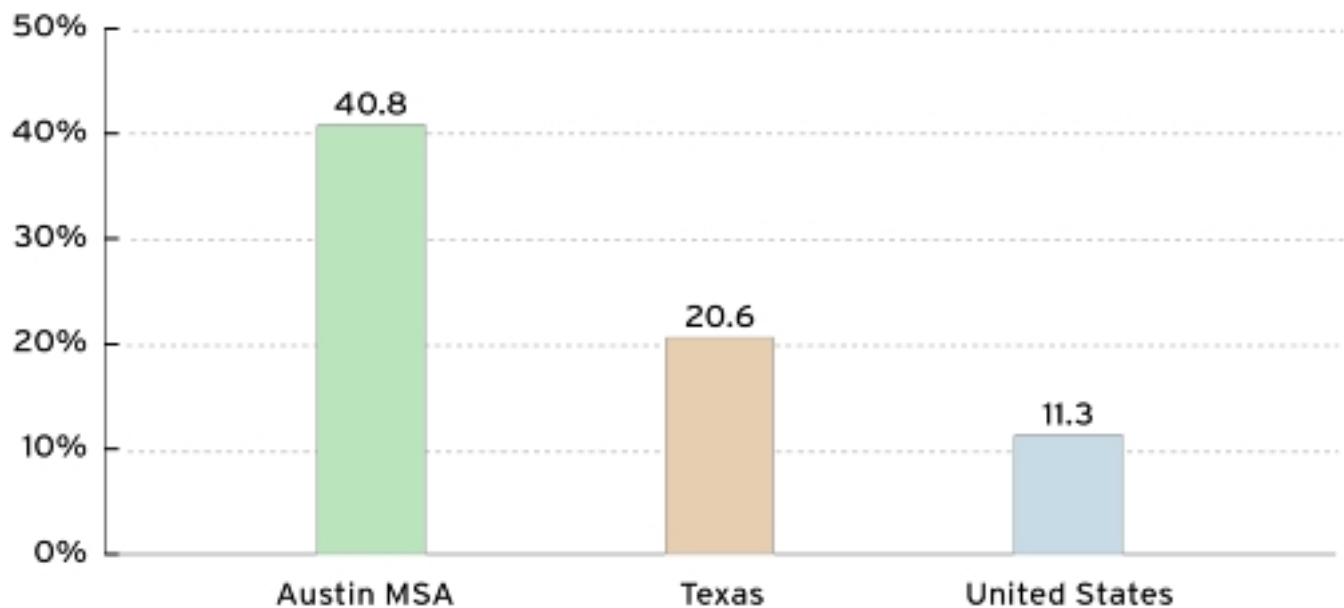




Population & Population Growth

	1980	1990	2000	2005	Percent change	
					1990-2000	2000-2005
Austin MSA	585,051	846,227	1,249,763	1,452,529	47.7%	16.2%
Bastrop Co.	24,726	38,263	57,733	69,932	50.9%	21.1%
Caldwell Co.	23,637	26,392	32,194	36,523	22.0%	13.4%
Hays Co.	40,594	65,614	97,589	124,432	48.7%	27.5%
Travis Co.	419,573	576,407	812,280	888,185	40.9%	9.3%
Williamson Co.	76,521	139,551	249,967	333,457	79.1%	33.4%
Texas	14,225,512	16,986,335	20,851,820	22,859,968	22.8%	9.6%
United States	--	--	--	--	13.1%	5.3%

Population Growth 1995-2005



Source: [U.S. Bureau of the Census](http://www.census.gov).

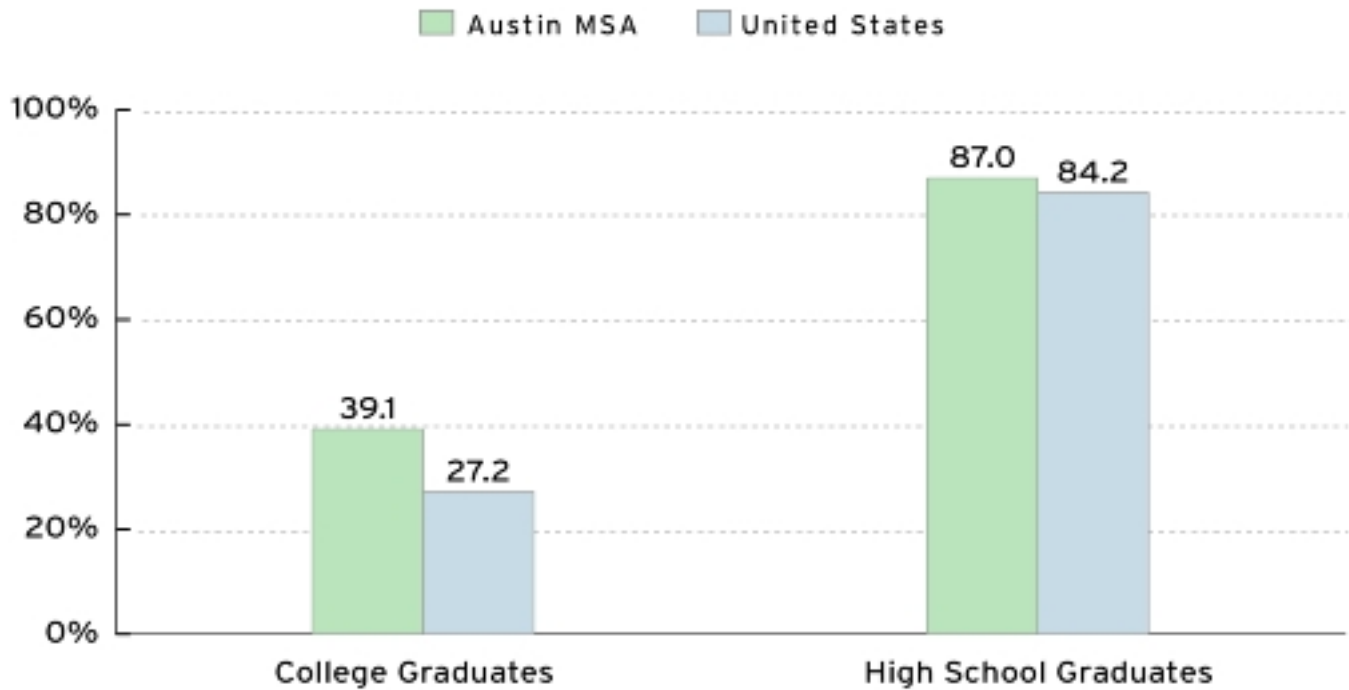
Educational Attainment

Educational Attainment of Persons 25 Years or Older, 2005

	Austin MSA	Texas	United States
--	------------	-------	---------------

High school graduate or higher	87.0%	78.8%	84.2%
At least some college	66.2%	52.5%	54.7%
Bachelor s degree or higher	39.1%	25.1%	27.2%
Graduate degree	13.0%	8.2%	10.0%

Educational Attainment of Persons 25 Years or Older, 2005



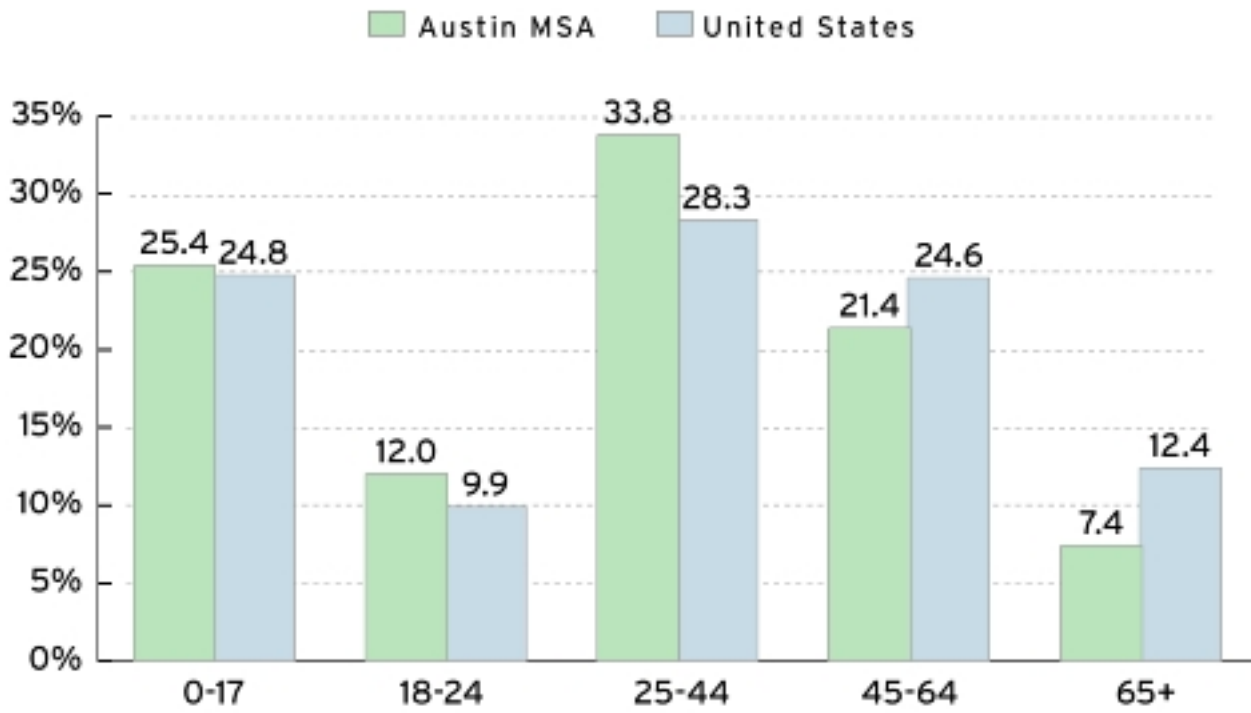
Source: [U.S. Bureau of the Census](http://www.census.gov).

Population by Age & Sex, Austin MSA, 2005

Nearly half of the region's population, 46 percent, is in the peak working years between the ages of 18-44 (compared to 38 percent nationally). The median age of the Austin metro is four years younger than the national median (32.5 years vs. 36.4 years).

	Male	Female	Total
0-17	189,037	179,501	368,538
18-24	88,577	85,524	174,101
25-44	260,690	230,713	491,403
45-64	156,227	154,639	310,866
65+	46,375	61,246	107,621
Total	740,906	711,623	1,452,529

Population Distribution by Age, 2005



Sources: [U.S. Bureau of the Census](#).

Population by Race & Hispanic Origin, 2005

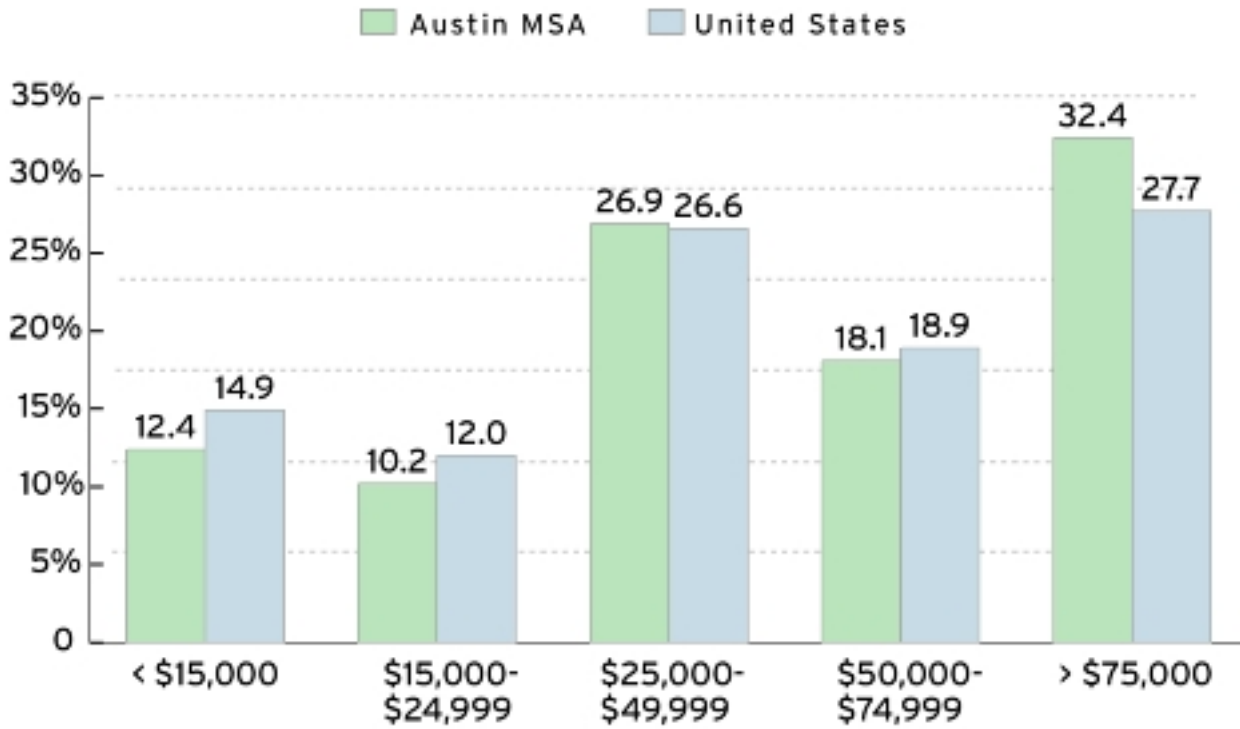
	Austin MSA	Bastrop County	Caldwell County	Hays County	Travis County	Williamson County
Total Population	1,452,529	69,932	36,523	124,432	888,185	333,457
White	1,244,354 85.7%	61,936 88.6%	32,842 89.9%	115,669 93.0%	741,185 83.4%	292,722 87.8%
Black or African American	113,645 7.8%	6,142 8.8%	2,871 7.9%	5,107 4.1%	78,464 8.8%	21,061 6.3%
American Indian & Alaska Native	9,876 0.7%	607 0.9%	267 0.7%	953 0.8%	6,334 0.7%	1,715 0.5%
Asian	62,589 4.3%	425 0.6%	215 0.6%	1,197 1.0%	48,250 5.4%	12,502 3.7%
Native Hawaiian & other Pacific Islander	1,583 0.1%	89 0.1%	38 0.1%	201 0.2%	846 0.1%	409 0.1%
Two or more races	20,482 1.4%	733 1.0%	290 0.8%	1,305 1.0%	13,106 1.5%	5,048 1.5%
Hispanic (may be of any race)	421,451 29.0%	19,411 27.8%	15,854 43.4%	38,806 31.2%	281,496 31.7%	65,884 19.8%

Source: [U.S. Bureau of the Census](#).

Income, 2005

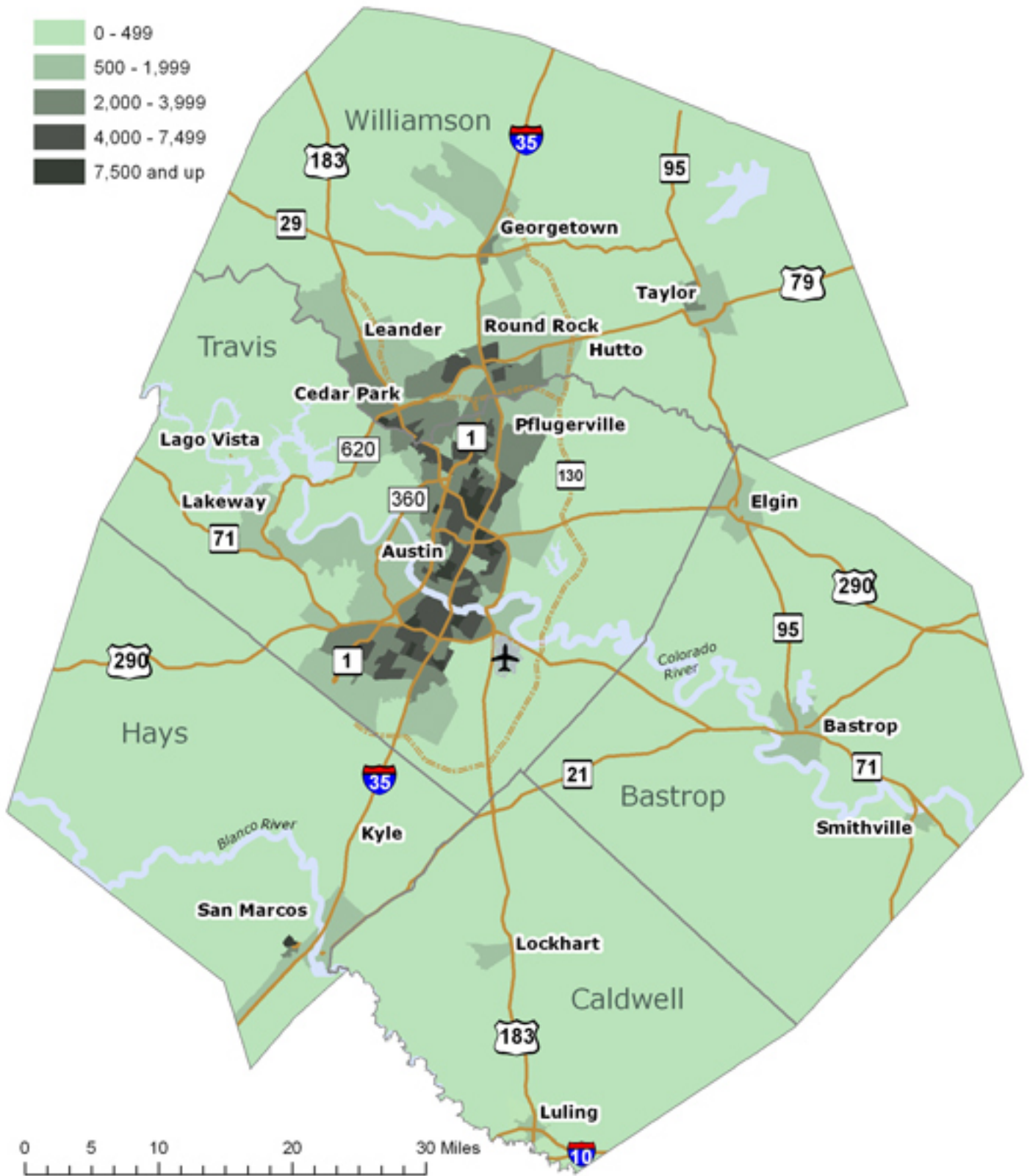
	Austin MSA	Texas	United States
Median household income	\$50,484	\$42,139	\$46,242
Per capita income	27,695	22,216	25,035

Households by Income Group, 2005



Sources: [U.S. Bureau of the Census](http://www.census.gov).

Population Density: Persons Per Square Mile, 2005



Source: Experian/Applied Geographic Solutions.

