



Glenn Hegar Texas Comptroller of Public Accounts

Texas Economic Development Act Chapter 313 Summary Data 2019

Introduction

This analysis, while based on reports submitted by the companies and school districts, along with other information, is not intended to be a summation of the project figures reflected in the individual reports required under Texas Tax Code 313.032 and reported in the Report of the Texas Economic Development Act 2019.

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. Thus, the figures in this analysis are based on estimates through Aug. 31, 2018, and will differ somewhat from the individual report figures in the Report of the Texas Economic Development Act 2019, which are based on estimates through June 1, 2018.

- Of the **389** current and executed agreements as of Aug. 31, 2018, **42 percent** are manufacturing, **57 percent** are renewable energy and **1 percent** are research and development (R&D).
- Of the estimated **\$183.7 billion** invested under the 389 agreements, **74.6 percent** of the investments are in manufacturing and **25 percent** are in renewable energy; less than **1 percent** are in research and development (R&D).
- Of the **12,498 qualifying jobs** committed for creation under the 389 project agreements, **88 percent** are in manufacturing and **9.7 percent** are in renewable energy; the remaining **1.6 percent** are in R&D.
- Of the estimated gross tax benefit of **\$9.7 billion**, manufacturing projects are estimated to receive **73.7 percent**; renewable energy projects, **26.1 percent**; and R&D received less than **two-tenths of 1 percent**.
- Renewable energy projects are returning **18 percent** of their tax benefits back to the school districts through supplemental payments, while R&D and manufacturing projects are paying **15 percent** and **12 percent**, respectively, in supplemental payments.

The Chapter 313 program continues to grow - with 90 applications received in 2018, a new high.

This summary data is presented as a useful tool for evaluating this program. Chapter 313 is currently set to expire Dec. 31, 2022.

Current and Executed Agreements

Table 1 includes data from all projects with agreements executed before Aug. 31, 2018, that are required to report. Figures are reported by the applicable eligibility categories.

Table 1

Current and Executed Agreements

| Category | Active Projects Executed before 08/31/18 | Estimated Total Investment for Length of Agreement | Reported Investment Through 2017 | 2017 taxable value for M&O if limitation were not in effect | 2017 taxable value for M&O with limitation in effect |
|---|--|--|----------------------------------|---|--|
| Manufacturing | 163 | \$136,974,469,000 | \$87,901,829,000 | \$32,171,567,000 | \$11,075,161,000 |
| Research and Development | 4 | \$773,141,000 | \$773,141,000 | \$380,901,000 | \$304,401,000 |
| [Wind] Renewable Energy Electric Generation | 188 | \$39,541,119,000 | \$28,605,367,000 | \$15,314,545,000 | \$2,642,879,000 |
| [Non-Wind] Renewable Energy Electric Generation | 34 | \$6,365,742,000 | \$2,657,209,000 | \$1,451,736,000 | \$258,213,000 |
| Total | 389 | \$183,654,471,000 | \$119,937,547,000 | \$49,318,750,000 | \$14,280,654,000 |

| Category | Total 2017 taxable value for M&O not on the tax rolls | Estimated Gross Tax Benefit through 2017 | Estimated total gross tax benefit to company through limitation and tax credit for length of agreement |
|---|---|--|--|
| Manufacturing | \$21,096,406,000 | \$1,065,379,000 | \$7,137,551,000 |
| Research and Development | \$76,500,000 | \$15,179,000 | \$17,270,000 |
| [Wind] Renewable Energy Electric Generation | \$12,671,666,000 | \$746,060,000 | \$2,225,727,000 |
| [Non-Wind] Renewable Energy Electric Generation | \$1,193,523,000 | \$27,455,000 | \$297,817,000 |
| Total | \$35,038,096,000 | \$1,854,073,000 | \$9,678,365,000 |

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

| | Reported number of qualifying jobs created through 2017 | Maximum number of qualifying jobs recipient committed to create on application | Reported number of jobs* created through 2017 | Total reported wages for jobs* in 2017 |
|---|---|--|---|--|
| Manufacturing | 11,080 | 8,910 | 14,093 | \$1,067,193,000 |
| Research and Development | 205 | 75 | 257 | \$25,405,000 |
| [Wind] Renewable Energy Electric Generation | 1,127 | 1,131 | 1,424 | \$69,035,000 |
| [Non-Wind] Renewable Energy Electric Generation | 86 | 99 | 98 | \$14,231,000 |
| TOTAL | 12,498 | 10,215 | 15,872 | \$1,175,865,000 |

