

Texas Business Review

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Texas Business Review

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Cover: Guadalupe Mountains National Park, photograph courtesy of Charles P. Zlatkovich.

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How Oil Supports Prosperity in Texas

Lorna Monti

In recent years Texans have enjoyed the luxury of an energy-rich economy, which has been strengthened by high oil and gas prices. If the national economy maintains the expected moderate growth through 1977, the most important determinant of the state economy will be the health of major state industries, particularly the energy-related industries.

Recent economic statistics for the state are encouraging. The Texas unemployment rate in November was 5.4 percent, while the national rate was 8.1 percent. Industrial production in Texas was 131.1 percent of the 1967 base and 132.0 percent for the nation. Since November 1973 Texas manufacturing employment has increased 2.3 percent, while U.S. manufacturing employment has declined 6.0 percent. In the past year both total employment and manufacturing employment in Texas rose 3 percent, a change unevenly spread through the various industries. Production has risen more rapidly in 1976 than has employment, as indicated by the 14 percent increase to date in industrial electric power use.

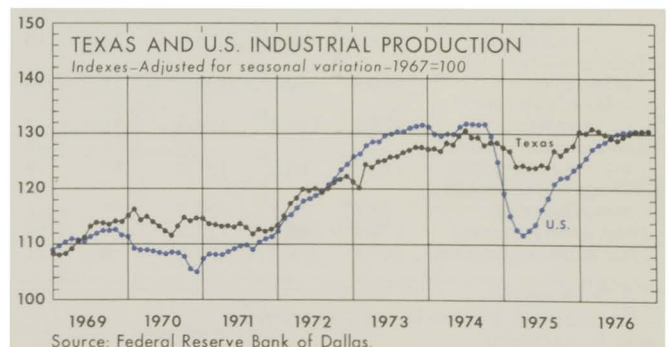
The Oil Industry

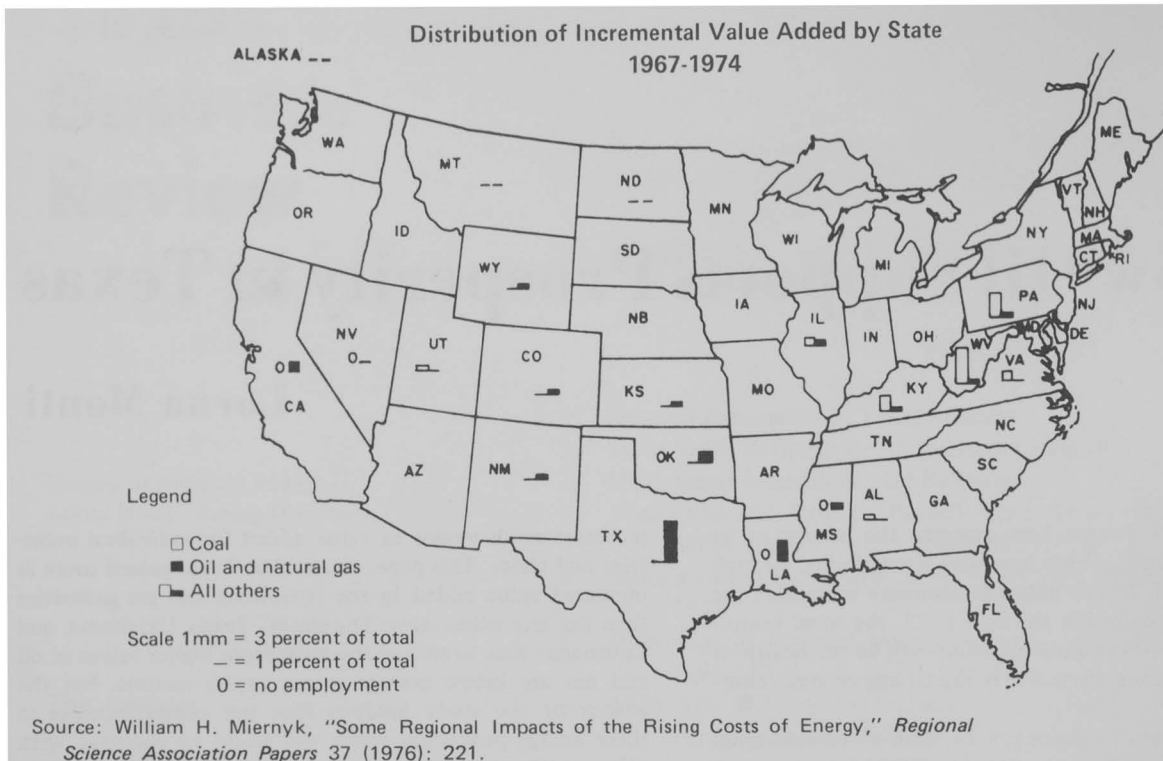
The easily identified oil industries in Texas produced a mixed picture in November. Petroleum refining employment remained constant, while oil field machinery employment declined less than 0.5 percent. Employment in oil and gas extraction rose 6 percent. Crude oil production, as opposed to employment, declined by 3 percent. Average daily production per oil well was down 5 percent from last year's cumulative average. Rising prices and employment in the oil industry coupled with declining production make the role of oil in the state economy a source of short-term prosperity and long-term concern.

Two recent studies include oil industry information that is helpful to those attempting to predict the various economic effects of the industry in the future. The first of these studies focuses on oil prices and increases or decreases in value added, and the other is an input-output study of the U.S. economy. The former, delivered at meetings of the Regional Science Association, traces increased oil prices to

increases or decreases in value added for individual industries and states. This paper shows that Texas gained more in increased value added in the petroleum and gas industries than did any other state. The states—Texas, Oklahoma, and Louisiana—that benefited the most from higher prices of oil and gas are below average in per capita income, but the author of the study predicts that per capita incomes in these energy-producing states will begin to converge with those in the energy-consuming states. Recent revisions in the state personal income estimates support this conclusion. Initial estimates of personal income arising from the mining sector for 1974, based on estimating methods established in the low oil and gas price era, were increased 27 percent when summaries of actual income statements became available. Texas had risen from thirty-second among states in per capita income in 1974 to twenty-ninth in 1975.

The fact remains that less than 1 percent of Texas wage and salary workers are employed in petroleum refining and less than 3 percent in crude petroleum and natural gas production. How does the oil industry, which employs so few people, play a significant role in either the state or the national economy? The answer can be found in an obscure Department of Commerce publication entitled *Input-Output Structure of the U.S. Economy: 1967*, which appeared in 1974. (A more recent version will not be available soon so the past structure of interindustry relations must be sifted for clues to the future.)





**Selected Barometers of Texas Business
(Indexes—Adjusted for seasonal variation—1967=100)**

Index	Nov 1976	Oct 1976	Year-to-date average 1976	Percent change	
				Nov 1976 from Oct 1976	Year-to-date average from 1975
Business activity	240.3	219.9	226.6	9	17
Estimated personal income	265.9 ^P	251.8 ^P	253.4	6	12
Bank debits	445.5	406.5	413.1	10	22
Crude oil production	105.7 ^P	105.4 ^P	106.5	**	- 3
Crude oil processed by refineries	n.a.	132.6	...	-	-
Total electric power use	185.6 ^P	189.7 ^P	185.1	- 2	14
Residential	230.9 ^P	221.5 ^P	229.3	4	12
Industrial	157.0 ^P	163.3 ^P	155.0	- 4	14
Total industrial production	131.1 ^P	130.5 ^P	130.0	**	4
Urban building permits issued	234.9 ^P	224.8 ^P	231.3	4	23
New residential	241.9 ^P	268.8 ^P	248.9	- 10	37
New nonresidential (unadjusted)	223.1 ^P	176.4 ^P	209.9	26	10
Total nonfarm employment	140.4 ^P	140.2 ^P	139.0	**	3
Manufacturing employment	125.2 ^P	125.4 ^P	124.3	**	3
Average weekly earnings—manufacturing	185.6 ^P	185.0 ^P	181.0	**	9
Average weekly hours—manufacturing	98.5 ^P	98.7 ^P	98.7	**	1
Total unemployment	172.6	190.0	177.7	- 9	- 16
Insured unemployment	304.9	298.7	273.0	2	- 22

^P Preliminary.

** Change is less than one half of 1 percent.

n.a. Not available.

The input-output table accompanying this article furnishes estimates of the expansion or contraction of all industries as a result of a change in one industry. Thus the contribution of oil refining to production in other industries can be determined from the table. Oil refining was chosen as the reference industry because it is closely related to both crude petroleum production and transportation, as well as its own operations of refining. The estimates include both direct purchases between industries (for example, purchases of crude petroleum from the mining industry) and indirect purchases (for example, the resulting purchases of banking services by the mining industry to finance extra production). Some numbers are not at all surprising: a one dollar increase in output for oil refining requires a half-dollar increase in output of the crude petroleum and natural gas industry. Some numbers are eye-opening: a one dollar increase in output from oil refining requires a 12.6 cent increase in real estate services. Although refineries and oil fields employ few people, the industries that support refineries and oil fields employ many. The jobs that depend on oil appear in a wide variety of industries.

Estimates for large groups of industries in both input tables reveal the oil industry's relation to other industries. The major input industries for oil refining include the expected ones: chemicals, iron and steel, pipelines, and utilities. Also included are some unexpected industries: real estate, banking, wholesale trade, advertising, business services, and professional services. These explain the employment-generating potential of oil refining. Real estate is the second most important industry after petroleum and natural gas mining; its weight is four times that of pipelines transportation, three times that of industrial chemicals, and

**Input to Oil Refining
for All Industry
Categories**

Industry group	Cents expansion per dollar expansion in oil refining
Agriculture, forestries, and fisheries	0.0047
Mining	0.5103
Construction	0.0462
Manufacturing, except oil refining	0.2055
Transportation, communication, electric, gas, and sanitary services	0.1333
Wholesale and retail trade	0.0325
Finance, insurance, and real estate	0.1517
Services	0.0738
Total	1.1580

Source: U.S. Department of Commerce, *Input-Output Structure of the U.S. Economy: 1967*, vol. 3 (Washington, 1974).

eight and one-half times that of foundries. The real estate contribution operates through the mining industry, apparently reflecting the negotiation of drilling leases.

The heavy weight of transportation industries reveals an important characteristic of the effects of the oil industry—such effects do not necessarily occur where the oil does. The effects ripple through other industries and locations. Oil field machinery manufacturing, for example, is concentrated in Houston rather than in the oil fields.