Labor Force, Employment & Unemployment, 2005

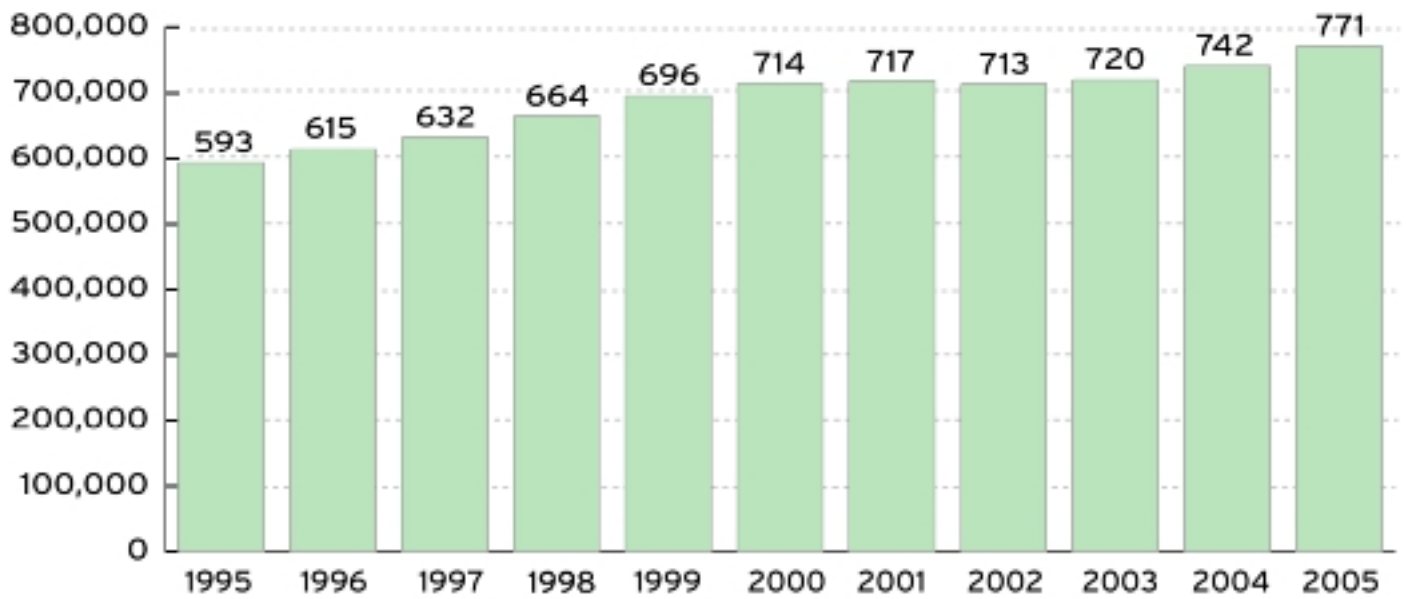
Labor force	Employment	Unemployment	
		Number	Rate

Austin MSA	805,825	771,004	34,821	4.3%
Bastrop Co.	34,189	32,617	1,572	4.6%
Caldwell Co.	16,537	15,721	816	4.9%
Hays Co.	66,550	63,882	2,668	4.0%
Travis Co.	511,445	488,779	22,666	4.4%
Williamson Co.	177,106	170,006	7,100	4.0%

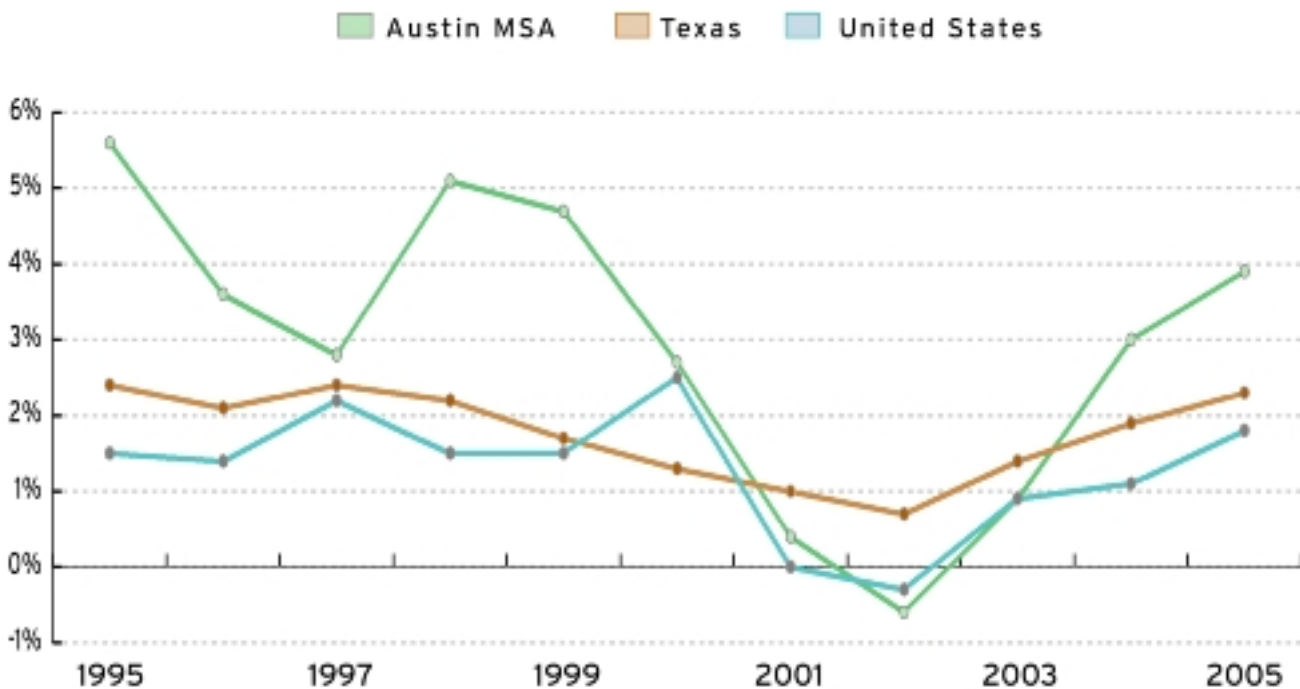
Unemployment Rates

	2002	2003	2004	2005
Austin MSA	5.8%	5.9%	5.0%	4.3%
Texas	6.4%	6.7%	6.0%	5.3%
U.S.	5.8%	6.0%	5.5%	5.1%

Employment, Austin MSA



Employment Growth



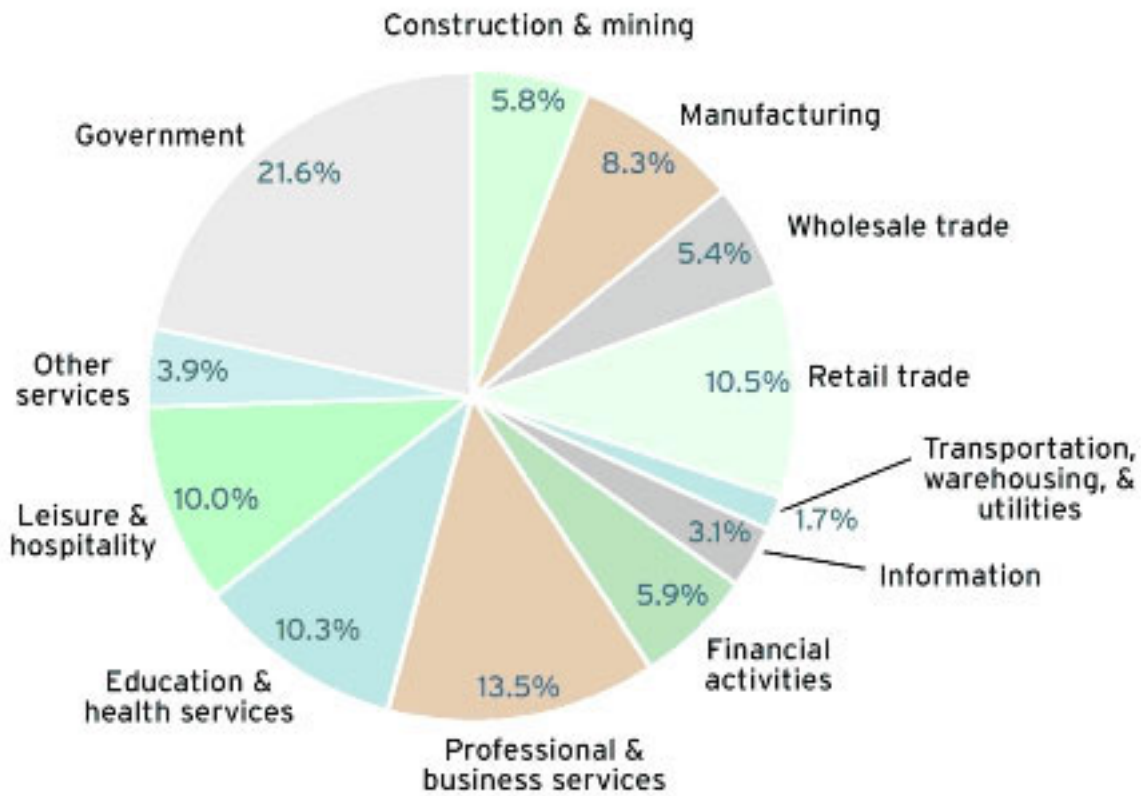
Employment by Industry

Employment by Industry, Austin MSA

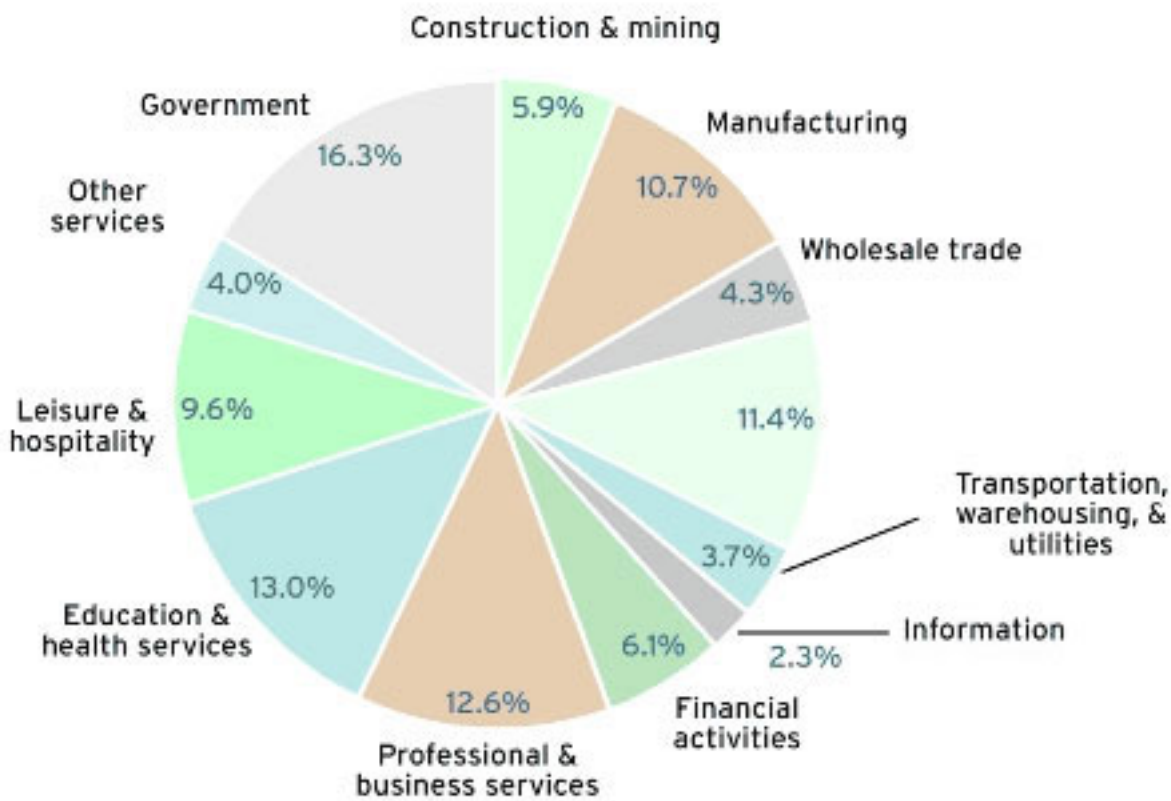
	2001	2002	2003	2004	2005
Total non-farm	674,100	658,400	653,000	667,400	693,300
Construction, natural resources, & mining	41,500	38,200	37,400	37,700	40,100
Manufacturing	76,300	63,500	57,700	57,400	57,200
Wholesale trade	35,500	33,900	33,700	35,400	37,400
Retail trade	69,800	68,300	67,800	69,100	72,700
Transportation, warehousing, & utilities	11,300	11,100	10,500	11,000	11,500
Information	23,300	22,600	20,800	20,500	21,600
Financial activities	36,400	38,000	39,400	40,000	40,900
Professional & business services	91,300	87,200	85,600	89,100	93,900
Educational & health Services	63,300	64,700	65,900	68,400	71,600
Leisure & hospitality	61,800	62,300	63,700	67,100	69,600
Other services	23,200	23,900	24,400	26,000	26,800
Government	140,400	144,800	145,600	145,800	149,900

Employment by Industry 2005

Austin MSA



United States



Source: [Texas Workforce Commission](http://www.texasworkforcecommission.com).

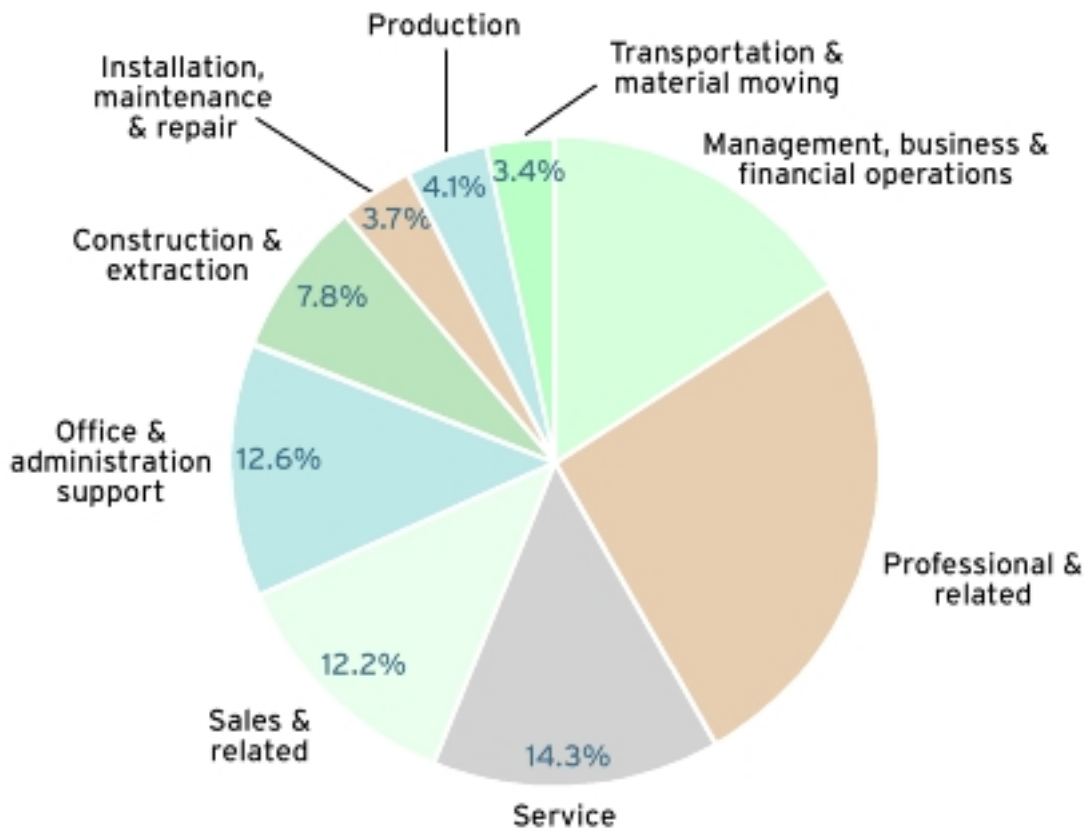
Employment by Occupation

Employment by Occupation 2005

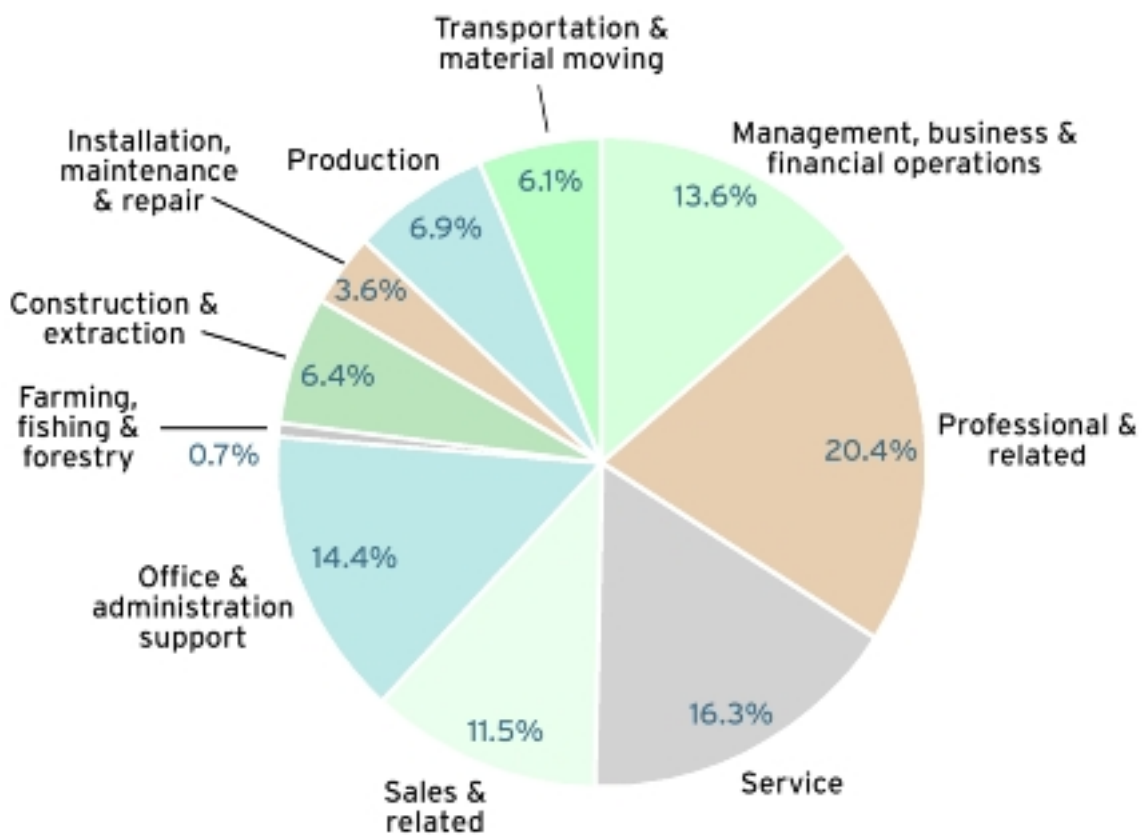
	Austin MSA
Total, all occupations	732,328
Management, professional & related occupations	305,929
....Management, business & financial operations	116,414
.....Management occupations	79,898
.....Business & financial operations	36,516
....Professional & related occupations	189,515
.....Computer & mathematical	39,799
.....Architecture & engineering	25,888
.....Life, physical, & social science	7,735
.....Community & social services	11,080
.....Legal	12,347
.....Education, training, & library	47,796
.....Arts, design, entertainment, sports & media	17,395
.....Healthcare practitioners & technical	27,475
Service occupations	105,001
....Healthcare support	11,267
....Protective service	12,832
....Food preparation & serving related	37,540
....Building and grounds cleaning & maintenance	24,690
....Personal care & service	18,672
Sales & office occupations	181,502
....Sales & related occupations	89,202
....Office & administrative support	92,300
Farming, fishing, & forestry occupations	514
Construction, extraction, & maintenance occupations	84,341
....Construction & extraction	57,292
....Installation, maintenance & repair	27,049
Production, transportation & material moving occupations	55,041
....Production	29,934
....Transportation & material moving	25,107

Employment by Occupation 2005

Austin MSA



United States



Source: [U.S. Bureau of the Census](https://www.census.gov).

