

angelou**economics**

The Cost of Discriminatory Legislation:

***Measuring the Economic Impact
of Discriminatory Legislation to
the State of Texas***

April 18, 2017



T E X A S
ASSOCIATION OF
B U S I N E S S

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Texas Employers Against Discriminatory Legislation

- Alamo Drafthouse
- Albemarle
- Amazon
- AMD
- American Airlines
- American Society of Association Executives
- Apple
- Arconic
- Atlassian
- Ben & Jerry's
- Bishop Avenue Capital
- Bracewell LLP
- Capital Factory
- Capital One
- Cedar Park Chamber of Commerce
- Celanese
- Choice Hotels
- Civitas Capital Group
- CompTIA
- CompX International
- Dell Inc.
- Destination El Paso
- Dow Chemical
- eBay
- Facebook
- Fort Bend Chamber of Commerce
- Google
- Google Fiber
- Greater Austin Chamber of Commerce
- Greater El Paso Chamber of Commerce
- GSD&M
- Haynes & Boone
- Hilton
- HP
- IBM Corporation
- Indeed
- Intel
- InterContinental Hotels Group
- Ketchum
- Kronos Worldwide
- La Quinta Inns & Suite
- Marriott International
- McShan Florist Inc.
- Microsoft
- NL Industries
- North San Antonio Chamber of Commerce
- NXP
- PayPal
- Plano Chamber of Commerce
- Qualcomm
- RetailMeNot
- Richardson Chamber of Commerce
- Round Rock Chamber
- Salesforce
- Samsung Austin Semiconductor
- San Antonio Hispanic Chamber of Commerce
- Sanders\Wingo
- Silicon Labs
- South Padre Island Chamber of Commerce
- Strasburger & Price LLP
- SXSW
- TechNet
- TEKVOX
- Tenet Healthcare
- Texas Association of Business
- Thompson & Knight LLP
- Under Armour
- Unilever
- United Airlines
- Visa
- VisitDallas
- Xoxco, Inc.

Economic Impact of SB 6: Executive Summary

Senate Bill 6, alternatively known as “The Bathroom Bill”, is a form of discriminatory legislation that needs little introduction. Few bills reach such a level of notoriety across the state, not to mention the national stage, and SB 6 is as controversial as it is high profile. However, the intent of this economic impact study is to leave behind the politics and stick to the facts: What is the economic impact of Senate Bill 6 to Texas and the businesses that operate here?

Private Sector Opposition



70+

Texas businesses that formally oppose SB 6



\$11 Trillion

Sum of assets managed by global investors who oppose SB 6

Disruption to Economic Development

AngelouEconomics sent a survey to economic development professionals across Texas who are members of the Texas Economic Development Council (TEDC). The survey was sent to 801 members representing 581 unique organizations. Here were the results:



62%

of Economic Development professionals throughout Texas believe SB 6 will negatively impact their efforts

Impact on Tourism & Convention Industry

Tourism is the primary industry that will be impacted through relocations of conferences and expos. Evidence from North Carolina demonstrates that discriminatory legislation will cause bookings to fall below their targets.

Bookings in North Carolina:

One Year After HB 2

15% Below target

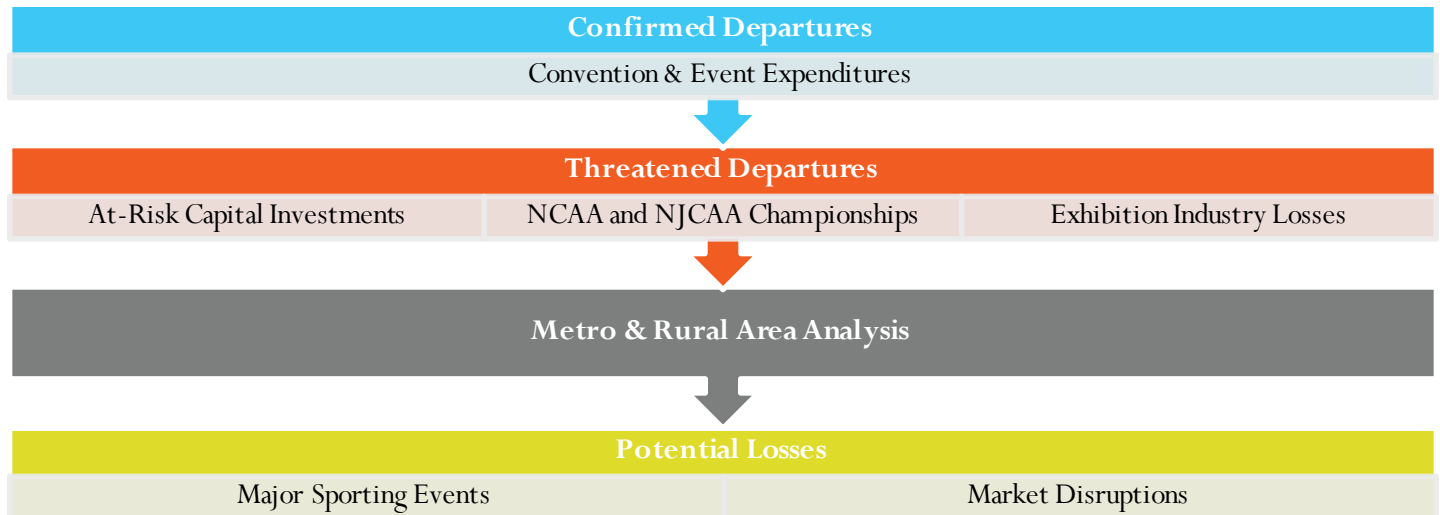
Two Years After HB 2

20% Below target

Sources: Greater Raleigh Convention and Visitors Bureau

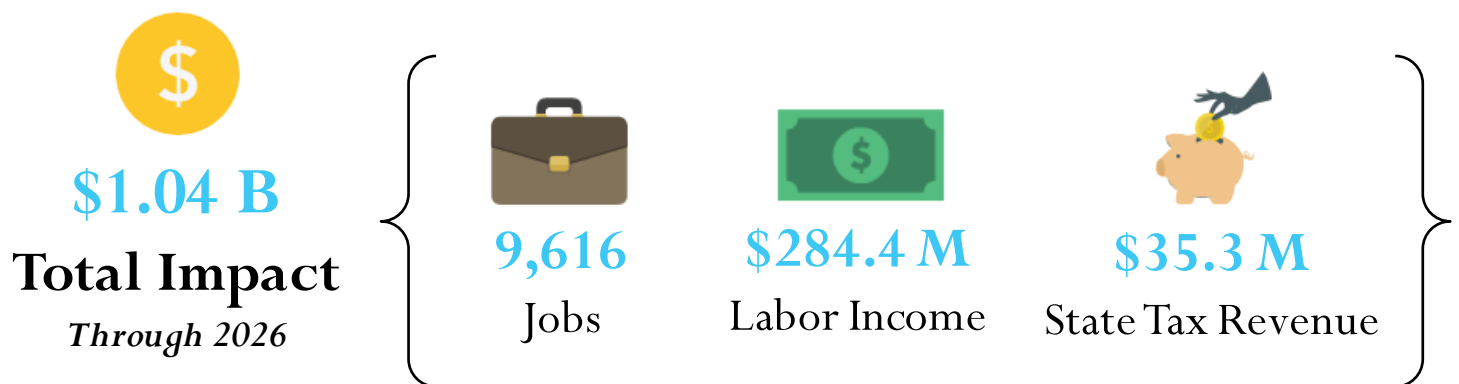
Economic Impact of SB 6: Executive Summary

AngelouEconomics measured the impact of Senate Bill 6 on the Texas economy by examining the following subjects:

