



**GO**  **BIG**  
**IN TEXAS**

# THE TEXAS ADVANTAGE





# BRAGGING RIGHTS: WHAT OTHERS ARE SAYING ABOUT TEXAS

*"Our winning formula is simple—low taxes, reasonable regulations and investment in a quality workforce."*

*- Texas Governor Greg Abbott*



CEOs Name Texas Best State for Business for 13th Year in a Row



CNBC's "Top of the Tops" State for Business over last decade



Area Development's Silver Shovel Award 2016



Business Facilities Magazine's 2016 State of the Year



Texas Ranked #1 for Economic Climate



Ernst & Young Ranked Texas the #1 State for Capital Investment



Texas Tops U-Haul Migration Rankings as #1 Growth State of 2016



#1 State for Startup Activity on 2016 Kauffman Index



2017 State Rankings Report:  
#1 - Best Business Climate  
#1 - Exports Leader  
#1 - Best Infrastructure



Texas awarded Site Selection Magazine's first Prosperity Cup



Trade & Industry Development's 2016 CiCi Award for Economic Development



Area Development Magazine's 2016 Rankings for Texas:  
#1 - Overall Cost of Doing Business  
#1 - Competitive Labor Environment  
#1 - Access to Capital & Funding



Texas is home to 50 Fortune 500 Companies



Site Selection Magazine's Governor's Cup 2016, 2015, 2014, 2013, 2012, 2010, 2005, 2004



#2 Fastest-Growing State with 395 companies on the 2016 Inc. 5000 list



Best Climate for Skilled Professionals



# FAST FACTS: WHY LOCATE TO TEXAS?



## Top Business Destination

- ★ In 2017, *Chief Executive Magazine* named Texas the “Best State for Business” for the 13th year in a row.
- ★ Texas received an A+ on Thumbtack’s Annual Small Business Friendliness Survey in 2016.
- ★ Texas is home to more than 50 *Fortune* 500 companies.
- ★ The Tax Foundation ranks Texas one of the top 10 states for lowest overall tax burden.
- ★ Texas’ corporate franchise tax levies a low flat rate of 0.75 percent (for most entities) on taxable margins.
- ★ Texas has no personal income tax.
- ★ Texas is a right-to-work state.



## Economy & Workforce

- ★ If Texas were a nation, it would rank as the 10th largest economy in the world based on GDP, ahead of Russia, Australia, Mexico, Spain, South Korea and many others.
- ★ Texas has added over 1.9 million net new jobs over the last decade (Oct 2006 - Oct 2016).
- ★ With over 13 million workers, Texas has the nation’s second largest civilian labor force.



## International Trade & Investment

- ★ In 2016, Texas was the top exporting state for the 15th consecutive year with exports valued at over \$232 billion.
- ★ Texas’ top exports are petroleum products, computer and electronic products, chemicals, machinery, and transportation equipment.
- ★ Texas’ top export markets include Mexico, Canada, China, South Korea, and Brazil.
- ★ Texas is a top-ranked destination for foreign direct investment (FDI). Texas ranks second nationally for the number of jobs at U.S. subsidiaries of global companies and the number of manufacturing industry jobs at U.S. subsidiaries, according to the Organization for International Investment.
- ★ Texas retains an investment-ready portfolio of cutting edge companies, across a number of industries.



## Infrastructure

- ★ Texas’ central location within North America facilitates domestic and international transportation, as well as easy access to markets.
- ★ Texas has more miles of public roads (over 313,220) and freight rail (10,425) than any other state.
- ★ Texas has 11 deep-water ports, with channels at least 30 feet deep along the Gulf Coast.
- ★ The state’s two largest airports, Dallas-Fort Worth International (DFW) and George Bush Intercontinental in Houston (IAH), are major domestic and international hubs.
- ★ Texas’ two intermodal facilities, Fort Worth’s Alliance Airport and San Antonio’s Port San Antonio, integrate high-capacity industrial airports, Class I rail terminals, and direct interstate highway access.



