

**Texas Central's High Speed Rail Corridor
and Related Private Development
Houston to Dallas/Fort Worth, Texas**

***Analysis of Economic, Employment
and Tax Revenue Impact
2015 through 2040***

Executive Summary

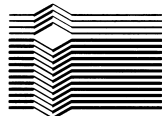
October 13, 2015

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**INSIGHT RESEARCH
CORPORATION**

Economic, Employment and Tax Revenue Impact Analysis Texas Central's High Speed Rail Corridor and Related Private Development Houston to Dallas/Fort Worth, 2015 through 2040

Executive Summary

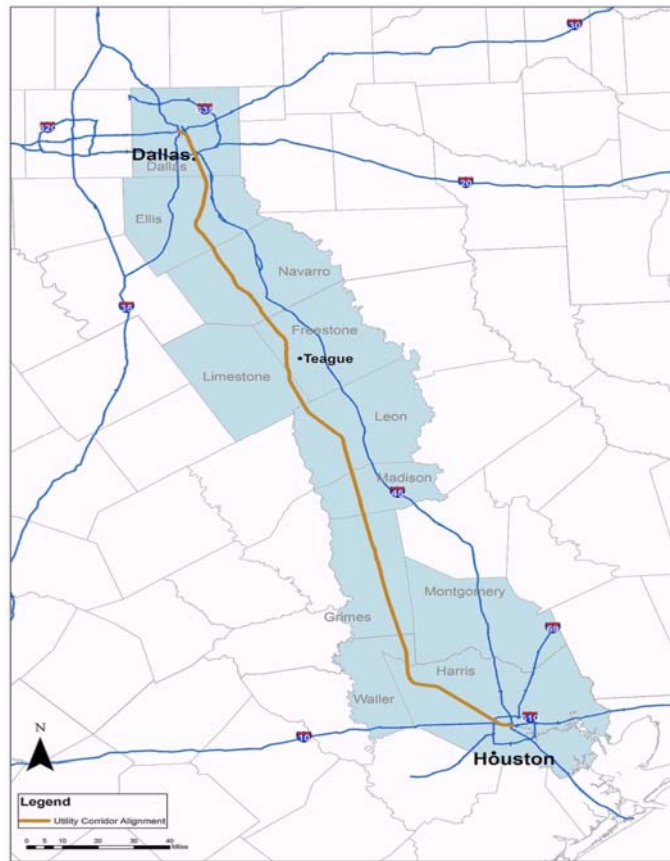
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Insight Research Corporation has completed an economic impact analysis which examines the benefits of Texas Central's planned high speed rail system (TC HSR), proposed to provide new passenger rail service between the metro areas of Houston and Dallas/Fort Worth (D/FW). This analysis quantifies the findings of economic, employment and tax revenue impact associated with the project's development, showing its economic benefit to the State of Texas as well as to the counties and cities along the proposed corridor as the project comes to full development and continues operations through 2040.

BACKGROUND AND HIGH SPEED RAIL PROJECT DESCRIPTION

Texas Central Partners is a private company with local investors and financing that is developing concepts for a passenger HSR system to connect D/FW and Houston via a 250-mile corridor. Service is planned to begin in 2021. With top speeds of 205 miles per hour along the corridor, the HSR offers reduced travel time between D/FW and Houston of less than 90 minutes.

Texas Central uses state-of-the-art Japanese technology using clean, quiet electrical power supplied overhead. A completely separate track, the TC HSR has no intersections, cross traffic, or rail corridor sharing with other passenger or freight rail services.



The Railway Corridor: Many alternative corridor options were examined, with the most effective being the “Utility” corridor, the only corridor evaluated in this analysis. Acquisition of property for this corridor is planned for 2016 through 2017 along a route approved by the Federal Railroad Administration, and requiring a minimum of 100 feet of corridor width for the double tracked railway.

Private investments in this HSR system are expected to total more than \$10.9 billion dollars in land acquisition, rail construction, rolling stock, and maintenance facilities and equipment. Some 1086 full time jobs are expected to be required as a permanent TC HSR staff.

Three stations will serve passengers, including Houston, D/FW, and an intermediate serving the Brazos Valley, with access to major roadways, public transit connections, convenient services for passengers, and ample on-site parking. Primary maintenance facilities are planned for Houston and Dallas, with eight maintenance-of-way (MOW) stations evenly spaced along the corridor in the counties between Dallas and Harris.

