



Give Me a Break:

May 15, 2013

Tax-Break Recipients Give Combs \$238,500

State to Pay \$1.2 Billion in Related Tax Abatements

Since Susan Combs became comptroller in 2007, her office and local school districts have granted corporations \$2.1 billion in property-tax abatements for almost 100 manufacturing and power-generating projects.

Beneficiaries of 37 such projects slated to receive an estimated \$1.2 billion in tax breaks have contributed \$238,500 to Combs since she first ran for comptroller in the 2006 election cycle.¹

Property Tax-Break Beneficiaries Contributing to Combs

Combs Total '05 - '13	Tax-Abatement Recipient(s)	Gross Tax Benefits	Project(s)	County/ Counties
\$71,000	Valero	\$32,749,080	Premcor Hydrocracker	Jefferson
\$55,000	Mesa Power	\$31,560,810	Wind Tex Wind Farm	Borden/Lynn
\$31,000	Conoco/Dow/Zachry	\$361,182,024	Freeport LNG Terminal	Brazoria
\$20,000	Enterprise Products	\$113,317,853	Gas Process/NGL Frac #3/TEPPCO	Lavaca/2 others
\$16,500	Hewlett-Packard	\$10,410,564	R&D facility	Harris
\$8,500	NRG/Reliant Energy	\$359,779,228	So. TX Nuke/3 wind farms	Matagorda/5 others
\$8,000	Occidental Petro.	\$33,885,637	SandRidge Energy Century Plant	Pecos
\$6,000	NextEra Energy/FPL	\$12,614,185	Wolf Ridge/Capricorn Ridge Wind	Coke/Cooke
\$5,500	Dow Chemical	\$59,803,072	Chlorine 7 Plant	Brazoria
\$5,500	Texas Industries TXI	\$4,230,808	TXI Cement Mfg. Plant	Comal
\$4,500	Energy Transfer	\$22,585,266	Lone Star NGL Fractionator	Chambers
\$2,500	Chevron	\$9,176,368	Chevron Phillips Chemical	Hutchinson
\$1,500	Formosa	\$14,453,806	Formosa Plastics Corp	Calhoun
\$1,000	BP	\$60,920,912	Sherbino/Silver Star Wind	Pecos/3 others
\$1,000	Duke Energy	\$64,965,275	DEGS/Notrees/Ocotillo Wind	Willacy/3 others
\$1,000	ONEOK	\$23,550,359	NGL Frac/Red Bluff Gas Process	Chambers/Reeves
\$238,500	TOTALS	\$1,215,185,247		

The abatements of up to 90 percent of a corporation's property taxes under the 2001 Economic Development Act are controversial.

In a fatal flaw, the school district that initially approves the 10-year tax breaks does so at no cost to itself. This is because the state compensates districts for lost revenues, an obligation that costs state taxpayers \$200 million a year.²

In another "moral hazard," corporations may pay districts cash rewards to approve the tax breaks. Company PACs and executives also may bankroll the campaign of the comptroller, who endorses the tax-abatement breaks.

Another criticism of the program is that it taps taxpayers across the state to mainly benefits two regions. The [northern Gulf Coast's energy and petrochemical plants](#) are the top recipients of the manufacturing tax breaks that account for 48