Average Occupational Hourly Wages & Annual Salaries, May 2005

	Austin MSA		United States		Austin/ U.S.
	Wage	Salary	Wage	Salary	
All occupations	\$18.66	\$38,810	\$18.21	\$37,870	102
Management	42.04	87,450	42.52	88,450	99
Business & financial operations	26.34	54,780	27.85	57,930	95
Computer & mathematical	33.04	68,720	32.26	67,100	102
Architecture & engineering	30.95	64,370	30.73	63,910	101
Life, physical, & social science	29.32	60,980	27.90	58,030	105
Community & social services	15.86	32,990	18.04	37,530	88
Legal	32.69	67,990	38.98	81,070	84
Education, training, & library	19.86	41,310	20.89	43,450	95
Arts, design, entertainment, sports & media	20.53	42,700	21.30	44,310	96
Healthcare practitioners & technical	30.19	62,800	28.45	59,170	106
Healthcare support	11.27	23,440	11.47	23,850	98
Protective service	16.23	33,760	17.19	35,750	94
Food preparation & serving related	8.06	16,770	8.58	17,840	94
Building & grounds cleaning & maintenance	9.56	19,870	10.55	21,930	91
Personal care & service	9.80	20,390	10.67	22,180	92
Sales & related	16.03	33,330	15.77	32,800	102
Office & administrative support	14.40	29,960	14.28	29,710	101
Farming, fishing & forestry	10.35	21,520	10.10	21,010	102
Construction & extraction	14.26	29,660	18.39	38,260	78
Installation, maintenance & repair	17.48	36,360	18.30	38,050	96
Production	13.65	28,380	14.37	29,890	95
Transportation & material moving	12.15	25,270	13.85	28,820	88

Source: U.S. Bureau of Labor Statistics, [Occupational Employment Statistics \(OES\)](#). Note: Wage and salary estimates for detailed occupations are also available from the OES wage survey. (Nearly 500 unique occupations are reported for Austin.) The BLS also publishes an alternative occupational wage survey, called the [National Compensation Survey](#), for [Austin](#) and other metropolitan areas that provides additional types of compensation measures.

Union Membership

	Percent of employed workers who are union members			Percent of employed workers who are covered by a collective bargaining agreement		
	Austin MSA	Texas	U.S.	Austin MSA	Texas	U.S.
2005						
Total	4.2%	5.3%	12.5%	4.5%	6.2%	13.7%
Private	1.2%	3.1%	7.8%	1.4%	3.5%	8.5%
Priv, Mfg	NA	7.2%	13.0%	NA	7.7%	13.7%
Public	15.2%	16.8%	36.5%	16.1%	20.2%	40.5%

1995						
Total	5.5%	6.5%	14.9%	7.5%	8.0%	16.7%
Private	3.5%	4.5%	10.3%	4.4%	5.3%	11.3%
Priv, Mfg	NA	8.9%	17.6%	NA	9.8%	18.7%
Public	10.9%	15.9%	37.7%	16.0%	21.1%	43.5%

Source: Barry T. Hirsch & David A. Macpherson, [Union Membership & Coverage Database from the Current Population Survey](#).

Workers Compensation & Unemployment Insurance Program Costs

	Avg WC benefits per \$100 of covered wages, 2004	Avg UI employer tax rate as a % of total wages, 2005	Avg UI employer tax rate as a % of taxable wages, 2005
Arizona	0.70%	0.33%	1.39%
California	1.91%	0.86%	4.58%
Colorado	1.01%	0.70%	2.46%
Georgia	0.82%	0.55%	2.15%
Illinois	0.94%	1.31%	5.09%
Massachusetts	0.69%	1.30%	4.07%
New York	0.82%	0.74%	4.15%
North Carolina	0.92%	0.91%	2.07%
Texas	0.59%	0.64%	2.53%
Utah	0.67%	0.79%	1.38%
Washington	1.80%	1.66%	2.78%
United States	1.13%	0.82%	2.86%

Sources: [National Academy of Social Insurance](#) and [U.S. Employment and Training Administration](#).

Education Overview

Highly rated elementary and secondary schools contribute to both quality of life and the exceptional labor pool. Austin area households enjoy diverse options in education, including 29 public school districts, 14 charter schools and 69 private schools.

Four of the metro's major public school systems, representing 54 percent of area enrollment, are included in [Expansion Management](#) magazine's latest annual education quality ratings of nearly 2,800 school districts nationwide. Two districts Eanes and Round Rock are rated "gold medal", the highest of the magazine's cost-performance categories. The Austin Independent School District, the largest in the region, as well as San Marcos, were awarded the "Green Light" rating, the middle performance category. Past ratings from the magazine have included Lake Travis as "Gold Medal" and Georgetown, Leander and Pflugerville as "Blue Ribbon" districts, and Bastrop as a "Green Light" district.

The University of Texas and seven other universities and colleges with a combined enrollment of nearly 116,000 provide an ample supply of well-educated workers to area employers. Within 200 miles of Austin, an additional 21 major colleges and universities enroll nearly 295,000 students. Over 40 percent of Austin area residents age 25 and over hold a bachelor's degree.

In addition, a dozen vocational-technical or career schools in the metro award associates degrees or certificates in business and computer-related programs, trades, engineering-related technologies, and health professions.

Public School Districts by County

County	District	Enrollment, 2005-06	Graduates, 2004-05
Bastrop County	Bastrop	7,983	447
	Elgin	3,371	211
	McDade	232	0
	Smithville	1,830	105
	Total	13,416	763
Caldwell County	Lockhart	4,551	282
	Luling	1,596	81
	Prairie Lea	212	9
	Total	6,359	372
Hays County	Dripping Springs	3,562	234
	Hays	10,615	532
	San Marcos	7,181	400
	Wimberley	1,953	160
	Charter Schools (2)	187	30
	Total	23,498	1,356
Travis County	Austin	81,155	3,746
	Del Valle	8,242	360
	Eanes	7,155	576
	Lago Vista	1,194	65
	Lake Travis	5,307	320
	Manor	4,549	160
	Pflugerville	18,761	942
	Charter Schools (14)	3,949	211
	Total	130,312	6,380
	Williamson County	Coupland	103
Florence		1,031	75
Georgetown		9,104	530
Granger		481	39
Hutto		3,004	110
Jarrell		660	38
Leander		22,077	1,016
Liberty Hill		2,056	138
Round Rock		37,847	2,204
Taylor		3,096	186
Thrall		560	36
Total	80,019	4,372	
Austin MSA	Grand Total	253,604	13,243

Source: [Texas Education Agency](#).

Colleges & Universities in the Greater Austin Area

	Enrollment	Graduates, 2004-05				1st Prof
	Fall 2005	Assoc	Bach	Mast	PhD	
Four-Year Colleges & Universities						
The University of Texas, Austin	49,333		8,836	2,900	719	685
Texas State University, San Marcos	27,139		4,314	1,134	8	
St. Edward's University, Austin	4,930		758	260		
Southwestern University, Georgetown	1,301		264			
Concordia University, Austin	1,221	16	155	39		
Huston-Tillotson University, Austin	706		69			
Community Colleges						
Austin Community College	30,538	906				
Temple College, Taylor Center	707	NA				
Grand Total	115,875	922	14,396	4,333	727	685

Source: [Texas Higher Education Coordinating Board](#) & [U.S. National Center for Education Statistics](#).

Additional Major Universities within 200 miles of Austin

	Location	Enrollment Fall 2005
Abilene Christian University	Abilene	4,683
Angelo State University	San Angelo	6,164
Baylor University	Waco	13,958
Dallas Baptist University	Dallas	4,988
Prairie View A&M University	Prairie View	8,438
Rice University	Houston	5,062
Sam Houston State University	Huntsville	15,329
Southern Methodist University	Dallas	10,998
St Marys University	San Antonio	3,912
Tarleton State University	Stephenville	9,145
Texas A&M University	College Station	44,661
Texas A&M University-Corpus Christi	Corpus Christi	8,460
Texas A&M University-Kingsville	Kingsville	6,685
Texas Christian University	Ft. Worth	8,706
Texas Southern University	Houston	11,478

University of Houston System	Houston	56,261
University of St. Thomas	Houston	3,698
University of Texas at Arlington	Arlington	25,216
University of Texas at Dallas	Richardson	14,387
University of Texas at San Antonio	San Antonio	27,294
University of the Incarnate Word	San Antonio	5,202

Source: [Texas Higher Education Coordinating Board](#).

Region's Largest Employers

The region's largest employers reflect the local economy's diversity. With nearly 14,000 employees, The University of Texas is the region's largest employer, and Dell is the largest private sector employer with 17,000 employees. These companies and organizations round out the largest employers in the Austin region:

Company	Description
Employing 6,000 & over	
Austin School District	Public education
City of Austin	Government
Dell	Computer equipment mfg./sales (Hdq.)
Federal Government	Government
IBM Corp.	Computer hardware & software mfg./R&D
Seton Healthcare Network	Health care
State of Texas	Government
University of Texas at Austin	Higher education
Employing 2,000-5,999	
Advanced Micro Devices	Semiconductor chip mfg.
Applied Materials	Semiconductor production equipment mfg.
AT&T	Telecommunications (Hdq. of TX operations)
Austin Community College	Higher education
Freescale Semiconductor	Semiconductor chip design & mfg. (Hdq.)
Leander School District	Public education
National Instruments	Virtual instrumentation software & hardware mfg. (Hdq.)
Round Rock School District	Public education
Solectron Texas	Electronics mfg.
St. David's Healthcare Partnership	Health care
Travis County	Government
U.S. Internal Revenue Service	Government
Employing 1,000-1,999	
3M Corp.	Electronic connectors & test equipment mfg./R&D
Apple Computer	Computer mfg., technical & admin. support center
Austin American-Statesman	Newspaper publishing
Capitol Metro Transportation Authority	Public transit
Cingular Wireless	Telecommunications
Cisco Systems	Interconnect devices mfg.
GCA Services	Commercial janitorial & facility maintenance services

Girling Health Care	Healthcare (Hdq.)
Harte-Hanks Response Management	Marketing & advertising services
Hospira	Healthcare products mfg.
Keller Williams Realty	Residential real estate (Hdq.)
Lower Colorado River Authority	Electric power distribution (Hdq.)
PPD Development	Pharmaceutical, medical device & biotech R&D services
Progressive Insurance Co.	Insurance
Samsung Austin Semiconductor	Semiconductor chip mfg. (Hdq.)
Sears Home Services	Retailer customer service center
Spansion	Memory chip mfg.
State Farm Insurance Co.	Insurance
Temple-Inland	Corrugated packaging, forest products, real estate, & financial services (Hdq.)
Texas ACCESS Alliance	Social services program administrator
Texas State University-San Marcos	Higher education
Time Warner Cable Co.	Media & communications
Whole Foods Market	Grocery retailer (Hdq.)
Williamson County	Government
Employing 500-999	
ACS State Healthcare	Medicaid program administrator
American Achievement Corp.	Commemorative & scholastic products (Hdq.)
Austin Energy	Municipal utility
BAE Systems Integrated Defense Solutions	Defense & aerospace equipment mfg. (Hdq.)
Bank of America	Banking
Broadwing Communications	Telecommunications (Hdq.)
Design Electric	Electrical systems contractor
Dresser Wayne	Gasoline dispenser & control systems mfg. (Hdq.)
Dynamic Systems	HVAC, plumbing contractor (Hdq.)
Emerson Process Management	Process control software & systems R&D (Hdq.)
Farmers Insurance Group	Insurance
GSD & M	Advertising agency (Hdq.)
Guaranty Financial Services	Banking (Hdq.)
Hensel Phelps Construction Co.	Construction
Hewlett-Packard	Marketing & customer support services for computer mfg.
Holt, Rinehart & Winston	Publishing (Hdq.)
Intel	Microchip design center
J. C. Evans Construction Co.	Construction (Hdq.)
JPMorgan Chase Bank	Banking
Minacs Worldwide	Customer service center (for automotive mfg.)
Silicon Laboratories	Integrated circuits design/mfg. (Hdq.)
St. Edward s University	Higher education
Texas Guaranteed Student Loan Corp.	Student financial aid program administrator
Unisys	IT solutions
United Parcel Service	Delivery services
URS Corp.	Engineering

Vignette Corp.	E-business/content mgt software dev (Hdq.)
Wells Fargo Bank Texas	Banking

Recent Announced Location & Expansions

Recent announcements to either locate significant new facilities or expand existing operations have been made by:

Abbott Spine	Freescale Semiconductor	Overwatch Systems
Accurate Elastomer Products	Gardco	PRC
Advanced Micro Devices	Hewlett-Packard	Progressive Insurance
Applied Micro Circuits	Home Depot	Qualcomm
Asuragen	Intel	Samsung
CFAN	Midway Games	SigmaTel
Compass Learning	Motion Computing	Silicon Laboratories
Convergys	Motorola	Sunset Direct
Dell	National Cancer Information Center	TASUS Corp.
Dimensional Fund Advisors	NCSOft	Wayport
DMX Music	Opus Healthcare Solutions	Wide-Lite

For a more comprehensive listing see the [Relocations and Expansions Log](#) in the [Media Center](#).

Venture Capital Investment in Austin Metro Companies by Industry/Technology

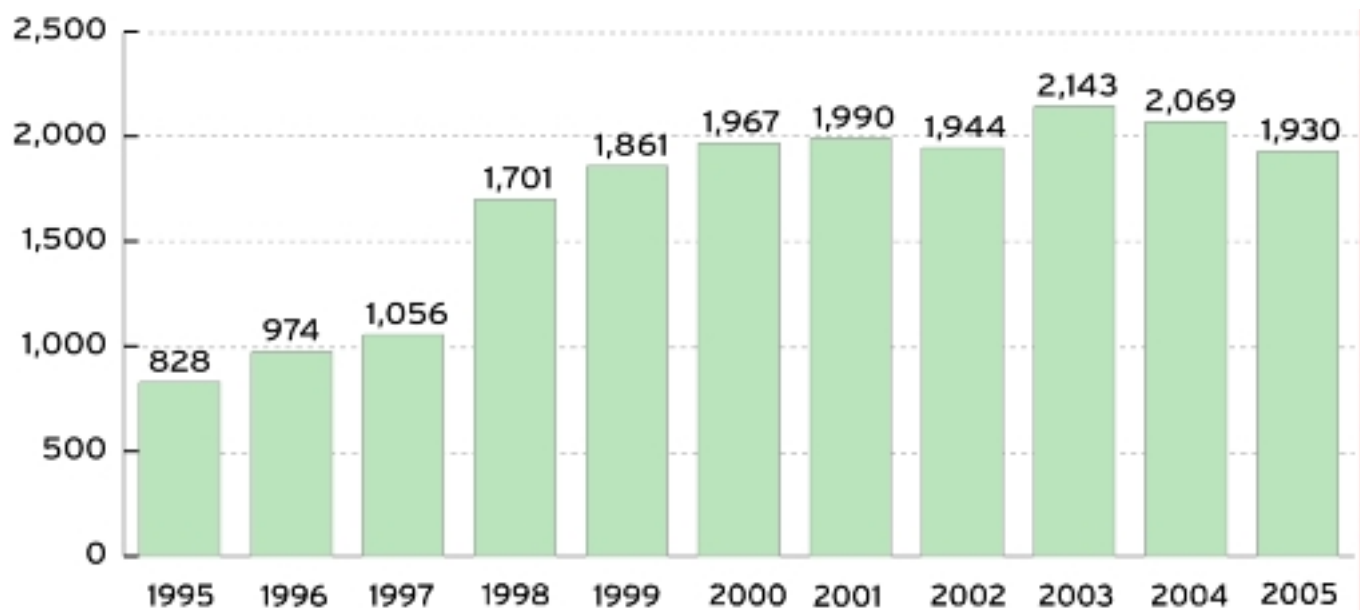
Access to investment capital in Austin is well established with the region being among the top targets for venture capital investment in the United States.

	Year ending December 2005
Biotechnology	\$12,479,000
Business products & services	2,500,000
Computers & peripherals	40,449,000
Consumer products & services	4,300,000
Electronics/instrumentation	25,542,000
Industrial/energy	8,333,000
IT services	38,820,000
Media & entertainment	12,500,000
Medical devices & equipment	12,324,000
Networking & equipment	27,548,200
Semiconductors	92,077,800
Software	130,755,100
Telecommunications	30,500,000
Total	\$438,129,100

Source: [Pricewaterhouse Coopers/Venture Economics/NVCA](#).

Patent Activity

Austin has earned its reputation as a city of creativity, innovation and invention. Patents are one of the best measurements of innovation and Austin has always been extremely competitive in the number of patents issued yearly. The University of Texas is third in the nation in the number of patents earned. According to a U.S. Patent and Trademark Office [geographic analysis patent activity](#) in the 1990s, Austin outpaces much larger and more economically diverse regions such as Phoenix, Seattle, Denver and Raleigh-Durham. This demonstrated capacity for generating new ideas has only increased in the new century.



Source: U.S. Patent & Trademark Office data compiled by [Locke Liddell & Sapp](#), Austin, TX.

