



Testimony

HB 2404

Local Economic Development Transparency

Testimony Before the Texas House Ways & Means Committee

Chairman Meyer and Members of the Committee:

My name is Carine Martinez, and I am director of research and publications at the Texas Public Policy Foundation, a non-profit, nonpartisan free-market research organization based in Austin, Texas. Thank you for the opportunity to testify in support of [HB 2404](#), which would increase transparency over local economic development programs.

The number of state and local business incentive agreements has [increased tremendously](#) the past 30 years, with some studies estimating the annual amount of state and local spending on targeted economic development subsidies to reach \$95 billion. This creates a race to incentives that generates a vicious circle of government offering increasingly more and businesses asking for [ever bigger incentives](#).

Yet, transparency has not always followed the same trend. First, access to information on economic development negotiations is already restricted in Texas. Under the Texas Open Meetings Act ([Government Code Section 551.087](#)) and the Texas Public Information Act ([Government Code Section 552.131](#)), economic development negotiations benefit from exemptions from the open government statutes, resulting in taxpayers being effectively shut out of what government units negotiate and offer select businesses with taxpayer money only to be too often presented with a done deal. Even then, the information on agreements is not always easy to find—when it is available.

HB 2404 would create a centralized database of local [Chapter 380](#) and Chapter 381 economic development agreements, enabling an easier way to access active agreements. One example of a similar database is the one that already exists for Chapter 313 limitation on appraised value agreements, which is easily searchable and updated regularly on the Comptroller's website. This kind of database, on top of providing detailed information about the agreements, allows for a quick and easy way to know how many of these agreements exist, where they are mostly used, and for which purposes.

Transparency is a way for government to be accountable to the people it represents. To quote directly from the Texas Public Information statute,

The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created.

Transparency is also a necessary tool for researchers, taxpayers, and lawmakers to properly analyze the effects—benefits and costs—of these programs. Both opponents and supporters of these programs should then support and require more transparency. This is why we support HB 2404.

Thank you for your time. I look forward to answering any questions you may have.

Carine Martinez is the director of research and publications and also conducts research on the effects on taxpayers and consumers of government programs that grant special privileges to certain businesses in the form of subsidies, tax credits, regulatory advantages, or other favors.