Combs Contributors Benefitting From Tax Breaks

Combs Amount '05-'13	Contributor (Affiliation)	City	Year(s) of Combs Tax-Break(s)
\$65,000	Valero PAC	San Antonio	'08
\$55,000	T. Boone Pickens (Mesa Power)	Dallas	'11
\$20,000	Dan L. Duncan (Enterprise Products)	Houston	'07-'11
\$16,500	Hewlett-Packard Co. PAC	Palo Alto CA	'09
\$16,000	ConocoPhillips PAC	Houston	'10
\$11,500	H. 'Bartell' Zachry (Zachry Construction)	San Antonio	'10
\$8,000	Occidental Petroleum PAC	Los Angeles CA	
\$6,000	Cindy Boone (Valero spouse)	San Antonio	'08
\$6,000	Florida Power & Light Co. PAC	Juno Beach FL	'07
\$5,500	Dow Chemical Corp. PAC	Midland MI	'10-'11
\$5,500	Texas Industries TXI PAC	Dallas	'11
\$5,000	NRG Energy PAC	Princeton NJ	'07-'09
\$4,500	Energy Transfer Partners	Houston	'11
\$3,500	Reliant Energy PAC	Houston	'08
\$2,500	Chevron Texas PAC	Austin	'07
\$2,000	David S. Zachry (Zachry Construction)	San Antonio	'10
\$1,500	Jack Wu (Formosa Plastics)	Port Lavaca	'07
\$1,500	John B. Zachry (Zachry Construction)	San Antonio	'10
\$1,000	BP North America PAC	Warrenville IL	'07-'10
\$1,000	Duke Energy Corp.	Charlotte NC	'07-'11
\$1,000	ONEOK PAC	Tulsa OK	'11
\$238,500	TOTAL		

percent of all the abated tax dollars. Another 16 percent of the program's dollars went to the coastal nuclear power plant south of Houston.

Wind energy projects concentrated in the Western Plains accounted for 31 percent of program dollars. That region's coal-gasification plant near Odessa is slated to receive another 4 percent of the program's dollars.

Tax-Cut Program Mainly Benefits North Gulf Coast and Windy Western Plains

Tax-Abatement Project Type (Beneficiary Company/County)	Gross Tax Cut	% of Money	No. of Projects	Main Regional Beneficiary
Manufacturing	\$1,035,398,411	48%	29	Gulf Coast
Renewable Power	\$668,612,677	31%	65	Western Plains
Nuclear Power (So. TX Nuclear/Matagorda)	\$337,458,730	16%	2	Gulf Coast
Coal Gas Power (Summit Power/Ector)	\$91,621,842	4%	1	Western Plains
R&D (Hewlett-Packard/Harris)	\$10,410,564	<1%	1	Gulf Coast
TOTAL	\$2,143,502,224	100%	98	

In another measure of concentration, five counties account for 58 percent of the program's tax breaks, while 10 counties claim 73 percent of the tax abatements.

Topping the list is the Gulf's Brazoria County, which accounts for 20 cents of every tax dollar abated by the program during Combs' watch. Three phases of a huge terminal to export liquefied natural gas from Freeport qualify for an estimated \$361 million in tax abatements. Project partners include ConocoPhillips, Dow Chemical and Zachry American Infrastructure.

A huge natural gas consumer, Dow recently came out in opposition to exporting natural gas, despite its involvement in this huge venture.³ A nearby Dow chlorine plant claims an estimated \$60 million in tax abatements, while a Brazoria County Air Liquide facility claims \$2.4 million more.

Neighboring Matagorda County ranks No. 2 in Combs-approved tax abatements thanks to two proposed new reactors at the South Texas Nuclear Generating Station approved for an estimated \$337 million in tax abatements. Dogged by regulatory issues and competition from gas-powered generators, NRG Energy and Toshiba Corp. may never build these reactors.⁴

Five Counties Control 58% of Tax Breaks

County	Gross Tax Cut	No. of Projects	Main Project Type
Brazoria	\$423,358,735	5	Manufacturing
Matagorda	\$337,458,730	2	Nuclear Power
Jefferson	\$282,998,493	4	Manufacturing
San Patricio	\$105,523,898	6	Wind Power
Chambers	\$101,596,599	6	Manufacturing
Ector	\$91,621,842	1	Coal Power
Pecos	\$71,668,134	4	Manufacturing
Sterling	\$63,984,878	3	Wind Power
Willacy	\$58,228,705	4	Wind Power
Nolan	\$57,132,183	4	Wind Power

Although critics complain that the tax-abatement program has a lackluster record of creating jobs,⁵ *Lobby Watch* discovered that the program creates key lobby jobs for some of the state's revolving-door officials.

