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Texas House advances Texas Jobs & Security Act *Hunter's HB 5 creates modern economic development program.*

(AUSTIN) – The Texas House of Representatives gave preliminary approval Thursday to House Bill 5, authored by House State Affairs Committee Chairman Todd Hunter. The legislation would give Texas a tool to attract large business investments, ensure grid reliability and security, and encourage job creation.

“This is a modern, transparent approach to economic development that will help ensure Texas remains the best state in the country for business,” Chairman Hunter said. “I am confident that this legislation will bring investments to this state and create opportunities for our fellow Texans.”

HB 5 would allow school districts to enter into agreements allowing companies investing in their communities a temporary discount on school Maintenance & Operations taxes limited to 10 years. However, the companies must pay school I&S (interest & sinking) taxes — which districts use for construction and renovation of facilities through the issuance of bonds — on the full value of the project.

During the construction period, the company would pay 20% of the M&O tax savings to the district. Additionally, during the abatement period, the company would share part of its discount with the district as well.

HB 5 would also bring tax relief to the communities who choose to sign agreements. When these properties come on the tax rolls, property tax rates will compress, providing rate relief for homeowners and other property-owners in the community.

Companies must demonstrate that the incentive is a determinative factor in where the investment is made.

HB 5 includes robust transparency and accountability provisions. Companies would report the amount of the investment, number of jobs created, wages paid and other data to the Texas Comptroller of Public Accounts, while school districts would report the payments they receive from the business. Also, HB 5 is very clear in the number of minimum jobs each approved project must create. If the project cannot produce the required jobs, the applicant is penalized and subject to additional payments to account for each of the jobs that the applicant did not fulfill per the final agreement.

HB 5 clearly prescribes the types of projects that are eligible, including:

- National, State Security or Supply chain infrastructure
- Manufacturing facilities
- Grid reliability projects
- Major projects with more than \$1 billion in investment in a school district.

A broad coalition of employers, chambers of commerce and school district leaders have voiced support for House Bill 5. Earlier this week, 255 chambers, economic development councils and other business organizations released a letter expressing support for the bill.

“Over the last year, Texas lost several multibillion-dollar deals, including Rivian to Georgia, Intel to Ohio, and Micron to New York,” the letter says. “Texas stands to lose more jobs, more investments, more tax base and more growth if we don’t restock our economic development toolbox with a new economic development incentive this legislative session.”

The House is scheduled to take a final vote on House Bill 5 on Friday before sending the legislation to the Senate.

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About Rep. Todd Hunter

Todd Hunter is the State Representative for Texas House District 32 in Nueces and Aransas Counties. He is the Chairman of the State Affairs Committee, which deals with a variety of significant matters of state policy.