Business Establishments by Employment Size Class

Business Establishments by Employment Size Class 2004

	Total establishments	Establishments by employment-size class			
		1-19	20-99	100-499	500 & over
Austin MSA	34,818	29,657	4,357	721	114
Bastrop Co.	895	808	78	9	
Caldwell Co.	489	444	37	8	
Hays Co.	2,574	2,255	276	40	3
Travis Co.	25,074	21,096	3,321	564	93
Williamson Co.	5,817	5,054	645	100	18

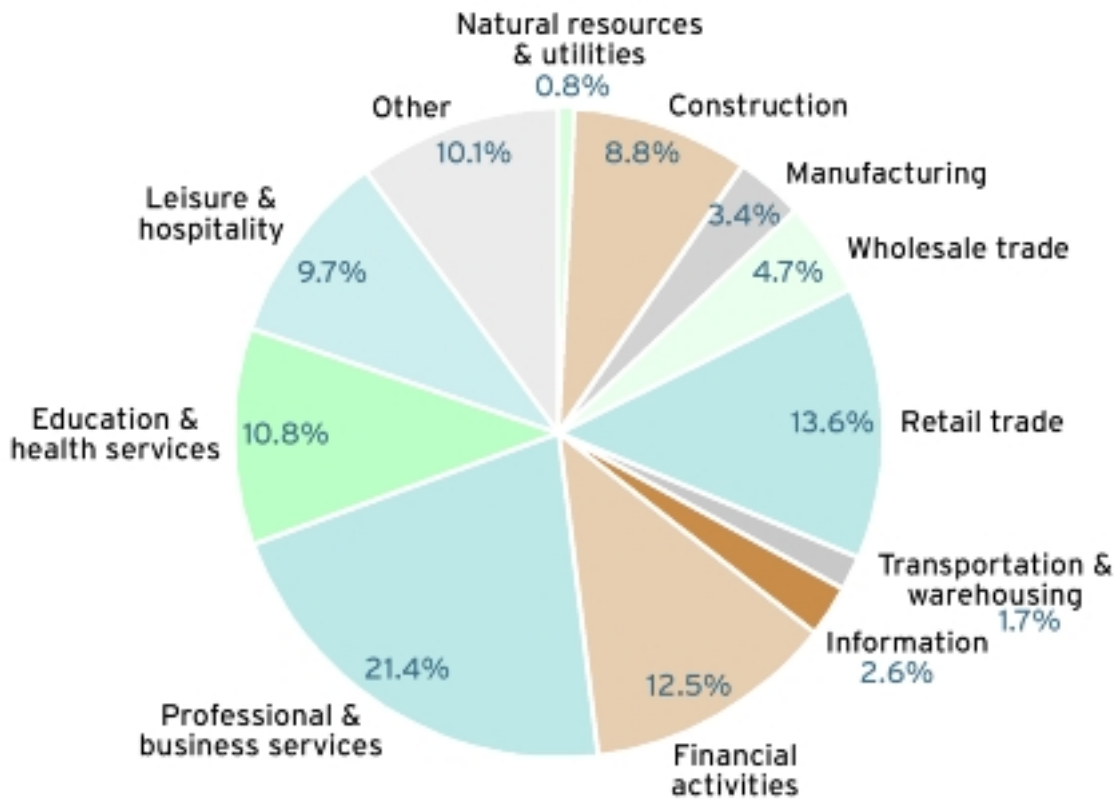
Business Establishments by Employment Size Class, Austin MSA

	Total establishments	Establishments by employment-size class			
		1-19	20-99	100-499	500 & over
1998	30,029	25,747	3,551	655	76
1999	30,735	26,200	3,754	693	88
2000	31,822	26,908	4,066	751	97
2001	32,399	27,290	4,239	770	100
2002	33,362	28,346	4,222	702	92
2003	33,915	28,889	4,239	758	78
2004	34,818	29,657	4,357	721	114

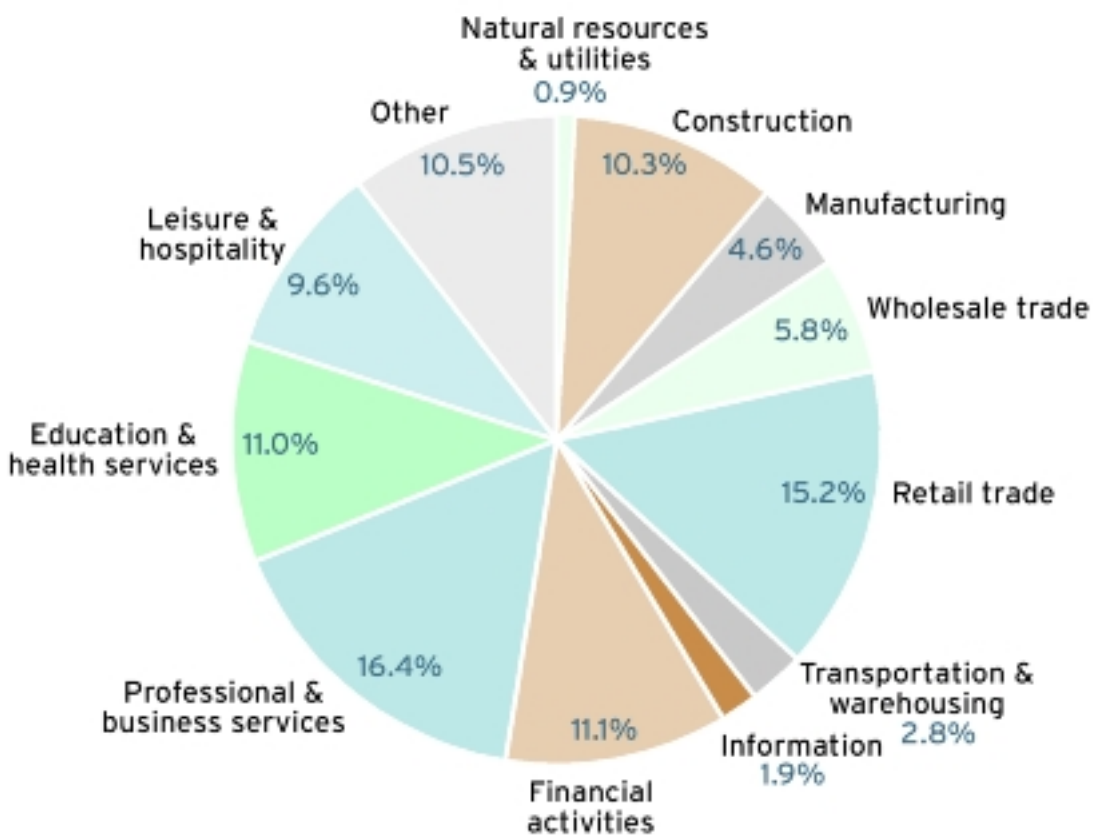
Source: U.S. Bureau of the Census, [County Business Patterns](#).

Business Establishments by Industry 2004

Austin MSA



United States



Source: U.S. Bureau of the Census, [County Business Patterns](#).

Retail Sector

Retail Sector 2005, Austin MSA

	Establishments	Sales (millions)
Food	1,146	\$2,330.8
Eating/drinking places	2,815	2,624.3
General merchandise	218	2,978.7
Apparel/accessories	1,045	1,364.1
Furniture/appliances	1,750	1,869.3
Automotive dealers	985	5,005.3
Gas service stations	233	1,760.5
Building materials/hardware	747	1,568.5
Drug stores	534	971.5
Total	11,944	38,848.5

Retail Sector 2005, By County

	Establishments	Sales (millions)
Bastrop County	459	\$850.6
Caldwell County	261	274.9
Hays County	1,067	1,589.0
Travis County	8,005	31,715.6
Williamson County	2,152	4,418.4

Source: Claritas/Market Statistics, Demographics USA.

Commercial & Industrial Real Estate Market

The Austin commercial real estate market offers exceptional value. Both office and industrial vacancy rates are in the neighborhood of 14 percent and the market presents many opportunities for companies seeking new or additional space at favorable rates. With much of Austin's development occurring over the past 15 years, facilities are modern and attractive. The 33-story Frost Bank Tower opened in downtown in early 2004.

Office Real Estate Market, 4th Quarter 2005

		Inventory	Vacant	Vacancy rate	Rental rate
All Markets	Class A	22,807,266	3,862,778	16.9%	\$22.13
	Class B	28,348,396	4,048,196	14.3%	\$18.29
	Class C	9,507,362	832,705	8.8%	\$16.58
	Total	60,663,024	8,743,679	14.4%	\$19.82
Downtown	Class A	6,135,514	1,567,153	25.5%	\$24.35
	Class B	4,005,747	657,700	16.4%	\$19.31
	Class C	2,473,566	164,046	6.6%	\$16.58
	Total	12,614,827	2,388,899	18.9%	\$22.25
Suburban	Class A	16,671,752	2,295,625	13.8%	\$20.72
	Class B	24,342,649	3,390,496	13.9%	\$18.06
	Class C	7,033,796	668,659	9.5%	\$16.57
	Total	48,048,197	6,354,780	13.2%	\$18.90

Industrial Real Estate Market, 4th Quarter 2005

	Inventory	Vacant	Vacancy rate	Rental rate
Flex	18,261,952	4,647,060	25.4%	\$8.39
Warehouse/Manufacturing	50,795,799	5,013,662	9.9%	\$5.84
Total Industrial	69,057,751	9,660,722	14.0%	\$6.87

Source: [CoStar](#).

Crime Rate Per 100,000 Residents, 2005

	Violent crime	Property crime
Austin MSA	346.2	4,134.2
Texas	529.7	4,332.0
United States	469.2	3,429.8
United States MSAs	509.7	3,598.6

Note: Violent crimes are offenses of murder, forcible rape, robbery, and aggravated assault. Property crimes are offenses of burglary, larceny-theft, and motor vehicle theft.

Source: [U.S. Federal Bureau of Investigation](#).

Construction Cost Index, 2006

	Residential	Commercial
Atlanta	88	89
Austin	79	80
Boston	120	116
Chicago	114	112
Dallas	83	84
Denver	95	96
New York	136	132
Phoenix	86	88
Raleigh	75	77
Salt Lake City	82	88
San Francisco	122	122
Seattle	101	104
United States	100	100

Source: R.S. Means.

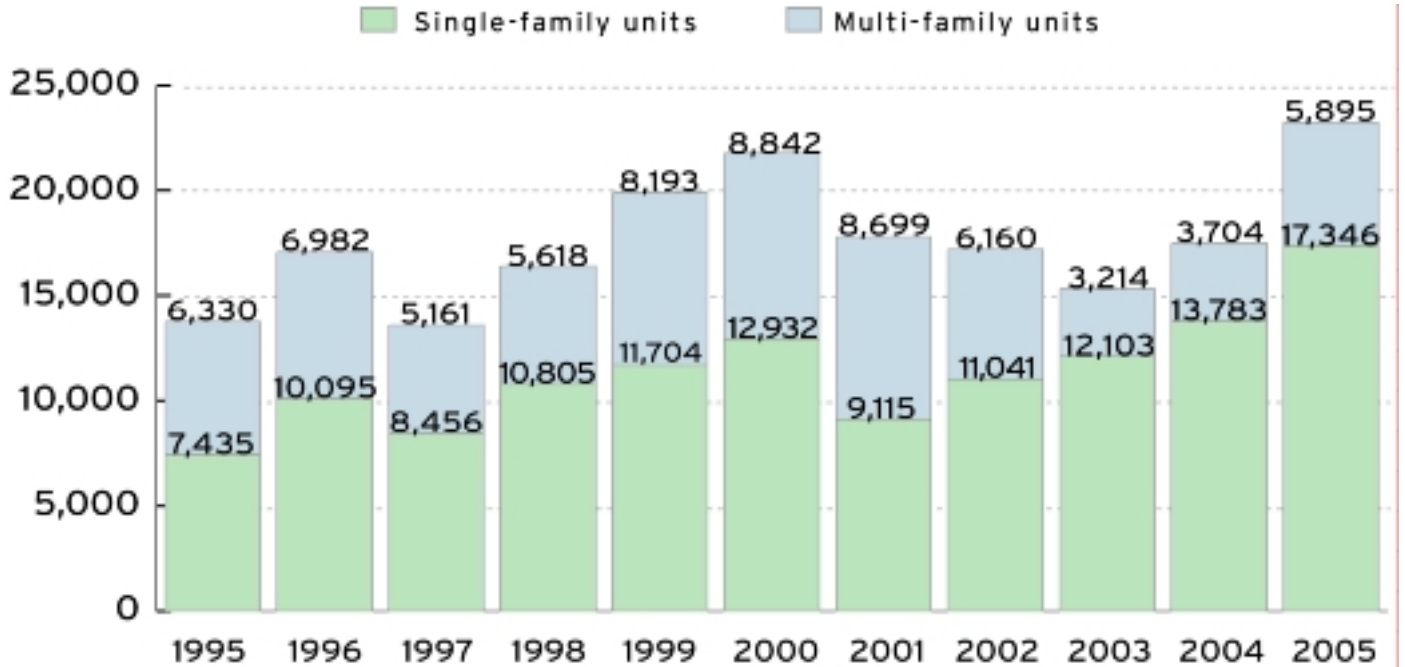
Residential Building Permits

Residential Permits by County, 2005

	Total	Single-family units	Multi-family units
--	-------	---------------------	--------------------

Austin MSA	23,241	17,346	5,895
Bastrop County	269	269	0
Caldwell County	84	84	0
Hays County	2,655	2,124	531
Travis County	14,234	9,425	4,809
Williamson County	5,999	5,444	555

Residential Permits, Austin MSA



Source: [U.S. Bureau of the Census](http://www.census.gov).

Transportation Overview

Austin's land and air transportation are favorable for materials distribution and business travel. Distribution takes advantage of the region's location in Central Texas at the intersection of I-35 and a network of U.S. and state highways. Three of the nation's 10 largest cities—Houston, San Antonio and Dallas—are no more than three hours away. Laredo, the major port of entry between the U.S. and Mexico, is four hours from Austin via I-35. State highway 130, which is one of several roadway improvement projects expected to speed goods and traffic flow through Austin, will connect to I-35 north of Georgetown and to I-10 east of San Antonio upon completion.

Opened in 1999, [Austin-Bergstrom International Airport](http://www.austinchamber.com) is a valuable asset for business travelers and shippers. America West, American, Continental, Delta, Frontier, JetBlue, Northwest, Southwest and United served 7.7 million passengers in 2005. These airlines offer nonstop service to 34 destinations in the U.S. and Mexico and connections to other destinations. Air cargo shipments pass through a \$20 million state-of-the-art cargo facility opened in 1997. Cargo shipped from ABIA in 2005 totaled over 241.8 million pounds.

Non-Stop Jet Destinations 2006



Major Carriers Serving Austin

America West	Delta	Northwest
American	Frontier	Southwest
Continental	JetBlue	United

Selected General Aviation Airports

Airport	Location	Distance from downtown	Length of longest runway
Austin-Bergstrom International Airport	Austin	9.2 mi. / 14.8 km	12,248 ft. / 3,733 m
Bird s Nest Airport	Austin	17.6 mi. / 28.3 km	2,722 ft. / 830 m
Carter Memorial Airport	Luling	41.4 mi. / 66.6 km	2,790 ft. / 850 m
Georgetown Municipal Airport	Georgetown	31.6 mi. / 50.9 km	5,000 ft. / 1524 m
Kittie Hill Airport	Leander	30.8 mi. / 49.6 km	3,450 ft. / 1,052 m

Lakeway Airpark	Austin	22.4 mi. / 36.1 km	3,930 ft. / 1,198 m
Lockhart Municipal Airport	Lockhart	32.5 mi. / 52.3 km	4,001 ft. / 1,220 m
Rusty Allen Airport	Lago Vista	35.4 mi. / 57.0 km	3,808 ft. / 1,161 m
San Marcos Municipal Airport	San Marcos	34.6 mi. / 55.7 km	6,330 ft. / 1,929 m
Smithville Crawford Municipal Airport	Smithville	41.3 mi. / 66.5 km	4,000 ft. / 1,219 m
Taylor Municipal Airport	Taylor	35.4 mi. / 57.0 km	4,000 ft. / 1,219 m

Distances from Austin

	Highway distance		Flight time
	Miles	Km	
Atlanta	966	1,554	2:10
Chicago	1,178	1,895	2:31
Cincinnati	1,127	1,813	2:30
Dallas	195	314	1:00
Denver	1,063	1,710	2:07
Detroit	1,410	2,269	2:50
Houston	162	261	0:53
Los Angeles	1,377	2,216	3:06
Nashville	858	1,381	1:55
New York	1,769	2,846	3:40
Orlando	1,123	1,807	2:20
Phoenix	1,005	1,617	2:25
San Antonio	79	127	--
Washington	1,530	2,462	3:20

Interstate System Near Austin

In addition to I-35, running north-south through the center of the metro, and I-10, running east-west on the southern edge, Austin is served by four federal highways: U.S.-79, U.S.-90, U.S.-183, and U.S.-290.



Public Transit

The [Capital Metropolitan Transportation Authority](#) provides bus service on flexible, convenient schedules at more than 3,000 bus stops throughout Central Texas, providing riders with an average of 130,000 one-way trips each day. Capital Metro's fixed route bus service includes 66 metro and flyer routes, seven free downtown circulator 'Dillo routes, seven express routes and 22 UT shuttle routes. It also offers 30 AISD school routes, van and carpooling coordination, shuttles to special events and special transit services for the disabled. Capital Metro maintains the highest per capita ridership in Texas.

[Capital Metro](#) is responsible for the region's long-range transit plan. The purpose of the plan, [All Systems Go](#), is to provide citizens transportation options and to help address regional population growth, estimated to double in the next 25 years. The plan includes expanded local and express bus service, new Rapid Bus Service, and a commuter rail starter line along Capital Metro's existing freight tracks, as well as hike and bike trails along portions of rights-of-way adjacent to those tracks.

Railroads Serving Austin

Class 1 Railroads

[Burlington Northern Santa Fe Railway](#)

[Union Pacific Railroad](#)

Regional Railroads

Georgetown Railroad

Austin Area Terminal Railroad

Passenger Rail Service

Amtrak's [Texas Eagle](#) (Chicago-San Antonio) serves Austin daily and travelers can connect in San Antonio with the [Sunset Limited](#) (Orlando-Los Angeles).

Telecommunications & Utilities Overview

Austin provides a rich communications infrastructure that can carry enterprise information whether your firm has 20 employees or 20,000 employees. Whether your employees work at home, are on the road or at your premise, Austin provides a seamless communications network to ensure that your information reaches its destination across town or across the country. Over 1,000 technical professionals maintain a network spanning more than 130,000 miles of fiber in Austin's Silicon Hills.

True to Austin's reputation as a high-technology center, businesses can rely on a sophisticated, reliable and robust suite of information technologies to maintain their competitive advantage.

Telecommunications Infrastructure

The greater Austin area's overall telecommunications infrastructure is highly advanced, reliable, robust, and redundant. Greater Austin enjoys one of the world's most advanced telecommunications networks. Unique characteristics include:

- Multiple national and regional fiber backbone providers, protected by SONET rings and Ethernet network architecture, including digital access control, connecting all 23 central offices in Austin. Fiber is virtually universal in all routes to customers. Fiber optic connections are available to most major buildings and industrial sites.
- Central offices are equipped with digital switches featuring the latest generic software, signaling system 7 control, and a full array of services throughout the metropolitan area, i.e., ISDN, frame relay, switched digital data, DSL, high band width, etc.
- The newest digital-age services such as Asymmetrical Digital Subscriber Line (ADSL) and Multi-Protocol Label Switching (MPLS) capability which is used to prioritize Internet traffic for avoidance of congestion and failures.
- Austin is home to AT&T Laboratories, the technology applications Research and Development arm of AT&T.
- A large pool of telecommunications professionals, knowledge workers, and experienced data center and call center workers is available in the Greater Austin Area.
- Local telephone service is primarily provided by AT&T. However, numerous competitive local exchange carriers also provide services in the area.

Electric Utility Providers

Austin Energy	This publicly-owned utility serves Austin and several other smaller municipalities in Travis and Williamson Counties.
Bastrop Power & Light	This publicly-owned utility serves Bastrop in Bastrop County.
Bluebonnet Electric Cooperative	Bluebonnet serves parts of Bastrop, Caldwell, Hays, Travis & Williamson Counties.
City of Lockhart	This publicly-owned utility serves Lockhart in Caldwell County.
Georgetown Utilities Service	This publicly-owned utility serves Georgetown in Williamson County.
Pedernales Electric Cooperative	Pedernales serves parts of Hays, Williamson and Travis Counties as well as a small part of Caldwell County.
San Marcos Electric Utility	This publicly-owned serves San Marcos in Hays County.
TXU Energy	TXU, an investor-owned utility, is certified to provide electric service to deregulated areas across the state. In the Austin area, TXU Energy serves customers in Round Rock, Taylor and Elgin in Williamson County, Pflugerville in Travis County, as well as parts of north Austin.

Natural Gas Providers

Texas Gas Service	TGS serves Travis County and parts of Williamson and Hays Counties.
TXU Gas	TXU serves Round Rock, Georgetown and Taylor in Williamson County, Pflugerville in Travis County, as well as additional areas within these two counties. TXU Gas is to become a part of Atmos Energy by the end of 2004.
CenterPoint	CenterPoint serves Buda, Kyle and San Marcos in Hays County and Bastrop, Smithville and Elgin in Bastrop County.

Water/Wastewater Providers

Local providers are primarily municipal governments or special water districts, with some areas served by other suppliers.

Sources of water in Central Texas are surface waters managed by the [Lower Colorado River Authority](#), the [Guadalupe-Blanco River Authority](#), and the [Brazos River Authority](#) and ground waters from the [Edwards Aquifer](#) and the Trinity Aquifer. Regional planning groups assuring water sustainability and reliability in Central Texas are the [South Central Texas Regional Water Planning Group](#), the [Lower Colorado Regional Water Planning Group](#), and the [Brazos Water Planning Group](#).

