

Chapter 313: Bringing New Resources to Rural Texas

What Is Chapter 313?

- The Texas Economic Development Act – also known as Chapter 313 – is a critical tool in Texas’ ongoing efforts to lure investment and economic growth to the Lone Star State.
- This Act allows Texas communities to compete for large scale capital investments that create jobs and strengthen the economy.
- To remain competitive with other states around the country Chapter 313 allows school districts to offer temporary tax abatements.
- While the agreements impose a limitation on local taxes, the school board may only approve the agreement if the Comptroller finds that: (1) the availability of the limitation was a determining factor in securing the project; and (2) the project will generate more tax revenue for the state than the amount of the benefit received by the taxpayer.

Why Does Texas Need Chapter 313?

- With some of the highest property taxes in the nation, Texas is at a disadvantage when trying to attract new development. Chapter 313 allows communities to compete with other, lower-tax states for the development projects and investment needed to expand their economies, grow their tax base, and support their schools.
- We’ve seen what happens when we take away this tool from local communities. After effectively eliminating the option in the 1990’s, new projects dropped by 70%.
- In response to declining investment in the state, State Rep. Kim Brimer introduced the Texas Economic Development Act in 2001. The legislation passed with broad support.

Why Is Chapter 313 Good For Texas?

- Chapter 313 encourages economic growth and opportunity in the parts of Texas that need it most. The benefit has been particularly impactful in rural communities that are not experiencing natural population growth, and in “strategic investment areas” where unemployment rates and per capita income lag behind the rest of the state.
- Chapter 313 has led to greater investment, new jobs, and more tax revenue, such as the Toyota plant in San Antonio and the Samsung semiconductor facility in Austin.
- The numbers tell the real story: 311 projects approved that could have gone to other states, 50,400 jobs created, \$2 billion in personal income, and \$80.8 billion of new investment in Texas.

How Has Chapter 313 Helped Texas Become The Nation’s Leader in 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 by providing Texas with a tool that allows it to compete for projects with wind-rich neighbors, like Kansas, Oklahoma and New Mexico.

- Many dozens of wind energy projects – and billions in investment – have been lured to the state of Texas with the help of Chapter 313. From San Perlita and Archer City to Hereford and the Panhandle, school districts and communities throughout Texas have seen their economic outlook improved through wind energy investment.
- In addition to broadening the tax base and creating high quality jobs in rural areas, wind is also creating new revenue streams for the farmers, ranchers, and private landowners whose land hosts wind turbines.
- 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.