The Economic and Fiscal Benefits of a Major Data Center Investment in Abilene

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Executive Summary

- The Perryman Group recently examined the economic and fiscal benefits to the Abilene area of Project Prism and Project Radiance, two phases of a proposed major Artificial Intelligence (AI) data center initiative under consideration in Abilene. These resources would also offer significant diversification and expansion in the local business complex. The data center campus will generate substantial economic benefits during construction and once operational, in addition to significant tax revenues.

- Estimated economic benefits of **construction** include approximately **$3.5 billion** in gross product and **31,050** job-years (including multiplier effects). A job-year is one person working for one year, though it could be multiple individuals working partial years (which is often the case for construction projects). Note that these estimates are fully adjusted for materials and equipment likely to be purchased outside of the local area.

- **Ongoing operations** will involve employment on site as well as jobs associated with the necessary power provision and related requirements. As a result, the downstream (indirect and induced) effects are much larger than those of typical data-related operations. Total ongoing benefits at mature operations levels include a projected **2,350** jobs and **$330.6 million** in gross product each year (including multiplier effects).

- The Abilene data center campus would have a notable effect on the area's growth trajectory. In addition, specific industries will see particularly strong expansion.

    - The Perryman Group estimates that permanent private sector employment growth over the 2024-2029 period will increase by more than **2,350** compared to the baseline case, a **34.5%** increment.

    - Private-sector gross product (output) is also projected to grow notably faster with the data center campus in place, with an incremental permanent gain over the 2024-2029 period of approximately **$330.6 million** or **20.6%**.

    - Expansion in permanent private-sector earnings in the local area over the five-year period is also projected to be significantly more robust, with an incremental increase associated with the data center of some **$196.8 million** or **27.3%** compared to baseline projections.

- Business activity generates tax receipts.
    - Construction of the data center campus and related facilities would generate substantial incremental sales tax revenues including a projected **$27.2 million** to the City of Abilene and nearly **$9.1 million** to the Development Corporation of Abilene (DCOA).
    - Property taxes would also increase due to (1) the direct value of the data center campus and its equipment accounting for planned abatements and (2) the induced increase in the size of the property tax base due to additional development and higher value of homes and commercial buildings associated with the increase in business activity. The total projected annual property tax increase (direct as well as indirect and induced) at mature operations levels including both phases is approximately **$166.7 million** for Abilene ISD, **$21.6 million** for the City of Abilene, and **$20.2 million** for Taylor County.
    - For the City of Abilene, the projected total annual increase in tax receipts (from sales, hotel occupancy, and property taxes) exceeds **$24.3 million**.
- The proposed data center campus project is much larger than any previous private investment initiative in the area, adding a new source of economic expansion and generating jobs and opportunities for local businesses. The area will see thousands of additional jobs compared to baseline projections, as well as hundreds of millions of dollars each year in incremental earnings and gross product (output). In addition, the initiative will greatly enhance tax revenues to local entities, even when abatement agreements are considered.
- The proposed data center complex is a "game-changer" for Abilene, providing a substantial economic and fiscal stimulus and opening up new possibilities for future prosperity.

Introduction

This analysis examines Project Prism and Project Radiance, two phases of a proposed major Artificial Intelligence (AI) data center initiative under consideration in Abilene. The facilities include a total of eight buildings, and would be significant in efforts to establish needed AI infrastructure, thus enabling applications and advances across the entire economy. These resources would also offer significant diversification and expansion in the local business complex.

AI can enhance efficiency and productivity by automating repetitive tasks, analyzing complex data, and streamlining and enhancing operations in industries ranging from health care to finance. AI can also help identify trends and patterns in data to make projections, customize products and services for individual uses, and reduce costs by optimizing processes. In short, AI is likely to change aspects of virtually every type of activity, offering benefits to individuals, businesses, the economy, and society.

Project Prism and Project Radiance and the associated data center campus will generate substantial economic benefits during construction and once operational, in addition to significant tax revenues.

Massive investments in the necessary infrastructure are occurring and expected to continue. Growth rate projections in the need for data centers indicate they will likely double or triple in the next few years.

This initiative can play an important role in ensuring AI's potential is optimized. The project further aligns with and expands clean energy data center space currently under construction in the area.

The data center campus will generate substantial economic benefits during construction and once operational, in addition to significant tax revenues. The Perryman Group (TPG) was recently asked to assess the economic and fiscal impact of Project Prism (which includes two buildings) and Project Radiance (with an additional six buildings) on the Abilene area. This report presents the results of TPG's analysis.

Economic Benefits

Any economic stimulus leads to dynamic responses across the economy. The Perryman Group has developed complex and comprehensive models over the past four decades to measure these dynamic responses in order to estimate the total economic effects (not only direct, but also indirect and induced) associated with direct sources of stimulus.

Once operational, the facilities will provide ongoing jobs as well as opportunities for other local businesses.

In this instance, a substantial, though transitory, stimulus will occur during the construction and installation phases. Once operational, the facilities will provide ongoing jobs as well as opportunities for other local businesses. Impacts were measured for the Abilene area and are fully adjusted for procurement and other effects likely to come from outside the area, as well as related power requirements.

Methods used in this analysis are summarized on the following page, with additional detail in Appendix A.

Measuring Economic Benefits

Any economic stimulus, whether positive or negative, generates multiplier effects throughout the economy. In this instance, construction and ongoing operations of the data center campus generate sizable increases in business activity.

The Perryman Group's dynamic input-output assessment system (the US Multi-Regional Impact Assessment System, which is described in further detail in the Appendices to this report) was developed by the firm about 40 years ago and has been consistently maintained and updated since that time. The model has been used in thousands of analyses for clients ranging from major corporations to government agencies and has been peer reviewed on multiple occasions. The impact system uses a variety of data (from surveys, industry information, and other sources) to describe the various goods and services (known as resources or inputs) required to produce another good/service. This process allows for estimation of the total economic impact (including multiplier effects) of the proposed development. The models used in the current analysis reflect the specific industrial composition and characteristics of the Abilene area.

Total economic effects are quantified for key measures of business activity (further explained in the Appendix). Note that these measures are alternative means of expressing the same effects; they are not additive.

- **Total expenditures** (or total spending) measure the dollars changing hands as a result of the economic stimulus.
- **Gross product** (or output) is production of goods and services that will come about in the area as a result of the activity. This measure is parallel to the gross domestic product numbers commonly reported by various media outlets and is a subset of total expenditures.
- **Personal income** is dollars that end up in the hands of people in the area; the vast majority of this aggregate derives from the earnings of employees, but payments such as interest and rents are also included.
- **Job effects** are expressed as job-years of employment for a temporary stimulus such as construction and jobs for ongoing effects. A job-year is one person working for one year, though it could be multiple individuals working partial years.

Monetary values were quantified on a constant (2024 dollars) basis to eliminate the effects of inflation.

