

# What is A Tax Abatement?

Tax abatements have been in the news a lot around Texas over the past several years. Many people do not understand what a tax abatement is or how it might impact them as a homeowner or taxpayer. So, the purpose of this article is to highlight some of the key issues pertaining to tax abatements and how local governments and taxing entities have used them in ways that have resulted in increased property taxes to homeowners.

Other Names for Tax Abatements in Texas

- Chapter 312 Agreements (Municipal, County)
- Chapter 313 Agreements up to December 2022 (School Districts)
- Currently Called; Jobs, Energy, Technology, and Innovation (JETI) Agreements

Legislators in the 88<sup>th</sup> legislative session pulled a fast one on taxpayers when they said the Chapter 313 Agreement would expire under the sunset clause because of taxpayer's protest. This was at the same time ten Chapter 313 Agreements were rushed and executed for the proposed \$173.0 billion dollar Samsung Chip Plant project in Williamson County. The Samsung Corporation was awarded a total of \$2.4 billion dollars in abatements from the local school district over a ten-year period. The Taylor ISD school board then turned around and asked for a \$141.0 million dollar bond on November 4<sup>th</sup>, 2025. Legislators simply changed the name to JETI confuse taxpayers and misguide them. This project and the ten Chapter 313 Agreements will become its own legal challenge in federal court. The Taylor ISD and State of Texas sold out the taxpayers to subsidize a foreign owned corporation who also received \$6.4 billion from the federal government and \$250.0 million from Governor Gregg Abbott and key leaders of the Republican Party in Texas. Taxpayers in Texas have no friends in Austin Texas.

## What is a Tax Abatement

- With the existence of tax abatement agreements, it is an undeniable fact and proof that a system of ***"uniform and equal"*** is not being applied across the public taxing district and does not exist within the government entity issuing the tax abatement agreement.
- It is a document that is deemed a legal instrument used to "bend the rules" this is the basic purpose of a tax abatement agreement. Under the US Constitution there is no such legal method or system allowed that will treat one citizen differently under the color of law. **Reference 42 U. S. C. § 1983.**

- It provides a “leg up” or advantage for the entity applying for the tax abatement agreement.
- The benefit to the entity applying for a being awarded a tax abatement agreement is a financial benefit. This benefit is the reduction of taxes levied on a business.
- A tax abatement agreement provides tax relief to businesses and results in a *LOWER* tax revenue stream into the local economy that could be used to provide better services from cities and counties or help fund local school districts from locally available tax revenues that reduce the amount of funding that comes from the state back to local school districts.
- Tax abatements interfere with free market principles of business and a competitive environment. Businesses should operate based on sound business practices and the need in the local economy for the goods and services they provide. Taxpayers should NEVER subsidize them.
- Tax abatements are not offered to homeowners.
- Tax abatements demonstrate a prejudice and bias towards the average citizen in favor of big business.

### **How Tax Abatements Result in Higher Property Taxes**

When a county commissioner’s court sets up a tax re-investment zone it opens the door for tax abatement agreements to happen. A county or local school district may enter into a tax abatement agreement after the business has filed a tax abatement application with the state comptroller’s office. Once this process has started the first thing a school district will start to do is to formulate a plan to put forth a new bond referendum based on the speculation, they are going to receive additional tax revenues from a new solar or wind farm project. School board trustees will produce a dollar amount they pitch to taxpayers and homeowners as coming from the new solar or wind project and will be used to pay for part of the new bond debt payment if taxpayers pass a new bond.

This process violates multiple tenants of the US Constitution and taxpayer rights. The taxpayers did not have a voice or vote in the tax abatement process. If a solar or wind farm

project goes into default for any reason such as; a financial problem, storm damage from wind, tornado or lightning or a grass fire that damages the solar panel arrays and the system is not repaired or restored the taxpayers are on the hook for the portion of the debt service payment no longer available from the solar project and tax revenues owed. This has already happened in Texas and other states.

When a business files the application with the state comptroller's office a check for \$75,000.00 is required for tax abatement agreements being pursued with a local school district. Once an application and check are received at the state comptroller's office a school district may begin negotiations with representatives from a solar or wind farm company. These negotiations are held behind closed doors and taxpayers are not allowed. This is a key point to the legal challenges being pursued at the federal level by taxpayers. Taxpayers have been denied access to the process or have a voice in the process. School districts hire lawyers and consultants to manage the negotiations without taxpayer input. This is the case across the state where solar and wind farm tax abatements have been executed. Taxpayers do not have a true third-party representation or are able to represent themselves. The legal fees for lawyers and consultants are paid by checks issued by the local school district who were re-imbursed from the \$75,000.00 application fee paid to the state comptroller's office by the business entity applying for the tax abatement agreement. It is simple a case of the "fox watching the hen house" and nobody is looking or paying attention.

As the saying goes, "*Everything is bigger in Texas*" and that includes fraud, corruption and the rights of taxpayers being trampled by local government and school officials. Taxpayers are taking this fight to the federal level and exposing the fraud and corruption in the north central Texas area where solar and wind farm projects have been underway since the 2013–2014-period. Taxpayers are being notified and educated about what is taking place behind the scenes and what continues to make an impact on them with increasing property taxes.

### **Legal Ground and Standing**

1. Tax Abatements deny a system of "*uniform and equal under the law.*"
2. Tax Abatements demonstrate a deliberate design and intent to defraud taxpayers.

3. Tax Abatements have been executed by individuals without authority and have resulted in multiple tenants of the US Constitution and individual rights.
4. County and local school officials have created an environment that has resulted in significant monetary loss and damage to citizens impacted and residing within the taxing jurisdiction of the entity executing tax abatement(s).
5. It is a document that is deemed a legal instrument used to “bend the rules” this is the basic purpose of a tax abatement agreement. Under the US Constitution there is no such legal method or system allowed that will treat one citizen differently under the color of law. **Reference 42 U. S. C. § 1983.**
6. Tax abatements executed by school districts are in direct conflict with the ideology of funding school districts from locally available tax revenues that would benefit homeowners by lowering property taxes and not requiring state matching funds or federal matching grant funds. Schools should be required to exhaust all locally available funding sources first (under the current funding structure). School board officials have demonstrated a lack of understanding of fairness and common sense regarding normal business practices and standards.
7. Public officials and local school boards as well as members of the County Commissioner’s Court(s), Central Appraisal District(s), State Comptroller’s Office, Texas Education Agency, and the Attorney Generals of Texas have created an environment of fraud and corruption, racketeering that has held taxpayer’s hostage regarding the properties’ they own and live in by forcing a system of illegal taxation that has been manipulated by fraudulent property tax evaluations and other methods of jerry-meandering the approach of assessing property taxes including tax abatement agreements known as; Chapter 312, Chapter 313 and JETI in the state of Texas. These actions are punishable by law. **Reference 42 U.S.C. § 1982**