



Selected Major Agreements Under the Texas Jobs, Energy, Technology, and Innovation (JETI) Act

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

The Office of the Comptroller of Public Accounts (Comptroller's Office) and the two school districts audited complied with the requirements of the Texas Jobs, Energy, Technology, and Innovation (JETI) Act¹. The Office of the Governor (Governor's Office) ensured that the executed JETI agreements complied with the requirements of the JETI Act, but it should strengthen its performance bond verification process and its due diligence reviews of potential JETI program participants.

- [Background](#) | p. 4
- [Audit Objectives](#) | p. 12

This audit was conducted in accordance with Texas Government Code, Section 403.615.

LOW

COMPTROLLER'S OFFICE

The Comptroller's Office appropriately processed and made recommendations on JETI program applications, including the two applications that resulted in executed agreements. Additionally, it complied with statutory deadlines.

[Chapter 1-A | p. 5](#)

LOW

SCHOOL DISTRICTS

Both Galena Park Independent School District (ISD) and Northwest ISD complied with the applicable statutory requirements.

[Chapter 1-B | p. 8](#)

MEDIUM

GOVERNOR'S OFFICE

The Governor's Office complied with most JETI Act and internal requirements. Specifically, it ensured that the executed agreements contained the required elements. However, it should strengthen certain processes.

[Chapter 2 | p. 9](#)

¹ The JETI Act is codified as Texas Government Code, Chapter 403, Subchapter T.

Summary of Management Responses

Auditors made recommendations to the Comptroller's Office and the Governor's Office, provided at the end of Chapter 1-A and Chapter 2 in this report. The Comptroller's Office agreed with its findings and recommendation.

The Governor's Office agreed with most findings and provided corrective actions plans for those findings. However, it did not agree with the findings related to documentation of due diligence reviews and the recommendation to consider automation.

After review and consideration of the management response, the State Auditor's Office stands by its conclusions based on evidence provided during this audit. Details are included in [Appendix 2](#).

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

PRIORITY: Issues identified present risks or effects that if not addressed could *critically affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could *substantially affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could *moderately affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks *or* effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

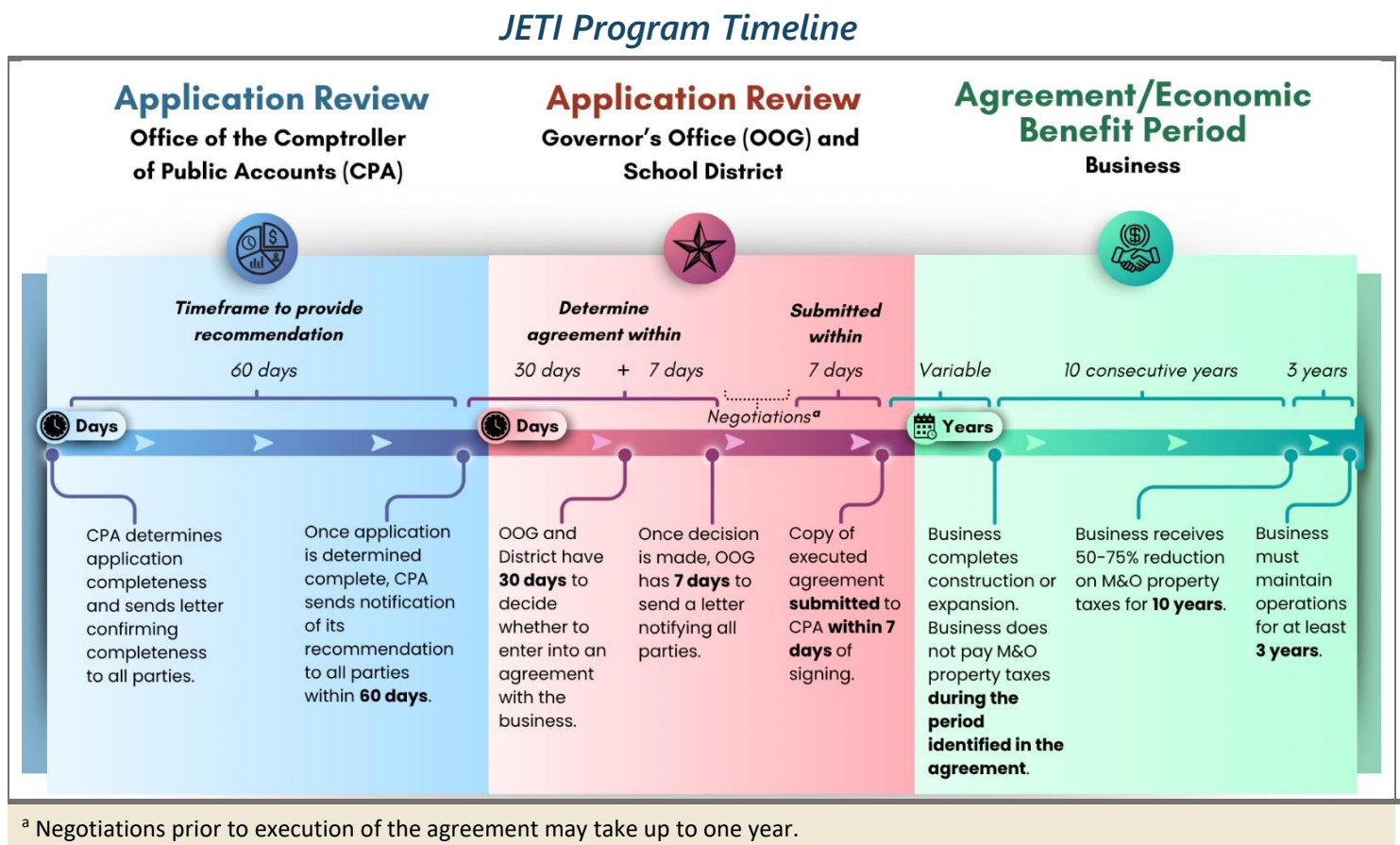
For more on the methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