FINDINGS OF ECONOMIC, EMPLOYMENT AND TAX REVENUE IMPACT

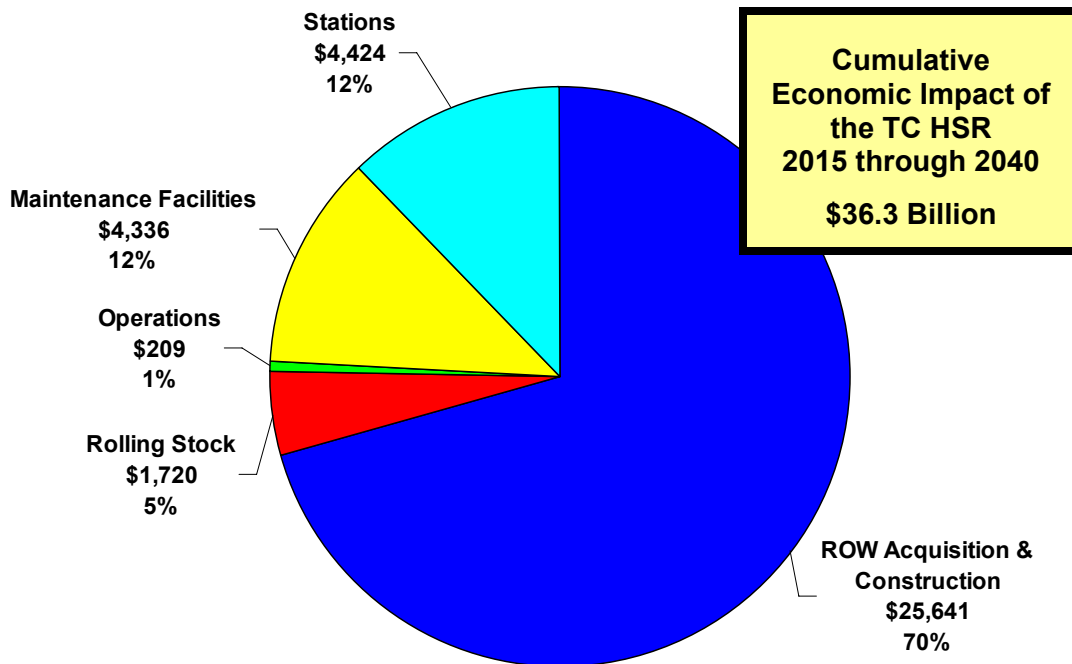
The Public Benefit of Private Rail Ownership: In most passenger rail projects, the public sector is the both the tax supported funding source and the operating entity, i.e., Amtrak.

For the TC HSR corridor and supporting facilities, economic and tax revenue impact are doubly valuable for local jurisdictions because the passenger railway, like most freight railroads, is privately owned; thus, most of its assets, operations and capital expenditures are taxable.

ECONOMIC IMPACT OF THE HIGH SPEED RAIL CORRIDOR ONLY

Cumulative Economic Impact, 2015 through 2040:	\$36.3 Billion
Average Annual Construction Impact, 2018 through 2021:	\$4.3 Billion
Average Annual Impact of Operations 2022 through 2040	\$352.4 Million

Economic impact is the benefit to the general economy of the entire HSR system as measured through its development and operating period through 2040 computed using applicable U.S. Bureau of Economic Analysis multipliers specific to the type of development as well as to the region. This impact is widely experienced and driven by new expenditures for land purchase, construction, payroll, maintenance and operating activities as noted proportionally below over the study period as a cumulative value for each of the following capital and operating investments:



EMPLOYMENT IMPACT, TC HSR ONLY, 2015 THROUGH 2040

1,086 new direct jobs and 4,283 indirect jobs

A total of 5,369 new permanent, full time jobs in the region

The TC HSR is expected to employ **1086** persons at full development. Employment impact analysis includes direct and indirect employment for both construction and operating phases of the HSR corridor, station, and maintenance facilities. Direct employment refers to persons on the payroll of the HSR and at an HSR facility, while indirect employment is generated by the first tier purchase of goods and services by the HSR, by its administrative and operational activities, and by its employees.

TAX REVENUE IMPACT, TC HSR ONLY

Tax Revenue Benefit of the HSR, 2015 through 2040

\$3.11 Billion

Direct tax revenue impact refers to the taxes paid by TC HSR each year, while indirect taxes benefit the State and local jurisdictions as a result of employment and other first tier taxable spending. Direct tax revenue streams may be available to investment or financing commitments to local jurisdictions under certain agreements. Indirect revenue streams are not investment-grade, but reflect the reality of additional tax potential which can flow to each jurisdiction.

