



MARYLAND CHAMBER OF COMMERCE

Maryland's Competitiveness: Where We Lead, How We Lag

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Regional Economist – M&T Bank

October 29, 2010

Business Policy Conference
October 28-29 • National Harbor

The "Official" National Pastime...



The REAL National Pastime...

Forbes Magazine

October 13, 2010



CNBC.com

July 13, 2010



The REAL National Pastime...

Beacon Hill Institute

October 26, 2010



Chief Executive

July 28, 2010



The Problem With These Type of Studies

"How Does Maryland Really Stack Up?"

Forbes Magazine
October 13, 2010

14th

CNBC.com
July 13, 2010

27th

Beacon Hill Institute
October 26, 2010

26th

Chief Executive
July 28, 2010

33rd

September 2010

Area Development Magazine

Where Is the Best Location For Your Business?

Published state rankings and accolades are just a starting point in the location decision process. Realistic company needs are what really matter.

Dana Olsen, President and CEO, EcoDev (September 2010)

Editors Pick
Top States for Doing Business: A Survey of Site Selection Consultants

More all familiar with the handful of states that consistently ranked as top when it comes to ranking those best for business. Whether it is taxation, work-life

Question:

"When are state rankings and awards useful when a business is considering relocating?"

Answer:

"It's only helpful if the criteria for the award or ranking is based on the key criteria for the company."

Dana Olsen, President and CEO, EcoDev
(site selection consulting firm)

Public Policy Objective

Question: How can Maryland maintain robust and sustainable economic growth and generate *quality* jobs with higher salaries and long-term impact?

Answer: Continuously pursue policies that reduce competitive drags (*"How We Lag"*) and accentuate competitive strengths (*"Where We Lead"*)

- *Be unique, not generic*

- *Tell our story to the world*

Presentation Agenda

"Lagging" Indicators

Business Cost Competitiveness

Labor Costs
Relative Tax Burden
Commercial Utility Rates

Liability/Regulatory Environment

Highway Infrastructure Performance

State Pension Funding Gap

"Leading" Indicators

Economic Performance

Long-Term Unemployment Rate
Personal Income Growth
Business Formations

Innovation & Productivity

Workforce Quality

Global Trade Expertise

Access to Capital

Fiscal Stability

Quality of Life

Measure **Forbes State Business Cost Ranking—2010**
 (Based on cost of labor, energy and taxes)

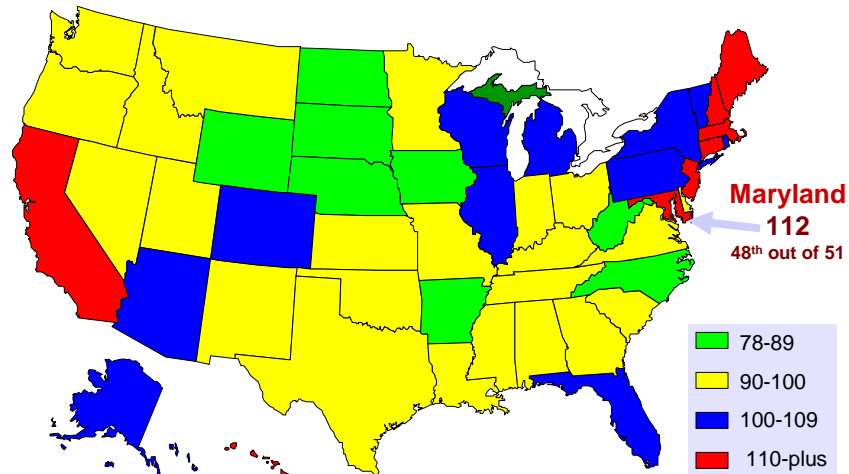
Why it Matters Uncompetitive cost burdens affect business decisions, job creation/retention and the long-term health of a state's economy

Top 10 States			Bottom 10 States		
Rank	State	Cost Index	Rank	State	Cost Index
1	South Dakota	?	41	Rhode Island	?
2	Wyoming	?	42	Vermont	?
3	North Carolina	?	43	New York	?
4	North Dakota	?	44	California	?
5	West Virginia	?	45	Connecticut	?
6	Nebraska	?	46	New Jersey	?
7	Iowa	?	47	Maine	?
8	Kentucky	?	48	Hawaii	?
8	Utah	?	49	MARYLAND	?
10	Indiana	?	50	Massachusetts	?

