

A stylized illustration of a woman with dark skin and long, flowing hair, wearing a blue and yellow patterned dress. She is standing on a globe, holding two golden trophies aloft in her hands. The background is a soft, glowing yellow and white gradient.

The 2022 GOVERNOR'S CUPS

Texas claims an 11th consecutive Cup in our annual tally of total project wins the previous year.

by MARK AREND

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For the 11th year in a row, Texas claims the Governor's Cup for total qualified projects. That's not really a stretch when you consider the Lone Star State's economy is larger than that of Canada, South Korea and Australia. If it were a nation, it would be the 9th largest by GDP. Texas' workforce is more than 14.5 million strong, and it's home to 271 corporate headquarter relocations since 2015, the same year Greg Abbott became the 48th governor of Texas.

In February, Site Selection conducted an email interview with the governor to get his take on Texas' success, the issues at play in 2023 and what lies ahead on the Texas economic landscape.



Governor Abbott holding Texas' 10th Governor's Cup last year
Photo courtesy of the Office of the Governor

Congratulations on claiming Texas' 11th consecutive Governor's Cup. Your thoughts?

Gov. Abbott: Thank you. I am proud to once again accept the Governor's Cup from Site Selection Magazine, recognizing Texas as the nation's leader in attracting job-creating business investments from across the country and around the world to our great state.

When choosing where to relocate or expand their businesses, more and more entrepreneurs and business leaders find themselves here in Texas. They recognize the competitive business advantages found only in Texas. And they are in good company. Texas is the headquarters of headquarters. We're now home to more Fortune 500 company headquarters than any other state in the

nation, along with hundreds of publicly traded firms and over 3 million small businesses and startups.

I congratulate the exceptional economic development teams at the local, regional, and state level who work so diligently to attract and retain these growing businesses and the jobs they create in communities across Texas. As we celebrate 11 years of excellence with another Governor's Cup win, we look to the future. Working together, we will build the Texas of tomorrow.

You mentioned in your State of the State address that to keep Texas the best state for business, your local communities need new economic development tools this session. Which tools do you want to make available?

Gov. Abbott: Texas leads the nation in attracting job-creating relocation and expansion projects, winning the Governor's Cup every year that I've been Governor. There are several programs within my Economic Development & Tourism Office that focus on attracting new jobs, capital investment, and visitors to Texas. Together with local and regional economic development partners, these initiatives have helped make Texas the national leader for economic growth and job creation.

But we cannot be complacent. Texas must remain a leader in our country and across the globe by continuing to lead with major capital investments in critical industries such as advanced manufacturing and energy production, specifically from companies like Samsung, Texas Instruments, and Tesla. The "Texas Miracle" has remained a strong beacon thanks to a talented workforce, robust infrastructure, innovative technology development, and a business-friendly regulatory environment.

In order for Texas to remain the economic engine of the nation, we must continue to work collaboratively with local economic development organizations and business communities and maintain strategic economic development tools needed to attract the top businesses to the state.

I look forward to working with the Texas House and Senate this session to develop new economic development tools to continue attracting major capital investment and manufacturing to Texas while also incentivizing the creation of new energy production.

You also said in your address that local businesses will flourish even more if we reduce the gridlock in our courts by creating specialized courts with the expertise to deal with complex commercial litigation. Do you anticipate any opposition to this?

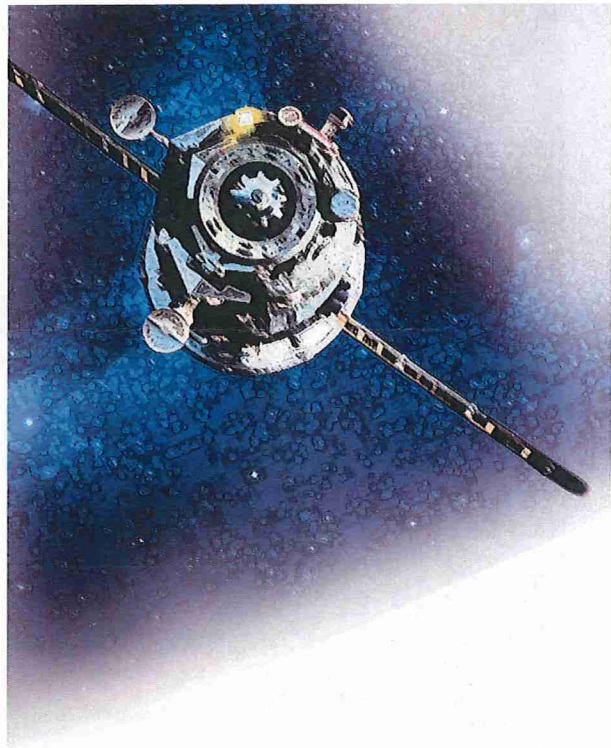
Gov. Abbott: Creating a specialized court to handle complex commercial litigation

