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CEOs Select Best, Worst States for Job Growth and Business

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

As the nation's unemployment figures continue to reach new heights, *Chief Executive* magazine's 2009 "Best & Worst States" survey took CEOs' pulse on what the best and worst places for jobs and business growth are. For the fourth year in a row, CEOs rated Texas as the #1 state to do business and California as the worst.

Chief Executive's fifth annual survey asked 543 CEOs 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.

"Our survey, year-over-year proves that those states with the worst records continue to practice the same policies that alienate businesses," said JP Donlon, Editor-in-Chief of *Chief Executive* magazine. "As the nation's economic problems continue to snowball and an increasing number of states experience budgetary problems, state governments ought to take a hard look at their taxation and unionization policies if they want to turn the page and attract new businesses and capital to their provinces."

Once again, this year, the same states that took the bottom five spots over the past few years preserved their rankings for the most part. For the fourth year in a row, California and New York were ranked the worst and second worst state to do business in, respectively. Michigan was ranked third from the bottom for the second year in a row. The only difference in the bottom five was a flip in the worst fourth and fifth states, as New Jersey took over Massachusetts as the fourth worst state.

Plaguing business growth and opportunities in these states are high business taxes exposed on business owners as well as a strongly unionized labor force. Coincidentally, all the bottom three states, California, New York and Michigan, also support some of the nation's highest unemployment rates—10.1 percent, 7.6 percent and 11.6 percent, respectively, as of January (most recent data available). This compares to a national average of 7.6 percent in the same month (national unemployment rate reached 8.1 percent in February).

Expressing the prevalent attitude among CEOs, one CEO said, "Michigan and California literally need to do a 180 if they are ever to become competitive again. California has huge advantages with its size, quality of work force, particularly in high tech, as well as the quality of life and climate advantages of the state. However, it is an absolute regulatory and tax disaster, as is Michigan."

As states put on an intense competition to attract business and investment in this tough economic environment, *Chief Executive* magazine's Best & Worst States survey experienced a flurry of activity in the top ranks with the entry of three new states into the top five: Florida, Georgia and Tennessee.

Texas maintained its #1 spot in the ranking for the fourth year in a row, as North Carolina, Florida, Georgia and Tennessee all jumped up in ranks, taking the #2, 3, 4 and 5 spots, respectively.

“Texas and the Carolinas are great for business,” said one CEO. “South Carolina's Research Authority is exemplary in terms of creating new economic growth and **Texas is strategically centered, has low taxes, and outstanding demographics.**”

As a testament to this statement, in contrast to much of the nation, in fiscal 2008, Texas’ gross state product grew by 4.2 percent, compared to 1.9 percent for the national economy.

Top 5 States	Rank 2009	Rank 2008	Rank 2007	Rank 2006
Texas	1st	1st	1st	1st
North Carolina	2nd	3rd	4th	3rd
Florida	3rd	10th	3rd	4th
Georgia	4th	7th	6th	5th
Tennessee	5th	6th	7th	11th
Worst 5 States	Rank 2009	Rank 2008	Rank 2007	Rank 2006
California	51st	51st	51st	51st
New York	50th	50th	50th	50th
Michigan	49th	49th	47th	48th
New Jersey	48th	47th	46th	46th
Massachusetts	47th	48th	49th	49th

Biggest Gainers	Positions Gained
Mississippi	15
Pennsylvania	10
Biggest Losers	Positions Lost
Ohio	11
Washington	10
Minnesota	10

Courtesy of JB Goodwin