



THE TEXAS STATE CHAMBER

September 8, 2022

Re: 87R Interim Charge - conduct a comprehensive review of the impact of not renewing Chapter 313, Tax Code. Evaluate tax incentives offered by other states and make recommendations for incentivizing manufacturers and other capital-intensive businesses to locate to Texas.

Dear Chairman Meyer and House Ways & Means Committee Members,

My name is Glenn Hamer, I am the President and CEO of the Texas Association of Business. As we celebrate our Centennial anniversary this year, today TAB represents over 1,500 members and over 200 chambers of commerce across Texas. TAB's core purpose is to "champion the best business climate in the world, unleashing the power of free enterprise to enhance lives for generations". We are also the state affiliate for the National Association of Manufacturers.

The business community in Texas appreciates you and your colleagues addressing important issues leading up to the next legislative session, including the impact of Texas eliminating its only major property tax limitation tool.

The world is a dangerous place, with COVID disruptions and military troubles in

To date, Texas has deliberately planned to diversify and strengthen our Texas economy and ensure Texas is a favorable place for company investment and economic growth. Our pro-business regulatory climate, our flexible talent base, our strong connection to export markets create a climate that attracts these game-changing developments. However, the large capital-intensive tax limitation agreements seal deal after deal after deal. We all know that economic development is not multiple choice. You must have 'all-of-the-above' tools to land these major projects.

These strategies have worked really well, especially bringing investments in new industries to places long outside of the Texas success stories. These are all success stories who could go anywhere in the world and where everyone in the world will want them to invest. For example:

- Sinton, outside Corpus Christi attracted a steel mill.
- Bon Weir in Newton County attracted a \$3.4B commercial biorefinery investment.
- Amarillo attracted a major \$650M investment from CVMR.
- Taylor and Sherman attracted the \$17B and \$30 billion in next generation semiconductor manufacturing plants, respectively.

Samsung, Tesla, and Toyota are also great examples of businesses that have been incentivized to move or expand operations in Texas and added value to their communities. Competitive incentives were instrumental in Texas winning these projects.

But as Russia shuts off NordStream and challenges grow to the supply chains in Taiwan, Texas must continue to strengthen its position as a home to leading edge technologies and advanced

manufacturing. We must implement an incentive model that is both transparent and accountable to continue to attract these projects and ensure Texas economic security for decades to come.

Not only do these large manufacturing commitments create direct opportunities, but they attract the supplier network required to support them, resulting in additional overall regional growth and opportunity. According to the U.S. Department of Commerce, every new job in manufacturing creates at least three additional construction, service, and supplier jobs within their community.

This type of tax structure provides the school district and local communities with a tool to attract jobs and it creates a future tax revenue stream that helps that helps school districts pay for expenses, teachers' salaries and construction and renovations of school buildings. While these discounts are only temporary, the new projects generate significantly more revenue after several years for the school district than before the business developed the property. It is also an opportunity to require a percentage of the company's savings to go towards a career and technology education fund for grants that any school district in Texas can apply for.

We need to use tools that other states and countries are using to attract critical new technologies and industries to Texas. These projects bolster the economy all around, and we must remain competitive in 2023 and beyond.

TAB is prepared to work with you, Mr. Chairman, this committee, and the entire legislature to create a tax structure that ensures economic independence for decades to come.

On behalf of the Texas Association of Business, I thank Chairman Meyer and the members of this committee for addressing this important issue and allowing me to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Jensen", written over a horizontal line.

President & CEO
Texas Association of Business