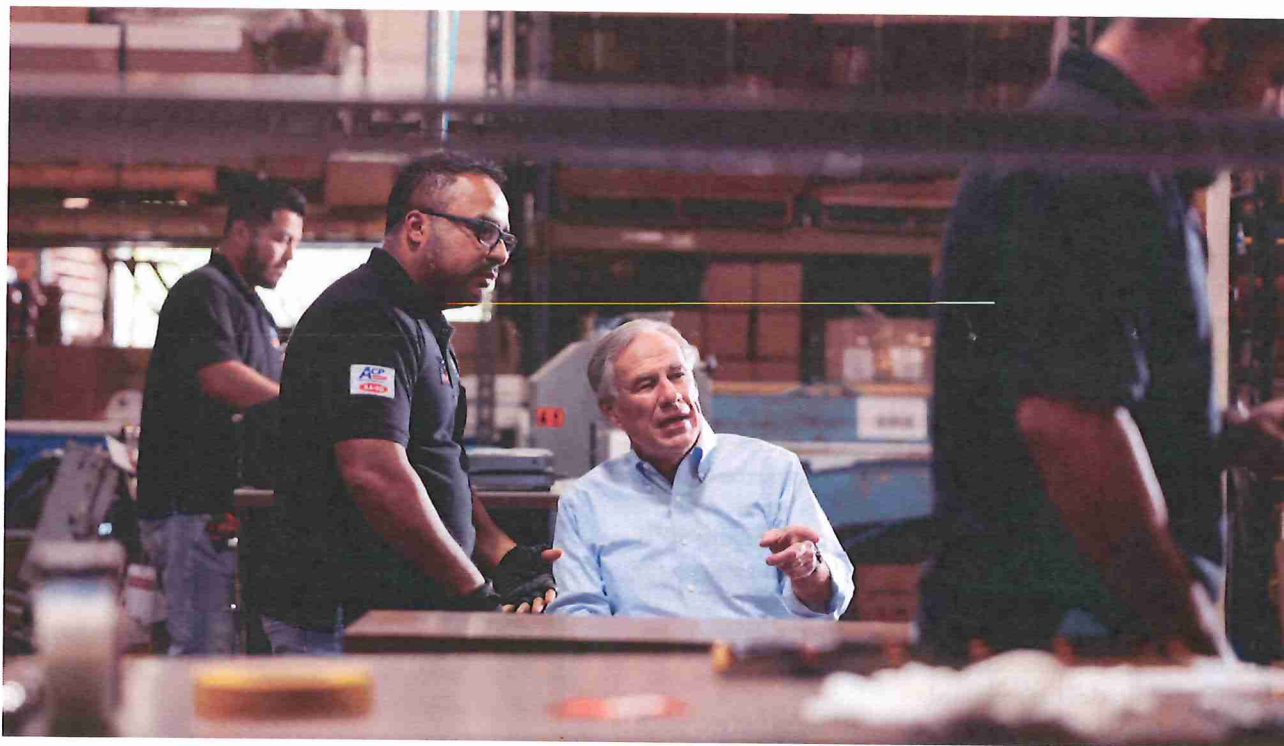
in Texas will further strengthen our ranking as the best state in the nation to do business. Texas already has over 200 specialized courts at the trial level, including courts designated to hear probate, juvenile, veterans and family law matters. Having judges that specialize in complex areas of commercial litigation will create more predictability in Texas law and free up the dockets of general jurisdiction courts in Texas.

You've said your goal is to ensure that every Texan is prepared to succeed in high-demand industries like technology, healthcare, and energy and that in this legislative session Texas will reward community colleges that produce skilled, employable Texans. How will this work?

Gov. Abbott: To meet the needs of a growing economy, Texas must have a regular pipeline of skilled workers. Texas is already investing heavily in reskilling and upskilling programs to bolster our job training programs and prepare Texans to excel in good-paying careers. We are giving students the ability to walk out of these programs into a good-paying career that can help them support their family and contribute to their community.

Community colleges play an integral role by providing credentialing and certification options. The Texas Commission on Community College Finance (TXCCCCF) developed recommendations that are aligned with workforce needs through performance-based funding, access to financial aid, and startup grants for high-demand





Governor Abbott pays a visit to ACP/SA-SO, a manufacturer of traffic, safety, and facility products based in Arlington.

Photo courtesy of the Office of the Governor

programs to quickly meet the needs of communities and Texas.

