



Pushback To Texas Abortion Ban Is Muted, But Some Fear It Was The Moment The State Lost Its Edge

September 23, 2021 Christie Moffat, Bisnow Houston

A new Texas law banning abortions after six weeks of pregnancy might not significantly slow the stampede of corporate relocations to the state.

But it could risk hobbling Texas' ability to continue attracting talented high-skilled workers to those shiny new corporate headquarters, with some fearing the divisive legislation has blunted the state's razor-sharp competitive edge.

The abortion ban, which became law earlier this month, generated a few high-profile responses from homegrown companies like Match and Bumble, a handful of companies offering to relocate employees out of state and anecdotal information some Texas businesses are seeking assistance moving elsewhere.

The immediate response from the business community so far, however, has been relatively muted. Both site selection and economic development experts say they haven't seen an impact on their pipeline of projects.

"To go into hysterics and predict this is going to prevent high-profile projects from getting done, I think would be an overstatement. We're not seeing that type of backlash right now," The Boyd Co. principal John Boyd said.

On May 19, Texas Gov. Greg Abbott signed Senate Bill 8 into law, prohibiting abortions upon detection of fetal cardiac activity. Sometimes referred to as the "heartbeat bill," the law effectively prevents women from being able to access an abortion any later than six weeks into their pregnancy, often before women even discover they are pregnant.

SB 8 also allows any private citizen to sue abortion providers and other individuals who assist a person in obtaining abortion care, regardless of whether they have any connection to the patient or live in Texas.

The bill went into effect on Sept. 1 and has generated significant interest both within the U.S. and abroad. The U.S. Supreme Court voted to allow the bill to stand, raising questions around

the future of *Roe v. Wade*, a landmark decision in 1973 that struck down many existing federal and state abortion laws.

Similar abortion bills have been passed in other states, including Georgia, Kentucky, Mississippi, Utah, Arizona and Alabama. In the past, those bills generated criticism from corporate leaders, but they seldom led to any serious monetary consequences for those states.

That same trend appears to be playing out in Texas. Three weeks into the implementation of SB 8, the Lone Star State has seen limited public opposition from the corporate sector and no major economic disruptions.

“People vote with their feet, and this is not slowing down businesses coming to the state of Texas at all. In fact, it is accelerating the process of businesses coming to Texas,” Abbott said during a Sept. 2 interview on CNBC.

Boyd said his site selection firm has not seen a major backlash from the Texas business community to date. Meanwhile, major Texas-based corporate players like Dell, American Airlines and AT&T have remained silent.

CEOs and corporations tend to approach site selection with a much longer view in mind, regardless of which political party or lawmakers are in office, Boyd noted. That extends to what he calls anti-business social legislation that could also be reversed in the future.

“Their site selection decisions are on a much longer horizon than a current state legislature, or a current court ruling that is likely to be reversed, or the tenure of a sitting governor,” Boyd said.

Texas has been wildly successful in attracting corporate relocations and individuals over the last decade, thanks to lower taxes, less regulation and cheap housing.

The new legislation could, however, threaten the most important thing businesses look for when considering a new home: access to talent.

Prior to the new abortion law coming into effect, a national survey of college-educated professionals found that 66% of respondents would be discouraged from accepting a job in Texas because of the law, research firm PerryUndem found. About three-quarters of the respondents who selected that answer were women.

In addition, the survey found that 63% of respondents would not apply for a job in a state that passed a similar abortion law to SB 8. Women also accounted for about three-quarters of those answers.

San Francisco-based public relations firm Bospar was the first company to publicly announce relocation assistance in reaction to the new law. On Sept. 9, the company said it would

pay for the expenses of any staff member wishing to move out of Texas to retain control of their reproductive health.

Bospar principal and co-founder Curtis Sparrer told *Bisnow* that as a gay man growing up in Dallas, he had firsthand experience of what it was like to have lawmakers dictate what he could do with his body. When a staff member in Texas mentioned that they were looking into leaving, it seemed like the right opportunity for the company to proactively step in.

"There were, of course, a lot of people writing pretty words about it," Sparrer said. "But there [wasn't] really anyone taking action."

The day after Bospar announced its policy, Salesforce announced that it would also offer relocation assistance to any Texas-based employees and their families looking to leave the state because of the new abortion law. Salesforce did not respond to a request for comment.

Last week, Apple CEO Tim Cook said during an employee-only meeting that the tech giant's medical insurance would help cover the costs of any Texas-based employee that needed to travel because of abortion access restrictions. Cook added the company was also looking into how it could aid the legal fight against the new law.

Lyft and Uber have said they will cover the legal fees of any of their drivers who are sued under the new legislation. The law allows for private citizens to sue anybody who helps women access an abortion after six weeks, including providing a ride to a clinic.

San Antonio-based attorney Ryan Reiffert said that two of his clients are seriously considering moving their businesses out of Texas, though it's too early to say whether those moves will actually happen. Those business owners tend to lean center-left, but are also very pro-business, he added.

"They have both stated similar concerns about retaining and attracting talent," Reiffert said.

At this stage, many companies are waiting to see what others do before announcing their own stance on the abortion law, according to Sparrer. He said that he has heard of other firms, particularly in tech, that are putting together new policies that will be publicly announced soon.

"I have heard from a couple of different companies that say they're investigating or they're looking into it. And I believe some companies are quietly doing this already, because they don't want to be in the spotlight about this," Sparrer said.

City of Houston Deputy Director of Economic Development Gwen Tillotson said it has been difficult to assess the implications of the new law for economic development and how it may affect businesses' decisions around corporate relocations and expansions.

“So far, I have not had any discussions with business owners who are reconsidering locating in the Houston region because of the law,” Tillotson said.

Over the past few months, Texas has introduced other new laws that might also act as a deterrent to companies and workers outside of the state, including strict new voting rules and the ability to carry a handgun without a permit, background check or training.

Boyd said social impact legislation has emerged as a pivotal site selection and business climate factor, thanks to stakeholders and the investment community. The stance that a company takes on issues like gender equality, discrimination and human rights has also become an HR recruiting tool.

“HR departments that we work with, it's really a balancing act,” he said. “It's measuring cost of living advantages in Texas versus the Bay Area. It's measuring tax savings in Texas versus the Bay Area. All of that is balanced with this type of anti-business social legislation.”

From Sparrer’s perspective, Texas’ new abortion law has gifted other states with a competitive advantage to attract the best students and workers. Several have begun making their pitches: Chicago economic development officials took out a full-page ad in the Sunday Dallas Morning News offering Texas-based companies and workers a fresh start in Illinois, while Connecticut Gov. Ned Lamont posted a video on social media to sell his state.

“I think [what] we're going to start seeing, in the very near future, is companies deciding to hold off on relocation to Texas,” Sparrer said. “And I think if Texas continues with this law, I think we're going to see a tremendous amount of brain drain. And we'll remember that this was the moment that Texas lost its competitive edge.”