



A long-standing legacy in shaping Texas fiscal policy

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Contact: Kirsten Voinis
(512) 922-7141, kvoinis@kvoinis.com

TTARA releases report on Chapter 313: State's 'single most important economic development tool'

The Texas Taxpayers and Research Association (TTARA) today released a report on the state's single-most important economic development tool: Chapter 313 of the Tax Code. Chapter 313 allows school districts to offer a temporary limitation on the taxable value of certain new investment projects.

The TTARA study – [Understanding Chapter 313: School Property Tax Limitations and the Impact on State Finances](#) – provides an overview of how the program works, details its impact on school finance, and addresses some of the common criticisms levied at the program.

Originally passed as the Texas Economic Development Act in 2001, Chapter 313 has been critical in attracting over 300 new projects to Texas. Over 50,000 Texans are employed because of the more than \$80 billion of investment Chapter 313 has brought to the state.

"While we believe there's no better place to invest than in Texas, we must be realistic – Texas' high property taxes place a substantial barrier to our ability to attract capital investment," said TTARA President Dale Craymer. "Without tools such as Chapter 313, we simply cannot compete with many other states."

Chapter 313 has been the subject of a great deal of misinformation over the years. Critics of the program have claimed that the state loses money by virtue of the school district agreement. In fact just the opposite is true. By attracting projects that would not come here otherwise, the program actually captures additional investments, jobs and taxes for the state.

A portion of the project's value must go onto the tax rolls during the limitation period; plus they receive no reduction on a school's debt service taxes, or taxes on inventories. That translates into additional tax revenue for the district, while a corresponding reduction in state aid saves the state money. Once a project is on the tax rolls at full value, a school district sees much higher property tax revenues and the savings to the state can increase substantially.

The report can be found on the TTARA website at: <http://www.ttara.org/files/document/file-587e921ed3196.pdf> . Hard copies of the report also are available.

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The Texas Taxpayers and Research Association (TTARA) is a non-profit, non-partisan membership-supported organization of businesses and individuals interested in state and local fiscal policies in Texas and the way those policies impact our economy. TTARA members operate in every part of Texas; they employ and provide incomes to thousands of Texans; they produce or provide every type of good or service Texans consume; and, they provide a major portion of the revenue that supports public services at every level of government. TTARA has been recognized as the state's leading organization specializing in tax and fiscal policy for more than 50 years. The organization's annual meeting, held in the fall each year, features top elected leaders and government officials discussing current tax, expenditure, and other public policy issues.

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