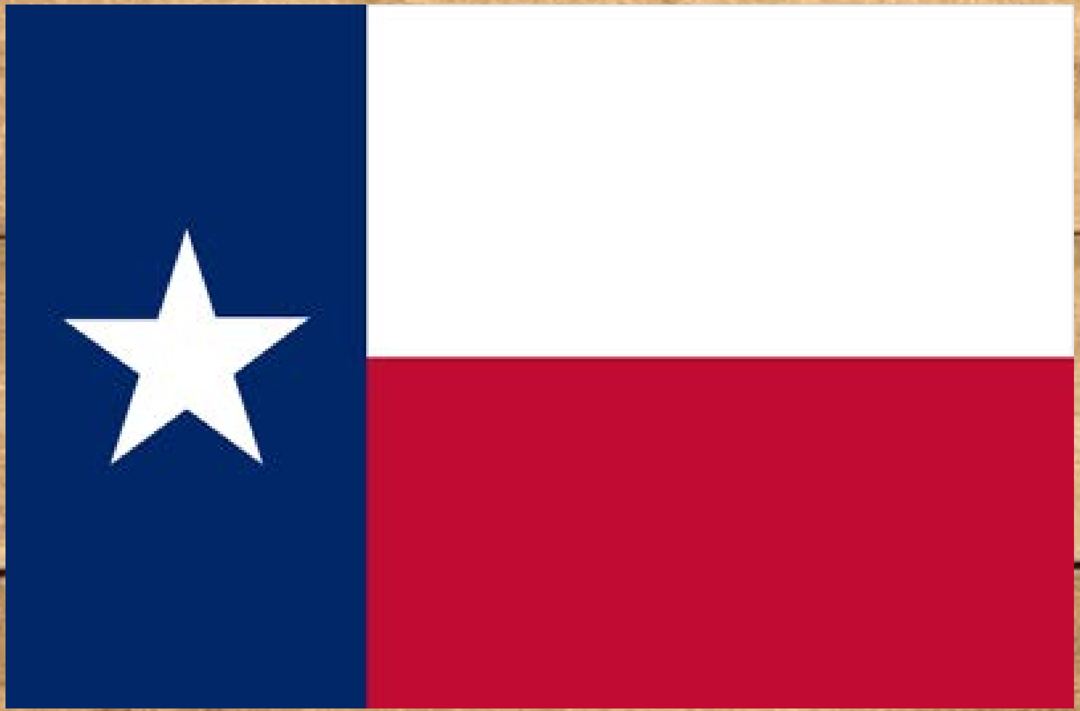
# Texas vs. California




A Comparison of Texas to California
with Ernest Werlin

# Executive Summary

| Metric | Texas | California |
| --- | --- | --- |
| Population | ~31 million | ~39 million |
| Gross Domestic Product | ~$2.7 trillion | ~$4.1 trillion |
| Fortune 500 HQs | 55+ | 55+ |
| State Income Tax | None | Up to 13.3% |
| Cost of Living | Lower | Higher |

Key Findings:

- California leads in innovation and GDP
- Texas leads in business climate, affordability, energy, and corporate relocations

# Geographic Comparison - Texas


- 261,268 sq. mi.
- 2nd largest state
- Broad east-west geography
- Plains, prairies, forests & deserts
- Highest point: Guadalupe Peak (8,751 ft.)
- Major resource: oil & natural gas
- Generally warmer; humid east to arid west
- More available land for development


# Geographic Comparison - California

- 155,858 sq. mi.
- 3rd largest state
- Long north-south geography
- Cost, Central Valley, mountains & deserts
- Highest point: Mt. Whitney (14,505 ft.)
- Major resource: agriculture & technology
- Mediterranean coast; dry interior & mountain climates
- More geographic constraints around major metros

# Geographic Comparison

- Texas is larger and more centrally located, while California has greater Pacific access and more mountainous and coastal geography
- Texas is ~64% larger than California by land area
- Texas faces natural hazards such as wildfires, floods, droughts and earthquakes
- California faces natural hazards such as extreme heat, droughts, tornadoes, and floods

