



Volume 39, Number 38

January 5, 2018

Dear Client:

The final official 2017 tally won't be released for a few more weeks, but after 11 months it is clear the 2016 record number of travelers through Austin-Bergstrom International Airport (ABIA) will be shattered. In fact, the 2017 number will easily exceed 13 million passengers in the airport that was designed to handle 11 million. If the 10+% annual increase continues, it's time to examine the status of expansion plans at ABIA.

ABIA officials reported this week that, through November 2017, **“the annual passenger mark stands at 12.6 million passengers flying Austin.”** The total in November was 1,229,791 – up 15% compared to the same month the year before. And the 11-month cumulative was up 11%, to 12,698,792. All signs point to a continuation of significant increased traffic through 2018.

Recent ABIA users have noticed quite a bit of construction activity during the past year. **But, will the planned increased capacity be complete in time to handle the growing demand?** Start with the fact that the pace is behind the curve as we speak –there are already 2 million more passengers than originally anticipated. So the answer is “yes” for certain areas of expansion, and “no” for other areas.

Additional parking capacity in the form of a new 6,000-space parking garage is on schedule to be completed this year. This will be a big help. You can track the availability of parking at www.abiaparking.com.

The biggie though will be the completion of **nine more gates at the east end of the current Barbara Jordan Terminal**, at a total cost of almost \$400 million. This will increase the number of gates with boarding bridges from 24 to 33, but **they won't be completed until 2019.**

Yeah, but. Will this just be a “catch-up?” What about future growth? ABIA officials say **“the expansion project will increase the airport's capacity to 15 million passengers annually.”** Okay, this is all well and good. But, when do the airport folks anticipate that level of passenger traffic will be reached? “At least 2025,” is their projection – seven years from now. We'll see.

There's more work underway. The expansion includes the **replacement of three existing gates.** All gates will be able to accommodate domestic airline operations. **Four gates will accommodate international flights.** You get the picture. It's a scramble to handle demand.

As if Californians and New Yorkers needed another reason to move to Austin or other cities in Texas, the recently passed national Tax Reform Act provides further motivation. Residents in those high-tax states are going to feel it in the pocketbook more than ever before. This will make the current economic advantage enjoyed by Austinites and Texans even more attractive.

Prior to the passage of the Tax Act, residents of states and cities that levy their own local personal income taxes could **deduct those local payments from their federal income tax**. Now there is a limit to how much they can offset against the federal income tax. And, this new financial pain, could push those residents to move to Texas according to First Trust's Chief Economist **Brian Wesbury** (shared with us by subscriber **Ron Knight**).

Wesbury points out **California's top marginal income tax rate is 13.3% and the top local income tax rate for New York City residents is roughly 12.7%**. He notes that under the old tax system, politicians in California could raise state income tax rates, and up to 39.6% of the cost would be **carried by taxpayers in other states**. The same for New York. Without getting into details, those taxpayers are now limited to \$10,000 in state and local tax deductions.
Advantage: Austin & Texas?

California and New York don't just have high taxes, they also have a high cost of living. **So high earners in those places have another motivation to keep more of what they earn if they move to places like Austin.**

The latest USCensus Bureau figures released at year-end show the surge in people moving to Texas continues. In fact more people moved to Texas during the 7/1/16-7/1/17 USCensus reporting period than any other state. During this same timeframe, eight states – most of them in the North – decreased in population.

The addition of new jobs is a strong magnet for any region. Take Austin's most recent numbers that made it the 6th fastest growing major metro in the US in net new jobs. Over the 12 months ending in November, Austin added 27,800 net new jobs – a growth rate of 2.7%, according to the Austin Chamber's VP/Research, Beverly Kerr.

No major news from Amazon about its search for a site for its 2nd headquarters, Amazon HQ2. But an international betting site, Ireland's Paddy Power, as of 12/31/17, places Austin's and Atlanta's odds of winning the competition at 3-to-1, tied for tops. FYI, Amazon registered a lobbyist 12/7/17 with the Georgia state ethics commission. Hmmmmmm.

