

GLEN CANYON SOLAR A PROJECT

Amended Community Reinvestment Project Area Budget

Kane County Redevelopment Agency
Amended and Revised as of
July 11, 2023

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1. Introduction and Adoption of Area Budget

Pursuant to Resolution No. RDA 2022-10 the Board of Kane County Redevelopment Agency (also referenced herein as the “Agency”) authorized the preparation of this Community Reinvestment Project Area Budget (the “Budget”) and any amendments or revisions in accordance with provisions of Title 17C of the Utah Code Annotated 1953 as amended (the “Act”), to estimate the economic impact of projected development incentivized by the Glen Canyon Solar A Project Community Reinvestment Project Area Plan. This Amended Budget shall be titled “Amended Glen Canyon Solar A Project Community Reinvestment Project Area Budget” or the “Amended Budget”.

On December 22, 2022, the Agency approved the Glen Canyon Solar A Project Community Reinvestment Plan and on July 11, 2023, the Agency approved the Amended Glen Canyon Solar A Project Community Reinvestment Plan (the “Amended Plan” and covering the “Project Area”) which details a Tax Increment¹ sharing plan intended to incentivize the development and operation of a utility-scale solar project (the “Solar Project”) proposed by Glen Canyon Solar A, LLC (“Glen Canyon Solar A”) which, if developed, will benefit all local taxing entities, provide significant economic returns to Utah’s public school trust, create jobs, fund local targeted income housing and/or homeless programs, and otherwise expand and diversify Kane County’s industrial tax base.

Development of such large-scale energy projects benefit local communities by greatly increasing property values and property tax revenue without increasing demand for government services such as schools, recreation facilities, and public safety. To attract such development, local governments typically agree to reimburse a portion of the Tax Increment to the developer. Energy projects are extremely price sensitive and are usually not viable without such reimbursement. To attract development of the Solar Project, and through the adoption of the Amended Plan, the Agency agrees to reimburse Glen Canyon Solar A up to 50% of the Tax Increment generated by development within the Project Area for a fifteen-year (15) Tax Increment Collection Period. A portion of the Tax Increment will also be remitted back to the County, the Kane County School District, the Kane County Water Conservancy District, and other taxing entities that participate in the Amended Plan and the Amended Budget. Portions of the Tax Increment will be utilized by the Agency to administer the requirements of the Act, and the Amended Plan and Amended Budget as contemplated therein.

This Amended Budget is a good faith estimate of the economic impact of projected development within the Project Area. This Amended Budget represents the reasonable expectations of the Agency which makes no guarantee that estimates will accurately reflect future outcomes. The actual amount of Tax Increment received by the Agency will be determined by the precise value of improvements constructed in connection with the Solar Project and interlocal agreement(s) between the Agency and the various local taxing entities. This Amended Budget does not control the flow of Tax Increment, nor does it entitle the Agency to receive money from Tax Increment or

¹“*Tax increment*” is defined within the Act to mean the difference between: (i) the amount of property tax revenue generated each tax year by a taxing entity from the Project Area from which tax increment is to be collected, using the current assessed value of the property; and (ii) the amount of property tax revenue that would be generated from the Project Area using the base taxable value of the property.

any other source. Those details and permissions are negotiated in interlocal agreements with the various local taxing entities.

The ordering of sections within this Amended Budget are consistent with the requirements and other criteria for community reinvestment project area budgets set forth in Utah Code Ann. § 17C-5-303. Each capitalized term not otherwise defined in this Amended Budget shall have the meaning described to it in the Act.

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2. Tax Increment Received by Agency

Development of the Solar Project will generate significant and meaningful tax revenue through property taxes not otherwise available without the Tax Increment incentive. Property within the Project Area is owned by SITLA and is therefore exempt from paying local property taxes. The property does not currently provide any tax benefit to Kane County or any other local taxing entities that levy taxes within Kane County. Once constructed, the proposed Solar Project (which consist of solar arrays and related facilities) will be taxed as personal property and will provide an estimated **\$5,927,583** in Tax Increment to the Agency over the fifteen-year (15) Tax Increment Collection period of the Project Area. This Tax Increment received by the Agency will be used in accordance with the Act and the Amended Plan and this Amended Budget to incentivize, encourage and promote the development of the Solar Project.