Construction

As noted, the proposed data center campus in Abilene involves a multi-billion-dollar capital expenditure which will lead to a substantial, though transitory, increase in business activity in the Abilene area, as well as ongoing additions to the local property tax base.

Total construction impacts include approximately **$3.5 billion** in gross product and **31,050** job-years (including multiplier effects).

The Perryman Group estimates that when multiplier effects are considered, Phase 1 (Prism) construction impacts will include some **$933.5 million** in gross product and **8,350** job-years, with an additional **$2.5 billion** and **22,700** job-years during Phase 2 (Radiance). The total construction impacts thus include approximately **$3.5 billion** in gross product and **31,050** job-years (including multiplier effects) over the construction period. A job-year is one person working for one year, though it could be multiple individuals working partial years (which is often the case for construction projects). Note that these estimates are fully adjusted for materials and equipment likely to be purchased outside of the local area.

The Projected Economic Benefits of Construction of the Proposed Data Center Campus on the Abilene Area

	Total Expenditures (Millions of 2024 Dollars)	**Gross Product** (Millions of 2024 Dollars)	**Personal Income** (Millions of 2024 Dollars)	**Employment** (Job-Years)
Phase 1: Prism	$1,871.680	$933.508	$626.105	8,350
Phase 2: Radiance	$5,100.377	$2,547.575	$1,705.507	22,700
Total	**$6,972.057**	**$3,481.084**	**$2,331.612**	**31,050**

Note: Based on basic building construction costs and estimated activity associated with installing equipment and The Perryman Group's estimates of related multiplier effects. Amounts are fully adjusted to account for the portion of outlays for construction materials and other items expected to be procured from other areas. A job-year is one person working for one year, though it could be multiple individuals working partial years. Components may not sum to totals due to independent rounding. Additional explanation of terms and methods may be found elsewhere in this report and in Appendix A, with results by industry in Appendix B.
Source: US Multi-Regional Impact Assessment System, The Perryman Group

Operations

Ongoing operations will involve employment on site as well as jobs associated with the necessary power provision and related project requirements. As a result, the downstream (indirect and induced) effects are much larger than those of traditional data-related operations. Phase 1 (Prism) economic benefits for the Abilene area include about **670** jobs and **$92.0 million** in gross product each year (including multiplier effects), with an additional **1,680** jobs and **$238.6 million** in annual gross product from Phase 2 (Radiance). Total ongoing benefits at mature operations levels include a projected **2,350** jobs and **$330.6 million** in gross product each year (including multiplier effects).

Total ongoing benefits at mature operations levels include a projected **2,350** jobs and **$330.6 million** in gross product each year (including multiplier effects).

The Projected Annual Benefits of Operations of the Proposed Data Center Campus on the Abilene Area

	Total Expenditures (Millions of 2024 Dollars)	Gross Product (Millions of 2024 Dollars)	Personal Income (Millions of 2024 Dollars)	Employment (Jobs)
Phase 1: Prism	$232.957	$91.950	$55.728	673
Phase 2: Radiance	$627.777	$238.641	$141.098	1,681
Total	**$860.734**	**$330.590**	**$196.826**	**2,354**

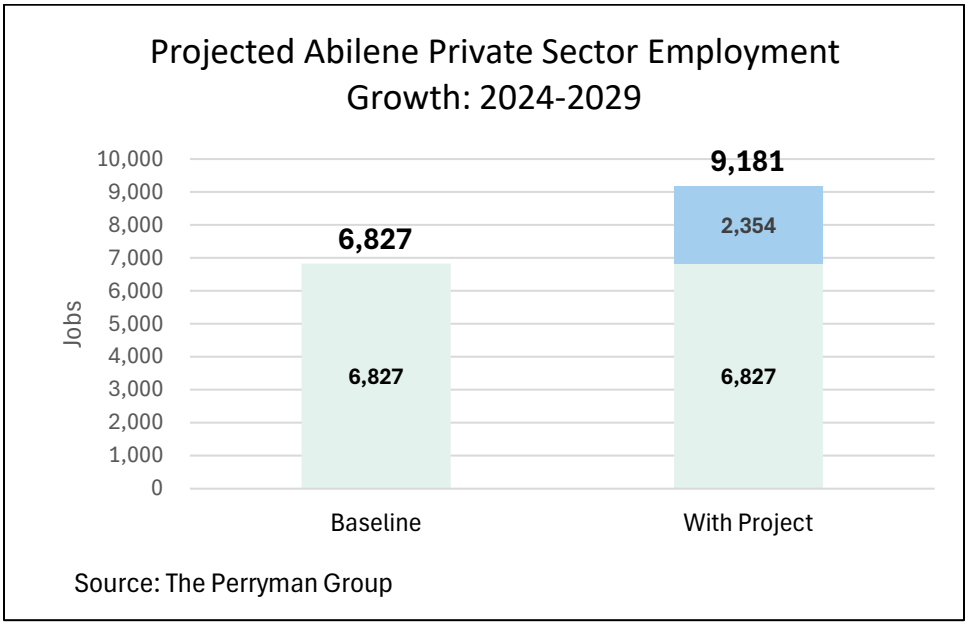
Note: Based on basic facility operations and provision of power assuming typical patterns for advanced AI data centers and The Perryman Group's estimates of related multiplier effects. Components may not sum to totals due to independent rounding. Additional explanation of terms and methods may be found elsewhere in this report and in Appendix A, with results by industry in Appendix B.
Source: US Multi-Regional Impact Assessment System, The Perryman Group

Economic Benefits in Perspective

The Perryman Group's most recent baseline projections for the Abilene economy call for broad-based growth at a pace exceeding the national rate, but somewhat slower than the state of Texas. The largest source of job gains by a sizable margin in the baseline case is health and human services, with public sector employment gains the next-largest source of net new positions.