# State Overview

<u>Texas</u>

- Known For: rapid growth, business-friendly environments, and energy
- Largest City:  Houston
- Capital: Austin
- Political Profile: generally Republican
- Population: ~31 million
- Area: ~269,000 sq. Mi.
- Economy: energy, agriculture, technology, and manufacturing

<u>California</u>

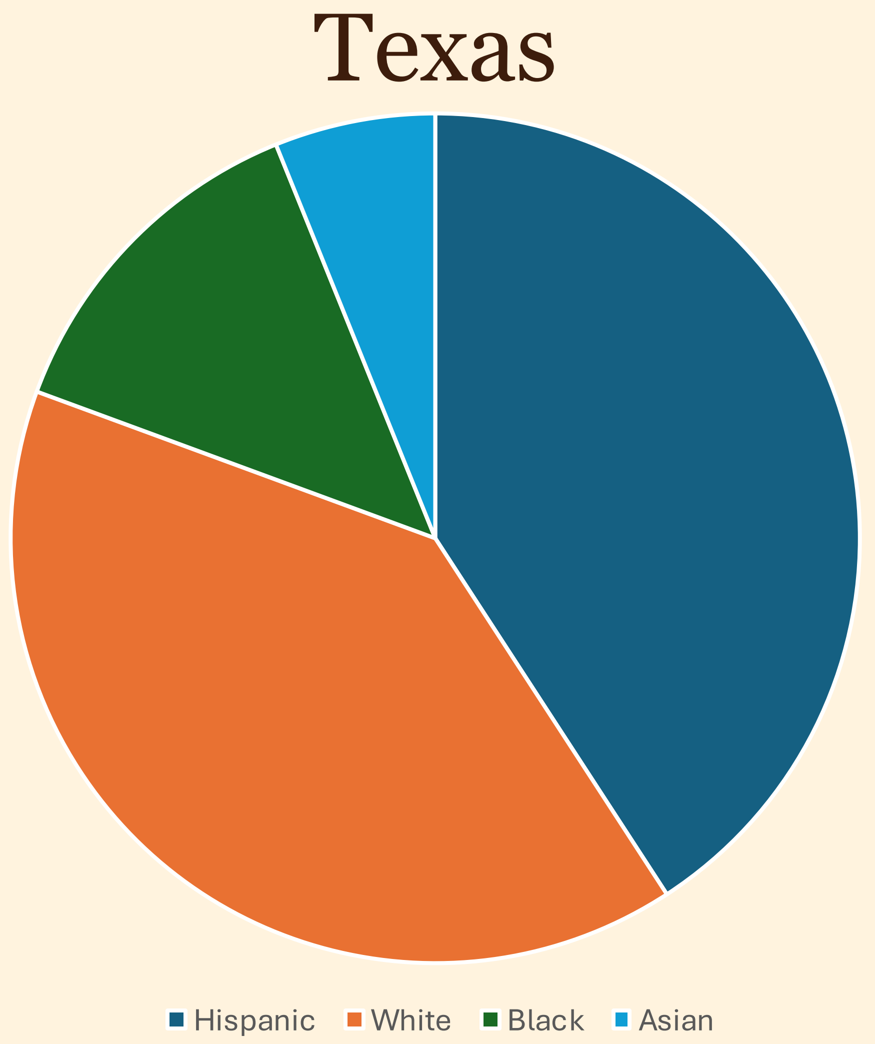
- Known For: technology leadership, large economy, and innovation
- Largest City: Los Angeles
- Capital: Sacramento
- Political profile: generally Democratic
- Population: ~39 million
- Area: ~164,000 sq. mi.
- Economy: entertainment, trade, technology, agriculture

