





# Texas Teacup

***It's well known that things are bigger in Texas, and that's certainly true of the number of new facilities announced in 2005, earning Texas Gov. Rick Perry a second consecutive Governor's Cup.***

**E**ven if Texas had simply matched its winning 2004 number of new and expanded facilities (668) in *Site Selection's* annual Governor's Cup competition, it would easily have won again 2005. But it far exceeded that number in this year's ranking with 842 qualifying new or expanded facilities, earning Gov. Rick Perry the *Site Selection* Governor's Cup for the second year in a row. It was hardly a photo finish. Runners up Ohio, Illinois and Michigan were unable to crack the 600 mark, although Ohio came within a hair's breadth of that figure, with 598.

*Site Selection* publisher Conway Data, Inc., has been tracking business expansion activity for more than 40 years. The Governor's Cup and other awards bestowed by the magazine are determined by the number of qualified projects logged into Conway Data's New Plant database. Qualifying projects involve a capital investment of at least US\$1 million, create 50 or more jobs or involve new floor space of at least 20,000 square feet (1,860 sq. m.).

Texas finished the race in a big way, in keeping with things Texan, and certain projects in its 2005 lineup easily fit that bill. **Hilmar Cheese Co.** announced a new, 2,000-employee cheese factory in the northern panhandle town of Dalhart, which will process up to 5 million

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pounds of locally produced milk into cheese and whey products *each day*. **Tyson Foods** is bringing 1,600 jobs to Sherman to staff a meat-packing plant that will package more than 6 million pounds of beef and pork each week. And **T-Mobile** is bringing 850 new jobs to its technology campus in Frisco, boosting employment there by 30 percent to 1,200.

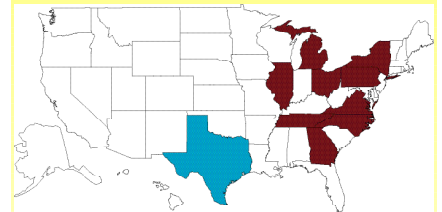
"We're still taking aggressive steps to ensure that this state remains business friendly," Gov. Rick Perry told *Site Selection* in early February upon his return from a trip to Iraq to visit Texans serving in the armed forces there. "There was the tort reform we passed in 2003 and the workers' compensation reform, we maintained our favorable tax climate, and we implemented some innovative work force development initiatives." One such initiative is the T-STEM program that upgrades high school math and science curricula. "We want our high school students to be ready for college and for the high-tech work force."

Tax reform is under way in Texas after the state's Supreme Court ruled the current system for funding education is unconstitutional, because it relies too heavily on property taxes. A Texas Tax

Reform Commission appointed by the governor is studying alternative ways to fund schools that could involve new business taxes, such as a gross receipts tax.

"Commission Chairman John Sharp is hearing, including from me, that we want a tax system that is very broad based, that is as light on the job creators

## 2005 Top 10 States by Number of Projects



Rank	State	Count
1	Texas	842
2	Ohio	598
3	Illinois	510
4	Michigan	505
5	North Carolina	412
6	Pennsylvania	332
7	New York	312
8	Tennessee	303
9	Virginia	281
10	Georgia	270

Source: Conway Data, Inc.'s New Plant Database

in Texas as can be, but that modernizes or gets away from the capital intensives being the ones paying all the property taxes,” says Perry. “It also should lower substantially the property tax burden on property owners in this state and appropriately fund our public schools. I’m comfortable they will find that solution. If it’s a job killer, we’re not interested — it won’t pass.

This legislature is too committed to job creation to ever vote otherwise.”

### Industrial Diversity

Lots of new jobs will be created in San Antonio — more than 4,000 within a few years — now that **Washington Mutual** has selected a former MCI campus there as the location for a regional operations center. The 405,000-sq.-ft. (37,625-sq.-m.) site can accommodate 2,250 workers as is, but expansion plans already in the works will nearly double the number of people the location can accommodate. The project confirms Texas’ prowess as a service-sector player, but there’s more to the state’s economy than that.

