



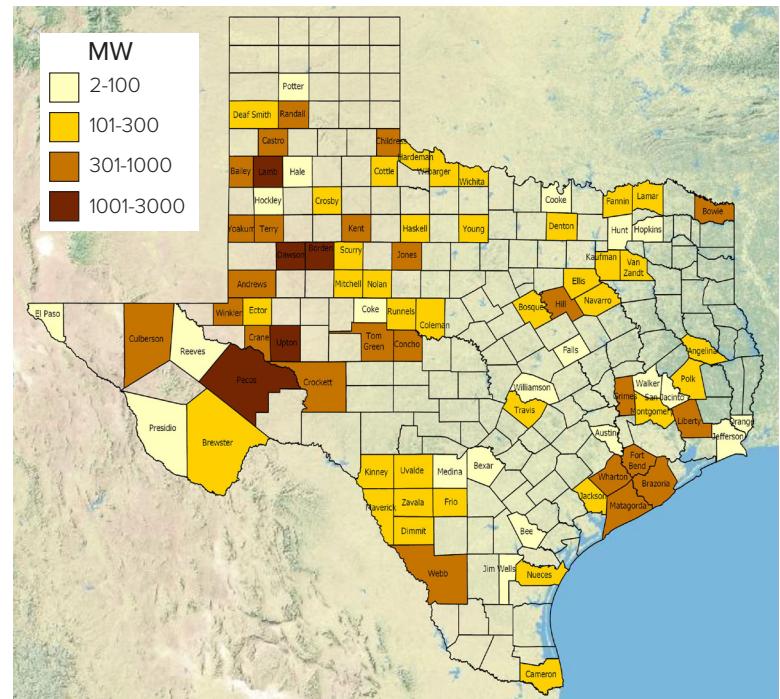
Chapter 312 is a critical tool for local governments to attract valuable solar investment. The legislature should extend the Chapter 312 tax program with solar projects remaining included so that investment continues in all areas of the state and ensures ERCOT grid reliability.

Solar provides valuable local investment, long-term tax payments, and grid security

Solar investments currently total approximately \$4.5 billion in rural and urban districts across the state. ERCOT projects that investment to grow to \$7.6 billion over the next 3 years, across the entire state – but only if solar continues to be included in the Chapter 312 tax program.

Further, ERCOT projects that solar will be the primary contributing resource to growing the state's buffer against blackouts. Solar power is expected to be the biggest source of new "on-peak" generation built over the next three years, which will boost low reserve margins and overall grid reliability.

The status quo is working: there are more than 43,000 MW of solar projects in development in the ERCOT region, representing over \$40 billion in potential investment. Extend 312 with solar included to ensure that investment occurs.



Texas Solar Development Pipeline

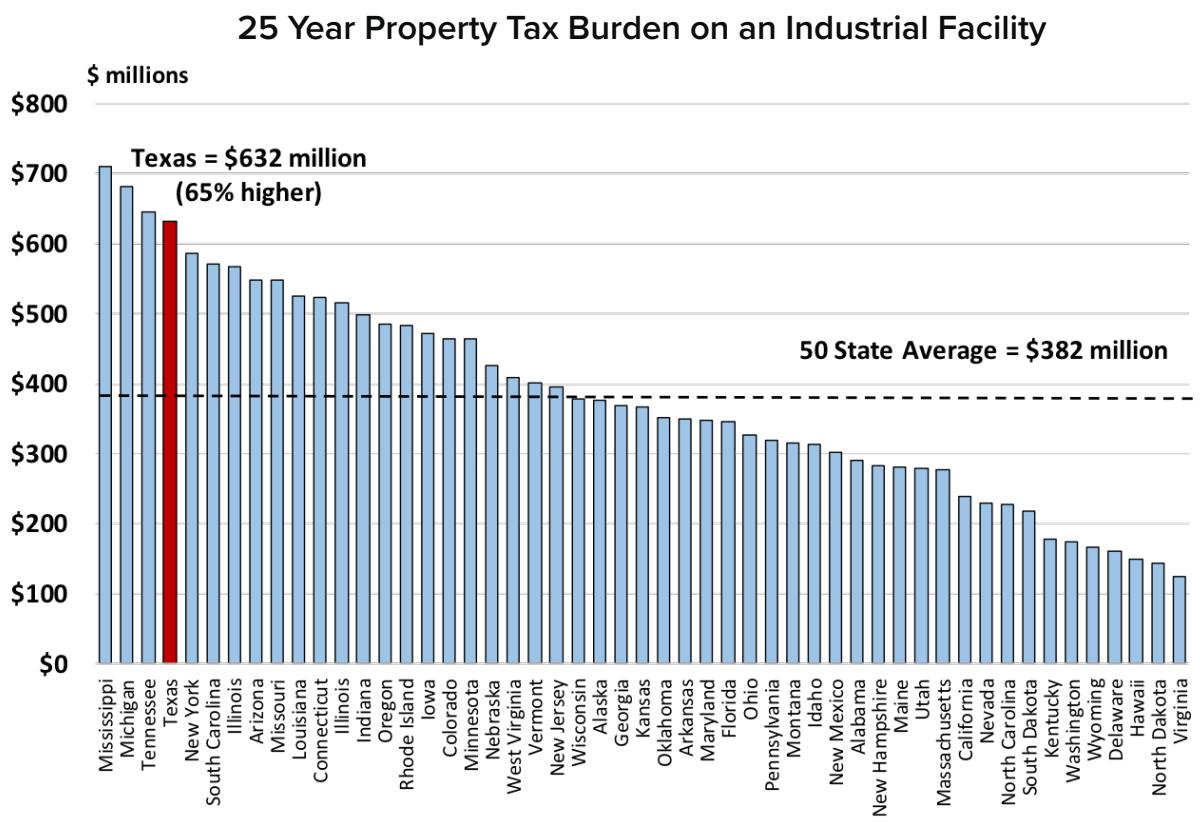
Data sources: ERCOT, SPP, MISO, EPE. Map includes projects online and those with executed interconnection agreements or under full study through October 2018

Tax payment impact: A \$100 million, 30-year solar project will typically receive a 60%-80% 10-year abatement on local government taxes through Chapter 312. In that scenario, the project will pay between \$1.2 million and \$2.4 million in local government taxes during the first 10 years and \$218,000/year for the remaining 20 years.

Photo courtesy of CPS Energy

Texas needs Chapter 312 to compete with other top solar states

Texas has a significantly higher property tax burden than other top states competing for solar project investment. Short-term abatements through Chapter 312 simply bring the property tax burden closer to the national average, giving Texas communities a chance to compete.



Source: TTARA, based on 50 State Property Tax Comparison Study by the Lincoln Land Institute

Top competitors for solar project investment:

California, North Carolina, Arizona, Nevada, Utah, Georgia, and Florida

Chapter 312 is an optional tool for local governments to attract investment with no state fiscal impact and multiple levels of transparent public approval

- ★ Local option for non-ISD taxing units (cities, counties, and special districts)
- ★ No State fiscal impact
- ★ No school district fiscal impact
- ★ Abatements extend no more than 10 years
- ★ Public notice and public hearing required
- ★ Designation of reinvestment zone by City ordinance or County order only
- ★ Approved only by a majority vote of the governing body of a taxing unit
- ★ Enables a diverse range of capital-intensive business investments: Manufacturing (38%), Industrial (30%), Energy (11%), Retail (7%)

Photo courtesy of CPS Energy