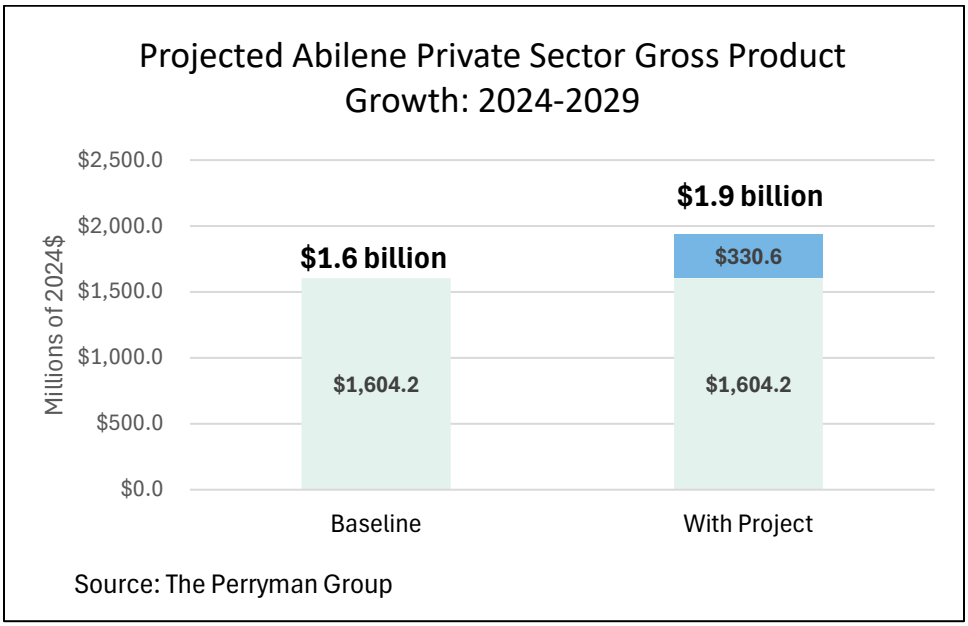
The two new projects at the Abilene data center campus would have a notable effect on the area's growth trajectory. In addition, specific industries will see particularly strong expansion. For example, between June 2025 and April 2026, construction employment is anticipated to be approximately twice normal levels. The industries expected to see the largest ongoing increases in job levels (as indicated in Appendix B) include those that are consumer oriented (retail sales and restaurants, for example) as well as supporting sectors such as business and professional services and utilities.

The Perryman Group estimates that permanent private sector employment growth over the 2024-2029 period will increase by an increment or more than **2,350** compared to the baseline case. Total job gains of almost 9,200 are projected over the period with the project in place, compared to approximately 6,800 in the baseline case. This gain indicates a **34.5%** increment in projected job expansion.

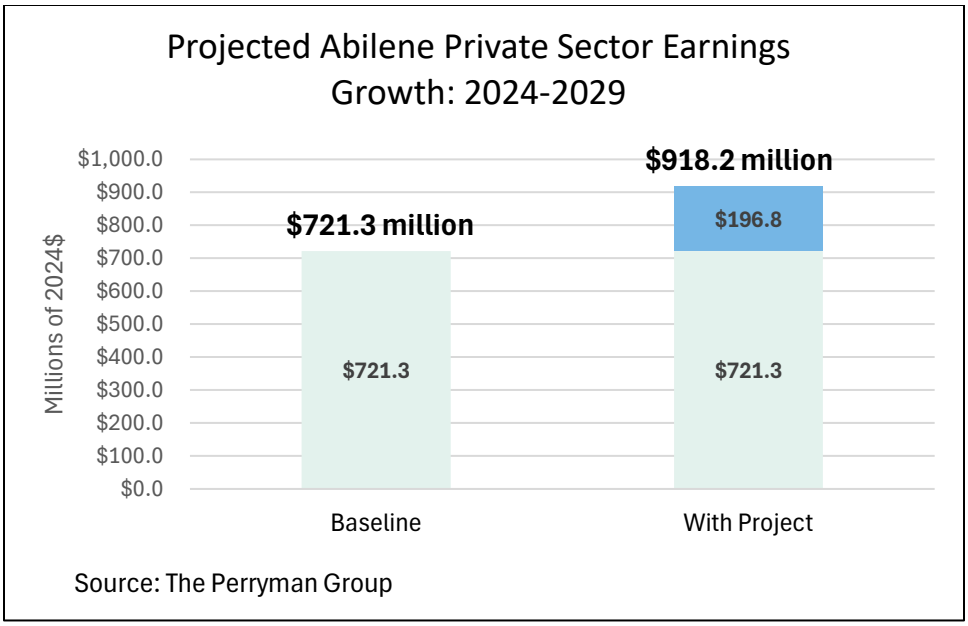


Source: The Perryman Group

Permanent private-sector gross product (output) is also projected to grow notably faster with the data center campus in place, with a gain over the 2024-2029 period of approximately $1.9 billion, compared to $1.6 billion in the baseline case (an increment of approximately **$330.6 million** or **20.6%**).



Expansion in permanent private-sector earnings in the local area over the five-year period is also projected to be significantly more robust, with an increase of $918.2 million with the project in place compared to $721.3 million in the baseline case (an increment of some **$196.8 million** or **27.3%**).



Source: The Perryman Group

Fiscal Benefits

Business activity generates tax receipts. For example, the retail sales and hotel occupancy effects of the economic activity measured in this study were quantified. A portion of the retail sales would have been taxable, and receipts to the State and local taxing entities are affected by the direct stimulus. Moreover, additional room nights provide occupancy tax resources, and reduced tourism decreases these potential receipts.

Construction of the data center campus and related facilities would generate substantial incremental sales tax revenues including a projected **$27.2 million** to the City of Abilene and nearly **$9.1 million** to the Development Corporation of Abilene (DCOA).

Economic activity also affects property tax values. Higher incomes increase housing demand, leading to higher taxable values as well as additional need for houses. Increased retail sales and incomes enhance the need for commercial space such as restaurants, retail outlets, and personal service facilities. Higher property values increase taxes to counties, cities, school districts, and other local taxing entities. These indirect taxes lead to significant incremental receipts to the State and local governmental entities.

Sales and Hotel Occupancy Taxes

Construction of the data center campus and related facilities would generate substantial incremental sales tax revenues including a projected **$27.2 million** to the City of Abilene and nearly **$9.1 million** to the Development Corporation of Abilene (DCOA).

Potential Incremental Sales Tax Associated with Construction and Ongoing Operations of the Proposed Data Center Campus			
	City of Abilene (Millions of 2024 Dollars)	**DCOA** (Millions of 2024 Dollars)	**TOTAL** (Millions of 2024 Dollars)
During the Construction Period			
Phase 1: Prism	$6.808	$2.269	$9.077
Phase 2: Radiance	$20.423	$6.808	$27.231
TOTAL	**$27.231**	**$9.077**	**$36.308**
Annually Once Operational			
Phase 1: Prism	$0.697	$0.232	$0.929
Phase 2: Radiance	$1.806	$0.602	$2.409
TOTAL	**$2.503**	**$0.834**	**$3.337**

Note: Based on fiscal effects related to the potential increased taxable retail sales during construction and once operational measured in the course of this study. DCOA is the Development Corporation of Abilene. Components may not sum to totals due to independent rounding.
Source: The Perryman Group

Of the total sales tax increases during construction, about $24.2 million are due to indirect and induced effects, while about $2.2 million of the annual sales taxes once operational are from indirect and induced effects.

Hotel occupancy taxes could also be expected to rise due to the increased business activity. The Perryman Group estimates that additional hotel occupancy taxes would be about **$216,500 per year** once the data center complex is fully operational.