In the past year U.S. employment has risen 4 percent in industrial chemicals, 1 percent in transportation and public utilities, and 1 percent in real estate. Only one of these

**Major Input Industries
to Oil Refining**

Input-output table code	Cents expansion per dollar expansion in oil refining	Industry
8.00	0.5008	Petroleum and natural gas
27.01	0.0400	Industrial chemicals
37.02	0.0147	Iron and steel foundries
65.03	0.0122	Motor freight transport and warehousing
65.04	0.0253	Water transportation
65.06	0.0308	Pipeline transportation
68.01	0.0162	Electric utilities
68.02	0.0240	Gas utilities
69.01	0.0235	Wholesale trade
70.01	0.0107	Banking
71.02	0.1251	Real estate
73.01	0.0314	Miscellaneous business services
73.02	0.0192	Advertising
73.03	0.0120	Miscellaneous professional services

Source: U.S. Department of Commerce, *Input-Output Structure of the U.S. Economy: 1967*, vol. 3 (Washington, 1974).

industries exceeded the state average rise of 3 percent. Input industries to mining and refining have reported very modest gains in the past year, but it must be noted that mining and refining only partially determine employment in the input industries.

The major industries are those that expand one cent or more per dollar of expansion in oil refining. Excluding petroleum and natural gas, the other major industries together produce 39 cents of output per dollar of output in oil refining. The minor industries together, no one of which requires even one cent of output per dollar of oil refining, produce another 27 cents of output per dollar of oil refining output. The industries with widely recognized relationships to oil and oil field operations account for 60 percent of the total product impact outside mining and refining. Because many of these are heavily automated industries, they probably account for less than 60 percent of the employment impact outside mining and refining. The oil industry generates employment, largely manufacturing employment, in industries that are not normally associated with refining and mining, a fact that obscures the economic role of the industry. For example, the industry making cleaning preparations expands 0.00352 cents per dollar of oil refining expansion. Other industries with small amounts of expansion include paper mills, gaskets and insulation, metal cans, metal stampings, motors and generators, and mechanical measuring devices.

These national estimates provide guidelines for judging the role of oil in Texas. Texas production accounted for 40 percent of domestic production in 1975; so industrywide estimates are more reliable for state purposes than are estimates for other industries. The greatly increased role of imports in recent years, however, operates to lower some estimates for industries that are related to oil refining through crude petroleum production.

The distribution of benefits from higher oil and gas prices indicates that Texas has benefited more than other states. Examination of relations between oil and other industries indicates that such benefits are widely spread through the Texas economy. Employment in service industries and diversified manufacturing not normally associated with the oil industry, as well as employment in the industries with recognized close ties to oil, expands and contracts with the oil industry.



El Paso Economic Profile

Charles P. Zlatkovich and Carol T. F. Bennett



Even when larger places are omitted, El Paso usually appears on the North American maps that include cities—and has for a long time. One of the oldest permanent European settlements in the state, Ysleta—now inside the city limits of El Paso—was established in 1659. Trading and military posts were introduced to the area in 1848, just in time for the California Gold Rush the following year. By 1859 the settlement had adopted the name *El Paso*, and in 1873 the city incorporated. Railroads from three directions reached the city in 1881, and El Paso remains an important transportation crossroads.

The most isolated of the Texas SMSAs, El Paso is farther from its nearest metropolitan neighbor, Albuquerque, than Dallas is from Houston. El Paso is, however, closer to Albuquerque than to its nearest Texas metropolitan neighbor, Odessa, and its economy is closely linked with that of New Mexico. Now the fourth largest of the Texas SMSAs, El Paso has benefited from its location on major transportation routes, its proximity to Mexico, and its function as the principal trading center for a large geographic area.

Population Change

In recent years El Paso has been growing significantly faster than the state of Texas. The El Paso SMSA grew by 15.4 percent between 1970 and 1975, while the state grew only 9.3 percent during the same period. Migration into the

El Paso SMSA during the period increased its population by 5.1 percent; net migration into Texas increased the state population somewhat less—3.7 percent. The El Paso SMSA growth rate ranked sixth among those for all twenty-five of the Texas SMSAs.

Employment Structure

The nonagricultural civilian employment structure of the El Paso SMSA is very similar to that of the nation. While El

Downtown El Paso



TEXAS BUSINESS REVIEW



Union Passenger Station

Paso has a lower percentage of employment in manufacturing, finance, insurance and real estate, and services, it has higher concentrations of employment in transportation, communication, and public utilities and in trade. The concentration of employment in the transportation and trade sectors reflects the historical function of El Paso as a transportation and trading center for a large area.

Although mining employment is not significant in the El Paso SMSA, the activities of several major local employers are closely related to the extractive industries. The smelting and refining of metals, particularly copper, is a major local industry, as is the distribution of natural gas. Other extractive industries that influence the local economy are the oil, potash, silver, and sulfur industries located in the vicinity of El Paso.

El Paso manufacturing employment is concentrated primarily in the apparel industry. About 60 percent of the manufacturing employment in the area is involved in the manufacture of clothing. Besides apparel manufacture and the smelting and refining of metals, other manufacturing industries in the El Paso SMSA are food processing and the manufacture of building materials and leather boots. The manufacture of electronic components is increasing in the

area, especially at “twin plants” located in El Paso and across the Mexican border in Juarez. (“Twin plants” divide manufacturing processes between companion plants—on the U.S. side a manufacturing unit requiring sophisticated equipment and on the Mexican side an assembly unit using large numbers of semiskilled laborers.)

Much of the high concentration of transportation, communication, and public utility employment in El Paso is attributable to the El Paso Natural Gas Company, which has over 1,500 employees in the area. Other major employers in the sector include the El Paso Electric Company, Mountain Bell, Southern Pacific Transportation Company, and Southern Union Gas Company, each of which has over 300 employees.

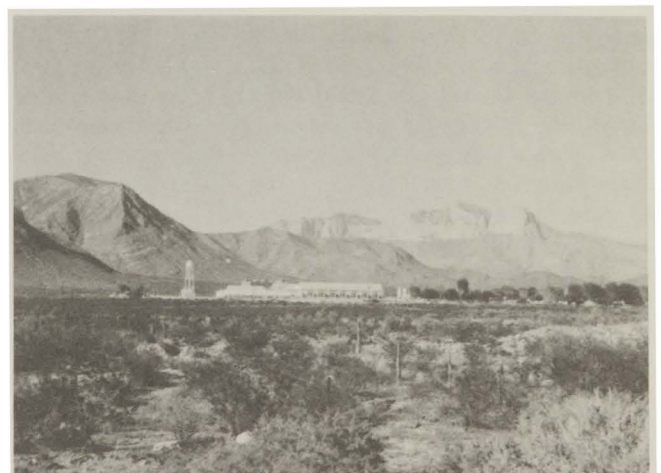
Wholesale and retail trade provides a larger percentage of employment in the El Paso SMSA than in the nation. The division of trade employment between wholesale and retail activities is about the same as at the state and national levels. Employment in the service industries is relatively lower in the El Paso SMSA than across the state and nation.

Government employment is important in the El Paso SMSA. Both federal civilian and state and local government employ a higher than average percentage of the labor force in the area. Federal military activity is also significant; Fort Bliss and the William Beaumont Army Medical Center have a military population of over 19,000 and total military payrolls and annual local disbursements of over \$250 million. Two significant concentrations of state employment are the University of Texas at El Paso, with almost 2,000 employees, and El Paso Community College, with about 300 employees.

Key Manufacturing Industries

The apparel industry dominates El Paso manufacturing. The largest industrial employer in the area is Farah, which began manufacturing clothing in El Paso in 1922. With over 5,000 employees, the Farah plant in El Paso is one of the six largest manufacturing plants in Texas. (An accompanying table lists El Paso manufacturing plants with over 250

El Paso Natural Gas facility



Nonagricultural Civilian Payroll Employment Percentages El Paso SMSA and the United States, July 1976

Category	El Paso SMSA	United States
Mining	—	1.0
Contract construction	4.7	4.5
Manufacturing	22.3	23.9
Transportation, communication, and public utilities	7.5	5.8
Trade	25.8	22.2
Finance, insurance, and real estate	4.5	5.5
Services	15.5	18.7
Government	19.4	18.4

Sources: El Paso data obtained from *Manpower Trends*, September 1976, published by Texas Employment Commission; U.S. data obtained from *Monthly Labor Review*, September 1976.

**Manufacturing Plants with More Than 250 Employees
El Paso SMSA, 1976**

Name of company	Primary products	Establishment date of plant
Adscio Industries, Inc.	Apparel	1973
American Hospital Supply Corp.	Surgical garments	1972
Asarco, Inc.	Copper, lead	1887
Ashley's, Inc.	Canned foods	1947
Baw Mfg. Co.	Apparel	1962
Billy the Kid, Inc.	Apparel	1938
Border Steel Mills, Inc.	Steel shapes	1961
Farah Mfg. Co., Inc.	Apparel	1922
Kessler Industries, Inc.	Metal furniture	1960
Lama, Tony, Co., Inc.	Boots	1911
Levi Strauss & Co.	Apparel	1947
Levi Strauss & Co.	Apparel	1969
Levi Strauss & Co.	Apparel	1972
Lloyd, Lawrence, Sportswear of Texas	Apparel	1958
Mann Mfg., Inc.	Apparel	1932
Mann Mfg., Inc.	Apparel	1963
Mann Mfg., Inc.	Apparel	1967
Mountain Pass Canning Co.	Packaged food	1943
Newspaper Printing Corp.	Newspaper	1936
Peyton Packing Co., Inc.	Meat products	1917
Phelps Dodge Refining Corp.	Copper	1930
Rudy's Sportswear	Apparel	1973
Shore, Jerry, Sportswear	Apparel	1964
Tex Togs, Inc.	Apparel	1946
Union Mfg. Co.	Apparel	1944
Utility Trailer Co.	Truck trailers	1961
Weaver, W. R., Co.	Rifle sights	1934

Source: 1976 *Directory of Texas Manufacturers* (Austin: Bureau of Business Research, 1976).

employees.) Of the 27 plants employing more than 250 persons, 15 produce apparel. The other major plants produce copper, lead, disposable hospital garments, boots, canned and packaged Mexican food, meats, steel bars and shapes, metal furniture, newspapers, trailers, and telescopic sights for rifles. Petroleum refineries and electronic component assembly plants are other industries important to the area.