Texas can lead the nation in moving to a performance-based funding system for community colleges. The need for skilled labor has never been greater. Working with the Legislature, we can provide the resources necessary to fully implement the TXCCCF recommendations.

You have identified cutting property taxes as a legislative priority in the legislature this year. What else is on your agenda?

Gov. Abbott: Thanks to hardworking Texans, our \$2 trillion economy is the ninth-largest economy in the world. We also lead the nation in energy production, exports, and high-tech exports. Our robust and growing Texas economy has produced another record: We now have the largest budget surplus in the history of Texas. But that money does not belong to the government. It

belongs to the taxpayers.

We will use that budget surplus to provide the largest property tax cut in Texas history. While we have passed property tax reform every session I've been Governor, there is more we can do to provide even more lasting tax relief to homeowners and businesses across the state.

In my budget, I have proposed using \$15 billion of the budget surplus to cut property taxes. The House and Senate have also made the same proposals. We must now ensure that it provides lasting property tax relief. We must also provide relief to small businesses by increasing the business personal property tax exemption and require local government debt be passed by a two-thirds supermajority of the local governing body.

With Texas doing so well financially, is there pressure to scale back on incentives for major projects?

Gov. Abbott: We must use every tool in the toolbox to help communities across our great state attract capital-intensive expansion and relocation projects that create good-paying jobs in the industries that are critical for the future of our state and our nation, especially in the advanced manufacturing, energy, and semiconductor industries.

What impact is the border crisis having on companies wanting south Texas locations? The stress on public services and resources must be on their minds.

Gov. Abbott: Because of President Biden's refusal to secure our nation's southern border, every community is a border community. Texas has already seized enough fentanyl to have killed every man, woman, and child in America. Until the Biden Administration steps up and secures the border, Texas will continue taking unprecedented action to protect our communities and stop the smuggling of deadly drugs, weapons and people into Texas.

Can you speak to water supply in Texas, an issue many states are grappling with?

Gov. Abbott: Over the last decade, Texas has made significant investments in road, water, and energy infrastructure. As our state gains more than 1,000 people a day, a strategy to expand and improve the state's infrastructure is crucial. With a historic surplus, there is no better time to consider capital investments to fuel the growing economy and ensure Texans can efficiently get to-and-from work and school, have clean drinking water, connect to broadband internet, and access affordable and reliable energy.

The State Water Implementation Fund for Texas (SWIFT) has already fast-tracked state water plan projects by offering a unique and cost-effective

financial assistance avenue. Over the next 50 years, the original \$2 billion appropriation will be leveraged with revenue bonds to finance approximately \$27 billion in water supply projects. With nearly \$10 billion committed to-date, I look forward to working with the Texas Legislature to allocate additional funds to SWIFT and other state-funding mechanisms.

It's fascinating that half the corporate relocations since 2015 have come from California.

Gov. Abbott: Freedom is a magnet. We see evidence of this each day as global brand leaders move their headquarters from California to Texas. The business advantages found only in Texas grow more than the bottom line. When freed from over-taxation and over-regulation, new ideas and commerce can flourish.

As I talk to business leaders and entrepreneurs each week, they point to that freedom and our welcoming business climate as the Texas advantages that allow their companies to grow and their employees to succeed in our great state. Those unmatched advantages are why "Made in Texas" is such a powerful global brand and why Texas leads the nation in attracting capital investments, including over 270 new corporate headquarters since 2015 — with more to come.

And those advantages are the reasons why Texas is growing. Now at 30 million Texans and counting, more than 40% of our population growth is newly born



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Texans. They represent a continuing strong workforce, as Texas is by far the stickiest state: More than 80% born in Texas stay in Texas.

Depending on who you talk to, we’re in a recession or about to be. How does a Texas location help companies weather one?

Gov. Abbott: Texas truly is America’s economic engine. We stand apart as a model for the nation. Perhaps the greatest testament to the strength of Texas can be summed up in four simple words: More Texans are working. More Texans are working today than ever before in our state’s history as we lead the nation in job creation. In fact, more Texans are working today than 46 other states have residents.

While the nation faces economic headwinds, Texas leads all states for jobs added last year thanks to strong, continued business confidence in Texas’ pro-growth economic policies.

In Texas, we want businesses to succeed. When businesses succeed, Texas succeeds. With no corporate income tax and no personal income tax in

Texas, businesses are free to flourish and create greater economic opportunities for Texans. To continue to attract and retain business capital and grow even more jobs, we will continue to invest in education, workforce development, infrastructure, and the tools needed to attract job creators for the Texas of tomorrow.

What can readers look forward to in 2023 as they weigh a Texas location versus elsewhere in the South-Central region?