Potential Incremental Hotel Occupancy Taxes to the City of Abilene Associated with the Proposed Data Center Campus	
Annually at Maturity	
Phase 1: Prism	$60,257
Phase 2: Radiance	$156,260
TOTAL	$216,517
Note: Based on fiscal effects related to the potential increase in business activity measured in the course of this study. Components may not sum to totals due to independent rounding. Source: The Perryman Group	

Property Taxes

Property taxes would also increase due to (1) the direct value of the data center campus and its equipment accounting for planned abatements and (2) the induced increase in the size of the property tax base due to additional development and higher value of homes and commercial buildings associated with the increase in business activity. Note that the property tax increases in this assessment are for activity in Taylor County only, though a small portion of the City of Abilene as well as Abilene ISD are in Jones County.

The total projected annual property tax increase (direct as well as indirect and induced) at mature operations levels including both phases is approximately **$166.7 million** for Abilene ISD, **$21.6 million** for the City of Abilene, and **$20.2 million** for Taylor County. Additional detail is provided in the following table. For the City of Abilene, the projected total annual increase in tax receipts (from sales, hotel occupancy, and property taxes) exceeds **$24.3 million**.

Potential Incremental Property Taxes at Maturity Associated with the Proposed Data Center Campus				
	Abilene ISD (Millions of 2024 Dollars)	**City of Abilene** (Millions of 2024 Dollars)	**Taylor County** (Millions of 2024 Dollars)	**TOTAL** (Millions of 2024 Dollars)
Direct (Buildings and Equipment at the Data Center)				
Phase 1	$40.688	$4.660	$4.499	$49.847
Phase 2	$122.065	$13.980	$13.496	$149.540
TOTAL	$162.754	$18.639	$17.994	$199.387
Indirect and Induced Incremental Commercial/Industrial Space				
Phase 1	$0.553	$0.422	$0.306	$1.281
Phase 2	$1.400	$1.069	$0.774	$3.243
TOTAL	$1.953	$1.491	$1.080	$4.524
Indirect and Induced Incremental Residential Space				
Phase 1	$0.561	$0.428	$0.310	$1.298
Phase 2	$1.400	$1.069	$0.774	$3.242
TOTAL	$1.960	$1.497	$1.084	$4.541
OVERALL TOTALS				
Phase 1	$41.802	$5.510	$5.114	$52.426
Phase 2	$124.865	$16.117	$15.043	$156.026
TOTAL	**$166.667**	**$21.627**	**$20.158**	**$208.452**

Note: Direct taxes based on estimated fiscal effects associated with the data center campus; indirect and induced effects associated with the increase in economic activity measured in the course of this study. Accounts for abatement agreements currently in place involving the City of Abilene and Taylor County. Components may not sum to totals due to independent rounding.
Source: The Perryman Group

Fiscal Benefits in Perspective

The increase in **sales taxes** in the local area once the data center campus is at full operations levels (including both phases) would be significant. For the City of Abilene, incremental taxes would be a projected $2.5 million per year (not adjusted for inflation) over estimated 2024 level of approximately $32.9 million, representing a gain of 7.6%. For the DCOA, estimated 2024 revenue

of almost $11.0 million would rise by a projected annual $0.8 million (7.6%) at full operations levels.

Property taxes are a major source of revenue for cities, counties, and independent school districts. Appraisal districts track both market value and taxable value. The primary difference is due to homestead exemptions and property that is totally exempt from property tax (which includes categories such as public property, private schools, religious organizations, charitable organizations, among others).

For 2024, the certified totals as of initial certification for the City of Abilene was approximately $15.0 billion, with taxable value of $9.8 billion.[1] For Abilene Independent School District, market value was almost $11.9 billion with a taxable value of about $6.2 billion. The Taylor County 2024 initial certification market value was almost $20.5 billion, and the taxable value was approximately $14.0 billion.

The calculated property tax revenue totals as of initial certification for 2024 include approximately $74.1 million to the City of Abilene, $61.5 million to Abilene ISD, and $76.7 million to Taylor County. At mature operations levels, the increases in property taxes to these entities would be substantial, as described in the table above.

Estimated 2024 market values and the projected increase at full maturity of the data center by type of real estate asset for the City of Abilene and Taylor County are described in the following tables. The substantial increase in commercial and industrial taxable values (and, hence, property taxes) has the effect of significantly shifting the proportion of the tax burden which falls on residential real estate. As a result, the data center development helps increase the funds available to meet local needs without the need for higher tax rates for the people of Abilene.

[1] Property tax values are from the Taylor County Central Appraisal District 2024 Certified Totals as of Initial Certification, https://taylor-cad.org/reports/. Note there is a small portion of the City of Abilene and Abilene ISD in Jones County, but those values are not included here.

Estimated Market Values and Taxable Values for the City of Abilene in 2024 and at Full Operations of the Proposed Data Center Campus

	Estimated 2024 Value (Billions of 2024 Dollars)	**Estimated Value at Full Operations** (Billions of 2024 Dollars)	**Increase in Value** (Billions of 2024 Dollars)
Market Values			
Total Residential	$7.308	$7.548	$0.240
Total Commercial, Industrial, and Manufacturing	$3.245	$19.842	$16.597
Other	$4.447	$4.447	$-
TOTAL	**$15.001**	**$31.837**	**$16.836**
Taxable Values			
Total Residential	$6.027	$6.224	$0.198
Total Commercial, Industrial, and Manufacturing	$3.216	$5.873	$2.657
Other	$0.537	$0.537	$-
TOTAL	**$9.780**	**$12.634**	**$2.854**

Note: 2024 estimated values are based on Taylor County CAD Certified Values as of initial certification. Components may not sum to totals due to independent rounding.
Source: The Perryman Group

Estimated Market Values and Taxable Values for Taylor County in 2024 and at Full Operations of the Proposed Data Center Campus

	Estimated 2024 Value (Billions of 2024 Dollars)	**Estimated Value at Full Operations** (Billions of 2024 Dollars)	**Increase in Value** (Billions of 2024 Dollars)
Market Values			
Total Residential	$9.068	$9.307	$0.240
Total Commercial, Industrial, and Manufacturing	$3.791	$20.387	$16.597
Other	$7.593	$7.593	$-
TOTAL	**$20.451**	**$37.287**	**$16.836**
Taxable Values			
Total Residential	$8.060	$8.258	$0.198
Total Commercial, Industrial, and Manufacturing	$3.760	$7.237	$3.477
Other	$2.169	$2.169	$-
TOTAL	**$13.989**	**$17.664**	**$3.674**

Note: 2024 estimated values are based on Taylor County CAD Certified Values as of initial certification. Components may not sum to totals due to independent rounding.
Source: The Perryman Group

Conclusion

The Abilene economy has been on a solid growth trajectory in recent years, with proactive economic development efforts improving overall performance patterns. The proposed data center campus would add a new source of economic expansion, generating jobs and opportunities for local businesses.

The proposed data center campus will lead to thousands of additional jobs in the Abilene area, as well as hundreds of millions of dollars each year in incremental earnings and gross product (output).

