

JEDI

Jobs, Energy, Technology, and Innovation program

On February 22, 2024, Texas launched a new economic incentives program called the Jobs, Energy, Technology, and Innovation (JETI) program. The program is designed to attract new companies and create jobs in the state. It replaces the old program, Chapter 313, which was criticized for its negative impact on school finance and was phased out by lawmakers.

The JETI program provides property tax cuts to eligible companies that move into Texas communities in exchange for job creation. It includes more oversight of participating companies, introduces additional job and salary requirements, and halves Chapter 313's property tax cuts. Companies that participate in the new program must also create a specific number of new full-time jobs, salaried or contracted, with health benefits and competitive pay for salaried positions.

The JETI program eliminates an oft-criticized feature of Chapter 313. Companies can no longer make direct payments to schools in return for tax breaks, a provision critics say caused inequality in school funding. The state will pay school districts to partially restore tax money lost to cuts using its general revenue fund. However, it is unclear how much taxpayers will shoulder the cost of company tax breaks.

Companies that are planning a new project in manufacturing facilities, dispatchable electric generation facilities, natural resource development facilities, research, development or manufacturing facilities for high-tech infrastructure equipment or technology, and the construction or expansion of critical infrastructure can apply for the JETI program. However, renewable energy projects or energy storage facilities are not eligible to participate.

The JETI program offers a 10-year reduction in property taxes for eligible companies. Each company will receive a 50% abatement unless their projects are located in economically disadvantaged areas that have been designated as “opportunity zones” by the federal government, where tax cuts are stretched to 75%. Lawmakers say this incentive should encourage development in the state’s rural communities.

The JETI program was passed with bipartisan support by lawmakers in 2023 after Governor Greg Abbott faced pressure from business leaders to quickly replace Chapter 313, which generated over 14,000 new jobs statewide through 2021. Abbott signed the new program into law in June 2023. Companies must submit reports to the state on their compliance with the program's standards every two years.

To learn more about JEDI and the requirements, check out the Office of the Governor website at: <https://gov.texas.gov/business/page/texas-jobs-energy-technology-and-innovation-jeti>