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Chapter 403 would replace Chapter 313 incentives



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Rep. Todd Hunter, a Corpus Christi Republican, speaks in support of House Bill 5, also known as the Texas Jobs and Security Act, on the House floor on May 4.

TEXAS LEGISLATURE



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May 5, 2023 **Updated** May 5, 2023, 9:31am CDT

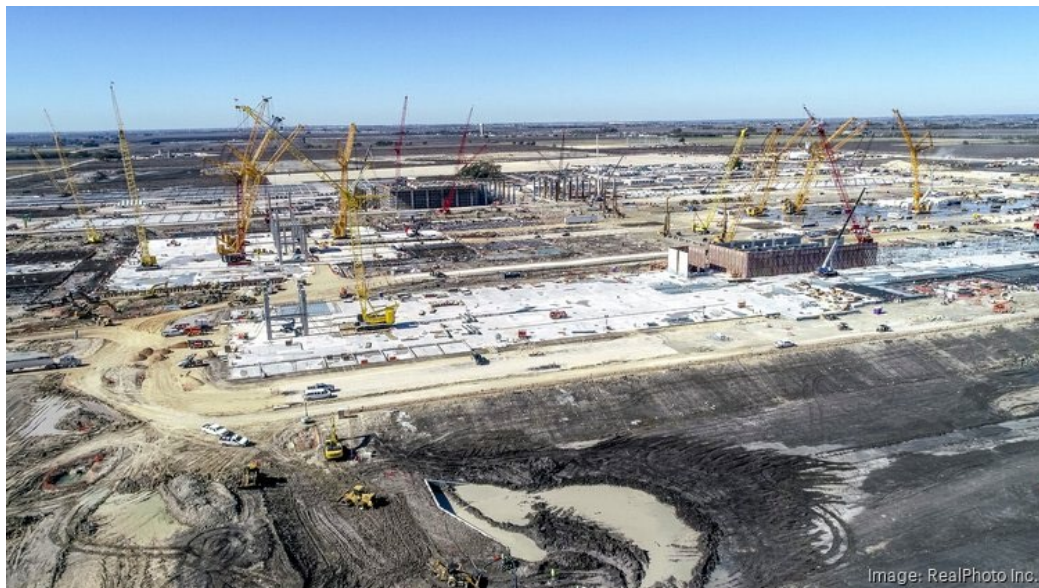
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The Texas House has approved the Texas Jobs and Security Act, moving a statewide property tax incentives program that revives elements of a controversial predecessor one step closer to implementation.

[House Bill 5](#) would create new incentives using school property tax abatements, similar to the Chapter 313 program that [expired at the end of 2022](#). Proponents say the bill is needed to [keep Texas competitive](#) for large corporate projects, and point to companies such as Tesla Inc. and Samsung Electronics Co. Ltd. using Chapter 313 to set up large facilities in the Austin area. Opponents have argued that it revives "[corporate welfare](#)" [program](#) that was defeated by a bipartisan coalition in the last legislature.

The House voted 118-22 on May 4 in favor of HB 5, according to the unofficial count tallied online. It heads next to the Senate.

"This is about school districts and bringing businesses to Texas," Rep. [Todd Hunter](#), the Corpus Christie Republican carrying the bill, told fellow lawmakers on the House floor prior to the vote.



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Aerial photography of construction on Samsung's Taylor factory in December. The \$17 billion chip plant is an example of a project that secured Chapter 313 incentives.

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"This is an economic development tool," he added. "The concept is nothing that is out of the ordinary. This bill has built-in transparency and audit provisions."

Since the bill was [first introduced](#) during this legislative session, key changes include its transition from the state tax code to the state government code, under the new name of Chapter 403.

Like its predecessor, the bill would give Texas public school districts the ability to cap the taxable value of property for a portion of school taxes for up to 10 years, potentially saving companies millions or even billions of dollars over a decade.

In a departure from Chapter 313, HB 5 calls for a percentage of the tax savings to be sent to the state comptroller, which could then be put into the state's general revenue fund. The revised program also excludes renewable energy projects from the tax breaks — partly because things such as solar array plants don't yield many jobs.

In an effort to be more transparent than Chapter 313, the bill also calls for both the program applicant and the participating school district to conduct annual reports for review by the state comptroller to ensure the terms of each agreement are being met.

The bill has been amended to increase the minimum number of new jobs created to qualify for incentives from 25 to 50, and each employee must be offered health benefits. Each application must also support the creation of a qualified workforce by providing and developing apprenticeship programs with the partnering school district.

HB 5 has an end date of 2033, if now renewed by future lawmakers.

The bill's House passage was cheered by Opportunity Austin, the economic development initiative of the Greater Austin Chamber of Commerce.

"The passage of this important bill in the Texas House means we are one step closer to keeping Texas one of the best states to do business in the country," [Gary Farmer](#), chairman of Opportunity Austin and president of Heritage Title Company of Austin Inc., stated on behalf of the organization. "If it becomes law, this legislation would boost Central Texas' economy by helping create new opportunities, investments and tax revenue while also allowing companies to continue to make investments in the community. Opportunity Austin strives to improve economic resilience through job creation and workforce diversification and by supporting new sectors of the economy."

[Austin Interfaith](#), a longtime opponent of the program, shared its dismay with a message directed to House Speaker [Dade Phelan](#) and the representatives who voted in favor of the bill.

"You managed to bring back the failed and defunct Chapter 313 program and actually make it worse: worse for taxpayers, workers, schools, and the environment," stated [Edie Clark](#), a leader with the organization. "It is now your corporate welfare bill as it heads to the Senate, which is now the only hope to protect Texas taxpayers. The Texas House of Representatives has officially become a fully functioning subsidiary of 'Texas Incorporated.'"



[Enlarge](#)

Everett Lunning Jr., a leader with Central Texas Interfaith from Our Lady of Guadalupe Catholic Church in Austin, dressed as Dracula during a rally in opposition to the Texas Jobs and Security Act on the steps of the Texas Capitol in March.

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The organization commended local Reps. [Gina Hinojosa](#), [Carrie Isaac](#), [Vikki Goodwin](#), [Erin Zwiener](#), [Ellen Troxclair](#) and [Lulu Flores](#) for voting against the bill.

"We need to protect our children and our schools," Flores said during a March rally in opposition to the bill. "We also need to make sure that we protect everyday working Texans. I'm here to fight for the rights of everyday people I'm proud to lend my hand and do any heavy lifting I need to do to make sure that working people are protected and supported."