## Energy & Utilities

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- ★ Texas' 29 refineries can process more than 5.4 million barrels of crude oil per day and account for 29.8 percent of the country's total refining capacity.
- ★ The state leads the nation in crude oil and natural gas reserves, and is responsible for 31 percent of the nation's crude oil reserves and 27 percent of the nation's natural gas reserves. Texas accounted for 51 percent of U.S. natural gas production in 2014, making it the nation's top natural gas producer.
- ★ Texas is the nation's top wind energy producer with a capacity of 20,321 MW – almost triple the installed wind power capacity of any other state.
- ★ If Texas were a nation, it would sixth for installed wind capacity behind only China, the rest of the U.S., Germany, India, and Spain.
- ★ Commercial and industrial markets natural gas costs are 14.3 percent less per kWh on average in Texas and electric energy costs are an average of 19 percent less per kWh than the rest of the nation.



## Education and R&D

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- ★ Texas universities and research institutions are national and global leaders in R&D in many industries, including electronics, medical, biotechnology, aerospace, advanced materials, and energy.
- ★ Texas public universities are nationally ranked for academic R&D expenditures with \$2.1 billion expended. Programs such as the Skills Development Fund, which provides funding to community and technical colleges that prepare workers for skill-based technical jobs, have helped Texas build a capable and educated workforce.
- ★ Over 7.6 million of Texans 25 years or older hold a bachelor's or higher degree.
- ★ Texas' 146 higher education institutions awarded over 138,400 degrees statewide in 2015.



## Incentives

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- ★ Property tax abatements
- ★ Permitting fee waivers
- ★ Local cash grants
- ★ Local funding to business-related infrastructure and recruitment, equipment, land, and economic development purposes.
- ★ The Texas Enterprise Fund (TEF) is the largest “deal-closing” fund of its kind in the nation. For select projects, the TEF may provide cash grants for business expansion or relocation to Texas.
- ★ The Texas Enterprise Zone Program provides state sales and use tax refunds to qualified projects in economically distressed areas of the state.
- ★ The Texas Skills Development Fund provides financing for customized job training programs for businesses who want to train new employees or upgrade the skills of their existing workforce.

# FORTUNE 500 COMPANIES IN TEXAS

The Lone Star State is home to 50 Fortune 500 corporate headquarters.



**ExxonMobil**

**FLUOR**

**Kimberly-Clark**

**GameStop**

**Michaels**  
Where Creativity Happens

**Celanese**

**jcp**

**Yum!**

**DR PEPPER SNAPPLE GROUP**

**at&t**

**Southwest**

**AllianceData**

**HOLLYFRONTIER CORPORATION**

**TEXAS INSTRUMENTS**

**tenet HEALTH**

**ENERGY TRANSFER**

**Builders FirstSource**

**Dean FOODS**

**VISTRA ENERGY**

**JACOBS**

**PHILLIPS 66**

**ConocoPhillips**

**PLAINS GP HOLDINGS**

**ENTERPRISE PRODUCTS PARTNERS LP**

**Sysco**

**BAKER HUGHES**

**Apache**

**NOV**

**Anadarko Petroleum Corporation**

**eog resources**

**KINDER MORGAN**

**WM WASTE MANAGEMENT**

**GROUP 1 AUTOMOTIVE**

**CenterPoint Energy**

**HALLIBURTON**

**TARGA**

**QUANTA SERVICES**

**CALPINE**

**HUNTSMAN**

**OXY**

Office of the Governor  
Economic Development & Tourism Division  
Source: Fortune Magazine  
Updated: June 2017

# INFRASTRUCTURE

Texas offers superior transportation and logistical advantages. The state's central location and state-of-the-art transportation network provide timely access to domestic and global markets via air, land, and sea.

TEXAS IS HOME TO **380 AIRPORTS**

**10,425 MILES** OF FREIGHT RAIL, MORE THAN ANY STATE

TEXAS HAS **16 SEAPORTS**, INCLUDING **11 FOREIGN TRADE ZONES (FTZ)**

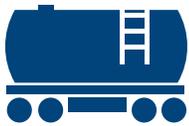
MORE THAN **313,220 MILES** OF PUBLIC ROADS CONNECT TEXAS, MORE THAN ANY STATE

American Airlines  
Southwest

Texas is home to American Airlines and Southwest Airlines, two of the largest airlines in the world.