	Direct	Indirect	Total Direct and Indirect Taxes
Cities	\$257,999,000	\$73,685,000	\$331,683,000
Counties	\$321,917,000	\$109,490,000	\$431,405,000
State of Texas	\$1,139,765,000	\$237,042,000	\$1,376,806,000
Schools	\$641,657,000	\$181,035,000	\$822,691,000
Transit	\$138,632,000	\$6,847,000	\$145,479,000
TOTAL	\$2,499,970,000	\$608,099,000	\$3,108,064,000

The tax forecast includes conservative estimates of property taxes on the completed corridor and rolling stock, plus sales and use taxes on construction materials, rolling stock and other equipment, and retail sales tax on ticket sales. Estimates exclude taxes on power use at the time of study.

**COMBINED FINDINGS OF ECONOMIC, EMPLOYMENT AND TAX REVENUE IMPACT
HSR DEVELOPMENT AND PRIVATE DEVELOPMENT PROJECTS**

High Speed Rail Can Attract Other Economic Development: Transportation infrastructure performs as the enabling matrix in which other economic activity can flourish. New private, rail station development is in the planning stages close to the new Houston, D/FW and Brazos Valley Stations. As development proceeds to meet market demand, private investment into adjacent mixed uses will also produce substantial new tax revenue for each area where a station is sited.

COMBINED ECONOMIC IMPACT, HSR AND AND PRIVATE DEVELOPMENT

Cumulative 2015 through 2040 \$74.11 Billion

The measurable economic impact of public and private investments through 2040 results in an almost equivalent benefit of “new money” in the regional economy, distributed along the entire HSR corridor.

HSR Operations	\$36.33	Billion
Private Developments	\$37.78	Billion
Total	\$74.11	Billion

EMPLOYMENT IMPACT OF THE HSR AND PRIVATE DEVELOPMENT

*Thirteen (13) New, Direct, FTE Private Sector Jobs
for each One (1) Direct, FTE HSR Job Created*

**Employment Impact Comparisons
HSR to Private Development, 2015 through 2040**

Direct FTE Employment at 2040, HSR	1,086
Indirect FTE Employment at 2040, HSR	<u>4,283</u>
Total Direct & Indirect Jobs, HSR	5,369
Direct FTE Employment at 2040, Private Development	14,027
Indirect FTE Employment at 2040, Private Development	<u>21,263</u>
Total Direct & Indirect Jobs, Private Development	35,290

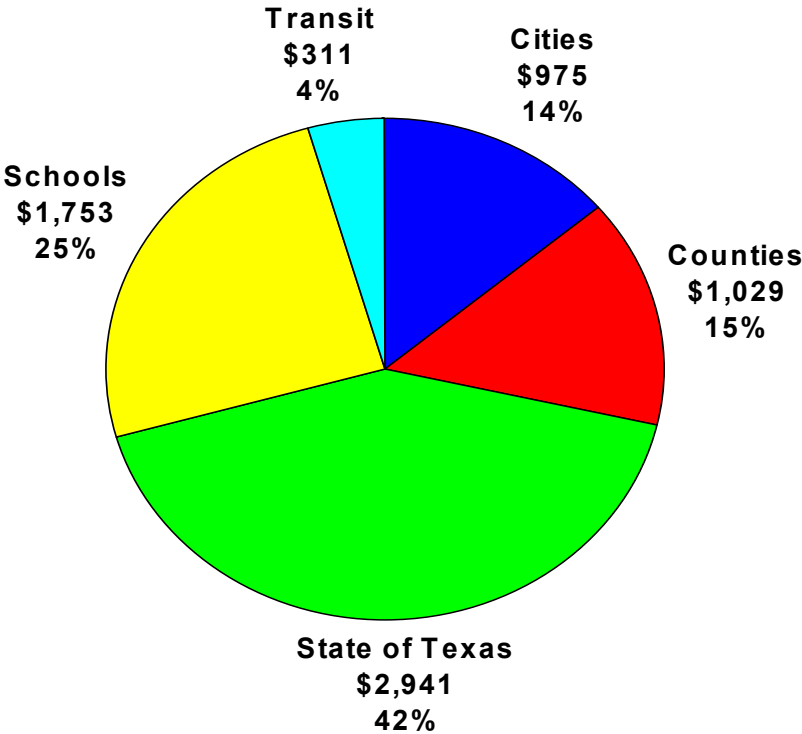
TAX REVENUE IMPACT, COMBINED RESULTS

TC HSR AND PRIVATE DEVELOPMENT, 2015 THROUGH 2040 ***\$7.01 Billion***

Tax benefits for the combined projects, both the TC HSR and the private sector development now in the planning stages and related to the HSR stations, is as noted below.