U.S. Average = ?

Source: Forbes Magazine—October 13, 2010

Measure **Economy.com State Business Costs—2008**
 (Based on unit labor costs, energy costs, state/local taxes, office rents)



U.S. Average = 100

Source: Moody's Economy.com—June 2010

Measure Private Sector Employee Compensation as Percent of Private GDP—2008

Why it Matters High unit labor costs can be an impediment to business formation and employment growth

Top 10 States			Bottom 10 States		
Rank		Percent	Rank		Percent
1	Alaska	35.0%	42	South Carolina	55.0%
2	Delaware	38.1	43	Ohio	55.5
3	Wyoming	38.6	44	New Hampshire	55.7
4	Louisiana	40.8	45	Minnesota	56.0
5	South Dakota	41.3	46	Michigan	56.0
6	New Mexico	45.0	47	Wisconsin	56.2
7	Texas	47.8	48	MARYLAND	56.2
8	North Dakota	46.7	49	Missouri	57.8
9	Oklahoma	47.7	50	Massachusetts	60.0
10	Montana	48.1	51	D.C.	60.4

U.S. Average = 52.0%

Source: U.S. Bureau of Economic Analysis

Measure Commercial Electricity Costs—2010 YTD

Why it Matters High utility costs increase operating expenses and inhibit business formation and employment growth, particularly for larger firms

Top 10 States			Bottom 12 States		
Rank		Cents per kWh	Rank		Cents per kWh
1	Idaho	6.78	39	MARYLAND	11.74
2	North Dakota	6.93	40	Maine	12.38
3	Utah	7.19	41	Rhode Island	13.00
4	Missouri	7.28	42	Vermont	13.32
5	Washington	7.32	43	California	13.58
6	South Dakota	7.37	44	New Hampshire	13.99
7	Oklahoma	7.40	44	New Jersey	13.99
8	Wyoming	7.43	46	Alaska	14.24
9	West Virginia	7.47	47	Massachusetts	14.99
10	Arkansas	7.52	48	New York	16.11
			49	Connecticut	16.54
			50	Hawaii	25.61

U.S. Average = 10.14

Source: U.S. Energy Information Administration—October 14, 2010

Measure **State Business Tax Climate Index—2011**

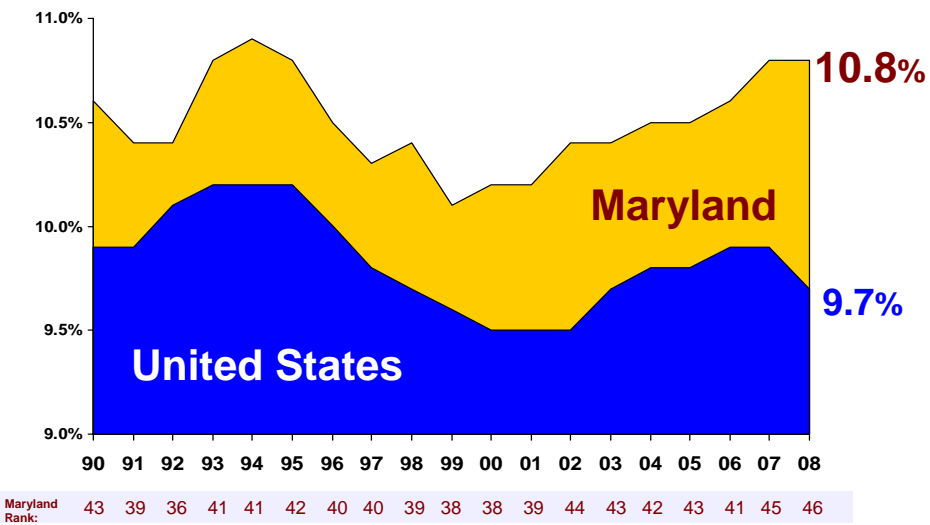
Why it Matters Uncompetitive tax burdens influence business location, investment and job creation decisions, impacting long-term economic health

Top 10 States			Bottom 10 States		
Rank		Index	Rank		Index
1	South Dakota	7.43	41	North Carolina	4.47
2	Alaska	7.39	42	Rhode Island	4.46
3	Wyoming	7.30	43	Minnesota	4.40
4	Nevada	6.74	44	MARYLAND	4.25
5	Florida	6.53	45	Iowa	4.20
6	Montana	6.39	46	Ohio	4.16
7	New Hampshire	6.18	47	Connecticut	4.01
8	Delaware	6.03	48	New Jersey	3.96
9	Utah	5.80	49	California	3.78
10	Indiana	5.79	50	New York	3.73

