



Volume 36, Number 29

October 10, 2014

Dear Client:

**The oil and gas industry is powering the Texas economy and pouring gushers of money into state government in Austin. And a just released independent study shows its impact – initially, almost-unbelievably huge – will be even bigger than previously estimated.**

Sometimes it's hard to wrap your head around big numbers. But give this a try, because it really bodes well for the economic future of Austin and all of Texas. **Economists studying the total economic impact of the Eagle Ford shale play south of Austin had just last year predicted that impact would reach \$89 billion by 2022.** This was really big. But, hang on.

A study by The University of Texas at San Antonio (UTSA) Institute for Economic Development shows the shale oil and gas field generated more than *\$87 billion last year*. Last year! **And now those researchers are upping their projections to show the Eagle Ford Shale play will generate more than \$137 billion for 2023.** Take a deep breath and let this sink in.

What's going on here? The researchers say this huge increase has to do with **exceptional production numbers** in the Eagle Ford. Also advancements in **well completions**, and practices such as **infill drilling** have an impact on production. And operators continue to apply **new and innovative techniques to access oil and gas reserves**.

Here are just a few more numbers as we break this down a bit to show you what this means – other than the big bucks that flow into the pockets of landowners and oil and gas operators. **We're talking local and state tax revenue. UTSA points out that in 2013, more than \$4.4 billion (out of the total economic impact) went to local and state governments as tax revenue.**

Now, let's fast forward three months – to January 2015 when the Texas Legislature convenes in Austin. **No doubt the new State Comptroller will have access to the UTSA Eagle Ford study to project future state tax revenue.** (Oh, by the way, the West Texas Permian Basin oil/gas play is predicted to be bigger than Eagle Ford!) After the regular session adjourns in May, legislators should have approved a budget for the next two fiscal years 2016 & 2017.

And, as most operations of state government are located in Austin, **the massive oil and gas tax revenue will provide immense help for the Austin area economy.**

**You may not have noticed because it's only been in effect less than two weeks, but Austin traffic signals on major arterials are being adjusted in real time as traffic flow changes.**

The Austin Transportation Department (ATD) launched a new Advanced Traffic Management System October 1st. **The stated objective: increase efficiency and safety provided by Austin's traffic signal network.**

The new system allows ATD to monitor traffic flow and make **immediate adjustments to signal timing on major arterials**. The adjustments will be based on impacts to traffic conditions such as collisions, weather, special events, etc.

Yeah, but what about streets *near* a collision? They, too, are impacted. ATD responds that if there is a collision, say, on Lamar Boulevard and traffic is diverted to South First Street, **ATD can adjust the signals on South First in real time to handle the additional traffic volume.**

If you were brave enough to drive near the Zilker Park area during the Austin City Limits music festival last weekend, you may have noticed **the signals at Barton Springs Road and Lamar Boulevard were adjusted as needed to accommodate the change in pedestrian traffic flow when needed**. The final three days of ACL are this weekend, so watch for more of the same.

By the way, prior to installation of this new automated system, ATD sent teams to manually "fix" signals that were impacted by weather. **Now, signals on major arterials are monitored remotely and adjusted accordingly.**

**The Texas State Comptroller, whose job is to handle the state's finances, suggested this week Texas policymakers should rein in subsidies and tax breaks for renewable energy sources such as wind power that is being aggressively pursued by the City of Austin.**

Comptroller **Susan Combs**, whose term ends at year-end, urged a "more market-driven approach to providing reliable power" to consumers when they need it most. She challenged the wind energy industry to ensure taxpayers and ratepayers are not **double-burdened with infrastructure costs and tax subsidies for power sources that are intermittent**.

**"It's time for wind to stand on its own two feet,"** Combs said. "Billions of dollars of tax credits and property tax limitations on new generation helped grow the industry, but today they give it an **unfair market advantage over other power sources.**"

As for reliability, Combs pointed out **wind generates electricity at night when demand is lowest and produces little energy when it is most needed, during hot summer afternoons.**

**Okay, Okay, UTAustin's slogan "What Starts Here Changes the World" is bold, powerful, and maybe audacious. But is it accurate? Can it be documented? UTAustin has some examples.**

The examples UTAustin cites are interesting and wide-ranging. The common perception is that many great ideas start with a faculty "a-hah!" moment. Not necessarily so.