Sources of Personal Income

Comparison of the sources of personal income in El Paso with statewide personal income sources indicates the importance of government activities in the area. All categories of government income provide larger percentages of personal income in El Paso than across the state of Texas, and military income is particularly significant in El Paso. Within the private sector only transportation, communication, and public utilities account for a larger share of El Paso income than of state income. The low level of income directly attributable to mining in the El Paso SMSA does not reflect accurately the importance of the extractive industries in the El Paso economy; El Paso is a major processing and distribution center for a variety of products of mines located in surrounding areas. Apart from agriculture, other private sector activities exhibit a pattern similar to that for the state of Texas but account for a lower total percentage of El Paso income.

Property income derived from dividends, interest, and rent is somewhat less significant in El Paso than in the state as a whole. Transfer payments are a somewhat larger source of income in El Paso. The positive residence adjustment indicates that a relatively large number of El Paso county residents work outside the county.

Population and Income Characteristics

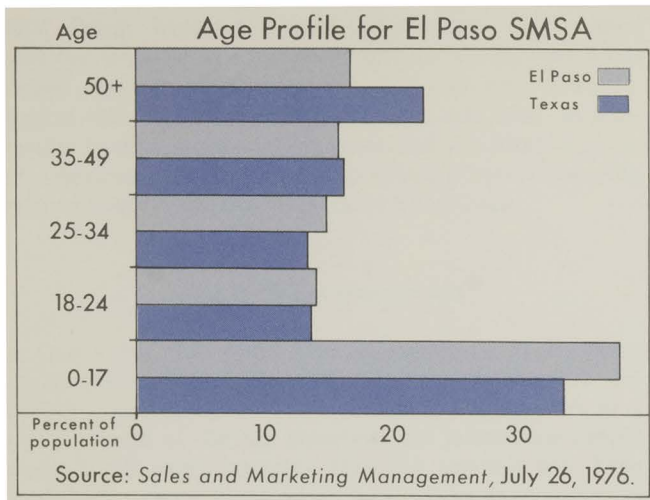
The population of the El Paso metropolitan area reflects its location on the Mexican border; persons of Spanish language or surname comprise more than half of the population of the SMSA. The El Paso population is somewhat younger than the population of Texas, with a median age of 24.0 years (the median age for all Texans is 27.2). El Paso has a relatively large percentage of persons under 18 and a small percentage of persons over 50.

Income levels are slightly lower in the El Paso SMSA than across Texas. *Sales and Marketing Management* estimates the median household effective buying income in El Paso at \$11,228, while the state figure is \$11,738. (Household effective buying income consists of the total incomes of all household members from all sources with all taxes subtracted from the total.) The relative importance of military payrolls in El Paso and the higher-than-average level of transfer payments probably account for much of the difference. Military personnel have relatively low cash incomes supplemented by noncash benefits. The relatively low number of older persons in El Paso suggests that

**Percentage of Personal Income by Major Sources
El Paso SMSA and Texas, 1974**

Source	El Paso SMSA	Texas
Agriculture	0.30	2.54
Mining	0.04	2.84
Construction	4.74	5.86
Manufacturing	13.02	15.76
Transportation, communication, and public utilities	7.65	6.18
Wholesale and retail trade	14.18	14.87
Finance, insurance, and real estate	3.48	4.28
Services	9.69	11.70
Other industries	0.07	0.28
Total private labor and proprietor income	53.16	64.32
Federal civilian	5.75	3.40
Federal military	10.86	3.17
State and local	8.06	7.69
Total government earnings	24.67	14.27
Total labor and proprietor income (place of work)	77.83	78.58
Less: Personal contributions for social insurance	3.70	4.05
Residence adjustment	2.36	0.01
Net labor and proprietor income (place of residence)	76.49	74.54
Dividends, interest, and rent	11.11	14.74
Transfer payments	12.40	10.72
Total personal income (place of residence)	100.00	100.00

Source: Developed from data compiled by Regional Economics Information System, Bureau of Economic Analysis.



El Paso Civic Center

welfare payments, rather than social security, account for much of the volume of transfer payments.

Characteristic Features

El Paso can be described as a metropolitan area that has:

1. A higher growth rate than the state of Texas,
2. A relatively high level of employment in the transportation, communication, and public utilities sector,
3. A concentration in apparel manufacturing,
4. Significant activity in the processing and distribution of products of the extractive industries,
5. Higher-than-average levels of personal income from all governmental sectors, especially military, and
6. A relatively young population.

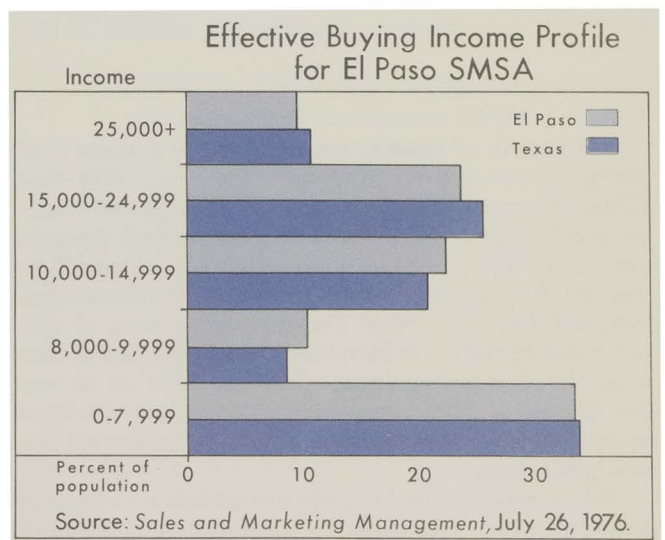
Key External Factors

El Paso is unique among Texas metropolitan areas because of its location. It is separated from most of the rest of Texas by vast distances and departs from a number of patterns typical throughout the state. For example, El Paso regularly exchanges more air passenger traffic with Los Angeles than with Dallas-Fort Worth, Houston, or any other Texas city. El Paso is also the only metropolitan area in Texas that is not in the central time zone. Analyses of the El Paso trade area by the *El Paso Times* and by David L. Huff and Diana R. DeAre of the University of Texas at Austin indicate that El Paso is more involved with New Mexico than with the rest of Texas. The Huff-DeAre analysis indicates that more than 95 percent of the nonmetropolitan population (outside El Paso County) of the El Paso principal interaction field is in New Mexico. The economic future of El Paso may be more influenced by events in New Mexico and the West than by those in Texas.

El Paso's location on the Mexican border will also affect the future of the metropolitan area. The continued stability of relations between the United States and Mexico is

especially important to El Paso and other cities along the border.

Projections for the future of El Paso will depend on developments in its component sectors. In its historical function as crossroads and trading center, El Paso is almost certain to prosper as the Southwest grows. Its mineral and gas refining and distribution focus is likely to become a more important source of income as these resources become more valuable worldwide. The continued importance of the apparel industry can be predicted from the fact that eight large apparel manufacturing plants were established during recent years. The large impact of government employment will probably be maintained in the future. Population growth is also expected to continue to be substantial, as the relatively young population maintains high rates of birth and low rates of death and as net immigration continues. Finally, policies of both governments of the United States and Mexico can be expected to have a sizable impact on the El Paso region.



Construction Activity and the Tax Reform Act of 1976

Charles H. Wurtzebach

The number of building permits in Texas remained high during the month of November. On a statewide basis authorizations of one-family dwelling units between January and November 1976 increased by 28 percent from the year-earlier level, two-family dwelling unit authorizations rose by 85 percent, and apartment unit authorizations increased by 98 percent. The cumulative value of non-residential construction authorized increased by 12 percent from the year-earlier figure, while the value of all new dwelling units authorized rose by 53 percent. Proposed housing construction continues to lead nonresidential construction activity.

The increase of new dwelling units authorized within the Texas standard metropolitan statistical areas (SMSAs)

exceeded the increase outside the SMSAs. The number of permits issued for one-family dwelling units through November 1976 within Texas SMSAs increased from the year-earlier number by 29 percent, while those issued outside SMSAs increased by 20 percent. In the category of two-family dwelling units, SMSA authorizations rose by 108 percent from the year-earlier mark; they declined by 16 percent in areas outside SMSAs. Apartment unit authorizations increased by 108 percent in Texas SMSAs and by 11 percent outside SMSAs. These figures suggest a concentration of higher density dwelling units in urban areas (SMSAs). While this trend is certainly not surprising, it is important insofar as it indicates the market reaction to continued higher prices for one-family dwellings. The Texas

Real Estate Research Center reports that the average purchase price of new homes bought during October in the Dallas and Houston areas was \$50,100 and \$54,200, respectively. The national average was \$48,200. As one-family dwelling units become more costly, a larger number of Americans will be unable to purchase a home; hence the relative demand for apartment units will increase.

The 1976 Tax Reform Act

One factor that could have an important impact upon apartment construction activity is the Tax Reform Act (TRA) recently signed into law. Originally touted as a major reform of the tax structure, the revised law simply seems to be more complex than the previous law. Even though real estate investments may not be as attractive as they were before the TRA was enacted, they remain relatively more attractive than other tax shelters. Investors in the motion picture industry and specific types of farming, those leasing personal property subject to depreciation recapture, and those exploring or exploiting oil and gas resources will not be allowed to deduct more than their actual investment. This means that an investor will not be permitted to add to his basis that portion of the investment that is financed by a nonrecourse note. These "at risk" provisions do not apply to real estate investments. Therefore, while the TRA does reduce the attractiveness of real estate investments somewhat, on a relative basis real estate retains its position as the premier tax shelter.

Construction Period Interest and Taxes

For the construction industry the most significant segment of the TRA deals with construction period interest and taxes. Henceforth, construction period interest costs and taxes will not be deductible. Such expenses will be capitalized and amortized over a ten-year period. The law stipulates, however, that not all construction will be treated in the same manner. As in the 1969 revision, the 1976 TRA gives preference to low-income housing and residential housing (rather than to commercial real estate). An accompanying table indicates the amortization breakdown. For commercial real estate built during 1977, construction interest and taxes must be amortized over five years (20

percent per year); for 1978, over six years; for 1979, over seven years; for 1980, over eight years; for 1981, over nine years; and for 1982 and thereafter, ten years. In the case of residential real estate the amortization does not begin until 1978, when construction period interest and taxes must be amortized over four years. In 1984 the residential schedule reaches ten years. Low-income housing is not subject to this provision until 1982, when construction period interest and taxes must be amortized over four years, with the ten-year schedule being reached in 1988. While this section of the TRA reduces the attractiveness of investment in the construction period, it should not significantly reduce construction activity.