The project is much larger than any previous private investment initiative in the area. The Perryman Group estimates that the area will see thousands of additional jobs compared to baseline projections, as well as hundreds of millions of dollars each year in incremental earnings and gross product (output).

In addition, the initiative will greatly enhance tax revenues to local entities, even when abatement agreements are considered. These additional revenues can be used to fund local priorities ranging from education to health care to infrastructure. **In summary, the proposed data center complex is a "game-changer" for Abilene, providing a substantial economic and fiscal stimulus and opening up new possibilities for future prosperity.**

Appendix A: Methods Used

US Multi-Regional Impact Assessment System

The US Multi-Regional Impact Assessment System (USMRIAS) measures multiplier effects of economic stimuli. The USMRIAS was developed and is maintained by The Perryman Group. This model has been used in thousands of diverse applications across the country and has an excellent reputation for accuracy and credibility; it has also been peer reviewed on multiple occasions and has been a key factor in major national and international policy simulations.

The basic modeling technique is known as dynamic input-output analysis, which essentially uses extensive survey data, industry information, and a variety of corroborative source materials to create a matrix describing the various goods and services (known as resources or inputs) required to produce one unit (a dollar's worth) of output for a given sector. Once the base information is compiled, it can be mathematically simulated to generate evaluations of the magnitude of successive rounds of activity involved in the overall production process.

There are two essential steps in conducting an input-output analysis once the system is operational. The first major endeavor is to accurately define the levels of direct activity to be evaluated. The second phase involves model simulation to determine total (not only direct, but also indirect and induced) effects. Additional detail is provided in the following sections.

Estimation of Direct Effects

Information related to the data center campus such as basic construction costs and the ongoing scale of operations was provided by the Development Corporation of Abilene. The Perryman Group estimated additional required input information such as the likely workers required for equipment and power infrastructure installation and workers needed to provide for ongoing power needs and related requirements based on typical patterns in sizable AI-related data centers.

Model Simulation

The direct inputs were then implemented in a series of simulations of the USMRIAS to measure total (not only direct, but also indirect and induced) economic effects of the direct stimulus. The systems used reflect the unique industrial structure of the Abilene area.

The USMRIAS is somewhat similar in format to the Input-Output Model of the United States which is maintained by the US Department of Commerce. The model developed by TPG, however, incorporates several important enhancements and refinements. Specifically, the expanded system includes (1) comprehensive 500-sector coverage for any county, multi-county, or urban region; (2) calculation of both total expenditures and

value-added by industry and region; (3) direct estimation of expenditures for multiple basic input choices (expenditures, output, income, or employment); (4) extensive parameter localization; (5) price adjustments for real and nominal assessments by sectors and areas; (6) comprehensive measurement of the induced impacts associated with payrolls and consumer spending; (7) embedded modules to estimate multi-sectoral direct spending effects; (8) estimation of retail spending activity by consumers; and (9) comprehensive linkage and integration capabilities with a wide variety of econometric, real estate, occupational, and fiscal impact models.

The impact assessment (input-output) process essentially estimates the amounts of all types of goods and services required to produce one unit (a dollar's worth) of a specific type of output. For purposes of illustrating the nature of the system, it is useful to think of inputs and outputs in dollar (rather than physical) terms. As an example, the construction of a new building will require specific dollar amounts of lumber, glass, concrete, hand tools, architectural services, interior design services, paint, plumbing, and numerous other elements. Each of these suppliers must, in turn, purchase additional dollar amounts of inputs. This process continues through multiple rounds of production, thus generating subsequent increments to business activity. The initial process of building the facility is known as the *direct effect*. The ensuing transactions in the output chain constitute the *indirect effect*.

Another pattern that arises in response to any direct economic activity comes from the payroll dollars received by employees at each stage of the production cycle. As workers are compensated, they use some of their income for taxes, savings, and purchases from external markets. A substantial portion, however, is spent locally on food, clothing, health care services, utilities, housing, recreation, and other items. Typical purchasing patterns in the relevant areas are obtained from the Center for Community and Economic Research *Cost of Living Index*, a privately compiled inter-regional measure which has been widely used for several decades, and the *Consumer Expenditure Survey* of the US Department of Labor. These initial outlays by area residents generate further secondary activity as local providers acquire inputs to meet this consumer demand. These consumer spending impacts are known as the *induced effect*. The USMRIAS is designed to provide realistic, yet conservative, estimates of these phenomena.

Sources for information used in this process include the Bureau of the Census, the Bureau of Labor Statistics, the Regional Economic Information System of the US Department of Commerce, and other public and private sources. The pricing data are compiled from the US Department of Labor and the US Department of Commerce. The verification and testing procedures make use of extensive public and private sources.

Impacts are typically measured in constant dollars to eliminate the effects of inflation.

The USMRIAS is also integrated with a comprehensive fiscal model, which links the tax payments by industry to the specific rates and structures associated with the relevant State and local governmental authorities.

Measures of Business Activity

The USMRIAS generates estimates of total economic effects on several measures of business activity. Note that these are different ways of measuring the same impacts; they are not additive.

The most comprehensive measure of economic activity is **Total Expenditures**. This measure incorporates every dollar that changes hands in any transaction. For example, suppose a farmer sells wheat to a miller for $0.50; the miller then sells flour to a baker for $0.75; the baker, in turn, sells bread to a customer for $1.25. The Total Expenditures recorded in this instance would be $2.50, that is, $0.50 + $0.75 + $1.25. This measure is quite broad but is useful in that (1) it reflects the overall interplay of all industries in the economy, and (2) some key fiscal variables such as sales taxes are linked to aggregate spending.

A second measure of business activity is **Gross Product**. This indicator represents the regional equivalent of Gross Domestic Product, the most commonly reported statistic regarding national economic performance. In other words, the Gross Product of Texas is the amount of US output that is produced in that state; it is defined as the value of all final goods produced in a given region for a specific period of time. Stated differently, it captures the amount of value-added (gross area product) over intermediate goods and services at each stage of the production process, that is, it eliminates the double counting in the Total Expenditures concept. Using the example above, the Gross Product is $1.25 (the value of the bread) rather than $2.50. Alternatively, it may be viewed as the sum of the value-added by the farmer, $0.50; the miller, $0.25 ($0.75 - $0.50); and the baker, $0.50 ($1.25 - $0.75). The total value-added is, therefore, $1.25, which is equivalent to the final value of the bread. In many industries, the primary component of value-added is the wage and salary payments to employees.

The third gauge of economic activity used in this evaluation is **Personal Income**. As the name implies, Personal Income is simply the income received by individuals, whether in the form of wages, salaries, interest, dividends, proprietors' profits, or other sources. It may thus be viewed as the segment of overall impacts which flows directly to the citizenry.

