



Testimony

SB 1255

Testimony Before the Texas Senate Natural Resources & Economic Development Committee

by Brent Bennett, PhD, Policy Director, Life:Powered

Chairman Birdwell and Members of the Committee:

Thank you for the opportunity to testify today on SB 1255. I am the policy director of Life:Powered, a project of the Texas Public Policy Foundation to raise America's energy IQ. We are testifying on this bill because, while it is our position that the Chapter 313 program should be sunsetted in its entirety, we applaud the positive changes this bill makes to the program.

As the Legislature carries out the weighty responsibility of stewarding its constituents' hard-earned tax dollars, it is appropriate and necessary to consider every opportunity to return some of that money to the people of Texas, especially in the case of subsidies that often benefit large corporations while providing little benefit to average Texans.

The primary problem with the Chapter 313 program is that it primarily serves projects that were going to be located in Texas even without the subsidy. This is especially true of energy-related projects, which depend on geography and therefore cannot usually be located elsewhere. About [two thirds of the projects](#) currently receiving Chapter 313 incentives are renewable energy developments, and a large portion of the remainder are midstream and downstream oil and gas infrastructure. It is conceivable that these projects would be built smaller without the tax breaks, but it is not conceivable that they would be built somewhere else.

We commend this bill for striking renewable energy projects, which will eliminate the single largest and fastest growing burden of this program on our state. **Wind and solar projects should not receive Chapter 313 benefits because they impose societal costs on Texas that far exceed their societal benefits.** Unlike oil and gas projects that serve export markets, renewable energy projects are primarily displacing other types of energy production in Texas, replacing mostly in-state energy supply chains with out-of-state supply chains. Furthermore, about a third of all renewable energy projects in Texas are owned by foreign companies, including companies affiliated with the French and Chinese governments. We should not be giving tax benefits to projects that displace domestic energy production and send money to foreign companies and governments.

The blackouts last month made it clear that Texas is lacking in reliable electricity generation capacity, and subsidies for unreliable generators are a major source of this problem. Had Texas eliminated subsidies for wind and solar and properly priced reliability, the nearly 8 GW of natural gas and clean coal that has been retired prematurely over the past 5 years would still be operating. Our existing reliable generators, as well as new natural gas generators, are desperately needed but are being priced out by subsidized generators. This state of affairs cannot be allowed to continue.

Another problem with subsidies for wind and solar is that they create relatively few permanent in-state jobs. Utility-scale wind and solar facilities produce many construction jobs, often filled by out-of-state contractors, but do not require extensive maintenance once built. The manufacturing jobs related to these industries, especially for solar, are primarily located overseas. To that end, **one additional reform that we suggest for this legislation would be to remove the jobs waiver and strengthen the jobs requirement for Chapter 313 projects.**

If Chapter 313 is going to continue to exist, Texas taxpayers should have ready access to information about the applications and recipient projects. **We commend this bill for requiring school board meetings for approving or disapproving applications to be subject to a 30-day notice and open meetings requirements.** While we understand the administrative

burden of posting documents publicly online, we think that the bill should require the Comptroller to maintain more documentation about these projects on its website.

The highest and best use of Texans' tax dollars demands eliminating *all* targeted subsidies in favor of broad-based tax relief. However, if the Legislature eliminates any subsidies, it should first eliminate those that provide the least return on investment. Therefore, we commend Sen. Birdwell for proposing the removal of wind and solar generators from Chapter 313 tax abatements and hope the committee will support removing these subsidies that burden Texas taxpayers and harm the affordability and reliability of our energy. We recommend that further action be taken to limit the scope of the Chapter 313 program and ensure that it provides a better return on investment. ★

ABOUT THE AUTHOR



Brent Bennett, PhD, is the policy director for Life:Powered, an initiative of the Texas Public Policy Foundation that reframes the national discussion on energy and the environment. As part of the Life:Powered team, Bennett regularly speaks with policymakers, energy experts, and industry associations across the country. He is responsible for fact-checking the team's work and spearheading many of the team's policy and regulatory initiatives. He has written extensively on how America has improved its environment while growing its energy use and on the physical limitations of renewable energy and energy storage.

Prior to joining the Foundation, Bennett worked for a startup company selling carbon nanotubes to battery manufacturers, and he continues to provide technology consulting to energy storage companies. His early years were spent in the oil country of Midland, Texas—the heart of the oil patch—where he has been a student of energy his entire life.

Bennett has an MSE and PhD in materials science and engineering from the University of Texas at Austin and a BS in physics from the University of Tulsa. His graduate research focused on advanced chemistries for utility-scale energy storage systems.

About Texas Public Policy Foundation

The Texas Public Policy Foundation is a 501(c)3 nonprofit, nonpartisan research institute. The Foundation promotes and defends liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policymakers and the Texas public policy debate with academically sound research and outreach.

Funded by thousands of individuals, foundations, and corporations, the Foundation does not accept government funds or contributions to influence the outcomes of its research.

The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policymakers to chart that new course.