Index: U.S. Average = 5.00

Source: Tax Foundation—October 26, 2010

State & Local Taxes As Percent of Personal Income



Source: Tax Foundation—September 22, 2009

State & Local Taxes Relative to U.S. Average

	Year	Rank	Maryland	U.S.
Individual Taxes Per \$1,000 of Personal Income	2008	49	\$41.96	\$25.59
Property Taxes Per \$1,000 of Personal Income	2009	19	\$31.90	\$30.30
Unemployment Insurance Per \$1,000 of Payroll	2010	30	\$8.60	\$8.30
Corporate Income Taxes Per \$1,000 of Gross State Product	2008	16	\$2.70	\$3.60
Property Taxes on Owner-Occupied Housing as Percent of Home Value	2009	25	0.87%	1.04%

Sources: U.S. Census Bureau, Bureau of Economic Analysis, Department of Labor, Minnesota Taxpayers Association Analysis, Tax Foundation—2009

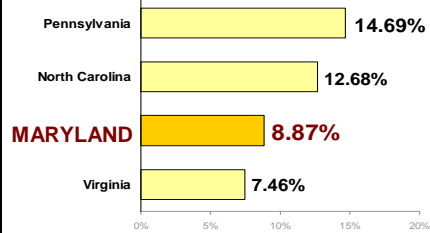
Maryland's Effective Business Tax Rate vs. Peer States

Maryland's business taxes for biotech are **19% higher** than Virginia, the lowest cost peer state

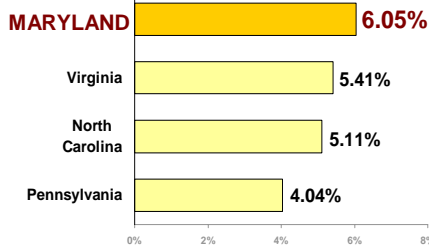
Business taxes for financial services are **55% higher** in Maryland than Pennsylvania

Business taxes for professional services firms that are pass-through entities are **68% higher** in Maryland than Pennsylvania, the lowest cost peer state

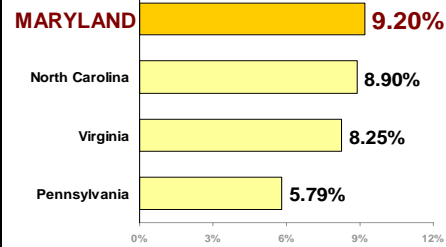
Biotech Manufacturing



Financial Services



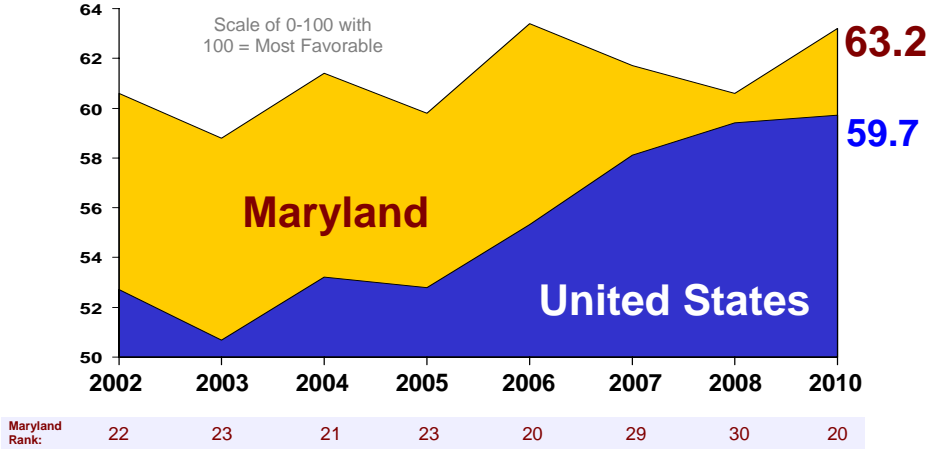
Professional Services



Source: Ernst & Young, "Analysis of Maryland's Business Tax Competitiveness," October 2010