Background Information

Texas Jobs, Energy, Technology, and Innovation (JETI) Act

The 88th Texas Legislature passed the JETI Act to help the state remain competitive by attracting new jobs and business investments. The JETI Act was designed to replace and improve upon the prior Texas Economic Development Act (Texas Tax Code, Chapter 313), which expired on December 31, 2022. Through the JETI program, eligible companies can apply for a 10-year reduction in the school district maintenance and operations (M&O) component of property tax on new projects in return for meeting minimum levels of job creation and capital investment. The process begins with an application to the Office of the Comptroller of Public Accounts (Comptroller's Office), as shown in Figure 1. The application must include proof that the company paid a \$30,000 fee to the affected school district to cover the costs of project evaluation.

Figure 1



Source: Comptroller's Office and Texas Government Code, Section 403.605.



LOW

Chapter 1-A Comptroller's Office

The Comptroller's Office complied with JETI Act and internal requirements.

From January 2024 to July 2025, the Office of the Comptroller of Public Accounts (Comptroller's Office) made recommendations on 12 applications for the Jobs, Energy, Technology, and Innovation (JETI) program. As of July 2025, 2 of those 12 applications were approved and resulted in executed agreements. These agreements were between the Office of the Governor (Governor's Office) and:

- Galena Park Independent School District (ISD) and Summit Next Gen LLC, who had proposed a jet fuel manufacturing project.
- Northwest ISD and Bell Textron Inc., who had proposed an aircraft parts manufacturing project.

Figure 2 (on the next page) outlines the Comptroller's Office's compliance with requirements in responding to and processing the JETI applications tested.

Figure 2
The Comptroller's Office's Compliance with JETI Act and Other Requirements

Criteria	Description of Compliance
Texas Government Code, Section 403.609(d)	The Comptroller's Office complied with requirements for providing written notice of its recommendation for each application within 60 days.
Texas Government Code, Section 403.609(e)	The Comptroller's Office complied with requirements for providing all required documents with notification of its recommendation.
Texas Government Code, Section 403.622(a) and (c)	The Comptroller's Office posted the required information on its website within 10 business days.
Comptroller's Office JETI Procedures	The Comptroller's Office followed its processes for assessing application completeness and determining recommendations.
Comptroller's Office JETI Procedures	The Comptroller's Office followed its process for requiring employees involved in reviewing and approving JETI applications to disclose conflicts of interest.
Note: Companies in JETI agreements are required by Texas Government Code, Section 403.616, to submit a detailed compliance report to the Comptroller's Office by June 1 of each even-numbered year during the term of the agreement. For the two executed agreements tested, the compliance report was not yet required to be submitted based on the statutory due dates.	

