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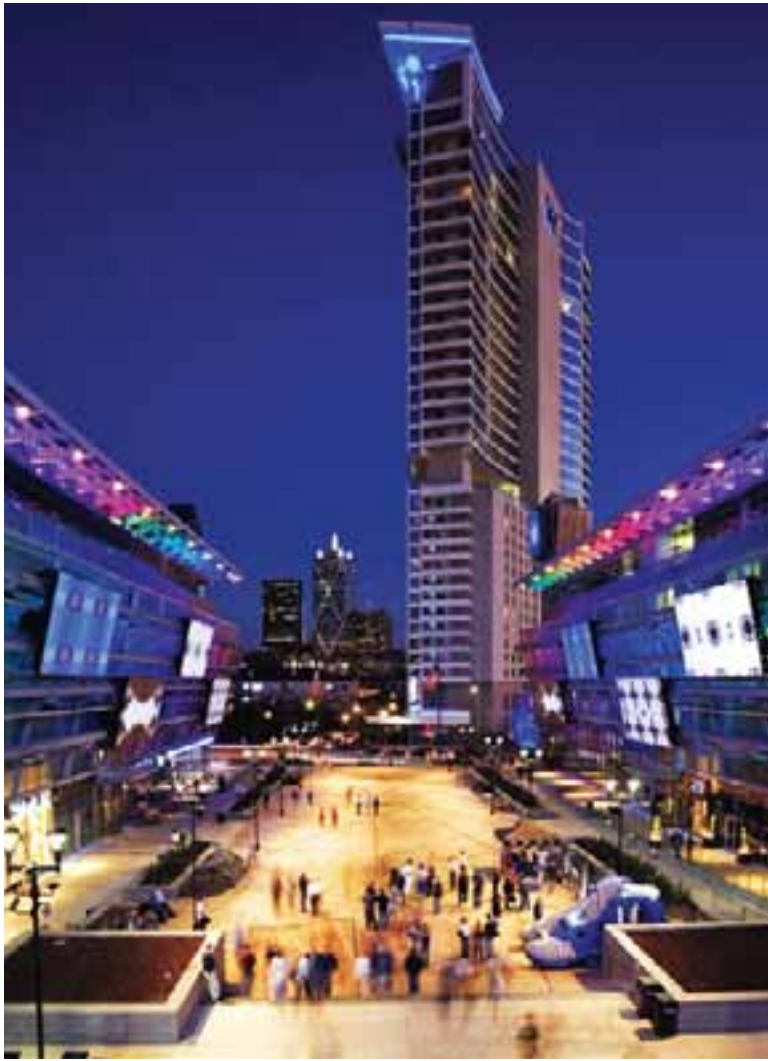
# TEXAS



The state's can-do  
attitude toward business is  
paying big dividends.

In partnership with:





Thanks to these and other forces, Texas is weathering the struggling national and world economies better than most U.S. states. Under Governor Rick Perry, with the support of state and local officials, Texas has put a great deal of forethought into sustaining not only a business-friendly climate but also a high quality of life.

And it's working. In a recent study that compared the state's economic growth prospects with those of California, the firm of Arduin, Laffer & Moore Econometrics, a Florida-based economic consultant, concluded: "Texas's superior policies over the past several years are making the state more resilient to the current economic downturn and will provide powerful tailwinds for the Texas economy going forward."

### TEXAS MEANS BUSINESS

For the fourth year in a row, CEOs nationwide have rated Texas the No. 1 state for business and job growth (*Chief Executive*, March 2009). No surprise here. The diversified economy, varied industries, logistics hubs, wide-ranging tax and economic incentives—and the state's young and skilled workforce—are the very things the 113 *Fortune* 1,000 companies that have made Texas their headquarters are looking for.

Between November 2007 and November 2008, Texas accounted for roughly 70% of the new jobs in the U.S. These jobs were created in and around the telecommunications hub of Dallas; the country's largest medical center—Texas Medical Center—in Houston; and the growing biotechnology sector in San Antonio. They were also created in the aerospace cluster in Waco, the defense community in El Paso, and the auto-manufacturing center in Brownsville.

Behind all this growth is the type of serious planning—sweeping tax and lawsuit reforms, plus a long list of business-friendly incentives—that has convinced many out-of-state companies that Texas is the place to set up shop, and convinced many in Texas to stay and expand.

