000	\$30,000
2037	2	10	12	\$114,171	\$1,105,829	\$1,220,000	170000	120000	\$50,000
2038	2	8	10	\$114,171	\$1,105,829	\$1,220,000	170000	130000	\$40,000
2039	2	10	12	\$114,171	\$1,345,829	\$1,460,000	170000	100000	\$70,000
2040	2	10	12	\$114,171	\$1,345,829	\$1,460,000	150000	70000	\$80,000
2041	2	12	14	\$114,171	\$1,595,829	\$1,710,000	150000	50000	\$100,000
2042	2	8	10	\$114,171	\$1,595,829	\$1,710,000	120000	60000	\$60,000
2043	2	6	8	\$114,171	\$1,835,829	\$1,950,000	120000	70000	\$50,000
2044	2	2	4	\$114,171	\$1,345,829	\$1,460,000	90000	100000	-\$10,000
2045	2	4	6	\$114,171	\$865,829	\$980,000	60000	20000	\$40,000
2046	2	6	8	\$114,171	\$1,345,829	\$1,460,000	170000	70000	\$100,000
2047	2	12	14	\$114,171	\$2,815,829	\$2,930,000	260000	50000	\$210,000
2048	2	18	20	\$114,171	\$3,305,829	\$3,420,000	260000	60000	\$200,000
						<b>Total</b>	<b>\$6,330,000</b>	<b>\$3,710,000</b>	<b>\$2,620,000</b>
							<b>\$11,453,031</b>	is greater than	<b>\$10,229,126</b>

**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

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 BIG STAR SOLAR, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per RWE Renewables. in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “An appraised value limitation on qualified property allows developers to significantly diminish the property tax liability that composes a substantial ongoing cost of operation that directly impacts the economic rate of return for the project. In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed.”
  - B. “Applicant has entered into interconnection studies with the Transmission Service Provider who owns the 345kV Transmission line running across the project site. Applicant (or an affiliate of applicant) has also entered into lease and easement agreements with landowners to permit the installation and operation of the Project facilities. None of the agreements entered into by applicant commits applicant to construct the Project.”
  - C. “The Company is currently considering several other projects in Texas (Stephens County, Jack County, Bee County, Kenedy County, Willacy County, San Patricio County and several others), Oklahoma (Vici complex, Major), Kansas (two project sites), Indiana, Illinois, plus Canada. The Company has received tax incentives on several of these projects which significantly improve the financial viability of the investment. RWE has not built a project in Texas that did not have a Chapter 313 agreement, as it is crucial to exceeding the company financial hurdle. RWE recently sold a project that was unable to get a Chapter 313 agreement, as it was unable to meet the minimum financial hurdle.”
  - D. “Without a Chapter 313 agreement, this Project would probably not be built.”
- A September 29, 2020 *Austin American Statesman* article states “A \$200 million solar project proposed in rural Bastrop County is shopping for tax breaks from local jurisdictions, according to public records. The international renewable energy company RWE Renewables is looking to build a

solar facility south of Rosanky along Jeddo Road that would send 200 megawatts to the state grid. But the project can only go forward if developers receive tax breaks from local taxing districts, according to company filings. Earlier this year the company submitted a Chapter 313 application to the Smithville school board that asks the board to approve tax breaks if the project is realized.”

- The Project applied for interconnection with ERCOT on August 1, 2019 and has been assigned interconnection study ERCOT #21INR0413. The Project has not been known by any other names in public statements or in other public applications.

### **Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

**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 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.**

**SECTION 9: Projected Timeline**

**NOTE:** Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

1. Estimated school board ratification of final agreement December 31, 2020
2. Estimated commencement of construction March 2021
3. Beginning of qualifying time period (MM/DD/YYYY) January 1, 2022
4. First year of limitation (YYYY) January 1, 2022
  - 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
    - A. January 1 following the application date
    - B. January 1 following the end of QTP
    - C. January 1 following the commencement of commercial operations
5. Commencement of commercial operations April 2022

**SECTION 10: The Property**

1. County or counties in which the proposed project will be located Bastrop County (100%)
2. Central Appraisal District (CAD) that will be responsible for appraising the property Bastrop County CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property?  Yes  No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 

M&O (ISD): <u>Smithville, 1.0683; 100%</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Smithville, .28; 100%</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Bastrop County, .5699; 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Emer. Svcs. Dist.#1 .1 100%</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>

# **Supporting Information**

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

**BIG STAR SOLAR, LLC**  
**APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY**  
**TAB 5**

**LIMITATION AS A DETERMINATION FACTOR**

Throughout the United States the production of renewable energy has been increasing as the cost of these systems has decreased and technological advancements have improved efficiency. In 2019, Texas ranked in the top five states in installed solar energy capacity. The state's geographic positions and containment of several large population centers has made Texas a favorable location for renewable energy development.

