

Carl's Jr. parent eyeing Texas as possible new headquarters

By [Lisa Carter](#)

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CKE Restaurants Inc., the owner of the Carl's Jr. and Hardee's chains, is considering moving its headquarters from California to Texas. It could be an easy sell for the Lone Star State.

CEO Andrew Puzder and President Michael Murphy met with Gov. Rick Perry on Tuesday for the first time to talk about the company's possible expansion. The move **could mean 500 new jobs for Texas**, which the company already had identified as a top growth market for its fast-food restaurants.

Austin, among other large Texas cities, would be a possible site for a new headquarters.

"We're going to do a lot of restaurant development in Texas over the next 10 years," Puzder said. "We're considering maybe moving some of the headquarters — or all of the headquarters — here if we have a good business reason to do so, because the tax structure is certainly right, and the business-friendly environment is right."

Puzder said the company is considering a move to Texas because the state encourages business growth, has no personal income tax and has less regulation than California does.

"It's much easier to build restaurants in Texas," Puzder said. "There's a lengthy list of regulations that you have to comply with in California that make doing business virtually impossible. If you're going to grow, you want to grow someplace like Texas."

Asked about the timetable for making a decision, Puzder said that if California's economy and business climate continue to worsen, a move "could be pretty quick. For Mike and Andy, if we owned the company, we'd just move today, because it has huge advantages to us."

Despite Texas' strong appeal, the executives said they need to make a business case for relocating the headquarters that will persuade their owner, an affiliate of Apollo Management, that purchased CKE last July. And incentives could be a factor.

"There are costs associated with the moves, and one of the things you look at is why you would pick up those costs and if you're going to get a return on your investment," Murphy said. "It may be in the form of less regulation or tax breaks, but the incentives may offset and make the difference in deciding to move from one state to another."

In 2009, CKE Restaurants said that Texas would be its top growth state for the next several years. The company plans to open 350 restaurants in the state in the next decade. That includes 25 in the Austin area, where the newest Carl's Jr. opened Monday on Bee Cave Road at Walsh-Tarlton.

Murphy said Perry called him to thank him for the company's Texas expansion plans.

"We got a call from the governor's office, saying, 'What would it take for you to move here?'" Murphy said. "That's why it was a shock, because here we get a call from a governor's office, and it's not the governor of California; it's the governor of Texas."

Perry's personal recruiting effort comes as the Legislature is debating whether to continue spending tax dollars to recruit out-of-state businesses to Texas.

Lawmakers are looking at 15 percent budget cuts and the prospect of reducing state services, including closing public schools, unless they raise revenue or tap the state's \$9 billion rainy day fund.

Against that backdrop, some key lawmakers argue that Texas should temporarily suspend its economic development incentives and rely on its traditional lure of low taxes and low regulation to continue the state's job growth. Others say Texas cannot unilaterally disarm when it comes to competing globally for jobs and industries.

Patrick Terry, owner of P. Terry's Burger Stand, whose original location on South Lamar is close to three national fast food outlets, said he does not see an expansion of Carl's Jr. in the Austin area affecting his business.

"I think there's a market for people who want to eat Carl's Jr., and I hope people see the quality we serve is different than the national chains," Terry said, "Austin has great deal of respect for local business. I think Austin is very cognizant of what they're eating and where it comes from."

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Additional material from staff writer Laylan Copelin.

CKE Restaurants

History: Founder Carl Karcher started the Carl's chain in 1941 with a hotdog cart in Los Angeles.

Headquarters: Carpinteria, Calif., near Santa Barbara

Operations: 1,100 Carl's Jr. restaurants in U.S., plus about 200 more overseas.

Other brands: Hardee's, Green Burrito, Red Burrito

Texas plans: Grow from 38 to 350 Carl's Jr. restaurants by the end of the decade.

Courtesy of JB Goodwin