

After 'horrifying' de-fund police efforts, investors will pay moving costs for California companies to relocate to Texas

Natalie Walters

The offer applies to any business with revenue ranging from \$5 million to \$200 million.



No state income tax, more affordable housing and less traffic continues to attract California businesses and residents to Texas. (Tom Fox / Staff Photographer)

Location advisory firm Spectrum Location Solutions' motto, "helping businesses grow in great locations," doesn't include California.

But it does include Texas. In fact, that's its top choice.

The Pittsburgh-based company, which moved out of California in 2018, is teaming up with three private investors to cover moving costs for businesses to flee states it considers business hostile, like California, to more business-friendly states, like Texas.

The offer applies to any business with revenue ranging from \$5 million to \$200 million, said Joe Vranich, the firm's president and a frequent critic of California's business environment. He has been tracking corporate migration away from California for years.

"California is our No. 1 target because the irresponsibility of California's politicians has reached new levels," he said. This year, California is considering raising business taxes and enacting legislation that will increase labor and litigation costs.

"People who do good work deserve a bouquet instead of a brick," Vranich said about the difference between Texas and California.

"The whole economic apparatus in the state of Texas is top-notch."

Vranich said he was hired by the investors to act as a front door for the program, and he's had a "couple of calls." The investors, who want to remain anonymous, can take on several companies each, he said.

The program is geared toward companies with 20 to 200 employees, such as electronics or plastics manufacturers or a software company, he said.

"The cost and work behind moving is a big psychological barrier, especially for small companies," Vranich said.

The investors will help companies find land and fund it as a loan or in return for equity. They're willing to cover the cost because they say it will increase the profitability of the company, meaning they will get a return on their investment.

Other businesses may be ready to sell their company, in which case the investors may take it over.



Civil unrest

Vranich cited "horrifying" De-fund the police efforts on the West Coast as adding to the reasons businesses are looking to move. Other reasons include no state income tax, along with more affordable housing and less traffic in Texas.

"Adding social upheaval to California's harsh business environment may be the 'final straw' for companies that have been undecided about an out-of-state move," he said. San Francisco, Sacramento, San Jose, Los Angeles and San Diego have all seen protests over systemic racism.

"Businesses are wondering if police departments are de-funded, then who's going to stop people from stealing from them? A social worker?" Vranich said.

COVID-19 has also led to a marked increase in relocation inquiries, Vranich said.

“People are calling and saying, ‘I don’t want to be in a high rise in a city riding a subway shoulder to shoulder,” he said. “There’s been a clear reaction to COVID.” Texans: “We don’t want you”

Over an eight-year period, an estimated 13,000 companies left California in full or part, diverting \$77 billion in capital to outside states, according to a recent study from Spectrum.

More Californians move to Dallas-Fort Worth each year than residents of any other state, according to a 2019 NerdWallet study of U.S. domestic migration. On average, 8,300 Californians moved to North Texas each year from 2012 to 2016.

Critics in Texas worry the Red state may start to turn Blue. Texas Gov. Greg Abbott had a petition titled “Don’t California My Texas” when running for re-election and the phrase popped up on a hoard of merchandise, including T-shirts and mugs. Vranich said he understands.

“If I lived in Texas, I’d only want one kind of Californian to come — only those with an exceptionally high IQ who decided to escape miserably run cities run by Democrats,” he said.