The Fort Worth Alliance Global Logistics Hub is one of the world's premier inland ports and home to Alliance Airport, the world's first purely industrial airport.

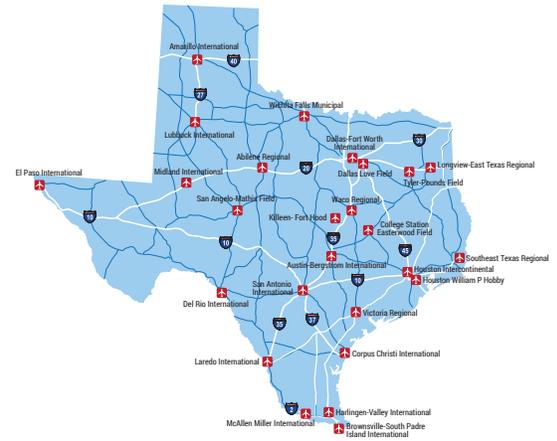


In 2012, Texas' 49 railroad operators transported \$373 million tons of freight.

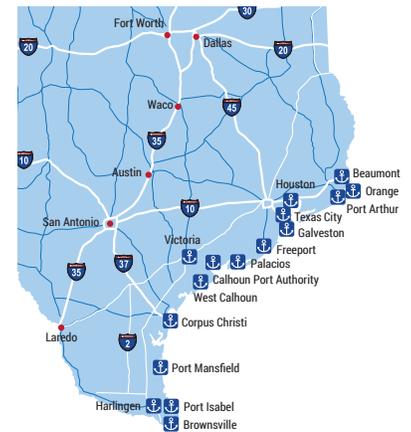


Texas has 11 deep water ports including the Port of Houston, one of the nation's top ten ports by freight loaded.

## COMMERCIAL AIRPORTS IN TEXAS



## SEAPORTS IN TEXAS



## Moving Forward

Texas made major progress this past session on an issue that's important to every business in every industry: transportation.

Texas has begun dedicating a portion of state sales tax money to transportation. Combined with ending diversions from the State Highway Fund, transportation funding will increase by as much as \$4.5 billion a year without raising taxes, fees, tolls or debt.

## Select Companies with Operations in Texas





# Foreign Trade Zones in Texas

Texas leads the nation with 32 foreign trade zones (FTZs), more than any other state. FTZs are the domestic equivalents of 'free-trade zones'. FTZs promote the international competitiveness of U.S.-based businesses because FTZ activities primarily involve domestic operations combining foreign and domestic inputs.





# TRADE & FOREIGN DIRECT INVESTMENT

*More than 1,500 foreign corporations have ongoing operations in Texas.*

Texas is a top global destination for foreign direct investment (FDI), with 32 foreign trade zones and more than 1,500 foreign corporations with ongoing operations in the state—making up one of the most diverse populations in the country.

The state is a top-ranked destination for foreign direct investment and has led the nation in exports for 14 consecutive years.

Since January 2011, more than half of FDI projects into Texas originated from Western Europe, where major economies like the United Kingdom, Germany and France drove investment. However, countries such as Canada and Japan are near the top for overall capital investments into Texas.

Based on number of jobs, Texas ranks No. 1 in the nation for foreign and domestic investment. Comparing U.S. states, Texas ranked No. 3 after California and New York for total new FDI projects during this timeframe. However, in certain industries, like energy and basic materials, Texas led the nation in attracting foreign projects.



From 2011-2016, there have been more than 1,441 FDI projects in Texas, translating into the creation of more than \$212 billion in capital investment.



Texas' top export destinations include Mexico, Canada, Brazil, China, and South Korea.



In 2015, Texas accounted for 16.6% of U.S. manufactured commodities exported and 13.9% of non-manufactured commodities.



Texas is second for jobs at U.S. subsidiaries of global companies, insourcing 512,800 jobs.

## International Companies in Texas

The Houston region continues to be the top Texas destination for inward FDI, landing 38% of the state's FDI projects over the past five years. Dallas-Fort Worth received 13%, followed by Austin and San Antonio with 11% and 4% respectively. The remainder of projects were distributed amongst more than two dozen other Texas metro areas and rural communities.

