



Glenn Hegar Texas Comptroller of Public Accounts

Texas Economic Development Act Chapter 313 Summary Data 2021

Executive Summary

The Texas Economic Development Act (Chapter 313 of the Tax Code) allows school districts to attract new taxable property development by offering a value limitation on the appraised value of the property for the maintenance and operations portion of the school district's property tax. Texas Education Code 48.256 requires the Texas Education Agency commissioner to remove the nontaxed value of Chapter 313 projects from the district's property value. Lower district property values typically result in increased revenue provided to the district by the state (or lessen recapture payments).

This analysis is an effort to present the Comptroller's estimates of the current status of the program, as opposed to the individual project data. This report measures the progress of agreements made through June 1, 2020, based on information collected from the school districts and the agreements' beneficiaries. This report includes information not required by statute that is provided for informational purposes only.

Among the report's highlights are several important benchmarks that may be useful to legislators and others, including:

- Of the **509** current and executed agreements, **38 percent** are manufacturing and **61 percent** are renewable energy.
- Of the estimated **\$217 billion** of investments under the 509 agreements, **70.8 percent** of the investments are in manufacturing and **28.8 percent** are in renewable energy; less than **1 percent** are in research and development (R&D).
- Of the **9,116 qualifying jobs** committed for creation under the 509 project agreements, **81 percent** are in manufacturing and **13.1 percent** are in renewable energy; the remaining **5.9 percent** are in R&D.
- Of the estimated gross tax benefit of **\$10.8 billion**, manufacturing projects are estimated to receive **72.9 percent**; renewable energy projects, **26.9 percent**; and R&D, slightly less than two-tenths of 1 percent.
- Renewable energy projects are returning **18.2 percent** of their tax benefits back to the school districts through supplemental payments, while R&D and manufacturing projects are paying **15 percent** and **13.1 percent**, respectively, in supplemental payments.

The Chapter 313 program continues to grow - with 133 applications received in 2019, a new high.

Chapter 313 is currently set to expire December 31, 2022.

Current and Executed Agreements

Table 1 includes data from all projects with agreements executed before June 1, 2020, that are required to report. Figures are reported by the applicable eligibility categories.

Table 1

Current and Executed Agreements

Category	Active Projects Executed Before 06/01/2020	Estimated Total Investment for Length of Agreement	Reported Investment Through 2019	2019 Taxable Value for M&O if Limitation Were Not in Effect	2019 Taxable Value for M&O with Limitation in Effect
Manufacturing	193	\$153,756,816,000	\$92,580,004,000	\$46,173,256,000	\$11,227,268,000
Research and Development	4	\$773,141,000	\$773,141,000	\$335,358,000	\$250,673,000
[Wind] Renewable Energy Electric Generation	210	\$42,828,271,000	\$36,124,532,000	\$15,351,211,000	\$4,255,296,000
[Non-Wind] Renewable Energy Electric Generation	102	\$19,679,225,000	\$4,737,181,000	\$1,824,789,000	\$552,711,000
Total	509	\$217,037,454,000	\$134,214,858,000	\$63,684,613,000	\$16,285,949,000

Category	Total 2019 Taxable Value for M&O Not on the Tax Rolls	Estimated Gross Tax Benefit Through 2019	Estimated Total Gross Tax Benefit to Company Through Limitation and Tax Credit for Length of Agreement
Manufacturing	\$34,945,988,000	\$1,478,519,000	\$7,848,206,000
Research and Development	\$84,685,000	\$17,287,000	\$17,808,000
[Wind] Renewable Energy Electric Generation	\$11,095,914,000	\$959,837,000	\$2,157,319,000
[Non-Wind] Renewable Energy Electric Generation	\$1,272,077,000	\$59,872,000	\$736,897,000
Total	\$47,398,665,000	\$2,515,514,000	\$10,760,230,000

Note: Figures are rounded to the nearest thousand. Figures may not add due to rounding.

Job Creation Summary

Table 2 summarizes the jobs created for each eligibility category.

Table 2

Job Creation Summary

Category	Reported Number of Qualifying Jobs Created Through 2019	Maximum Number of Qualifying Jobs Recipient Committed to Create on Application	Reported Number of Jobs* Created Through 2019	Total Reported Wages for Jobs* in 2019
Manufacturing	7,380	6,481	9,994	\$733,701,000
Research and Development	543	75	546	\$27,405,000
[Wind] Renewable Energy Electric Generation	1,106	1,130	1,252	\$71,516,000
[Non-Wind] Renewable Energy Electric Generation	87	220	96	\$10,260,000
TOTAL	9,116	7,906	11,888	\$842,881,000

*For projects subject to the statute prior to HB 3390 (2013), reported jobs are “new jobs.” After HB 3390, reported jobs are the total of qualifying jobs and non-qualifying jobs.

Note: Wage figures are rounded to the nearest thousand. Figures may not add due to rounding.

Estimates of Tax Base and Gross Tax Benefits

Table 3 lists the estimated annual gross company tax benefits over the life of active Chapter 313 project agreements executed before June 1, 2020. Taxable values are only included for the length of each agreement. The information included in this table is not required by statute and is provided for informational purposes only. These estimates are provided by beneficiary businesses, school districts and other sources.

