

Debunking the Myth Surrounding Chapter 313 and JETI Agreements in Texas

By: Jeff Mashburn

Taxpayers in Texas are the victims of false information, lies and deception from every level of leadership in the state. The amount of fraud, corruption and racketeering associated with Chapter 313 Agreements and currently JETI in Texas is in the same realm as mob related activities in the 1930's in this country. The billions of dollars involved is staggering to say the least to the average citizen many who do not even know they are victims of the fraud and corruption committed by state leaders and those at the local school district level in the state of Texas.

To begin to understand the problems with these agreements one must know what they are. A Chapter 313 or JETI Agreement is a tax abatement (reduction in taxable liability) for a business. From a homeowner's perspective it results in a very large homestead exemption for big business. A typical tax abatement agreement between a solar farm owner/operator and school district such as the Itasca ISD in Hill County may result in a 96 percent homestead exemption. As an example, for a contract executed by the board of trustees for the Itasca ISD a solar farm with a real property value of \$480,000,000.00 dollars (not including land lease costs) the solar farm owners are only taxed on a property value of \$20,000,000.00 dollars. School districts forfeit hundreds of millions of taxable revenue that should flow into school districts but instead used to subsidize *BIG BUSINESS* in Texas. Those impacted financially by year over year increase in property taxes and in danger of losing their most valuable asset their home has paid the bill to fund the Green Energy industry without even knowing what is happening. These agreements do not allow any taxpayer involvement at the local school district level and are negotiated behind closed door board meetings with lawyers and consultants whose services are paid by the solar farm companies.

How Taxpayers and Local School Districts Were Hood-Winked

The State of Texas and key leaders with connections and relationships with big business pitched a curve ball to local county government and school districts to entice them to enter into Chapter 313 and JETI Agreements. They are guilty of fraud and deception by telling school districts they would benefit from these agreements and taxable values of their personal property would be lowered for residents living within the taxing jurisdiction of districts where solar farms were being built. To make it very clear a district will receive some increase in taxable revenue but at the expense of forfeiting ninety-plus percent of what could have been realized for the district(s). State and local government leaders who are the benefactors financially made false statements pertaining to why a school district in Texas should consider an agreement with a solar farm entity. They were told if a district did not offer a tax abatement agreement, then a solar farm owner/operator would not build in their district. This is an outright lie and fraudulent statement. As a former contractor and energy engineer for over forty years in Texas I know and understand how this industry works. Over the past two decades in Texas the solar industry has been in a growth cycle that is very hard to believe and understand. Those individuals and companies involved in the solar

industry have been aware for many years of the potential of solar in Texas. Whether are not you are a believer or not in solar energy is irrelevant. You cannot stop the advancement of technology or at least a technology with benefits that cannot be ignored. The question that begs an answer is what is the “cost” of this technology. Depending on who you are talking to you will get many different answers and many of these are not based on facts. In any case those in Texas that do not want to see a solar farm built on property that borders or in close proximity to where a solar farm is built are up against an impossible fight. Landowners are free to do whatever they want with their land it is their choice and decision to work with solar farm companies or not to.

The real problems have to do with the financing cost when it comes to taxpayers. A solar farm is a private enterprise and should be totally financed with private money. When elected leaders and politician lie and deceive to paint the picture that a solar farm owner will not build in a certain school district without a tax abatement contract becomes an issue of fraud, corruption, and extortion. This is especially true when it comes to public (taxpayer) money. There are leaders in Texas that are very well plugged into the solar industry and financial interest in its success and there are leaders that area absolutely clueless. Some of these elected officials are at the county level and serve on local school boards. There are many school board members in several counties in Texas that may very soon face federal fraud and corruption charges for their actions regarding tax abatement agreements executed in the districts where they serve. The State of Texas has put local school officials and board members in a very difficult position legally. In Texas school districts vote and elect the members that serve on their respective board. These board members are bound to serve the needs of BOTH the school district and taxpayers within their taxing jurisdiction. Many school board members do not understand the consequences from the decisions they make in regard to the rights of taxpayers in the district. The majority of all school board members very simply believe they are there to do what ever officials, superintendents and etc. expect them to do and that is to make sure the district has all the money they can get their hands on. Unfortunately for many they are going to find out they have been part of a conspiracy to defraud the public. In some cases, board members know exactly what they are doing and believe they will not be caught or challenged. Some of these individuals in Texas have been indicted and now serving time and this list is going to grow rapidly very soon.

Criteria for Solar Farm Location

Those public and elected officials that have an understanding or financial stake in the Solar Industry know very well the key criteria involved in selecting a location for a solar farm(s). It has nothing to do with Chapter 313 or JETI Agreements. For over a decade the surveying and mapping of potential locations in the north central Texas have been going on. Some of these efforts go back as far as 2012-2013. During the time that investors were developing portfolios and modeling the

cashflow potential from solar energy another key factor and component of the calculations was going through rapid changes. The advancement of solar panel construction and lower cost due to increased competition helped drive the expansion and construction of solar farms. Tax abatements with solar farm companies was a *“feel-good”* selling feature by state leaders and big business who would benefit financially. By shifting the tax burdens off the solar farm investors to the taxpayers there was more money to be made. It was like icing on the cake after the fact. Below are the key criteria that cannot be denied that determine the location of solar farms in Texas.

1. Available land. You cannot have a solar farm without land. Investors want cheap land and in many cases this land has been cleared for farming or ranching but no longer used and not producing. In many cases these are old farms or ranches that are idle because younger generations do not want to follow the footsteps of their parents or grandparents.
 - a. The cost to clear and install drainage and infrastructure is avoided as much as possible. You only have to drive around where solar farms are located to see this up close.
 - b. Location to major roads and highways for construction and ongoing maintenance operations is a key factor.

2. Access to Interconnect to the Power Grid. This is a major factor in the decision process due to the following reasons.
 - a. Added cost to provide infrastructure if located a long distance from the grid.
 - b. Delay in project construction and time to interconnect
 - c. Meeting all the requirements of ERCOT for interconnect to safeguard the grid in case of a major fault.
 - d. Location close to a major grid tie to reduce cost of maintenance.
 - e. ALL solar farms are in close proximity to high voltage transmission lines and substation switchgear. The shorter the distance for the interconnect the higher the yield of sellable energy.

3. Location to Major Grid Intersections
 - a. Just because you can produce energy does not mean you can sell it.
 - b. Solar farms need to be located as close as possible to a major city or metropolitan area so the energy can be sold during times of peak demand.
 - c. Solar Farms are third and fourth tier producers. They have to compete with the big boys in the industry.
 - d. The cost of a kWh at the wholesale rate must be competitive and must be available when needed. The Wire and Transmission cost must be kept as low as possible in order to compete on the open market and in real time pricing of energy.

As you can see the major criteria for location of a solar farm has nothing to do with a school district or a tax abatement agreement. Taxpayers in Texas once again have been sold out by bureaucrats and politicians to fund big business in Texas. Local government leaders and school board trustees and board members in several north Texas counties have been named as co-conspirators in a huge Ponzi scheme to defraud the taxpayers in their districts. The proof is in the public record and speaks for itself. Taxpayers in Texas have taken the fight to the highest level at this time. Taxpayers will take every measure needed to expose and stop the fraud and corruption that has been normal business in Texas for too long.