Best States for Business and California

The CNBC recently published its annual study of *America’s Top States for Business 2011* ([http://www.cnbc.com/id/41666602](http://www.cnbc.com/id/41666602)). The study evaluates all 50 states according to 43 indicators of competitiveness. The study separated these indicators into 10 broad categories, weighting the categories based on how frequently they are cited in state economic development marketing materials. Thus, the study ranks the states based on the criteria they use to market themselves. States received points based on their rankings in each indicator.

To improve the business environment and attract investment in productive and job intensive activities, the study suggests several policy measures: offer tax breaks and provide incentives for business expansion and relocation; balance the state budget by raising revenues and cutting wasteful spending; ease stringent regulations; and improve the infrastructure and transportation systems.

The following section introduces the top 3 states for business, describes the measurement categories, and identifies the top ranking states in each of 10 categories. It also shows the placement of the top 3 states – Virginia, Texas, and North Carolina – and California in each category.

**Best States for Business** - The study takes the average of these 10 categories to identify the best states for doing business. Accordingly, the top 3 states are Virginia, Texas, and North Carolina. California is ranked 32 for leading in two categories, but receiving poor ratings in 7 of 10 categories.

**Cost of Doing Business:** Tax burden (income taxes, property taxes, and business taxes), utility costs, and business costs (wages, rental costs for office and industrial space). The top 3 states with regard to the cost of doing business are Iowa, Arkansas, and Missouri. In this category, Virginia is ranked 21; Texas is 33; and North Carolina is placed at number 9. California falls at the bottom of the list at number 47.

**Workforce:** Government sponsored workforce training and job placement programs, availability of educated and skilled workers, and union membership. States with the most skilled labor are Arizona, Florida, and North Carolina. Virginia and Texas are placed at numbers 12 and 14, respectively. California is ranked 29.
**Quality of Life:** Crime rates, health-care, air quality, water quality, and visits to local attractions. States with the best life quality are Hawaii, New Hampshire, and Vermont. The best 3 states for doing business do not fare well in this category. Virginia is ranked 26; Texas is 32; and North Carolina is placed at number 33. California is ranked 22.

**Economy:** Growth, diversity, fiscal health, and number of major corporations located in the state. Small states fare well in economic viability. The top 3 states in this category are North Dakota, Wyoming, and Alaska. Virginia is ranked 8; Texas is 14; and North Carolina is placed at number 41. California is tied with Indiana at number 30.

**Transportation and Infrastructure:** Access to major markets, availability and quality of transportation systems (land, air, and water) for the shipment products and travelling of people. The top 3 states in this category are Texas, Georgia, and North Carolina. Virginia is tied with Arizona and Michigan at number 10 and California is ranked 7.

**Technology and Innovation:** Support for innovation, the number of patents issued to residents, and the deployment of broadband services. California stands out as the leading state in this category followed by New York and Massachusetts. Virginia is ranked 11; Texas is 4; and North Carolina is placed at number 12.

**Education:** Quality of K-12 institutions (test scores, class size, and per pupil spending), availability and quality of colleges and universities and their partnership with the private sector in research and development. The top 3 states in this category are New York, New Jersey, and Connecticut. Virginia is placed number 6; Texas is 27; North Carolina is ranked number 18. California is number 36.

**Business Friendliness:** Legal and regulatory frameworks in facilitating business production and transaction. The most business friendly states in the nation are Delaware, Virginia, and South Dakota. Texas is tied with Maryland at number 18 and North Carolina is even with Iowa at number 11. California, ranked number 50, is the least business friendly state in the country.

**Access to Capital:** Availability and accessibility of venture capital. California, Massachusetts, and New York are the leading states of this category. Virginia is ranked number 10; Texas is 4, and North Carolina is placed at number 11.