Organization Fees

The TRA requires that fees incurred by investors organizing limited partnerships designed to facilitate investment in real estate must be capitalized and amortized over a period not to be shorter than five years. This change effectively reduces the deductions a partner can avail himself of during the first year of ownership. The old tax law allowed the deduction of organization fees during the first year. As a result, year-end tax management real estate investments will not be as attractive as they have been in the past.

Proration of Expenses and Losses

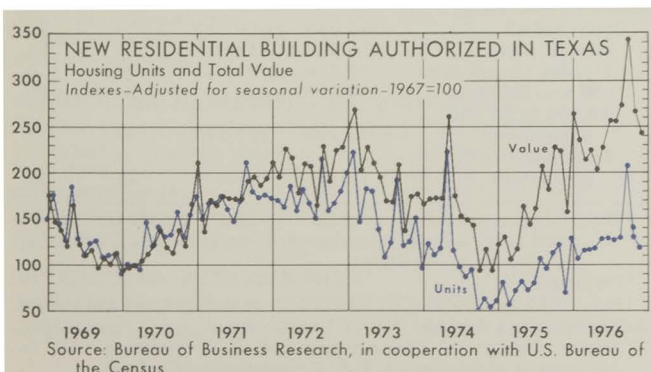
Henceforth, taxpayers will be allowed to deduct their pro rata share of expenses and losses only for the period of ownership. Previously, investors in real estate limited partnerships were allowed to deduct a full year's expenses and losses even though they became partners late in the year. The change will discourage the purchase of real estate property late in the year for the primary purpose of increasing a taxpayer's losses and reducing his tax liability.

Interest Deductions

The 1976 Tax Reform Act limits the amount of interest that a married noncorporate taxpayer can deduct to

1976 Tax Reform Act Schedule for Amortization of Construction Period Interest and Taxes

Year	Commercial real estate (percent)	Residential (percent)	Low-income housing (percent)
1977	20		
1978	16.67	25	
1979	14.29	20	
1980	12.33	16.67	
1981	11.13	14.29	
1982	10	12.33	25
1983	10	11.33	20
1984	10	10	16.67
1985	10	10	14.29
1986	10	10	12.33
1987	10	10	11.13
1988	10	10	10



\$10,000 plus net investment income. Nondeductible interest may be carried forward to future years. This section of the TRA may possibly reduce the amount of leverage used to finance real estate.

Additionally, the new law clearly stipulates that prepaid interest must be deducted ratably over the period of the loan. Prepaid interest is still deductible for 1977, but only if paid pursuant to a loan commitment or contract entered into prior to September 17, 1975. The nondeductibility of prepaid interest will tend to eliminate its use.

Recapture of Excess Depreciation

The new tax law requires that for residential income-producing property, excess depreciation will be recaptured and taxed at the time of sale regardless of how long the property has been owned. This eliminates the 1 percent per month reduction in the amount recaptured after the property has been held for one hundred months. Thus all excess depreciation will be recaptured at the time of sale for residential as well as commercial property. This change continues the trend, established in the 1969 tax revision, to reduce the benefits of accelerated depreciation.

Vacation Homes

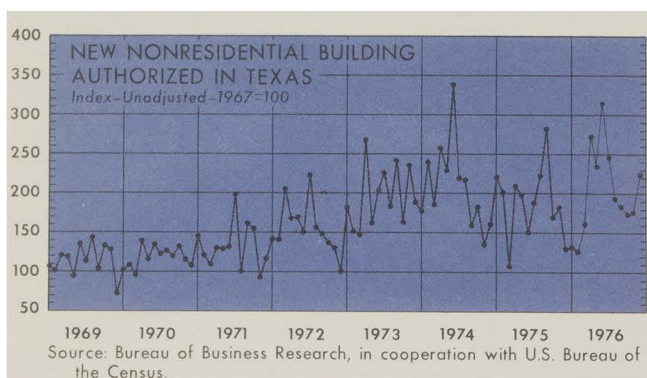
Deductions for depreciation, maintenance, utilities, and other expenses will not be allowed on vacation homes if a taxpayer uses that home for more than two weeks a year or for more than 10 percent of the annual rental period. This new treatment will probably reduce the attractiveness of second homes and further retard vacation home sales.

Sale of Residence

Individuals 65 years of age and older will not be required to pay taxes on the first \$35,000 of capital gain received from the sale of their homes. The old law limited this amount to \$20,000.

Capital Gains

The TRA extends from six to nine months the period of time an asset must be held in order to treat it as long-term



capital gain. In 1978 and subsequent years this period will be extended to twelve months. It is doubtful that this change will have much effect, if any, on real estate investment since most property is held for a period exceeding twelve months.

Although the overall impact of the TRA is anything but certain, real estate still remains an extremely attractive investment. Relative to other investment vehicles, investment interest should remain at a high level. The absence of "at risk" limitations and resulting large depreciation deductions, coupled with the use of leverage and expected increases in property values, will attract many investors. As vacancy rates fall, one-family dwelling units become more expensive; as demand rises, apartment construction activity should remain strong. Gains will be largest in major metropolitan areas as the one-family price pinch continues with concomitant economic growth.

Estimated Values of Building Authorized in Texas#

Classification	Nov ^P 1976 (thousands of dollars)	Jan-Nov ^P 1976	Percent change	
			Nov 1976 from Oct 1976	Jan-Nov 1976 from Jan-Nov 1975
<i>All Permits</i>	363,516	4,061,111	8	22
New construction	319,323	3,588,030	9	23
Residential				
(housekeeping)	156,812	1,905,720	- 5	37
One-family dwellings	114,511	1,494,479	- 14	25
Multiple-family dwellings	42,301	411,241	27	105
Nonresidential	162,511	1,682,310	26	10
Hotels, motels, and tourist courts	1,010	90,871	- 10	271
Amusement buildings	1,925	20,738	1	- 48
Churches	5,641	56,722	16	- 16
Industrial buildings	18,203	124,486	169	**
Garages (commercial and private)	7,538	34,007	692	102
Service stations and repair garages	872	10,650	- 47	31
Hospitals and institutions	6,184	175,450	- 48	- 6
Office-bank buildings	46,364	366,714	26	21
Works and utilities	4,390	105,170	28	- 33
Educational buildings	35,428	252,933	75	- 2
Stores and mercantile buildings	31,046	341,787	- 6	38
Other buildings and structures	3,910	102,782	- 33	14
Additions, alterations, and repairs	44,193	473,081	2	18
<i>SMSA vs. non-SMSA</i>				
Total SMSA †	323,077	3,689,364	5	21
Central cities	224,663	2,550,747	2	31
Outside central cities	98,414	1,138,617	14	4
Total non-SMSA	40,439	371,747	32	35
10,000 to 50,000 population	23,326	207,810	38	39
Less than 10,000 population	17,113	163,937	25	30

#Only building for which permits were issued within the incorporated area of a city is included. Federal contracts and public housing are not included.

^PPreliminary.

†Standard metropolitan statistical area as defined in 1975 Census.

**Change is less than one half of 1 percent.

Source: Bureau of Business Research in cooperation with the Bureau of the Census, U.S. Department of Commerce.

Local Business Conditions

Statistical data compiled by Mildred Anderson, Kay Davis, Marylyn Donaldson, and Joan Holloway.

The following section reports business conditions first by metropolitan areas, second by cities, listed under their counties. Standard metropolitan statistical areas (SMSAs) include one or more entire counties, as shown. All SMSAs are designated as such by the U.S. Bureau of the Census. Population figures are from the 1970 census and 1975 estimates by the Bureau of the Census.

Building permit data are collected from municipalities by the Bureau of Business Research in cooperation with the Bureau of the Census. They represent only building authorizations within city limits and exclude federal contracts and public works projects, such as highways, waterways, and reservoirs. Building statistics for the latest month are subject to revision.

Bank debit statistics for SMSAs and for most central metropolitan cities are collected by the Federal Reserve Bank of Dallas. Most other bank debits figures shown are collected from cooperating banks by the Bureau of Business Research; the published figures represent all banks in the city shown.

Employment estimates include only wage and salary workers and are compiled by the Texas Employment Commission in cooperation with the U.S. Bureau of Labor Statistics.

Footnote symbols are defined on pages 12 and 20.

Indicators of Local Business Conditions for Texas Standard Metropolitan Statistical Areas

Reported area and indicator	Percent change from		
	Nov 1976	Oct 1976	Nov 1975
ABILENE SMSA			
Callahan, Jones, and Taylor Counties; population: 122,164 (1970); 128,400 (1975 est.)			
Urban building permits (\$1,000)	2,370	- 4	18
Bank debits, seas. adj. (\$1,000)	448,469#	9	14
Nonfarm employment	44,050	1	2
Manufacturing employment	6,700	- 1	3
Unemployed (percent)	3.7	- 7	6
AMARILLO SMSA			
Potter and Randall Counties; population: 144,396 (1970); 152,000 (1975 est.)			
Urban building permits (\$1,000)	8,888	- 6	97
Bank debits, seas. adj. (\$1,000)	1,177,292	2	16
Nonfarm employment	65,400	**	4
Manufacturing employment	8,970	**	12
Unemployed (percent)	3.3	3	- 3
AUSTIN SMSA			
Hays and Travis Counties; population: 323,158 (1970); 394,800 (1975 est.)			
Urban building permits (\$1,000)	12,012	**	10
Bank debits, seas. adj. (\$1,000)	2,947,426#	- 12	31
Nonfarm employment	174,650	**	3
Manufacturing employment	17,050	2	15
Unemployed (percent)	4.6	5	- 2
BEAUMONT-PORT ARTHUR-ORANGE SMSA			
Hardin, Jefferson, and Orange Counties; population: 347,568 (1970); 349,500 (1975 est.)			
Urban building permits (\$1,000)	6,874	- 23	29
Bank debits, seas. adj. (\$1,000)	1,164,113#	1	22
Nonfarm employment	136,250	1	6
Manufacturing employment	41,350	2	**
Unemployed (percent)	7.3	3	- 3
BROWNSVILLE-HARLINGEN-SAN BENITO SMSA			
Cameron County; population: 140,368 (1970); 169,300 (1975 est.)			
Urban building permits (\$1,000)	1,346	- 27	- 53
Bank debits, seas. adj. (\$1,000)	840,870	- 8	110
Nonfarm employment	47,920	**	2
Manufacturing employment	8,730	**	- 3
Unemployed (percent)	11.1	1	14
BRYAN-COLLEGE STATION SMSA			
Brazos County; population: 57,978 (1970); 72,300 (1975 est.)			
Urban building permits (\$1,000)	3,284	47	203