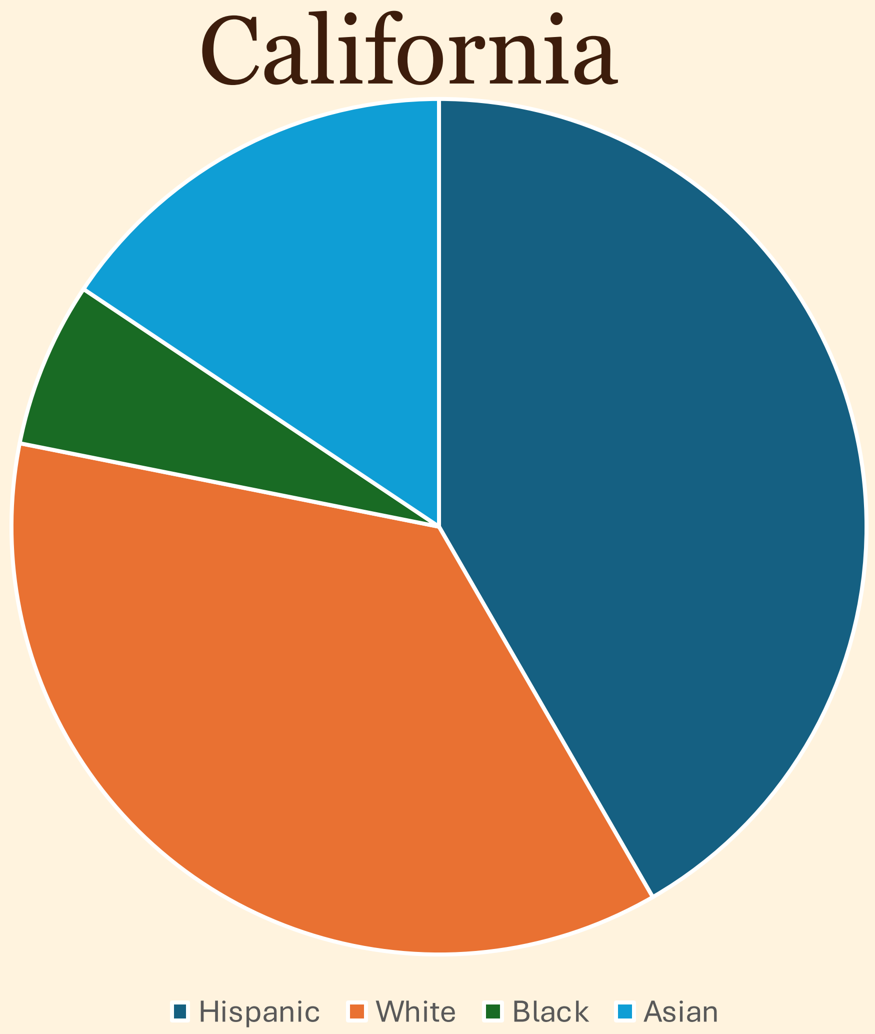
# Population

| Metric | Texas | California |
| --- | --- | --- |
| Population | ~31 million | ~39 million |
| Growth (2020-2025) | Strong | Slow/Negative in some years |
| Median Age | Younger | Older |

- Texas continues to attract domestic migration while California has experienced net out-migration

# Demographics



# Economy Overview

| Texas | California |
|---|---|
| GDP of \$2.7T | GDP of \$4.1T |
| World's Ranking if Independent: 8th | World's Ranking if Independent: 4th |
| Largest Industries are Energy and Manufacturing | Largest Industries are Technology and Entertainment |


# GDP Comparison

# Major Industries

Texas

- Energy
- Manufacturing
- Aerospace
- Technology
- Healthcare
- Logistics
- Financial Services

California

- Technology
- Entertainment
- Agriculture
- Biotechnology
- International Trade
- Tourism

# Fortune 500 Headquarters

| Texas | California |
| --- | --- |
| ExxonMobil | Apple |
| Tesla | Alphabet |
| AT&T | Meta |
| American Airlines | Disney |
| Dell Technologies | Intel |
| Hewlett Packard Enterprise | Cisco |
| Oracle | Nvidia |

- Texas has seen more headquarters relocations over the last decade

# Business Climate

| Factor | Texas | California |
|---|---|---|
| Regulations | Lower | Higher |
| Business Costs | Lower | Higher |
| Energy Costs | Lower | Higher |
| Corporate Taxes | Lower | Higher |

- Texas consistently ranks among the top states for business friendliness

# Corporate Relocations to Texas

- 314 corporate headquarters moved to Texas from other states between 2015-2024
- 157 of those relocations came from California
- ~3,475 new jobs in Texas resulted from the California relocations
- 9 of the 12 Fortune 500 companies to relocate to Texas during this period came from California

