



# SIERRA CLUB

## LONE STAR CHAPTER

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To: Chairman Morgan Meyer  
Vice-Chair Shawn Thierry  
Members, House Committee on Ways and Means

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### **Invest in Infrastructure and Good Jobs, not Property Tax Relief that Hurts School Funding and Pits Communities against Each Other: End 313 and Vote No on CSHB 5**

During the 87th Legislative Support, there was not sufficient legislative support to continue the Chapter 313 program, which offers major cuts on school property taxes to certain power plants and manufacturing plants in return for promises of investments and jobs. While the program at times has been successful in promoting the development of renewable energy and certain manufacturing facilities, the Sierra Club is in favor of ending the program.

First, school finance is impacted. Even though the individual school district offering the tax break may benefit with a make whole payment and a donation from the individual enterprise, the state as a whole suffers as funding that would have supported all school districts is instead funneled to an individual school district. This is not equitable to the state and pits individual school districts – rural and suburban and urban - tax rich and tax poor – against one another.

Second, the rules surrounding Chapter 313 have largely removed the public voice. Information is difficult to find, notice is imperfect and by the time the public has a chance to voice their support, concerns or opposition, the decision is already pre-cooked. If Texas were to continue 313 agreements, then much better public participation and notice rules must be enacted, as well as more robust investigation and accountability.

Third, the promised investment and jobs frequently has not materialized as promised in the initial applications, meaning the industry receives favorable tax treatment, but the community doesn't receive the benefits.

In addition, to attract these industries, local communities must frequently invest in local water, electric and transportation infrastructure that creates expenses for the local communities. .

Finally, and most importantly, some of these industries come with externalities - water use, pollution and waste. Even as the industry is offered favorable tax treatment and at times a beneficial payment to the school district, local communities - often frontline environmental justice communities – are burdened with more pollution.

Speaking frankly, wind and solar companies will invest in West Texas because the resource is good, and LNG Companies and Refineries will invest along the coast because – it's a coast and Texas has gas and oil. It's not the tax breaks that attract them, it's the resources.

While Sierra Club supports ending the 313 Tax agreements, if they are continued we would support continuing them for all industry, including renewable energy and storage companies. We would note that CSHB 5 does remove solar and wind, and does not specifically mention geothermal which is a dispatchable renewable energy resource. In any case, even if the bill included wind and solar, we would not support it.

However, rather than tax breaks, we think it makes more sense for the state to invest in its future, which will attract more industry. First, invest in our schools, community colleges and universities to attract leading industries, including hydrogen, renewable, storage, high tech, pollution control equipment, electric vehicle manufacturers, geothermal technologies and heat pumps, and other industries representing the transition to a clean economy.

Second, utilize funding from the IIJA (Bipartisan Infrastructure Law) to make our electric grid more resilient through transmission upgrades, create hydrogen hubs, create multi-modal transportation – including a vast EV-charging infrastructure, and be a leader on low-carbon industry development. Funding to continue to develop our water infrastructure - again partially using funds from the IIJA – through the Texas Water Development Board. Supplemental funding from the state should also be used to invest in flood infrastructure funding, and community resiliency.

Third, prioritize worker training programs. We believe the state should use either state funds or take advantage of unique funding under the IIJA and recently approved IRA of 2022 to create unique programs that work for workers, especially those transitioning from traditional employment in the oil and gas industry, the coal industry and heavy manufacturing to new types of industry. Investing in new industries and particularly workers could be beneficial to all Texans, and the IRA and IIJA also offer monies for worker transition programs.

Rather than offering carrots to attract industry, and pit industries and communities against one another, Texas should invest in the 21st century, and create a leading multi-modal transportation system, a resilient electric grid, investments in sustainable water solution and worker training programs. Denuding our school funding is not helpful to anyone.

To the extent that legislation on extending Chapter 313 bills does go forward, please include robust public participation requirements, including that at least 30 day notice occurs, as well as a required public meeting, and that any decisions must be made publicly. In addition, all agreements should be searchable and included on the Comptroller's website, as well as the local school district's website and published in a local newspaper.