The governor cites “industrial diversity” as a factor in Texas’ strong 2005 per-



**Freescale Semiconductor elected to remain and expand its payroll at this Austin, Texas, facility after it spun off from Motorola. Its presence in the Texas capital helps the area attract additional high-tech industry.**

formance, noting an uptick in manufacturing activity in a bigger range of sectors.

“Historically, Texas was not a manufacturing state, and now we have Toyota in San Antonio and Texas Instruments with their \$3 billion chip plant up next to the University of Texas at Dallas,” he points out. “Just this last year, Hilmar Cheese made it clear they wanted to expand in Texas because of the business climate, because California was getting to be too tough for them. Their new facility up in Dalhart will change the entire economy of the Texas panhandle — it will be that big.” Hilmar is investing \$190 million to build the plant in the rural community northwest of Amarillo. The state is kicking in \$7.5 million from the Texas Enterprise Fund and additional funding for transportation improvements and work force training.

In northeast Texas, packaging manu-

facturer **Alcoa Closure Systems International** is investing \$8 million in its Kilgore facility as it closes a plastic injection facility in Shreveport, La., and consolidates operations in Texas. And Athens, Texas, southeast of the Dallas Metroplex, is the site of a new facility for **Schneider Electric**, which is adding 125 jobs to a 396,000-sq.-ft. (36,800-sq.-m.) distribution center.

Though less significant in investment or number of new jobs created, to Gov. Perry, these latter projects are no less important. “These projects are breathing some new life into some rural part of the state, which is one of my goals, having grown up in a rural area of the state. Our economic development focus is not just for the major metropolitan areas. Quality of life and cost of doing business are assets that rural Texas has that are very appealing to some of these companies.”

Texas “Micropolitans” Paris, Dumas and Levelland all made *Site Selection*’s list of Top Micropolitans for 2005, which are communities of 50,000 people or fewer (see page 184). But the metros did well, too, with both Dallas-Ft. Worth-Richardson and Houston earning Top 10 slots in the Top Metros contest. Mid-sized metros did well, too. **Bell Helicopter Textron**’s Amarillo plant will add 300 jobs to help build a new fleet of Marine One presidential helicopters. And Motorola spinoff **Freescale Semiconductor** chose to

**Bell Helicopter Textron in Amarillo is under contract to build a new fleet of presidential helicopters.**



stay in Austin despite competition from other metros to lure the company out of the Texas capital. The company plans to add about 500 new jobs to the 600 already in place at the headquarters and

manufacturing facility.

“The key to getting high-tech investment is to have a skilled work force,” says Perry. “One of the best indicators there is that you’re getting your public schools right is high-tech companies moving into the state. I don’t care how good a tax base there is, if they don’t have the work force to fill those slots, they won’t come. It’s why Texas Instruments is building a \$3 billion-plant in north Dallas. Also, the Emerging Technology Fund has allowed us to go after some high-tech opportunities, several of which will be pretty stunning in 2006. We will be a major place where high-tech companies come, because they know this state is committed to being a high-tech center.”

Gov. Perry is seeking re-election to the governor’s mansion this November, but he seems just as or more focused on the young Texans he visited with in the Middle East recently and on maintaining the state’s economic performance. “I’m a big believer that if do a good job of being a chief executive officer of the state, the election will take care of itself. People know the economy in this state is good and that one reason for that is the jobs that have been created. Economic development will be a central part of my administration, because getting a Texan a good job is absolutely the best thing we can give him.”

The governor would naturally like to claim a “three-peat” in next year’s competition, but he’s also cognizant that plenty of other states would like not to see that happen. “That’s fine. We like the competition,” he says. “But we hope what we are doing in Texas will make a California, a Florida, a New York more competitive for their business owners in that state. I feel we’re contributing to the national economy by making Texas a more competitive place, because other states will look at us and want to be more like Texas, or Texas will get their businesses. That’s what makes the country stronger.”

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