

SUBJECT: Expanding transparency requirements for Chapter 312 agreements

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 10 ayes — Burrows, Guillen, Bohac, Cole, Martinez Fischer, Murphy, Noble, Sanford, Shaheen, Wray

0 nays

1 absent — E. Rodriguez

WITNESSES: For — (*Registered, but did not testify:* Adam Burklund, Amshore US Wind, LLC; Eric Wright, EDP Renewables, Lincoln Clean Energy; Mark Vane, HB Strategies; John Kroll, HMWK LLC and clients of the firm; Julia Parenteau, Texas Realtors; Christopher Shields, Toyota, Inc.; Thomas Ratliff, Tri-Global Energy, Sunfinity Solar; James Popp)

Against — Bill Peacock, Texas Public Policy Foundation; (*Registered, but did not testify:* Bill Lynch, Arlington Chamber of Commerce; Scott Dunaway, Powering Texas; Cutter González, Texas Public Policy Foundation; Emry Birdwell; George Clay; Brent Durham; John Greer; Michael Potter)

On — Adrian Shelley, Public Citizen; Lacia Ryan; (*Registered, but did not testify:* Jerome Greener, Americans for Prosperity; Cyrus Reed, Lone Star Chapter Sierra Club; Bob Adair, Phillips 66)

BACKGROUND: Tax Code ch. 312, known as the Property Redevelopment and Tax Abatement Act, allows certain local governments to enter into temporary property tax abatement agreements in exchange for businesses locating certain facilities in their jurisdiction.

A local government is not permitted to enter into a tax abatement agreement unless it has established guidelines and criteria governing tax abatement agreements. Tax abatement agreements are required to contain certain specified information.

DIGEST: CSHB 3143 would impose additional public notice, hearing, and reporting requirements for certain tax abatement agreements under the Property Redevelopment and Tax Abatement Act.

Guidelines and criteria. The bill would require a taxing unit to hold a public hearing before adopting, amending, repealing, or reauthorizing guidelines and criteria governing tax abatement agreements. A taxing unit that maintained a website also would have to post the current version of these guidelines and criteria on its website.

Fiscal impact statements. Certain municipal tax abatement agreements that provided for the creation of at least 25 new jobs in the municipality would have to contain a fiscal impact statement describing the potential costs and benefits of the agreement to the municipality.

Approval of agreement. A public notice of a meeting at which a municipality's governing body or county's commissioners court considered the approval of a tax abatement agreement would be required to contain:

- the name of the property owner that would be a party to the agreement;
- the name and location of the reinvestment zone in which the property subject to the agreement was located; and
- a general description of the nature and the estimated costs of the improvements or repairs included in the agreement.

This notice would be given in the manner required by the Open Meetings Act, except that notice would have to be provided at least 30 days before the scheduled time of the meeting.

Report. For each of the first three years following the expiration of a tax abatement agreement, the chief appraiser of each appraisal district would be required to deliver to the comptroller an annual report with the appraised value of the property that was the subject of the agreement.

This bill would take effect September 1, 2019, and would apply to guidelines and criteria for tax abatement agreements approved, authorized, repealed, or reauthorized and tax abatement agreements entered into on or after that date.

**SUPPORTERS
SAY:**

CSHB 3143 would improve transparency in Chapter 312 agreements and increase the ability of the public to participate the approval process for these agreements. In doing so, the bill would improve a program that has helped generate billions of dollars in investment in the state.

Chapter 312 agreements have been criticized for a perceived lack of transparency and public participation. CSHB 3143 would address these concerns by requiring public notice 30 days before a hearing to approve an agreement was held, increasing the opportunity for public participation.

The bill would promote transparency by requiring taxing units to share the guidelines and criteria they used to evaluate Chapter 312 agreements and to hold public hearings when new guidelines and criteria were adopted or amended. Public access to this information would be strengthened further by requiring that guidelines and criteria be posted online.

The bill also would enhance transparency by requiring that fiscal impact statements be included in Chapter 312 agreements proposing to create at least 25 jobs, allowing for taxing units to measure of the costs and benefits of a proposed agreement. Greater insight into the benefits of these agreements also would be provided by requiring the chief appraiser to report to the comptroller the appraised value of property subject to an agreement for each of the three years following the end of an agreement.

CSHB 3143 would balance the need for transparency and public participation in the approval process for Chapter 312 agreements with the need to protect proprietary information associated with the negotiation of these agreements, helping taxing units compete for new investment, which ultimately would benefit taxpayers.

OPPONENTS
SAY:

CSHB 3143 would not go far enough in promoting transparency. The bill should require that the public be given notice at least 90 days before a hearing to approve a Chapter 312 agreement, and the agreements should be provided to the public at the same time as the notice so that the public could know what would be discussed at the hearing. The bill also should require that governmental meetings in connection with a Chapter 312 agreement be subject to the Open Meetings Act.