The Comptroller's Office should consider automating its processes to increase efficiency and effectiveness.

The Comptroller's Office used manual processes to track applications and statutory timelines and to issue notification letters. While the Comptroller's Office met the 60-day deadline to provide recommendations, automating its application approval processes prior to an expected increase in applications should improve efficiency, reduce the risk of manual errors, and strengthen the tracking of statutory deadlines and deliverables.

Recommendations

The Comptroller's Office should consider automating its JETI application processes.

Management's Response

Views of Responsible Officials:

The Comptroller's Office acknowledges and agrees with the finding.

Corrective Action Plan:

Our office developed an online eSystems version of the JETI Application for Taxable Value Limitation on Eligible Property that was released on June 17, 2025. The majority of application processing and reporting will be automated through this online portal. Our office continues to evaluate additional methods to further automated our internal tracking and record keeping systems.

Implementation Date: June 17, 2025

Responsible Party: Economic Development Manager

Auditor Follow-up Comment

The Comptroller's Office's online eSystems application was not within the scope of this audit.

LOW

Chapter 1-B School Districts

Both Galena Park ISD and Northwest ISD complied with statutory requirements (shown in Figure 3) in responding to the two JETI applications associated with executed agreements.

Figure 3

Districts’ Compliance with JETI Act Requirements

Criteria	Description of Compliance
Texas Government Code, Section 403.611	Each district’s Board of Trustees complied with requirements for holding a public hearing on the application; providing notice of that public hearing not later than 15 days prior to the meeting; and notifying the Comptroller’s Office, Governor’s Office, and the applicant as to whether the district intends to enter into the agreement.

MEDIUM

Chapter 2

Governor’s Office

From January 2024 to July 2025, the Comptroller’s Office recommended 12 JETI program applications to the Governor’s Office for consideration in conjunction with the affected school districts. Two of those 12 applications resulted in active agreements, with the remaining 10 applications still under consideration or negotiation as of July 2025. Refer to [Chapter 1-A](#) for more information on those agreements.

The Governor’s Office complied with most JETI Act and internal requirements.

In processing the 12 applications and the 2 executed agreements, the Governor’s Office complied with most JETI Act requirements related to agreement provisions and notifications. However, it should strengthen certain processes (see Figure 4).

Figure 4

The Governor’s Office’s Compliance with JETI Act and Other Requirements

Criteria	Description of Compliance
Texas Government Code, Sections 403.612 (b) through (d)	The Governor’s Office included the statutorily required provisions in the two executed agreements. For example, both agreements included provisions related to timelines, applicable job and investment requirements, wage and penalty requirements, and grounds for termination.
Texas Government Code, Section 403.610	For 11 (92 percent) of 12 applications tested, the Governor’s Office provided notification of its determination to enter into an agreement within the required timeframe. The first application was not provided to the Comptroller’s Office within that timeframe.
Texas Government Code, Section 403.612(g)	The Governor’s Office submitted to the Comptroller’s Office one of the two executed agreements tested within the required timeframe; it submitted the other agreement 42 days late.

Criteria	Description of Compliance
Texas Government Code, Section 403.612(b)(9) and Governor's Office policies and procedures	The Governor's Office should strengthen its process to ensure that the statutorily required performance bonds provided by applicants are valid. In addition, it did not document (1) its final determination of whether parent companies could meet guarantee agreement obligations and (2) all due diligence information required by its policies for the two companies with executed agreements.

The Governor's Office should consider automating its processes to increase efficiency and effectiveness.

The Governor's Office used manual processes to track applications and statutory timelines and to issue notification letters and agreements. Leveraging the functionality within its current tracking tool to automate its processes prior to an expected increase in applications should improve efficiency, reduce the risk of manual errors, and strengthen the tracking of statutory deadlines and deliverables.