Measure **State Liability System Rating**

Why it Matters 67% of survey participants said a state's litigation environment would likely impact important business decisions at their company, an increase from 63% and 57% in the 2008 and 2007 surveys



Source: U.S. Chamber of Commerce—"State Liability Systems Ranking Study,"—March 9, 2010

Measure **Number of Health Insurance Mandates**

Why it Matters High mandate levels drive up insurance costs, inhibiting business formation and employment growth, particularly for smaller firms

Top 10 States			Bottom 10 States		
Rank	State	Mandates	Rank	State	Mandates
1	Idaho	13	41	Connecticut	54
2	Alabama	21	42	Maine	55
3	Utah	23	43	California	56
4	Hawaii	24	44	New Mexico	57
5	Michigan	25	45	Texas	57
6	Iowa	26	46	Washington	57
7	Delaware	28	47	Virginia	60
8	Mississippi	29	48	MARYLAND	66
9	Ohio	29	49	Minnesota	68
10	South Carolina	29	50	Rhode Island	70

U.S. Average = 42

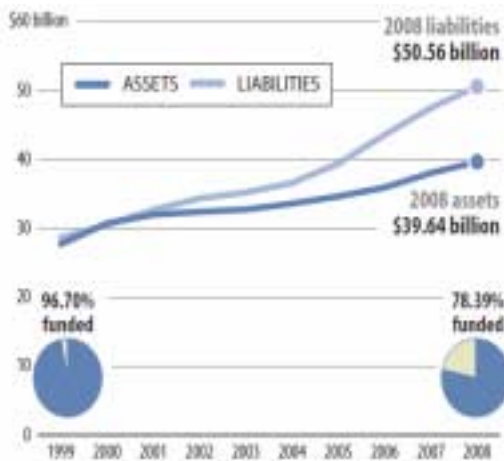
Source: Small Business & Entrepreneurship Council, "Small Business Survival Index—2009"

Measure **State Highway Performance and Cost-Effectiveness—2008**

Measure	2008 Rank	
Total Disbursements	44	
Capital & Bridge Disbursements	47	Cost-Effectiveness Rank
Maintenance Disbursements	45	Overall rank in 2008 43
Administrative Disbursements	33	Overall rank in 2007 41
Urban Interstate Condition	39	Overall rank in 2006 37
Urban Interstate Congestion	48	Overall rank in 2005 38
Deficient or Functionally Obsolete Bridges	31	Overall rank in 2000 34
Fatality Rates	18	

Source: Reason Foundation—19th Annual Report on the Performance of State Highway Systems—September 2010

Maryland's pension liabilities grew 77% between 1999-2008, outpacing assets, which grew only 43% in that period



Total Bill Coming Due:	\$58,561,834
Portion Deferred:	\$18,006,209
Annual Required Contribution (ARC):	\$1,208,487
Percentage ARC Funded:	83.16%

“Maryland’s management of its long-term pension liability is cause for serious concern and the state needs to improve how it handles its retiree health care and other benefit obligations.”

Pew Center on the States—Feb 2010

Source: Pew Center on The States, “The Trillion Dollar Gap”—February 2010

Other “Lagging” Indicators

	<u>Year</u>	<u>Rank</u>
Business Costs		
Commercial Natural Gas Price	2009	32th
U.S. Tort Liability Index	2008	35th
Infrastructure		
State Transportation Expenditure Per Capita	2007	23th
Mean Travel Time to Work	2008	49th
Taxes		
2008-09 Enacted Tax Changes Per \$1,000 of Personal Income	2009	40th
Cost of Living		
Cost of Living Proxy (Median Home Price to Median Family Income Ratio)	2009	34th

Sources: U.S. Energy Information Administration, Pacific Research Institute, U.S. Census Bureau, ALEC-Laffer, FHFA

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“Lagging” Indicators

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Access to Capital

Fiscal Stability

Quality of Life

Measure **Avg. Unemployment Rate Since Dec. 2000**

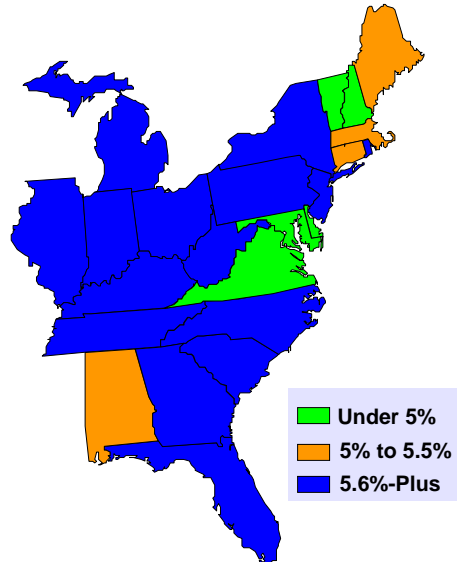
Why it Matters Lower jobless rates put less strain on household finances, consumer spending and state and local finances