**Table 3
Estimates of Tax Base and Gross Tax Benefits**

Tax Year	Estimated Market Value with No Exemptions	Estimated I&S Tax Base	Estimated M&O Tax Base	Estimated Tax Benefit Due to Limitation	Estimated Tax Benefit Due to Tax Credit	Estimated Gross Tax Benefit
2019	\$66,084,745,000	\$63,684,613,000	\$16,285,949,000	\$478,624,000	\$41,619,000	\$520,243,000
2020	\$80,136,754,000	\$77,079,452,000	\$16,292,269,000	\$593,222,000	\$34,431,000	\$627,653,000
2021	\$94,890,611,000	\$92,121,598,000	\$17,680,633,000	\$726,885,000	\$38,611,000	\$765,497,000
2022	\$106,512,955,000	\$103,852,380,000	\$18,440,958,000	\$836,091,000	\$33,800,000	\$869,890,000
2023	\$109,376,439,000	\$106,749,072,000	\$21,292,113,000	\$835,885,000	\$32,250,000	\$868,135,000
2024	\$112,898,441,000	\$109,980,100,000	\$29,461,089,000	\$786,642,000	\$39,107,000	\$825,749,000
2025	\$110,863,766,000	\$107,493,233,000	\$28,473,773,000	\$775,129,000	\$28,909,000	\$804,039,000
2026	\$107,202,506,000	\$102,754,685,000	\$32,296,552,000	\$690,673,000	\$19,084,000	\$709,757,000
2027	\$94,728,078,000	\$91,300,203,000	\$24,343,249,000	\$659,097,000	\$7,299,000	\$666,396,000
2028	\$84,259,937,000	\$81,092,000,000	\$24,476,414,000	\$557,887,000	\$23,320,000	\$581,207,000
2029	\$72,757,395,000	\$70,518,267,000	\$22,001,061,000	\$477,734,000	\$6,661,000	\$484,395,000
2030	\$67,233,374,000	\$65,313,348,000	\$28,082,521,000	\$367,083,000	\$98,000	\$367,180,000
2031	\$59,493,000,000	\$58,025,957,000	\$30,203,543,000	\$275,241,000	\$0	\$275,241,000
2032	\$54,561,577,000	\$53,223,078,000	\$32,240,743,000	\$207,421,000	\$0	\$207,421,000
2033	\$47,058,845,000	\$45,764,129,000	\$31,092,201,000	\$146,567,000	\$0	\$146,567,000
2034	\$40,898,238,000	\$39,740,831,000	\$35,170,120,000	\$45,589,000	\$0	\$45,589,000
2035	\$34,419,294,000	\$33,334,751,000	\$33,334,751,000	\$0	\$0	\$0
2036	\$26,090,963,000	\$25,047,110,000	\$25,047,110,000	\$0	\$0	\$0
2037	\$18,853,843,000	\$18,022,414,000	\$18,022,414,000	\$0	\$0	\$0
2038	\$13,350,481,000	\$12,554,408,000	\$12,554,408,000	\$0	\$0	\$0
2039	\$4,112,991,000	\$3,831,183,000	\$3,831,183,000	\$0	\$0	\$0
2040	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL				\$8,459,770,000	\$305,189,000	\$8,764,959,000

Note: All figures are rounded to the nearest thousand. Figures may not add due to rounding.

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Revenue Payments

Chapter 313 includes three types of allowable payments from the business to the school district. The statute requires that each agreement includes “revenue protection payments” to ensure the district does not see a decrease in revenues due to the agreement. The second type of payment is referred to as “supplemental payments.” The following tables provide information on these additional payments, both by year (Table 4A) and by eligibility area (Table 4B). Additionally, Section 313.027(f)(2) allows districts to receive payments from companies for extraordinary educational expenses not funded by the school finance system. No districts to date have reported requesting any such funds.

Table 4A

Other Payments to Districts (By Year)

Tax Year	Estimated Total Supplemental Company Payments to Districts	Estimated Total Revenue Protection Payments to Districts
2006	\$0	\$0
2007	\$1,119,000	\$0
2008	\$0	\$0
2009	\$6,489,000	\$1,514,000
2010	\$21,006,000	\$3,973,000
2011	\$29,068,000	\$6,792,000
2012	\$30,699,000	\$8,607,000
2013	\$32,428,000	\$10,985,000
2014	\$37,034,000	\$15,052,000
2015	\$44,960,000	\$24,203,000
2016	\$52,815,000	\$72,204,000
2017	\$63,579,000	\$114,312,000
2018	\$71,938,000	\$101,326,000
2019	\$81,022,000	\$92,490,000
2020	\$89,021,000	\$136,604,000
2021	\$96,615,000	\$192,159,000
2022	\$104,790,000	\$213,551,000
2023	\$105,050,000	\$109,236,000
2024	\$93,777,000	\$111,509,000
2025	\$92,032,000	\$68,665,000
2026	\$89,256,000	\$35,485,000
2027	\$77,451,000	\$63,460,000
2028	\$70,304,000	\$15,738,000
2029	\$58,794,000	\$16,062,000
2030	\$52,655,000	\$9,520,000
2031	\$41,441,000	\$7,646,000
2032	\$33,866,000	\$25,823,000
2033	\$31,463,000	\$2,080,000
2034	\$23,146,000	\$9,000
2035	\$13,078,000	\$0
2036	\$7,032,000	\$0
2037	\$3,309,000	\$0
2038	\$0	\$0
2039	\$0	\$0
2040	\$0	\$0
TOTAL	\$1,555,240,000	\$1,459,006,000

Table 4B

Other Payments to Districts (By Category)

	Estimated Supplemental Company Payments to Districts for Length of Agreement	Estimated Revenue Protection Payments to Districts for Length of Agreement
Manufacturing	\$1,026,234,000	\$1,027,057,000
Research and Development	\$2,670,000	\$725,000
[Wind] Renewable Energy Electric Generation	\$394,292,000	\$282,088,000
[Non-Wind] Renewable Energy Electric Generation	\$132,044,000	\$149,136,000
TOTAL	\$1,555,240,000	\$1,459,006,000

Note: All figures are rounded to the nearest thousand. Figures may not add due to rounding.

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