Before the Agency may collect Tax Increment, it must enter into separate interlocal agreements with each participating taxing entity, outlining the amount and duration of the Tax Increment Collection period and the amounts, if any, that will be remitted back to the taxing entities based on their respective proportional tax rates.

2.a. Base taxable value

Utah Code Ann. § 17C-1-102(8) defines Base Taxable Value as “. . . a property’s taxable value as shown upon the assessment roll last equalized during the base year.” Because the property within the Project Area is owned by SITLA and therefore exempt from taxation, it has not been assessed or appraised by the Kane County Assessor’s Office. The Base Taxable Value will be established in each interlocal agreement, but because the taxes received for all land, real property, personal property and any other property within the Project Area are currently zero, the estimated Base Taxable Value is therefore zero.

2.b. Projected Tax Increment

Improvements for the proposed Solar Project are estimated to be valued at One-Hundred Twenty-Eight Million Six-Hundred Thousand Dollars (\$128,600,000) which would generate an estimated total of **\$5,927,583** in Tax Increment over the fifteen-year (15) Tax Increment Collection Period.

Without the tax incentives provided by the Amended Plan, the Solar Project would not be built, and the taxing entities would not collect any property tax on property within the Project Area.

2.c. Tax Increment Collection Period

The Agency anticipates collecting Tax Increment from the Project Area for a period of fifteen-years (15). This period over which the Agency will be receiving Tax Increment is referred to as the Tax Increment Collection Period.

2.d. Tax Increment to be paid to other taxing entities

Pursuant to this Amended Budget, the Agency anticipates receiving 100% of the Tax Increment generated within the Project Area. Of this amount, (i) 2.50% will be used by the Agency to administer the Project Area, (ii) 10% will be used by the Agency (which portion would be equal to the housing requirements under the Act, if the Amended Plan and Amended Budget had not received a waiver of said requirements pursuant to 17C-5-307 of the Act) as payments back to the participating taxing entities for purposes of mitigating certain impacts created by the Solar Project, (iii) of the remaining portion available after (i) and (ii) are satisfied 50% of the eligible Tax Increment will be retained by the Agency and used in accordance with the Act, the Amended Plan and this Amended Budget, and (iv) the remaining Tax Increment will be used by the Agency and remitted back to Kane County, Kane County School District, Kane County Water Conservancy District and any other taxing entities that are participating in this Amended Budget. The period over which these Tax Increment funds will be remitted back to the participating local tax entities will be the same period of the Tax Increment Collection Period. In conformance to the Act, the exact percentages and duration of collection will be formalized through separate interlocal agreements with each taxing entity participating in this Amended Budget.

The Agency estimates that the Tax Increment will be received and then distributed as follows:

Total Incremental Property Tax Generation 2026 - 2040 (100%):	Total Amounts	NPV @ 4.00%
Kane County	\$ 2,022,402	\$ 1,663,110
Kane County School District	3,543,011	2,913,573
Kane County Water Conservancy District	362,171	297,829
Total Sources of Funds:	\$ 5,927,583	\$ 4,874,511

Uses of Tax Increment 2026 - 2040 (Assuming 50% for Project)	Total Amounts	NPV @ 4.00%
Redevelopment Activities (Infrastructure, Relocation, Incentives, etc.)	\$ 2,593,318	\$ 2,132,599
RDA Administration	148,190	121,863
Total Uses of Funds:	\$ 2,741,507	\$ 2,254,462

Remaining for Taxing Entities 2026 - 2040 (50%)	Total Amounts	NPV @ 4.00%
Kane County	\$ 1,087,041	\$ 893,921
Kane County School District	1,904,368	1,566,046
Kane County Water Conservancy District	194,667	160,083
Total Other Uses of Funds	\$ 3,186,076	\$ 2,620,050