Top 11 States			Bottom 11 States		
Rank	State	Percent	Rank	State	Percent
1	North Dakota	3.4%	41	Ohio	6.5%
2	South Dakota	3.5	42	Nevada	6.6
3	Nebraska	3.7	43	Illinois	6.6
4	Hawaii	4.0	44	Kentucky	6.7
5	Virginia	4.2	45	Alaska	6.7
6	Wyoming	4.2	46	California	7.0
7	New Hampshire	4.3	47	D.C.	7.1
8	Vermont	4.4	48	Mississippi	7.2
9	Iowa	4.4	49	South Carolina	7.2
10	Montana	4.5	50	Oregon	7.3
11	MARYLAND	4.7	51	Michigan	7.9

U.S. Average = 6.0%

Source: U.S. Bureau of Labor Statistics

Avg Unemployment Rate Since December 2000



Rank	State	Percent
1	Virginia	4.2%
2	New Hampshire	4.3
3	Vermont	4.4
4	MARYLAND	4.7
5	Delaware	4.7
6	Maine	5.3
7	Connecticut	5.3
8	Alabama	5.5
9	Massachusetts	5.6
10	West Virginia	5.6
11	Pennsylvania	5.7
12	New Jersey	5.7

U.S. Average 6.0%

Source: U.S. Bureau of Labor Statistics

Measure **Change in Estimated Per Capita Personal Income 2008-10** (through June YTD)

Why it Matters Stable income growth puts less strain on household, business and public sector finances and social services needs

Top 10 States			Bottom 10 States		
Rank		Percent	Rank		Percent
1	West Virginia	3.7%	42	Utah	-2.7%
2	Kentucky	2.1	43	Georgia	-2.8
3	Maine	2.0	44	Idaho	-3.1
4	MARYLAND	1.0	45	Connecticut	-3.2
5	New Mexico	1.0	46	South Dakota	-3.7
6	Pennsylvania	0.9	47	Arizona	-3.7
7	Mississippi	0.6	48	Colorado	-3.8
8	Arkansas	0.5	49	North Dakota	-4.7
9	Montana	0.4	50	Wyoming	-5.4
10	Vermont	0.4	51	Nevada	-7.9

U.S. Average = -1.5%

Sources: U.S. Bureau of Economic Analysis, Census Bureau, M&T Bank estimates

Measure **Per Capita Personal Income—2010 est.** (through June YTD)

Why it Matters Higher incomes foster increased consumer spending, savings and investment, enable greater entrepreneurial risk taking

Top 10 States			Bottom 10 States		
Rank		Average	Rank		Average
1	D.C.	\$68,520	42	New Mexico	\$33,907
2	Connecticut	55,427	43	Alabama	33,763
3	New Jersey	50,828	44	Arizona	33,213
4	Massachusetts	50,075	45	Kentucky	33,043
5	MARYLAND	48,886	46	Arkansas	32,852
6	Wyoming	47,841	47	West Virginia	32,671
7	New York	47,360	48	South Carolina	32,650
8	Virginia	44,503	49	Idaho	31,960
9	Alaska	43,757	50	Utah	31,725
10	Washington	43,211	51	Mississippi	30,906