The region's largest municipal supplier, the [City of Austin Water Utility](#), meets the water needs of some of the region's largest industrial operations:

- The Austin Water Utility is committed to the highest quality level of water and wastewater service that meets and exceeds all State and Federal quality standards as well as reasonable customer expectations concerning cost, reliability, quality, and environmental sensitivity.
- The utility has extensive long-range water supply plans and has executed an agreement for a

guaranteed water supply for the City's corporate limits and extraterritorial jurisdiction for the next 100 years.

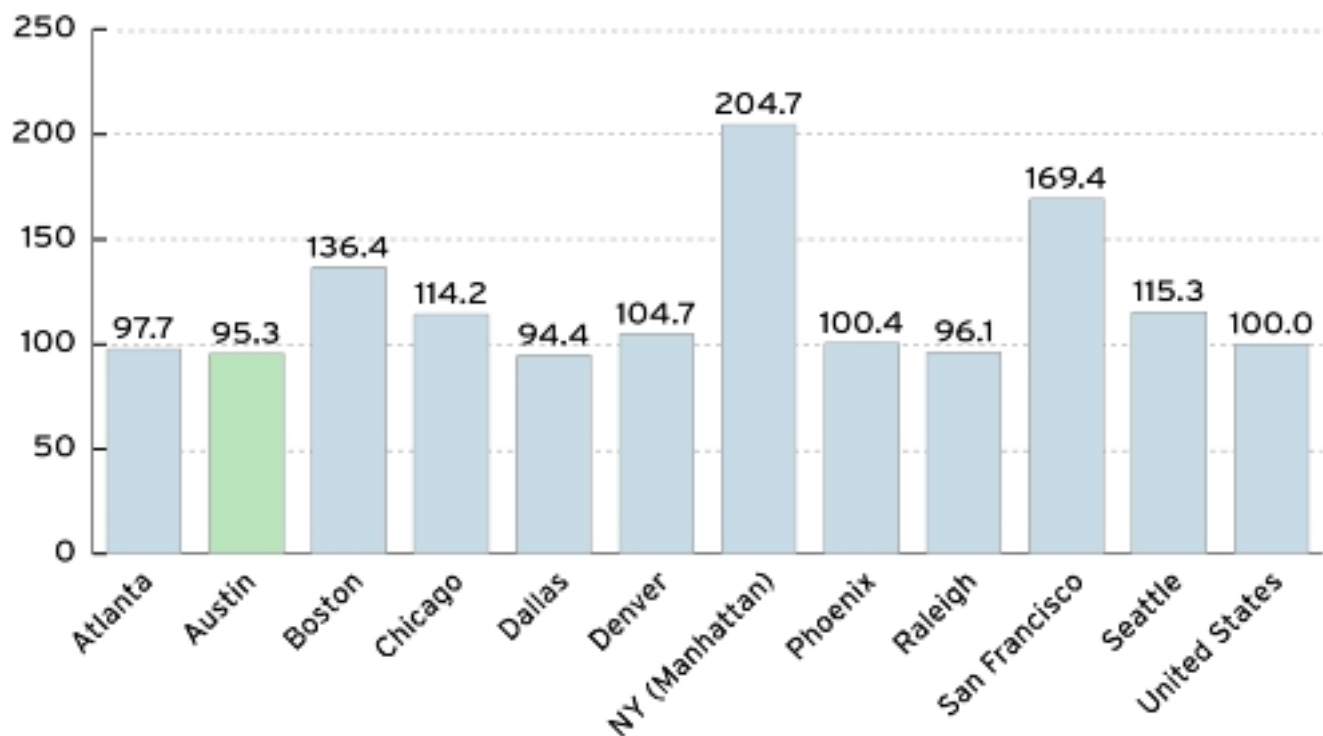
- The utility supplies approximately 3 billion gallons of water annually to six significant water users, four of which are semiconductor manufacturers.

Cost of Living Index

Cost of Living Index, 2nd Quarter 2006 (U.S.=100)

	Composite	Grocery (13%)	Housing (28%)	Utilities (10%)	Transportation (10%)	Health care (4%)	Misc. (35%)
Atlanta	97.7	98.6	93.2	85.8	111.2	107.9	99.3
Austin	95.3	90.5	87.3	87.5	100.7	99.1	103.7
Boston	136.4	119.2	161.8	131.5	108.6	125.5	133.0
Chicago	114.2	109.2	131.1	109.1	107.7	111.4	106.2
Dallas	94.4	101.9	76.2	111.9	108.6	102.1	96.2
Denver	104.7	105.6	110.4	111.8	96.6	102.8	100.3
NY (Manhattan)	204.7	146.8	372.0	150.2	116.3	130.9	141.7
Phoenix	100.4	98.8	101.2	92.1	103.1	100.8	102.0
Raleigh	96.1	98.6	87.6	97.2	101.1	103.7	99.4
San Francisco	169.4	140.3	275.2	88.2	116.3	124.5	139.0
Seattle	115.3	111.9	133.7	95.3	109.6	122.7	108.4

Cost of Living Index, 2nd Quarter 2006



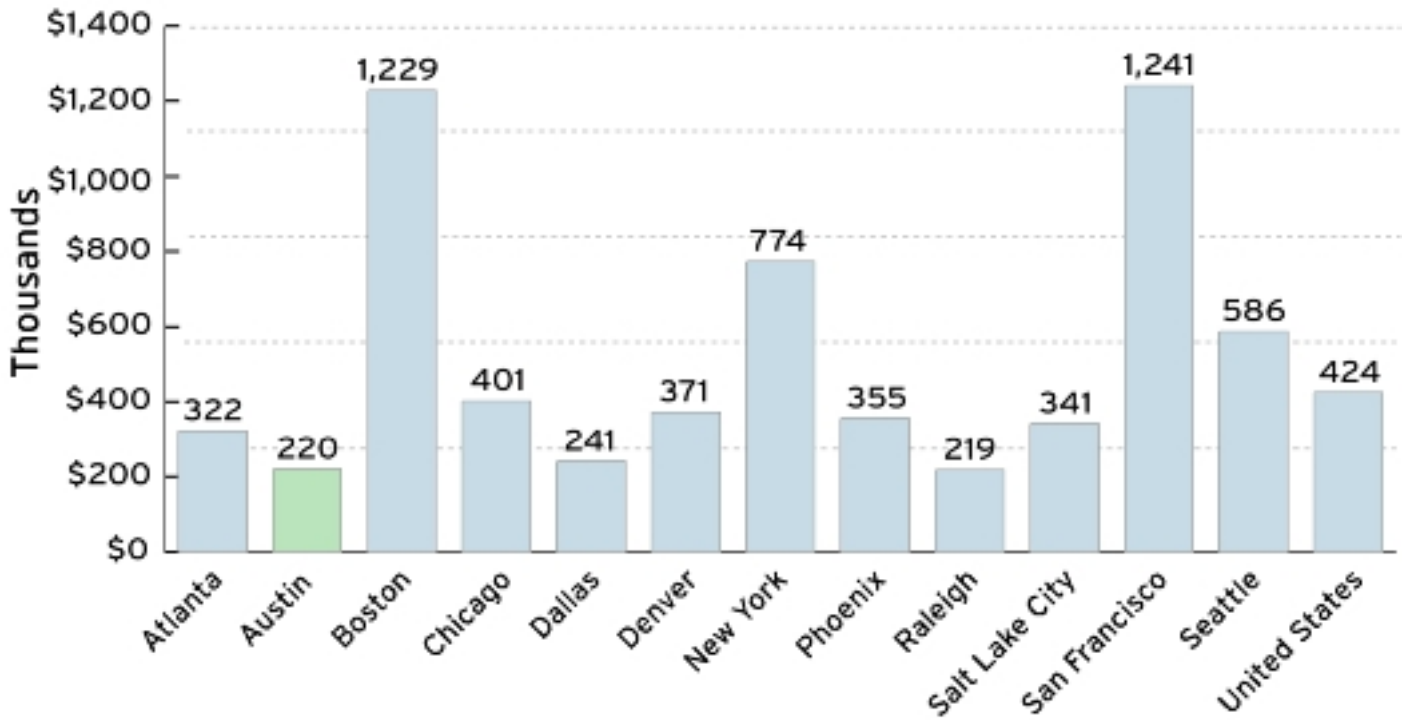
Source: [ACCRA](#).

Median Sales Price, Existing Single-Family Homes

	2003	2004	2005	Annual percent change	
				2003-2004	2004-2005
Austin MSA	\$156,700	\$154,700	\$163,800	-1.3%	5.9%
United States	180,200	195,2100	219,000	8.3%	12.2%

Source: [National Association of Realtors](#).

Average Home Price, Middle Management Housing, 2006



Note: The subject home type is a single-family dwelling model with approximately 2,200 sq.ft., 4 bedrooms, 2 1/2 baths, family room (or equivalent) and 2-car garage. Surveyed homes and neighborhoods are typical for corporate middle-management transferees. Where Coldwell Banker reports multiple submarkets for a metro, the price indicated is an unweighted average of the reported submarkets.

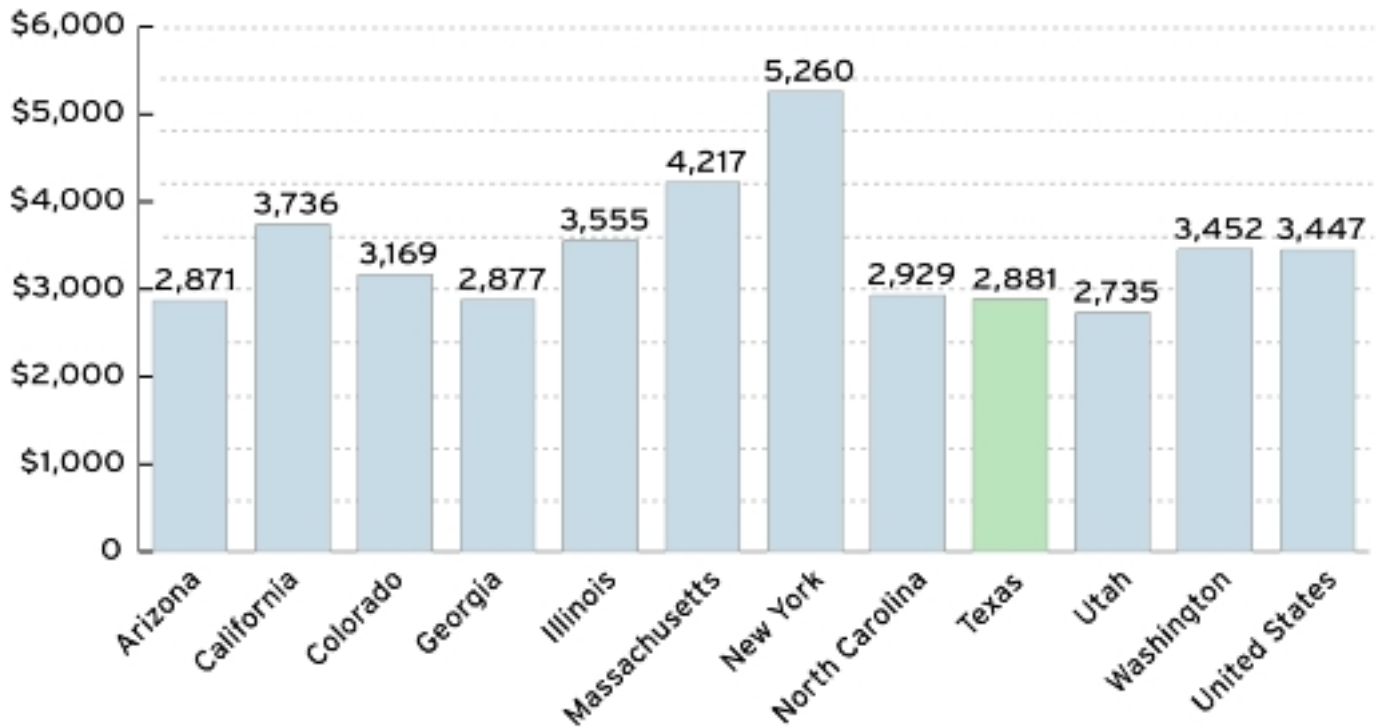
Source: [Coldwell Banker](#).

Tax Burden

Tax Burden, 2004

	Texas	United States
State and local taxes per capita, total	\$2,881	\$3,447
Property	1,254	1,086
Sales	1,320	1,230
Individual income	0	734
Corporate income	0	115
Other taxes	307	281
State and local taxes per \$1000 of personal income	99	110

State & Local Taxes Percapita, 2004



Source: U.S. Bureau of the Census, [Census of Governments](#).

Arts, Recreation & Entertainment

Museums

Austin Museum of Art	French Legation Museum	LBJ Presidential Library and Museum
Austin Nature and Science Center	George Washington Carver Museum	O. Henry Museum
Blanton Museum of Art	Harry Ransom Center	Texas Memorial Museum
Bob Bullock Texas State History Museum	Jourdan-Bachman Pioneer Farm	Umlauf Sculpture Garden & Museum
Elisabet Ney Museum		

Performing Arts

Ariel Dance Theatre	Austin Vocal Arts Ensemble	Paramount Theatre
Austin Chamber Music Festival	Ballet Austin	The State Theatre

Austin Civic Chorus	Bass Concert Hall	Univ. of Texas Performing Arts Center
Austin Lyric Opera	Frank Erwin Center	Zachary Scott Theatre
Austin Playhouse	Long Center for the Performing Arts	Zilker Hillside Theater
Austin Symphony Orchestra	Palmer Events Center	Over 120 live music venues

Festivals

Austin City Limits Music Festival	Austin Film Festival	South by Southwest Music, Film, & Media Conference & Festival
---	--------------------------------------	---

Sports

Austin Ice Bats	Austin Wranglers	Texas Longhorns Big 12
AA Professional Hockey	ALF Arena Football Team	Conference College Sports
Austin Toros NBA D-League Basketball Team	Round Rock Express	
	AA Baseball Team	

Selected Other Attractions

Barton Springs	Golf Courses Number Nearly 50	Texas Capitol
Congress Avenue Bridge Bats	Lady Bird Johnson Wildflower Center	Texas Hill Country & the Highland Lakes
Dillo Trolley System	Mount Bonell	Zilker Botanical Gardens

Media

Austin American-Statesman	Austin Business Journal	More than 50 broadcast outlets
---	---	--------------------------------

Healthcare

22 hospitals (plus 4 under construction)	2,700 hospital beds
--	---------------------

Faith & Nonprofit Communities

Austin currently has more than 800 churches and synagogues, a Hindu Temple, a Buddhist Temple and a mosque and prides itself on maintaining the atmosphere of a tolerant, diverse and open city. There are two seminaries, the Episcopal Theological Seminary of the Southwest and the Austin Presbyterian Theological Seminary, and excellent religious education opportunities, starting with pre-school. There are more than 3,500 active nonprofits in a community that has a history of creative partnerships between government, nonprofit organizations and local businesses to address important needs of the local population. The [Austin Area Interreligious Ministries](#) provides links to many area churches, faith communities, and community service organizations.

Businesses that wish to establish corporate giving and employee volunteerism programs have a wealth of resources to draw upon from the Volunteer Center at the [United Way Capital Area](#) to the nonprofit management support network at [Greenlights for Nonprofit Success](#).

Climate Normals

Temperature	Minimum		Average		Maximum	
January	37.1°F	2.8°C	50.1°F	10.1°C	58.9°F	14.9°C
April	58.0°F	14.4°C	69.6°F	20.9°C	77.8°F	25.4°C
July	71.7°F	22.1°C	84.3°F	29.1°C	94.0°F	34.4°C
October	56.0°F	13.3°C	70.4°F	21.3°C	80.8°F	27.1°C
Annual precipitation	31.35 in.				79.63 cm	
Annual snowfall	0.8 in.				2.0 cm	
Annual average wind speed	7.0 mph				11.3 kph	
Annual relative humidity	67%				--	

Source: [U.S. National Climatic Data Center](http://www.nclimatic.com).

Attainment Status

The Austin region has a history of proactive air quality initiatives. Austin has not exceeded the Environmental Protection Agency's (EPA) 1-hour ozone standard since 1985 and is currently designated attainment of the 1-hour standard. In April of 2004, Austin was designated attainment for the new 8-hour standard based on records for the 2001-2003 period.

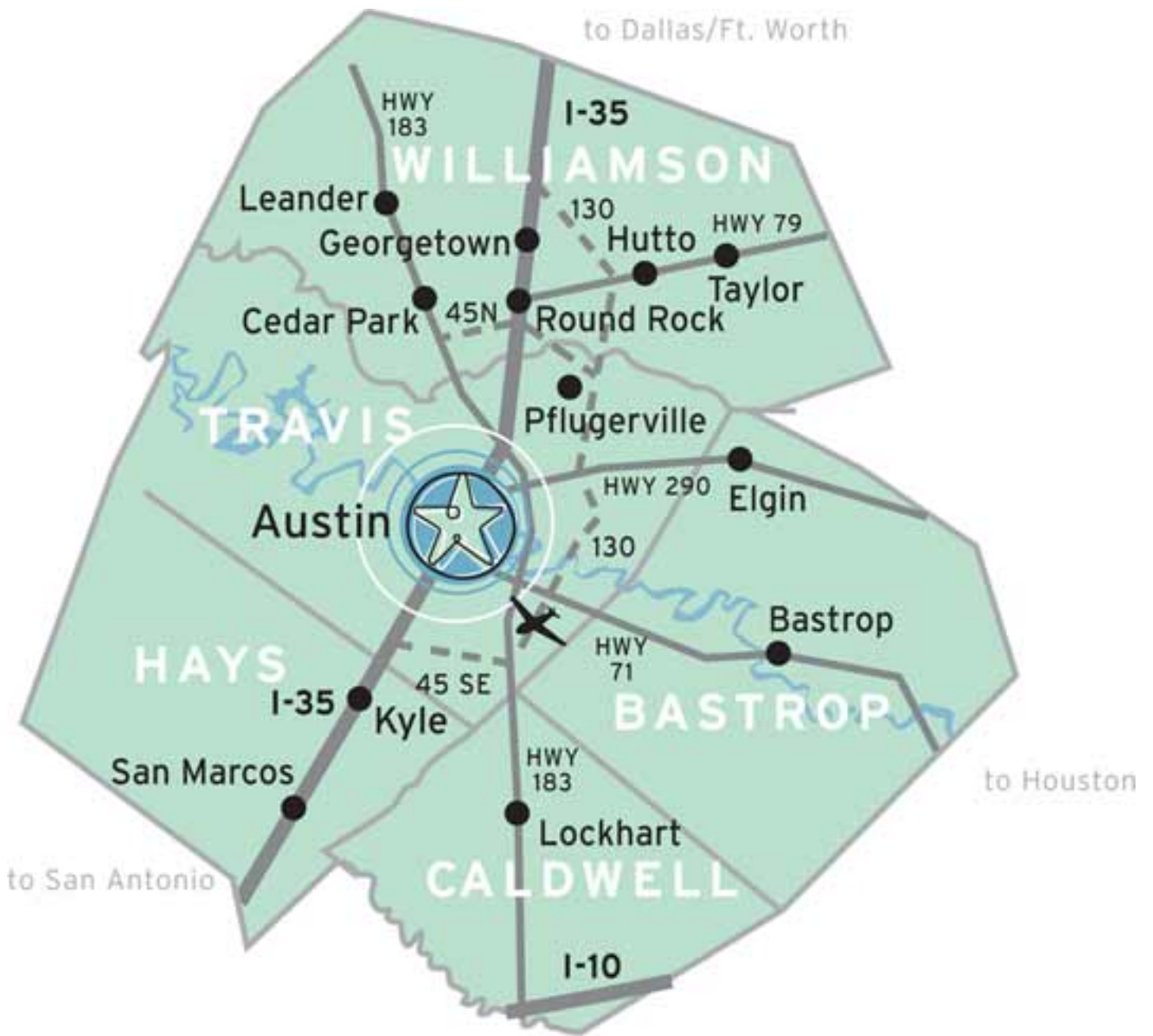
The five counties of the metro area have shown their commitment to improving regional air quality by acting to assure attainment and maintenance of the federal 8-hour standard for ground level ozone in the area through the region's Early Action Compact (EAC). Because Austin is proactively managing its air quality via an EPA-endorsed EAC, the EPA has committed to not revise Austin's April 2004 attainment designation as long as EAC milestones are met. The key advantage of the EAC is the flexibility it affords Austin in forming local emission reduction strategies.

