

FINANCIAL EXPOSURE:

Rating the States on Economic Development Transparency

(read here: <https://goodjobsfirst.org/financialexposure>)

APPENDIX for Texas

Transparency scores for major state programs

(* see next page for scoring details)

Program Description	Recent Annual Cost	Online Recipient Disclosure	Recipient Disclosure Score*
Enterprise Zones - a 5-year state sales and use tax refund for companies that create jobs and make investments; projects can be located outside of the zones.	<u>\$12 million (2020)</u>	<u>Source</u>	25/100
Event Trust Funds Program - a controversial program that reimburses a locality or an organizing committee with state and local taxes for costs associated of hosting various events.	\$24 million (2021) compiled by author	none	0/100
Texas Data Center Program Exemption - property and sales and use tax exemptions on various goods and services needed for a data center build- out and operations, such as electricity, software, and hardware; exemptions last for up to 15 years.	<u>\$86 million (2020)</u>	<u>Source</u>	7/100
Texas Economic Development Act (Ch. 313) - a controversial and very expensive property tax reduction program primarily benefiting energy and manufacturing companies; expired in 2022 but will provide benefits for the next decade.	<u>\$1 billion (2023)</u>	<u>Source</u>	85/100
Texas Enterprise Fund – a discretionary “deal-closing” cash-grant program for companies locating or expanding in the state.	<u>\$44 million (2020)</u>	<u>Source 1</u> <u>Source 2</u>	62/100

Financial Exposure: Rating the States on Economic Development Transparency	Maximum possible score	Enterprise Zones	Event Trust Funds Program	Texas Data Center Program Exemption	Texas Economic Development Act (Ch. 313)	Texas Enterprise Fund
Scoring Details for Texas Programs						
<i>Score criteria (point values in parentheses)</i>						
PROJECT INFORMATION						
address/coordinates (8); zip code (5); city or county (3)	8	3	0	0	8	3
month + year of agreement/contract/project (1)	1	1	0	1	1	1
nature of project (1)	1	1	0	1	1	0
ADVANCE NOTICE AND PUBLIC PARTICIPATION						
full applications (5); applicant names + amounts (2); applicant names (1)	5	0	0	0	5	0
cost-benefit analysis at least 15 days in advance (3)	3	0	0	0	3	0
meeting: full proposal (4); program + applicant (3); agenda (2); dates (1)	4	0	0	0	0	0
full draft agreements ahead of approval (3); full agreements after (1)	3	0	0	0	1	0
RECIPIENT IDENTITY						
federal employer identification number (1)	1	0	0	0	0	0
industry classification NAICS code (1)	1	0	0	0	1	0
parent company for all awardees (3)	3	0	0	0	3	0
SUBSIDY INFORMATION						
approved/awarded subsidy value (4)	4	0	0	0	4	4
disbursed/claimed subsidy amount (6)	6	0	0	0	6	6
status + penalty actions (10); status only (5)	10	5	0	0	5	7
JOB CREATION REPORTING						
number of projected new/retained jobs/trainees (6)	6	6	0	0	6	6
number of actual new/retained jobs/trainees (14)	14	0	0	0	14	14
WAGES/PAYROLL REPORTING						
projected wage/payroll for new/retained jobs (5)	5	0	0	0	5	0
actual wage/payroll for new/retained jobs (10)	10	0	0	0	10	10
EXPENDITURE/INVESTMENT REPORTING						
projected capital investment/expenditure/cost (1)	1	1	0	0	1	1
actual capital investment/expenditure/cost (4)	4	0	0	0	4	4
DATA ACCESSIBILITY AND USABILITY						
two clicks from program page (3); - 1 for every additional click	3	1	0	2	2	3
unambiguous data and explanations (2)	2	2	0	1	1	1
five years of data placed together (2); on different pages (1)	2	2	0	2	2	1
downloadable to database applications (3); downloadable to PDF (1)	3	3	0	0	2	1
TOTAL PROGRAM SCORE	100	25	0	7	85	62

see next page for scoring notes

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Scoring notes for Texas

Enterprise Zones

Disclosure link: <https://gov.texas.gov/business/page/texas-enterprise-zone-program>

The EZ recipient level data is included in a downloadable spreadsheet "Enterprise Zone Program Designations Data" posted on the program webpage on the Texas Economic Development website. The data includes basic project information, but subsidy data is not available. We deducted points for the easiness to find the data because the disclosure sheet is not easy to spot on the program webpage.

Event Trust Funds Program

The Texas Economic Development posts to the program website a downloadable spreadsheet called "Events Trust Fund Award Database." It includes good amount of data, however, there is no company name benefiting from the subsidy, only event name. Thus, we deemed the program nontransparent.

Texas Data Center Program Exemption

Disclosure link: <https://comptroller.texas.gov/taxes/data-centers/data-center-lists.php>

The Texas Comptroller hosts on its website, under the program webpage, an HTML table with data centers that qualified for the program. Owner and occupant names are provided, but no subsidy values. We deducted points in the easiness to understand the data because it is unclear what the status of those projects is.

Texas Economic Development Act (Ch. 313)

Disclosure link: <https://comptroller.texas.gov/economy/local/ch313/agreement-docs.php>

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Various recipient level data and documents are posted to the program webpage on the State Comptroller website. From the main program webpage, a user can download two Excel documents: the "Active List" spreadsheet has basic data on each project; "Inactive Agreements" includes reasons for inactivity, but there are no details on clawbacks. Furthermore, the program webpage includes an HTML table that lists projects with agreements or applications. By clicking on a recipient name, a new page opens with several documents organized by status of each project: Application, Agreement, and Report phases. Between those documents, major data points and documents are disclosed: applications and fiscal impact analysis (in Certification Packets) are posted before subsidy approval, agreements are posted after a school district approval, amendments, Annual Eligibility Reports and Biannual Progress Report include jobs and wage data, School District Cost Data Reports includes subsidy amounts.

We penalized the program under Public Hearing Notices because there is no information the Comptroller website when deals will be voted on. We also penalized program in the data accessibility category since there is no easy way to see, compare, and analyze all available data; only some data is downloadable to Excel.

Texas Enterprise Fund

Disclosure link 1:

https://gov.texas.gov/uploads/files/business/TEF_Award_Listing_Data.pdf

Disclosure link 2: https://gov.texas.gov/uploads/files/business/2020_TEF_Report.pdf

The Texas Economic Development posts to the program website two disclosure documents. 1) A PDF table called "TEF Awarded Projects Data" contains company recipient data: subsidies awarded and disbursed, dates, projected job creation and capital investment, and clawbacks; 2) The "TEF Legislative Report" contains a PDF table with jobs, wage and investment outcomes, total subsidy package and a list of terminated contracts. We deducted points in the status category because it is not always clear what the status of each project is. Also, one needs to check both documents to see if a company is meeting its obligations. Only the 2021 TEF Legislative Report is posted.