U.S. Average = \$40,060

Sources: U.S. Bureau of Economic Analysis, Census Bureau, M&T Bank estimates

Measure **Change in Total Number of Business Establishments 2006-08**

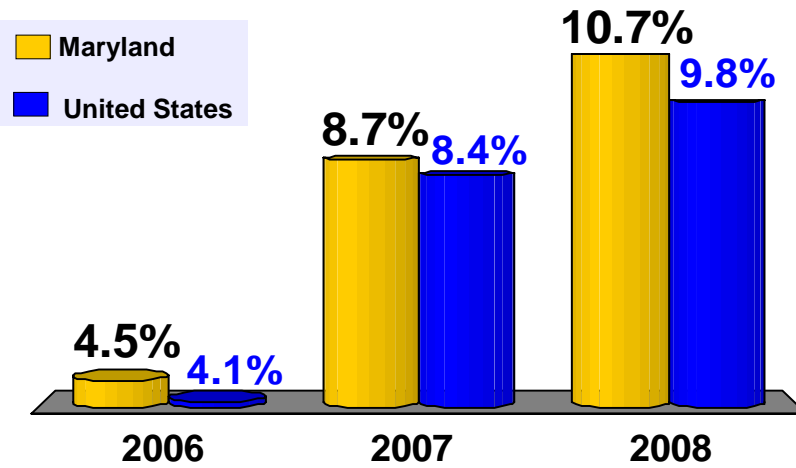
Why it Matters Business formations support employment, income and tax revenue growth

Top 10 States			Bottom 10 States		
Rank		Percent	Rank		Percent
1	Arizona	33.0%	42	New Hampshire	12.2%
2	Florida	32.0	43	Hawaii	11.9
3	North Dakota	28.7	44	Vermont	11.5
4	Texas	25.5	45	Rhode Island	11.3
5	Louisiana	25.3	46	Alaska	10.8
6	Virginia	22.1	47	Montana	10.6
7	North Carolina	20.7	48	Iowa	10.2
8	MARYLAND	20.3	49	South Dakota	9.4
9	California	20.1	50	Maine	8.9
10	Utah	20.0	51	Georgia	8.6

U.S. Average = 19.0%

Sources: Dun & Bradstreet, YourEconomy.org

Year-Over-Year Percentage Change
Number of Business Establishments



Sources: Dun & Bradstreet, YourEconomy.org

Measure **Change in Number of Businesses With Fewer Than 10 Employees 2006-08**

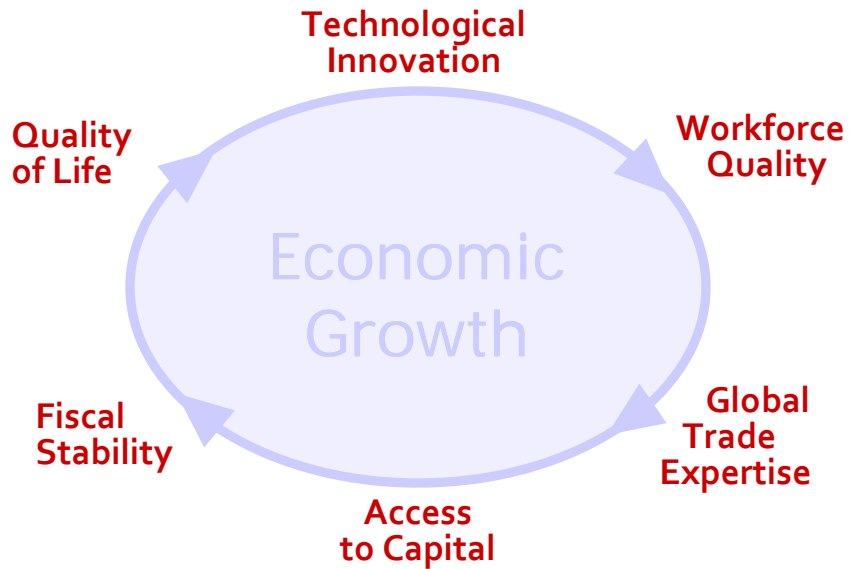
Why it Matters Small businesses create 60% of all new jobs and provide the principal path to wealth-building by entrepreneurs

Top 10 States			Bottom 10 States		
Rank		Percent	Rank		Percent
1	Arizona	56.5%	41	Massachusetts	16.0%
2	North Dakota	37.8	42	Nevada	15.9
3	Florida	36.8	43	Rhode Island	15.6
4	Louisiana	33.4	44	Hawaii	15.2
5	Texas	31.2	45	Vermont	14.9
6	Virginia	28.9	46	Alaska	14.6
7	Utah	26.9	47	Iowa	13.9
8	Delaware	26.7	48	Montana	13.6
9	Pennsylvania	26.6	49	South Dakota	12.1
10	MARYLAND	26.0	50	Maine	11.8

