



# Moving Into Prosperity:

The Potential Impact of the Trans-Texas Corridor on Business Activity in Texas

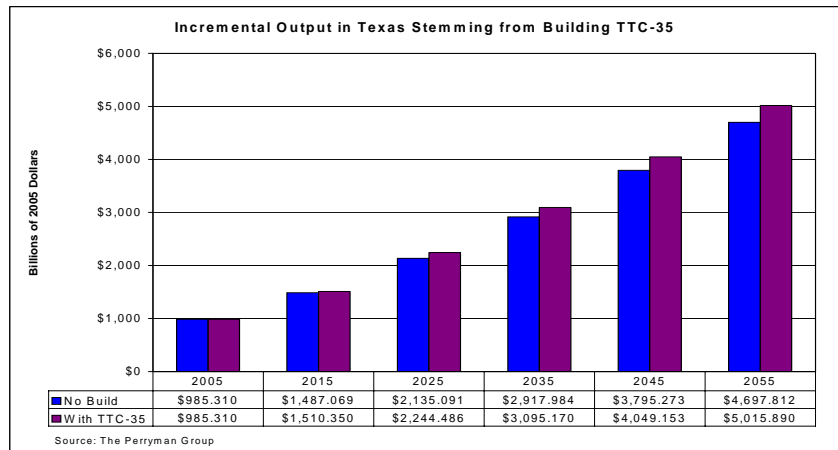
Economic and population growth have strained many aspects of Texas' transportation infrastructure, particularly in urban areas. Congestion not only decreases safety, it also reduces economic efficiency, raises costs, and otherwise hampers the competitiveness of the state economy.

With the growing population and expanding economy of Texas, transportation constraints and congestion will only worsen over the coming decades. In fact, the Texas Department of Transportation (TxDOT) projects that road use will rise by 214% over the next 25 years. Although TxDOT maintains an active program (spending several billion dollars each year in State and

Developing the state's transportation network is vital to future prosperity. The TTC is an important aspect of achieving that objective.

federal funds) of maintaining and upgrading existing roadways and extending capacity, it is estimated that traditional approaches and resources can only meet about 36% of significant needs.

The Trans-Texas Corridor (TTC) is a proposed statewide network of multi-use transportation routes that will significantly increase capacity. The TTC is vital to relieving congestion, increasing safety, enhancing efficiency, and improving the prospects for economic development and trade. In fact, such infrastructure will serve as a notable incremental stimulus to the future prosperity of



the state economy as shown in the accompanying graph.

Funded through public-private partnerships, various routes are to be completed as justified by traffic patterns and economic feasibility, beginning with the TTC-35 route. TTC-35 is approximately 800 miles long and a maximum of 1,200 feet (less than ¼ mile) in width and runs basically parallel to I-35.

The economic stimulus associated with development of the TTC system is substantial. Over the next 25 years, the **cumulative** overall benefits of the TTC-35 are conservatively estimated to be

- **\$1.429 trillion** (in constant 2005 dollars) in **Gross State Product** (\$845.5 billion on a net present value basis) and
- **14.829 million person-years of employment.**

These benefits would continue to grow over time, and other corridors, such as the proposed TTC-69, would generate substantial additional effects.

Construction and development of the Trans-Texas Corridor stands

to fundamentally shift the Texas economy into a more competitive position. TTC development will stimulate business activity and investment in the areas along the corridor routes. Because the TTC enhances efficiency, improves logistics, and reduces transportation time and costs, it increases the ability of **companies within the region** to expand intrastate trade and operations, and, thus, expand market size and market share on a global basis. These factors improve competitiveness and profitability across a broad spectrum of industrial sectors, and the strategic position of Texas as a site for corporate locations and expansions is improved.

The enhanced activity generated by the TTC also provides investment, job opportunities, and increased tax revenues to **municipalities and other local governments** throughout the relevant areas. Moreover, at project maturity, local government revenues from other sources (such as sales and occupancy taxes) will increase by about \$1.39 billion per year (in constant 2005 dollars). These amounts can be used to enhance public

TTC benefits businesses, individuals, communities, and other constituencies. It provides investment, job opportunities, and increased tax revenues. Using land in this manner will cause only a minimal reduction in the property tax base and property taxes, but stands to bring gains to areas proximate to the routes and surrounding regions which far outweigh any such losses.

services and other infrastructure to better meet existing needs and accommodate the higher levels of business activity and prosperity.

Rural areas also benefit, and the net taxable value of agricultural land along the TTC-35 Corridor is expected to rise by a minimum of 8.1% based on aggregate receipts (net of land removed for right-of-way). Even using maximum reductions in agricultural production, the annual gains to farmers and ranchers from enhanced efficiency and development exceed the losses by a ratio of 39.4 to 1 in the TTC-35 Study Area. Under the conservative value capture scenarios for intracorridor and external trade, the agriculture sector enjoys a net gain of \$1.67 billion per year (in constant 2005 dollars at maturity) and 10,927 jobs along the TTC-35 route. Even in the absence of intracorridor and external trade gains, the net impact on the agricultural sector remains positive in both corridors.