*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 August 31, 2018. 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 Exceptions | 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 |
|--------------|---|------------------------|------------------------|---|---|-----------------------------|
| 2018 | \$60,312,885,000 | \$58,358,694,000 | \$18,056,309,000 | \$436,459,000 | \$35,715,000 | \$472,173,000 |
| 2019 | \$75,613,236,000 | \$73,240,446,000 | \$20,586,135,000 | \$567,071,000 | \$37,563,000 | \$604,634,000 |
| 2020 | \$84,441,863,000 | \$81,362,684,000 | \$17,149,425,000 | \$696,280,000 | \$34,254,000 | \$730,534,000 |
| 2021 | \$84,063,468,000 | \$81,626,343,000 | \$15,031,785,000 | \$719,676,000 | \$35,555,000 | \$755,231,000 |
| 2022 | \$88,475,223,000 | \$85,853,841,000 | \$17,391,610,000 | \$739,626,000 | \$30,651,000 | \$770,277,000 |
| 2023 | \$90,580,324,000 | \$87,944,004,000 | \$15,256,052,000 | \$786,628,000 | \$29,321,000 | \$815,949,000 |
| 2024 | \$91,115,984,000 | \$88,370,522,000 | \$22,707,777,000 | \$714,037,000 | \$36,908,000 | \$750,945,000 |
| 2025 | \$86,239,258,000 | \$83,160,158,000 | \$24,560,628,000 | \$639,714,000 | \$26,575,000 | \$666,288,000 |
| 2026 | \$79,568,799,000 | \$76,634,712,000 | \$28,464,785,000 | \$522,021,000 | \$15,326,000 | \$537,347,000 |
| 2027 | \$65,928,398,000 | \$63,083,946,000 | \$20,700,713,000 | \$460,188,000 | \$11,169,000 | \$471,358,000 |
| 2028 | \$58,319,780,000 | \$55,643,880,000 | \$20,225,943,000 | \$388,083,000 | \$14,193,000 | \$402,275,000 |
| 2029 | \$48,995,747,000 | \$46,694,931,000 | \$18,295,618,000 | \$313,370,000 | \$9,360,000 | \$322,730,000 |
| 2030 | \$45,276,178,000 | \$43,324,999,000 | \$24,863,843,000 | \$206,053,000 | \$8,018,000 | \$214,071,000 |
| 2031 | \$39,599,362,000 | \$38,206,010,000 | \$26,644,931,000 | \$131,441,000 | \$820,000 | \$132,261,000 |
| 2032 | \$36,400,018,000 | \$34,985,925,000 | \$25,151,839,000 | \$111,888,000 | \$0 | \$111,888,000 |
| 2033 | \$29,429,374,000 | \$28,043,765,000 | \$23,134,859,000 | \$57,434,000 | \$0 | \$57,434,000 |
| 2034 | \$20,776,282,000 | \$19,485,473,000 | \$18,725,182,000 | \$8,895,000 | \$0 | \$8,895,000 |
| 2035 | \$14,593,364,000 | \$13,547,640,000 | \$13,547,640,000 | \$0 | \$0 | \$0 |
| 2036 | \$10,268,786,000 | \$9,487,328,000 | \$9,487,328,000 | \$0 | \$0 | \$0 |
| 2037 | \$8,866,396,000 | \$8,173,019,000 | \$8,173,019,000 | \$0 | \$0 | \$0 |
| 2038 | \$5,148,411,000 | \$4,552,001,000 | \$4,552,001,000 | \$0 | \$0 | \$0 |
| 2039 | \$1,034,562,000 | \$752,754,000 | \$752,754,000 | \$0 | \$0 | \$0 |
| 2040 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL | | | | \$7,498,864,000 | \$325,428,000 | \$7,824,290,000 |

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

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 District (By Year)

| Tax Year | Estimated Total Supplemental Company Payments to District | Estimated Total Revenue Protection Payments to Districts |
|--------------|---|--|
| 2006 | \$0 | \$0 |
| 2007 | \$5,204,000 | \$284,000 |
| 2008 | \$6,926,000 | \$894,000 |
| 2009 | \$14,236,000 | \$2,373,000 |
| 2010 | \$27,936,000 | \$4,704,000 |
| 2011 | \$36,154,000 | \$8,295,000 |
| 2012 | \$36,734,000 | \$8,920,000 |
| 2013 | \$39,229,000 | \$11,698,000 |
| 2014 | \$42,319,000 | \$15,887,000 |
| 2015 | \$47,352,000 | \$25,597,000 |
| 2016 | \$54,354,000 | \$71,541,000 |
| 2017 | \$64,119,000 | \$109,569,000 |
| 2018 | \$69,606,000 | \$97,895,000 |
| 2019 | \$76,187,000 | \$134,286,000 |
| 2020 | \$85,444,000 | \$138,625,000 |
| 2021 | \$86,087,000 | \$84,448,000 |
| 2022 | \$91,712,000 | \$50,333,000 |
| 2023 | \$87,066,000 | \$55,866,000 |
| 2024 | \$81,219,000 | \$66,402,000 |
| 2025 | \$71,542,000 | \$38,879,000 |
| 2026 | \$71,757,000 | \$21,116,000 |
| 2027 | \$56,492,000 | \$17,074,000 |
| 2028 | \$49,491,000 | \$17,360,000 |
| 2029 | \$40,823,000 | \$12,850,000 |
| 2030 | \$29,678,000 | \$6,002,000 |
| 2031 | \$18,169,000 | \$1,763,000 |
| 2032 | \$14,676,000 | \$3,535,000 |
| 2033 | \$10,554,000 | \$1,795,000 |
| 2034 | \$7,648,000 | \$0 |
| 2035 | \$3,186,000 | \$0 |
| 2036 | \$1,275,000 | \$0 |
| 2037 | \$0 | \$0 |
| 2038 | \$0 | \$0 |
| 2039 | \$0 | \$0 |
| 2040 | \$0 | \$0 |
| Total | \$1,327,176,000 | \$1,007,990,000 |

Table 4B

Other Payments to District (By Category)

| | Estimated supplemental company payments to districts for length of agreement | Estimated revenue protection payments to district for length of agreement |
|---|--|---|
| Manufacturing | \$878,015,000 | \$743,327,000 |
| Research and Development | \$2,602,000 | \$655,000 |
| [Wind] Renewable Energy Electric Generation | \$398,377,000 | \$226,788,000 |
| [Non-Wind] Renewable Energy Electric Generation | \$48,182,000 | \$37,220,000 |
| TOTAL | \$1,327,176,000 | \$1,007,990,000 |

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

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