

[Home](#) > [Articles By Month](#) > **November 2008**

## BUSINESS REPORT

TEXAS

### The Lone Star State is Flexing its Muscles

**Texas is bucking the economic trends and maintaining strong growth in income and employment.**

By Jenny Vickers

**A**lthough the nation's economy has experienced a recent slowdown, the Texas economy continues to rev up. With the 12th largest economy in the world (if it were considered a nation), Texas now leads the U.S. in job creation, gross state product, low unemployment rate, and foreign direct investment. Part of the Lone Star State's success stems from proactive government policies and incentives, low taxes, reasonable regulations, solid infrastructure, and good quality of life.

In September, Texas Governor Rick Perry and Dr. Arthur Laffer unveiled an economic study comparing two of the nation's economic heavyweights: Texas and California. According to the study, Texas has a superior economic climate with growth in income, wealth, and employment projected to strengthen relative to California and the nation as a whole. In July, CNBC announced that Texas is America's Top State for Business and *Chief Executive Officer* magazine recently named Texas the Best State to Do Business for the third year in a row.

#### TEXAS FAST FACTS

Population (2007): 23,904,380  
 Largest Cities (2006): Houston (2,085,737); San Antonio (1,274,607); Dallas (1,224,397); Austin (705,611); Fort Worth (638,102)  
 Targeted Industries: Aerospace and defense; advanced technologies and manufacturing; biotechnology and life sciences; energy, information and computer technology; and petroleum refining and chemical products  
 Key Incentives: The Texas Enterprise Fund and the Texas Emerging Technology Fund

In addition to Texas' strong economy, several government incentives have been proactive in making Texas the go-to state for a myriad of industries including aerospace and defense; advanced technologies and manufacturing; biotechnology and life sciences; energy, information and computer technology; and petroleum refining and chemical products. Some of the most recent significant new relocation and expansion projects include Alorica, Inc. (600 jobs), Caterpillar Inc. (140 jobs), Subsea7 (180 jobs), and Shintech (150 jobs).

Some of the largest expansion and investment projects in 2008 were awarded Texas Enterprise Fund (TEF) monies, including HelioVolt Corp. of Austin (\$62 million), Santana Textiles (\$170 million), Martifer Energy Systems LLC (\$40 million), and United States Bowling Congress (\$13 million).

Said to be one of the most competitive tools Texas has, TEF is used to recruit new businesses and also assist them with expansions within the state. Since TEF's creation in 2003, it has helped close the deal on projects generating more than 51,000

new jobs and \$13.7 billion in capital investment.

The most recent company to take advantage of the state's TEF program is Portuguese-owned Martifer Energy Systems LLC. In September 2008, Martifer Energy received a \$945,000 TEF award to locate its projected \$40-million wind energy tower manufacturing plant in San Angelo, creating 225 new jobs.

"Along with other incentives, the Texas Enterprise Fund was a key determinant in our decision to locate this plant in Texas," said António Pontes, CEO of Martifer Energy Systems. "We look forward to working in Texas to advance our efforts in becoming a global player in the supply of wind farm turnkey projects."

Another successful economic development program, the Texas Emerging Technology Fund (ETF) continues to make strides in attracting new technology companies to the state. The ETF is a \$200-million initiative that helps commercialize university research by taking it from the labs to the marketplace. In 2008, ETF invested \$10.83 million in 14 early-stage technology companies, leveraging \$3.8 million in matching funds.

Investments include: Institute for Cyber Security (\$1 million), Center for Transitional Injury Research at the University of Texas Health Science Center (\$5 million), the College of Engineering's Nano Tech Center at Texas Tech University (\$2 million), Xintronix Corporation Inc. (\$500,000), and Halsa Pharmaceuticals, Inc. (\$250,000).

The most recent example of the ETF's success is the University of Texas at San Antonio's (UTSA) Institute for Cyber Security (ICS) selection as a five-year \$7.5-million Department of Defense grant recipient in June 2008. ICS, a leader in cyber security research, was created in 2007 with a \$3.5-million grant from the ETF. ICS will develop and test security models to safeguard the transfer of data among government agencies. ICS is one of several components in San Antonio's effort to attract the Air Force Cyber Command Center, which could add 500 permanent jobs to the local economy.

#### **TEXAS' ECONOMIC STRENGTHS**

- Texas has created 1.2 million net new jobs during the past five years.
- In the past year, nearly half of all jobs created in the U.S. were created in Texas.
- During the last 12 months, Texas accounted for 45 percent of entire job gains for all states.
- The state's unemployment rate has been at or below the national rate for 20 consecutive months.
- In 2008, Texas' gross state product grew by 2.9 percent, versus a 2.7 percent increase for the national economy.
- Texas exports more goods than any other state—in 2007, state exports rose to about \$168 billion, an increase of 11.45 percent from the previous year.

### **Keeping Its Eye on the Prize**

Already one of the biggest economic players in the country, Texas now has its eyes on a higher prize: increasing its competitiveness on a global scale. In December 2007, Governor Perry launched the Governor's Competitiveness Council to help the state address the challenges and opportunities facing Texas in a fast-paced global marketplace and to help ensure a prosperous future for the state's economy.

Made up of 29 government, industry, and education leaders, the council was charged with the task of identifying barriers to global competitiveness and figuring out how state resources can help Texas' industries attract and retain more key employers.

In August 2008, the council released a "road map" that will help the state establish a sizable and capable workforce in its six targeted industry clusters, as well as improve the state's education, transportation, energy, and regulatory climates.

One such targeted cluster is Texas' robust clean energy technology industry. Texas is a national leader in wind energy production, and is focusing on expanding alternative energy technologies, including nuclear, solar and clean coal. Texas also is considered one of the top markets for green development, which could soon become the nation's fastest-growing job segment. According to a new report by the U.S. Conference of

Mayors and Global Insight, a Boston-based economic firm, the U.S. is set to add millions more green jobs in the next few decades.

One recent green expansion includes solar company HeliioVolt Corp. of Austin, receiving a TEF grant in April to construct a new 125,000 square foot manufacturing facility and development space to test and produce the company's thin-film solar power cells, which convert sunlight into electricity. The deal will create nearly 160 jobs and \$62 million in capital investment.

Texas was in competition with New York, Oklahoma and Pennsylvania for the facility. "Governor Perry's support of clean energy technologies, innovative companies and job creation through the Texas Enterprise Fund is a sign that he understands the critical role new approaches to energy generation will play in the future economic success of Texas," says Dr. B.J. Stanbery, CEO of HeliioVolt. "Incentives such as the TEF award were instrumental in our decision to locate our first manufacturing and testing facility in Austin, and we look forward to this exciting new phase of growth in our state's increasingly vibrant clean technology industry."

Looking for information on locations? [click here](#)

[FacilityCity](#) • [Business Facilities](#) • [BFLiveXchange](#) • [CP Navigator](#) • [Today's Facility Manager](#) • [The TFM Tube](#) • [TFM Forum](#) • [Group C](#)

Notice: You may link to any page on BusinessFacilities.com. However, you are not permitted to copy any article in its entirety and republish it—either in print or online. It is acceptable to use the first paragraph of the piece or create your own summary and link back to the full article posted at Businessfacilities.com.

©2008 Group C Media, Inc.. All Rights Reserved. P.O. Box 2060, Red Bank, NJ 07701 Tel:732.842.7433 • Fax:732.758.6634

[Contact Us](#) • [Terms Of Use](#) • [Privacy Policy](#)