



CITY OF HOUSTON

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Mayor

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May 18, 2023

The Honorable Charles Schwertner
Chairman, Senate Committee on Business & Commerce
P.O. Box 12068
Capitol Station
Austin, TX 78711

Re: Testimony on House Bill 5 Relating to agreements to create jobs and to generate state and local tax revenue for this state

Dear Chairman Schwertner,

On behalf of the City of Houston, I appreciate the opportunity to submit this letter of testimony in support of the House Engrossed version of House Bill (HB) 5 that is currently before your committee. As you are aware, HB 5 would create an invaluable path for school districts across the state to participate in economic development by allowing them to enter into agreements with businesses seeking to expand within or relocate to Texas. At the local level, we recognize the need for such a path, and we appreciate the substantial effort that has been made to bring this bill to this point.

Here in the City of Houston, we have heard from existing and potential businesses that the passage of HB 5 would be extremely advantageous to the City and the State as they evaluate where to plan their future expansions. One such business, Zeta Energy, was founded in Houston in 2014, the outcome of ground-breaking research conducted locally at Rice University. Zeta is leading the way in the commercialization and mass production of safe, rechargeable batteries that are higher performing, lower cost, and sustainably manufactured. They were recently awarded \$4 million in federal funding through the US Department of Energy's ARPA-E Electric Vehicles for American Low-Carbon Living program, and their products have significant potential for use cases ranging from long-term energy storage to military frontline applications.

Zeta is currently planning three expansion phases, and Texas is their preferred location to expand. Considering all three phases, Houston and the State of Texas could see up to 1,100 jobs created and capital expenditures of over \$1 Billion in the next five years. However, the ability to enter-into mutually beneficial agreements with the school district is essential to Texas remaining on the list. Other states they are considering have mechanisms in place (and ready to utilize) that cannot be ignored from their perspective, and HB 5 would provide the same type of tool for us to keep this valuable company at home and creating jobs for hard working and capable Texans.

On April 7, 2023, I submitted testimony to Chairman Meyer of the House Committee on Ways and Means. In that letter, I outlined four modifications that the City of Houston hoped to see in future versions of the bill. Today, I am glad to note that the changes we suggested were incorporated or duly considered, and we are grateful to the many hands that have guided this bill into its current form. Because of the effort put into the bill to-date, as well as the vital role I know this will play in our state's economic development strategy moving forward, I wish to express my sincere support for HB 5.

In closing, the City of Houston stands ready to support our mutual economic development efforts with the tools at our disposal, and we welcome the delivery of this vital tool to our school districts. Thank you for your efforts during this session, and I ask that you do not hesitate to contact me if I can be of any assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Icken", written in a cursive style.

Andrew F. Icken
Chief Development Officer
City of Houston