

Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Comptroller,

The American Economic Liberties Project is a think tank dedicated to reducing the power corporations have over our economy and democracy. We strongly oppose the changes your office has proposed regarding the collection and publication of economic development data under Chapter 313 of the Texas code.

As your office is surely well aware, Chapter 313 will expire at the end of next year, as the legislature refused to pass an extension during its most recent session. And that refusal was warranted: Chapter 313, like corporate tax incentive programs nationwide¹, does not deliver on its promised benefits, and instead forces all Texas taxpayers to pay for ill-advised arrangements made by local school districts. In fact, most corporations that benefit from the program would have come to Texas anyway, without those dollars, making the program little more than a waste of public funds.²

Before the program's expiration, though, there are surely going to be many deals finalized with school districts across the state, with costs to the public that will extend years into the future. It is therefore wildly irresponsible to propose eliminating historical and future projection data that can inform the public of those ongoing costs, as well as to hide from the public data

¹ See: Garofalo, Pat, "The Billionaire Boondoggle: How Our Politicians Let Corporations and Bigwigs Steal Our Money and Jobs," Thomas Dunne Books, March 2019; LeRoy, Greg, "The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation," Berrett-Koehler Publishers July 2005; Florida, Richard, "The Uselessness of Economic Development Incentives," CityLab, Dec. 7, 2012 <https://www.bloomberg.com/news/articles/2012-12-07/the-uselessness-of-economic-development-incentives>; and Slattery, Cailin, and Owen Zidar, "Evaluating State and Local Business Tax Incentives," Journal of Economic Perspectives 34.2. Spring 2020, among many works. <https://scholar.princeton.edu/zidar/publications/evaluating-state-and-local-business-tax-incentives>

² Jensen, Nathan M., "Exit Options in Firm-Government Negotiations: An Evaluation of the Texas Chapter 313 Program," 2017 <https://www.natemiensen.com/wp-content/uploads/2017/02/Jensen-Chapter-313-Policy-Brief-1.pdf>

regarding the jobs created and wages paid by corporations receiving public funds. At a bare minimum, the public deserves to know if deals made in its name are paying off. The proposed rules would result in that determination being far more difficult to make.

The only beneficiaries of your proposal are the corporations that will be receiving taxpayer funds and the officials who sign off on these deals. Both will be better able to obscure public debate, hide the true costs of these backroom negotiations, and renege on promises they make to local communities.

Your own website states that “Meaningful transparency leads to greater accountability.” Yet the proposed rule takes Texas in the opposite direction, obscuring information in order to allow elected officials to evade accountability. The proposal should be rescinded and new rules should be proposed to bring even greater transparency to Chapter 313 as long as deals created under its purview are still on the books.

Sincerely,

Pat Garofalo
Director of State and Local Policy
American Economic Liberties Project