**Combined Tax Revenue Impact
2015 through 2040: *\$7.01 Billion***

	Direct	Indirect	Total Direct and Indirect Taxes
Cities	\$670,861,000	\$304,299,000	\$975,159,000
Counties	\$703,907,000	\$324,688,000	\$1,028,593,000
State of Texas	\$1,482,685,000	\$1,458,760,000	\$2,941,443,000
ISDs	\$1,327,783,000	\$425,018,000	\$1,752,800,000
Other Jurisdictions	\$174,341,000	\$136,613,000	\$310,954,000
Total	\$4,359,577,000	\$2,649,378,000	\$7,008,949,000



INSIGHT RESEARCH CORPORATION

Our Mission

“Insight Research Corporation clearly defines the economic costs and benefits of project alternatives so that decision makers have fully informed choices.”

Insight Research Corporation is one of the nation’s most respected and recognized economic analysis firms. Founded in 1981, the firm’s custom approaches and leading edge methodologies have received wide industry acclaim. Completing assignments in the United States, Canada and Mexico -- in three languages and three currencies -- Insight Research Corporation has a long standing reputation for confidentiality, clarity, accuracy and added value. At year end 2015, Insight had completed more than 9,000 engagements for public and private clients during its 35 years of practice.

Insight Research Corporation is noted for translating complex issues into clear communications for public audiences. To assure the complete objectivity of its work, Insight Research does no incentive negotiations; instead, providing its clients with an independent, third-party statistical research laboratory.

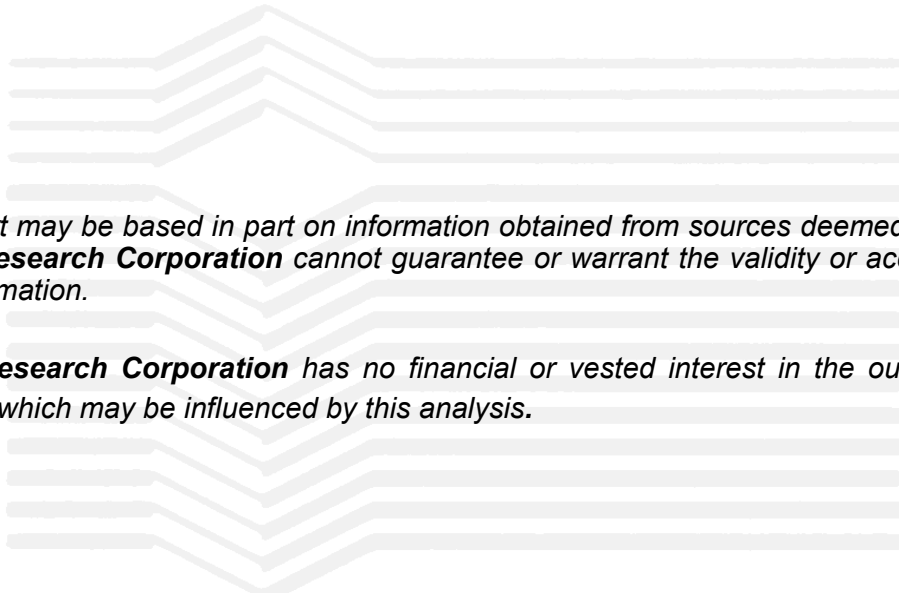
Our Practice Areas

Insight Research Corporation is a proven provider of professional analytical services including:

- Economic, Employment, and Investment-Grade Tax Revenue Impact Analysis
- Land Development Simulation Analysis and Public Finance Impact
- Third Party, Independent Socioeconomic Support for Transportation Improvements
- Public Cost-Benefit Analysis
- Retail Opportunity Analysis
- Group Decision-Making Support, Including Business Site Location

All analytical services provided by Insight Research Corporation are confidential and custom-designed to address the specific needs of each client.

*“Every day in North America,
an Insight Research project is front page news.”*



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