The final aggregates used are **Jobs and Job-Years,** which reflect the full-time equivalent jobs generated by an activity. For an economic stimulus expected to endure (such as the ongoing operations of a facility), the Jobs measure is used. It should be noted that, unlike the dollar values described above, Jobs is a "stock" rather than a "flow." In other words, if an area produces $1 million in output in 2023 and $1 million in 2024, it is appropriate to say that $2 million was achieved in the 2023-24 period. If the same area has 100 people working in 2023 and 100 in 2024, it only has 100 Jobs. When a flow of jobs is measured, such as in a construction project or a cumulative assessment over multiple years, it is appropriate to measure employment in Job-Years (a person working for a year, though it could be multiple individuals working for partial years). This concept is distinct from Jobs, which anticipates that the relevant positions will be maintained on a continuing basis.

US Multi-Regional Econometric Model

Overview

The US Multi-Regional Econometric Model was developed by Dr. M. Ray Perryman, President and CEO of The Perryman Group (TPG), more than 40 years ago and has been consistently maintained, expanded, and updated since that time. It is formulated in an internally consistent manner and is designed to permit the integration of relevant global, national, state, and local factors into the projection process. It is the result of four decades of continuing research in econometrics, economic theory, statistical methods, and key policy issues and behavioral patterns, as well as intensive, ongoing study of all aspects of the global, US, state, and metropolitan area economies. It is extensively used by scores of federal and State governmental entities on an ongoing basis, as well as hundreds of major corporations. It can be integrated with The Perryman Group's other models and systems to provide dynamic projections.

This section describes the forecasting process in a comprehensive manner, focusing on both the modeling and the supplemental analysis. The overall methodology, while certainly not ensuring perfect foresight, permits an enormous body of relevant information to impact the economic outlook in a systematic manner. The model is used in the present instance to determine baseline projections to provide a perspective regarding the significance of the data center campus.

Model Logic and Structure

The Model revolves around a core system which projects output (real and nominal), income (real and nominal), and employment by industry in a simultaneous manner. For the purposes of illustration, it is useful to initially consider the employment functions. Essentially, employment within the system is a derived demand relationship obtained from a neo-Classical production function. The expressions are augmented to include dynamic temporal adjustments to changes in relative factor input costs, output and (implicitly) productivity, and technological progress over time. Thus, the typical equation includes output, the relative real cost of labor and capital, dynamic lag structures, and a technological adjustment parameter. The functional form is logarithmic, thus preserving the theoretical consistency with the neo-Classical formulation.

The income segment of the model is divided into wage and non-wage components. The wage equations, like their employment counterparts, are individually estimated at the 3-digit North American Industry Classification System (NAICS) level of aggregation. Hence, income by place of work is measured for approximately 90 production categories. The wage equations measure real compensation, with the form of the variable structure differing between "basic" and "non-basic."

The basic industries, comprised primarily of the various components of Mining, Agriculture, and Manufacturing, are export-oriented, i.e., they bring external dollars into the area and form the core of the economy. The production of these sectors typically flows into national and international markets; hence, the labor markets are influenced

by conditions in areas beyond the borders of the particular region. Thus, real (inflation-adjusted) wages in the basic industry are expressed as a function of the corresponding national rates, as well as measures of local labor market conditions (the reciprocal of the unemployment rate), dynamic adjustment parameters, and ongoing trends.

The "non-basic" sectors are somewhat different in nature, as the strength of their labor markets is linked to the health of the local export sectors. Consequently, wages in these industries are related to those in the basic segment of the economy. The relationship also includes the local labor market measures contained in the basic wage equations.

Note that compensation rates in the export or "basic" sectors provide a key element of the interaction of the regional economies with national and international market phenomena, while the "non-basic" or local industries are strongly impacted by area production levels. Given the wage and employment equations, multiplicative identities in each industry provide expressions for total compensation; these totals may then be aggregated to determine aggregate wage and salary income. Simple linkage equations are then estimated for the calculation of personal income by place of work.

The non-labor aspects of personal income are modeled at the regional level using straightforward empirical expressions relating to national performance, dynamic responses, and evolving temporal patterns. In some instances (such as dividends, rents, and others) national variables (for example, interest rates) directly enter the forecasting system. These factors have numerous other implicit linkages into the system resulting from their simultaneous interaction with other phenomena in national and international markets which are explicitly included in various expressions.

The output or gross area product expressions are also developed at the 3-digit NAICS level. Regional output for basic industries is linked to national performance in the relevant industries, local and national production in key related sectors, relative area and national labor costs in the industry, dynamic adjustment parameters, and ongoing changes in industrial interrelationships (driven by technological changes in production processes).

Output in the non-basic sectors is modeled as a function of basic production levels, output in related local support industries (if applicable), dynamic temporal adjustments, and ongoing patterns. The inter-industry linkages are obtained from the input-output (impact assessment) system which is part of the overall integrated modeling structure maintained by The Perryman Group. Note that the dominant component of the econometric system involves the simultaneous estimation and projection of output (real and nominal), income (real and nominal), and employment at a disaggregated industrial level. This process, of necessity, also produces projections of regional price deflators by industry. These values are affected by both national pricing patterns and local cost variations and permit changes in prices to impact other aspects of economic behavior. Income is converted from real to nominal terms using relevant Consumer Price Indices, which fluctuate in response to national pricing patterns and unique local phenomena.

Several other components of the model are critical to the forecasting process. The demographic module includes (1) a linkage equation between wage and salary (establishment) employment and household employment, (2) a labor force

participation rate function, and (3) a complete population system with endogenous migration. Given household employment, labor force participation (which is a function of economic conditions and evolving patterns of worker preferences), and the working-age population, the unemployment rate and level become identities.

The population system uses Census information, fertility rates, and life tables to determine the "natural" changes in population by age group. Migration, the most difficult segment of population dynamics to track, is estimated in relation to relative regional and extra-regional economic conditions over time. Because evolving economic conditions determine migration in the system, population changes are allowed to interact simultaneously with overall economic conditions. Through this process, migration is treated as endogenous to the system, thus allowing population to vary in accordance with relative business performance (particularly employment).

Real retail sales is related to income, interest rates, dynamic adjustments, and patterns in consumer behavior on a store group basis. It is expressed on an inflation-adjusted basis. Inflation at the state level relates to national patterns, indicators of relative economic conditions, and ongoing trends. As noted earlier, prices are endogenous to the system.

A final significant segment of the forecasting system relates to real estate absorption and activity. The short-term demand for various types of property is determined by underlying economic and demographic factors, with short-term adjustments to reflect the current status of the pertinent building cycle. In some instances, this portion of the forecast requires integration with the US Multi-Regional Industry-Occupation System which is maintained by The Perryman Group. This system also allows any employment simulation or forecast from the econometric model to be translated into a highly detailed occupational profile.

