



SENATOR WENDY R DAVIS
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The Senate of The State of Texas

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FOR IMMEDIATE RELEASE ...

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TCEQ Joins Call by Senators Davis and Ellis to Protect Tens of Millions in School Funding From a Flawed Tax Exemption Request

FORT WORTH – Senators Wendy Davis and Rodney Ellis today commended the Texas Commission on Environmental Quality (TCEQ) staff for protecting potentially hundreds of millions in public education funds from a flawed tax exemption request.

Following a call by Senators Davis and Ellis to protect Texas schools, TCEQ rejected a pollution control tax break request filed by a refinery company that failed to meet the statutory criteria of providing on-site environmental benefits. The tax exemption would have required a school district outside of Houston to refund tens of millions in tax dollars. It was a pivotal decision because dozens of similar requests remain pending.

"School districts across the state are certainly breathing a sigh of relief today that the TCEQ staff has not buckled under political pressure and that the agency is rejecting this request that would potentially bleed hundreds of millions from Texas classrooms," Davis said. "We must fight for every dollar for our public schools, especially following the more than \$5 billion in state funding cuts that are impacting our schoolchildren."

Senators Davis and Ellis had called on TCEQ to reject the request because the company's investment failed to meet the letter or spirit of a 1993 Texas constitutional amendment that allows for tax exemptions when companies install pollution control equipment that provide an on-site environmental benefit. Earlier this month, Senators Davis and Ellis submitted a formal request for an opinion from the Texas Attorney General to clarify the law. In their letter to the AG, they wrote that the request does not meet the statutory guidelines of the law because "... the equipment at issue provides no environmental benefit at or near the site."

In communications with TCEQ and the Texas AG, Senators Davis and Ellis had said that San Antonio-based Valero Energy Corp.'s request, if approved, would require a school district just outside of Houston to cough up tens of millions of dollars. And the refinery company's request before TCEQ could have had a broad impact on Texas school funding as dozens of other requests similar to Valero's remain pending.

The request that was rejected today by TCEQ staff was filed by Valero in 2007. It was already rejected once by the TCEQ staff. But that earlier recommendation was disregarded by Governor Perry's politically-appointed TCEQ Chairman Bryan Shaw, who asked the agency staff to re-evaluate Valero's

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request. Shaw has been criticized as an industry ally. Perry has received the second-most donations in Texas from Valero - more than \$147,000 from the company, its PAC and employees since 2004, according to the National Institute on Money in State Politics. Shaw has also stood with Perry in public denials of climate change being caused by humans and he was recently accused of censoring an environmental report on Galveston Bay by a Rice University oceanographer, removing any references to a causal connection between human activity and the rises in sea level or the changes in the climate.

Senators Davis and Ellis requested the AG opinion to clarify the intent and the application of the 1993 law in order to assure that Texas taxpayers and schoolchildren are not victimized by political maneuvering that would override the intentions of the constitutional amendment.

Senator Ellis represents Senate District 13 and chairs the Senate Government Organization Committee.

"This is a major victory for the people and school children of Texas," Ellis said. "I am pleased that TCEQ did the right thing. Texas schools are already struggling with the \$5 billion in cuts this session; allowing huge companies to essentially rob our school children of another \$100 million would have been unconscionable."

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