**TOYOTA**

**SIEMENS**



**PHILIPS**



bp

**LONZA**



**BIMBO**



**OCI**



**GRIFOLS**

## Texas: Global trade powerhouse



# No.1

Texas ranks No. 1 top exporting state in the nation for 14th consecutive year, with more than \$248 billion goods exported in 2015.

# 16%

Texas exports alone accounted for more than 16% of U.S. goods exported in 2015.

# \$6.3B

For the 3rd year in a row, Texas surpassed California for high-tech exports. In 2015, Texas exported \$6.3 billion more in high-tech goods than California.

# No.2

Texas had the 2nd highest GDP in the country in 2015 with \$1.6 billion, which accounted for 9.1% of the U.S. GDP.

## TRADING PARTNERS

### Top countries for Texas exports

Rank	Country	Annual 2015 (in billions)	April 2016 YTD (in billions)
1	Mexico	92,488,949,471	30,639,432,530
2	Canada	25,504,680,349	6,534,442,950
3	China	11,529,166,232	3,828,995,438
4	Republic of Korea	8,075,943,015	2,394,466,970
5	Brazil	7,236,953,739	2,012,049,457
6	Japan	5,062,050,382	1,998,614,775
7	Netherlands	6,709,294,498	1,932,631,690
8	United Kingdom	4,293,409,497	1,420,728,249
9	Singapore	4,917,175,491	1,418,430,061

### Top countries for Texas imports

Rank	Country	Annual 2014 (in billions)	Annual 2015 (in billions)
1	Mexico	90,779,646,196	84,012,183,465
2	China	45,507,361,016	40,991,957,537
3	Canada	17,465,661,634	15,943,645,318
4	Republic of Korea	10,622,481,258	10,330,157,372
5	Germany	8,751,090,191	8,531,775,396
6	Saudi Arabia	19,089,192,490	7,643,941,117
7	Venezuela	15,225,846,975	7,510,977,225
8	Japan	6,356,553,122	6,354,076,969
9	Vietnam	2,371,656,799	5,094,582,740
10	United Kingdom	5,203,052,609	4,772,609,174

Updated: June 2016



*Texas is the No. 1 state for total energy production.*

Since the discovery of the Spindletop oilfield in 1901, Texas has embodied the production of energy. Texas' geography and natural resources, excellent transportation systems, skilled labor force, and leadership in environmental research give the state an energy advantage.

According to the U.S. Energy Information Administration (EIA), Texas is the leading state for overall energy production and consumption. With 27 petroleum refineries that can process more than 5.1 million barrels of crude oil per day, Texas leads the nation in crude oil-refining capacity. More than one-fourth of nation's total refining capacity is located in Texas. Innovation in the natural gas industry has further solidified Texas' role as the nation's energy leader over the past few years.

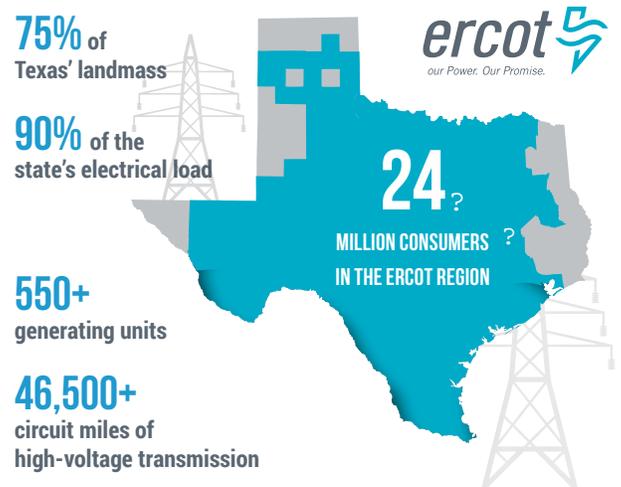
The Lone Star State's renewable energy potential is among the largest in the nation, with abundant wind, solar, and biomass resources found across the state's geographically diverse regions. In recent years, the state has built upon its energy experience and trained workforce to take the lead in renewable energy production and services. As a result, Texas has become the top state in wind generation capacity and biodiesel production.