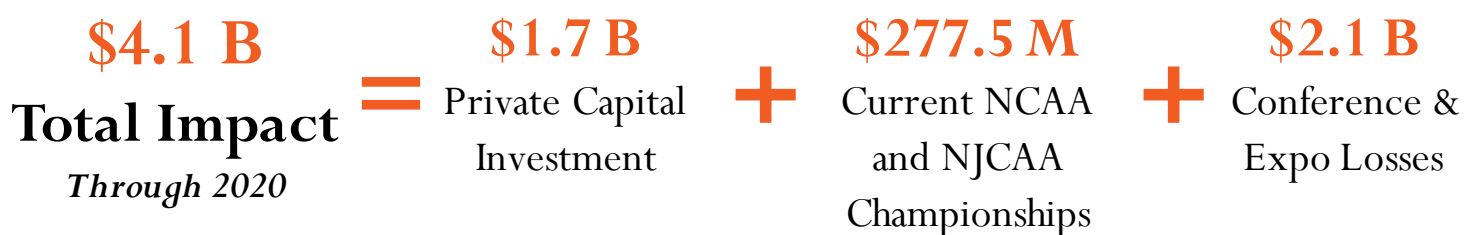


Confirmed Departures

In total, 54 organizations issued an ultimatum to various Convention and Visitors Bureaus and Economic Developers throughout the state: If SB 6 passes, they will cancel their current projects and redirect them to alternate locations. **In total, this represents \$1.04 billion in economic impacts through 2026.**



Threatened Departures



Economic Impact of SB 6: Executive Summary

Metro & Rural Area Analysis

The vast majority of direct impacts will be concentrated in four major metro areas: Austin, Dallas-Fort Worth, San Antonio, & Houston. Supporting industries – both within and outside of these metro areas, will be negatively impacted by any sort of disruption to these local economies. To illustrate this, consider the conference and event industry:

Metro Areas

On average, when \$1 million of revenue is generated at a conference or event center...



...432 local business sectors are impacted

Rural Areas

When a conference or event occurs in a major metro area, rural Texas benefits by 2.5% of the total impact. **By disrupting conference and events bookings in major metro areas, rural Texas is poised to lose between \$26.1 million and \$52.5 million annually.**

Potential Losses

$$\begin{array}{ccccc} \$450 \text{ M} & & \$100 \text{ M} & & \$350 \text{ M} \\ \text{Total Impact} & = & \text{Potential Impact of} & + & \text{Economic Impact of} \\ \text{of Major Sporting Events} & & \text{NBA All-Star Game} & & \text{2017 Super Bowl} \end{array}$$

Opportunity Cost

Future economic development efforts will be undermined by the simple fact that prospective companies and site selectors will no longer consider Texas if this legislation passes.

Market Disruptions

SB 6 will create disruptions in the labor market throughout Texas – the cost of which, will be paid directly by Texas employers.

- SB 6 discriminates against a portion of Texas' population that is larger than El Paso.
- LGBT individuals work in industries that drive Texas' economy and in careers that give back to society.
- SB 6 will drive people away, ultimately creating higher turnover rates, which will be paid by Texas employers.

At this time, based on verified losses in all three risk categories, Texas would experience up to **\$5.6 billion in economic fallout** if SB 6 passes.

Confirmed Economic Impacts

\$1.04 billion

Threatened Economic Impacts

\$4.1 billion

Potential Losses

\$450 million

Introduction – Background Information

On January 5th, 2017, Texas Senator Lois Kolkhorst (R – Brenham) filed Senate Bill 6 (SB 6), the Texas Privacy Act. The legislation, which is also referred to as “The Bathroom Bill”, would require all Texas residents to use the bathroom or locker room that corresponds to the sex on their birth certificates in all public schools, government-funded buildings, and public universities. The legislation would also nullify any local anti-discrimination laws that would allow residents to use bathrooms that matches an individual’s gender identity.

While the public debate surrounding SB 6 remains hotly contested, many in the businesses community do not support the legislation. Over 70 Texas businesses and numerous global investors representing \$11 trillion worth of assets have signed letters urging Texas lawmakers to oppose SB 6 and any other forms of discriminatory legislation. **Their message is clear: Senate Bill 6 is bad for business.**

Texas has a longstanding reputation as one of the best states for conducting business – and for good reason. In 2016, Forbes ranked Texas as the fourth best state for business climate. The Tax Foundation ranks Texas 14th overall for tax climate. In Texas, businesses enjoy low costs, an ample supply of labor, and one of the best overall economic growth trends of any state in the nation.

Enacting SB 6 would threaten Texas’ economic prosperity and reputation as a business friendly environment. Discriminatory legislation sends a clear message that Texas is not welcoming to all visitors. This message threatens the travel and tourism industry, which is the second largest industry in the state. **Texas receives \$68.7 billion in travel spending alone, which supports over 1 million jobs throughout the state.**

Agriculture and manufacturing sectors in rural Texas rely on major metro areas to purchase their goods. In this supply chain, \$1 spent by a visitor to one of Texas’ major metro areas generates about 2 ½ cents for the rural communities throughout Texas. **While this may seem like a nominal amount, rural Texas is poised to lose between \$26.1 and \$52.5 million annually if SB 6 is enacted – which is certainly no small impact.**

One of the top concerns of Texas employers is attracting and maintaining a skilled workforce, but discriminatory legislation will hurt Texas’ ability to recruit top talent – especially among Millennials. Young workers seek to live in states that support diversity and inclusion, not oppose it. According to a poll conducted by USA Today and Rock the Vote, young Americans aged 18 to 34 favor letting transgender individuals use the public bathroom of their gender identity by a 2-to-1 ratio. This legislation will send the wrong message to skilled, young workers who seek to live in states that value diversity and inclusion. **SB 6 will discourage talented workers from settling in Texas, which will ultimately cause Texas employers to become less competitive and profitable.**

62%

- of Millennials **agree** that transgender individuals should be able to use public bathrooms based on their gender identity, rather than the gender on their birth certificate.

Sources: USA Today / Rock the Vote

Introduction – Purpose

Since introducing SB 6, many organizations have publicly stated that they will withdraw their operations or investments from Texas in response to the bill. Furthermore, many additional organizations have threatened some type of action in response to SB 6.

The Texas Association of Business retained AngelouEconomics (AE) to conduct an economic impact analysis of Senate Bill 6 on the state of Texas. **To do so, this study measures what the state – and its many communities – stand to lose from Senate Bill 6. It explores three specific areas in which this legislation will affect the Texas economy:**

1. **Confirmed Departures:** *This section measures the economic impact of businesses or organizations that have confirmed their intent to withdraw operations from Texas if SB 6 passes.*
2. **Threatened Departures:** *This section analyzes the economic impact of businesses and organizations have either threatened to take action or have demonstrated the willingness to take action in response to SB 6.*
3. **Potential Losses:** *This section explores how SB 6 might jeopardize Texas' ability to attract future investments or host major events.*



Economic Impact – Methodology

Literature Review

In the last few years, numerous states have either introduced or enacted their own form of discriminatory legislation. The most notable of which, was House Bill 2 from North Carolina. Similar to SB 6, House Bill 2 is a “bathroom bill”, which many believe discriminates against members of the LGBT community. Both Texas and North Carolina’s “bathroom bills” have prompted many studies which seek to measure the potential or actual economic losses caused by this type of legislation. The following is a review of two of the most prominent studies in this field.

The Associated Press - “Price tag of North Carolina’s LGBT law: \$3.76 billion”

In March 2017, the Associated Press released a thorough analysis of the economic losses suffered by North Carolina due to House Bill 2. Their analysis found that over the next dozen years, the state will suffer \$3.76 billion in losses as a result of the legislation.

The authors of the study utilized interviews and public records requests to compile the data for their analysis. Their methodology provides an accurate estimate of the total economic losses attributed to HB 2, since it relies on actual observations of businesses withdrawing from North Carolina. It is impossible to account for every withdrawal, since a business may choose not to disclose this information. *Therefore, the \$3.76 billion estimate is most likely conservative.*

St. Edwards University – “The Economic Impact of Discriminatory Legislation on the State of Texas”

In this study, researchers from St. Edwards University collected quantitative and qualitative data from numerous states that have enacted their own form of discriminatory legislation (Arizona, Louisiana, Indiana, and North Carolina). The authors conclude that Texas may see economic losses ranging from \$964 million to \$8.5 billion.

