

## HANDOUT 5

development organizations, the states themselves and the **CNBC Global CFO Council**.

Here are our categories and this year's weightings.

### Cost of Doing Business (450 points)

Cost is a major consideration when a company chooses a state. We look at the state and local tax burden in each state, including individual income and property taxes, as well as business taxes and gasoline taxes. **Utility costs can add up to a huge expense for business, and they vary widely by state.** We also consider the cost of wages, as well as rental costs for office, commercial and industrial space (rental-cost information furnished by **CoStar Group**).

### Economy (375 points)

A solid economy is good for business. So is a diverse economy with access to the biggest players in a variety of industries. We look at economic growth, job creation and the health of the residential real estate market. We measure each state's fiscal health by looking at its credit ratings and outlook, as well as state revenues as compared to budget projections. We also give credit to states based on the number of major corporations headquartered there.

### Infrastructure & Transportation (350 points)

Access to transportation in all its modes is key to getting your products to market and your people on the move. We measure the vitality of each state's transportation system by the value of goods shipped by air, waterways, roads and rail. We look at the availability of air travel in each state, the quality of the roads and bridges, the time it takes to commute to work and the supply of safe drinking water.

### Workforce (300 points)

Many states point with great pride to the quality and availability of their workers, as well as government-sponsored programs to train them. We rate states based on the education level of their workforce, as well as the numbers of available workers. We also consider union membership and the states' right-to-work laws. While organized labor contends that a union workforce is a quality workforce, that argument, more often than not, does not resonate with business. We also look at the relative success of each state's worker-training programs in placing their participants in jobs.

### Quality of Life (300 points)

The best places to do business are also the best places to live. We score the states on several factors, including crime rate and health care and the percent of the population with health insurance. We evaluate local attractions, parks and recreation, as well as environmental quality.

### Technology & Innovation (300 points)

Succeeding in the new economy—or any economy—takes innovation. The top states for business prize innovation, nurture new ideas and have the infrastructure to support them. We evaluate the states on their support for innovation, the number of patents issued to their residents and the record of high-tech business formation. We also consider federal health, science and agricultural research grants to the states.

### Business Friendliness (200 points)

Regulation and litigation are the bane of business. Some states, such as



Asus tablet with Intel Inside® is 'Worth Every Penny'  
(PC Perspective)



The quiet, hard-working American: An endangered species  
(Fortune)



7 Credit Cards You Should Not Ignore if You Have...  
(NextAdvisor Daily)



Studies Show Who Lives Longer  
(YouTube)

## AMERICA'S TOP STATES FOR BUSINESS



### America's Top States For Business '14

CNBC unveils its 8th annual America's Top States for Business—see where your state ranks.



### Top 10 states for summer road trips

Looking at traffic safety, costs and scenery, social media site WalletHub ranks top states for summer road trip friendliness.



### Georgia is 2014's top state for biz

Georgia slices up the competition in Top States, signaling a shift back to the Sun Belt.



### Red or blue state—What's best for biz?

We try to stay out of politics in our annual rankings, but in an election year, with 36 states choosing governors, that is next to impossible.



### Scott Cohn

CNBC's senior correspondent and lead investigative reporter, Scott Cohn also appears on "NBC Nightly News with Brian Williams," "Today" and on MSNBC.

## FROM THE GOVERNORS >



### Healthy, wealthy Connecticut draws firms

Healthy, educated and productive, Connecticut is an ideal location for businesses and their employees.



### Georgia climbs in competitiveness rankings

Global-trade crossroads Georgia is climbing in business rankings, thanks to education, tax incentives, investment and research.



### Business migrations prove Iowa's clout

With low costs of living and doing business, Iowa is the location of choice for domestic and international corporations.



inevitable. But we grade the states on the freedom their regulatory frameworks provide, as well as the perceived friendliness of their legal and tort liability systems.

**Education (150 points)**

Education and business go hand in hand. Not only do companies want to draw from an educated pool of workers, they also want to offer their employees a great place to raise a family. Higher-education institutions offer companies a source to recruit new talent, as well as a partner in research and development. We look at traditional measures of K-12 education, including test scores, class size and spending. We also consider the number of higher-education institutions in each state, as well as long-term trends for funding higher education.

