

Which States Top the Business Climate Rankings?

The question in the headline can only be answered with a few more inquiries: What exactly are you evaluating? Who is doing the measuring and/or surveying? Are there any biases in the numbers or opinions?

Nevertheless, states naturally tout the good marks and downplay the poor ones – or use them to call for improvements. The chart below represents findings from six recent rankings (all released in 2013, although some data reflect 2012 information). The *CEO*, *Forbes* and Tax Foundation results include all 50 states; *Site Selection*, Pollina and *Area Development*, as the full names suggest, are limited to the top states (10 in each of these instances).

Our chart takes the top states, Indiana and its Midwest neighbors and lists the rankings in the six reports (below the graphic is a brief overview of criteria for each). Of the 15 states included, Indiana is the only one to appear all six times. In other words, it is the only state to make the top 10 in each of

the three limited-result ratings – *Site Selection*, Pollina and *Area Development*. An oddity is Florida's No. 2 *CEO* ranking, but nowhere to be found in the three "top 10 only" evaluations.

For the curious, here are the other top 10 rankings not reflected below:

- *CEO*: Arizona (6)
- *Forbes*: North Dakota (3), Colorado (5), Nebraska (6), Oklahoma (9) and Iowa (10)
- Tax Foundation: Wyoming (1), South Dakota (2), Alaska (4), New Hampshire (6), Washington (7) and Montana (8)
- *Site Selection*: Louisiana (7)
- Pollina (a Central/Plains bias in play possibly): Nebraska (2), North Dakota (3), Wyoming (5), Kansas (6), South Dakota (8) and Missouri (9)
- *Area Development*: Louisiana (6), Mississippi (9) and Oklahoma (10)

Rating the States

	CEO	Forbes	Tax Foundation	Site Selection	Pollina	Area Development
Alabama	16	40	20	—	10	4
Florida	2	27	5	—	—	—
Georgia	10	8	34	3	—	3
Illinois	48	38	28	—	—	—
Indiana	5	18	11	2	7	8
Kentucky	29	28	22	—	—	—
Michigan	44	47	18	8	—	—
Nevada	9	31	3	—	—	—
North Carolina	3	4	44	5	—	5
Ohio	22	33	39	6	—	—
South Carolina	8	22	36	10	—	2
Tennessee	4	24	14	4	—	7
Texas	1	7	9	1	—	1
Utah	12	1	10	9	1	—
Virginia	7	2	26	—	4	—

CEO magazine's Best & Worst States Survey measures CEO sentiments on issues including regulations, tax policies, workforce quality, educational resources, quality of living and infrastructure.

Forbes' Best States for Business and Careers includes 35 data points in six categories – costs, labor supply, regulatory environment, current economic climate, growth prospects and quality of life.

The Tax Foundation's State Business Tax Climate Index ranks the following categories: corporate taxes, individual income taxes, sales taxes, unemployment insurance taxes and property taxes. The Tax Foundation notes that the "absence of a major tax is a dominant factor in vaulting states to the top of the rankings" (example: no corporate or individual income tax in Wyoming, South Dakota or Nevada).

Site Selection's Top 10 Competitive States is based on 10 criteria. The first six are from the organization's new plants database (new and expanded facilities, capital investment in new and expanded facilities and total new jobs created – all three categories are calculated both overall and per one million population). *Site Selection* has a separate Top Business Climate ranking that will appear later this year; it includes many of these same factors but 50% is based on a survey of corporate site selectors.

Pollina's Corporate Top 10 Pro-Business States is based on 32 factors (19 in the Labor, Taxes and Other category include taxes, energy costs, infrastructure spending, jobs lost or gained, etc.; 13 in the Incentives and State Economic Development Agency category include state financial incentive programs and state economic development department evaluations).

Area Development magazine's Top States for Doing Business: A select group of location consultants were asked to rank top five choices in 14 site selection categories (overall cost of doing business, business friendliness, corporate tax environment, labor availability, competitive utility rates, access to global markets, etc.)