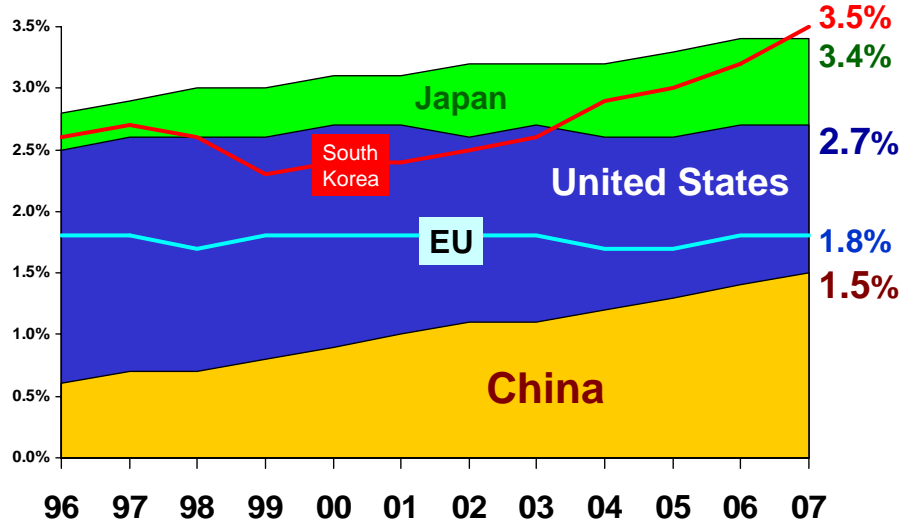
U.S. Average = 23.8%

Sources: Dun & Bradstreet, YourEconomy.org

Future Economic Growth Drivers



R&D Expenditures as a Share of GDP



Note: E.U. includes all 27 member states

Source: National Science Board—Science & Engineering Indicators 2010

Measure R&D Share of Gross State Product—2007

Why it Matters Pure research is the “engine” of innovation, sparking technological advances, employment opportunities and community wealth

Top 10 States			Bottom 10 States		
Rank	State	Percent	Rank	State	Percent
1	New Mexico	7.53%	41	Mississippi	0.96%
2	Massachusetts	6.97	42	Hawaii	0.95
3	MARYLAND	5.34	43	Kentucky	0.92
4	Washington	4.85	44	Alaska	0.69
5	Connecticut	4.82	45	South Dakota	0.68
6	Michigan	4.58	46	Oklahoma	0.68
7	California	4.31	47	Arkansas	0.66
8	New Jersey	4.24	48	Nevada	0.61
9	New Hampshire	4.17	49	Louisiana	0.52
10	Minnesota	3.71	50	Wyoming	0.41

U.S. Average = 2.62%

Source: National Science Board—Science & Engineering Indicators 2010

Measure **High-Technology Share of All Business Establishments—2006**

Why it Matters Innovation is most fertile when technology firms “cluster” together in a region and cross-pollinate ideas, talent and resources

Top 10 States			Bottom 10 States		
Rank		Percent	Rank		Percent
1	D.C.	14.6%	42	Idaho	6.4%
2	Delaware	14.5	43	South Carolina	6.2
3	Colorado	11.2	44	Maine	6.2
4	Virginia	11.0	45	Kentucky	6.2
5	MARYLAND	10.5	46	Nebraska	5.9
6	New Jersey	10.1	47	West Virginia	5.7
7	Nevada	9.8	48	Mississippi	5.5
8	Massachusetts	9.8	49	Iowa	5.5
9	California	9.8	50	South Dakota	5.0
10	Utah	9.5	51	North Dakota	4.8

U.S. Average = 8.4%

Source: National Science Board—Science & Engineering Indicators 2010

Measure **High-Tech GDP Growth Relative to U.S. Average 2008-09** (Metro Areas With Population 1 million-plus)

Why it Matters Metro areas that are talent “magnets” are more apt to achieve long-term economic growth

Top 10 Metros			Bottom 10 Metros		
Rank		Above/Below U.S. Average	Rank		Above/Below U.S. Average
1	BETHESDA, MD	9.9%	55	San Jose, CA	-4.0%
2	Memphis, TN	6.6	56	Milwaukee, WI	-4.3
3	Jacksonville, FL	6.5	57	Hartford, CT	-4.3
4	Oklahoma City, OK	5.3	58	Cleveland, OH	-4.4
5	BALTIMORE, MD	4.9	59	Oakland, CA	-4.8
6	Seattle, WA	4.9	60	Philadelphia, PA	-4.9
7	Virginia Beach, VA	3.6	61	Detroit, MI	-5.4
8	Washington, DC	2.8	62	Santa Ana, CA	-6.1
9	St. Louis, MO	2.1	63	New Orleans, LA	-6.4
10	Orlando, FL	1.9	64	Portland, OR	-8.2

