

- SUBJECT:** Requiring oversight board to evaluate Chapter 313 agreements
- COMMITTEE:** Economic and Small Business Development — favorable, without amendment
- VOTE:** 8 ayes — Button, Vo, Bailes, Hinojosa, Leach, Metcalf, Ortega, Villalba
0 nays
1 absent — Deshotel
- WITNESSES:** For — (*Registered, but did not testify:* Rene Lara, Texas AFL-CIO; Cathy DeWitt, Texas Association of Business; Carlton Schwab, Texas Economic Development Council; Max Jones, The Greater Houston Partnership)
Against — None
- BACKGROUND:** The Economic Incentive Oversight Board was created by the 84th Legislature in 2015 through enactment of HB 26 by Button to examine the effectiveness of this state's economic incentive programs. The board is authorized to examine programs and funds administered by the Office of the Governor, the comptroller, or the Department of Agriculture that provide monetary and tax incentives to business entities. Some observers have noted that this language does not allow the board to investigate Chapter 313 agreements, under which school districts negotiate temporary reductions on the appraised value of property in exchange for businesses locating certain investment projects in the district.
- DIGEST:** HB 3360 would require the Economic Incentive Oversight Board to examine the effectiveness, efficiency, and financial impact of Chapter 313 property tax incentives. The board would have to determine whether school districts and the comptroller were implementing these agreements to accomplish economic development purposes and in compliance with legislative intent.

The bill would require the board to develop a performance matrix that

established the economic performance indicators and metrics for evaluating Chapter 313 agreements, and the comptroller would have to provide the board with information concerning these agreements upon request.

The bill also would require the board to develop a schedule for review of Chapter 313 agreements and make its findings and recommendations according to this schedule. The board would provide a school district or the comptroller with recommendations concerning Chapter 313 agreements upon request.

The board would be required to include a report of its findings and recommendations about the Chapter 313 property tax incentive program in a biennial report to the Legislature.

The bill would take effect on September 1, 2017.