Since 1993, the [CLEAN AIR Force of Central Texas \(CAF\)](http://www.cleanairforce.com), a coalition of business, government, environmental and community leaders, has coordinated public awareness and education campaigns. More than a decade of CAF outreach has provided a solid base of public understanding of air quality issues in the Austin region.

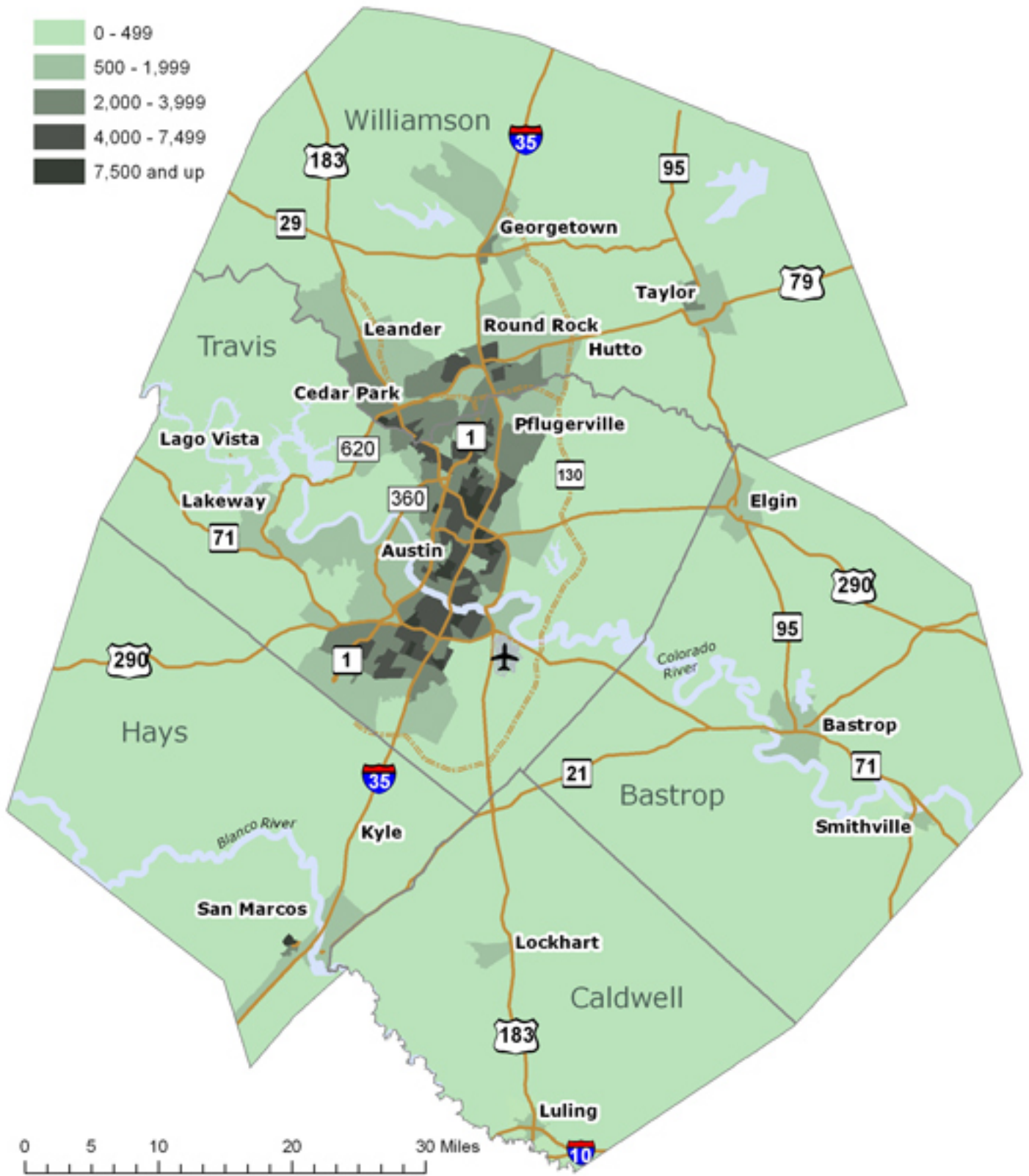
Austin-North America Locator Map



5-County Region Map



Population Density: Persons Per Square Mile, 2005



Source: Source: Experian/Applied Geographic Solutions.

Non-Stop Jet Destinations 2006



Interstate System Near Austin

In addition to I-35, running north-south through the center of the metro, and I-10, running east-west on the southern edge, Austin is served by four federal highways: U.S.-79, U.S.-90, U.S.-183, and U.S.-290.



Taxes Overview

In Texas and the Austin region, we've formalized a friendly attitude into a business climate that is truly user friendly. The tax structure is fair, competitive and designed to make companies feel welcome.

Texas is one of only a handful of states with no individual income tax (a very attractive environment for transferring employees).

There is no corporate income tax.

Total state and local taxes averaged \$2,713 per person in 2002, 14 percent less than the national average. Similarly, state and local taxes in Texas are low relative to income, amounting to \$95 per \$1,000 of personal income, compared to the national average of \$104 per \$1,000.

Texas Incentive Opportunities

The State of Texas offers a variety of incentive programs designed to make capital more available for businesses looking to expand or locate in the state, as well as for companies already doing business in Texas. Committed to retaining its "business friendly" reputation, Texas stands ready to help businesses expand, and become globally competitive.

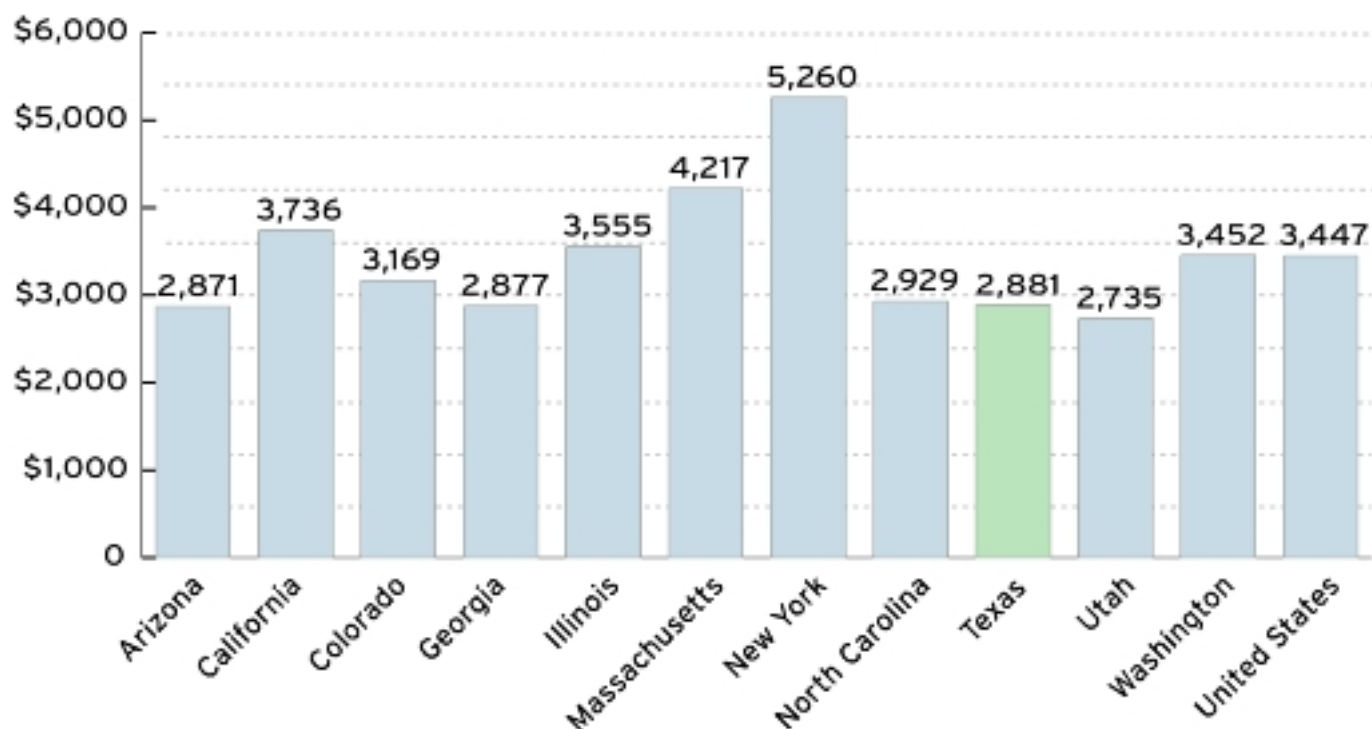
There is a reason why the Austin business community includes such famous names as IBM, Applied Materials, Advanced Micro Devices, Samsung, 3M, Freescale, Tokyo Electron and others. We worked hard to get them here. The city, the counties, the region and the state government, community and business leaders rallied to attract these businesses. We are ready to do so again and the incentives available for investment and job creation are competitive with peer regions anywhere in the nation.

Tax Burden

Tax Burden, 2004

	Texas	United States
State and local taxes per capita, total	\$2,881	\$3,447
Property	1,254	1,086
Sales	1,320	1,230
Individual income	0	734
Corporate income	0	115
Other taxes	307	281
State and local taxes per \$1000 of personal income	99	110

State & Local Taxes Per Capita, 2004



Source: [U.S. Bureau of the Census](http://www.census.gov).

Franchise Tax Credit Programs

Research & Development

The 76th Texas Legislature passed SB 441 in 1999 establishing franchise tax credits for certain research and development expenditures. The credit is available to corporations making research and development expenditures for research conducted anywhere in the state. The credit is based on the firm's increase in research activities during the year compared to a base amount.

Five percent of qualified research expenses will be credited for tax reports due in 2002 and after. The amount of the company's credit may be as large as 50 percent of its franchise tax liability. Unused credits may be carried forward for a maximum of 20 years.

Additional credit is available for qualified research activities conducted in certain qualifying counties (see Strategic Investment Areas below).

Strategic Investment Areas

Businesses located in designated county "[strategic investment areas](#)" (SIA) may take advantage of certain capital investment, job creation, and enhanced research and development tax credits. The SIA designation permits firms engaged in manufacturing, warehousing, wholesale distribution, computer services or research to apply for job creation and investment credits, as well as the research credit bonus.

Based on their relative unemployment rate and per capita income, certain counties qualify as full-purpose SIAs. Additional areas of the state qualify as full-purpose SIAs based on their selection as Federal Urban Enterprise Communities. SIA designations are made annually. Presently, [Caldwell County](#) is the only metro county designated as an SIA and it is a full-purpose SIA.

Research Credit

The research and development tax credit (see section above) is doubled for qualified research activities conducted in designated SIAs.

Job Creation Credit

Companies that create jobs in certain counties may qualify for a job creation credit equal to 5 percent of the wages paid to workers holding those jobs. The credit is 5 percent a year for five years beginning with the year the jobs are created.

To qualify, a corporation must create at least 10 new full-time jobs, pay at least 110 percent of the county's average weekly wage, pay health benefits and be engaged in manufacturing, warehousing, wholesale distribution, computer services or research.

The credit is limited to 50 percent of the firm's tax liability in the year that the credit is claimed. Unclaimed credits may be carried forward for a maximum of five years.

Investment Credit

Corporations that invest at least \$500,000 in machinery and equipment can qualify for a franchise tax credit equal to 7.5 percent of that investment. The credit is available in five equal installments over five years. The investment must be located in qualifying counties and in the industries listed for the job creation credit.

This credit, too, is limited to 50 percent of the firm's tax liability, and any unclaimed credits may be carried forward for a maximum of five years.

Child Care Programs

There are two franchise tax credits related to [day-care and after-school-care programs](#). Eligible corporations may take advantage of these credits for qualifying expenditures made in Texas on or after January 1, 2000.

To be eligible for these credits, a corporation must make certain qualifying expenditures for child-care in Texas during the period upon which the tax is based. "Expenditure" means a direct contribution, donation, gift, or payment, but does not include an indirect contribution, gift, or payment. Qualifying expenditures include amounts paid to establish or operate a care center or program primarily to provide care for the children of employees of the corporation or of the corporation and one or more other entities sharing the costs of establishing and operating the facility. Qualifying expenditures also include amounts paid to purchase child-care services provided to the children of the corporation's employees.

For day-care programs, the credit is the lesser of \$50,000 or 50 percent of qualifying expenditures, and the credit is limited to 90 percent of the tax due on the corporation's franchise tax report. For after-school-care programs, the credit is 30 percent of qualifying expenditures, and the credit is limited to 50 percent of the amount of net tax due after applying any other credits. A corporation may not carry forward any unused portion of the credits to future reports.

Property Tax Rule 9.105

The Texas Comptroller of Public Accounts offers a refund of state franchise and sales/use taxes paid by companies owning certain abated property. A company who meets the following three conditions may apply for a refund: (1) paid property taxes to a school district on property that is located in a reinvestment zone established under [Chapter 312](#), (2) is exempt in whole or in part from property tax imposed by a city or county under a tax abatement agreement established under Chapter 312 and (3) is not in a tax abatement agreement with a school district.

The refund is equal to the amount of property taxes that would not have been paid had the company entered into a school district abatement agreement with terms identical to the city or county abatement agreement, not to exceed the net state sales and use taxes and state franchise taxes paid or collected and remitted during that calendar year. The refund amount may also be limited by a statewide appropriation per year for this refund program.

Income Tax

Texas has no personal income tax, nor does Texas have a corporate income tax. Our [corporate franchise tax](#), however, does have a component based on earned surplus. Earned surplus is essentially federal net taxable income plus compensation paid to corporate officers and directors if the corporation has more than 35 shareholders. The tax is effectively the greater of 4.5% of earned surplus apportioned to the state under a single-factor gross receipts test or 0.25% of taxable capital.

In 2008, Texas will replace its franchise tax with a "Margins Tax," a tax of 1% (retailers' and wholesalers' rate will be 0.5%) on gross receipts less (taxpayer's choice of) compensation or the cost of goods sold. Sole proprietorships and general partnerships are exempt. Businesses are also exempt if revenues are under \$300,000.

Corporate Franchise Tax

The [franchise tax](#) is a business privilege tax assessed by the State of Texas and is applicable to all corporations operating in the state. The tax is effectively the greater of 0.25 percent of **taxable capital** or

4.50 percent of **earned surplus** apportioned to the state under a single-factor gross receipts test. **Taxable capital** is a corporation's stated capital (capital stock) plus surplus. Surplus means the net assets of a corporation minus its stated capital. For a limited liability company, surplus means the net assets of the company minus its members' contributions. Taxable capital is apportioned using a single gross receipts factor.

Earned surplus basically includes the corporation's federal net taxable income, plus compensation paid to officers and directors of the corporation. S corporations and corporations with fewer than 36 shareholders are generally exempt from the compensation add-back. For the earned surplus calculation, unitary income is apportioned using a single gross receipts factor. In addition, non-unitary income is allocated to Texas if Texas is the corporation's commercial domicile.

Many tax-planning opportunities exist to reduce the franchise tax liability. There is no minimum tax, and no taxes are due on liabilities of less than \$100.

In 2008, Texas will replace its franchise tax with a "Margins Tax," a tax of 1% (retailers' and wholesalers' rate will be 0.5%) on gross receipts less (taxpayer's choice of) compensation or the cost of goods sold. Sole proprietorships and general partnerships are exempt. Businesses are also exempt if revenues are under \$300,000.

Property Tax

Local governments and special taxing districts levy taxes on real and tangible personal property. Texas has no state property tax. All property is appraised at full market value, and taxes are assessed by local county assessors on 100 percent of appraised value. The total tax rate is the sum of the rates of all applicable taxing units including cities, counties, schools, and special districts.

Local governments have the option to exempt goods in transit (or "freeport goods") from ad valorem taxation. Freeport goods are inventories acquired or brought into the state by businesses and held for no more than 175 days before being shipped out of state. A number of jurisdictions in the Austin area have chosen to allow the exemption, which is irrevocable once in effect.

Property utilized for pollution control is exempt from ad valorem taxation.

Local governments can enter into agreements with businesses to abate local ad valorem taxes on real and personal property for up to 10 years.

2005 Property Tax Rates (%) in Selected Austin Metro Area Communities

City	County	County	City	School District	Community College	Other	Total
Austin	Travis	0.49930	0.44300	1.62300	0.09910		2.74230
Austin	Williamson	0.46616	0.44300	1.83341		0.03350	2.77607
Bastrop	Bastrop	0.51530	0.52770	1.72800		0.12300	2.89400
Cedar Park	Williamson	0.46616	0.51807	1.75000	0.09910	0.03350	2.86683
Elgin	Bastrop	0.51530	0.68660	1.85000		0.12300	3.17490
Georgetown	Williamson	0.46616	0.34626	1.75500		0.03350	2.60092

Hutto	Williamson	0.46616	0.49352	1.83330		0.13350	2.92648
Kyle	Hays	0.38440	0.27770	1.87630		0.16010	2.69850
Leander	Williamson	0.46616	0.54829	1.75000	0.09910	0.03350	2.89705
Lockhart	Caldwell	0.62970	0.61500	1.69000		0.03610	2.97080
Pflugerville	Travis	0.49930	0.63500	1.85000		0.17790	3.16220
Round Rock	Williamson	0.46616	0.37105	1.83341		0.03350	2.70412
San Marcos	Hays	0.38440	0.47100	1.83000		0.07100	2.75640
Taylor	Williamson	0.46616	0.78650	1.67000		0.03350	2.95616

Note: The totals in this table represent the "typical" property tax rates in each community. In practice, a range of rates may apply within a single community due to the boundaries of school and other special districts which do not align with municipal boundaries.

Source: County assessors or appraisal districts.

Sales & Use Tax

The state levies a sales and use tax of 6.25 percent on sales of tangible personal property and certain services. Cities, counties, and transit authorities may add to the sales tax rate up to a maximum combined state and local rate of 8.25 percent.

Texas grants sales and use tax exemptions on machinery and equipment utilized in the manufacturing process. Purchases of machinery and equipment, replacement parts, and accessories that have a useful life of more than six months, and that are used or consumed in the manufacturing, processing, fabricating, or repairing of tangible personal property for ultimate sale, are exempt from state and local sales and use tax.

Natural gas and electricity are exempt from sales taxes when sold to commercial businesses that are "predominantly" manufacturing.

Groceries and over-the-counter drugs and medicines, as well as prescription drugs, are exempt from sales tax.

