

Chapter 312:

Keeping Texas Competitive and Attracting New Investment

What Is Chapter 312?

- Chapter 312 – also known as the Property Redevelopment and Tax Abatement Act – is a key economic development tool for the State of Texas.
- The Act allows local governments to exempt all or part of the taxable value of new investments for a period not to exceed 10 years. The provision does not apply to school districts.
- Projects must be a new facility or an expansion or modernization of an existing one.
- Chapter 312 will expire if Legislature does not reauthorize it in 2019.

Why Does Texas Need Chapter 312?

- With some of the highest property taxes in the nation, Texas is at a disadvantage when trying to attract new development. Chapter 312 allows communities to compete with other lower-tax states for the development of projects and investment needed to expand local economies and grow tax bases.

Why Is Chapter 312 Good For Texas?

- Chapter 312 allows local cities, counties, and other special districts to attract new industries and retain and expand existing businesses.
- While tax abatements are short-lived, they can have significant future impact by reducing unemployment, strengthening surrounding businesses, and increasing tax revenue.
- The State of Texas wins through additional revenue from franchise, sales, and other state taxes that are not included in the abatement.
- Tax abatements DO NOT reduce existing local property taxes or cause loss of current revenue; they offer a temporary limit on future taxes for a facility not yet built.

How Transparent Are Chapter 312 Projects?

- Chapter 312 is transparent, requiring public hearings, formal legal agreements, clawback provisions for non-performance, state reporting requirements, and an annual application to ensure eligibility.

Chapter 312 And Wind Energy

- The wind energy sector is fueling growth and investment across Texas. This critical economic development program has played an important part in taking Texas to the top of wind power generation in the United States.
- Texas is the nation's wind energy leader. The state is home to more than 24,000 wind energy jobs, 45 wind energy manufacturing facilities, 23 gigawatts of installed wind energy capacity, and \$42 billion in statewide investment through 2017.
- Chapter 312 helps Texas compete against wind-rich neighbors like Oklahoma, Kansas and New Mexico for new wind projects, with in turn create Texas jobs, economic development and increased local revenue.