

# BARRON'S

## **Abortion Bans Are Playing a Role in Where Companies Locate. Jobs Could Be Lost.**

By Josh Nathan-Kazis - July 18, 2022



*Abortion access is expected to be a new consideration as companies decide where to locate operations. Dreamstime*

When companies hire Dennis Donovan to help them decide where to put a new facility, he opens with a few basic questions: Do they prefer any particular region? Are there any states with tax policies that make them a no-go?

Now, Donovan says, he's adding another item to the list: Would the company consider a state that bans abortions? "You ask it right up front," Donovan says.

Weeks after the U.S. Supreme Court ruled that there is no federal constitutional right to abortion, the procedure is banned in seven states, its status unclear in a handful of others, and more bans expected to come into effect soon.

In the immediate aftermath, some large employers have responded by saying that they will pay for employees' travel to access an abortion. Bigger and more challenging questions for companies could be looming. Corporate site-selection experts, who help companies decide where to locate offices and other business operations, say that dramatic state-by-state differences in abortion access are likely to have a major impact on where employers decide to set up shop.

States that preserve abortion access are already trying to pull business away from states with bans. "Our pitch to companies is, come to New Jersey, you won't have to apologize to a big chunk of your employees for the policies of the state," says Tim Sullivan, chief executive officer of the New Jersey Economic Development Authority, a state agency responsible for attracting businesses and investment to the state.

A March poll conducted by the research firm Morning Consult found that 52% of employed adults prefer to live in a state where abortion is legal, compared with 24% who preferred to live in a state where abortion is illegal. Among current students age 18 and above, the gap was wider: 78% preferred to live in a state with legal abortion.

Donovan, a principal at the Bridgewater, N.J.-based corporate site-selection firm Wadley Donovan Gutshaw Consulting, says he expects recognizable consumer brands and technology companies, in particular, to avoid states with abortion bans, over fears of consumer and employee backlash.

"It will cost jobs, there's no question about it," he says. "Companies that could have established operations in those states, won't."

It wouldn't be the first time that controversial legislation caused companies to give a state a pass. Donovan and another site selection consultant, John Boyd, Jr., cited as precedent the 2016 North Carolina law known as the "bathroom bill," which required schools and local government facilities to mandate that people only use the bathroom that matched the sex listed on their birth certificate. The law was seen as an attack on transgender people, and both the college basketball tournament known as March Madness and the NBA All-Star game were moved out of the state in protest. The law's key restrictions were repealed the following year.

Boyd, a principal at the Boyd Company, a Boca Raton, Fla.-based corporate site selection consultancy, said that abortion legislation had already come up in some of his site-selection projects, though it had not yet caused any state to be eliminated from consideration. "I think the mood right now is that this is all so fresh," he says.

How companies eventually react could depend on important questions that remain unresolved, including whether abortion pills will be available in states where abortions are banned.

New Jersey's Sullivan told *Barron's* that he doesn't expect an immediate exodus from states with newly-adopted abortion bans. "I don't know that there's a ton of companies that are going to uproot overnight," he says. "But I think this is a long-term problem for those states' economic competitiveness, because, again, talent votes with its feet."

Boyd says that the abortion issue gives Democratic governors like New Jersey's Phil Murphy an opening to make their state's case to CEOs. "It's allowing blue-state governors an opening wedge to make contact with a company, and then being able to introduce other business climate positives," he says.

Boyd says the abortion restrictions and bans in states such as Texas and Georgia, among others, pose a threat to their recent success in drawing companies. "A big part of the winning recipe for Sun Belt markets has been not just low cost and low taxes, it's been the in-migration of talent," he says. "Anything that could potentially slow down that...will be an economic development challenge."

A spokesperson for Texas Gov. Greg Abbott pointed to the state's recent success at drawing businesses, including construction equipment maker Caterpillar's (ticker: CAT) announcement in mid-June that it will move its headquarters to Texas from Illinois.

"Texas remains No. 1 because of the unmatched competitive advantages we offer: no corporate or personal income taxes, a predictable regulatory climate, and a young, growing, and skilled workforce," said Abbott's press secretary, Renae Eze.

The commissioner of the Georgia Department of Economic Development, Pat Wilson, said in a statement to *Barron's* that his message to companies won't change: "Georgia is the best place in the country to live, work, and grow a business."

Site-selection decisions take time, and the full impact of the abortion ruling might not be clear for years. Boyd says that if there were to be a major move away from states where abortion is illegal, it wouldn't take much to get it started. "When all of this smoke clears, it's going to take just one or two major companies, I think, to cancel a project, and for that to build momentum to this idea that there's going to be a backlash," he says.