To compile this range of impacts for Texas, the authors extrapolated the economic impacts observed in each state, and scaled it to accommodate for the size of Texas’ economy. For example, Indiana’s projected short-term losses were 0.5% of GDP, which amassed to \$1.5 billion. Therefore, the authors applied 0.5% of losses to Texas’ GDP, which would amass to \$8.5 billion.

Upon reviewing the study, AE determined that while the authors methodology is based on projections from other states, it is adequate considering the lack of available data at the time. While study was released in December 2016, the analysis was completed a few months prior. At this time, there was limited data available on North Carolina and HB 2, in addition to actual withdrawal data from Texas in response to SB 6.

Today, more data is available to assess the impacts of SB 6. Therefore this new study reflects a more accurate accounting of the economic impact of SB 6.

Economic Impact – Methodology

AngelouEconomics Methodology

To compile the data for this study:

- AE utilized news articles, press releases, letters, interviews, testimonies from the SB 6 committee hearing, and a survey to economic development professionals across the state.
- AE administered an anonymous survey to members of the Texas Economic Development Council to determine the impact that SB 6 is having on capital investments throughout the state. Economic development offices are on the front lines of business attraction and have a grounded perspective of SB 6's impacts on economic development.

The report is broken into three risk categories: **Confirmed Departures, Threatened Departures, & Potential Losses.**

Confirmed Departures

- This model includes organizations that have withdrawn or confirmed their intent to withdraw future events from Texas if Senate Bill 6 passes. An organization was included only if AE could determine that Senate Bill 6 was the reason why the investment or event was canceled or definitively promised to be canceled, based on passage of SB 6.

Threatened Departures

- This model includes organizations that have either threatened to take action or have demonstrated the willingness to take action in response to SB 6. **It has not yet been determined whether or not these organizations will withdraw their operations or investments from Texas.**

Potential Losses

- This section explores how SB 6 might jeopardize Texas' ability to attract future investments or host major events.

Since a businesses or organization may choose not to disclose any information as it relates to their operations, it is impossible to account for every withdrawal that might occur as a result of SB 6. Therefore, the economic impact of SB 6 provided in this report is likely underestimated.

Economic Impact – Methodology

Economic Impact Model & Inputs

- AngelouEconomics employed the 2014 IMPLAN (IMpact Analysis for PLANning) model for the analysis of Senate Bill 6, which utilizes multipliers specific to the state of Texas.
- The primary component of the impact model are convention and event expenditures. This input was placed in the IMPLAN software to create the total economic impact.

Model Outputs

- The total economic impact is through 2026 and is reported in 2017 dollars.
- The model is derived from three different types of effects: direct, indirect, and induced. The outputs generated from the IMPLAN model include jobs, labor incomes, total economic output, and state and local tax revenues.



Direct

Limited to the effects in the local economy that occur as a direct result of the organizations included in each model.



Indirect

Includes increases to sales, incomes, and jobs in business sectors that support or supply the organizations included in each model.



Induced

The household spending patterns of employees through all business sectors that gain increased earnings as a result of the organizations included in each model.

Economic Impact- Confirmed Departures

Introduction

Organizations that intend to withdraw operations from Texas in response to SB 6 provide significant value to the state. They build and sustain jobs, provide labor income, and generate tax revenue to state and local municipalities.

The vast majority of these organizations are concentrated in the convention and event industry. However, by no means will this be the only industry that feels the negative impact of SB 6. If the legislation passes, the economic impact will be felt across many different sectors and in many different communities.

Below is a list of businesses and organizations that are included in the confirmed departures economic impact model. To be included, an organization must have explicitly stated its intent to withdraw events or capital investments from Texas in response to SB 6. In total, 54 businesses and organizations have made their message clear: if SB 6 passes, they will take their business elsewhere.

There are, and will continue to be, numerous organizations that will choose to pass on Texas when considering future events or investments. Further, it is impossible to account for every organization that will withdraw, since many choose not to publicly disclose this information. Therefore, the current list of organizations should serve as a warning of the impending negative effects of this legislation, and that the full negative impact to Texas simply cannot be known.

Convention and Visitors Bureaus

City	Number of Conventions	Year	Source	Total Impact
San Antonio	11	2017-2022	Letters & News Articles	\$39M
Austin	22	2017-2020	News Article*	\$175M
Houston	14	2017-2020	Testimony	\$100M
Dallas	4	2017-2026	Testimony	\$157M
Total				\$471M

Capital Investment Projects

City	Number of Investments	Year	Source	Capital Investment	Direct Jobs
Statewide - Anonymous	3	2017-2021	AE Survey	\$400M	500

*The figure provided by the Austin Convention & Visitors Bureau is \$110 million direct economic impact. AE utilized the AE software to calculate the total impact
Sources: Texas Association of Business, AE, San Antonio Express-News, Austin American-Statesman

Economic Impact – Confirmed Departures

In total, there have been 54 confirmed businesses and organizations that will pull events from Texas if SB 6 is enacted into law. These events are concentrated in the major metro areas of Austin, Dallas, Houston and San Antonio.

Altogether, their economic output would create or sustain 9,616 jobs throughout the state and provide \$35.3 million to state and local tax revenue. **In total, they contribute \$1.04 billion to the Texas economy.**

Total Economic Impact through 2026

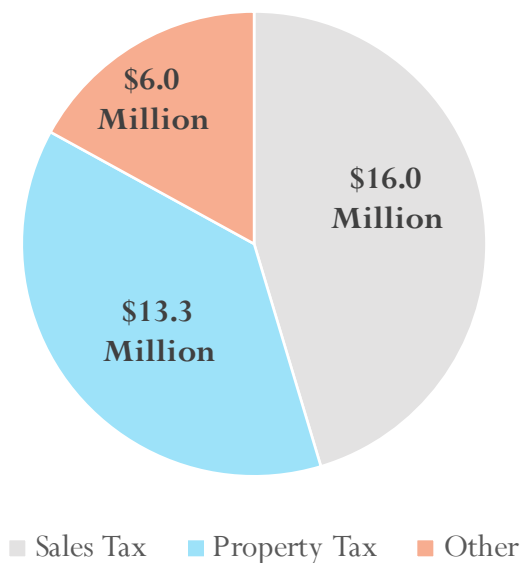
	Employment	Labor Income	Output
<i>Convention & Visitors Bureau's</i>	4,946	\$99.9 million	\$471.2 million
<i>Capital Investments</i>	4,670	\$184.5 million	\$571.6 million
Total Impact	9,616	\$284.4 million	\$1.04 billion

Summary of Impacts:

- Total Economic Impact:
 - **\$1.04 billion**
- Total full-time job equivalents:
 - **9,616**
- Total State & Local Tax Impact:
 - **\$35.3 million**