2006 Sales & Use Tax Rates in Selected Metro Area Communities

City	County	State	County	City	Metro Transit Authority	Special Purpose District	Total
Austin	Travis	6.25%		1.00%	1.0%		8.25%
Austin	Williamson	6.25%		1.00%	1.0%		8.25%
Bastrop	Bastrop	6.25%	0.5%	1.50%			8.25%
Cedar Park	Williamson	6.25%		2.00%			8.25%
Elgin	Bastrop	6.25%	0.5%	1.50%			8.25%
Georgetown	Williamson	6.25%		2.00%			8.25%
Hutto	Williamson	6.25%		2.00%			8.25%
Kyle	Hays	6.25%		1.50%			8.25%
Leander	Williamson	6.25%		1.00%	1.0%		8.25%
Lockhart	Caldwell	6.25%	0.5%	1.50%			8.25%
Pflugerville	Travis	6.25%		1.50%		0.5%	8.25%

Round Rock	Williamson	6.25%		2.00%	8.25%
San Marcos	Hays	6.25%	0.5%	1.50%	8.25%
Taylor	Williamson	6.25%		2.00%	8.25%

Source: [Texas Comptroller of Public Accounts](#), January 2006.

Unemployment Insurance

Businesses that employ one or more individuals may be subject to the state unemployment tax. In 2006, new employers will pay 2.7 percent on the first \$9,000 of wages per employee. A minimum of six quarters is required to obtain an experience rating in order to determine an employer's revised rate. The [Texas Workforce Commission](#) indicates that the effective tax rate in 2006 ranges from a minimum of 0.4 percent to a maximum of 7.64 percent for experienced-rated accounts.

Workers' Compensation

Texas' workers' compensation is managed by the [Division of Workers Compensation](#) of the the [Texas Department of Insurance](#). Workers compensation is not mandatory in Texas.

The Texas Workers' Compensation Act limits a business' liability for job-related injuries if the employer has a workers' compensation policy from a licensed insurance carrier or has been certified to self-insure by the Texas Workers' Compensation Commission. Only companies specifically licensed to sell workers' compensation in Texas may legally offer such insurance. They may sell only the standard policy adopted by the Commissioner of Insurance.

Businesses without workers' compensation coverage including those with alternative coverage face unlimited liability if an employee is injured and can prove in court that the employer was negligent in any way.

The TDI publishes a [rate guide](#) to assist employers in comparison shopping for workers' compensation and employers' liability insurance in Texas. It identifies the rates filed by insurance carriers for Texas.

Legislation that became effective in 1992 requires insurance carriers to develop and file their own rates which has resulted in rates and rating plans varying from one insurance carrier to another. It is now to an employer's benefit to shop around for the most affordable coverage.

Texas employers are assigned one or more classifications based on the type of business. Each employee's payroll is then assigned to the appropriate classification. The total payroll for each classification is then multiplied by the insurer's filed rate for that classification (rate per \$100 payroll) to determine premium. The employer's basic premium is the sum of the individual classification premiums.

There are other factors that may be utilized to increase or decrease the employer's premium. An experience rating modifier that reflects the employer's past loss history may be applied to the premium. (The employer may be able to negotiate the experience modifier downward if they have improved loss ratios or implemented improved safety programs.) A schedule rating debit or credit may be applied to the premium depending on individual characteristics of the employer's business that may not be reflected in the rate. In addition, there are several optional rating plans such as deductibles or retrospective rating that are available to insureds that may reduce premiums.

Texas has adopted a [classification system](#) for workers' compensation and employers' liability insurance which

specifies approximately 400 classifications. All insurers must use the classifications contained in the Texas classification system. The Texas classifications may differ significantly from those used in other states. Insurance companies must use Texas classifications, but the rates for the individual classifications may differ from one company to another.

Texas publishes [basis of rate tables](#) which set out the relativities by classification which are the base rates for a majority of insurance carriers.

Property Tax Exemptions

Texas Economic Development Act

In 2001, the Texas Legislature passed HB 1200, creating [Tax Code Chapter 313](#), to encourage large-scale manufacturing, research and development, and renewable energy capital investment projects to the State of Texas. It requires companies to invest a specified amount of money to qualify for an eight-year reduction in property taxes (as long as the local school district elects to participate). The qualifying investment amount is determined on a sliding scale that begins at \$100 million for large urban areas and is reduced for areas with a lower tax base. Additional information on this incentive is provided by the [Comptroller of Public Accounts](#).

Property Tax Rule 9.105

The Texas Comptroller of Public Accounts offers a refund of state franchise and sales/use taxes paid by companies owning certain abated property. A company who meets the following three conditions may apply for a refund: (1) paid property taxes to a school district on property that is located in a reinvestment zone established under [Chapter 312](#), (2) is exempt in whole or in part from property tax imposed by a city or county under a tax abatement agreement established under Chapter 312 and (3) is not in a tax abatement agreement with a school district. The refund is equal to the amount of property taxes that would not have been paid had the company entered into a school district abatement agreement with terms identical to the city or county abatement agreement, not to exceed the net state sales and use taxes and state franchise taxes paid or collected and remitted during that calendar year. The refund amount may also be limited by a statewide appropriation per year for this refund program.

Reinvestment Zones

The designation of specified areas as "reinvestment zones" is a local economic development tool used by municipalities and counties throughout the state of Texas. Reinvestment zones have been used to stimulate local economies by attracting new companies and encouraging the growth of existing businesses. These zones can be created for the purpose of granting local businesses ad valorem property tax abatements on a portion of the value of real and/or tangible personal property located in the zone, for a period of up to 10 years. Special taxation entities having jurisdiction over a reinvestment zone may participate in executed abatement agreements; however, the special taxing districts may not designate reinvestment zones or initiate tax abatement agreements. Reinvestment zones are designated by local ordinance or resolution. Incorporated cities, counties and special districts are allowed to enter into tax abatement agreements. However, school districts no longer possess this ability.

The Comptroller of Public Accounts has responsibility for the state's [central registry of reinvestment zones](#).

Freeport Exemption

A community may choose to offer the Freeport exemption for various types of goods that are detained in

Texas for a short period of time. Freeport property includes goods, wares, merchandise, ores, and certain aircraft and aircraft parts. Freeport property qualifies for an exemption from ad valorem taxation only if it has been detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabricating. Freeport exemptions in the Austin area are noted in the [Local Incentive Programs](#) section. The Comptroller of Public Accounts also provides a [listing of taxing units that tax freeport property](#).

Pollution Control Equipment

A Texas constitutional amendment providing an exemption from property taxation for pollution control equipment was approved in 1993. The intent was to ensure that compliance with environmental mandates through capital investments did not result in an increase in a facility's property taxes. A facility must first receive a determination from the [Texas Commission on Environmental Quality](#) (TCEQ) that property is for pollution control purposes. That positive use determination is then provided to the local appraisal district, which must accept the TCEQ's decision and grant the property an exemption from property taxes. To be eligible for a positive use determination, the property must have been purchased, acquired, constructed, installed, replaced, or reconstructed after January 1, 1994 to meet or exceed federal, state, or local environmental laws, rules, or regulations.

Sales & Use Tax Exemptions

Manufacturing Machinery & Equipment

Leased or purchased machinery, equipment, replacement parts, and accessories that have a useful life of more than six months, and that are used or consumed in the manufacturing, processing, fabricating, or repairing of tangible personal property for ultimate sale, are exempt from state and local sales and use tax. Texas businesses are exempt from paying state sales and use tax on labor for constructing new facilities. Texas businesses are exempt from paying state sales and use tax on the purchase of machinery exclusively used in processing, packing, or marketing agricultural products by the original producer at a location operated by the original producer.

Natural Gas & Electricity

Texas companies are exempt from paying state sales and use tax on electricity and natural gas used in manufacturing, processing, or fabricating tangible personal property. The company must complete a "predominant use study" that shows that at least 50 percent of the electricity or natural gas consumed by the business directly causes a physical change to a product.

Property Tax Rule 9.105

The Texas Comptroller of Public Accounts offers a refund of state franchise and sales/use taxes paid by companies owning certain abated property. A company who meets the following three conditions may apply for a refund: (1) paid property taxes to a school district on property that is located in a reinvestment zone established under [Chapter 312](#), (2) is exempt in whole or in part from property tax imposed by a city or county under a tax abatement agreement established under Chapter 312 and (3) is not in a tax abatement agreement with a school district. The refund is equal to the amount of property taxes that would not have been paid had the company entered into a school district abatement agreement with terms identical to the city or county abatement agreement, not to exceed the net state sales and use taxes and state franchise taxes paid or collected and remitted during that calendar year. The refund amount may also be limited by a statewide appropriation per year for this refund program.

Enterprise Zones

The [Texas Enterprise Zone Program](#) also offers opportunities for sales and use tax refunds.

Training Programs

Skills Development Fund

The [Skills Development Fund](#) is an innovative program created to assist Texas public community and technical colleges to finance customized job training for their local businesses. The Fund was established by the Legislature in 1995 and is administered by the Texas Workforce Commission. Grants are provided to help companies and labor unions form partnerships with local community colleges and technical schools to provide custom job training. Average training costs are \$1,000 per trainee. However, the benefit may vary depending on the proposal.

Self-Sufficiency Fund

The [Self-Sufficiency Fund](#) is a job-training program that is specifically designed for individuals that receive Temporary Assistance for Needy Families (TANF). The program links the business community with local educational institutions and is administered by the Texas Workforce Commission. The goal of the Fund is to assist TANF recipients to become independent of government financial assistance. The Fund makes grants available to eligible public colleges or to eligible private, non-profit organizations to provide customized job training and training support services for specific employers. A joint application from the employer and the eligible public college and/or eligible private, non-profit organization is required to be submitted to the Local Workforce Development Board for review and comment prior to approval.

Financing Programs

Texas Enterprise Fund

The [Texas Enterprise Fund](#) was established in 2003 (and reauthorized in 2005) to allow the state to respond quickly and aggressively to opportunities to bring jobs and employers to Texas. The funds are used primarily to attract new business to the state or assist with the substantial expansion of an existing business as part of a competitive recruitment situation. Funds are also appropriated for a variety of economic development projects, including infrastructure development, community development, job training programs and business incentives, as well as to attract technology and biotechnology businesses and support university research.

To be eligible for Texas Enterprise Fund support, a project must demonstrate a significant return on the state's investment and strong local support. The review process will consider a variety of factors associated with each project, including job creation and wages, capital investment, the financial strength of the applicant, the applicant's business history, analysis of the relevant business sector, and public and private sector financial support. Before funds can be awarded, the Governor, Lieutenant Governor and Speaker must unanimously agree to support the use of the Texas Enterprise Fund for each specific project.

Emerging Technology Fund

Legislation signed June 13, 2005 created the Emerging Technology Fund. The Fund provides grants intended to improve research at Texas universities, help start-up technology firms get off the ground, and move inventions out of the lab and into the hands of consumers faster.

The Emerging Technology Fund will include three major areas of investment:

- Increasing research collaboration between public and private sector entities to develop new Regional Centers of Innovation and Commercialization where the seeds of an idea can take root in a university lab and eventually grow into a new product marketed by a new firm.
- Matching research grants provided by both federal and private sponsors to help innovators acquire the capital they need to bring their idea to life.
- Attracting more top-notch research teams from other universities around the nation that will help put Texas universities on the cutting edge of technology research and development.

Emerging technology projects are eligible for funding if they will result in the creation of high quality new jobs in Texas or have the potential to result in a medical or scientific breakthrough. Emerging technology is defined as (but may not be limited to): semiconductors, information, computer software technology, energy, manufactured energy systems, micro-electro mechanical systems, nanotechnology, biotechnology, aerospace and defense, medicine, life sciences, petroleum refining and chemical processes.

Texas Capital Fund

The [Texas Capital Fund](#) consists of programs administered by the Texas Department of Agriculture that are designed to promote growth in rural non-entitlement areas generally defined as cities with fewer than 50,000 residents or counties with less than 200,000 residents. Awards are made through eligible cities and counties to assist businesses that employ low- to moderate-income persons.

Infrastructure Development Program

This program promotes economic development in rural areas by providing financial incentives to assist businesses wishing to locate or expand in their communities. Funds may be used for construction and/or improvements of public infrastructure (water, sewer, roads, etc.). Minimum and maximum awards are \$50,000 and \$750,000, respectively. Awards may not exceed 50 percent of the total project cost.

Real Estate Development Program

This program promotes economic development in rural areas by providing financial incentives to assist businesses wishing to locate or expand in their communities. Funds may be used to acquire, construct, or rehabilitate real estate to support a for-profit or a non-profit entity willing to commit to creating or retaining permanent jobs primarily for low or moderate income persons. Minimum and maximum awards are \$50,000 and \$750,000, respectively. Awards may not exceed 50 percent of the total project cost.

Texas Leverage Fund

The [Texas Leverage Fund](#) (TLF) is an "economic development bank" offering added sources of financing to communities that have adopted the economic development sales tax. The TLF allows communities to leverage future sales tax revenues to support job retention or creation. The Fund may be used to provide financing to local businesses for industry expansion or recruitment, industrial parks establishment, or certain community project financing.

Texas Economic Development & Tourism may loan funds directly to a local Industrial Development Corporation (IDC) to finance the costs of eligible projects. Examples of eligible costs include land, buildings, machinery and equipment for manufacturing and industrial operations.

Future sales tax revenues serve as collateral for loan repayment and sales tax revenues pledged by the IDC need only be sufficient to cover projected annual debt service as specified in the TLF program guidelines. Pledged tax collections not needed for actual debt service are available for other projects. This allows cities to leverage their economic development sales tax and to pursue additional projects.

Bond Programs

Industrial Revenue Bonds

The State of Texas [Industrial Revenue Bond Program](#) allows local industrial development corporations to issue tax-exempt or taxable bonds to finance land and depreciable property for eligible industrial or manufacturing projects. Eligible project costs include the acquisition by a business of an existing facility, acquisition of land, construction of new facilities, machinery, tools, equipment, and a limited amount of the bond issuance costs. The IDC acts as a conduit through which monies are channeled. Generally, bond debt service is paid by the business under the terms of a lease, sale or loan agreement. As such, it does not constitute a debt or obligation of the governmental unit, the IDC or the State of Texas. The maximum bond amount is \$10,000,000 for tax-exempt issues. Tax-exempt bonds must secure a place under the state's private activity bond volume cap administered by the [Texas Bond Review Board](#).

Sales Tax Bonds

Sales tax bonds are available to cities that have passed the local sales and use tax for economic development. These can be taxable or tax-exempt bonds, depending on the type of project and business. Issues are primarily for manufacturing or industrial projects, but can also be issued for commercial, recreational, infrastructure, and other types of projects. Bonds that utilize economic development sales tax as collateral may not be issued for projects that fall outside the guidelines as set forth in Section 4A and/or 4B of the Development Corporation Act of 1979. This type of bond does not have a limitation as to the amount and may not require a portion of the volume cap. These bonds do not require approval by Economic Development & Tourism. Bonds are secured and repaid by proceeds from the Economic Development Sales and Use Tax collected by the city. These issues must be approved by the Attorney General's Office.

Exempt-Facility Bonds

Bonds can be issued to finance certain facilities such as airports, dock and wharf facilities, mass commuting facilities, high-speed inter-rail facilities, or certain qualified hazardous waste facilities (including certain training and storage facilities). There is no limit on the amount of the issue and these issues do not require a reservation under the volume cap. Although the facility must be governmentally owned, it may be leased or subject to management contracts with the business. Other types of exempt bonds include projects for water, sewage and solid waste facilities, facilities for the local furnishing of electricity or gas, or local district heating or cooling facilities. These types of exempt-facility issues must reserve a portion of the volume cap. Exempt facility bonds that are not governmentally owned may reserve up to \$25 million in tax-exempt volume cap allocation each year, however, there is no restriction to project size.

Texas Capital Access Program

The [Texas Capital Access Program](#) was established to increase the availability of financing for businesses and non-profit organizations that face barriers in accessing capital. It encourages financial institutions to support businesses that do not meet the requirements of conventional loans, lack sufficient collateral to qualify for conventional financing, or do not meet other business requirements. Eligible borrowers must be either a small or medium-size business with less than 500 employees, a non-profit organization, or domiciled in this state or having at least 51 percent of its employees located in this state. The proceeds may be used for working capital or the purchase, construction, or lease of capital assets, which include buildings and equipment. **Linked Deposit Program**

The [Linked Deposit Program](#) was established to encourage lending to historically underutilized businesses, childcare providers, nonprofit corporations and/or small businesses located in an enterprise zone. This program offers lenders and borrowers a lower cost of capital. Participating lenders pay a lower interest rate on the linked deposit received from the State. Loan amounts range from \$10,000 to \$250,000. Eligible businesses may use the proceeds of a Linked Deposit loan for a variety of needs, including working capital, and the purchase, construction or lease of capital assets, which include land, buildings and equipment. Loans to start-up businesses are permissible, subject to the lender's normal credit evaluation.

Section 108 Guaranteed Funds

Communities may access the [Section 108 program](#) through the U.S. Department of Housing and Urban Development (HUD). The program allows communities the ability to borrow funds guaranteed by Section 108

through pledging their current and future Community Development Block Grant (CDBG) allocations (up to the loan amount) as security for the loan. HUD provides additional security for the loan (as a loan-loss reserve or debt-service) to reduce the exposure of a community's CDBG funds. [Economic Development Initiative](#) provides grants to local governments that can be used to enhance both the security of loans guaranteed through the Economic Development Loan Fund and the feasibility of the large economic development and revitalization projects they finance. The guaranteed amount may be extended up to five times a community's most recent CDBG allocation. Eligible activities include property acquisition, rehabilitation of publicly owned property, economic development activities, installation of public facilities, and other site improvements.

Economic Development Sales Tax Corporations

Voters in Texas cities have the option of imposing a local sales and use tax to help finance economic development efforts. Cities may adopt an [economic development sales tax](#) under Section 4A or Section 4B of the Development Corporation Act of 1979. An economic development sales tax rate of 1/8, 1/4, 3/8 or 1/2 of 1 percent is permitted if the new total rate of all local sales and use taxes would not exceed 2 percent. Cities may limit the duration of the tax and the use of the funds.

All cities located in a county with a population of less than 500,000 may impose the tax under 4A. Some cities located in counties with a population of 500,000 or more also may use 4A for economic development efforts but a city's eligibility varies from county to county. All cities are eligible to adopt the 4B tax.

The 4A tax is primarily intended for manufacturing and industrial development, and cities may use the money raised by this sales tax to acquire land, buildings, equipment, facilities, expenditures, targeted infrastructure and improvements for purposes related to:

- manufacturing and industrial facilities, recycling facilities, distribution centers, small warehouse facilities
- research and development facilities, regional or national corporate headquarters facilities, primary job training facilities for use by institutions of higher education, job training classes
- a general aviation business service airport that is an integral part of an industrial park
- certain infrastructure improvements which promote or develop new or expanded business enterprises
- port-related facilities to support waterborne commerce
- maintenance and operating costs associated with projects

The 4B tax provides cities with a wider range of uses for the tax revenues because it is intended to give communities an opportunity to undertake a project for quality of life improvements, including economic development that will attract and retain primary employers. Revenues from a 4B tax can be applied to the same uses as 4A revenues, and also for an array of other community needs ranging from athletic facilities to affordable housing. Communities that adopt the 4B tax instead of the 4A must hold public hearings and adhere to waiting provisions that do not apply to 4A-funded projects.

The Comptroller of Public Accounts identifies 4A and 4B Development Corporations in its [list of cities that have adopted additional local sales and use taxes](#). Within the Austin metro, Hutto and Taylor have 4A Development Corporations and Bastrop, Elgin, Lockhart, Pflugerville, and Round Rock have 4B Development Corporations. Cedar Park has both 4A and 4B Development Corporations.