**Cost of Living:** Prices of food, energy, housing, and other essentials. States with the most affordable cost of living are Kentucky, Tennessee, and Oklahoma. Virginia is ranked number 24; Texas is 5; and North Carolina is placed number 22. California takes number 48 is the cost of living category.
<table>
<thead>
<tr>
<th>Overall State</th>
<th>Cost of Business</th>
<th>Workforce Quality of Life</th>
<th>Economy</th>
<th>Infrastructure &amp; Transportation</th>
<th>Technology &amp; Innovation</th>
<th>Education</th>
<th>Business Friendliness</th>
<th>Access to Capital</th>
<th>Cost of Living</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia</td>
<td>21</td>
<td>12</td>
<td>26</td>
<td>8</td>
<td>10</td>
<td>11</td>
<td>6</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Texas</td>
<td>33</td>
<td>14</td>
<td>32</td>
<td>14</td>
<td>1</td>
<td>4</td>
<td>27</td>
<td>18</td>
<td>4</td>
</tr>
<tr>
<td>North Carolina</td>
<td>9</td>
<td>3</td>
<td>33</td>
<td>41</td>
<td>3</td>
<td>12</td>
<td>18</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Georgia</td>
<td>18</td>
<td>4</td>
<td>38</td>
<td>35</td>
<td>2</td>
<td>17</td>
<td>22</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Colorado</td>
<td>30</td>
<td>7</td>
<td>7</td>
<td>26</td>
<td>26</td>
<td>14</td>
<td>30</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>41</td>
<td>31</td>
<td>10</td>
<td>15</td>
<td>29</td>
<td>3</td>
<td>4</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>Minnesota</td>
<td>23</td>
<td>36</td>
<td>8</td>
<td>27</td>
<td>15</td>
<td>16</td>
<td>10</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>Utah</td>
<td>12</td>
<td>8</td>
<td>14</td>
<td>16</td>
<td>33</td>
<td>25</td>
<td>46</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>Iowa</td>
<td>1</td>
<td>21</td>
<td>18</td>
<td>5</td>
<td>37</td>
<td>28</td>
<td>15</td>
<td>11</td>
<td>35</td>
</tr>
<tr>
<td>Nebraska</td>
<td>17</td>
<td>17</td>
<td>12</td>
<td>5</td>
<td>31</td>
<td>35</td>
<td>20</td>
<td>5</td>
<td>35</td>
</tr>
<tr>
<td>Kansas</td>
<td>27</td>
<td>13</td>
<td>25</td>
<td>16</td>
<td>19</td>
<td>30</td>
<td>24</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>27</td>
<td>43</td>
<td>29</td>
<td>19</td>
<td>13</td>
<td>7</td>
<td>8</td>
<td>33</td>
<td>7</td>
</tr>
<tr>
<td>North Dakota</td>
<td>20</td>
<td>24</td>
<td>9</td>
<td>1</td>
<td>28</td>
<td>48</td>
<td>23</td>
<td>9</td>
<td>35</td>
</tr>
<tr>
<td>South Dakota</td>
<td>7</td>
<td>15</td>
<td>5</td>
<td>11</td>
<td>42</td>
<td>49</td>
<td>20</td>
<td>3</td>
<td>35</td>
</tr>
<tr>
<td>Indiana</td>
<td>8</td>
<td>41</td>
<td>40</td>
<td>30</td>
<td>21</td>
<td>22</td>
<td>12</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Missouri</td>
<td>3</td>
<td>33</td>
<td>34</td>
<td>29</td>
<td>9</td>
<td>23</td>
<td>17</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>37</td>
<td>40</td>
<td>2</td>
<td>10</td>
<td>45</td>
<td>29</td>
<td>7</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Florida</td>
<td>40</td>
<td>2</td>
<td>31</td>
<td>47</td>
<td>8</td>
<td>13</td>
<td>35</td>
<td>26</td>
<td>9</td>
</tr>
<tr>
<td>Tennessee</td>
<td>19</td>
<td>9</td>
<td>47</td>
<td>46</td>
<td>5</td>
<td>24</td>
<td>43</td>
<td>8</td>
<td>26</td>
</tr>
<tr>
<td>Washington</td>
<td>43</td>
<td>26</td>
<td>13</td>
<td>32</td>
<td>18</td>
<td>5</td>
<td>14</td>
<td>31</td>
<td>8</td>
</tr>
<tr>
<td>Wyoming</td>
<td>34</td>
<td>11</td>
<td>4</td>
<td>2</td>
<td>38</td>
<td>50</td>
<td>18</td>
<td>21</td>
<td>35</td>
</tr>
<tr>
<td>Illinois</td>
<td>24</td>
<td>45</td>
<td>28</td>
<td>32</td>
<td>6</td>
<td>6</td>
<td>29</td>
<td>36</td>
<td>5</td>
</tr>
<tr>
<td>Ohio</td>
<td>5</td>
<td>50</td>
<td>42</td>
<td>24</td>
<td>4</td>
<td>15</td>
