

APPENDIX B-1: IDENTIFYING KEY STATES & STATE RANKINGS

Prior to initiating the data gathering for this report, several business rankings compiled yearly by third party magazines and business entities were consulted to help prioritize those states that were perceived as generally “business friendly” in their policies and those that were seen as having a more challenging business environment. These rankings, detailed below, are comprised of a variety of factors ranging from tax policy, to cost of living and workforce availability. While other ratings are detailed below, the prioritization of states for further research was based on five annual ratings: *Site Selection Magazine*, Pollina Corporate Real Estate, *Chief Executive Magazine*, *Forbes Magazine*, and CNBC.

Below is additional information about the Business Ranking polls used to select the states to be particularly reviewed for the study.

HOW LONG HAS EACH BUSINESS RANKING EXISTED?

Date indicates first year the business ranking was released.

<i>Site Selection Magazine</i>	1993
Pollina Corporate Real Estate	2004
<i>Chief Executive Magazine</i>	2005
<i>Forbes Magazine</i>	2006
CNBC	2007

WHAT DO THEY MEASURE/RANK?

The *Pollina*, *Forbes*, and *CNBC* rankings follow a similar methodology that scored each state on various measures of competitiveness, using publicly available data, which were put into different categories and ranked each state based on an average of those scores. *Pollina* evaluates each state based on 15 different categories, *CNBC* on ten categories and *Forbes* on eight categories. However, while each of these rankings has a slightly different way of defining a category, the categories are very similar in the competitive measures that they score. All three of these rankings include scoring of **public policy, regulatory affairs, tax policy, innovation, workforce, education and cost of market entry**, though each of the aforementioned categories are defined slightly differently in each ranking.

Site Selection and *Chief Executive* use very different methodologies in scoring states for their rankings. *Site Selection* bases 50% of its rankings on a survey of “corporate site selectors” or personnel within corporations who determine where their company should locate. The other 50% of its ranking is based on four categories associated with its own internal New Plant Database. Those four categories include new or expanded projects, new plant performance, rank per population, and rank per 1,000 square miles.

Chief Executive Magazine bases its rankings on a survey of 356 top executive based on taxation, regulation, workforce quality, and living environment. Each CEO graded the states based on these categories and an average of the grades was used to determine each state’s ranking.

WHAT IS THE PURPOSE OF THE BUSINESS RANKINGS?

Four of the five rankings are conducted by financial magazines or a financial news network. The purpose of these polls is to give readers and members of the business community a better guide to the business climate within states.

Pollina has served as a consultant to business for over 25 years helping companies to determine where they should locate. The ranking serves as a marketing tool for *Pollina*, but has also served as a good guide for business leaders and states' decision-makers. Economic development authorities throughout the country cite the results of the *Pollina* rankings.

FACTORS IN CHOOSING THE FIVE BUSINESS RANKINGS OVER OTHERS

Surprisingly there are not a large number of business rankings that are regularly published, as evidenced by the relatively short period of time most of the rankings have been published.

Site Selection was included primarily because it is the oldest known business ranking.

Chief Executive was included because of the business issues cited by CEOs on locating business and residences outside of New Jersey. It is also a well known and credible poll.

Forbes, *CNBC* and *Pollina* were included because each of the rankings used sound methodology and publicly available empirical data.

Below are direct web links to each of the selected business rankings.

Site Selection

<http://www.siteselection.com/issues/2006/nov/cover/>

Chief Executive

<http://www.chiefexecutive.net/ME2/dirmod.asp?sid=&nm=&type=Publishing&mod=Publications%3A%3AArticle&mid=8F3A7027421841978F18BE895F87F791&tier=4&id=9C437513E7BB488EAB36AC00EC753FD3>

Forbes

http://www.forbes.com/business/2007/07/10/washington-virginia-utah-biz-cz_kb_0711bizstates.html