Since 2003, the Texas Enterprise Fund (TEF)—the largest "deal-closing" fund in the nation, which has supported a variety of economic development projects ranging from infrastructure and community development initiatives to job-training programs and business incentives—has been responsible for \$14 billion in capital investment, \$377 million in grants, and some 54,000 new jobs.

The state of Texas has been compared with many things over the years, most of them big. Today, the comparison could be made with its own Horse Hollow Wind Energy Center. The largest wind farm in the world, consisting of 421 turbines spread over 60,000 acres near Abilene, the center is also a standard-bearer for the new green look sweeping across Texas.

Long known as the energy capital of the world, thanks to its massive oil and gas production, the state is now pursuing many other options in the renewable sphere. In addition to wind power—an industry greatly expanded in the private sector by T. Boone Pickens—Texas is pursuing such alternative energy technologies as solar, geothermal, biomass, and hydropower.

▲ A model of green development: Victory Park in downtown Dallas is a 75-acre neighborhood fueled by renewable energy.



**Of all the places you could take your business,  
only one place can offer Texas-sized opportunities.**

It's why AT&T made its global base in Texas. With the 3rd lowest cost-of-living, 8th lowest tax burden, and more *Fortune* 500® companies than any other state, opportunities abound here. And AT&T has invested billions on technology infrastructure to make Texas part of one of the most advanced and powerful global networks. It's how Texas is letting us grow for our clients, and how we're giving our clients more ways to grow in Texas.



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Samsung, which received a \$10.8 million TEF grant in April 2006, opened a \$3.5 billion semiconductor plant in Austin in June 2007.

"The TEF is an integral part of Texas's strategy to develop and strengthen key industries already at work in the state," says Governor Perry, "creating jobs that open the doors of opportunity and increase the quality of life for all Texans." To keep them coming, the governor is requesting that the state legislature allocate \$260 million to the TEF for the 2010–2011 biennium.

At the same time, to keep patented technologies in Texas and support the all-important commercialization of ideas, the governor created the Texas Emerging Technology Fund. Since 2005, the ETF has allocated \$62 million to launch 15 world-class research centers at 12 universities, attracted more than 45 top researchers and their teams to the state, and secured more than \$139 million in capital investment and federal grant matching. The governor is asking the legislature for \$203.5 million to fund the ETF through 2011.

### CENTERS OF EXCELLENCE

One example of how all this comes together is Houston, where civic pride is part of the DNA. To augment state funds, corporate and individual donors recently raised \$32 million to help bring 600,000 additional jobs to the country's fourth-largest city during the next six years. "We'll be carrying our message to companies all over the world that would be a good match for our city," says Dan Bellow, chairman of the Greater Houston Partnership. Existing industry clusters in Houston

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include aerospace, energy, and nanotechnology.

Houston's central location is a key driver for companies that prize not only its airports but also the shipping opportunities offered by the Port of Houston. To handle more business, the port, the second-largest in the country in terms of tonnage, is currently adding seven new container docks.

Businesses of all kinds are also attracted to Dallas, which shared top honors with Houston in *Site Selection's* Corporate Facility Project Attraction rankings in March. Then there's the Dallas/Fort Worth Metroplex, home to the Dallas/Fort Worth International Airport, a major enticement for companies that do business here and abroad.

The airport—and its huge menu of direct national and international flights—was one reason AT&T decided to establish its headquarters in Dallas. Access to major suppliers and customers, not to mention the second-highest concentration of telecommunications manufacturing workers in the U.S., were others. "The technology community in Dallas is very impressive and continues to grow," says Holly Reed, an AT&T regional vice president. "Being located here gives us access to innovation and research universities in a very close proximity. The talent pool is remarkable, and the can-do attitude in Texas toward business and reaching goals is fantastic."

### GIANTS OF INDUSTRY

In 2004, as part of his long-term job-creation plan, Governor Perry identified six key industries he hoped to see expand: advanced technology and manufacturing; energy; aerospace and defense; biotech and life sciences; information and computer technology; and petroleum refining and chemical products. Half of all projects that have come to Texas in recent months have been in advanced technology and manufacturing. In addition to Samsung, newcomers include Raytheon, Peterbilt, and Zyvex.

Energy has been a big part of Texas from the beginning, and the state plans on remaining the industry's capital. Texas leads the nation in petroleum refining, chemical products production, and the production of crude oil and natural gas. NuStar Energy, a San Antonio-based company with interests in many parts of the industry, continues to grow by leaps and bounds.