**EARLY 3-D PRINTING.** This first example popped out of the mind of a student. A 1988 *New York Times* article described it this way: "The designer, using a computer-aided design, or CAD program, creates the 3-D shape and stores its coordinates in the computer's memory. When the design is complete, **the commuter is commanded to fabricate the shape, much as one would command a computer to print a document.**" The article quoted the then UTSystem Chancellor as saying this invention "**could do for manufacturing what Xerox did for printing.**" Faculty researchers turned this student's dream into reality. Now UTAustin even has a 3-D printing vending machine on campus.

**A REVOLUTIONARY BATTERY.** Mechanical engineering prof **John Goodenough developed the lithium-ion battery that is used by millions of people around the world** to power an array of consumer electronics, from cell phones and tablets to cameras and tools.

**SAFER OXYCONTIN.** A pharmacy professor **James McGinity** and then-graduate student **Feng Zhang** created a new type of OxyContin, a widely-used and often-abused painkiller, that makes the medication more difficult to abuse. **Their creation releases it more slowly as it goes through the stomach and intestine. It also makes OxyContin tamper-resistant** and has allowed pain sufferers to obtain an effective drug that had been taken off the market.

**LESS PAINFUL GLUCOSE MONITORING.** Chemical engineering prof **Adam Heller** (who holds 215 US patents) established the core technology that **drastically reduces the amount of pain diabetics feel when monitoring blood sugar levels.** It allows the sample to be taken not just from fingers but also forearms. More than one billion units are produced each year.

There are many more examples. Speaking of patents, the National Academy of Inventors and the Intellectual Property Owners Association named the **UTSystem Number Five** on its annual list of the Top 100 Worldwide Universities Granted US Utility Patents. **And UTAustin had 55 issued US utility patents during the 2012-2013 fiscal year. In fact UTAustin ranked 20th in patents and 26<sup>th</sup> overall in the 2013 Center for World University Rankings,** which scores the top 100 universities across the globe.

The claim that "What Starts Here Changes the World" can be well documented. The audacity of the slogan may be justified by another Texas saying: "**It ain't braggin,' if it's fact!**"

**Austin area voters may face crowds as well as a jam-packed ballot in the November 4th General and Special Election. The best way to make the most of the situation? Vote between October 20th and 31st. Here's the convenient way to make that happen.**

As opposed to primaries set up by the political parties, the General and Special Election is run by individual counties. **Travis County is establishing more than 20 locations where you can show up Voter ID in hand** (more about that in a minute) and take your time cruising through a lengthy ballot to vote early, minus the Election Day crowds. To find the location most convenient to you, go to [www.TravisCountyClerk.org](http://www.TravisCountyClerk.org) and follow the prompts to view the early voting polling places.

**Never before has one local ballot contained such a wide range of decisions. In its own way, it's historic.** This is why we say the ballot is jam-packed: you will get a chance to have your say on who will be elected to 4-year statewide races such as governor, lieutenant governor, etc. ... candidates for judges ... the USCongress ... statewide constitutional amendments.

Also, Travis County offices, such as county judge, county commissioner ... mayor and city council candidates ... School Board candidates ... local issues such as urban rail/roadways and Austin Community College propositions. You get the picture. **You should go all the way to the bottom of the ballot, especially if you want to vote on the controversial urban rail/roadways proposition.**

After all the debate, legislative action and court cases, **you need to have an approved form of ID.** The acceptable IDs include: DPS TX driver license ... DPS personal ID ... DPS concealed handgun license ... US military ID with photo ... US citizenship certificate with photo ... a US passport ... or a free Election Identification Certificate available at Driver License offices.

**Dr. Louis Overholster** recently read scientists in Thailand have found a species of monkey that has learned to fish. This led him to wonder if it has caused changes in the monkey's physical appearance. For instance, do the monkeys now wear gimme caps and have beer guts?

Sincerely,



Editor/Publisher