

Texas Lawmakers Approve Revival of Expired Corporate Tax Break

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Texas lawmakers voted on May 29 to replace a roughly two-decade-old economic development program known as Chapter 313 with House Bill 5 (HB 5), which will restore property tax breaks to businesses planning new construction in the state. Chapter 313, named for its position in state law, officially ended on December 31 after not being renewed by lawmakers.

The new HB 5 plan will see some notable changes from Chapter 313, including limiting the abatement in most cases to 50% of a property's market value for the taxable year.

Bracewell's **Bucky Brannen** told *Bloomberg Tax* that the approved 50% tax break may not lure some companies that are shopping in markets such as Louisiana, which he said has offered more property tax incentives with fewer legal restrictions.

"The problem with a one-size-fits-all tax abatement percentage is that it will be more difficult for local communities to attract mega-facilities from other states, which will frequently offer 90% or 100% tax abatement for up to 30 years for multibillion-dollar, thousand-job facilities," stated Brannen. "And when you consider that interest and sinking taxes are not abated under the program, the actual abatement percentage may be only between 33% and 40%."

Lawmakers did adopt an amendment that increases the break to 75% for projects in federal opportunity zones.

Related People

Bucky

Partner

DALLAS

+1.214.758.1011

bucky.brannen@bracewell.com

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