Reported area and indicator	Percent change from		
	Nov 1976	Oct 1976	Nov 1975
BRYAN-COLLEGE STATION SMSA (continued)			
Bank debits, seas. adj. (\$1,000) 238,357 2 41 (Monthly employment reports are not available for the Bryan-College Station SMSA.)			
CORPUS CHRISTI SMSA			
Nueces and San Patricio Counties; population: 284,832 (1970); 297,300 (1975 est.)			
Urban building permits (\$1,000)	4,135	- 30	8
Bank debits, seas. adj. (\$1,000)	1,206,704	9	8
Nonfarm employment	99,550	**	1
Manufacturing employment	11,550	- 1	1
Unemployed (percent)	6.2	3	- 3
DALLAS-FORT WORTH SMSA			
Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties; population: 2,378,353 (1970); 2,552,800 (1975 est.)			
Urban building permits (\$1,000)	92,467	10	84
Bank debits, seas. adj. (\$1,000)	32,873,965#	11	31
Nonfarm employment	1,107,100	1	2
Manufacturing employment	249,600	**	4
Unemployed (percent)	4.3	**	- 17
EL PASO SMSA			
El Paso County; population: 359,291 (1970); 414,700 (1975 est.)			
Urban building permits (\$1,000)	9,110	- 34	2
Bank debits, seas. adj. (\$1,000)	1,489,117	10	17
Nonfarm employment	128,750	- 1	- 1
Manufacturing employment	27,150	- 3	- 6
Unemployed (percent)	12.7	6	41
GALVESTON-TEXAS CITY SMSA			
Galveston County; population: 169,812 (1970); 182,000 (1975 est.)			
Urban building permits (\$1,000)	2,104	- 13	- 16
Bank debits, seas. adj. (\$1,000)	526,296	12	22
Nonfarm employment	63,000	**	3
Manufacturing employment	12,000	**	- 1
Unemployed (percent)	6.4	5	28
HOUSTON SMSA			
Brazoria, Fort Bend, Harris, Liberty, Montgomery, and Waller Counties; population: 1,999,316 (1970); 2,297,300 (1975 est.)			
Urban building permits (\$1,000)	83,647	8	61
Bank debits, seas. adj. (\$1,000)	29,684,492#	10	19
Nonfarm employment	1,047,700	1	4

Reported area and indicator	Nov 1976	Percent change from	
		Oct 1976	Nov 1975
HOUSTON SMSA (continued)			
Manufacturing employment	176,200	**	1
Unemployed (percent)	5.3	2	2
KILLEEN-TEMPLE SMSA			
Bell and Coryell Counties; population: 159,794 (1970); 210,500 (1975 est.)			
Urban building permits (\$1,000)	4,871	- 61	17
Bank debits, seas. adj. (\$1,000)	328,409	14	30
(Monthly employment reports are not available for the Killeen-Temple SMSA.)			
LAREDO SMSA			
Webb County; population: 72,859 (1970); 78,100 (1975 est.)			
Urban building permits (\$1,000)	892	- 42	13
Bank debits, seas. adj. (\$1,000)	193,655	2	9
Nonfarm employment	24,220	**	4
Manufacturing employment	1,840	3	19
Unemployed (percent)	17.1	12	2
LONGVIEW SMSA			
Gregg and Harrison Counties; population: 120,770 (1970); 125,300 (1975 est.)			
Urban building permits (\$1,000)	3,790	19	30
Bank debits (\$1,000)	448,333	22	58
Nonfarm employment	48,400	**	3
Manufacturing employment	15,520	- 1	4
Unemployed (percent)	6.2	**	- 11
LUBBOCK SMSA			
Lubbock County; population: 179,295 (1970); 196,700 (1975 est.)			
Urban building permits (\$1,000)	11,582	82	120
Bank debits, seas. adj. (\$1,000)	1,154,149	6	45
Nonfarm employment	76,590	3	4
Manufacturing employment	13,140	6	27
Unemployed (percent)	2.7	- 13	- 23
McALLEN-PHARR-EDINBURG SMSA			
Hidalgo County; population: 181,535 (1970); 220,700 (1975 est.)			
Urban building permits (\$1,000)	3,675	- 5	29
Bank debits, seas. adj. (\$1,000)	470,028	- 5	10
Nonfarm employment	52,020	2	1
Manufacturing employment	6,630	2	4
Unemployed (percent)	12.5	7	40
MIDLAND SMSA			
Midland County; population: 65,433 (1970); 69,700 (1975 est.)			
Urban building permits (\$1,000)	15,722	134	377
Bank debits, seas. adj. (\$1,000)	852,077	7	69
Nonfarm employment	29,290	1	2
Manufacturing employment	2,360	**	- 6
Unemployed (percent)	2.9	7	7
ODESSA SMSA			
Ector County; population: 92,660 (1970); 98,800 (1975 est.)			
Urban building permits (\$1,000)	5,435	179	97
Bank debits, seas. adj. (\$1,000)	639,216	16	26
Nonfarm employment	41,120	**	2
Manufacturing employment	4,900	1	**
Unemployed (percent)	3.0	- 3	- 3

Reported area and indicator	Nov 1976	Percent change from	
		Oct 1976	Nov 1975
SAN ANGELO SMSA			
Tom Green County; population: 71,047 (1970); 74,800 (1975 est.)			
Urban building permits (\$1,000)	3,446	70	405
Bank debits, seas. adj. (\$1,000)	319,348	- 7	13
Nonfarm employment	26,430	1	3
Manufacturing employment	5,570	**	7
Unemployed (percent)	3.5	- 10	**
SAN ANTONIO SMSA			
Bexar, Comal, and Guadalupe Counties; population: 888,179 (1970); 977,200 (1975 est.)			
Urban building permits (\$1,000)	15,011	- 14	8
Bank debits, seas. adj. (\$1,000)	3,380,867 [#]	**	6
Nonfarm employment	320,350	**	2
Manufacturing employment	40,450	- 1	8
Unemployed (percent)	6.9	- 3	- 13
SHERMAN-DENISON SMSA			
Grayson County; population: 83,225 (1970); 79,000 (1975 est.)			
Urban building permits (\$1,000)	636	318	100
Bank debits, seas. adj. (\$1,000)	176,851	11	13
Nonfarm employment	29,100	**	7
Manufacturing employment	10,330	**	12
Unemployed (percent)	7.2	- 10	- 34
TEXARKANA SMSA			
Bowie County, Texas; Little River and Miller Counties, Arkansas; population: 113,488 (1970); 114,700 (1975 est.)			
Urban building permits (\$1,000)	563	90	99
Bank debits, seas. adj. (\$1,000)	246,668	20	16
Nonfarm employment	38,730	**	**
Manufacturing employment	7,690	**	- 8
Unemployed (percent)	7.6	- 4	- 16
(Since the Texarkana SMSA includes Bowie County in Texas and Little River and Miller Counties in Arkansas, all data, including population, refer to the three-county region.)			
TYLER SMSA			
Smith County; population: 97,096 (1970); 107,400 (1975 est.)			
Urban building permits (\$1,000)	4,347	- 32	227
Bank debits, seas. adj. (\$1,000)	493,616	9	44
Nonfarm employment	39,510	**	4
Manufacturing employment	11,520	- 1	9
Unemployed (percent)	5.1	2	- 29
WACO SMSA			
McLennan County; population: 147,553 (1970); 156,700 (1975 est.)			
Urban building permits (\$1,000)	2,682	- 27	294
Bank debits, seas. adj. (\$1,000)	611,457	- 10	21
Nonfarm employment	58,190	1	3
Manufacturing employment	13,040	- 1	4
Unemployed (percent)	4.6	**	- 27
WICHITA FALLS SMSA			
Clay and Wichita Counties; population: 128,642 (1970); 130,700 (1975 est.)			
Urban building permits (\$1,000)	2,557	52	31
Bank debits, seas. adj. (\$1,000)	445,603 [#]	- 1	9
Nonfarm employment	45,140	**	2
Manufacturing employment	7,220	- 1	4
Unemployed (percent)	4.1	- 2	- 16

** Absolute change is less than one half of 1 percent.

[#] Bank debit reports are based on the 1970 census definition for standard metropolitan statistical areas.

Indicators of Local Business Conditions for Individual Texas Municipalities

COUNTY City	Population		Urban building permits			Bank debits		
			Nov 1976 (dollars)	Percent change from		Nov 1976 (thousands of dollars)	Percent change from	
	1970	1975 (est.)		Oct 1976	Nov 1975		Oct 1976	Nov 1975
ANDERSON Palestine	27,789 14,525	30,600	195,650	- 20	- 11	...	...	...
ANDREWS Andrews	10,372 8,625	11,300	270,088	258	8,353	18,508	28	47
ANGELINA Lufkin	49,349 23,049	54,600	2,605,007	114	- 8	...	...	...
ARANSAS Aransas Pass (see San Patricio)	8,902	10,600						
ATASCOSA Pleasanton	18,696 5,407	19,800	...	...	...	10,174	6	13
AUSTIN Bellville	13,831 2,371	15,100	15,600	- 92	- 49	12,878	- 1	19
BASTROP Smithville	17,297 2,959	20,200	9,100	- 12	- 89	...	...	...
BEE Beeville	22,737 13,506	23,300	105,595	68	- 54	...	...	...
BELL (in Killeen-Temple SMSA)	124,483	159,900						
Bartlett (see Williamson)								
Belton	8,696		181,400	- 81	106	...	...	...
Harker Heights	4,216		302,299	- 81	- 43	...	...	...
Killeen	35,507		1,021,904	- 87	- 56	...	...	...
Temple	33,431		2,858,985	81	154	135,007	6	20
BEXAR (in San Antonio SMSA)	830,460	910,400						
San Antonio	654,153		10,729,793	- 28	- 14	3,246,519	3	14
BOWIE (in Texarkana SMSA)	68,909	69,700						
Texarkana	52,179		477,097	73	75	232,236	5	32
BRAZORIA (in Houston SMSA)	108,312	122,800						
Angleton	9,770		309,680	97	- 5	33,929	2	18
Clute	6,023		483,600	272	331	10,436	- 22	22
Freeport	11,997		64,700	- 96	65	70,795	- 5	16
Pearland	6,444		946,044	69	- 44	20,635	13	31
BRAZOS (constitutes Bryan- College Station SMSA)	57,978	72,300						
Bryan	33,719		1,401,451	8	195	198,328	3	44
College Station	17,676		1,882,553	102	209	...	...	...
BREWSTER Alpine	7,780 5,971	7,800	74,000	...	- 41	10,987	- 2	27
BROWN Brownwood	25,877 17,368	31,400	274,500	20	166	...	...	...
BURLESON Caldwell	9,999 2,308	10,500	...	...	...	7,170	- 3	13
BURNET Marble Falls	11,420 2,209	15,200	...	...	...	24,739	1	49
CALDWELL Lockhart	21,178 6,489	22,000	125,224	**	183	17,117	**	35
CALHOUN Point Comfort	17,831 1,446	17,700	2,000	...	67	...	...	...
Seadrift	1,092		50,500	30	400	2,176	- 11	20