The Project Area is expected to generate property taxes for Years 16-35, which will not be paid to the Agency and will be retained by the taxing entities, as follows:

Additional 20 Years at 100% for Taxing Entities 2041 - 2060	Total Amounts	NPV @ 4.00%
Kane County	\$ 245,039	\$ 97,924
Kane County School District	429,280	171,552
Kane County Water Conservancy District	43,881	17,536
Multicounty Assessing & Collecting Levy	14,231	11,053
County Assessing & Collecting Levy	344,385	267,471
Total	\$ 1,076,816	\$ 565,535

2.e. Tax Increment collection area

The Agency anticipates collecting Tax Increment from the entire Project Area.

2.f. Tax Increment authorized percentage

The Agency is authorized to receive 100% of the Tax Increment generated within the Project Area during the Tax Increment Collection Period, which period is intended to be for a period of fifteen-years (15). The Agency will be permitted to utilize the Tax Increment in accordance with paragraph 2.d. of this Amended Budget, consistent with the Amended Plan and the Act.

2.g. Tax Increment Maximum cumulative dollar amount

The Agency is authorized to receive and distribute a maximum not-to-exceed amount of 100% of the Tax Increment for 15 years (estimated **\$5,927,583**).

A detailed multi-year Tax Increment cash flow forecast, and analysis is included in **Exhibit A**, which by this reference is incorporated into this Amended Budget.

3. Agency Funds to Implement the Amended Plan

The Agency anticipates using a portion of the retained Tax Increment (as outlined in paragraph 2.d. above) to meet the objectives outlined in the Amended Plan, the Act and this Amended Budget. The Agency envisions the following flow of funds and prescribed uses of Tax Increment Funds:

- a. **Agency Administration** – 2.50% of the Tax Increment will be utilized by the Agency to administer, manage and operate all elements of the Plan, this Amended Budget and other required administrative functions of the Agency related to the Project Area.
- b. **Mitigation Payment Set-Aside** – 10.00% of the Tax Increment that would be typically used under the Act to meet the housing requirements are hereby determined to be authorized to be set-aside for other purposes because of qualifications permitted under 17C-5-307 of the Act. This 10% will be utilized by the Agency to remit monies back to the participating taxing entities proportionally to the property taxes levied for purposes of mitigating certain impacts created by the Solar Project.
- c. **Development Incentive** – 50% of the remaining Tax Increment after subparagraph a. and b. are met above will be utilized by the Agency to encourage, promote, and incentivize the Solar Project. The Agency anticipates negotiating and finalizing a participation agreement by and between the Glen Canyon Solar A and the Agency and will stipulate the requirements and benchmarks in order for the Tax Increment to be remitted. No other Tax Increment or project area funds are expected to be used for land acquisition, public improvements, infrastructure improvements, for any loans, grants, or other incentives to private or public entities.
- d. **Payments to Taxing Entities** – the remaining Tax Increment, after subparagraphs a., b., and c., are satisfied, will be utilized by the Agency to remit back to the participating taxing entities proportional to the property taxes levied by each taxing entity.

4. Agency's Combined Increment Value

The Plan anticipates that the proposed Solar Project will be the sole source of Tax Increment within the Project Area. Improvements for the proposed Solar Project are estimated to be valued at One-Hundred Twenty-Eight Million Six-Hundred Thousand Dollars (\$128,600,000). As referenced above, this Incremental Value is anticipated to generate **\$5,927,583** in Tax Increment over the fifteen-year period.

5. Sales and Use Tax received by Agency

The Agency anticipates that \$62,036 in sales and use tax will be generated by the Solar Project. However, such revenues will not be received by the Agency. As such, this element is not applicable to the Plan.

5.a. Percentage and total amount of sales and use tax to be paid to Agency

This element is not applicable to the Amended Plan.

5.b. Funds collection period

This element is not applicable to the Amended Plan.

6. Property Agency Intends to Sell

The Agency does not own, nor does it intend to own, any property within the Project Area.