The overall US Multi-Regional Econometric Model contains numerous additional specifications, and individual expressions are modified to reflect alternative lag structures, empirical properties of the estimates, simulation requirements, and similar phenomena. Moreover, it is updated on an ongoing basis as new data releases become available. Nonetheless, the above synopsis offers a basic understanding of the overall structure and underlying logic of the system.

Model Simulation and Multi-Regional Structure

The initial phase of the simulation process is the execution of a standard non-linear algorithm for the state system and that of each of the individual sub-areas. The external assumptions are derived from scenarios developed through national and international models and extensive analysis by The Perryman Group.

Once the initial simulations are completed, they are merged into a single system with additive constraints and interregional flows. Using information on minimum regional requirements, import needs, export potential, and locations, it becomes possible to balance the various forecasts into a mathematically consistent set of results. This process is, in effect, a disciplining exercise with regard to the individual regional

(including metropolitan and rural) systems. By compelling equilibrium across all regions and sectors, the algorithm ensures that the patterns in state activity are reasonable in light of smaller area dynamics and, conversely, that the regional outlooks are within plausible performance levels for the state as a whole.

The iterative simulation process has the additional property of imposing a global convergence criterion across the entire multi-regional system, with balance being achieved simultaneously on both a sectoral and a geographic basis. This approach is particularly critical on non-linear dynamic systems, as independent simulations of individual systems often yield unstable, non-convergent outcomes.

It should be noted that the underlying data for the modeling and simulation process are frequently updated and revised by the various public and private entities compiling them. Whenever those modifications to the database occur, they bring corresponding changes to the structural parameter estimates of the various systems and the solutions to the simulation and forecasting system. The multi-regional version of the econometric model is re-estimated and simulated with each such data release, thus providing a constantly evolving and current assessment of state and local business activity.

The Final Forecast

The process described above is followed to produce an initial set of projections. Through the comprehensive multi-regional modeling and simulation process, a systematic analysis is generated which accounts for both historical patterns in economic performance and inter-relationships and the best available information on the future course of pertinent external factors. While the best available techniques and data are employed in this effort, they are not capable of directly capturing "street sense," i.e., the contemporaneous and often non-quantifiable information that can materially affect economic outcomes. In order to provide a comprehensive approach to the prediction of business conditions, it is necessary to compile and assimilate extensive material regarding current events and factors both across the state of Texas and elsewhere.

This critical aspect of the forecasting methodology includes activities such as (1) daily review of hundreds of financial and business publications and electronic information sites; (2) review of major newspapers and online news sources in the state on a daily basis; (3) dozens of hours of direct telephone interviews with key business and political leaders in all parts of the state; (4) face-to-face discussions with representatives of major industry groups; and (5) frequent site visits to the various regions of the state. The insights arising from this "fact finding" are analyzed and evaluated for their effects on the likely course of the future activity.

Another vital information resource stems from the firm's ongoing interaction with key players in the international, domestic, and state economic scenes. Such activities include visiting with corporate groups on a regular basis and being regularly involved in the policy process at all levels. The firm is also an active participant in many major corporate relocations, economic development initiatives, and regulatory proceedings.

Once organized, this information is carefully assessed and, when appropriate, independently verified. The impact on specific communities and sectors that is distinct from what is captured by the econometric system is then factored into the forecast analysis. For example, the opening or closing of a major facility, particularly in a relatively small area, can cause a sudden change in business performance that will not be accounted for by either a modeling system based on historical relationships or expected (primarily national and international) factors.

The final step in the forecasting process is the integration of this material into the results in a logical and mathematically consistent manner. In some instances, this task is accomplished through "constant adjustment factors" which augment relevant equations. In other cases, anticipated changes in industrial structure or regulatory parameters are initially simulated within the context of the Multi-Regional Impact Assessment System to estimate their ultimate effects by sector. Those findings are then factored into the simulation as constant adjustments on a distributed temporal basis. Once this scenario is formulated, the extended system is again balanced across regions and sectors through an iterative simulation algorithm analogous to that described in the preceding section.

Appendix B: Results by Industry

Construction

The Projected Economic Impact of Construction of the Proposed Data Center Campus Located in Abilene on the Local Area: Phase 1 (Prism)

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Job Years*
Agriculture	+$28.5 m	+$7.7 m	+$5.2 m	+66
Mining	+$20.5 m	+$5.1 m	+$2.6 m	+13
Utilities	+$62.5 m	+$14.1 m	+$6.2 m	+21
Construction	+$671.6 m	+$340.8 m	+$259.6 m	+2,594
Manufacturing	+$283.6 m	+$104.8 m	+$61.4 m	+783
Wholesale Trade	+$65.1 m	+$44.1 m	+$25.4 m	+229
Retail Trade*	+$250.3 m	+$188.4 m	+$109.6 m	+2,650
Transportation & Warehousing	+$43.7 m	+$29.0 m	+$19.2 m	+207
Information	+$36.3 m	+$22.5 m	+$9.6 m	+68
Financial Activities*	+$190.6 m	+$47.4 m	+$20.7 m	+175
Business Services	+$60.8 m	+$37.9 m	+$30.9 m	+297
Health Services	+$58.0 m	+$40.6 m	+$34.3 m	+449
Other Services	+$100.1 m	+$51.2 m	+$41.4 m	+797
Total, All Industries	**+$1,871.7 m**	**+$933.5 m**	**+$626.1 m**	**+8,350**

Source: US Multi-Regional Impact Assessment System, The Perryman Group
Notes: Monetary values given in millions of 2024 US dollars. A job-year is equivalent to one person working for one year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate. Includes basic building construction and estimated activity associated with installing information technology equipment. The amounts are fulling adjusted to account for the portion of outlays for construction materials and other items that are expected to be procured from other areas.

The Projected Economic Impact of Construction of the Proposed Data Center Campus Located in Abilene on the Local Area: Phase 2 (Radiance)

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Job Years*
Agriculture	+$77.8 m	+$21.0 m	+$14.3 m	+180
Mining	+$55.9 m	+$14.0 m	+$7.0 m	+36
Utilities	+$170.6 m	+$38.6 m	+$16.8 m	+57
Construction	+$1,830.5 m	+$931.7 m	+$706.4 m	+7,009
Manufacturing	+$769.1 m	+$284.6 m	+$166.7 m	+2,124
Wholesale Trade	+$177.8 m	+$120.3 m	+$69.4 m	+624
Retail Trade*	+$682.8 m	+$513.8 m	+$299.0 m	+7,229
Transportation & Warehousing	+$119.1 m	+$79.0 m	+$52.2 m	+564
Information	+$99.0 m	+$61.3 m	+$26.2 m	+186
Financial Activities*	+$520.2 m	+$129.3 m	+$56.4 m	+477
Business Services	+$166.0 m	+$103.5 m	+$84.4 m	+813
Health Services	+$158.4 m	+$110.7 m	+$93.6 m	+1,226
Other Services	+$273.1 m	+$139.8 m	+$113.1 m	+2,176
Total, All Industries	**+$5,100.4 m**	**+$2,547.6 m**	**+$1,705.5 m**	**+22,700**

Source: US Multi-Regional Impact Assessment System, The Perryman Group
Notes: Monetary values given in millions of 2024 US dollars. A job-year is equivalent to one person working for one year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate. Includes basic building construction and estimated activity associated with installing information technology equipment. The amounts are fulling adjusted to account for the portion of outlays for construction materials and other items that are expected to be procured from other areas.