CNBC

<http://www.cnbc.com/id/19558099>

Pollina

<http://www.pollina.com/publications/probiz~1.htm>

Core State Rankings

States	Forbes	Site Selection	Chief Executive (CEO) * Includes District of Columbia	CNBC	Pollina
Alabama	35	8	23	37	8
Alaska	47	NA	31	50	46
Arizona	18	25	5	10	29
Arkansas	21	21	30	36	23
California	34	19	51	28	50
Colorado	8	NA	11	7	33
Connecticut	31	NA	32	31	25
Delaware	11	NA	10	40	26
Florida	7	11	3	8	3
Georgia	15	4	6	4	9
Hawaii	37	NA	39	49	35
Idaho	6	NA	14	6	11
Illinois	40	12	40	39	40
Indiana	27	6	13	26	38
Iowa	24	17	18	11	18
Kansas	20	22	24	16	16
Kentucky	41	7	19	34	45
Louisiana	49	17	48	47	37
Maine	48	NA	38	42	41
Maryland	12	NA	36	27	13
Massachusetts	36	NA	49	12	28
Michigan	46	9	47	41	31
Minnesota	10	23	17	8	39
Mississippi	43	15	43	46	30
Missouri	16	NA	25	25	19
Montana	42	NA	27	34	27
Nebraska	17	NA	22	20	10
Nevada	22	NA	2	43	12
New Hampshire	14	NA	15	24	36
New Jersey	19	NA	46	15	43
New Mexico	26	NA	16	45	32
North Carolina	3	1	4	5	4
North Dakota	9	NA	21	13	21
Ohio	38	3	42	30	49
Oklahoma	30	24	26	32	14

States	Forbes	Site Selection	Chief Executive (CEO) * Includes District of Columbia	CNBC	Pollina
Oregon	28	NA	41	23	20
Pennsylvania	39	16	37	19	22
Rhode Island	45	NA	34	48	47
South Carolina	23	10	8	29	2
South Dakota	25	NA	20	18	7
Tennessee	13	5	7	17	15
Texas	4	2	1	2	24
Utah	2	NA	12	3	5
Vermont	32	NA	44	38	34
Virginia	1	12	9	1	1
Washington	5	NA	28	22	17
West Virginia	50	NA	35	44	48
Wisconsin	44	NA	33	33	44
Wyoming	29	NA	29	14	6

Other Relevant State Rankings

States	Beacon Hill	Small Business Survival Index	State Business Tax Climate	2007 New Economy Index	U.S. Chamber of Commerce (Secondary Ed)	Milken Institute (#1 ranking = highest cost)
Alabama	48	10	21	46	F	39
Alaska	13	17	4	25	D	3
Arizona	19	15	25	22	D	28
Arkansas	46	27	35	47	D	41
California	24	49	47	5	F	6
Colorado	3	11	13	9	B	27
Connecticut	25	38	38	6	A	5
Delaware	27	32	9	7	C	9
Florida	33	5	5	23	D	19
Georgia	31	12	20	18	D	32
Hawaii	40	42	22	41	F	1
Idaho	5	36	31	24	C	46
Illinois	36	26	28	16	C	18
Indiana	44	14	12	31	C	36
Iowa	18	41	45	38	B	49

States	Beacon Hill	Small Business Survival Index	State Business Tax Climate	2007 New Economy Index	U.S. Chamber of Commerce (Secondary Ed)	Milken Institute (#1 ranking = highest cost)
Kansas	17	30	33	34	A	38
Kentucky	39	22	36	45	D	35
Louisiana	50	31	32	44	F	26
Maine	35	47	41	3	B	17
Maryland	23	28	24	32	C	11
Massachusetts	2	44	34	1	A	4
Michigan	41	6	29	19	C	20
Minnesota	6	45	42	12	A	13
Mississippi	49	16	18	49	F	34
Missouri	26	19	15	35	D	43
Montana	15	35	6	42	A	44
Nebraska	11	37	43	28	B	47
Nevada	28	2	3	27	F	14
New Hampshire	9	23	7	13	A	12
New Jersey	43	50	49	2	A	7
New Mexico	29	25	23	33	F	22
New York	38	46	48	10	C	2
North Carolina	30	39	40	26	C	31
North Dakota	4	20	30	37	A	48
Ohio	45	29	46	29	B	30
Oklahoma	32	21	19	40	F	40
Oregon	14	34	10	17	C	29
Pennsylvania	34	24	27	21	B	21
Rhode Island	21	48	50	15	D	10
South Carolina	42	8	26	39	D	45
South Dakota	8	1	2	48	B	50
Tennessee	37	13	16	6	D	42
Texas	20	7	8	14	C	24
Utah	1	18	17	11	C	33
Vermont	12	43	44	20	A	8
Virginia	16	9	14	8	B	25
Washington	7	4	11	4	A	15
West Virginia	47	40	37	50	F	37
Wisconsin	22	33	39	30	B	23
Wyoming	10	3	1	43	B	16