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Opinion: Texas shouldn't bring back this corporate welfare vampire



Ev Lunning, a leader with Central Texas Interfaith, donned a vampire costume to oppose House Bill 5 at a Ways and Means Committee hearing in Austin on April 10. (Photo courtesy of EPISO/Border Interfaith)

By **Eloiso De Avila** | April 24, 2023

In the last legislative session, through advocacy from [EPISO/Border Interfaith](#), our state [Network of Texas Organizations](#) and a coalition of other allies, lawmakers from both parties finally allowed an egregious funding “vampire” from our public school systems to sunset.



The policy was called Chapter 313. The initial intent of the policy was to incentivize companies to relocate to Texas. Companies could give the local school district in which they set up shop some funding, and in exchange, they would get a large tax break for up to 10 years. These massive decisions were authorized through local school boards, but the tax giveaways are paid for by state taxpayers, who must reimburse the districts for lost revenue.

As a result of this policy, taxpayers are on the hook for an estimated \$31 billion, according to the comptroller. In a demonstration analysis of [“winners and losers,”](#) the Texas IAF took the \$1 billion a year that taxpayers spend on Chapter 313 agreements, and instead ran it through the per student funding formulas for each district in the state. We found that 95% of students in Texas are in districts that lose potential funding because corporations are not paying their fair share of taxes due to Chapter 313 agreements.

El Paso school districts are among the biggest losers in the state, according to this analysis, and have not even once been the beneficiary of a Chapter 313 agreement. In El Paso school districts alone, students annually lose out on a potential \$23.8 million of funding because of Chapter 313 that could be going to improving facilities, increasing teacher pay, and lowering class sizes.

As a result of funding shortfalls, the tax burden has fallen to our individuals and families in El Paso through increased property taxes.

Furthermore, Chapter 313 never really fulfilled its promise to draw companies to Texas that otherwise would not have relocated. A 2017 study from the [University of Texas](#) estimated that between 85% and 95% of Chapter 313 projects would have located in Texas without the incentive.

Many companies, notably those in the oil and gas industries who already operated in Texas, availed themselves over and over again of Chapter 313 agreements.

Killing Chapter 313 was a big victory for schools and families. But this legislative session, because corporations have been extensively lobbying our representatives, the policy has come back from the dead as a new bill – House Bill 5. And this time, it is even worse than before.

First, the bill would never sunset. While Chapter 313 had to be renewed by the Legislature, House Bill 5 would continue indeterminately and unchecked into the future.

Second, this time around, renewable energy companies would be excluded from applying, striking a blow to the environment.

Third, there would be even less transparency and accountability – shortening the window to approve agreements and allowing companies to waive or have extremely weak job creation requirements.

We are not against attracting businesses to come to our community. El Paso needs more job opportunities and good career paths. But we are against corporate welfare and cronyism in the Legislature at the expense of our school districts and children. Let's invest in workforce, education, and infrastructure instead.

Representative Joe Moody, D-El Paso, is a co-sponsor of HB 5. We want him and all our representatives to vote against HB 5. EPISO and Border Interfaith stand firmly opposed to this vampire bill, rising from the dead and sucking the lifeblood from our school districts.

It would continue to hurt our children and El Paso taxpayers for years to come, with no foreseeable payoff to our local economy or schools.

Eloiso Davila is a leader with El Paso Interreligious Sponsoring Organization/Border Interfaith.