Key Texas Energy U.S. State Rankings			
No. 1	total energy production	No. 1	biodiesel production
No. 1	crude oil production	No. 1	solar potential
No. 1	natural gas production	No. 2	total renewable energy employment
No. 1	electricity production	No. 4	clean energy-related patents
No. 1	wind energy capacity		

**TEXAS IS THE ONLY MAINLAND STATE WITH ITS OWN POWER GRID**

Texas produces more electricity than any other state, generating almost twice as much as the second highest-producing state. Electric energy costs are an average of 19 percent less per kWh than the rest of the nation. Commercial and industrial markets natural gas costs are 14.3 percent less per kWh on average in Texas.

The main Texas electricity grid is operated by the Electricity Reliability Council of Texas (ERCOT). The ERCOT grid serves about three-fourths of the state and is largely isolated from the interconnected power systems serving the eastern and western United States. This isolation means the ERCOT grid is not subject to federal oversight and is, for the most part, dependent on its own resources to meet the state's electricity needs. Among the contiguous 48 states, Texas is the only one with a stand-alone electricity



# Texas: Energy powerhouse



## 25%

More than 25% of the nation's proved natural gas reserves are in Texas.

## 5.1M

As of January 2015, the 27 petroleum refineries in Texas had a capacity of over 5.1 million barrels of crude oil per day and accounted for 29% of total U.S. refining capacity.

## 2X

Texas produces more electricity than any other state, generating almost twice as much as the second highest-producing state.

## 1/5

Texas leads the nation in wind-powered generation, with more than one-fifth of the U.S. total in 2014.

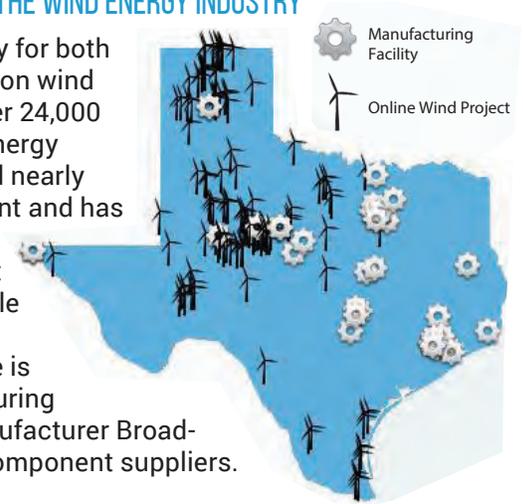
### INDUSTRY PRIVATE WORKFORCE AVERAGES

Industry (Industry Code)	Employees	Firms
Oil & Gas Extraction (2111)	103,838	4,387
Drilling Oil & Gas Wells (213111)	46,571	656
Support Activities, Oil/Gas Operations (213112)	128,330	4,442
Power Generation & Supply (2211)	34,657	812
Electric Power Generation (22111)	10,280	305
Electric Power Transmission/Distribution (22112)	8,392	374
Natural Gas Distribution (2212)	8,392	374

2013 data, private employment only. Source: BLS

### TEXAS IS A NATIONAL LEADER IN THE WIND ENERGY INDUSTRY

Texas ranks first in the country for both installed and under construction wind capacity, while supporting over 24,000 wind-related jobs. The wind energy industry in Texas has provided nearly \$33 billion in capital investment and has thrived thanks to smart state policy, such as legislation that created Competitive Renewable Energy Zones (CREZ) for wind power transmission. The state is home to at least 40 manufacturing facilities, including tower manufacturer Broadwind Towers and numerous component suppliers.



### RENEWABLES

Texas is rich in other renewable energy resources, including solar and biomass. High levels of direct solar radiation in West Texas give the state some of the largest solar power potential in the nation. As of March, 2016 there are more than 445 solar companies at work throughout Texas, employing 7,000 people. 131 MW of solar energy were installed in Texas in the fourth quarter of 2015. That was a 718% increase of the last quarter and a 332% increase over the last year.

