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Dear Client:

**With all the deserved excitement surrounding the Texas oil and gas boom, the electronics industry – particularly in the Austin metro – is also thriving.**

No Johnny-come-lately, **Texas has been an electronics leader ever since the industry took off globally** in the 1950s and Texas Instruments (TI) and other companies established the state as a key electronics hub. In fact you may recall **Jack Kilby**, a TI engineer, invented the integrated circuit in Dallas in 1958.

And it just keeps getting better. **For the first time, Texas ranked #1 nationally in electronics exports last year.** That's not all. Texas ranks #2 in the nation in electronics employment and #3 in output. **The electronics industry is an important and growing part of the diverse Texas economy. And nowhere is this more visible than in the Austin metro.**

**Call the role of just a few Austin electronics companies:** Dell, Freescale, Intel, Samsung, Spansion, Apple, AMD, IBM, Applied Materials, Tokyo Electron, NXP, Microsemi, MEMC, ARM, Cisco, H-P, Emerson, MediaTek, Toppan, LifeSize, Cirrus Logic, Altera, National Instruments, Silicon Labs, 3M, ON Semiconductor, Ultra Electronics, Microchip, Textron, Flextronics, Celestica, Qualcomm, Rigaku, Esco, Marvell, Sanmina-SCI and BAE Systems. Whewww. What a list! **Dallas is the only other Texas metro to match the Austin area in number of companies.**

The Texas Legislature in 2003 passed legislation authorizing the \$295 million Texas Enterprise Fund. **This “deal closing” fund was created to attract businesses and to create new jobs in Texas.** Since that time, more money has been added to the fund and more awards have been granted to companies and educational institutions.

The Austin metro's electronics industry pulled down the lions' share of funds allocated to electronics companies. In fact, **six of the top ten awards went to Austin electronics companies, such as Apple.** Two each went to San Antonio (such as Medtronic) and Richardson (such as Rockwell Collins) electronics companies.

Check out the next item to see the **ripple effect of the incentives** that went to Apple.

**Apple is an emerging example in Austin of what can happen when a world-renown company decides to invest heavily in the area, with a “little help” from incentives to do so.**

You’ll recall it was a year ago that Apple unveiled plans for a \$300 million expansion of its corporate campus in Austin. **The company expects to add more than 3,600 jobs in accounting, customer support and sales operations.** This will roughly double Apple’s Austin workforce. While Apple’s investment was substantial, the State of Texas also ponied up **\$21 million from the Texas Enterprise Fund** and an estimated **\$15 million was added to the incentive package from the City of Austin and Travis County.**

Elsewhere in Austin, Apple also employs approximately 100 workers at a microchip design center, which became a part of the company in 2010 when Apple acquired Austin-based **Intrinsity**. Apple’s Austin network further extends to **suppliers based in the city – such as Samsung Austin Semiconductor and Cirrus Logic**, which provide chips for Apple’s iPhone and iPad mobile devices.

The Apple supplier reach extends beyond Austin. Dallas-area semiconductor firms Texas Instruments and Diodes Inc. also supply Apple with components for its mobile devices.

**Electronics-related employment in Texas generates top wages. In 2012, the average annual wage was \$96,714, according to the Texas Workforce Commission.**

Topping the average annual wage list are the **95 computer and peripheral equipment manufacturing firms in Texas** (\$122,148). The **154 communications equipment manufacturing firms** (\$109,252) and the **765 computers, peripheral equipment and software wholesale companies** (\$103,064) are next in line, based on 2<sup>nd</sup> quarter 2012 reports.

**The National Science Foundation ranked Texas among the top tier US states for number of doctorates awarded in electronics-related fields.**

The tally: **#3 for all doctorates awarded** ... #2 for engineering ... #3 for computer and info science ... #4 for mathematics and #4 for electrical engineering.

