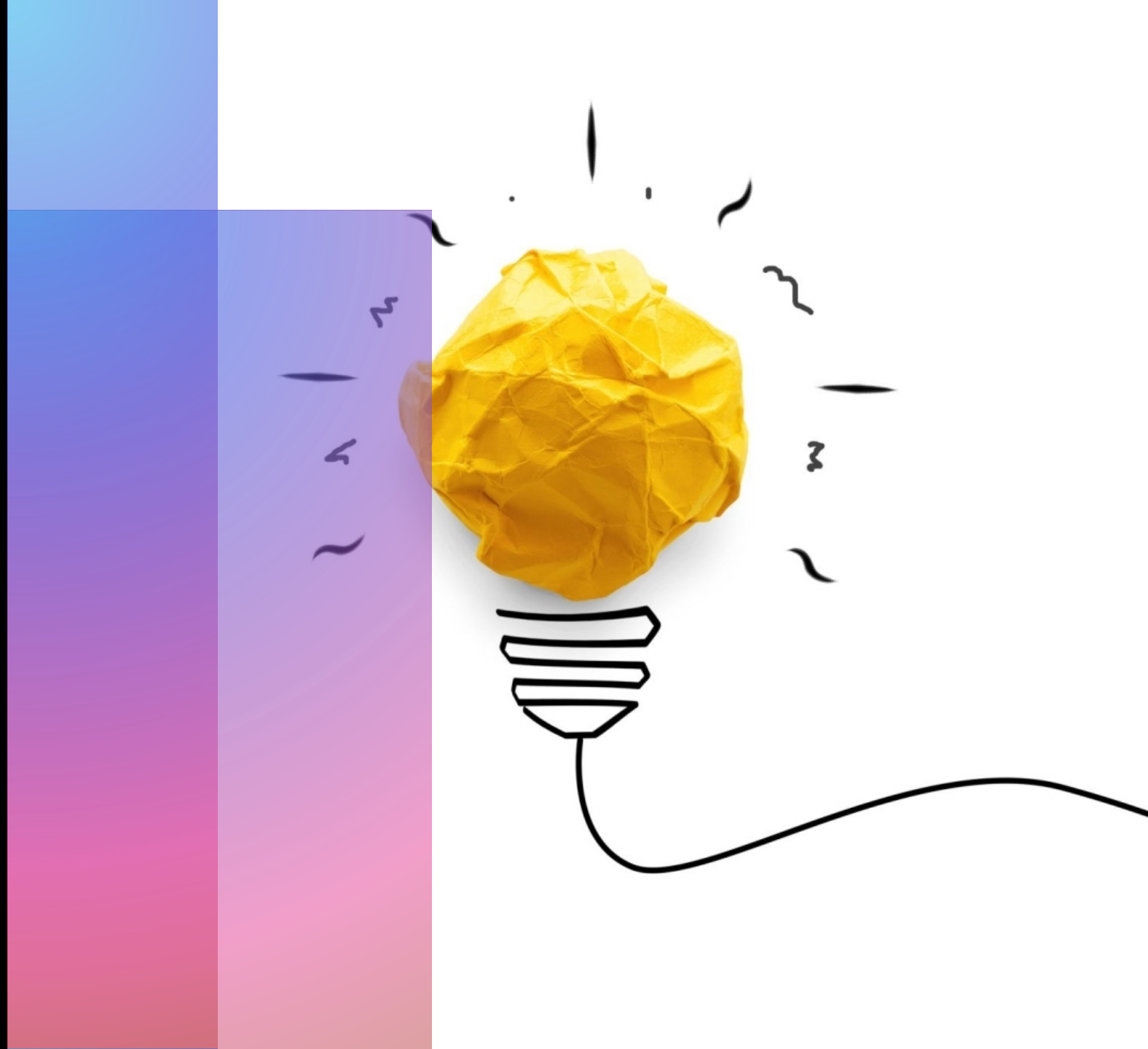


Erath County Solar Project

Application for Value
Limitation Agreement to
Stephenville ISD



Chapter 313 Texas Property Tax Code

- State property tax incentive to encourage certain forms of economic development in the State of Texas
 - Funded fully by the state
 - No loss of local school district funding
 - Available only if the project meets state criteria, including that the project pays more in local property tax over a 25-year period than the tax incentives the project received

Timeline

- Construction to begin in 2022
- Commercial Operation in 2024
- Total Market Value \$184,500,000
- Limited value of \$30,000,000 from 2024-2033 for M&O tax purposes
- Taxed at full assessed value for I&S tax purposes
- After ten years, the value will remain at \$37,000,000 for the lifetime of the project

Comptroller Certificate- Jobs

- Jobs created in construction phase will generate **\$49,000,000** in personal income for the workers
- After commercial operation begins, the project will generate **\$17,000,000** in personal income to those employed directly or indirectly from this project
- There will be a total of 2 qualifying permanent jobs paying \$53,000 per year; the applicant is seeking a waiver of the jobs requirement

I&S Taxes- Comptroller Certificate

- Stephenville ISD has \$74.0 Million in outstanding bonds
- At the current debt service I&S tax rate of \$.2828, this project will generate **\$3.746,093 Million** in I&S taxes to pay towards outstanding debt
- According to the Texas Municipal Reports, at a \$30,000,000 limited value, Erath County Solar will be the third largest taxpayer in the District

M&O Taxes- Comptroller Certificate

- Over the term of the Agreement, Erath county Solar will pay **\$4,912,204 Million** in school district taxes over term of the agreement
- Erath County Solar will pay a total of **\$13,733,439** in local property taxes to the county and local taxing authorities during the term of the 313 agreement if all incentives are approved

School Finance Report: Tax Savings and Agreement

- Over the course of the Agreement, the School Finance team estimates that the company will pay **\$5,194,701** in M&O taxes
- Over the course of the agreement, the company will recognize a tax savings of **\$4 Million**
- Under the proposed terms of agreement:
 - Erath County Solar would pay the District an estimated revenue protection payment of **\$1,405,023** in 2024-25
 - Erath County Solar would pay the District an estimated **\$1,873,507 Million** in supplemental payments over the course of the agreement

The Bottom Line

- Total Benefit to District
 - \$3,278,526 contractual benefit**
 - \$3,746,063 I&S revenue**
- Total M&O Tax Savings to Erath County Solar
 - \$4,007,087**

Next Steps

- If the Board wishes to proceed towards entering an agreement with Erath County Solar Project
 - Attorneys to provide form of agreement for negotiation
 - Comptroller must approve negotiated agreement
 - Board would meet again to adopt findings consistent with Chapter 313 and approve an agreement



Questions?