Not surprisingly, the huge Houston ISD leads the state in school district lobby expenditures. This year it is paying 11 lobbyists the equivalent of up to \$1 for each of its more than 200,000 students. Meanwhile Barbers Hill ISD based in Chambers County's Mont Belvieu has fewer than 5,000 students but ranks No. 2 in lobby spending. This year Barbers Hills is paying three lobbyists up to \$160,000, or about \$36 per pupil.

School Districts Spending the Most on 2013 Lobbyists

School District (County)	Min. Value of Contracts	Max. Value of Contracts	No. of Lobbyists	Enrollment (2011-12)	Max. Lobby Spending Per Pupil
Houston (Harris)	\$60,000	\$205,000	11	203,066	\$1.01
Barbers Hill (Chambers)	\$75,000	\$160,000	3	4,420	\$36.20
Dallas (Dallas)	\$25,000	\$110,000	7	157,575	\$0.70
Arlington (Tarrant)	\$10,000	\$105,000	9	64,703	\$1.62
El Paso (El Paso)	\$50,000	\$100,000	2	64,214	\$1.56
Spring Branch (Harris)	\$50,000	\$120,000	3	33,687	\$3.56
Stafford (Fort Bend)	\$25,000	\$80,000	4	3,172	\$25.22
San Antonio (Bexar)	\$25,000	\$70,000	3	54,394	\$1.29
South TX (Hidalgo)	\$0	\$60,000	6	3,237	\$18.54
Fort Worth (Tarrant)	\$25,000	\$50,000	1	83,109	\$0.60

Barbers Hill's 2013 Lobbyists

Lobbyist	Contract Value
Rob W. Eissler	\$50,000 - \$100,000
Daniel Jay Eden	\$25,000 - \$50,000
Ralph Marquez	\$0 - \$10,000
TOTAL	\$75,000 - \$160,000

The little district is paying three high-powered lobbyists, led by ex-House Education Committee Chair Rob Eissler. Also representing this school district are partners Dan Eden and Ralph Marquez, two former state environmental officials. The tax breaks that Barbers Hill granted for six gas-processing projects in recent years are worth more than \$100 million.

Despite the controversies surrounding these tax breaks, a bill to extend this program another 10 years recently flew through the House on a 127-6 vote ([HB 3390](#))⁶ and won the Senate Economic Development Committee's unanimous approval.

Lobby Watch recently [reported](#) that Combs also collected more than \$400,000 from trade associations and sports entities that have received almost \$57 million from her office to hold conferences and events in Texas. •

Barbers Hill Tax-Abatement Projects

Gross Tax Cuts	Project (Companies)
\$22,585,266	Lone Star NGL Fract. (Energy Transfer Part./Regency Energy)
\$16,713,189	NGL Fractionation Facility (Enterprise Products)
\$16,585,522	Enterprise Products Operating
\$16,552,174	Enterprise Products Operating
\$14,775,103	Cedar Bayou NGL Fract. (Targa Resources Part.)
\$14,385,345	Oneok Hydrocarbon NGL Fractionator
\$101,596,599	TOTAL

Notes

¹ Combs' interest in this office goes back farther. A 2004 *Quorum Report* brief referred to Combs as a "presumptive Republican Comptroller candidate."

² "School Tax Breaks Debated," *Austin American-Statesman*, April 14, 2013.

³ "Dow Chemical Disavows Texas LNG Export Project it Co-Owms," *Bloomberg.com*, January 24, 2013.

⁴ "Feds Block 2 New Reactors," *Dallas Morning News*, May 1, 2013.

⁵ School Tax Breaks Debated," *Austin American-Statesman*, April 14, 2013.

⁶ "House OKs Tax Incentive for Firms," *Austin American-Statesman*, May 4, 2013.