### SELECT COMPANIES OPERATING IN TEXAS



Updated: June 2016



# STATE INCENTIVES & FINANCING

*Texas invests in its future by offering competitive incentives to companies that create jobs and drive innovation. The following incentives are the most commonly applied offerings.*

## COMMUNITY INCENTIVES

- ☑ **Local funding** to business-related infrastructure and recruitment, equipment, land and economic development purposes.
- ☑ **Property tax abatements**
- ☑ **Permitting fee waivers**
- ☑ **Local cash grants**

## GRANTS

*From public infrastructure projects in non-entitlement communities, to cancer research and laboratory facility construction, several types of grants are available to Texas communities and businesses.*

**Texas Enterprise Fund:** The Texas Enterprise Fund (TEF) is one of the nation's largest "deal closing" funds created to attract businesses and new jobs to Texas. Since the program's inception, the TEF has awarded approximately \$595 million to companies that have committed to an expansion or relocation in Texas.

**Skills Development Fund:** The Skills Development Fund is Texas' premier workforce development program created to assist Texas community and technical colleges with financing for customized job training for Texas businesses and workers.

**Governor's University Research Initiative:** In 2015, Governor Greg Abbott passed legislation to create a new Governor's University Research Initiative (GURI), which allocated \$40 million to attract and recruit top researchers to Texas' higher education institutions.

**Texas Capital Fund Infrastructure Program:** Provides financial resources to non-entitlement communities for public infrastructure projects needed to assist businesses.

**Texas Capital Fund Real Estate Development Program:**

Loans provide capital to Texas communities at favorable market rates.

**Cancer Prevention & Research General Obligation Bonds:**

Funding opportunities for promising cancer research and prevention programs.

**Defense Economic Adjustment Assistance Grant Program:**

A job creation grant program designed to assist defense communities impacted by Base Realignment and Closure (BRAC) activity, or reduction or termination of defense contracts.

## FINANCING

*Texas is committed to providing and facilitating funding for companies and communities with expansion and relocation projects in the state. Asset-based loans for companies, leveraged loans to communities and tax-exempt bonds are just a few means of obtaining the capital necessary for a successful project.*

**Texas Product/Business Fund:** Asset-backed financing for companies in Texas to promote job retention and creation.

**Texas Leverage Fund:** Allows communities to leverage future sales tax revenues to support job retention or creation.

**Industrial Revenue Bond Program:** Provides tax-exempt or taxable financing for eligible industrial or manufacturing projects.

**Texas Military Value Revolving Loan Fund:** Financing for defense communities for job creation and infrastructure projects.

**CAPCO:** Providing alternative sources of venture capital to Texas entrepreneurs.



# STATE INCENTIVES & FINANCING



## TAX INCENTIVES

*Texas and local communities offer a variety of tax incentives and innovative solutions for businesses expanding in or relocating to Texas.*

**Texas Enterprise Zone Program:** State sales and use tax refunds to promote job creation and investment that will assist economically distressed areas of the state.

**Manufacturing Exemptions:** State sales and use tax exemptions for tangible property, natural gas and electricity.

**Value Limitation and Tax Credits (Texas Economic Development Act):** An appraised ten-year limitation to the local school district maintenance and operations tax portion of the property tax.

**Freight Exemptions:** Tax exemption for certain goods that enter and leave Texas within 175 days.

**Pollution Control Equipment Incentive:** Tax exemption for property that is for pollution control purposes.

**Renewable Energy Incentives:** Tax exemptions and deductions for solar, wind, ethanol and biodiesel.

**Defense Economic Readjustment Zone Program:** A tax refund program for business recruitment and job creation in adversely impacted defense-dependent communities.

**Research & Development Tax Credit:** Gives companies a choice between a franchise tax credit and a sales tax exemption for materials, software, and equipment used for R&D purposes.

**Data Center Tax Incentives:** Allows qualifying data centers to receive sales and use tax exemption on tangible personal property.

**Business Relocation Tax Deduction:** Allows a company relocating its headquarters from out of state to Texas to deduct relocation and moving expenses from their margin when calculating franchise tax liability.

## CONTACT US



### Office of the Governor Economic Development & Tourism Division

The Governor's Office of Economic Development and Tourism (EDT) serves as the state's leading economic development organization marketing Texas as the world's premier business investment destination. The division pursues business expansion and relocation prospects, with the goal of developing job creation and export opportunities for the Texas business community.

[www.BusinessInTexas.com](http://www.BusinessInTexas.com)



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