



Valley Interfaith asks you to deny this last minute application for an unnecessary tax payer funded giveaway to Texas LNG July 26, 2022

Superintendent and Board of Point Isabel ISD:

Tonight, the Point Isabel ISD Board has two applications in front of you from Texas LNG project to build a massive LNG export facility. Valley Interfaith is a thirty-five year old coalition of congregations in Cameron, Hidalgo and Willacy Counties that has worked to improve our communities, especially for the working families whose children attend public schools.

We ask you to deny this last-minute application that is being presented at a special-called meeting. The sole purpose of this meeting is to approve a tax abatement that will cost Texas taxpayers hundreds of millions of dollars for a project that the applicant has been planning to build here for many years. The only reason the applicant is now submitting this application is so that they can take advantage of the soon-to-expire Chapter 313 Tax abatement program which is draining over a Billion dollars each year from the Foundation School Program—the way that the State of Texas pays school districts their per pupil allocation each year.

Background: Chapter 313 program was created in 2001 in order encourage companies to re-locate to Texas to build new industrial facilities which would create new high-wage jobs for the communities where they are located. In exchange for locating here, the new companies would promise to create a certain number of new jobs at relatively high wages. Under this program, the State of Texas will pay most of the school property taxes for the corporation for the first 10 years after the project is built. Once the corporation has depreciated the value of the property for 10 years, it returns to the tax rolls of the school district. But Texas taxpayers must pay the first 10 years of property taxes when the value of the new property is the highest. On a project of this size, Texas taxpayers will be paying hundreds of millions in property taxes for Texas LNG.

Under Chapter 313 corporations can give additional incentives to each district by offering Payments in Lieu of Taxation (PILOT) payments of up to \$50,000 per year to the districts. This bonus cash is what many districts focus on when accepting these deals. The State of Texas pays the cost and the school district gets the benefit of PILOT payments. But our research has shown that only 5% of the students in Texas are in school districts which benefit from Chapter 313 and 95% are in school districts which would come out ahead if Chapter 313 did not exist and those funds were instead used to provide essential funding to schools.

We believe you should deny this application because:

- (1) **It Abuses Taxpayers:** The Houston Chronicle and Texas Tribune have done extensive reporting detailing how, to quote the Houston Chronicle, these deals are ***“Texas’ Biggest Corporate Tax Giveaway.”*** According to estimates at the end of 2020, over \$1 Billion was sucked out of the Texas school system annually. These tax abatements have to be replaced by a similar amount of general funds so the Permanent School Fund can pay the per pupil allocation to all school districts. In 2021, Valley Interfaith and other members of the Texas Industrial Areas Foundation led the charge to sunset this shameful program and we achieved bi-partisan support to end the program at the end of this year. The applicant is rushing to get this project included under the extremely lax rules and oversight of the current Chapter 313 which expires December, 31, 2022. While we have not yet seen their application, this project will likely cost Texas taxpayer hundreds of millions of dollars that could be used to improve security at schools; increase teacher pay or provide more access to mental health services for our students. We have attached copies of a few of the articles detailing how the Chapter 313 deals abuse taxpayers.



Valley Interfaith asks you to deny this last minute application for an unnecessary tax payer funded giveaway to Texas LNG July 26, 2022

- (2) Seeks to avoid new accountability under a revised Statute:** Texas House Speaker Dade Phelan has vowed to make replacement of Chapter 313 one of his highest priorities for the 2023 Session. The immediate past Speaker Bonnen has been hired by industrial groups to get revised legislation passed to continue these industrial tax abatements. But even the biggest supporters of Chapter 313 have said this is a deeply flawed program which allows corporations to avoid almost all of the promises they make under the extremely lax oversight. Texas LNG is proposing to build a massive project under lax rules. They have waited for years to build this project. Why not let them seek a tax abatement under a program that has some real requirements of benefits to the community?
- (3) This project has been planned for years and is not needed to get Texas LNG to build in Texas:** These two applications are two of over 400 applications which have been filed since the first of the year as corporations seek to line up tax abatements for projects they may or may not build. Texas LNG has proposed and delayed this project several times over the last 5 years and Valley Interfaith has joined other community leaders to oppose their application which Cameron County denied several years ago. There are media accounts over the last several years about them planning to build this project in Port Isabel ISD. LNG is an increasingly profitable industry, and these applications are for what will be a very profitable enterprise as European countries seek to replace Russian natural gas with LNG shipped from the United States. Chapter 313 was intended to convince companies to come to Texas. Texas LNG is going to build this plant in Texas, most likely right here in Port Isabel. Although they will have boiler plate language about all the places they could go, we all know they will not abandon Texas if Port Isabel denies them a tax abatement on this project.
- (4) Texas LNG can seek huge federal tax credits:** On their website, Texas LNG boasts about being able to recapture 27 Million metric tons of carbon. The IRS code 45Q will allow them that as a tax credit for up to 75 Million metric tons during the Chapter 313 timeframe. This credit would be valued at around \$472 Million based on Congressional Budget Office estimates of the value of the tax credit. It seems like Texas LNG has other options to make this project profitable. **So, Texas LNG need a tax abatement under Chapter 313? The answer is clear, No.**

For these reasons and others which we will provide you, we ask you to deny this application tonight.

For Valley Interfaith

Fr. Kevin Collins, O.M.I., St. Eugene de Mazenod, Brownsville
Pharr

Eddy Anaya, Mother Cabrini,

Rosalie Tristan, Rosalie Tristan, Our Lady of Guadalupe, Raymondville
McAllen

Joe Hinojosa, Holy Spirit,