Gov. Abbott: Texas is in competition with the world. We continue to be the best place for businesses to build and expand, thanks to our strong and growing workforce, easy access to global markets, robust infrastructure, and predictable regulations. As a result of our pro-growth economic policies — with no corporate income tax and no personal income tax — Texas continues to lead the nation for job-creating business investments. With even more business expansion and relocation projects in the pipeline, we look forward to more opportunities to come. ▼

5 TEXAS CITIES RANK AMONG TOP 30 FOR CORPORATE HQ OFFICES

by *RON STARNER*



Pfluger Park in downtown Pflugerville, one of the rapidly rising suburbs of Austin.
Courtesy of Pflugerville Community Development Corp.

A new study released February 1 shows that five cities in Texas rank among the top 30 locations in the U.S. for corporate headquarters offices in the new post-pandemic economy. The study shows that Frisco, Pflugerville, Sugar Land, Westlake and The Woodlands all rank among the top American cities based upon the criteria used by The Boyd Company Inc., a national site selection consulting firm based in Princeton, New Jersey.

The report looked at all major geographically variable cost factors that are considered in the corporate site selection process. These included labor, real estate, construction, utilities, taxes and travel.

John Boyd Jr., principal of the corporate location advisory firm, said these factors have been even more critical in the post-pandemic economy as companies seek to shave the cost burden created by large empty offices while half or more of their workers do their jobs remotely.

"Nationally, the days of one large, downtown corporate headquarters office are fast disappearing," said Boyd. "Today, many companies are transitioning to a hub-and-spoke model with one downsized central head office hub and additional smaller spokes — or satellite offices for administrative support. With a reduced head office staff and with other

satellite offices performing many of the administrative functions historically carried out at the headquarters site, companies will be increasingly relocating to attractive, smaller market suburban location offering lower operating costs, superior state business climates and growth-oriented demographics to house their new downsized corporate headquarters."

By doing this, notes Boyd, firms can save millions of dollars in annual operating costs and taxes while being placed closer to top talent seeking prime HQ jobs.

The cost of maintaining a corporate head office of 200 employees in 75,000 sq. ft. of Class A space is around \$20 million a year in each of the five Texas markets named by Boyd. This ranges from a low of \$19.9 million in The Woodlands to a high of \$20.4 million in Frisco.

Florida had the most cities in the top 30. Eight Sunshine State markets cracked this elite ranking in the Boyd study: Aventura, Boca Raton, Lake Mary, Naples, Palm Bay, Ponte Vedra, Sarasota and Sunrise.

The five ranked Texas locations are based in one of three markets. Frisco and Westlake are suburbs in the Dallas-Fort Worth-Arlington metroplex; Pflugerville is a suburb of Austin; and Sugar Land and The Woodlands are suburbs of Houston.



BOEING GIVES STEM LEARNING A LIFT IN SOUTH TEXAS

by RON STARNER

Back in 2001, Boeing considered moving its corporate headquarters from Seattle to Dallas. The world's fourth-largest aircraft maker eventually selected Chicago, but more than two decades later, Boeing is making a different kind of investment in Texas.

On January 24, Boeing announced that it was partnering with the Kelly Heritage Foundation to expand STEM learning and workforce development in South Texas. The initiative is part of a seven-year partnership that includes \$2.3 million in funding to strengthen science, technology, engineering and math education at the new Boeing Center at Tech Port in San Antonio.

Boeing has been refurbishing aircraft at Port San Antonio for more than 20 years; and this latest move will help shore up its future workforce training efforts in the region.

"Boeing is a crown jewel of American business, and I'm honored that Texas is a key part of their company," said Texas Gov. Greg Abbott during a ceremony at the San Antonio Museum of Science and Technology (SAMSAT). "For nearly 25 years, San Antonio has been home to an aircraft maintenance and modernization hub, where work on the C-17, F-15 and F/A-18 takes place. Port San Antonio now houses 80 employers and 16,000 workers and has a \$6 billion impact on the local economy. Boeing Center at Tech Port will introduce young Texans to the advanced technologies that will drive the workforce of tomorrow."

Stephanie Pope, CEO of Boeing Global Services, said, "This partnership and investment in San Antonio reflect Boeing's commitment to this community and to supporting U.S. and allied military services. We deliver best-in-class products and services for commercial and government customers, and we know a vibrant STEM curriculum will deepen the bench of local talent we hope to hire in the future. Our workforce continues to grow as we expand our site, and we look forward to our bright future in San Antonio."

The port covers 1,900 acres in San Antonio and employs more than 16,000 people in the region. Boeing is one of the biggest operators at the port. Statewide, the firm employs more than 5,730 Texans and contributes an economic impact of \$1.6 billion annually.