Chapter 380 Financing

Chapter 380 of the [Local Government Code](#) provides legislative authority for Texas municipalities to provide a grant or a loan of city funds or services in order to promote economic development. Cities have utilized the provisions under this law to provide a wide array of incentives that have drawn businesses and industries to locales throughout Texas. This statute basically provides for loans and grants of city funds, as well as the use of city staff, city facilities, or city services at minimal or no charge. Whether a city provides any such incentive is completely discretionary. The provision of grants and loans should be used with caution and with attention to necessary safeguards.

Tax Increment Financing

Tax increment financing (TIF) is a tool that local governments can use to publicly finance needed structural improvements and enhanced infrastructure within a defined area. These improvements usually are undertaken to promote the viability of existing businesses and to attract new commercial enterprises to the area. The statutes governing TIF are located in [Chapter 311](#) of the [Texas Tax Code](#).

The cost of improvements to the area is repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. Specifically, each taxing unit can choose to dedicate all, a portion of, or none of the tax revenue that is attributable to the increase in property values due to the improvements within the reinvestment zone. The additional tax revenue that is received from the affected properties is referred to as the tax increment. Each taxing unit determines what percentage of its tax increment, if any, it will commit to repayment of the cost of financing the public improvements.

TIF may be initiated only by a city. If a property is located outside of the city limits (within the city's extraterritorial jurisdiction or beyond), it is not eligible for TIF. Once a city has initiated TIF, counties, school districts, and special districts are allowed to consider participating in the TIF agreement.

County Development District Tax

The Texas Legislature has recognized that it is sometimes advantageous to pursue economic development at the county level. The County Development District Act provides counties that have a population of less than 400,000 with a means to generate sales tax funds for local economic development and tourism-related projects. Such districts are initiated by a petition of landowners in the proposed district. Upon approval of the petition by the county, an election is called to gain the voters' consent to the creation of the district and to levy a sales tax to fund district projects. A county development district may acquire or dispose of the same sorts of projects and pay the same sorts of costs as a 4B economic development corporation. The statutes governing the creation and administration of county development districts are found in Chapter 383 of the [Local Government Code](#).

A county development district has broad authority to establish projects related to economic development and promotion of tourism in the district. Unlike economic development corporations, which are ultimately overseen by the city's or county's governing body, Texas law does not require a county development district to get approval from the county before it commits to various projects or expenditures.

Rural Municipal Finance Program

The [Rural Municipal Finance Program](#) was created by the Texas Agricultural Finance Authority (TAFA) to provide financial assistance to businesses and governmental entities located in the state's rural regions. Applicants must be located in a rural area, provide economic benefits for rural area, show evidence of creation or retention of employment, and prove their ability to repay the loan. The program provides financial assistance through guarantees, loan participations and direct loans in certain circumstances to enhance and diversify the state's rural economic development efforts.

International Trade Incentives

The state's [Office of International Business](#) (OIB) works with a variety of entities to ensure that Texas companies are represented abroad. It helps Texas companies expand into foreign markets. The OIB gives Texas companies the opportunity to promote their products and services to international buyers and partners through trade missions, trade shows, seminars and inbound buyer missions. It also connects companies with trade counseling and training programs.

OIB services include:

- Trade missions and trade shows
- Trade lead distribution
- Texas International Center
- Export counseling
- International Small Business Development Centers ([Austin's](#))
- Export Assistance Centers
- [State of Texas Office in Mexico](#)
- Partnerships with the U.S. Department of Commerce's International Trade Administration, Japan External Trade Organization, Saskatchewan Trade and Export Partnership and other organizations

The [International Center of Austin](#) is a public/private partnership facilitating business, education and cultural opportunities between Austin and the rest of the world. The International Center of Austin supports economic development and the promotion of local businesses on a global scale. With the support of top-level professionals from a wide variety of internationally-focused industries across the region, the ICA is creating synergy, facilitating commerce, advising civic leaders, and fostering healthy collaboration. ICA encourages local companies to grow their sales internationally, and promotes Austin to international corporations looking to establish a U.S. presence. The end result is new development, collaborative business models and the creation of new jobs.

Foreign Trade Zones

A Foreign Trade Zone (FTZ) is a geographic area within the U.S. where foreign and domestic merchandise are considered to be within the realm of international commerce and as such, not within U.S. Customs territory. Any foreign or domestic merchandise not otherwise prohibited by law may be stored in a FTZ for an unlimited period of time. This allows merchandise to be stored duty-free indefinitely while waiting for receptive markets and favorable sales opportunities.

Central Texas currently has approximately 1,390 acres included in nine different Foreign Trade Zones. These sites are located in Austin, Georgetown, Round Rock and San Marcos. Each site has excellent access to ground transportation and is located within one hour driving distance from Austin. Most of the acreage has direct access to Interstate 35, which is the major north/south artery in Texas and the United States.

Utility Incentives

Area municipal utilities and cooperatives may offer financial incentives to qualifying customers. These economic development riders and business incentive plans are designed to encourage industrial and commercial development by providing additional start-up cost savings to large users of natural gas and electricity. Utility cost reductions can also be a benefit of Enterprise Zone projects.

[Austin Energy](#), serving customers in the City of Austin, offers customers the option to select a portion of their electricity from clean, renewable or "green" energy sources through its [GreenChoice](#) program. GreenChoice customers receive a fixed GreenChoice charge over a long term that replaces the variable fuel charge tied to fuels that are subject to market volatility, like natural gas. Austin Energy has the number one green power

program in the country, with sales double the amount sold by the second and third place programs combined. Green building design consulting and commercial energy management services are provided free to customers. Companies may also qualify for conservation rebates or low-interest loans.

Local Incentive Programs

Austin, Bastrop, Cedar Park, Elgin, Georgetown, & Hutto Local Incentive Programs

	Austin	Bastrop	Cedar Park	Elgin	Georgetown	Hutto
	Travis & Williamson Counties	Bastrop County	Williamson & Travis Counties	Bastrop County	Williamson County	Williamson County
Tax abatement	Yes	Yes	Yes	Yes	Yes	Yes
Enterprise zone	Yes	Yes	No	Yes	Yes	No
Expedited development process	Yes	Yes	Yes	Yes	Yes	Yes
Fee waivers or reductions	No	Yes	Yes	Yes	Yes	Yes
Financing programs	Yes	Yes	Yes	Yes	Yes	Yes
Foreign trade zones	Yes	No	No	No	Yes	No
Freeport exemption	City	Yes	Yes	No	Yes	Yes
	County	Yes	Yes	No	No	No
	School	No	Yes	No	No	No
Industrial foundation	No	Yes	No	Yes	No	No
Reinvestment zone	No	Yes	No	Yes	No	In process
Training programs	Yes	Yes	Yes	Yes	Yes	Yes
Public utility incentives	Yes	No	Yes	Yes	Yes	Yes

Leander, Lockhart, Pflugerville, Round Rock, San Marcos, & Taylor Local Incentive Programs

	Leander	Lockhart	Pflugerville	Round Rock	San Marcos	Taylor
	Williamson County	Caldwell County	Travis County	Williamson & Travis Counties	Hays County	Williamson County
Tax abatement	Yes	Yes	Yes	Yes	Yes	Yes
Enterprise zone	No	Yes	No	No	No	Yes
Expedited development process	Yes	Yes	Yes	Yes	Yes	Yes
Fee waivers or reductions	Yes	Yes	Yes	Yes	Yes	Yes
Financing programs	Yes	Yes	Yes	No	Yes	Yes
Foreign trade zones	No	Planned	Eligible	Yes	Yes	No
Freeport exemption	City	Yes	In process	No	Yes	No
	County	No	No	Yes	No	No
	School	No	No	Yes	No	No
Industrial foundation	Yes	Yes	In process	No	Yes	Yes
Reinvestment zone	Yes	Yes	No	No	In process	Yes
Training programs	Yes	Yes	Yes	Yes	Yes	Yes

Public utility incentives	Yes	Yes	Yes	Yes	Yes	Yes
---------------------------	-----	-----	-----	-----	-----	-----

Relocation Assistance

The [Economic Development staff](#) of the Greater Austin Chamber of Commerce can provide ongoing assistance to relocating companies from initial inquiry to full employment. The Economic Development Division staff may provide hiring assistance by collecting resumes, assisting in the production of job fairs, and working with area employment agencies to facilitate hiring for new and existing companies. Chamber staff can also act as an area-wide resource for:

- Community presentations
- Initial interface with company employees
- Spousal employment assistance
- Residential real estate brokers/tours
- Special mortgage and banking programs
- Child care/elder care
- Cultural acclimation

Travis County

Travis County, with the area's largest population, has experienced much of the region's job growth over the past decade. [Austin](#) offers a vibrant, urban environment and is home to many of the region's technology-based companies, government offices and five colleges and universities. [Pflugerville](#), a rapidly growing community north of Austin, is the county's second largest city.

	Travis County	Austin MSA
Population 2005	888,185	1,452,529
Population growth 1995-2005	27.6%	40.8%
Land area (sq. mi.) 2000	989	4,224
Households 2004	381,542	573,921
Homeownership rate 2000	51.4%	58.2%
Median age 2000	30.4	30.9
High school grads 2000	84.7%	84.8%
College grads 2000	40.6%	36.7%
Labor force 2005	511,445	805,825
Unemployment rate 2005	4.4%	4.3%
Public school enrollment 2004	125,807	243,438
High school graduates 2003	6,265	12,962
Median household income 2005	\$44,141	\$46,248
Percapita income 2005	\$23,601	\$22,372
Retail sales 2005 (000s)	\$31,715,595	\$38,848,547
Business 2005	Firms	22,152
	Employment	527,077
	Avg. weekly wage	\$882
		30,312
		687,133
		\$839

Mfg. business 2005	Firms	792	1,265
	Employment	45,181	57,222
	Avg. weekly wage	\$1,677	\$1,516
Largest cities		Austin	Austin
		Pflugerville	Round Rock
		Lakeway	San Marcos
		Lago Vista	Cedar Park
		West Lake Hills	Georgetown
		The Hills	Pflugerville
Largest school districts		Austin	Austin
		Pflugerville	Round Rock
		Eanes	Leander
		Del Valle	Pflugerville
			Georgetown
			Hays

Sources: Claritas/TradeDimensions for income and retail sales; [Texas Workforce Commission](#) for labor force, unemployment, businesses, employees, and wages; [Texas Education Agency](#) for public school enrollment and graduates; and [U.S. Bureau of the Census](#) for all other data.

Williamson County

Williamson County is the 12th fastest growing county in the nation having doubled its population over the past decade. It has also experienced explosive growth in commercial and residential development. Dell Inc., headquartered in [Round Rock](#), is the world's largest computer systems company. [Southwestern University](#), often ranked in national listings as providing one of the best values in undergraduate education, is located in [Georgetown](#). Other fast growing communities in Williamson County include [Cedar Park](#), [Hutto](#), [Leander](#), and [Taylor](#).

	Williamson County	Austin MSA	
Population 2005	333,457	1,452,529	
Population growth 1995-2005	83.6%	40.8%	
Land area (sq. mi.) 2000	1,123	4,224	
Households 2004	113,274	573,921	
Homeownership rate 2000	74.2%	58.2%	
Median age 2000	32.3	30.9	
High school grads 2000	88.8%	84.8%	
College grads 2000	33.6%	36.7%	
Labor force 2005	177,106	805,825	
Unemployment rate 2005	4.0%	4.3%	
Public school enrollment 2004	243,438	243,438	
High school graduates 2003	12,962	12,962	
Median household income 2005	\$54,925	\$46,248	
Percapita income 2005	\$22,403	\$22,372	
Retail sales 2005 (000s)	\$4,418,379	\$38,848,547	
Business 2005	Firms	5,263	30,312
	Employment	100,740	687,133
	Avg. weekly wage	\$793	\$839

Mfg. business 2005	Firms	281	1,265
	Employment	7,130	57,222
	Avg. weekly wage	\$1,008	\$1,516
Largest cities		Round Rock	Austin
		Cedar Park	Round Rock
		Georgetown	San Marcos
		Taylor	Cedar Park
		Leander	Georgetown
		Austin	Pflugerville
		Hutto	
Largest school districts		Round Rock	Austin
		Leander	Round Rock
		Georgetown	Leander
		Taylor	Pflugerville
			Georgetown
		Hays	

Sources: Claritas/TradeDimensions for income and retail sales; [Texas Workforce Commission](#) for labor force, unemployment, businesses, employees, and wages; [Texas Education Agency](#) for public school enrollment and graduates; and [U.S. Bureau of the Census](#) for all other data.

Austin

In 1838, Mirabeau B. Lamar, sent to scout for a site for the capital of the new Republic of Texas, described the site on the Colorado River as "the seat of a future empire." Austin became the capital of the Republic and then capital of the state of Texas. It has become not only the seat of political and governmental power, but the center of a knowledge empire.

The site of [The University of Texas at Austin](#), a world-class research institution and the largest university in the nation, Austin is known for its highly educated workforce and its high degree of creativity. It is a technology center that such industry giants as Dell, AMD, 3M, IBM, Samsung Austin Semiconductor and National Instruments call home.

That site on the Colorado has proved hospitable to its 672,011 residents, who can enjoy the Hill Country scenery with the fast-running creeks, lakes and spring-fed swimming holes. Named "the Live Music Capital of the World", Austin boasts more than 120 live music venues and a host of other cultural attractions.

	Austin	Travis County	Austin MSA
Population 2005	690,252	888,185	1,452,529
Population growth 1995-2005	24.3%	27.6%	40.8%
Land area (sq. mi.) 2000	251.52	989	4,224
Households 2004	—	381,542	573,921
Homeownership rate 2000	44.8%	51.4%	58.2%
Median age 2000	29.6	30.4	30.9
High school grads 2000	83.4%	84.7%	84.8%
College grads 2000	40.4%	40.6%	36.7%

Labor force 2005		404,479	511,445	805,825
Unemployment rate 2005		4.4%	4.4%	4.3%
Public school enrollment 2004		—	125,807	243,438
High school graduates 2003		—	6,265	12,962
Median household income 2005		—	\$44,141	\$46,248
Percapita income 2005		—	\$23,601	\$22,372
Retail sales 2005 (000s)		—	\$31,715,595	\$38,848,547
Business 2005	Firms	—	22,152	30,312
	Employment	—	527,077	687,133
	Avg. weekly wage	—	\$882	\$839
Mfg. business 2005	Firms	—	792	1,265
	Employment	—	45,181	57,222
	Avg. weekly wage	—	\$1,677	\$1,516

Sources: Claritas/TradeDimensions for income and retail sales; [Texas Workforce Commission](#) or [U.S. Bureau of Labor Statistics](#) for labor force, unemployment, businesses, employees, and wages; [Texas Education Agency](#) for public school enrollment and graduates; and [U.S. Bureau of the Census](#) for all other data.

Round Rock

Round Rock is on I-35 just 15 minutes north of downtown Austin and 20 miles from Austin-Bergstrom International Airport. Round Rock's pro-business climate, supportive city government and industry partnerships make it a perfect place for companies to call home.

A leader in industry and commerce

The city's property tax and utility rates are among the lowest in Texas. And Round Rock has a proven track record for getting companies located and producing product in record time—a fact appreciated by Dell Inc., the world's largest producer of personal computers, with its corporate offices and assembly operations in Round Rock.

Focused on education and quality life style

The [Round Rock Independent School District](#) is one of the state's best with a number of exemplary and blue ribbon schools. This is a community that plays host to a year-round calendar of amateur and recreational sports, from soccer tournaments to track meets. The popular AA Minor League Baseball team, the [Round Rock Express](#), attracts fans from all over Central Texas to the modern Dell Diamond complex. With 34 parks, four golf courses and three area lakes, you could say there's never a dull moment in Round Rock.

	Round Rock	Williamson County	Austin MSA
Population 2005	86,316	333,457	1,452,529
Population growth 1995-2005	83.0%	83.6%	40.8%
Land area (sq. mi.) 2000	26.14	1,123	4,224
Households 2004	—	113,274	573,921
Homeownership rate 2000	65.3%	74.2%	58.2%
Median age 2000	30.1	32.3	30.9
High school grads 2000	89.6%	88.8%	84.8%
College grads 2000	32.9%	33.6%	36.7%

Labor force 2005		46,177	177,106	805,825
Unemployment rate 2005		3.6%	4.0%	4.3%
Public school enrollment 2004		—	243,438	243,438
High school graduates 2003		—	12,962	12,962
Median household income 2005		—	\$54,925	\$46,248
Percapita income 2005		—	\$22,403	\$22,372
Retail sales 2005 (000s)		—	\$4,418,379	\$38,848,547
Business 2005	Firms	—	5,263	30,312
	Employment	—	100,740	687,133
	Avg. weekly wage	—	\$793	\$839
Mfg. business 2005	Firms	—	281	1,265
	Employment	—	7,130	57,222
	Avg. weekly wage	—	\$1,008	\$1,516

Sources: Claritas/TradeDimensions for income and retail sales; [Texas Workforce Commission](#) or [U.S. Bureau of Labor Statistics](#) for labor force, unemployment, businesses, employees, and wages; [Texas Education Agency](#) for public school enrollment and graduates; and [U.S. Bureau of the Census](#) for all other data.

Port Access

Austin is within 250 miles of 4 of the top 10* U.S. ports:

2. [Houston](#) (175 miles via I-10, BNSF, UP)
4. [Beaumont](#) (250 miles via I-10, BNSF, UP)
6. [Corpus Christi](#) (219 miles via I-35, UP)
9. [Texas City](#) (207 miles via I-10, BNSF, UP)

*Ranked by 2004 total tons of foreign and domestic commerce ([U.S. Corps of Engineers](#)).

Texas Enterprise Zone Program

The Texas [Enterprise Zone Program](#) is an economic development tool for local communities to partner with the State of Texas to promote job creation and capital investment in economically distressed areas of the state.

Designated projects are eligible to apply for state sales and use tax refunds on qualified expenditures. Qualified expenditures include building materials, machinery and equipment, electricity, gas and tangible property purchased and consumed in the normal course of business, and taxable services.

The level and amount of refund is related to the capital investment and jobs created at the qualified business site. In addition, local communities must offer incentives to participants under the enterprise zone program, such as tax abatement, tax increment financing, one-stop permitting, and other incentives developed by participating communities.

Local communities must nominate a company as an Enterprise Project to be eligible to participate in the Enterprise Zone Program. Legislation limits the number of projects that can be designated per biennium. The state accepts applications quarterly with deadlines on the first working day of March, June, September and December.

Communities may nominate projects for a designation period up to five years, non-inclusive of a 90-day window prior to the application deadline. Employment and capital investment commitments must be incurred and met within this timeframe.

Projects may be physically located in or outside of an Enterprise Zone:

- If located within a zone, the company commits that at least 25% of their new employees will meet economically disadvantaged or enterprise zone residence requirements.
- If located outside of a zone, the company commits that at least 35% of their new employees will meet economically disadvantaged or enterprise zone residency requirements.

Under limited statutory provisions, an enterprise project designation may be granted for job retention.

Enterprise Zones exist in all five of the Austin metropolitan area's counties ([map](#)).

State Benefits to Participation

Level of capital investment	Maximum number of jobs allocated	Maximum potential refund	Maximum refund per job allocated
\$40,000 to \$399,999	10	\$25,000	\$2,500
\$400,000 to \$999,999	25	\$62,500	\$2,500
\$1,000,000 to \$4,999,999	125	\$312,500	\$2,500
\$5,000,000 to \$149,999,999	500	\$1,250,000	\$2,500
\$150,000,000 to \$249,999,999 ("Double Jumbo Project")	500	\$2,500,000	\$5,000
\$250,000,000 or more ("Triple Jumbo Project")	500	\$3,750,000	\$7,500