

For Immediate Release

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Senator Eckhardt Supports More Debate on HB 5 - Further Improvements Needed

Following the passage of HB 5 in the Senate, the bill now moves to conference with the House to approve/amend changes from the Senate. These significant improvements, are the product of significant bipartisanship and negotiation.

Senator Sarah Eckhardt released the following statement:

HB 5 is meant to improve the now-expired economic development program, Chapter 313, designed to entice businesses to Texas. Ample research shows these programs can be effective in attracting businesses that would not otherwise locate in communities most in need of economic opportunity. But, the prior program fell under suspicion of unjustly enriching parties that would have relocated without the incentive, thus transferring higher property tax burdens onto Texans.

While I do not believe HB 5 yet emulates best practices in these types of economic programs, I voted to move the bill forward to the House for a conference committee for more improvements. Senator Schwertner has negotiated with the Senate Democratic Caucus in good faith and bipartisanship that are too rare in the Texas Senate. While the bill still falls short for me, Democrats secured significant improvements:

- Expands eligible projects with prioritization for economic development in “Opportunity Zones” (communities most in need as defined by the U.S. Treasury Department)
- Caps the incentive at 50% of the Maintenance & Operations taxes owed based on the market value of the property - except in Opportunity Zone which cap at 75%
- Requires wages more than 110% of the average county industry wage
- Requires health insurance coverage for non-contract employees
- Adds rural representation to the oversight committee

These significant additions from across the aisle warranted support, but I will continue advocating for the following additional improvements:

- Remove contract laborers from the job-count for employee requirements. Businesses cannot be held accountable and thus should not receive credit for temporary roles
- Amend requirements to ensure energy generation facilities are held to the same wage/benefit requirements as others
- Replace the well-intentioned Performance Bond requirement with:
 - substantial investment or other objective performance target before the benefit period begins; or

- replacing the upfront tax abatement with a retroactive rebate of taxes paid only after verified performance.
- Remove oil and gas exploration/extraction from the definition of eligible natural resource development projects; logically oil & gas assets are intrinsic to the land and therefore exploration/extraction cannot be relocated to/from Texas.

The final improvement that should (but is unlikely to) be included: renewable energy generation or battery storage as eligible projects. Texas is #1 in energy production in the US and will only stay that way with a healthy mix of old and new technologies. Without this addition, the bill will remain insufficient.

I look forward to enticing good corporate citizens to relocate in Texas communities that need them most. Let's make sure the program is designed to succeed.

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