Sources: Texas Association of Business, AE, IMPLAN

State & Local Tax Impact: \$35.3 Million



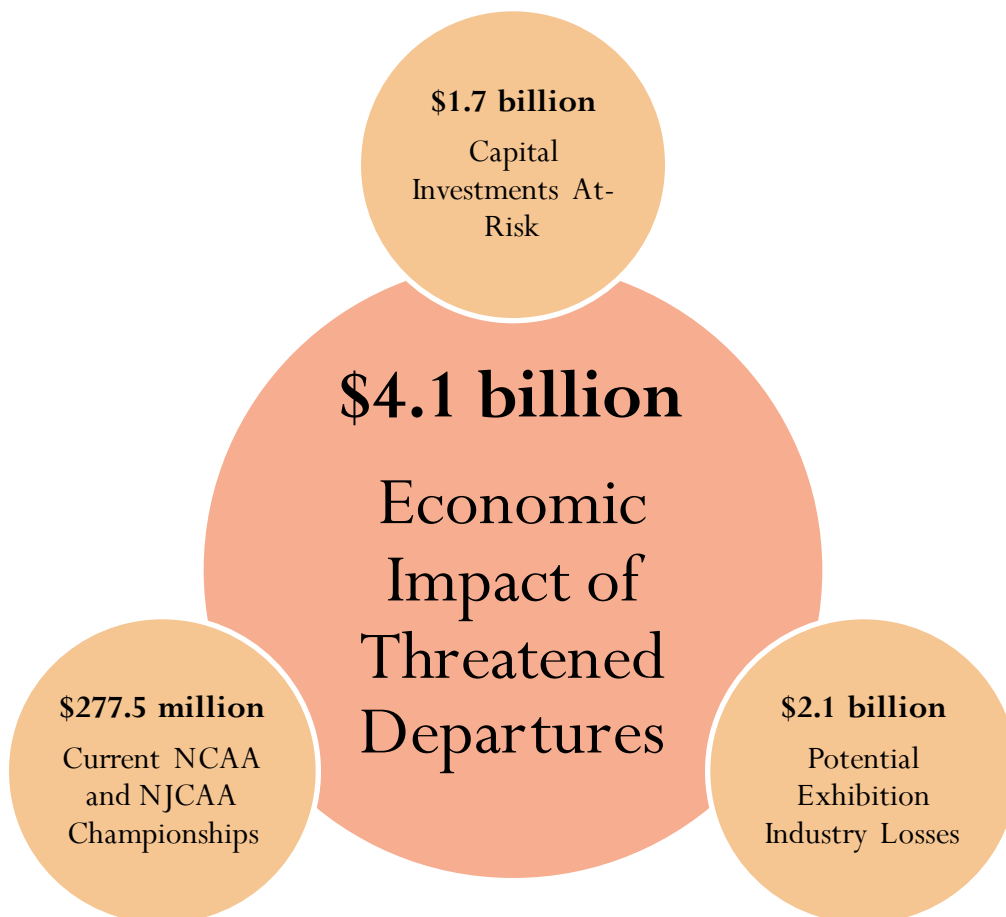
Economic Impact – Threatened Departures

Introduction

Numerous organizations have been vocal in their opposition to Senate Bill 6, and as demonstrated in the previous section, some have confirmed that they will withdraw from Texas in response to the bill. Other organizations have either threatened to take action or have demonstrated the willingness to take action in response to SB 6.

This section includes an analysis of the currently slated capital investments, which are considering relocation out-of-state in response to SB 6. Additionally, this section provides an analysis of the current market trends in the North Carolina's Exhibition Industry, and what it could mean for Texas, as well as an assessment of the economic contributions that major sporting events provide to the state. The total economic impact of threatened departures is the sum of these three activities.

In total, if every threatened departure came to fruition, Texas could lose nearly \$4.1 billion in total economic impacts through 2020.



Sources: AE, IMPLAN

Economic Impact – Threatened Departures

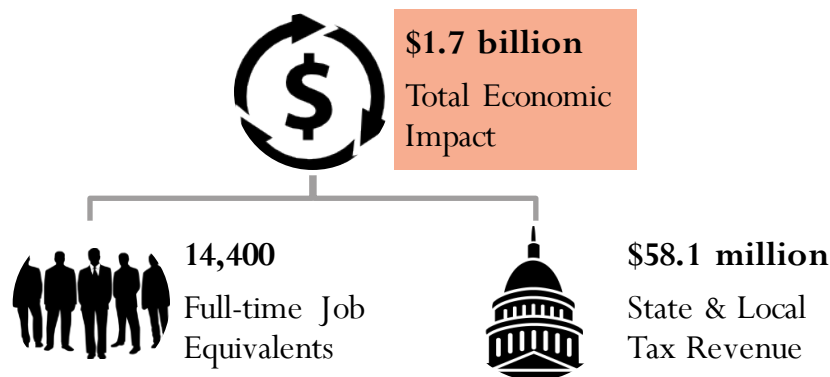
Capital Investments

Many businesses throughout the world are keeping a close watch on the outcome of Senate Bill 6. Some may choose to relocate existing operations in response to the bill, while others may pass over Texas entirely when making their expansion decision. Evidence from Charlotte, North Carolina has demonstrated a 25% reduction in deal flow since enacting House Bill 2 (North Carolina's own version of the Bathroom Bill). **In fact, numerous consultants from the Site Selectors Guild have stated that they will no longer consider North Carolina since passing House Bill 2.**

To understand if either practice is occurring, AE administered an anonymous survey to Economic Development Professionals throughout Texas. The survey inquired about any potential business that may fall into either of these categories. The results, which are shown below, are quite staggering. Currently, the following is at risk:

Economic Development Projects At-Risk	
<i>Capital Investments</i>	<i>Direct Jobs</i>
\$1.1 billion	2,758

If Senate Bill 6 passes, Texas may forego over \$1 billion or 6% of Texas' total amount of capital investments in 2015 – totaling \$1.7 billion in total economic impacts throughout the state.



Magnitude of Impacts *State of Texas*

<i>Total 2015 Capital Investments</i>	<i>Capital Investments At-Risk</i>
\$18.3 billion	\$1.1 billion

If SB 6 passes, Texas may lose 6% of Total Private Sector Capital Investment

Sources: AE, IMPLAN, 2015 Governors Cup

Economic Impact – Threatened Departures

Texas Exhibition Industry

As demonstrated in the confirmed departures section, many of the most outspoken and vocal organizations against SB 6 have been organizations and businesses preparing for major conferences and events in Texas. These events are typically booked many years in advanced, and once an event is booked, there is a fee to cancel. In fact, the cancellation fee often increases as the event draws closer. But, perhaps, the most ominous impact will be the organizations that will not even consider Texas for future events.

Additionally, written into the by-laws of many organizations are anti-discrimination clauses – which would prohibit an organization from hosting a conference at a site with discriminatory policies. Travel bans have also been enacted by numerous cities and states on destinations with discriminatory legislation. These bans, which are levied on public employees, threaten organizer’s ability to attract speakers and attendees from the public sector.

Altogether, these outcomes have been well documented in North Carolina. One year after passing their own “bathroom bill”, bookings were down 15% from their target, and in the subsequent year, future bookings were down 20%. **If applied to the Texas Exhibition Industry, this would amount to a \$897 million loss in year one and \$1.2 billion loss in year two – or \$2.1 billion in losses over two years.**

Industry Snapshot: Texas Conference & Expos

City	Size of Convention Center (Ft ²)	Direct Tourism Revenues (\$B)
Austin	900,000	\$7.1
Dallas/Ft. Worth	1,400,000	\$19.9
Houston	1,200,000	\$16.5
San Antonio	1,300,000	\$8.3
Metro Total	4,800,000	\$51.8
Texas Total	7,400,000	\$68.7
<i>Metro Percent of Total</i>	<i>64.9%</i>	<i>75.4%</i>

11.5%

Texas comprises 11.5% of all events in the U.S.
(1,316 / 11,427)

7.9%

Texas comprises 7.9% of all event attendees in the U.S.
(6.4 million / 81.0 million)

7.8%

Texas comprises 7.8% of all event square footage in the U.S.
(36.2 million / 461.1 million)

Sources: Center for Exhibition Industry Research, CVENT

Economic Impact – Threatened Departures

NCAA & NJCAA Impacts

The NCAA and NJCAA demonstrated in North Carolina that it will not tolerate discriminatory legislation. The state enacted their own “bathroom bill”, named House Bill 2 in 2016. As a response, both organizations banned all championship events through 2022 from taking place in North Carolina. Consequently, 7 events were relocated from North Carolina – most notable the 2017 Final Four, which was scheduled to take place in Greensboro.