COUNTY City	Population		Urban building permits			Bank debits		
			Nov 1976 (dollars)	Percent change from		Nov 1976 (thousands of dollars)	Percent change from	
				Oct 1976	Nov 1975		Oct 1976	Nov 1975
CAMERON (constitutes Brownsville- Harlingen-San Benito SMSA)	140,368	169,300						
Brownsville	52,522		576,939	- 52	- 65	248,581	4	81
Harlingen	33,503		537,402	26	**	469,578	- 12	190
La Feria	2,642		22,050	- 69	- 47	4,206	- 4	18
Los Fresnos	1,297		...	...	...	4,986	- 8	17
Port Isabel	3,067		79,250	190	- 76	14,123	35	81
San Benito	15,176		128,466	52	- 56	13,928	- 14	3
CASTRO	10,394	10,200						
Dimmitt	4,327		...	...	...	48,412	15	29
CHEROKEE	32,008	33,500						
Jacksonville	9,734		223,000	358	179	...	...	...
COLEMAN	10,288	10,200						
Coleman	5,608		67,500	55	...	...	...	...
COLLIN (in Dallas-Fort Worth SMSA)	66,920	92,800						
McKinney	15,193		60,009	- 10	72	...	...	...
Plano	17,872		5,603,103	...	26	67,247	1	27
COLORADO	17,638	17,400						
Eagle Lake	3,587		...	...	...	9,548	- 27	- 5
COMAL (in San Antonio SMSA)	24,165	28,400						
New Braunfels	17,859		2,182,468	199	329	36,005	- 6	23
COOKE	23,471	25,100						
Gainesville	13,830		138,850	- 85	- 34	41,371	1	24
Muenster	1,411		110,000	...	...	6,580	25	34
CORYELL (in Killeen-Temple SMSA)	35,311	50,600						
Copperas Cove	10,818		411,829	- 3	477	14,270	**	20
Gatesville	4,683		...	...	...	16,024	- 2	17
CRANE	4,172	3,900						
Crane	3,427		10,000	- 74	- 50	7,228	10	17
DALLAS (in Dallas-Fort Worth SMSA)	1,327,695	1,399,400						
Carrollton	13,855		3,869,283	160	...	44,938	20	2
Dallas	844,401		26,187,626	16	55	25,151,942	6	41
Farmers Branch	27,492		1,064,676	...	40	53,253	- 2	31
Garland	81,437		3,030,430	- 47	3	185,908	7	71
Grand Prairie	50,904		968,352	- 38	- 30	...	...	...
Irving	97,260		2,415,834	18	66	132,353	12	20
Lancaster	10,522		494,592	89	108	20,339	2	64
Mesquite	55,131		1,304,789	79	- 49	...	...	...
Richardson	48,582		2,259,718	- 13	30	180,657	12	30
Seagoville	4,390		36,840	- 67	- 69	...	...	...
DAWSON	16,604	15,800						
Lamesa	11,559		26,200	343	- 82	49,158	45	64
DEAF SMITH	18,999	19,400						
Hereford	13,414		144,700	- 57	- 77	...	...	...
DENTON (in Dallas-Fort Worth SMSA)	75,633	101,100						
Denton	39,874		1,800,000	113	...	...	...	...
Justin	741		1,500	...	...	...	...	...
Lewisville	9,264		447,375	- 1	18	40,132	1	40
Pilot Point	1,663		96,000	300	375	3,775	- 4	5
DE WITT	18,660	18,200						
Yoakum (see Lavaca)								

COUNTY City	Population		Urban building permits			Bank debits			
			Nov 1976 (dollars)	Percent change from		Nov 1976 (thousands of dollars)	Percent change from		
				Oct 1976	Nov 1975		Oct 1976	Nov 1975	
1970	1975 (est.)								
EASTLAND	18,092	18,400							
Cisco	4,160		...	...	...	5,853	5	12	
ECTOR (constitutes Odessa SMSA)	92,660	98,800							
Odessa	78,380		5,434,563	179	97	609,923	10	34	
ELLIS (in Dallas-Fort Worth SMSA)	46,638	51,400							
Midlothian	2,322		54,000	2,248	- 90	6,679	- 9	14	
Waxahachie	13,452		108,300	- 27	- 35	39,231	9	34	
EL PASO (constitutes El Paso SMSA)	359,291	414,700							
El Paso	322,261		9,109,775	- 34	3	1,428,582	10	24	
ERATH	18,141	19,400							
Stephenville	9,277		254,300	- 66	20	...	...	...
FANNIN	22,705	23,000							
Bonham	7,698		23,800	160	- 72	...	...	...
FAYETTE	17,650	17,300							
Schulenburg	2,294		28,000	52	- 95	...	...	...
FORT BEND (in Houston SMSA)	52,314	74,600							
Richmond	5,777		479,013	83	9	...	...	...
Rosenberg	12,098		1,221,450	192	133	23,017	11	44	
GAINES	11,593	11,300							
Seagraves	2,440		19,700	6,467	29	5,469	18	40	
Seminole	5,007		295,500	48	6,187	31,976	38	20	
GALVESTON (constitutes Galveston-Texas City SMSA)	169,812	182,000							
Dickinson	10,776		...	...	...	26,886	3	19	
Galveston	61,809		1,521,586	- 7	91	288,799	6	30	
La Marque	16,131		...	...	...	29,390	- 8	9	
Texas City	38,908		553,275	- 19	- 8	65,761	5	32	
GILLESPIE	10,553	11,300							
Fredericksburg	5,326		146,550	- 40	- 43	32,659	- 11	16	
GONZALES	16,375	16,500							
Gonzales	5,854		22,765	469	38	...	...	...
Nixon	1,925		0	...	...	...	...	...
GRAY	26,949	25,100							
Pampa	21,726		199,700	- 44	37	...	...	...
GRAYSON (constitutes Sherman- Denison SMSA)	83,225	79,000							
Denison	24,923		230,625	96	812	58,267	2	18	
Sherman	29,061		356,763	181	47	...	...	...
GREGG (in Longview SMSA)	75,929	80,900							
Gladewater	5,574		114,600	101	- 17	10,046	- 10	15	
Kilgore	9,495		280,195	- 68	- 13	47,409	- 15	24	
Longview	45,547		2,611,000	35	58	231,196	- 5	23	
GUADALUPE (in San Antonio SMSA)	33,554	38,400							
Schertz	4,061		48,583	- 59	922	...	...	...
Seguin	15,934		232,950	**	7	47,829	7	28	
HALE	34,137	35,800							
Hale Center	1,964		25,000	- 90	- 53	...	...	...
Plainview	19,096		372,550	- 4	- 38	105,338	- 4	15	

COUNTY City	Population		Urban building permits			Bank debits			
			Nov 1976 (dollars)	Percent change from		Nov 1976 (thousands of dollars)	Percent change from		
				Oct 1976	Nov 1975		Oct 1976	Nov 1975	
1970	1975 (est.)								
HARDEMAN	6,795	6,500							
Quannah	3,948		5,000	...	- 90	...	...	...
HARDIN	29,996	35,000							
(in Beaumont-Port Arthur- Orange SMSA)									
Silsbee	7,271		...	...	...	31,811	10	42	
HARRIS	1,741,912	1,963,600							
(in Houston SMSA)									
Baytown	43,980		823,886	- 29	- 10	...	...	...
Bellaire	19,009		577,243	27	451	111,922	1	14	
Deer Park	12,773		1,821,604	75	43	39,289	- 6	23	
Houston	1,232,802		63,695,323	14	65	26,041,117	4	28	
Humble	3,278		23,700	- 93	...	26,580	25	84	
La Porte	7,149		324,836	- 56	20	...	...	...
Pasadena	89,277		3,553,787	30	127	251,680	- 6	37	
South Houston	11,527		472,600	227	273	...	...	...
Tomball	2,734		...	...	...	33,608	- 18	29	
HARRISON	44,841	44,400							
(in Longview SMSA)									
Hallsville	1,038		...	...	...	3,316	- 10	25	
Marshall	22,937		784,395	165	- 3	59,592	6	21	
HASKELL	8,512	7,900							
Haskell	3,655		20,000	...	...	7,956	7	13	
HAYS	27,642	35,400							
(in Austin SMSA)									
San Marcos	18,860		224,825	49	...	28,340	22	45	
HENDERSON	26,466	30,600							
Athens	9,582		168,487	130	- 15	...	...	...
HIDALGO	181,535	220,700							
(constitutes McAllen-Pharr- Edinburg SMSA)									
Alamo	4,291		...	...	...	11,415	6	38	
Donna	7,365		486,503	1,074	381	9,404	5	4	
Edinburg	17,163		285,350	- 38	- 25	...	...	...
Elsa	4,400		...	...	...	18,984	23	67	
McAllen	37,636		1,547,683	- 33	- 15	185,253	- 3	21	
Mercedes	9,355		108,100	- 28	- 6	17,287	10	10	
Mission	13,043		357,755	- 44	88	39,553	3	**	
Pharr	15,829		256,240	161	35	11,334	4	23	
San Juan	5,070		35,950	...	- 57	...	...	...
Weslaco	15,313		597,063	208	...	32,980	- 17	9	
HOCKLEY	20,396	20,900							
Levelland	11,445		374,950	171	5	49,400	21	17	
HOOD	6,368	10,200							
(in Dallas-Fort Worth SMSA)									
Granbury	2,473		...	...	...	9,553	**	30	
HOPKINS	20,710	21,300							
Sulphur Springs	10,642		105,200	- 76	- 2	53,468	4	34	
HOWARD	37,796	37,400							
Big Spring	28,735		474,749	126	- 7	122,797	6	10	
HUNT	47,948	49,600							
Greenville	22,043		151,374	- 64	- 85	59,580	2	22	
HUTCHINSON	24,443	24,500							
Borger	14,195		89,040	- 48	- 76	...	...	...
JACKSON	12,975	12,800							
Edna	5,332		49,521	...	- 50	18,290	- 9	**	