Renewable energy developers face many challenges in the determination of project location--one of these factors being the selection of an area where the greatest return on investment can be achieved. There are several factors that contribute to Texas's favor ability for development, one however that does not is the state's notoriously high property tax burden--ranking in the top 10 across the United States.

An appraised value limitation on qualified property allows developers to significantly diminish the property tax liability that composes a substantial ongoing cost of operation that directly impacts the economic rate of return for the project. In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed.

Applicant has entered into interconnection studies with the Transmission Service Provider who owns the 345kV Transmission line running across the project site. Applicant (or an affiliate of applicant) has also entered into lease and easement agreements with landowners to permit the installation and operation of the Project facilities. None of the agreements entered into by applicant commits applicant to construct the Project.

The Company is currently considering several other projects in Texas (Stephens County, Jack County, Bee County, Kenedy County, Willacy County, San Patricio County and several others), Oklahoma (Vici complex, Major), Kansas (two project sites), Indiana, Illinois, plus Canada. The Company has received tax incentives on several of these projects which significantly improve the financial viability of the investment. RWE has not built a project in Texas that did not have a Chapter 313 agreement, as it is crucial to exceeding the company financial hurdle. RWE recently sold a project that was unable to get a Chapter 313 agreement, as it was unable to meet the minimum financial hurdle.

Without a Chapter 313 agreement, this Project would probably not be built.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

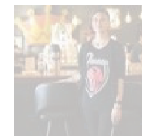


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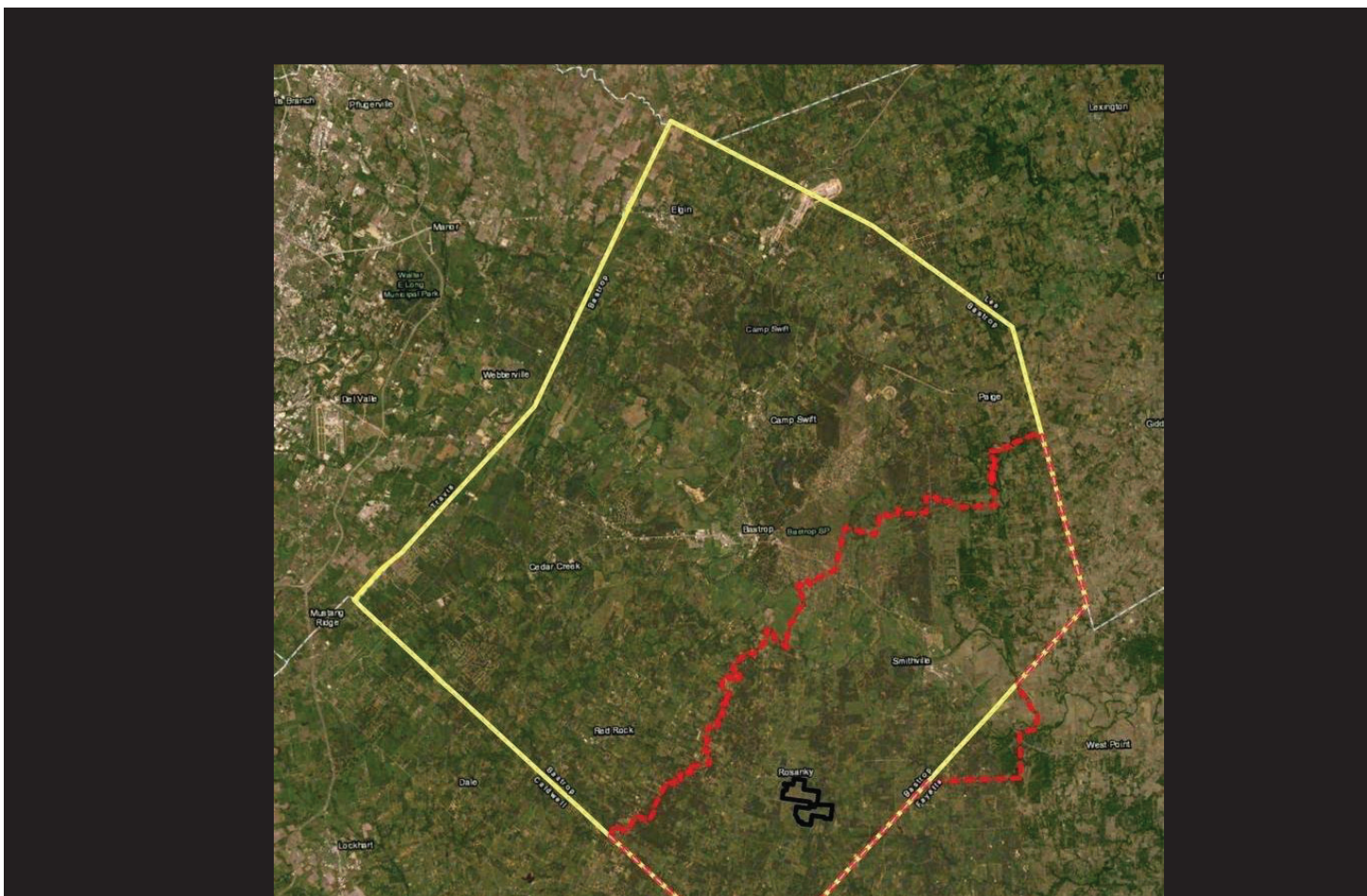
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## \$200M solar project shops for tax breaks in Bastrop County





