



Senator Eliot Shapleigh

District 29

Texas Press Release



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SENATOR SHAPLEIGH STOPS \$2.4 BILLION BAILOUT BILL, ADDS AMENDMENTS

"In the midst of an historic recession, H.B. 3676 delivers \$2.4 billion in taxpayer subsidies to some of the largest corporations in the world. Each job that this bill creates costs taxpayers \$376,000. These Chapter 313 agreements need state oversight."

AUSTIN - Senator Eliot Shapleigh (D-El Paso) used a parliamentary maneuver to slow consideration of a bailout bill Texas cannot afford.

[H.B. 3676](#) would extend the Texas Economic Development Act, a program which allows Texas school districts to enter into Chapter 313 tax subsidy agreements with businesses. Under the program, those businesses are allowed to forgo paying property taxes in return for locating in that school district's area.

Extending these corporate tax subsidies to 2015 [will cost the state an estimated \\$2.4 billion in lost revenue for our public schools.](#)

Plus, for each job *proposed* to be created under current agreements, the cost to the state is more than \$376,000. The Comptroller recently demonstrates the cost per job:

	Number of projects	Number of jobs proposed on application	Cost to state in foregone property taxes	Cost per job proposed
R&D	4	295	\$17,185,000	\$58,254
Manufacturing	23	4,328	\$874,897,000	\$202,148
Nuclear power	2	500	\$501,245,000	\$1,002,490
Renewable energy	61	467	\$713,444,000	\$1,527,717
TOTAL	90	5,590	\$2,106,771,000	\$376,882

Source: [Texas Comptroller](#)

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These agreements operate under almost no state oversight. Under [H.B. 3676](#), school districts can ignore the Texas Comptroller's recommendation against approval of an agreement. So regardless of whether it makes economic sense or is even eligible under the statute, districts can choose to proceed with an agreement to write up to \$2.4 billion in subsidies on the taxpayer's checkbook.

"In the midst of a historic recession, [H.B. 3676](#) delivers \$2.4 billion in taxpayer subsidies to some of the largest corporations in the world. Each job that this bill creates costs taxpayers \$376,000. These Chapter 313 agreements need state oversight," Senator Shapleigh said.

Since the corporate subsidy program started in 2001 with passage of [H.B.1200](#), agreements made under the Act are expected to cost the state [nearly \\$5.7 billion](#) — at a cost of \$376,000 per job. By contrast, under the Texas Enterprise Fund, about [\\$377 million has been invested at about \\$7,000 per job](#), with state oversight and reporting.

Senator Shapleigh continued, "From day one, this corporate bailout was designed to guarantee no oversight. Corporate lobbyists go one-on-one with school board trustees, then send the bill for the bailout to Austin for taxpayers to pick up."

Should the Act be extended to 2015 under [H.B. 3676](#) it would cost the state a total of \$675 million dollars per biennium.

"Imagine what an investment of \$675 million might deliver if used to put state-of-the-art technology in our public schools and pay qualified teachers. Or, what if we insure another 376,000 Texas kids under Medicaid and fund TEXAS Grants for an additional 65,000 college students? That is the choice here and a \$2.4 billion corporate bailout is the wrong choice," Senator Shapleigh said.

Senator Shapleigh stalled consideration of the bill using a Senate procedure known as "tagging." Tagged bills cannot be considered by a Senate committee until 48 hours after being tagged. Since being tagged by Senator Shapleigh, [H.B. 3676](#), which was set for a hearing Friday in the Senate Committee on Economic Development, was reset for a hearing today.

In negotiations with the bill author, the bill today will include amendments inserted by Senator Shapleigh to guarantee state oversight, sunset Chapter 313 agreements for review next session, and create a comprehensive Legislative Budget Board review of economic development incentives in Texas.

Once out of committee, the bill will be sent to the full Senate.

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