

Austin American-Statesman

TEXAS BUSINESS GROUPS: LEGISLATURE MUST OFFER 'CRITICAL RECOVERY MEASURES'

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The Austin American-Statesman

January 15, 2021

During typical sessions of the state Legislature, business lobbying groups expect to spend the bulk of their time advocating for tax policies, regulatory relief and other initiatives aimed at coaxing a few more RPMs out of what in recent years has been a booming Texas economic engine.

The 2021 session that got underway Tuesday will be anything but typical.

Amid elevated unemployment, lackluster job growth and depressed levels of commerce statewide — all of which are symptoms of the devastating financial fallout triggered by the ongoing coronavirus pandemic — the task this year may be more akin to a medical practitioner trying to get a patient back on its feet.

"The top (legislative initiatives) that we are going to really push are critical economic recovery measures for COVID," said Tony Bennett, president of the Texas Association of Manufacturers. "These are must-haves to get our economy to full employment again."

Ensuring that businesses have liability protection from certain coronavirus-related lawsuits is chief among the 2021 priorities for Bennett's organization and for a number of other major industry lobbying groups in the state.

Additional measures that many will be advocating as indispensable for an economic rebound include preservation of the state's taxpayer-funded incentive programs for business relocations and expansions, which are routinely derided as "corporate welfare" by naysayers but lauded as essential tools in economic development circles.

Safeguarding funding for public education and workforce training — at a time when all government spending is likely to face scrutiny amid pandemic-induced drains on tax revenue — is considered crucial by business groups as well this session. Other items on the legislative agendas for some include efforts aimed at making sure investment in the state's transportation network is kept up, possibly by winning authorization for construction of new toll roads.

"The bottom line is, through this session we want to protect our employers, allow people to get back to work and start our economy fully rolling again," said Aaron Cox, senior vice president at the Texas Association of Business, which

serves as a statewide chamber of commerce.

Critical to achieving those goals will be instilling confidence among businesses that they won't be buried under pandemic-related lawsuits as they bring employees back to workplaces or reopen to full capacity, Cox said.

A bill to provide such liability protection hasn't been filed yet, but one is expected over the next few weeks. Broadly speaking, business groups say it will be targeted at insulating companies from legal actions filed by workers, customers or others who contend they contracted the virus in their establishments — if the companies have made good-faith efforts to adhere to government safety protocols.

"If employers feel threatened (by lawsuits stemming from the pandemic), the Texas economy is at total risk," Bennett said. "You've got to have that assurance to be able to hire people, run a plant and produce a payroll."

He said the legislation, once filed, is likely to include language providing businesses with similar safeguards against lawsuits triggered by future outbreaks of infectious diseases, in addition to those tied to the current pandemic.

Meanwhile, business groups also will be lobbying to preserve the state's various taxpayer-funded incentive tools aimed at luring corporate relocations and expansions to Texas. They've routinely backed such incentive programs during past legislative sessions, successfully parrying a number of attempts to kill them, but say the tools are even more important now amid the effort to revive the state's economy.

One of the major programs — allowing local school districts to waive portions of a company's property tax assessments by entering into so-called Chapter 313 agreements, which are named after the section of the tax code authorizing them — expires at the end of 2022. The program must be extended this session if it's to continue without interruption because the state Legislature only meets every two years.

Bills to extend Chapter 313 another decade, until Dec. 31, 2032, already have been filed.

Chapter 313 "is needed in order to compete successfully (against other states) — Tesla is a great example," Austin Chamber of Commerce President Laura Huffman said, referring to the electric vehicle maker's \$1 billion factory under construction in southeastern Travis County.

The Tesla plant, lured here partly through a Chapter 313 agreement last July with the Del Valle school district, may

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well be the poster project this session that many supporters of corporate incentives highlight, because California-based Tesla appears poised to invest even more in the region than it initially agreed.

The Del Valle district's Chapter 313 agreement with Tesla will provide the company with property tax breaks valued at \$46.4 million over 10 years. Travis County has authorized separate tax incentives for Tesla that are valued at a minimum of about \$14 million over that time.

In addition to Chapter 313 incentives, Huffman and other business leaders said they'll be advocating for more money for the Texas Enterprise Fund, a deal-closing tool used by the governor's office as a final carrot to sway corporate decisions.

Tesla didn't receive incentives from the enterprise fund, but the fund has been tapped in the past for a number of area projects. For instance, Apple was awarded a \$25 million grant from it in late 2018 for a new corporate campus that the tech giant is building in North Austin.

A spokesman for Gov. Greg Abbott didn't respond to a request for comment regarding the amount of new money for the enterprise fund that Abbott expects to seek this session. According to the state comptroller's office, the fund had an unencumbered balance of about \$164 million as of November, the most recent figure available.

Other topics high on the agendas of many business groups in the state this session include education and workforce training, with the main goal being to make sure that sufficient funding for them is maintained.

"There will be a huge local coalition that focuses on that," Huffman said.

House Bill 3, a sweeping school finance bill approved during the 2019 legislative session, was designed to provide more money for Texas classrooms and teacher pay, among other aims. In the wake of the coronavirus-induced wallop to state finances, however, fears have arisen that some of the funding called for in the bill could be in jeopardy.

"What really has to rise to the very top (of the list of priorities this session) is fully funding House Bill 3 and keeping House Bill 3 intact," said [Justin Yancy](#), president of the [Texas Business Leadership Council](#).

"Our mission and vision is always to look at long-term global competitiveness, and to do that we can't take our eyes off the ball," [Yancy](#) said. "At the end of the day, we

don't think we can have a full economic recovery unless we can maintain our workforce."