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CEOs Weigh In On Best, Worst States To Do Business

**Texas, Nevada, North Carolina Top List as Best States
California, New York, Michigan Are the Worst**



While much of the nation's focus is jumping from state to state during the presidential primary race, CEOs did their own "state-jumping," ranking the best and worst states to do business. In an annual polling by Chief Executive magazine, CEOs ranked the states with no income tax as the top two states for business—Texas and Nevada—and those highly-regulated states as the worst two—California and New York. These same states have been ranked as the best and worst two states to do business in for the past three years.

Both the top third and worst third spots experienced a change this year. North Carolina, replacing Florida, returned to the third place after coming in fourth last year. Michigan, home of the struggling auto industry, took the worst third state spot, replacing Massachusetts

Chief Executive's fourth annual "Best & Worst States" survey was conducted right after the New Year, and asked 605 top executives to evaluate their states on a broad range of issues, including proximity to resources, regulation, tax policies, education, quality of living and infrastructure. Providing additional insight to the evaluations, CEOs were also asked to grade each state based on the following criteria: 1) Taxation & Regulation, 2) Workforce Quality, and 3) Living Environment.

"Overall, the message CEOs are sending is that over-taxed and over-regulated states are not conducive to the health of their businesses," said Ed Kopko, CEO and publisher, Chief Executive Group. "This is the message they've been communicating since our poll started in 2005. However, in states like California and New York, where we are increasingly facing a shrinking population, the message seems to have fallen on deaf ears, as CEOs continue to be extremely frustrated with the business-unfriendly practices in these states."

HIGHLIGHTS OF THE SURVEY

Texas: Texas scored strong in each of the three categories: It received an "A-" in the Taxation & Regulation category and a "B+" in the other two categories.

Comments

Voicing the positive sentiment of many respondents, Charles Hannabarger, President and CEO of PSI Associates, said, "Texas has a strong economy with a diversified economic base. The cost of living is low and the quality of life is very good. The attitude and capabilities of the workforce are outstanding!"

Nevada, North Carolina: Nevada and North Carolina also performed similarly strong: Nevada got an "A" for Taxation & Regulation, but received a "B-" in Workforce Quality and "B" for Living Environment.

North Carolina got "B+" for Taxation & Regulation and Workforce Quality and "A-" for Living Environment.

Comments

Though very supportive of low taxes, CEOs criticized the status of the education system in low tax states and called for improved public school system and better infrastructure.

Florida: In an interesting twist, Florida, the third best state in last year's polling, plummeted this year to the tenth best state on concerns over its education system and workforce quality. Florida, which widely seen as an important stronghold in presidential hopeful Rudy Giuliani's campaign for the White House, received a "B-" for Workforce Quality and "B+" in the other two categories.

Comments

General consensus among Florida CEOs was that the government should cut income and property taxes. Additionally, CEOs called on the state government to put in place programs that encourage more professionals to move into the state and better educate the local talent.

California: California was ranked as the worst of all states to do business. It received a "D" in Taxation & Regulation, and a "B-" in both the Workforce Quality and Living Environment categories.

Comments

Voicing the sentiments of the majority of CEOs in California, John Keffala, President of Forbes Business Plan Advisors, said, "California continues to be a tough state to do business in." The main concerns cited by California-based CEOs were high taxes, over regulation, illegal immigration and cost of living.

New York: Notorious for onerous legislation and high taxes, New York scored similarly to California in Taxation & Regulation category, receiving a "D," while getting a "B-" for the Workforce Quality and "C-" for its Living Environment.

New York has additional significance this year, as main competitors for the presidency from each party, Rudy Giuliani for the Republicans and Hillary Clinton for the Democrats, are from the Empire State

Comments

Similar to California, the majority of CEOs in New York called for lower taxes, less regulation and less government spending as well as more business-friendly policies.

Additionally, CEOs were very vocal about their discontent with New York Governor Eliot Spitzer, indicating that he had done nothing to improve conditions for businesses in NY since he took office. Some CEOs went as far to say that the "Governor is a liability" and "has a hostile image toward business."

Massachusetts: The home state of former Governor Mitt Romney, Republican presidential hopeful, was ranked as the fourth worst state for business. Like New York, Massachusetts got a "D" and a "B-" for Taxation & Regulation and Workforce Quality, respectively. It performed relatively stronger than New York in the Living Environment category, receiving a "C+".

Comments

Massachusetts-based CEOs, voicing similar sentiments as their counterparts in the other two worst states, called for lower income taxes, bringing the state's stance on social and civil policies closer to the center, as well as more programs for small businesses.

For additional information regarding the confidence of public- and private-company CEOs, visit our full report at <http://www.chiefexecutive.net/ceoindex>.

ABOUT CHIEF EXECUTIVE MAGAZINE

Chief Executive is a controlled circulation magazine that has been published since 1977. It reaches 42,000 chief executive officers and their peers, reaches a total readership of 228,000. Chief Executive Group facilitates "Chief Executive of the Year," a prestigious honor bestowed upon an outstanding corporate leader,

nominated and selected by a group of his or her peers. Robert Ulrich, A. G. Lafley, George David, Fred Smith, Bill Gates, John Chambers, Michael Dell and Sandy Weill are just some of the leaders who have been honored during the award's 22-year history. Chief Executive also organizes roundtable meetings and conferences to foster opportunities for top corporate officers to discuss key subjects and share their experiences within a community of peers. Visit www.chiefexecutive.net for more information.

Best and Worst States for Business: January 2008

Best States	Rank 2008	Rank 2007	Rank 2006
Texas	1st	1st	1st
Nevada	2nd	2nd	2nd
North Carolina	3rd	4th	3rd
Virginia	4th	9th	7th
Arizona	5th	5th	5th
Florida	10th	3rd	4th

Worst States	Rank 2008	Rank 2007	Rank 2006
California	51st	51st	51st
New York	50th	50th	50th
Michigan	49th	47th	48th
Massachusetts	48th	49th	49th
New Jersey	47th	46th	46th

Biggest Gainers	Positions Gained
Oregon	14
Alabama	11
Ohio	8
Vermont	8

Biggest Losers	Positions Lost
New Mexico	13
Wisconsin	11
Connecticut	10

State	CEO Rank	Growth Rank
Texas	1	15
Nevada	2	2
North Carolina	3	12

Virginia	4	10
Arizona	5	3
Tennessee	6	27
Georgia	7	25
Indiana	8	46
South Carolina	9	36
Florida	10	6
Delaware	11	13
Alabama	12	17
Colorado	13	16
New Hampshire	14	32
Utah	15	5
Idaho	16	1
Iowa	17	20
South Dakota	18	30
North Dakota	19	26
Missouri	20	44
Oklahoma	21	18
Minnesota	22	31
Montana	23	11
Kansas	24	29
Wyoming	25	40
Kentucky	26	37
Oregon	27	4
Nebraska	28	33
New Mexico	29	7
Washington	30	14
Alaska	31	39
Maryland	32	22
Rhode Island	33	43
Ohio	34	50
Maine	35	34
Vermont	36	28
Arkansas	37	23
Hawaii	38	8

Pennsylvania	39	48
District Of Columbia	40	19
West Virginia	41	47
Connecticut	42	24
Illinois	43	45
Wisconsin	44	42
Mississippi	45	49
Louisiana	46	38
New Jersey	47	41
Massachusetts	48	35
Michigan	49	51
New York	50	21
California	51	9