If Texas enacts their own “bathroom bill”, the NCAA and NJCAA may also place the state on notice. Below is a list of the current NCAA and NJCAA championship games that are supposed to take place in Texas through 2020. **If Texas were to lose these events, it would cost the state \$277.5 million in total economic impacts.**

Year	Sport	Gender	Division	Event	City
2017	Cross Country	Men's	Division I	Championship	College Station
2017	Cross Country	Both	Division II	Regional Championship	Canyon
2018	Basketball	Men's	Division I	Final Four	San Antonio
2018	Basketball	Men's	Division I	1st & 2nd Round	Dallas
2018	Indoor Track	Both	Division I	Championship	College Station
2018	Golf	Women's	Division I	Championship	Austin
2018	Golf	Men's	Division I	Championship	Bryan
2018	Golf	Men's	NJCAA	Championship	Lubbock
2018	Indoor Track	Both	NJCAA	Championship	Lubbock
2018-2019	Basketball	Women's	NJCAA	Championship	Lubbock
2018-2020	Football	Men's	FCS	Championship	Frisco
2019	Soccer	Men's	NJCAA	Championship	Tyler
2019-2021	Basketball	Women's	NJCAA	Championship	Lubbock
2018, 2020	Tennis	Men's	NJCAA	Championship	Plano, Tyler
2018-2019	Tennis	Women's	NJCAA	Championship	Waco, Tyler

Total Economic Impact

\$277.5 million

State & Local Tax Impact

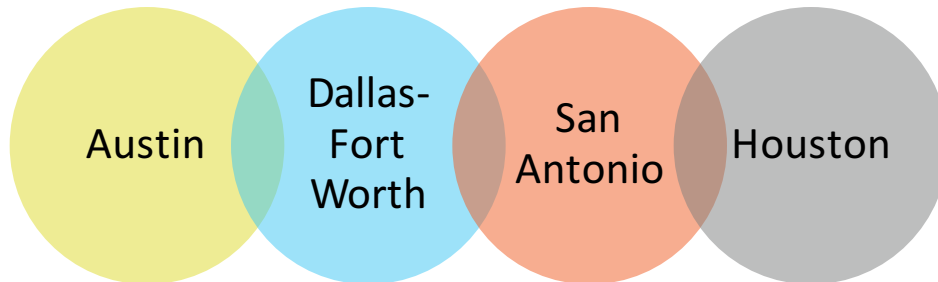
\$9.2 million

See Appendix for more information.

Sources: Texas Association of Business, AE

Economic Impact – Major Metro Areas

The conference and event centers that will see the largest losses due to SB 6 are located in the following four major metro areas:



These four major metro areas attract the largest amount of interstate conferences and events, which is why the economic impact is concentrated in these regions.

Other major metro areas throughout Texas certainly hold major conferences and events, however these event centers are primarily utilized by intrastate organizations. Since an intrastate organization operates wholly within Texas, they are considerably less likely to withdraw an event from a Texas site in response to SB 6.

Impact to Localized Economies

Disrupting the influx of visitors to conference and event centers will have a negative impact on the supporting industries concentrated within these four major metro areas. These supporting businesses provide visitors with goods and services and include nearby hotels, bars, restaurants, retail centers, business complexes and entertainment districts.

The following analysis utilized the IMPLAN software to demonstrate how supporting industries will be negatively impacted by a disruption in the conference and event industry located within each metro area.

On average, when \$1 million of revenue is generated at a conference or event center...



...432 different sectors are impacted

Economic Impact – Rural Areas

The vast majority of events referenced in this study occur in major metro areas. However, the economic impact of HB 6 will not only be felt in large cities, but also in the rural areas of Texas. These rural communities provide major metros with a steady supply of goods and labor. **The analysis that follows provides an understanding of how a disruption to the convention and event industry in one of Texas' four major metro areas will impact rural areas throughout the state.**

This study analyzes the top four metro areas: Austin, Dallas-Fort Worth, Houston, and San Antonio. Rural is defined as any county not within these top four Metropolitan Statistical Areas (MSAs). This supply chain analysis was completed using the Multi-Regional Input-Output Analysis provided by the IMPLAN software. **When an event occurs within these metros, this is the anticipated return to rural Texas is 2.5%.**

When a conference or event occurs in a major metro area, rural Texas benefits by an average of 2.5% of the total impact. **By disrupting conference and events bookings in major metro areas, rural Texas is poised to lose between \$26.1 million and \$52.5 million annually.**

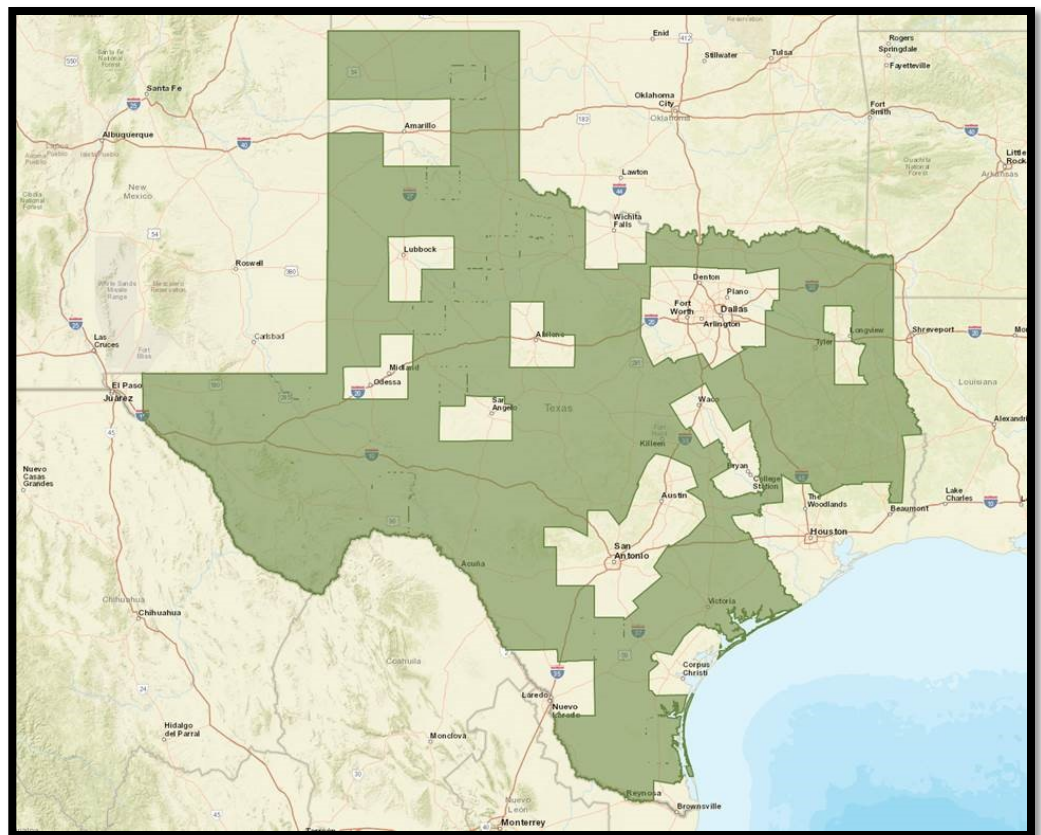
How much of the impact is felt in Rural Texas by an event in...

Austin:
1.9%

Dallas-Fort
Worth:
2.1%

San Antonio:
4.7%

Houston:
1.4%



The highlighted green area indicates rural Texas

Sources: AE, IMPLAN

Economic Impact – Potential Losses

Major Sporting Events

Similar to the NCAA and NJCAA, other sports organizations such as the NBA (National Basketball Association) and NFL (National Football League) have been vocal in their disapproval of discriminatory legislation. Each year both leagues choose sites to host their marquee events – the NBA All-Star Game and NFL Super Bowl. In 2016, the NBA decided to move the 2017 NBA All-Star Game from Charlotte, North Carolina because of their objection to the state's own "bathroom bill".