**UTAustin led all Texas universities with \$63.2 million in electronics-related research and development in FY 2011.** TexasA&M (\$49.1 million) and Rice University (\$41.9 million) were next in line. By the way much of this edition’s electronics info is contained in a 2013 report titled “The Texas Electronics Industry,” available through the Office of the Governor.

**A study released this week said expanded gaming in Texas could generate 74,000 new jobs and billions in new state and local revenue. *Not video gaming.* The form of gaming in this report could just as accurately be spelled “g-a-m-b-l-i-n-g.”**

“Gaming” in this sense is the public relations word used to take away the negative connotation from “gambling.” The lottery is a perfect example. Ticket buyers are urged to “*Play the games of Texas.*” **You never see the word gambling used in official Texas lottery info.**

A move is underway in the waning days of the regular session of the Texas Legislature to present a constitutional amendment to voters to authorize **expanded “gaming” at 13 existing racetracks, the creation of six new free-standing casinos and three Native American casinos** in the Lone Star State.

The study presented by the Texas Association of Business claims passage of such an amendment “could **create 74,000 jobs, increase salaries and wages by \$3.4 billion, and generate \$11.8 billion in annual economic activity** once a limited number of casinos are completed.”

TAB president **Bill Hammond**, urging passage of the constitutional amendment, used this language: “**we don’t want government telling us whether we can drink a big gulp, use plastic bags or play poker. Let’s put a stop to the nanny state.**” In keeping with the topic of this story: don’t gamble on the constitutional amendment passing in this legislative session.

**The Austin City Council, as expected, changed the downtown parking code this week to eliminate *minimum* parking requirements. Does this mean even fewer parking spaces downtown as the Central Business District grows?**

By its very nature, this means a developer of an office building or a hotel no longer is required to include a minimum number of parking spaces in the project. But, as a practical matter, **an office building would be at a competitive disadvantage if it didn’t meet or exceed the parking spaces offered to tenants of other buildings.**

In fact, the Downtown Austin Alliance (DAA) confirmed that logic, saying “**we do not believe this (ordinance) will change downtown parking supply** and will not immediately change the amount of parking developers choose to build for new projects.” Well, what about the *future*? “**If and when Austin develops into a city with a mature transit system, lenders and developers may have lower parking requirements in the future,**” said DAA.

DAA did put one positive spin on the Council action: “The appeal of this proposal is it **offers flexibility for the market to adapt** without code variances or further City Council action.”

**Speaking of mobility in the downtown area, it is now easier for bicycles to safely move through the tangle of traffic.**

**Work crews have completed the first phase of the Lance Armstrong Bikeway extension – from Brazos Street to San Jacinto Street on Third Street.** Work will continue on various segments through downtown reach from Nueces to Trinity Streets through 2015.

**The bikeway is a seven-mile protected stretch,** which started west of downtown, and was later improved east of downtown. The project is funded with voter-approved bonds.

**Heads up! Your Austin electric and water bills will likely be 2-4 times larger during June, July, August and September.**

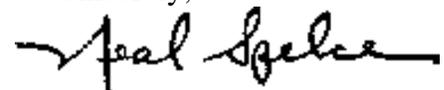
The City of Austin's utility, Austin Energy, points out that **of the total electricity and water used annually by the average resident, almost half is used from June through September.** This is compounded by the fact that the summertime, when water and electricity for air-conditioning is most needed, is when the City implements even higher rates "to encourage conservation."

Oh, and on top of that, don't forget this will be the **first full summer when the controversial major rate hikes voted last year will also be in effect.**

Austin Energy reports that the **average "older home" wastes 20%-30% of the power it uses due to leaking duct work and lack of adequate insulation.** And it further notes that "another 10% of power use could be avoided simply through daily diligence."

**Dr. Louis Overholster** said he will leave it to you to determine which arrogant politician said this: "I'm not arrogant. I just believe there's no human problem than couldn't be solved – if people would simply do as I tell 'em!"

Sincerely,



Editor/Publisher