It's hard to keep track of the number of Austin area restaurant openings and closings. Most of those that have survived over the years have earned a reputation for not changing their menus all that much. Now, The Austin History Center is collecting local menus.

More than 100 restaurants, past and present, are represented in the collection. (Remember *The Hitchin' Post* on Lamar Blvd?) The majority of the menus are from the 1940s to current day. **The History Center is seeking any old menus you may have sitting around to add to the collection.** It'll be interesting to ultimately track the change in palates in changing Austin.

An Austin travel company that has flown under the radar for more than three decades received a ringing endorsement from a local expert in their field this week. It appeared to be an unsolicited statement of strong support and we thought it worth sharing with you.

One of the most successful programs offered each year by The University of Texas Ex-Students' Association, commonly referred to as the Texas Exes, is **sponsored group travel to destinations all over the world. (Heck, they even set up group excursions to UT Austin football games.) They call themselves the "Flying Longhorns."** They don't set up the tours in-house. They partner (currently) with 10 different travel companies to create their roster of group tours, according to Texas Exes staffers **Shelley Norton** and **Janice Garcia**.

"The No. 1 question we get is: **where is the Sparks family going next?**" said Norton and Garcia. "The Iliadis-Sparks family runs one of our more unique, family-owned tour partners, Sofia Travel. **They are based right here in Austin and have been leading tours for over 30 years.**"

"Once our Flying Longhorns travelers take a trip with the Sparks family, **they are quick to book a second, third, or fourth trip with them,**" noted Norton and Garcia. "After perfecting tours in their native Greece, the family expanded their travels to Italy and other countries."

"Every tour is planned and led by us," they say. "By planning every menu and guiding you through the sites ourselves, **we can ensure that you are always receiving the highest quality and most authentic experience.** We will be with you every step of the way, from answering your pre-trip questions to helping you barter in the local marketplace," the Texas Exes quoted Sofia Travel.

Mind you, worldwide group travel companies compete aggressively for organizations such as the Texas Exes to help sell their products. So, when we noted this "endorsement", we thought it worth passing along. **We don't know these Sofia folks and have never used their services.** But, for an Austin operation to receive such a glowing report from group travel experts such as the Texas Exes, we thought you oughta know about it.

Downtown Austin property-owners will see a larger tax bill from Travis County this year due to a new item not included in the past. But to even it out, the property-owners will *not* receive a bill that has been sent to them since 1993. It's a bookkeeping situation.

The Downtown Public Improvement District (PID) was created a quarter-century ago to **fund certain services in the downtown Austin area, via an assessment directly to the property-owners.** Starting this year, the Travis County Tax Office will include PID assessments on the same tax bill as City of Austin, Travis County, Austin School District, Austin Community College and Central Health.

A separate bill will no longer be sent for the PID assessment. You can contact the Travis County Tax Office at 512-854-9473 with questions about amounts, rates, bills or due dates.

Don't know if you noticed, but Austin area car dealers got a year-end boost from the City of Austin's utility, Austin Energy (AE). No, it wasn't a tax break. Nor a cut in utility bills for those huge, well-lighted car lots. It was a self-serving move aimed at increasing sales of electric vehicles that, surprise, would buy AE's electricity instead of filling up with gasoline.

AE's pitch: "If you are car shopping, picture yourself in an electric vehicle! Easy to use, easy to maintain and easy to charge, **electric vehicles can save you money and are fun to drive.**"

"With more than 600 Austin Energy Plug-In EVerywhere charging ports throughout the area powered by 100% renewable Green Choice® Texas wind energy, **you can charge your vehicle for only \$4.17 a month,**" the pitch continued. "**Are you paying more than that each month for gas in your car? Maybe it's time to go electric!**" AE also touted its website, www.pluginAustin.com, "to learn more about the benefits of driving electric."

Tired of the whole New Year's Resolution thing, **Dr. Louis Overholster** says his New Year's resolution is to stop hanging out with people who ask him about his New Year's resolution!

Sincerely,



Editor/Publisher