# Corporate Relocations to Texas

# Tax Structure

## Texas

- Personal Income Tax: None
- Corporate Tax: Franchise Tax
- Sales Tax: 6.25% + Local

## California

- Personal Income Tax: Up to 13.3%
- Corporate Tax: Corporate Income Tax
- Sales Tax: 7.25% + Local

# Cost of Living

**Texas**

Housing: Lower
Utilities: Lower
Gasoline: Lower
Groceries: Lower

**California**

Housing: Much Higher
Utilities: Higher
Gasoline: Higher
Groceries: Higher

- Texas generally offers a lower cost of living across most categories

# Housing Market

Median Home Price

- Texas: ~$350k
- California: ~$900k

Homeownership

- Texas: Higher (Average of 63.6%)
- California: Lower (Average of 55.3%)

Construction Activity

- Texas: High
- California: Moderate

# Employment and Labor Force

| Metric | Texas | California |
|---|---|---|
| Labor Force | ~15.9 million | ~19.6 million |
| Workforce Size | Smaller | Larger |
| Average Unemployment in the Last 5 Years | ~4.4% | ~5.4% |
| Recent Trend | Strong labor-force growth | Slight contraction |

- California has a larger labor force
- Texas has a lower unemployment rate

# Education Systems

Texas

- University of Texas
- Texas A&M
- Rice University
- Baylor University

California

- Standford
- UC Berkeley
- UCLA
- Caltech
- USC

- California has more globally ranked research universities

# Universities and Research

## Texas

- Major Universities: UT Austin, Texas A&M, Rice, UT Southwestern
- Research Strength: Strong and growing
- Key Research Areas: Engineering, energy, space, medicine, agriculture
- Notable Leader: Texas A&M
- Overall Advantage: Rapidly expanding research capacity

## California

- Major Universities: Standford, UC Berkeley, UCLA, USC, Caltech, UC San Diego
- Research Strength: National Leader
- Key Research Area: Technology, biotech, medicine, AI, engineering
- Notable Leader: UC San Francisco
- Overall Advantage: Greater depth and global research prestige

| Energy Production | Texas | California |
|---|---|---|
| Oil Production | #1 in the USA | Minimal (#8 in the USA) |
| Natural Gas | #1 in the USA | #4 in the USA |
| Wind Power | #1 in the USA | #7 in the USA |
| Solar Power | #2 in the USA and rapidly growing | #1 in the USA |

# Energy Production

# Technology Sector

## Texas

- Austin
- Dallas
- Houston

## Major Companies

- Dell
- Oracle
- Tesla
- IBM
- Samsung

## California

- Silicon Valley
- San Francisco
- San Diego

## Major Companies

- Apple
- Google
- Meta
- Nvidia
- Netflix

# Transportation and Infrastructure

| Metric | Texas | California |
|---|---|---|
| Road Network | Largest in US; 314,600+ miles of public road | Extensive highway network |
| Freight Rail | 10,500+miles | Major rail network, especially ports |
| Airports | 380+ airports | Major global airports including LAX and SFO |
| Seaports | 23 ports; Houston is a major US freight port | Major Pacific ports, including Los Angeles/Long Beach |
| Key Strength | Freight, highways, logistics, Mexico trade | Ports, aviation, transit, Pacific trade |
| Infrastructure Approach | Strong emphasis on highway expansion | Greater emphasis on multimodal transportation and transit |

- Texas has a major advantage in road, freight, border and logistics infrastructure; it has more public road miles, freight rail miles, and airports than any other state
- California's advantage is its Pacific-facing transportation system; particularly its major ports and international airports
- California is especially important for US-Asia trade

# International Trade

| | | | |
|---|---|---|---|
| 2025 Goods Exports | $450.3B | 2025 Goods Exports | $188.4B |
| U.S. Export Rank | #1 | U.S. Export Rank | #2 |
| Share of U.S. Exports | ~20.7% | Share of U.S. Exports | ~8.6% |
| Largest Market | Mexico | Largest Market | Mexico |
| Key Exports | Petroleum, chemicals, electronics, machinery | Key Exports | Transportation, electronics, equipment, agriculture |
| Trade Advantage | Energy & manufacturing, Mexico | Trade Advantage | Pacific/Asian markets & technology |

