

Point Isabel school district rejects Texas LNG tax abatement

By [Gary Long - The Brownsville Herald](#) - July 27, 2022

The Point Isabel Independent School District on Tuesday unanimously rejected a last-minute bid by Texas LNG Brownsville to qualify for tax abatements under an expiring state program.

According to estimates at the end of 2020, the program, called Chapter 313, "sucked over \$1 billion out of the Texas school system annually," the Houston Chronicle and Texas Tribune reported.

Texas LNG Brownsville is a 625-acre project to build an export terminal for liquefied natural gas from a site on the north shore of the Brownsville Ship Channel. It is in the process of receiving regulatory approvals and lies within the Point Isabel school district.

The project sought the abatements under Chapter 313, a program created in 2001 to encourage companies to relocate to Texas to build new industrial facilities that would create new high-wage jobs in the communities where they are located.

In exchange, the new companies would promise to create a certain number of new jobs at relatively high wages. Under the program, Texas would 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, according to information provided by Valley Interfaith, which opposed the abatements.

"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," Valley Interfaith stated in a news release. "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."

Last year the Texas Legislature decided to kill Chapter 313, but it left a giant loophole by letting the program gradually fade away over the course of a year, according to reporting by the Houston Chronicle and Texas Tribune. The result was a rush in last-minute applications for the abatements.

"According to estimates at the end of 2020, more than \$1 billion was sucked out of the Texas school system annually," the release stated. "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 the year."

However, corporations were given until early June, and later until early August to submit applications. Texas LNG submitted its applications under the later deadline.

On a unanimous vote Tuesday night, the school district voted not to go forward with the applications.

Several Port Isabel area residents voiced opposition, both to Texas LNG on environmental grounds, and to the abatements, saying Texas LNG deserves to have to pay its fair share of taxes.

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Valley Interfaith and the other objectors said Texas LNG doesn't need the abatement because the project has been planned for years and the company has already decided to build the facility here.

"Valley Interfaith congratulates the superintendent and PIISD Board members for their willingness to look at the facts and reject this application for huge tax abatements for an LNG export terminal they have long planned to build in the Port of Brownsville area," said Father Kevin Collins, O.M.I. pastor of St. Eugene of Mazenod Church in Brownsville and Valley Interfaith. "They don't need to take money from Texas school children to build a profitable LNG export facility at a time when the whole world is clamoring for liquified natural gas," Collins said.

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