COUNTY City	Population		Urban building permits			Bank debits		
			Nov 1976 (dollars)	Percent change from		Nov 1976 (thousands of dollars)	Percent change from	
				Oct 1976	Nov 1975		Oct 1976	Nov 1975
1970	1975 (est.)							
JASPER	24,692	26,700						
Jasper	6,251		26,000	- 61	- 5	34,344	7	27
Kirbyville	1,869		...	...	...	8,747	3	65
JEFFERSON	246,402	239,200						
(in Beaumont-Port Arthur- Orange SMSA)								
Beaumont	115,919		5,779,288	22	82	743,334	1	37
Groves	18,067		293,854	- 9	132	35,463	- 15	19
Nederland	16,810		119,140	- 53	- 86	28,721	12	41
Port Arthur	57,371		516,884	- 80	- 26	150,964	5	14
Port Neches	10,894		2,091,962	605	867	36,250	- 1	24
JIM WELLS	33,032	33,500						
Alice	20,121		674,172	62	34	88,565	11	40
JOHNSON	45,769	56,600						
(in Dallas-Fort Worth SMSA)								
Burlson	7,713		251,876	- 80	- 21	19,944	- 4	29
Cleburne	16,015		742,500	...	269	52,556	8	18
KARNES	13,462	13,100						
Karnes City	2,926		120,000	38	380	...	...	...
KAUFMAN	32,392	36,900						
(in Dallas-Fort Worth SMSA)								
Terrell	14,182		258,530	- 84	67	...	...	...
KIMBLE	3,904	4,200						
Junction	2,654		...	...	...	7,601	7	35
KLEBERG	33,166	32,500						
Kingsville	28,711		365,170	23	187	...	...	...
LAMAR	36,062	37,700						
Paris	23,441		691,329	20	49	...	...	...
LAMB	17,770	16,600						
Littlefield	6,738		66,980	- 88	- 79	...	...	...
LAMPASAS	9,323	12,300						
Lampasas	5,922		178,000	572	478	17,953	- 10	13
LAVACA	17,903	17,300						
Hallettsville	2,712		15,000	2,627	- 80	10,781	- 18	15
Yoakum	5,755		21,225	- 87	151	21,022	**	9
LEE	8,048	8,600						
Giddings	2,783		84,700	3,466	- 11	14,678	- 1	9
LIBERTY	33,014	37,200						
(in Houston SMSA)								
Dayton	3,804		160,000	631	142	12,306	- 3	22
Liberty	5,591		429,600	190	362	35,351	11	21
LIMESTONE	18,100	17,900						
Mexia	5,943		97,300	...	- 37	21,700	7	54
LLANO	6,979	8,700						
Kingsland	1,262		...	...	...	15,976	17	49
Llano	2,608		44,100	- 42	84	...	...	...
LUBBOCK	179,295	196,700						
(constitutes Lubbock SMSA)								
Lubbock	149,101		11,463,781	83	119	1,137,880	17	59
Slaton	6,583		3,390	- 83	- 89	10,435	1	6
LYNN	9,107	8,400						
Tahoka	2,956		0	...	...	13,155	22	28
McCULLOCH	8,571	8,300						
Brady	5,557		159,500	86	104	19,462	2	39

COUNTY City	Population		Urban building permits			Bank debits		
			Nov 1976 (dollars)	Percent change from		Nov 1976 (thousands of dollars)	Percent change from	
				Oct 1976	Nov 1975		Oct 1976	Nov 1975
McLENNAN (constitutes Waco SMSA)	147,553	156,700						
McGregor	4,365		750	- 83	...	9,485	8	18
Waco	95,326		1,502,825	- 25	154	548,964	- 14	28
MATAGORDA	27,913	27,500						
Bay City	11,733		1,538,752	208	847	51,929	- 12	13
MAVERICK	18,093	21,300						
Eagle Pass	15,364		129,300	...	- 71	23,755	8	13
MEDINA	20,249	21,700						
Castroville	1,893		550	- 99	- 93	3,511	3	33
Hondo	5,487		9,150	- 85	...	7,841	- 3	11
MIDLAND (constitutes Midland SMSA)	65,433	69,700						
Midland	59,463		15,721,900	134	377	782,675	3	81
MILAM	20,028	19,900						
Cameron	5,546		...	...	...	13,901	- 4	4
Rockdale	4,655		49,921	- 57	- 40	14,418	- 12	2
MILLS	4,212	4,200						
Goldthwaite	1,693		...	...	...	8,770	- 12	- 13
MITCHELL	9,073	8,900						
Colorado City	5,227		...	...	...	12,554	10	18
MONTGOMERY (in Houston SMSA)	49,479	83,400						
Conroe	11,969		403,500	14	90	...	...	...
MOORE	14,060	14,000						
Dumas	9,771		327,350	27	65	...	...	...
NACOGDOCHES	36,362	42,600						
Nacogdoches	22,544		513,100	- 61	- 11	...	...	...
NAVARRO	31,150	31,400						
Corsicana	19,972		189,880	- 46	- 21	69,103	7	25
NOLAN	16,220	16,000						
Sweetwater	12,020		2,370,165	750	1,119	34,345	- 2	18
NUECES (in Corpus Christi SMSA)	237,544	247,600						
Bishop	3,466		...	...	...	3,096	- 5	- 3
Corpus Christi	204,525		3,568,228	- 34	1	1,015,401	3	14
Port Aransas	1,218		...	...	...	1,632	- 31	18
Robstown	11,217		16,154	- 53	- 19	31,105	- 14	23
ORANGE (in Beaumont-Port Arthur- Orange SMSA)	71,170	75,300						
Orange	24,457		154,914	- 69	- 36	95,125	- 5	20
PALO PINTO	28,962	20,700						
Mineral Wells	18,411		52,000	136	40	...	...	...
PANOLA	15,894	16,400						
Carthage	5,392		42,000	- 71	42	9,350	14	24
PARKER (in Dallas-Fort Worth SMSA)	33,888	34,400						
Weatherford	11,750		...	...	...	44,117	33	26
PARMER	10,509	10,300						
Friona	3,111		3,800	660	- 92	26,959	- 5	**
PECOS	13,748	13,800						
Fort Stockton	8,283		116,885	- 38	101	27,073	7	6

COUNTY City	Population		Urban building permits			Bank debits		
			Nov 1976 (dollars)	Percent change from		Nov 1976 (thousands of dollars)	Percent change from	
				Oct 1976	Nov 1975		Oct 1976	Nov 1975
POTTER (in Amarillo SMSA) Amarillo	90,511 127,010	87,900	8,211,675	- 13	92	...	...	...
RANDALL (in Amarillo SMSA) Amarillo (see Potter) Canyon	53,885 8,333	64,100	676,187	...	201	26,282	24	29
REEVES Pecos	16,526 12,682	15,800	79,900	- 67	- 97	39,804	17	- 6
REFUGIO Refugio	9,494 4,340	8,600	1,150	...	- 77	15,332	69	17
RUSK Henderson Kilgore (see Gregg)	34,102 10,187	36,500	832,850	380	208	...	...	...
SAN PATRICIO (in Corpus Christi SMSA) Aransas Pass Sinton	47,288 5,813 5,563	49,700	148,700 36,047	- 5 - 40	397 - 52	25,426 17,609	7 - 12	46 17
SAN SABA San Saba	5,540 2,555	6,200	3,500	- 92	- 97	15,413	- 13	14
SCURRY Snyder	15,760 11,171	16,900	104,958	- 72	24	40,788	9	26
SHACKELFORD Albany	3,323 1,978	3,400	0	...	...	8,149	1	38
SHERMAN Stratford	3,657 2,139	3,600	78,000	268	1,100	...	...	...
SMITH (constitutes Tyler SMSA) Tyler	97,096 57,770	107,400	4,240,390	- 28	242	449,095	9	58
STEPHENS Breckenridge	8,414 5,944	8,400	54,150	157	330	...	...	...
SUTTON Sonora	3,175 2,149	4,400	708,922	351	632	8,082	- 5	11
TARRANT (in Dallas-Fort Worth SMSA) Arlington Bedford Burleson (see Johnson) Euless Fort Worth Grapevine North Richland Hills White Settlement	716,317 90,643 10,049 19,316 393,476 7,023 16,514 13,449	739,100	... 1,579,300 716,650 22,085,640 833,820 1,339,270 89,100	... 151 906 - 22 148 54 - 75	... 150 148 324 760 18 - 9	203,837 28,148 ... 3,754,117 19,181 45,237 11,385	3 - 5 ... 7 26 1 6	29 41 ... 40 39 22 - 12
TAYLOR (in Abilene SMSA) Abilene	97,853 89,653	103,400	2,144,791	5	7	398,296	6	24
TERRY Brownfield	14,118 9,647	14,100	481,950	139	349	43,123	23	16
TITUS Mount Pleasant	16,702 8,877	18,000	112,975	- 1	...	45,726	5	19
TOM GREEN (constitutes San Angelo SMSA) San Angelo	71,047 63,884	74,800	3,445,761	70	405	307,486	- 7	23