Renewable energy production also continues to expand. Thanks to Horse Hollow and its sister

## COMMITTED TO EXCELLENCE



**NuStar Energy L.P.** (NYSE: NS), based in San Antonio, is the second-largest independent liquids terminal operator in the nation and one of the largest asphalt refiners and marketers

in the U.S. The company owns and operates 8,491 miles of pipeline, 82 terminal facilities, four crude oil storage tank facilities, and more than 90 million barrels of storage capacity. It also has two asphalt refineries with a combined throughput capacity of 104,000 barrels per day. Operations are located throughout the U.S., the Netherlands Antilles, Canada, Mexico, the Netherlands, and the United Kingdom. NuStar has been ranked one of the 100 Best Companies to Work For, honored for its commitment to safety excellence, and recognized for its unique caring and sharing culture.



# Serving Texans Since 1905

We've been serving Texans for over a century and we believe it's our responsibility to keep prices low and support our communities.

We're doing whatever it takes to help our fellow Texans in this tough economy, like lowering prices on thousands of items Texas families use every day.

In Texas we support 15 food banks that serve 155 counties and over 5,000 feeding organizations. Our strong support for Texas education continues. And our commitment to Texas communities is a major part of who we are.

We know firsthand the resilience and optimism of our fellow Texans. We've weathered tough times before. And, together with you and our 70,000 Texas Partners, we know Texas will come out of this stronger and better than ever. We will continue to show you why...**NO STORE DOES MORE™** for Texas than your H-E-B.



**Here Everything's Better.®**



it rings up in sales each year. H-E-B is known as an innovative retailer with an exceptional line of private-label products. The company sets the standard in Texas for low prices and deep commitment to fresh, quality products.

"At H-E-B our 70,000 employees are the heart and soul of our company," says COO Craig Boyan. "During tough economic times, our employees are focused on offering the best shopping experience with the lowest prices, all the while giving back to the communities we serve." H-E-B employees devote thousands of hours to community projects and are known for their quick response in times of need.

From the beaches of Galveston to the mountains of Big Bend National Park and the prairies and woods spreading out to the north, the geography of Texas is amazingly diverse. The same goes for the choices of art museums, sports teams, outdoor recreational activities, and vacation spots.

Among the state's 800 plus golf courses are the links at the Redstone Golf Club, in the town of Humble, where the Shell Houston Open, part of the PGA Tour, was held in April.

The town made famous by *Austin City Limits* remains a major entertainment draw, bringing in almost \$300 million a year from people who attend University of Texas football games, the Austin City Limits Music Festival, and the South by Southwest (SXSW) music, film, and interactive conference and festival.

The legislature and the private sector alike have big tasks ahead to keep the Texas economic climate strong. But most people will agree that if it sticks to its proven formula of limiting and prioritizing spending—with job creation and high quality of life as goals—Texas will remain well positioned in the increasingly competitive global economy when recession clouds lift. —Heidi Ernst

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wind farms, Texas is already the No. 1 wind-power producer in the country. Groups such as the Texas Wind Energy Institute, a partnership between Texas Tech University and Texas State Technical College at Sweetwater, are working to ensure a long future in the top spot by creating workforce-development programs in the field. "I see this region growing because we'll continue to invest in traditional energy sources and services, and invest in renewable forms of energy as well," says John Hofmeister, founder and CEO of Citizens for Affordable Energy and the former president of Shell Oil.

Green ideas are everywhere. Last year, Waco unveiled the country's first LEED Gold-certified chamber of commerce building. "The state's economic development tools really empower local communities to be able to have a lot of creativity and flexibility, so that you can craft strategies for your community," says Sarah Roberts, senior vice president of the Greater Waco Chamber.

### HEART OF TEXAS

Everywhere you look, Texas communities are cited as the country's best places to live, work, and play. It's easy to see why. To start, the cost of living in Texas is almost 10% lower than the national average. Residents like the fact that there's no personal income tax. And in *Builder* magazine's list of Healthiest Housing Markets for 2009, the top five U.S. metro markets were Houston, Austin, Fort Worth, Dallas, and San Antonio.

San Antonio is also home to H-E-B, a 104-year-old retailer whose heart is as big as the \$15 billion

▲ Behind the scenes in a Texas refinery

**THE COST OF LIVING IN TEXAS IS ALMOST 10% BELOW THE NATIONAL AVERAGE. RESIDENTS LOVE THE FACT THAT THERE'S NO PERSONAL INCOME TAX.**

### WEB DIRECTORY

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