**Cost of Living (50 points)**

The cost of living helps drive the cost of doing business. From housing to food and energy, wages go further when the cost of living is low.

**Access to Capital (25 points)**

Companies go where the money is, and capital flows to some states more than others. We look at venture capital investments by state, as well as small-business lending on a relative basis.

**2013 TOP STATES FOR BUSINESS RECAP: South Dakota is 2013 Top State for Business**

**2013 TOP STATES FOR BUSINESS RECAP: Worst states for business**

--By CNBC's Scott Cohn. Follow him on Twitter @ScottCohnCNBC.



Scott Cohn  
Senior Correspondent

MORE FROM CNBC

Recommended by

- Former Apple employee Sam Sung is cashing in
- Buy the DAX, it's going to rally 50%: Analyst
- The out-of-control country no one's talking about
- Wall Street's top bull: Correction's end 'very close'
- Has California's plastic bag ban backfired?
- Here's what could rock stocks in the week ahead

SPONSORED

Recommended by



This Is What Katherine Hepburn's Waterfront Home Looks Like (Lonny Magazine)



10 Investment mistakes you should always avoid



Germany's Faltering Economy Has Cast Further Doubt Among Economists



LATEST SPECIAL REPORTS >



**RGD All-Stars: The CNBC RQ 50**

A CNBC exclusive look at 50 stocks finding new ways to generate revenue from corporate creativity and experimentation.



**CNBC25: Rebels, Icons and Leaders**

To kick off our year-long anniversary, we created a list of top leaders, icons and rebels.



**Tech Crowd**

An era of innovation dominated by secretive corporate labs is ending. Time for you to help crowdfund the future.

TOP STATES PAST YEAR RANKINGS >

- Overall Rankings 2013
- Overall Rankings 2012
- Overall Rankings 2011
- Overall Rankings 2010
- Overall Rankings 2009

TOP NEWS & ANALYSIS >

- Wall Street: Whose bull market is it?
- Want to bet on Russia? Then do this, pros advise
- Russia coordinating aid to Ukraine: Putin
- Nelson Peltz has Pepsi wrong: Cramer
- Bring us your gripes about bitcoin: CFPB

Open Your Own Business

franchiseopportunities.com

Start Working For Yourself Today! Free Franchise & Investment Info.



Enter Symbols GO Enter Keywords GO



HOME U.S. NEWS MARKETS INVESTING TECH SMALL BUSINESS VIDEO SHOWS WATCH LIVE PRO REGISTER | SIGN IN

SEC files securities fraud charges against state of Kansas over muni bonds and pension liabilities



# America's Top States for Business 2014: Our methodology

69 SHARES

15 COMMENTS Join the Discussion

Using publicly available data, we've scored all 50 states on 56 measures of competitiveness.

Scott Cohn | @ScottCohnCNBC  
Tuesday, 3 Jun 2014 | 10:31 AM ET



Yuji Sakai | Digital Vision | Getty Images



Our study is not an opinion survey—we rely as much as possible on tangible numbers to gauge each state's performance.

States receive points based on their rankings in each metric. Then we separate those metrics into 10 broad categories. We assign a point weighting to each category, based on how frequently the category is used as a selling point in state economic development marketing materials. For example, if more states tout their low business costs, the category for cost of doing business carries greater weight. That way, our study ranks the states based on the criteria they use to sell themselves.

We developed our initial metrics with input from the **National Association of Manufacturers** and the **Council on Competitiveness** and regularly refine them in consultation with a wide variety of business and economic



### MORE FROM CNBC

Recommended by

- Most expensive house (we could get into): Malibu, Calif.
- Fed survey: 25 pct of households 'just getting by'
- Empty seats increase at United Airlines
- Wall Street hopes for limited Iraq incursion
- Poland speeds up arms deal citing Ukraine conflict
- Amazon stops some Disney movie preorders - WSJ
- Keurig profit up as more demand single-serve coffee
- Outdoor leader hopeful gear show can stay in Utah
- Hawaii storms one-two punch? More like a left hook
- NY-bound flight evacuated in Puerto Rico

### SPONSORED

Recommended by