None of these organization have formally withdrawn or banned Texas from hosting either event in the future. However, the rhetoric from both organizations demonstrates that Texas sites will be in jeopardy of hosting future events if SB 6 passes. **Combined, these events could bring \$450 million in total economic impacts in the future.**

NBA

"I think those jurisdictions that are considering legislation similar to HB2 are on notice that that is an important factor for us. Those values are an important factor for us in deciding where we take a special event like an All-Star Game."

*Adam Silver,
NBA Commissioner*

Average Economic Impact
\$100 million

Hosted in Texas: 1986, 1989, 1996, 2006, 2010,
2013

NFL

"If a proposal that is discriminatory or inconsistent with our values were to become law (in Texas), that would certainly be a factor considered when thinking about awarding future events"

*Brian McCarthy,
VP Communications*

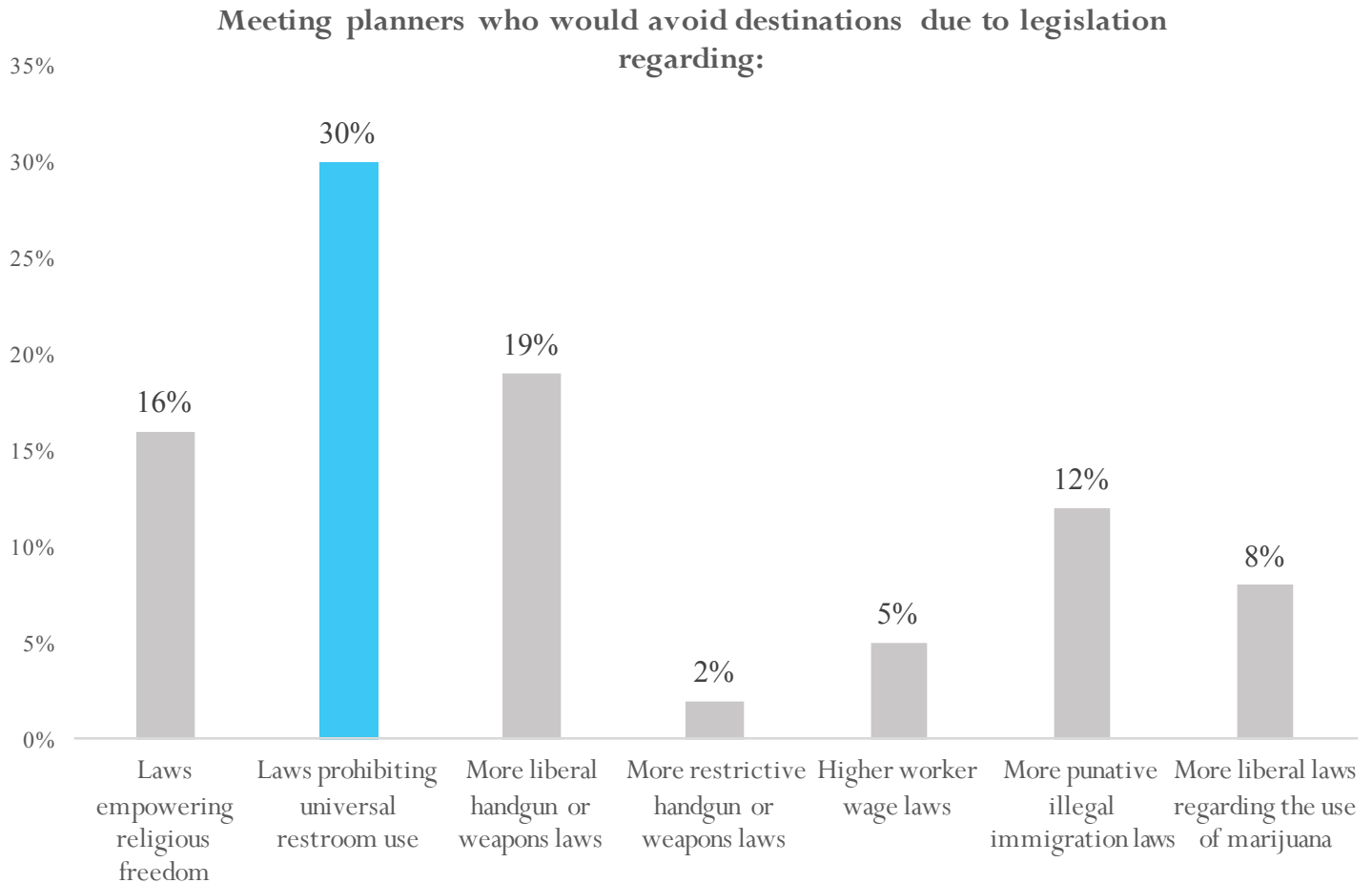
Economic Impact:
\$350 million (2017)

Hosted in Texas: 1974, 2004, 2011, 2017

Sources: ESPN, Dallas News, Houston Chronicle, Kent State University

Economic Impact – Potential Losses

Meeting Professionals International disseminated a survey to their members gauging their responsiveness to various forms of controversial legislation in states across the US. The purpose of the survey was to understand what potential impacts might occur if the controversial bills were to pass. The data below shows the percentage of Meeting Planner Professionals that would *avoid* destinations if the particular bill in question were to become law.



Meeting Planners are partly responsible for location decisions for major events around the country. **A total of 30% of these professionals stated that they would actively avoid destinations that have laws prohibiting universal bathroom use. More impressively, laws prohibiting bathroom use was the topic that was felt most strongly among these professionals.**

This further paints a picture that this bill does significant harm to our state's economy.

Sources: Meeting Planners International

Economic Impact – Potential Losses

Opportunity Cost

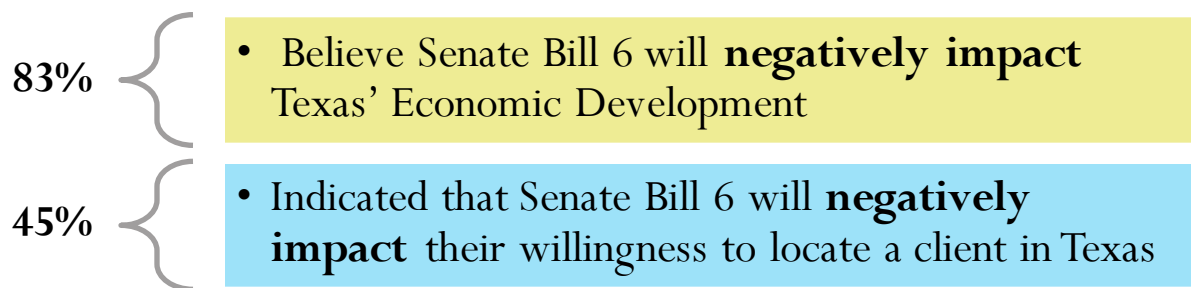
There is a clear opportunity cost at stake in Texas. By enacting Senate Bill 6, Texas lawmakers will be limiting the state's opportunities to win economic development projects. This occurrence has been well documented in North Carolina, a state that has been traditionally strong in attracting economic development projects.

Each year, Site Selection Magazine ranks states by their economic development efforts in the "Governors Cup". Just behind Texas (which was ranked 1st by number of projects), is North Carolina. In 2016, North Carolina ranked 4th by number of projects and 7th by projects per capita.

While 2016 may have been a big year for North Carolina, interviews with professionals in the field paint a grim outlook for the state's economic development future. AE spoke with numerous economic development and site selection professionals, and found:

- **The CEO of the Economic Development Partnership of North Carolina indicated that 6 site location consultants will no longer consider sites in North Carolina due to House Bill 2.**
- **The President & CEO of the Charlotte Region Partnership indicated that the city's "deal flow" has dropped by 25% since enacting House Bill 2.**

AE administered a survey to the members of the Site Selectors Guild, the only association of the world's foremost professional site selection consultants. The purpose of the survey was to understand how SB 6 might be affecting their industry. The results can be found below:



Enacting Senate Bill 6 will ultimately limit Texas' ability to "shop" sites to potential employers. Future economic development efforts will be undermined by the simple fact that prospective companies and site selectors will no longer consider Texas if this legislation passes.

