

December 22, 2021

The Honorable Juan “Chuy” Hinojosa
State Senator, District 20
Texas Senate
Capitol Building, Room 3E.6
Austin, TX 78701

Re: Comments on Proposed Amendments, 34 TAC § 9.1051, § 9.1052, Limitation on Appraised Value on Certain Qualified Properties (46 Tex Reg 7866) (Nov. 19, 2021)

Dear Senator Hinojosa,

Thank you for your comments on the proposed rule changes to the Chapter 313 program. We have received and recorded your remarks. As a part of the rulemaking process, my office will provide a written response to all questions received on the proposed rule change at the end of the comment period.

The proposed rule change is the beginning of a conversation on how to administer an inactive program while acknowledging that many of the agreements in the program will continue to be active for years to come. The agency is committed to providing the legislature and the public the information they need to make informed decisions regarding the manner in which tax dollars are spent.

Please let us know if you have additional questions. Thank you for reaching out to my office on this important issue.

Sincerely,



Glenn Hegar



December 22, 2021

The Honorable Juan “Chuy” Hinojosa
State Senator, District 20
Texas Senate
1508 S. Lone Star Way, Ste. 6A
Edinburg, TX 78539

Re: Comments on Proposed Amendments, 34 TAC § 9.1051, § 9.1052, Limitation on Appraised Value on Certain Qualified Properties (46 Tex Reg 7866) (Nov. 19, 2021)

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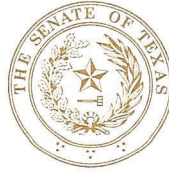
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Sincerely,



Glenn Hegar





COMMITTEES
REDISTRICTING, VICE CHAIR

NATURAL RESOURCES &
ECONOMIC DEVELOPMENT

TRANSPORTATION

THE SENATE OF TEXAS JUAN "CHUY" HINOJOSA

DISTRICT 20

COMMITTEES
JURISPRUDENCE, VICE CHAIR

CRIMINAL JUSTICE

PORTS

December 7, 2021

The Honorable Glenn Hegar
Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78744

Re: Comments on Proposed Amendments, 34 TAC § 9.1051, § 9.1052, Limitation on Appraised Value on Certain Qualified Properties (46 Tex Reg 7866) (Nov. 19, 2021)

Dear Mr. Hegar,

I am writing to express my comments and concerns of the proposed amendments to the current data reporting requirements for the Chapter 313 program. I am concerned the proposals aim to reduce transparency to avoid the level of scrutiny the program experienced this past regular session. The proposed cutback in data collection and availability will make it difficult for the Legislature, the media, and the taxpayers to evaluate and know future costs of the program.

Transparency promotes accountability and provides information for taxpayers about what their government is doing. While the intent is to lessen administrative burden on school districts and beneficiary companies, savings in administration costs expected by the new proposals do not outweigh the estimated total lifetime cost of \$10.8 billion in foregone tax revenue of the 603 active projects. Even though the program is set to expire on December 31, 2022, it is premature to curtail the reporting requirements at this time. About 77 percent of the \$10.8 billion was projected to come after 2019, according to the Houston Chronicle. In addition, nearly 100 new applications have been submitted since the end of the regular session and more are expected to be submitted before the program expires. Taxpayers will need the same level of data collection and access the Comptroller currently provides to evaluate the ongoing costs and projected benefits of Chapter 313 to the state as well as any legislative proposals to resurrect the program in future legislative sessions.

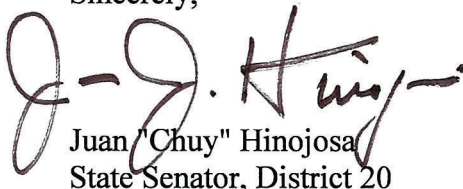
Public access to vital information enables public engagement enhancing the Government's effectiveness and improves the quality of its decisions. The data and reports the proposals seek to eliminate or make less accessible enabled concerned citizens to uncover and report on the

program's flaws. The session's debate over extending the program is an example of how transparency and public engagement can work to enable the Legislature to make an informed decision. The Legislature decided not to renew the program after many members learned of the program's cost to taxpayers who are not eligible or do not qualify for the school property tax abatements. Access to this vital information also led to researchers and analysts from think tanks with polar opposite political ideologies to reach the same conclusion and issue an unprecedented joint statement in opposition of the program. The Legislature, legislative staff, analysts, and journalists all benefited greatly from the public having access to the data the proposals would eliminate or make more difficult to analyze.

As currently proposed, the revisions would replace the current biennial reporting requirements (i.e. forms 50-773A, 50-773B, 50-827A, and 50-827B) with a new form that requires companies to report actual values of the project for only the two most recent years. During the regular session, I made comments about the need for some substantive reforms to the program. The proposals are counterintuitive to the changes that are needed. The Proposed Electronic Biennial Report Form should continue to include comprehensive information from the start of the agreement and projections extending beyond the end of the agreement of future property values, the amount of foregone tax revenue, and payments to school districts. The Comptroller should continue to collect and post the Annual Eligibility Report (Form 50-772A).

Changes to improve transparency and accessibility may be necessary, but the proposed amendments do not meet this goal. As such, it would be best to leave the current rules in place for the sake of maintaining the current level of transparency and promoting good open governance. Please do not hesitate to contact my office, if you have any questions.

Sincerely,



Juan "Chuy" Hinojosa
State Senator, District 20

CC: Mr. John Villarreal, Manager, Data Analysis and Transparency Division, Comptroller of Public Accounts, at John.Villarreal@cpa.texas.gov