The Total Projected Economic Impact of Construction of the Proposed Data Center Campus Located in Abilene on the Local Area: Phases 1 and 2

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Job Years*
Agriculture	+$106.3 m	+$28.7 m	+$19.6 m	+246
Mining	+$76.4 m	+$19.1 m	+$9.6 m	+49
Utilities	+$233.1 m	+$52.7 m	+$23.0 m	+78
Construction	+$2,502.2 m	+$1,272.5 m	+$965.9 m	+9,603
Manufacturing	+$1,052.8 m	+$389.5 m	+$228.1 m	+2,907
Wholesale Trade	+$242.9 m	+$164.3 m	+$94.8 m	+853
Retail Trade*	+$933.2 m	+$702.2 m	+$408.6 m	+9,880
Transportation & Warehousing	+$162.8 m	+$108.0 m	+$71.4 m	+771
Information	+$135.3 m	+$83.7 m	+$35.8 m	+254
Financial Activities*	+$710.8 m	+$176.7 m	+$77.1 m	+652
Business Services	+$226.8 m	+$141.3 m	+$115.3 m	+1,110
Health Services	+$216.4 m	+$151.3 m	+$127.9 m	+1,675
Other Services	+$373.2 m	+$191.0 m	+$154.5 m	+2,973
Total, All Industries	**+$6,972.1 m**	**+$3,481.1 m**	**+$2,331.6 m**	**+31,050**

Source: US Multi-Regional Impact Assessment System, The Perryman Group
Notes: Monetary values given in millions of 2024 US dollars. A job-year is equivalent to one person working for one year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate. Includes basic building construction and estimated activity associated with installing information technology equipment. The amounts are fulling adjusted to account for the portion of outlays for construction materials and other items that are expected to be procured from other areas.

Operations

The Projected Annual Economic Impact of Operations of the Proposed Data Center Campus Located in Abilene on the Local Area: Phase 1 (Prism)

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+$3.0 m	+$1.0 m	+$0.7 m	+8
Mining	+$7.4 m	+$1.7 m	+$0.9 m	+4
Utilities	+$98.8 m	+$23.9 m	+$10.4 m	+36
Construction	+$6.1 m	+$3.5 m	+$2.9 m	+32
Manufacturing	+$19.3 m	+$6.0 m	+$3.4 m	+43
Wholesale Trade	+$5.3 m	+$3.6 m	+$2.1 m	+19
Retail Trade*	+$22.5 m	+$16.8 m	+$9.8 m	+238
Transportation & Warehousing	+$6.2 m	+$4.0 m	+$2.6 m	+29
Information	+$4.0 m	+$2.5 m	+$1.1 m	+7
Financial Activities*	+$18.7 m	+$4.9 m	+$2.1 m	+17
Business Services	+$27.1 m	+$15.6 m	+$12.7 m	+122
Health Services	+$5.4 m	+$3.8 m	+$3.2 m	+42
Other Services	+$9.3 m	+$4.8 m	+$3.9 m	+75
Total, All Industries	**+$233.0 m**	**+$91.9 m**	**+$55.7 m**	**+673**

Source: US Multi-Regional Impact Assessment System, The Perryman Group
Notes: Monetary values given in millions of 2024 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate. Includes basic facility operations and provision of power access based on typical patterns for advanced AI data centers.

The Projected Annual Economic Impact of Operations of the Proposed Data Center Campus Located in Abilene on the Local Area: Phase 2 (Radiance)

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+$7.7 m	+$2.6 m	+$1.8 m	+23
Mining	+$21.4 m	+$4.9 m	+$2.6 m	+12
Utilities	+$293.9 m	+$71.1 m	+$31.0 m	+107
Construction	+$17.3 m	+$10.1 m	+$8.4 m	+93
Manufacturing	+$50.5 m	+$15.3 m	+$8.8 m	+111
Wholesale Trade	+$14.1 m	+$9.5 m	+$5.5 m	+50
Retail Trade*	+$57.4 m	+$43.1 m	+$25.0 m	+608
Transportation & Warehousing	+$17.3 m	+$11.1 m	+$7.3 m	+79
Information	+$10.2 m	+$6.2 m	+$2.7 m	+19
Financial Activities*	+$48.1 m	+$12.7 m	+$5.4 m	+45
Business Services	+$52.1 m	+$30.0 m	+$24.5 m	+236
Health Services	+$13.7 m	+$9.6 m	+$8.1 m	+106
Other Services	+$24.0 m	+$12.3 m	+$10.0 m	+194
Total, All Industries	**+$627.8 m**	**+$238.6 m**	**+$141.1 m**	**+1,681**

Source: US Multi-Regional Impact Assessment System, The Perryman Group
Notes: Monetary values given in millions of 2024 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate. Includes basic facility operations and provision of power access based on typical patterns for advanced AI data centers.

The Total Projected Annual Economic Impact of Operations of the Proposed Data Center Campus Located in Abilene on the Local Area: Phases 1 and 2

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+$10.7 m	+$3.6 m	+$2.5 m	+31
Mining	+$28.8 m	+$6.6 m	+$3.5 m	+16
Utilities	+$392.6 m	+$95.0 m	+$41.5 m	+143
Construction	+$23.4 m	+$13.7 m	+$11.3 m	+125
Manufacturing	+$69.8 m	+$21.3 m	+$12.2 m	+154
Wholesale Trade	+$19.4 m	+$13.1 m	+$7.6 m	+68
Retail Trade*	+$79.9 m	+$59.9 m	+$34.8 m	+846
Transportation & Warehousing	+$23.5 m	+$15.1 m	+$10.0 m	+108
Information	+$14.2 m	+$8.7 m	+$3.7 m	+26
Financial Activities*	+$66.8 m	+$17.6 m	+$7.5 m	+63
Business Services	+$79.3 m	+$45.5 m	+$37.1 m	+358
Health Services	+$19.1 m	+$13.3 m	+$11.3 m	+148
Other Services	+$33.3 m	+$17.1 m	+$13.9 m	+269
Total, All Industries	**+$860.7 m**	**+$330.6 m**	**+$196.8 m**	**+2,354**

Source: US Multi-Regional Impact Assessment System, The Perryman Group
Notes: Monetary values given in millions of 2024 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate. Includes basic facility operations and provision of power access based on typical patterns for advanced AI data centers.