Although Texas is a low tax state for individuals, we have one of the highest property tax burdens on industrial facilities, 65% higher than the national average.

Due to our high property tax, Texas is rarely the lowest cost tax state for new investment. Instead, our incentive programs simply try to keep Texas' tax load “close enough” so the state can win based on other factors.

25 Year Property Tax Burden on an Industrial Facility

Source: TTARA

Chapter 313 agreements support a wide range of project investments:

- Manufacturing
- Research and development
- Clean coal projects
- Data centers
- Renewable energy electric generation
- Electric power generation using integrated gasification combined cycle technology
- Nuclear electric power generation

Critics contend that the state “subsidizes” districts for offering a 313 limitation by sending more money to offset the value lost as a result of the agreement. In fact, the exact opposite happens. A district granting a 313 agreement sees a reduction in its state aid by virtue of the value the project adds to its tax rolls. Generally, a Chapter 313 agreement results in a modest reduction in state aid during the limitation period, and a much more substantial reduction in state aid once the limitation expires.
Solar’s Participation in Chapter 313

In Texas, property taxes are often a solar power plant’s largest operating expense – Chapter 313 ensures that communities are able to attract these valuable projects to our state. The existing policies are working:

★ Texas ranked 2nd among states for new solar capacity added in 2018¹
★ More than 80 counties across Texas have seen recent solar development activity, spread across every region of the state
★ Over the next three years, the solar industry expects to add almost 3,000 MW of peak generation capacity in Texas, representing several billion dollars of total investment

These projects, often located in rural areas, make a tremendous local economic impact and provide valuable tax payments to local districts.

¹Wood Mackenzie/SEIA U.S. Solar Market Insight®
Solar projects with abatements provide a tremendous tax boost to the local community

Chapter 313 does not remove property from the tax rolls—it simply delays the time that new investments go on to the tax rolls at full value. The Comptroller certifies that these investments would not otherwise be made but for the agreement.

A $100 million, 30-year solar project will typically receive a 10-year value limitation of $30 million through Chapter 313. In that scenario, the project will pay almost $3 million in school M&O taxes during the first 10 years and over $200,000/year for the remaining 20 years. Solar is also the only project type in Texas statutorily required to pay property taxes in perpetuity.

Solar provides an important grid reliability boost

★ Over the next three years, ERCOT projects that solar will be the primary contributor to growing the state’s buffer against blackouts.

★ Planned new solar additions will boost the grid’s reserve margin from its current low level of 7.4% to 11.6%, shrinking the gap to the 13.75% target and significantly reducing the likelihood of a reliability problem.²

Solar power brings jobs to Texas

★ The solar industry employs more than 13,000 full and part-time workers in Texas, up 8% in the past year and more than double since 2013³

★ Texas ranks #5 among states for total number of solar jobs, and #3 in jobs added in 2018⁴

★ The growing industry creates a continuous stream of job opportunities not necessarily tied in perpetuity to a specific project

★ Solar power also indirectly supports job growth in other sectors - demand for solar power is largely being driven by private businesses, many of which are moving to Texas in part to access affordable clean electricity.

The importance of qualifying job waivers

Job waivers were created by the legislature to ensure that the state has the tools to bring capital intensive projects here for their economic impact, regardless of the direct number of on-site jobs created. These waivers are a critical component of program success, particularly in rural areas with smaller tax base. They are utilized by almost ALL project types to enable investment all across the state.

120 out of 254 Texas Counties have active Chapter 313 agreements and 85 of them had new investments enabled by job waivers.

Counties that have approved job waivers as a part of their Chapter 313 agreements:

Without job waivers, solar projects would be effectively eliminated from Chapter 313 participation, depriving local communities of valuable investment and threatening thousands of jobs statewide.

Solar is a small but valuable component of the Chapter 313 program

★ Manufacturing projects receive 74 percent of the gross tax benefit of Chapter 313, with wind projects receiving 23 percent and solar projects receiving 3 percent\(^5\)

★ The estimated total investment in solar is roughly $6 billion through the life of the current Chapter 313 agreements in place, with the total investment from all 313 agreements exceeding $183 billion\(^5\)

\(^5\)Texas Comptroller