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Mr. John Villarreal  
Manager, Data Analysis and Transparency Division  
Comptroller of Public Accounts  
State of Texas  
*Via email:* [John.Villarreal@cpa.texas.gov](mailto:John.Villarreal@cpa.texas.gov)

December 3, 2021

**Re: Public comment on proposed amendments to §9.1051, concerning definitions and §9.1052, concerning forms**

Dear Mr. Villarreal,

I am the president of the Center for Economic Accountability (CEA), an independent and nonpartisan 501(c)(3) nonprofit organization that works to promote transparency, accountability and reform of state and local economic development programs across the United States. More information about the CEA is available on our website at [www.EconomicAccountability.org](http://www.EconomicAccountability.org).

I write to provide public comment on the proposed amendments to 34 TAC §9.1051 and §9.1052 that were published in the *Texas Register* on November 19, 2021. The CEA opposes the proposed amendments, and urges that they be reconsidered.

The CEA works around the country to promote best practices in economic development. One of those best practices is to make economic development subsidy programs as transparent and accountable as possible to the communities they are intended to benefit. The proposed amendments to the Comptroller's data collection and reporting from companies risk taking Texas further away from those best practices.

We applaud the Comptroller's desire to eliminate hard copy requirements and move from a paper form-based system to an online model. That is a common-sense improvement to existing practices. But in the process of modernizing data collection, the Comptroller should be taking the opportunity to increase the amount of information available to taxpayers, public officials and researchers; rather than decreasing the amount of information collected and made publicly available.

The stated reason for the change is "to make it easier for agreement holders to report their biennial progress." The fundamental problem with this reasoning is that transparency is needed the most when companies are not making that progress. The Texas Legislature declined to renew Chapter 313 thanks in great part to the evidence generated by the existing reporting system that not enough progress was being

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made to justify the massive cost of the program to Texas's taxpayers, schools and communities. The proposed amendments, by decreasing the amount of information collected from agreement holders and made available to the public, risks making it harder for stakeholders to identify situations where progress is not being made and where promises are being broken, often at great cost.

This is why we also take exception in practice to the findings of Mr. Brad Reynolds as the Chief Revenue Estimator as they are characterized in the *Texas Register*. While he may well be correct as a matter of law, in practice these amendments create significant risk of fiscal impact on small businesses, rural communities, state government, units of local government, and individuals. Even leaving aside the structural flaws with the Chapter 313 model of corporate subsidy that are outside the Comptroller's purview, the entire stated purpose of Chapter 313 agreements is to create a large enough positive fiscal impact from the subsidized activities of agreement holders to offset the undeniable negative fiscal impact of foregone tax revenues to governments and school districts. This means that Chapter 313 agreements inherently impose a "significant risk of fiscal impact" on Texas's communities, as without that potential for fiscal impact there would be no reason to implement a Chapter 313 agreement. Any reduction in transparency or accountability in the administration of those agreements should absolutely be treated as fundamental to that question of fiscal impact.

Mr. Villarreal, data collected and published by the Comptroller's office made it possible for researchers and journalists (among others) to identify a massive waste of public resources, and provided the evidence needed for a bipartisan coalition of elected representatives from around the state to take action to protect the interests of Texas's taxpayers, schools and communities. This should be seen as a success story for the Comptroller's office, and evidence for the importance of its role in overseeing and administering these sorts of programs. In this context, it is more important than ever before to ensure that at least as much data continues to be collected and published for the duration of all agreements made under the Chapter 313 program as is currently available. We urge against enacting the amendments to 34 TAC §9.1051 and §9.1052 as proposed, and urge the Comptroller to develop a new proposal that modernizes data collection and reporting without decreasing the amount of information that is collected or made available to the public in the process.

Thank you for the opportunity to comment on this matter. I can be reached with questions at [john@economicaccountability.org](mailto:john@economicaccountability.org) or at (313) 460-7441.

Sincerely,



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