Recommendations

The Governor's Office should:

- Strengthen its process for tracking compliance with all statutory deadlines.
- Strengthen its process for verifying that performance bonds and guarantee agreements meet the requirements of the JETI program.
- Document the results of its due diligence procedures as required by policy.
- Consider increasing the automation within its current JETI applications and agreements tracking tool.

Management's Response

[See Appendix 2](#) for the Governor's Office response.



Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to:

- Determine whether the terms of selected agreements comply with the Texas Jobs, Energy, Technology, and Innovation (JETI) Act.
- Determine whether there are ways to increase the efficiency and effectiveness of the administration of the Texas JETI Act.

Scope

The scope of this audit included the applications recommended by the Office of the Comptroller of Public Accounts (Comptroller's Office) from January 2024 through July 2025 and the two agreements that had been executed as of July 2025. Texas Government Code, Section 403.615(a), requires the State Auditor's Office to review at least 10 percent of the agreements in effect each year. The agreements reviewed were between:

- The Office of the Governor (Governor's Office), Galena Park Independent School District (ISD), and Summit Next Gen LLC, who proposed a jet fuel manufacturing project.

The following members of the State Auditor's staff performed the audit:



- Bianca F. Pineda, CIA, CISA, CFE, CGAP (Project Manager)
- Jacob McGill (Assistant Project Manager)
- Kevin Mack, CFE
- Makena Kang
- Michael Harris
- Jennifer Fries, MS Accounting
- Dana Musgrave, MBA, CFE (Quality Control Reviewer)
- Michael O. Clayton, CPA, CISA, CFE, CIDA (Audit Manager)

- The Governor’s Office, Northwest ISD, and Bell Textron Inc., who proposed an aircraft parts manufacturing project.

The scope also included a review of significant internal controls related to application and agreement processes at the Comptroller’s Office, Governor’s Office, and the two school districts.

To mitigate any potential issues arising from a familial relationship, the State Auditor recused herself from this audit. The audit was supervised, reviewed, and approved by Assistant State Auditor Lauren Godfrey.

Methodology

We conducted this performance audit from June 2025 through November 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Comptroller’s Office and Governor’s Office management for consideration.

Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed management and staff at the Comptroller’s Office, Governor’s Office, and the two school districts to gain an understanding of processes, internal controls, and supporting information related to the applications and agreements under the JETI Act.
- Identified the relevant criteria:
 - Texas Government Code, Chapter 403, Subchapter T (JETI Act).
 - Texas Administrative Code, Title 34, Part 1, Chapter 9, Subchapter O.
 - The agencies’ and school districts’ policies and procedures.

Auditors did not use a sampling methodology on this audit but instead collected, reviewed, and analyzed information related to the two executed

agreements and their associated applications to perform tests of compliance. Additional analysis was performed on the 12 applications recommended for approval during the audit period, which includes the 2 associated with the executed agreements tested. Since all agreements were tested, it is not necessary or appropriate for auditors to project results. Auditors performed the following testing for these four entities:

- **Comptroller's Office**

- Conducted the following tests of compliance for the two applications associated with the executed agreements tested to determine whether:
 - All required information was submitted in accordance with statutory requirements. This included verifying proof of the \$30,000 application fee paid to the school districts and reviewing and recalculating the Comptroller's Office's assessment as applicable.
 - The reviews of completeness and approvals for recommendations were performed in accordance with policies and procedures.
 - Staff involved in the application review and approval processes disclosed conflicts of interest as applicable.

- **Governor's Office**

- Conducted the following tests of compliance for the two agreements executed as of July 2025 to determine whether:
 - The agreements complied with agreement requirements in the JETI Act.
 - The Governor's Office submitted a copy of the executed agreements to the Comptroller's Office within seven days of signing the agreements.
 - The agreements were reviewed and approved prior to signing in accordance with policies and procedures.
 - The due diligence reviews were performed in accordance with policies and procedures.

