

Exhibit C

# Pflugerville tries to lure solar firms

**Pflugerville seeks zone to offer tax cuts**

**Premium content from Austin Business Journal - by Vicky Garza , Legislative Correspondent**

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Submitted Photo

This solar array at Nellis Air Force Base in Nevada generates 14 megawatts on 140 acres. Pflugerville's will generate 60 megawatts on 720 acres

A bill under consideration in the Texas Legislature would make it easier for renewable energy companies to obtain tax abatements.

House Bill 3254, authored by Rep. **Mark Strama**, D-Austin, would create a renewable energy investment zone in Pflugerville just north of Austin. Advocates of solar power see it as a big step toward making Texas a hub for solar research, development and manufacturing. The country's largest solar array is being built in Pflugerville by RRE Austin Solar LLC, and if HB 3254 passes, companies across the country may be further enticed to locate solar-related operations in the area, advocates said.

"Essentially, HB 3254 will streamline the process by which renewable energy companies may obtain tax abatements," said **Daven Mehta**, CEO of RRE Austin Solar. "It will encourage companies to relocate to Travis County, bringing research and development, manufacturing and assembly jobs to the greater Austin area."

There's been no mention of any other cities in Texas striving to create a state-authorized investment zone specifically for renewable energy companies.

But with plenty of open, sun-drenched land, Texas — which leads the nation in installed wind power capacity — is ripe for solar energy generation. Interest and investment in the state has been growing despite the lack of renewable energy incentives. But while the growth is good, it's not enough when compared to other states with a similar amount of solar resources, such as Nevada, Arizona, Florida and California, said supporters of the legislation, who hope it will be a catalyst that speeds the solar industry in the state.

“The current solar energy market in Texas is rather anemic,” said **Colin Meehan**, clean energy analyst at the Environmental Defense Fund. “In terms of solar resources, we're at least in the top five. In terms of solar capacity, we don't even crack the top 10 in the country.”

What is planned to be the nation's largest, and the world's second-largest, solar farm is pegged for Pflugerville. Part of the project includes a solar incubator where companies from around the world can test new solar equipment on the 60-megawatt grid.

In going through the tax abatement process, RRE Austin Solar and the city of Pflugerville determined that the state laws governing how such abatements are obtained are problematic.

**Floyd Akers**, Pflugerville city attorney and interim executive director of the Pflugerville Community Development Corp., said the city was able to reach an agreement with RRE Austin Solar within a few months. The company came to an agreement with Travis County within eight months. Meanwhile, it took over a year and thousands of dollars to receive a tax abatement from the Elgin Independent School District.

The process for obtaining tax breaks from a school district is very costly and time consuming for businesses, the bill's proponents said. It includes a \$75,000 nonrefundable application fee, and any tax break must be approved by the state comptroller of public accounts because the state reimburses the school district for it.

HB 3254 would remove such requirements and allow taxing entities to decide whether they want to grant a tax break, leaving the state out of the process.

While RRE Austin Solar could afford to obtain a tax abatement, bill proponents argue the process is a significant expense in time and money for typical startups.

“These startup companies are economic engines for Texas,” Pflugerville City Council Member **Mike Marsh** said. “If you allow us to plant the seed, we will harvest a crop later that will generate additional revenue for the state.”

A report produced on behalf of the Cynthia and George Mitchell Foundation concludes that Texas could create almost 23,000 new jobs and an additional \$2.7 billion in annual tax revenue if it increases its support for the renewable energy sector. The report, authored by **Billy Hamilton**, former Texas chief deputy comptroller of public accounts, makes the case for how state policies

and incentives could provide residents and businesses with economic opportunities that create jobs and increase local and state tax revenue.

Meanwhile, a statewide public awareness campaign sponsored by Solar Power International, a solar energy conference sponsored by two solar energy-related associations, has been launched to showcase the solar energy industry as a major spur to Texas' economy. The campaign, called Solar: Business is Looking Up in Texas, features Texans experiencing solar energy's economic impact, including a small solar business owner, a jobs recruiter and a bank president. The campaign's print, radio and online ads started running May 11 across Texas.

RRE Austin Solar's solar farm is expected to generate 450 jobs and \$400 million in revenue over the next three years that would not only benefit city, but state coffers as well.

Located next to Round Rock, home of Dell Inc., Pflugerville has seen the high-tech industry's effects on a city's economic development. Over the past few years, Pflugerville has been aggressively pursuing technology companies and recently attracted an electric car company and a technical manufacturer with incentives.

Akers hopes companies coming to test their products in Pflugerville will see the advantages, such as tax incentives, of actually manufacturing their products here.

"It would be an incredible boost to the economy because some of these companies are local companies, but many of them are from across the nation," Akers said. "Prior to RRE Austin Solar coming to Pflugerville, we were talking to companies from Nacogdoches, Texas, and Oklahoma; now we're talking to companies from Portugal and South Korea. It's really opening up Pflugerville to the world."

Solar proponents worry the sun will set on Strama's bill because the Legislature has been busy with other concerns. There were many bills concerning solar energy last session, but most of them did not make it through.

As of press time, the bill was passed out of committee and placed on the House's local and consent calendar, but it may die if it does not get heard soon in the lower chamber.

A representative from Strama's office said it had already briefed Sen. **Kirk Watson's**, D-Austin, staff on the bill and that he is expected to become the bill's Senate sponsor if it makes it through the House.

*Editor's note: For an update on this bill's progress, visit [www.austinbusinessjournal.com](http://www.austinbusinessjournal.com) on Monday, May 16.*