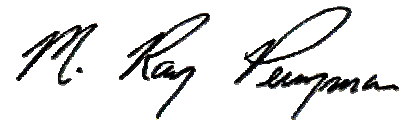
Individuals within the corridor areas would enjoy reduced travel

times, more cost-effective purchasing options, and increased job opportunities. Local residents also benefit from lower levels of congestion, greater public safety, and improved environmental conditions. The quality-of-life effects are also notable; traffic congestion is an important factor in the perceived desirability of living in various areas. Enhancing Texas highway infrastructure will better position the state to attract firms with large concentrations of knowledge workers and other desirable forms of economic development.

By leveraging private resources, the State is able to increase overall competitiveness and the business climate. At maturity, the activity generated with TTC-35 brings an annual increment to State revenue of approximately \$6.9 billion per annum (in constant 2005 dollars), while TTC-69 offers a yearly revenue enhancement to the State of about \$3.2 billion.

The TTC provides much-needed transportation capacity to meet the long-term growth requirements of the Lone Star State. The enhanced system of transportation will increase productivity and earnings of companies operating within the state, and strengthen the attractiveness of Texas as a location for other businesses. Decreasing congestion also has a positive impact on quality of life.

In short, the TTC improves the competitive position of Texas in the national and international marketplace. Infrastructure to support economic growth is essential to achieving long-term prosperity, and the TTC represents a fundamental new concept that will enhance the prosperity of Texas and Texans in both absolute and relative terms for generations to come.



This material is a synopsis of key findings from a recent study by The Perryman Group entitled "Moving Into Prosperity: The Potential Impact of the Trans-Texas Corridor on Business Activity in Texas: An Analysis of the Effects in Key Trans-Texas Corridors and the State of Texas." **The Perryman Group** is an economic analysis firm based in Waco, Texas with extensive experience in economic impact assessment. The firm has spent decades studying the Texas economy and has developed complex models of the US and Texas economies as well as all Texas metro areas. In addition, the firm has provided specific-industry forecasts for hundreds of private sector clients including Fortune 500 companies.

Led by **Dr. M. Ray Perryman**, the firm has performed hundreds of economic impact assessments, including dozens of major transportation-related analyses. The models used in this analysis have been maintained, updated, and expanded for more than 20 years. They have been used by numerous governmental entities, including the US Departments of Transportation, Commerce, Housing and Urban Development, Agriculture, Defense, Labor, the Interior, and Energy. They have also been used by the US House of Representatives, the US Senate, and the Office of the President. Within Texas, the systems maintained by TPG have been used by the Office of the Governor, the Office of the Lieutenant Governor, the Office of the Speaker, the Texas House of Representatives and the Texas Senate (more than 20 separate committees), the Texas Commission of Environmental Quality, the Texas Railroad Commission, the Texas Workforce Commission, the Texas Department of Transportation, the Public Utility Commission of Texas, the Texas Motor Vehicle Commission, the Office of Economic Development and Tourism, the Office of Rural and Community Affairs, the Texas Commission on the Arts, the Teacher Retirement System of Texas, and many other governmental entities.

Many erroneous or exaggerated theories have circulated regarding the TTC initiative. Over the course of this analysis, TPG research led to the following conclusions.

- MYTH: Business will be taken away from Texas communities.
- REALITY: The TTC will allow Texas businesses to become more efficient and will stimulate economic growth. The gains from the initiative will offset any observed losses many times over.
  
- MYTH: There will be no access to the TTC.
- REALITY: There will be access to the various TTC routes from towns as well as rural areas. Transportation arteries must be accessible in order to generate the traffic needed to justify private investment and the commitment of public resources.
  
- MYTH: The TTC is too expensive.
- REALITY: The TTC segments will be built over time and by a public/private partnership to minimize the cost to taxpayers. Because of the commitment of private equity funding, segments will only be developed as justified on economic grounds. Moreover, the benefits will far outweigh the costs. If the anticipated returns do not justify the expense, rational private investors will not commit the needed funds.
  
- MYTH: Thousands of acres will be removed from the property tax rolls.
- REALITY: A relatively small portion of rural land will be required and this will result in a minimal loss of property taxes. These amounts will be far more than offset by gains from enhanced business activity. All transportation infrastructure requires right-of-way acquisition.
  
- MYTH: Farmers and ranchers will be forced to drive long distances to cross the corridor.
- REALITY: Routes will be considered that minimize the impact on landowners. Landowners will be fully compensated for any required right-of-way, and the stimulus to agricultural interests will far exceed any production losses.
  
- MYTH: The corridor will not solve urban traffic congestion.
- REALITY: The corridor will add a significant amount of capacity that will relieve much of the congestion due to traffic passing through urban areas. This study indicated substantial additional efficiency, as did a recent "travel time" analysis by Wilbur Smith Associates.
  
- MYTH: The Texas Department of Transportation will build service centers that compete with local businesses.
- REALITY: Customer service centers will not be built by the Texas Department of Transportation, but by private businesses. Competition among private entities will be market based, which works to the benefit of consumers.
  
- MYTH: Interstate 35 and other current infrastructure will be abandoned.
- REALITY: Current interstate highways will not be abandoned; expansion and maintenance will continue as planned. In fact, one of the key principles of the TTC initiative is to leverage private resources to allow the State to have more resources available for infrastructure projects.