- The performance bond and guarantee agreement were valid and executed in an amount the Comptroller's Office determined to be reasonable.
- The agency's process for disclosing conflicts of interest was followed.
- **School Districts**
 - Reviewed relevant documentation to determine whether the two school districts:
 - Provided notice of and held a public hearing on the application in accordance with statutory requirements, including deadlines.
 - Had processes for staff and board members to disclose any conflicts of interest.
 - Had Board of Trustees approval of the recommended applications and the agreements prior to execution.

Statutory Deadline Analysis

Analysis was conducted on 12 applications, including the 2 associated with the executed agreements, to determine whether the Comptroller's Office and Governor's Office complied with statutory deadlines. These applications were recommended by the Comptroller's Office for possible agreements during the audit period. The analysis performed determined whether:

- The Comptroller posted the applications, supplements, and amendments, if applicable, within 10 days of receiving the information.
- The Comptroller provided its recommendations for approval to all relevant parties within 60 days of determining application completeness.
- The Governor's Office notified the Comptroller's Office within 37 days upon receiving the recommendation on the application as to its determination of whether it intended to enter into an agreement.

Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Appendix 2

Governor's Office Management Responses



GOVERNOR GREG ABBOTT

December 2, 2025

Audit Report on Selected Major Agreements Under the Texas Jobs, Energy,
Technology and Innovation (JETI) Act

Management's Response

The Texas Jobs, Energy, Technology and Innovation (JETI) program was established by House Bill 5 of the 88th Legislature, Regular Session. The JETI Act is a new competitive economic incentive program used to attract large, capital-intensive economic development projects, bringing new capital investment and creating high-paying jobs in Texas communities. This program provides property tax value limitation economic development incentives following the expiration of Texas Government Code Chapter 313 at the end of 2022.

The Comptroller's Office (CPA) began accepting applications for the JETI program on January 2024. One significant difference from JETI and the expired Chapter 313 is that the agreement is now between the school district, the company, and the Governor's Office.

Since this program is less than two years old, there is a very small sample to audit – a total of 12 applications, two have been contracted and 10 were still under contract negotiation at the time of the audit.

The Texas Economic Development and Tourism Office (EDT) in the Governor's Office is proud to have developed a process for a new program, working with another state agency, school districts, and applicants; and in developing multi-party JETI agreements that complied with all the statutory requirements of the JETI Act within a short period of time. Utilizing the Economic Development Finance (ED Finance) division's experience in economic development incentives, EDT utilized existing policies and procedures and developed new ones to perform extensive due diligence, track applications and meet statutory deadlines, negotiate multi-party agreements, and provide timely notifications to all parties. There were no additional FTEs provided by the Legislature for EDT to manage this program, and no appropriated funding for administrative support.

It is a testament to the strength of the expertise of the Governor's Office's economic development professionals that the Governor's Office was able to launch the JETI program and absorb the additional workload without any additional resources to support the program. Since the program's inception, the Governor's Office continues to refine and strengthen its processes and practices to more effectively administer the JETI program.

POST OFFICE BOX 12428 AUSTIN, TEXAS 78711 512-463-2000 (VOICE) DIAL 7-1-1 FOR RELAY SERVICES

State Auditor's Office
December 2, 2025
Page 2

Response 1:

Recommendation: Strengthen its process for verifying that performance bonds and guarantee agreements meet the requirements of the JETI program.

The Office of the Governor (Governor's Office) ensured that the executed JETI agreements complied with the requirements of the JETI Act, but it should strengthen its performance bond verification process and its due diligence reviews of potential JETI program participants.

We agree. With any new program there are certainly areas of improvement that can be strengthened.

Corrective Action: Process will be reviewed to determine if additional steps can be implemented in order to validate performance bonds.

Responsible Party: Economic Development Finance Director

Response 2:

Recommendation: Strengthen its process for tracking compliance with all statutory deadlines.

For 11 (92 percent) of 12 applications tested, the Governor's Office provided notification of its determination to enter into an agreement within the required timeframe. The first application was not provided to the Comptroller's Office within that timeframe.

We agree. J0001 (the first application in the program) was not submitted within the required timeframe due to an error made by leaving off the CPA on the email containing the Governor's Office's determination letter. However, it must be noted that the determination and the notification thereof to all other required parties were completed within the required timeframe.

