

Valley Interfaith: Chapter 313 sucked the blood out of Texas' school funding system

By Steve Taylor

February 26, 2023



RAYMONDVILLE, Texas – After helping end a controversial incentives program designed to attract major corporations to Texas, Valley Interfaith is concerned about attempts to bring it back to life.



Rosalie Tristan, a Valley Interfaith leader from Raymondville.

The 2001 Legislature’s Texas Economic Development Act, known as “Chapter 313” for its position in the Texas Tax Code, allowed public school districts to offer tax incentives for businesses that invest in their communities.

As the Texas Comptroller’s Office noted, businesses were given a ten-year limitation on their appraised property value for a portion of the school district property tax. In exchange for the value limitation, the business agreed to build or install new property and create jobs in the school district.

Most of the local tax revenue the school district lost out on under Chapter 313 was replaced with state funding. Thus the act used state revenue to promote local economic development.

Chapter 313’s reauthorization was [stopped](#) during the last legislative session by a bipartisan group of state lawmakers, Valley Interfaith, its sister organizations in the Texas Industrial Area Foundation, and other allies.

The Texas Association of Business, Texas Oil & Gas Association, and Texas Association of Manufacturers are attempting to resurrect the chapter in one form or another. They have [asked](#) economic development corporations and chambers of commerce from around the state to support their efforts.

Gov. Greg Abbott has signaled his support for bringing Chapter 313 back in some form. He recently pointed out that Texas lost out on a multi-billion deal to bring a high tech manufacturing plant to the state. New York State offered more in incentives and secured the project.

Abbott's position on Chapter 313 has changed over the years, however. In 2015, Abbott vetoed legislation to expand Chapter 313 incentives to projects involving multiple, contiguous school districts. The governor's veto stated that, "while the program may sometimes have a positive impact on local economic development, serious concerns exist about its oversight, its transparency, and its value to the taxpayers."

Valley Interfaith described Chapter 313 as "Texas' largest corporate welfare program." In a news release, the group and its sister organizations in the IAF said it was "shameful" that major lobby groups in the oil, gas, and manufacturing sectors were asking chambers of commerce and economic development corporations to "support taking money from schoolchildren to line the pockets of major corporations."

Taking a very different view to Valley Interfaith on the issue are McAllen EDC, South Padre Island EDC, Edinburg EDC, Brownsville Community Improvement Corporation, Harlingen EDC, Starr County Industrial Foundation, Edinburg Chamber of Commerce, Greater Pharr Chamber of Commerce, the City of Rio Hondo, and South Padre Island Chamber of Commerce.

Each of these groups have written to state lawmakers in support of a new incentives package to replace Chapter 313.

But Valley Interfaith argues Chapter 313 is a "defunct and miserably failed program" whose legacy will [cost taxpayers](#) over \$31 billion in the

next several decades to support tax breaks for multinational corporations.

“This program is literally sucking the blood out of our school funding system and state budget, yet lobby groups continue to try to bring it back from the grave like Dracula,” said Rosalie Tristan, a leader with Valley Interfaith. “We must reject Governor Abbott’s call to resurrect the Chapter 313 Vampire Fund.”

Valley Interfaith analysis showed that school districts in the Rio Grande Valley would have received more than \$40 million in additional funding in 2020 if the money that Chapter 313 gave to corporations that year had been been invested in public schools.

Tristan said Valley Interfaith agrees with Texas Comptroller Glenn Hegar. Last December, as Chapter 313 was about to end, Hegar [said](#): “Despite receiving billions of dollars in property tax abatements over the life of the program and potentially billions more in approved incentives just this year, these companies and their attorneys are asking Texas taxpayers to shoulder even more despite the Legislature’s decision to discontinue the program.”

Valley Interfaith’s Tristan added: “During this legislative session Texas needs to invest in workforce development and education, not corporate welfare on the backs of schoolchildren.”

Editor’s Note: The Texas IAF IAF comprises community organizations whose purpose is to train leaders to organize families around issues which affect their quality of life. The network includes Communities Organized for Public Service and The Metro Alliance and ICAN in San Antonio, The Border Organization, Valley Interfaith in the Rio Grande Valley; TMO in Houston; EPISO and Border Interfaith In El Paso; Austin Interfaith; ACT in Fort Worth; Dallas Area Interfaith; AMOS – Arlington, The West Texas Organizing Strategy; and Beaumont, Port Arthur and Orange.