# Agriculture

| Texas | California |
| --- | --- |
| Largest cattle producer | Largest Fruit Producer |
| Cotton | Almonds |
| Beef | Wine |
| Hay | Vegetables |
| Poultry | Dairy |

- California produces more agricultural value while Texas has more agricultural land

# Tourism

## Texas

- $86.3 billion in visitor spending in 2025
- 1.3 million tourism jobs
- 52 million non-Texas travelers
- $9 billion state & local tax revenue

## California

- $158.9 billion in visitor spending
- 1.17 tourism jobs
- 267.8 million visits (not unique visitors)
- $13.6 billion in state & local tax revenue

# Government and Politics

Texas:
Republican Leadership
Lower Taxes
Limited Regulation

California:
Democratic Leadership
Higher Taxes
More Regulation

- The two states often represent contrasting policy approaches

# Environmental Challenges

- Texas faces extreme heat, hurricanes, flooding, drought, industrial pollution, urban ozone, groundwater depletion, and emissions from oil & gas production

- California faces water shortages, earthquakes, drought, wildfire smoke, ozone, urban pollution, long-term water scarcity, issues related to grid reliability and transition to clean energy, heat, wildfire, and sea-level rise

# Future Economic Outlook

Texas:

- Continued Corporate Relocations
- Population Growth
- Semiconductor Investment
- Energy Expansion
- AI and Advanced Manufacturing

California:

- AI Leadership
- Semiconductor Innovation
- Biotechnology
- Climate Technology
- Venture Capital Dominance

# SWOT Analysis

| SWOT | Texas | California |
|---|---|---|
| Strengths | No state individual income tax, energy leadership, lower business costs, population growth, strong manufacturing | Technology leadership, largest state economy, innovation, global brands; major universities, Pacific trade |
| Weakness | Extreme heat, lower university research depth, infrastructure needs, water challenges, | Regulation, water shortages; high taxes, high housing costs, regulation, high business costs |
| Opportunities | AI/data centers, semiconductors, renewable energy, advanced manufacturing, corporate relocations | Clean energy, advanced technology, international trade, AI |
| Threats | Water scarcity, climate risks, dependence on energy; rapid growth pressures | Drought, housing affordability, wildfires, business & population outmigration, infrastructure costs |

# Key Takeaways

**Texas:**

- Lower Taxes
- Lower Business Costs
- Strong Energy Sector
- Rapid Population Growth
- Corporate Headquarters Migration

**California:**

- Largest State Economy
- Global Innovation Leader
- Venture Capital Center
- Entertainment Capital
- Leading Research Universities

# Conclusion

**Texas:**

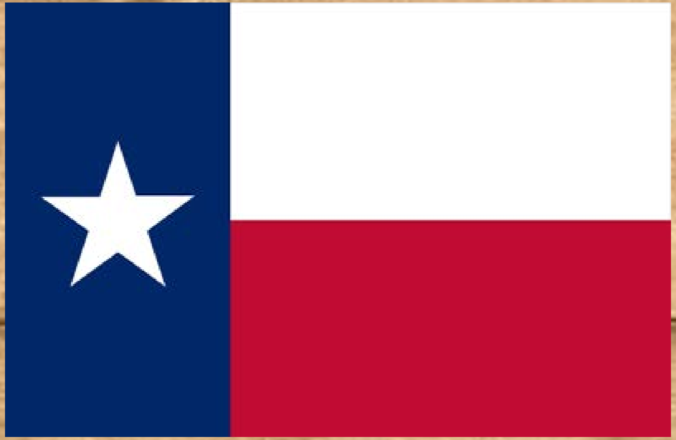
- Business-Friendly
- Low Taxes
- Affordable Housing
- Energy Leadership
- Manufacturing Growth

**California:**

- Innovation
- Technology
- Venture Capital
- Research Universities
- Global Brand Recognition

- Both Texas and California are economic engines of the United States, but they offer different competitive advantages

# Final Message




- Choose Texas for affordability, manufacturing, logistics, and business expansions

- Choose California for technology, research, venture capital, and access to innovation ecosystems