The opportunity cost of Senate Bill 6 will be massive, and largely unknown, since Texas will be no longer be considered by many prospective employers.

Economic Impact – Potential Losses

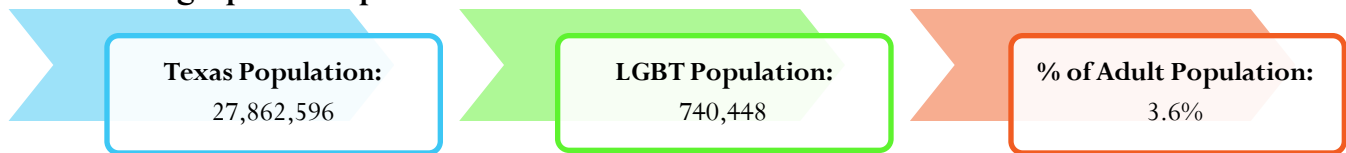
Market Disruptions

Attracting young, talented workers is a top concern for Texas employers. Unlike older generations, Millennials place great value on the quality of life considerations of a place. This requires that state and local governments aid employers by creating welcoming and vibrant communities which will attract outsiders.

Senate Bill 6 is a step in the opposite direction. It sends a clear, negative message to the LGBT community and Millennials that Texas is unwelcoming and discriminatory. The following section explores how SB 6 will create disruptions in the labor market throughout Texas – the cost of which, will be paid directly by Texas employers.

- **SB 6 discriminates against a portion of Texas' population that is larger than El Paso. Many individuals will choose to leave Texas if they do not feel welcome.**

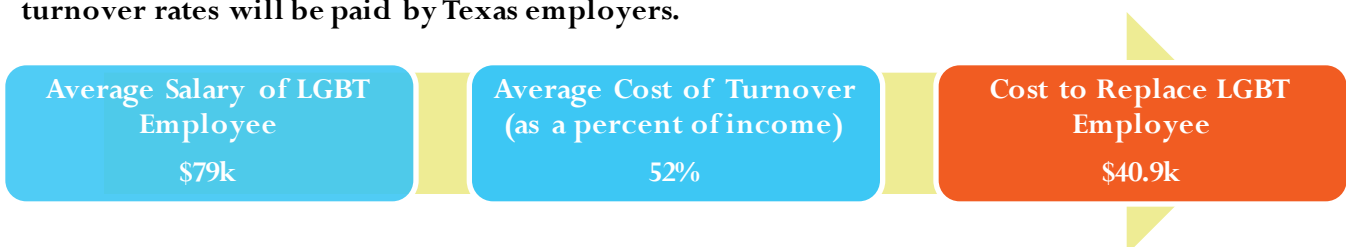
2016 Demographic Snapshot



- **LGBT individuals work in industries that drive Texas' economy and in careers that give back to society.**

Careers with Highest Proportion of Gay & Lesbian Workers (Avg. Salary in Texas)		
1. Psychologists (\$90,600)	6. Message Therapists (\$66,500)	11. Morticians (\$56,200)
2. Trainers (\$53,600)	7. Regional Planners (\$67,700)	12. Physical therapists (\$95,200)
3. Social Workers (\$43,800)	8. Directors (\$67,900)	13. IT Managers (\$154,600)
4. Writers (\$72,900)	9. Professors (\$57,900)	14. Lawyers (\$149,400)
5. Occupational Therapists (\$96,800)	10. Probation Officers (\$45,700)	15. Web Developers (\$71,100)

- **Texas lawmakers should not foster policies which will drive people away. Ultimately, higher turnover rates will be paid by Texas employers.**



Sources: Movement Advancement Project, Texas Department of Economic Development and Tourism, London School of Economics, Bureau of Labor Statistics, Bonusly

Case Study: North Carolina & HB 2

In 2016, North Carolina enacted House Bill 2 (HB 2), The Public Facilities Privacy & Security Act. Similar to Texas' Senate Bill 6, HB 2 required that individuals only use restrooms and changing facilities that corresponded to the sex on their birth certificate. In response to HB 2, many businesses, conferences, and events canceled their investments or expenditures in North Carolina, citing the discriminatory legislation as the determining factor.

In October 2016, North Carolina's (then current) Commerce Secretary stated that as far as North Carolina's economic health is concerned, HB 2 "hasn't moved the needle one iota". Despite the Secretary's claim, the Associated Press projected \$3.76 billion in losses over the next 12 years for North Carolina.

When comparing HB 2's projected economic losses against the state's total GDP (\$510 billion), the impact of HB 2 may certainly appear to be negligible on the macro level. However, when businesses chose to skip over North Carolina, they took with them hundreds of jobs and millions of dollars worth of revenue for supporting industries – economic impacts that certainly would not have been negligible in the communities poised to benefit from these investments.

To understand the impact of HB 2, the following section provides a case study of the legislation and its economic impact in the one year that the bill was enacted into law. Included is a summary of the Associated Press' analysis, which has been supported by information gathered in an interview conducted by AE with Dennis Edwards, the President and CEO of Greater Raleigh Convention and Visitors Bureau. In addition, the full list of every business or event that either threatened or confirmed their departure from North Carolina in Response to HB 2 has been included. This information has been provided by the Associated Press.

This case study serves as a clear demonstration that many organizations and businesses have zero tolerance for discriminatory legislation.

North Carolina vs. Texas Impacts

According to the AP, North Carolina lost \$196 million from canceled sporting events, conventions, concerts, and other events. If SB 6 is enacted in Texas, the state could be poised to lose \$753 million – which is nearly 4 times more than the amount lost in North Carolina. **If this trend continues across additional industries, then Texas is poised to lose much more than \$3.76 billion lost to North Carolina .**

North Carolina vs. Texas Impacts

Losses from sporting events, conventions, concerts and other events

	North Carolina	Texas
Total Losses	\$196 million	\$753 million*

**This figure includes NCAA championships*

Sources: AE, AP, TAB

Events Lost in North Carolina due to HB 2

“Price tag of North Carolina’s LGBT law: \$3.76B” – Associated Press

The Associated Press released an article on March 27, 2017 which estimated that HB 2 cost the North Carolina economy \$3.76 billion over a dozen years. To estimate this figure, the authors compiled data from numerous interviews and public records requests.

Economic Development Projects

The largest loss in North Carolina was from a proposed PayPal operations center, which was planned to open in Charlotte. The facility was expected to bring 400 jobs and contribute over \$200 million annually to the state’s GDP. By 2028, it could have contributed \$2.66 billion to North Carolina’s economy. The PayPal facility was one of five economic development projects that backed out of North Carolina.

Major Events & Nonprofit Organizations

Many events were canceled in North Carolina in response to HB 2, which included famous musical acts such as Pearl Jam, Bruce Springsteen, and Ringo Star. While these cancellations have been well documented, it has been speculated that many other musicians have decided to pass over North Carolina for future events. While this practice has not been confirmed, many major acts which typically would have included North Carolina on their tour schedule, will not be returning to the state in 2017.

Furthermore, many of the large arenas and venues in North Carolina provide the opportunity for nonprofit organizations to volunteer and fundraise at major events. Organizations such as churches, schools, and service clubs can raise money for their groups by working at the concession stands, where they receive a percentage of total sales as a donation. Many groups rely on this opportunity, as it provides more exposure than many other fundraising activities. Unfortunately, these groups have been inadvertently impacted as events have been canceled and bookings remain below average.

Travel Ban & Conferences

Dozens of conferences and conventions were relocated from North Carolina in response to HB 2, while many organizations chose to exclude North Carolina sites altogether from future consideration. Those that chose to stay, had trouble sourcing corporate sponsors to help alleviate the costs of these large events.