<td>13</td>
<td>42</td>
<td>21</td>
</tr>
<tr>
<td>Arizona</td>
<td>38</td>
<td>1</td>
<td>35</td>
<td>44</td>
<td>10</td>
<td>18</td>
<td>49</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>13</td>
<td>46</td>
<td>19</td>
<td>22</td>
<td>22</td>
<td>21</td>
<td>15</td>
<td>78</td>
<td>27</td>
</tr>
<tr>
<td>New York</td>
<td>48</td>
<td>49</td>
<td>23</td>
<td>20</td>
<td>14</td>
<td>2</td>
<td>1</td>
<td>36</td>
<td>3</td>
</tr>
<tr>
<td>Oregon</td>
<td>9</td>
<td>33</td>
<td>20</td>
<td>48</td>
<td>16</td>
<td>20</td>
<td>37</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>6</td>
<td>22</td>
<td>37</td>
<td>4</td>
<td>35</td>
<td>37</td>
<td>42</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Maryland</td>
<td>39</td>
<td>38</td>
<td>30</td>
<td>12</td>
<td>39</td>
<td>10</td>
<td>11</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>New Jersey</td>
<td>43</td>
<td>32</td>
<td>16</td>
<td>42</td>
<td>23</td>
<td>8</td>
<td>2</td>
<td>41</td>
<td>6</td>
</tr>
<tr>
<td>Idaho</td>
<td>11</td>
<td>5</td>
<td>16</td>
<td>38</td>
<td>36</td>
<td>39</td>
<td>45</td>
<td>22</td>
<td>35</td>
</tr>
<tr>
<td>California</td>
<td>47</td>
<td>29</td>
<td>22</td>
<td>30</td>
<td>7</td>
<td>1</td>
<td>36</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Arkansas</td>
<td>1</td>
<td>10</td>
<td>45</td>
<td>9</td>
<td>40</td>
<td>44</td>
<td>31</td>
<td>44</td>
<td>35</td>
</tr>
<tr>
<td>Michigan</td>
<td>27</td>
<td>41</td>
<td>35</td>
<td>36</td>
<td>10</td>
<td>8</td>
<td>34</td>
<td>36</td>
<td>31</td>
</tr>
<tr>
<td>Kentucky</td>
<td>4</td>
<td>22</td>
<td>45</td>
<td>36</td>
<td>16</td>
<td>36</td>
<td>32</td>
<td>36</td>
<td>34</td>
</tr>
<tr>
<td>Delaware</td>
<td>31</td>
<td>19</td>
<td>48</td>
<td>22</td>
<td>40</td>
<td>32</td>
<td>26</td>
<td>1</td>
<td>35</td>
</tr>
<tr>
<td>South Carolina</td>
<td>14</td>
<td>6</td>
<td>42</td>
<td>49</td>
<td>19</td>
<td>26</td>
<td>46</td>
<td>79</td>
<td>35</td>
</tr>
<tr>
<td>Montana</td>
<td>25</td>
<td>30</td>
<td>15</td>
<td>7</td>
<td>34</td>
<td>46</td>
<td>28</td>
<td>46</td>
<td>35</td>
</tr>
<tr>
<td>Connecticut</td>
<td>45</td>
<td>33</td>
<td>11</td>
<td>44</td>
<td>43</td>
<td>19</td>
<td>3</td>
<td>40</td>
<td>17</td>
</tr>
<tr>
<td>Maine</td>
<td>26</td>
<td>44</td>
<td>6</td>
<td>34</td>
<td>48</td>
<td>40</td>
<td>9</td>
<td>32</td>
<td>30</td>
</tr>
<tr>
<td>Alabama</td>
<td>16</td>
<td>16</td>
<td>49</td>
<td>39</td>
<td>24</td>
<td>33</td>
<td>44</td>
<td>29</td>
<td>35</td>
</tr>
<tr>
<td>Louisiana</td>
<td>22</td>
<td>25</td>
<td>50</td>
<td>28</td>
<td>26</td>
<td>34</td>
<td>33</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>New Mexico</td>
<td>36</td>
<td>28</td>
<td>24</td>
<td>25</td>
<td>30</td>
<td>31</td>
<td>39</td>
<td>46</td>
<td>25</td>
</tr>
<tr>
<td>Vermont</td>
<td>42</td>
<td>37</td>
<td>3</td>
<td>21</td>
<td>49</td>
<td>40</td>
<td>4</td>
<td>34</td>
<td>32</td>
</tr>
<tr>
<td>Nevada</td>
<td>35</td>
<td>18</td>
<td>44</td>
<td>50</td>
<td>25</td>
<td>37</td>
<td>50</td>
<td>17</td>
<td>29</td>
</tr>
<tr>
<td>West Virginia</td>
<td>15</td>
<td>39</td>
<td>38</td>
<td>13</td>
<td>44</td>
<td>47</td>
<td>38</td>
<td>49</td>
<td>35</td>
</tr>
<tr>
<td>Mississippi</td>
<td>31</td>
<td>20</td>
<td>41</td>
<td>39</td>
<td>32</td>
<td>45</td>
<td>48</td>
<td>45</td>
<td>35</td>
</tr>
<tr>
<td>Hawaii</td>
<td>50</td>
<td>47</td>
<td>1</td>
<td>16</td>
<td>46</td>
<td>42</td>
<td>60</td>
<td>43</td>
<td>33</td>
</tr>
<tr>
<td>Alaska</td>
<td>49</td>
<td>48</td>
<td>21</td>
<td>3</td>
<td>47</td>
<td>43</td>
<td>41</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>46</td>
<td>26</td>
<td>24</td>
<td>42</td>
<td>49</td>
<td>27</td>
<td>24</td>
<td>48</td>
<td>35</td>
</tr>
</tbody>
</table>