By **Brandon Mulder**

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Posted Sep 29, 2020 at 2:00 PM



A \$200 million solar project proposed in rural Bastrop County is shopping for tax breaks from local jurisdictions, according to public records.

The international renewable energy company RWE Renewables is looking to build a solar facility south of Rosanky along Jeddo Road that would send 200 megawatts to the state grid. But the project can only go forward if developers receive tax breaks from local taxing districts, according to company filings.

Earlier this year the company submitted a [Chapter 313 application](#) to the Smithville school board that asks the board to approve tax breaks if the project is realized.

That application must be reviewed by the Texas Comptroller's Office before it can be approved by the school board. The school board on Sept. 23 voted to move forward with the application process after company representatives presented the project during the school board meeting last week.

RWE Renewables has developed several wind and solar projects across the globe, with more than 30 in Texas. According to a spokesperson, RWE Renewables plans to invest \$5.8 billion in renewable energy and to grow its renewables portfolio to 13 gigawatts of net capacity by the end of 2022.

Texas has become increasingly attractive to solar developers over the years due to the state's geographic position and large population centers. The state's only drawback, according to RWE Renewables, is its high tax burden.

“There are several factors that contribute to Texas's favorability for development, one however that does not is the state's notoriously high property tax burden — ranking in the top 10 across the United

States,” the company said in its Chapter 313 application to the school board.

RWE’s 30 wind and solar projects in Texas were made feasible through tax breaks from local school districts and other taxing entities, the company said.

“The company has received tax incentives on several of these projects which significantly improve the financial viability of the investment,” the company said. “RWE has not built a project in Texas that did not have a Chapter 313 agreement, as it is crucial to exceeding the company financial hurdle.”

The Chapter 313 application asks the school board to cap the taxable value of the solar facility at \$20 million for the first 10 years of the facility’s expected 35-year lifespan. Under the district’s proposed tax rate of \$1.31 per \$100 of property valuation for fiscal year 2020-21, the solar facility could generate about \$262,000 annually between 2022 and 2031 if the tax rate remains relatively unchanged each year.

Without a tax break from the school district, the company would pay \$2.6 million in 2022. But as the company notes in its application, “without a Chapter 313 agreement, this project would probably not be built.”

The tax break agreement would expire after 10 years. By 2032, the company estimates that the facility’s taxable value would drop to \$41.8 million. That value would generate roughly \$548,000 under the school district’s proposed tax rate for fiscal year 2020-21.

The company also has plans to ask for a tax incentive agreement with Bastrop County. Company representatives presented the project to the Bastrop County Commissioners Court on Monday.



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