Corrective Action: Process document will be updated to create a list of required parties and associated email addresses.

Responsible Party: Economic Development Finance Director

State Auditor's Office
December 2, 2025
Page 3

Response 3:

Recommendation: Strengthen its process for tracking compliance with all statutory deadlines.

The Governor's Office submitted to the Comptroller's Office one of the two executed agreements tested within the required timeframe; it submitted the other agreement 42 days late.

We agree. J0002 was not submitted within the required timeframe due to an error made by leaving off the CPA on the email containing the fully executed agreement. However, it must be noted that the agreement was executed, and all other required parties were notified within the required timeframe.

Corrective Action: Process document will be updated to create a list of required parties and associated email addresses.

Responsible Party: Economic Development Finance Director

Response 4:

Recommendation: Strengthen its process for verifying that performance bonds and guarantee agreements meet the requirements of the JETI program.

Recommendation: Document the results of its due diligence procedures as required by policy.

The Governor's Office should strengthen its process to ensure that the statutorily required performance bonds provided by applicants are valid. In addition, it did not document:

- 1) its final determination of whether parent companies could meet guarantee agreement obligations and**
- 2) all due diligence information required by its policies for the two companies with executed agreements.**

We partially agree. Our office can certainly strengthen our verification process by adopting industry-accepted standards. However:

- 1) As with our other economic development incentive programs, ED Finance performed a thorough financial review and found no concerns regarding the ability of parent companies to meet guarantee agreement obligations, as evidenced by the final determination to enter into a Guarantee Agreement. If the parent company was found to be unable to meet their obligation, this would have been documented in our findings for denial.

State Auditor's Office
December 2, 2025
Page 4

- 2) Our current policies and procedures do not require our Research team to document all findings, only the negative findings. The Governor's Office followed standard policies and procedures from its Research team which were in effect at that time. We performed research on all required areas but only documented a finding if there was a negative finding to report.

In both instances, the Governor's Office is following its standard policies and procedures for other economic incentive programs.

Corrective Action: Process will be reviewed to determine if additional steps can be implemented in order to validate performance bonds.

Responsible Party: Economic Development Finance Director

Response 5:

Recommendation: Consider automating its process for tracking JETI applications and agreements.

The Governor's Office should consider automating its processes to increase efficiency and effectiveness.

The Governor's Office used manual processes to track applications and statutory timelines and to issue notification letters and agreements. Leveraging the functionality within its current tracking tool to automate its processes prior to an expected increase in applications should improve efficiency, reduce the risk of manual errors, and strengthen the tracking of statutory deadlines and deliverables.

We respectfully disagree. The two instances of late notices are not due to the lack of automation of its processes and procedures but to human error. In addition, this recommendation is not actionable given lack of dedicated funding for the program. The Governor's Office received no funding and no FTEs to manage this program.

The Governor's Office will continue to maintain intentional, direct and open communication with the Comptroller's Office to ensure program's transparency, efficiency and effectiveness.

Corrective Action: Automation functionality will depend on fund and resource availability.

Responsible Party: Economic Development Executive Director

Auditor Follow-up Comments

The State Auditor's Office stands by its recommendations. State auditors evaluated the Governor Office's compliance with its policies that were in place at the time of the guarantee agreement. The Governor's Office did not document its final determination of an entity's ability to fulfill its obligations under a guarantee agreement, nor did it document all results of its due diligence as required by its procedures.

In addition, as required by Texas Government Code, Section 403.615(c), the State Auditor shall make recommendations relating to increasing the efficiency and effectiveness of the administration of the JETI Act. Implementing spreadsheet functions and formatting in its current tracking tool should improve the efficiency and effectiveness of the program administration.



Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dustin Burrows, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Mr. Robert Black, Chief of Staff

Office of the Comptroller of Public Accounts

Ms. Lisa Craven, Deputy Comptroller

Galena Park Independent School District

Dr. John Moore, Superintendent of Schools

Northwest Independent School District

Dr. Mark Foust, Superintendent of Schools



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our website: <https://sao.texas.gov>.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), or 1-800-RELAY-TX (TDD); or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government, visit <https://sao.fraud.texas.gov>.