Cancellations were exacerbated when numerous states and cities chose to place a travel ban on North Carolina events and conferences. These bans restricted public employees from traveling to North Carolina to participate in professional events. Overnight, many professors from public universities and public sector employees were barred from speaking at North Carolina conferences. Additionally, many conferences passed over North Carolina, in fear that the travel ban would prevent public sector employees from attending their conference.

Sources: AE, Greater Raleigh Convention and Visitors Bureau

Events Lost in North Carolina due to HB2

Event	Loss in millions	Location
Paypal backing out of Mecklenburg County	\$2,660.19	Mecklenburg County
Deutsche Bank Global Technology backing out of Wake County	\$542.53	Wake County
CoStar backing out of final Charlotte negotiations	\$250.00	Charlotte
NBA All-Star Game	\$100.00	Charlotte
Adidas factory project backing out of High Point	\$67.12	High Point
Voxpro backing out of North Carolina	\$51.83	Central North Carolina
ACC Football Championship	\$32.40	Charlotte
NCAA Men's First / Second Round Basketball Tournament	\$14.48	Greensboro
Charlotte: Canceled conferences, meetings and non-sports events	\$6.80	Charlotte
Raleigh: Meetings, Conventions, other non-sports events	\$6.18	Raleigh
Greensboro: Canceled conventions, meetings	\$6.00	Greensboro
ACC Women's Basketball Tournament	\$5.31	Greensboro
ACC Baseball Tournament	\$5.20	Durham
CIAA Football Championship	\$3.50	Durham
Durham: Non-sports Conventions	\$2.60	Durham
Orange County cancelled meetings, events and lost tourism business	\$2.50	Orange County
NCAA Soccer, Tennis, Lacrosse and Baseball Events	\$2.40	Cary
W.K. Kellogg Foundation meeting	\$1.50	Asheville
ACC Women's Swimming and Men's / Women's Diving Championships	\$1.05	Greensboro
ACC Men's Swimming Championships	\$1.05	Greensboro
Nine meetings and events in Asheville	\$1.00	Asheville
American Institute of Architects conference	\$0.95	Wilmington
NCAA Div. III Men's and Women's Soccer National Championships 2016	\$0.79	Greensboro
NCAA Div. III Men's and Women's Soccer National Championships 2017	\$0.79	Greensboro
NAIA Cross Country National Championship	\$0.43	Charlotte
NJCAA Div. III Baseball Championships	\$0.35	Kinston
ACC Men's and Women's Tennis Championship	\$0.29	Cary
ACC Women's Soccer Championship	\$0.21	Cary
Lost wages - cancelled Pearl Jam, Cirque Du Soleil, Demi Lovato & Nick Jonas, Maroon 5 shows	\$0.13	Raleigh
Bruce Springsteen at Greensboro Coliseum	\$0.10	Greensboro
Cirque Du Soleil	\$0.07	Greensboro
ACC Women's Golf Championship	\$0.04	Greensboro
Fayetteville: Lutheran Financial Managers Convention	\$0.04	Fayetteville
Ringo Starr at Koka Booth Amphitheater	\$0.03	Cary
Boston at White Oak Amphitheater	\$0.02	Greensboro
Total	\$3,767.87	

Source: The Associated Press

Conclusion

As demonstrated throughout this report, Senate Bill 6 will have a strong and negative impact on the Texas Economy. Currently, 54 different organizations have confirmed that they will withdraw operations from Texas if SB 6 passes, representing a \$1.04 billion economic impact to the State. Within the Exhibition Industry alone, trends from North Carolina suggest that the state could see losses of up to \$2.1 billion over two years.

It is important to remember that behind every economic impact figure are jobs, incomes, and tax revenues – tangible economic measures that make lasting impacts on our communities.

Over 70 businesses have signed a letter to the Texas Legislature urging them to reject discriminatory legislation. Among those that have signed are numerous chambers of commerce, industry leaders, and major employers throughout the state.

“As leaders in the Texas business community, we have an obligation to our employees, customers, shareholders and the Texas communities we serve to oppose discriminatory legislation that jeopardizes the positive environment for our Texas business operations.”

This legislation will have a lasting, negative impact on Texas’ reputation, which will impede its ability to recruit top talent from across the globe. Organizations and businesses are prepared to leave Texas in response to this bill, and many others will no longer consider Texas for future operations.

On March 30, 2017, North Carolina repealed its controversial House Bill 2, and while it was enacted for only one year, the damage had already been done. North Carolina will lose \$3.76 billion in economic impacts over the next 12 years. Further, it will be difficult for the state to overcome the negative connotations associated with HB 2. For many people across the world, North Carolina’s name will be synonymous with unwelcoming and discriminatory attitudes against members of the LGBT community.

The Texas legislature should learn from North Carolina – and not imitate a \$3.76 billion loss. **As a worst case scenario, this report projects that Texas may lose up to \$5.6 billion through 2026 if SB 6 passes.**

Plain and simple, Senate Bill 6 is bad for business.

At this time, based on verified losses in all three risk categories, Texas would experience up to \$5.6 billion in economic fallout if SB 6 passes.

Confirmed Economic Impacts

\$1.04 billion

Threatened Economic Impacts

\$4.1 billion

Potential Losses

\$450 million

Appendix – NCAA and NJCAA Impact

Year	Sport	Gender	Division	Event	Economic Impact	Reference	Source:
2017	Cross Country	Men's	DI	Championship	\$ 1 million	Cleveland (2009)	Greater Cleveland Sports Commission
2017	Cross Country	Both	DII	Regional Championship	\$ 124,000 (\$75,000*)	Evansville (2014)	KCTV 5
2018	Basketball	Men's	DI	Final Four	\$ 234 million	San Antonio (2018)	New York Times
2018	Basketball	Men's	DI	1st & 2nd Round	\$ 14.48 million	Greensboro (2017)**	AP
2018	Indoor Track	Both	DI	Championship	\$ 2.1 million (\$ 1.3 million*)	Albuquerque (2014)	Albuquerque Journal
2018	Golf	Women's	DI	Championship	\$ 500,000	Tulsa (2014)	News On 6
2018	Golf	Men's	DI	Championship	\$ 1,355,000	Orlando (2016)***	Central Florida Sports Commission
2018	Golf	Men's	NJCAA	Championship	\$ 485,000	Lubbock (2016)	Lubbock Economic Development Alliance
2018	Indoor Track	Both	NJCAA	Championship	\$ 985,000	Lubbock (2017)	Lubbock Economic Development Alliance
2018-2019	Basketball	Women's	NJCAA	Championship	\$ 1.9 million	Lubbock (2017)	Lubbock Avalanche Journal
2018-2020	Football	Men's	FCS	Championship	\$ 13 million	Frisco (2016)	Frisco Enterprise
2019	Soccer	Men's	NJCAA	Championship	\$ 1 million	Martinsville (2015)	NJCAA
2019-2021	Basketball	Women's	NJCAA	Championship	\$ 5.4 million	Lubbock (2017)	Lubbock Avalanche Journal
2018	Tennis	Men's	NJCAA	Championship	\$ 305,400	Plano (2018)	City of Plano
2020	Tennis	Men's	NJCAA	Championship	\$ 305,400		
2018	Tennis	Women's	NJCAA	Championship	\$ 305,400		
2019	Tennis	Women's	NJCAA	Championship	\$ 305,400		
Total					\$277.5 million		

*Direct Impact - provided by source. Economic Impact calculated using IMPLAN

**Canceled due to HB2

***DII Championship

About AngelouEconomics

AngelouEconomics partners with client communities and regions across the United States and abroad to candidly assess current economic development realities and identify opportunities.

Our goal is to leverage the unique strengths of each region to provide new, strategic direction for economic development.

As a result, AngelouEconomics' clients are able to diversify their economies, expand job opportunities and investment, foster entrepreneurial growth, better prepare their workforce, and attract 'new economy' companies.

To learn more, visit www.angeloueconomics.com



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