COUNTY City	Population		Urban building permits			Bank debits			
			Nov 1976 (dollars)	Percent change from		Nov 1976 (thousands of dollars)	Percent change from		
	1970	1975 (est.)		Oct 1976	Nov 1975		Oct 1976	Nov 1975	
TRAVIS (in Austin SMSA)	295,516	359,400							
Austin	251,808		11,573,124	- 2	7	3,054,415	- 3	34	
UPSHUR Gladewater (see Gregg)	20,976	24,600							
UPTON	4,697	4,600							
McCamey	2,647		...	...	...	2,737	- 8	5	
UVALDE	17,348	19,900							
Uvalde	10,764		262,162	- 70	122	47,870	7	23	
VAL VERDE	27,471	31,600							
Del Rio	21,330		1,443,606	233	75	49,635	8	23	
VICTORIA	53,766	58,100							
Victoria	41,349		1,047,666	- 43	- 15	239,522	**	28	
WALKER	27,680	37,200							
Huntsville	17,610		2,612,605	812	1,430	51,355	- 12	24	
WARD	13,019	12,300							
Monahans	8,333		46,270	16	64	21,480	- 6	- 5	
WASHINGTON	18,842	19,300							
Brenham	8,922		353,995	6	- 58	...	...	...
WEBB (constitutes Laredo SMSA)	72,859	78,100							
Laredo	69,024		891,947	- 42	13	187,198	7	16	
WHARTON	36,729	36,000							
El Campo	8,563		200,479	346	10	42,350	- 22	8	
WICHITA (in Wichita Falls SMSA)	120,563	122,200							
Burkburnett	9,230		191,072	39	132	20,480	- 7	20	
Iowa Park	5,796		108,000	- 18	- 26	8,166	9	15	
Wichita Falls	97,564		1,957,434	61	31	386,117	- 5	15	
WILBARGER	15,355	15,500							
Vernon	11,454		119,800	105	55	...	...	...
WILLACY	15,570	16,000							
Raymondville	7,987		14,700	- 76	- 61	21,299	- 16	5	
WILLIAMSON	37,305	48,300							
Bartlett	1,622		...	...	...	2,215	**	- 15	
Georgetown	6,395		298,400	- 83	117	22,552	- 10	40	
Taylor	9,616		22,941	- 79	- 93	25,672	- 22	14	
WINKLER	9,640	9,100							
Kermit	7,884		55,800	412	- 39	...	...	...
WISE (in Dallas-Fort Worth SMSA)	19,687	21,800							
Decatur	3,240		332,500	22,067	...	10,866	- 8	34	
YOUNG	15,400	16,000							
Graham	7,477		187,600	- 19	- 65	...	...	...
Olney	3,624		74,377	266	47	13,226	- 2	33	
ZAVALA	11,370	11,400							
Crystal City	8,104		...	...	...	12,803	30	71	

** Absolute change is less than one half of 1 percent.
... No data, or inadequate basis for reporting.

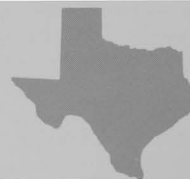
Barometers of Texas Business

(All figures are for Texas unless otherwise indicated.)

All indexes are based on the average months for 1967=100 except where other specification is made; all except annual indexes are adjusted for seasonal variation unless otherwise noted. Employment estimates are compiled by the Texas Employment Commission in cooperation with the Bureau of Labor Statistics of the U.S. Department of Labor. The symbols used below impose qualifications as indicated here: p—preliminary data subject to revision; r—revised data; *—dollar totals for the fiscal year to date; †—employment data for wage and salary workers only.

	Nov 1976	Oct 1976	Nov 1975	Year-to-date average	
				1976	1975
GENERAL BUSINESS ACTIVITY					
Business activity (index)	240.3	219.9	190.3	226.6	194.0
Estimates of personal income (millions of dollars, seasonally adjusted)	\$ 6,694.9 ^P	\$ 6,338.9 ^P	\$ 5,849.5 ^r	\$ 6,378.9	\$ 5,698.0
Income payments to individuals in U.S. (billions, at seasonally adjusted annual rate)	\$ 1,418.0 ^P	\$ 1,403.0 ^P	\$ 1,300.2 ^r	\$ 1,369.0	\$ 1,244.3
Wholesale prices in U.S. (unadjusted index)	185.6	185.2	178.2	182.6	174.5
Consumer prices in Dallas (unadjusted index)	171.7	...	162.4	167.7	158.2
Consumer prices in U.S. (unadjusted index)	173.8	173.3	165.6	170.1	160.8
Business failures (number) . . . . .	...	...	29	...	53
Business failures (liabilities, thousands)	\$...	\$...	\$ 46,454	\$...	\$ 15,111
Sales of ordinary life insurance (index)	255.3	246.6	209.8	250.4	211.8
PRODUCTION					
Total electric power use (index)	185.6 ^P	189.7 ^P	170.2 ^r	185.1	163.0
Residential electric power use (index)	230.9 ^P	221.5 ^P	213.6 ^r	229.3	205.6
Industrial electric power use (index)	157.0 ^P	163.3 ^P	142.8 ^r	155.0	135.7
Crude oil production (index)	105.7 ^P	105.4 ^P	110.1 ^r	106.5	109.5
Average daily production per oil well (bbl.)	18.4	18.4	19.3	18.8	19.7
Crude oil processed by refineries (index) . . . . .	...	132.6	128.9 ^r	...	128.1
Industrial production—total (index)	131.1 ^P	130.5 ^P	127.8 ^r	130.0	125.4
Industrial production—total manufactures (index)	135.2 ^P	136.5 ^P	130.4 ^r	134.7	127.1
Industrial production—durable manufactures (index)	135.6 ^P	136.5 ^P	131.7 ^r	133.9	129.4
Industrial production—nondurable manufactures (index)	134.9 ^P	136.5 ^P	129.4 ^r	135.4	125.2
Industrial production—mining (index)	115.2 ^P	111.2 ^P	116.2 ^r	113.8	115.9
Industrial production—utilities (index)	170.4 ^P	170.4 ^P	168.9 ^r	169.9	166.1
Industrial production in U.S. (index)	132.0 ^P	130.4 ^P	123.5 ^r	129.5	117.2
Urban building permits issued (index)	234.9 ^P	224.8 ^P	163.1 ^r	231.3	188.1
New residential building authorized (index)	241.9 ^P	268.8 ^P	185.5 ^r	248.9	182.2
New residential units authorized (index)	118.0 ^P	127.6 ^P	69.4 ^r	127.1	83.1
New nonresidential building authorized (unadjusted index)	223.1 ^P	176.4 ^P	136.0 ^r	209.9	190.1
AGRICULTURE					
Prices received by farmers (unadjusted index)	187	194	184	194	177
Prices paid by farmers in U.S. (unadjusted index)	193	194	184	193	182
Ratio of Texas farm prices received to U.S. prices paid by farmers	97	100	100	100	97
FINANCE					
Bank debits (index)	445.5	406.5	339.1	413.1	338.7
Bank debits, U.S. (index)	352.9	344.4	301.7	332.9	287.6
Bank commercial loans outstanding (index)	193.1	188.4	184.8	186.6	184.4
Weekly condition report of large commercial banks, Dallas Federal Reserve District					
Loans (millions)	\$ 11,667	\$ 11,444	\$ 10,774	\$ 11,175	\$ 10,591
Loans and investments (millions)	\$ 17,560	\$ 17,281	\$ 15,988	\$ 16,923	\$ 15,433
Adjusted demand deposits (millions)	\$ 5,008	\$ 5,064	\$ 4,914	\$ 4,872	\$ 4,661
Revenue receipts of the state comptroller (thousands)	\$ 685.4	\$ 497.0	\$ 556.6	\$ 581.7	\$ 503.6
Federal Internal Revenue collections (millions)	\$ 1,139.4	\$ 1,045.3	\$ 991.8	\$ 2,184.7*	\$ 2,349.7*
Securities registrations—original applications					
Mutual investment companies (thousands)	\$ 62,182	\$ 75,858	\$ 43,807	\$ 208,772*	\$ 150,160*
All other corporate securities					
Texas companies (thousands)	\$ 14,078	\$ 7,480	\$ 689	\$ 41,498*	\$ 21,151*
Other companies (thousands)	\$ 5,523	\$ 14,270	\$ 5,914	\$ 30,520*	\$ 34,030*
Securities registration—renewals					
Mutual investment companies (thousands)	\$ 29,188	\$ 33,872	\$ 29,046	\$ 89,341*	\$ 105,774*
Other corporate securities (thousands)	\$ 0	\$ 2,202	\$ 0	\$ 2,492*	\$ 100*
LABOR					
Total nonagricultural employment (index)†	140.4 ^P	140.2 ^P	137.2 ^r	139.0	135.5
Manufacturing employment (index)†	125.2 ^P	125.4 ^P	122.5 ^r	124.3	120.4
Average weekly hours—manufacturing (index)†	98.5 ^P	98.7 ^P	98.9 ^r	98.7	97.4
Average weekly earnings—manufacturing (index)†	185.6 ^P	185.0 ^P	174.4 ^r	181.0	165.8
Total nonagricultural employment (thousands)†	4,575.0 ^P	4,568.1 ^P	4,466.7 ^r	4,517.7	4,406.0
Total manufacturing employment (thousands)†	829.5 ^P	832.9 ^P	810.8 ^r	825.2	799.3
Durable-goods employment (thousands)†	456.3 ^P	456.5 ^P	444.6 ^r	451.1	441.9
Nondurable-goods employment (thousands)†	372.2 ^P	376.4 ^P	366.2 ^r	374.0	357.4
Total civilian labor force in selected labor market areas (thousands)	4,280.1 ^P	4,265.0 ^P	4,205.4 ^r	4,239.3	4,148.2
Nonagricultural employment in selected labor market areas (thousands)†	3,743.5 ^P	3,727.2 ^P	3,646.6 ^r	3,686.9	3,595.8
Manufacturing employment in selected labor market areas (thousands)†	699.5 ^P	698.9 ^P	678.2 ^r	691.4	668.5
Total unemployment in selected labor market areas (thousands)	242.8 ^P	239.0 ^P	247.4 ^r	244.9	239.3
Percent of labor force unemployed in selected labor market areas	5.7 ^P	5.6 ^P	5.9 ^r	5.8	5.9
Percent of total labor force unemployed	5.4 ^P	5.3 ^P	5.6 ^r	5.5	5.6

TEXAS INSURANCE



Jerry D. Todd

fact book 1976

This is the second edition of the source book of data on the insurance industry in Texas. The present edition, which updates the first by three years, illustrates the magnitude and growth of the insurance industry in Texas over a period of time, in this case 1966 through 1974.

This book presents a statistical record of the size and growth of insurance in a concise yet complete form that the reader can use as a reference for Texas insurance facts. It summarizes answers to numerous questions regarding the insurance industry: the comparative size and number of premiums written and benefits paid among different kinds of insurers, the kinds of losses paid, the reasons for changes in premium rates, and many more.

The book is divided into eight sections. The first three emphasize the overall growth and size of the industry and compare out-of-state and Texas-based insurers. Then premiums, losses, and other data are presented for life, property-liability, and health insurance. Following that is an account of insurers not classified in the previous three categories. Finally, the ways in which insurance affects the economy of Texas are examined.

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