Top 64 Metro Average = -0.4%

Source: Milken Institute—“America’s Top Performing Cities 2010”, October 2010

Measure **Human Capital Investment Index—2008**

Why it Matters The stock of human capital and the rate of investment (flow) between states in various science and engineering fields is vital to encouraging economic growth and business investment

Top 10 States			Bottom 10 States		
Rank		Score	Rank		Score
1	MARYLAND	78.3	41	Idaho	38.9
2	Massachusetts	77.9	42	Maine	38.2
3	Colorado	74.9	43	West Virginia	35.5
4	Connecticut	73.8	44	Texas	34.9
5	Minnesota	70.9	45	Kentucky	34.7
6	New York	69.9	46	Florida	33.0
7	Utah	68.3	47	Mississippi	26.3
8	Virginia	67.6	48	South Carolina	25.0
9	Vermont	67.1	49	Arkansas	23.9
10	Delaware	65.1	50	Nevada	23.8

U.S. Average = 52.3

Source: Milken Institute, "State Technology and Science Index—2008"

Measure **Average Annual Change in State Foreign Export Trade 2006-08**

Why it Matters Taking advantage of global sales opportunities requires exporting expertise and infrastructure

Top 10 States			Bottom 10 States		
Rank		Percent	Rank		Percent
1	North Dakota	35.0%	42	Michigan	5.6%
2	Louisiana	33.6	43	Nevada	5.6
3	West Virginia	32.0	44	Kentucky	5.3
4	Mississippi	27.8	45	Arizona	4.0
5	Montana	24.5	46	Tennessee	3.6
6	Utah	23.1	47	Missouri	0.3
7	MARYLAND	22.4	48	Colorado	-1.5
8	Nebraska	22.1	49	New Mexico	-2.0
9	South Carolina	20.7	50	Vermont	-2.3
10	Kansas	20.4	51	Alaska	-6.4

U.S. Average = 12.0%

Source: U.S. Department of Commerce

Economic Growth Priority: Access to Capital

Measure **Venture Capital Investment as Percent of Gross State Product—2008**

Why it Matters Turning ideas into marketable products or businesses requires access to capital and funding sources

Top 10 States			Bottom 10 States		
Rank		Percent	Rank		Percent
1	Massachusetts	8.2%	41	Oklahoma	0.1%
2	California	7.7	42	Hawaii	0.1
3	Colorado	3.3	43	Nevada	0.1
4	New Hampshire	3.0	44	Louisiana	0.0
5	Washington	3.0	45	Wyoming	0.0
6	Minnesota	1.9	46	North Dakota	0.0
7	Utah	1.8	47	South Dakota	0.0
8	MARYLAND	1.7	48	Alaska	--
9	Vermont	1.7	49	Arkansas	--
10	New Jersey	1.5	50	Mississippi	--

U.S. Average = 2.0%

Source: National Science Board—Science & Engineering Indicators 2010

Economic Growth Priority: Fiscal Stability

Measure **State & Local Government Long-Term Debt as Percent of Personal Income—2008**

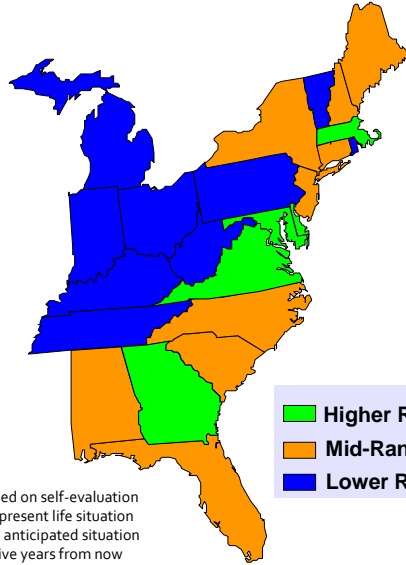
Why it Matters Excessive debt loads, relative to a state's "carrying capacity," impair fiscal stability and long-term tax policy

Top 10 States			Bottom 10 States		
Rank		Percent	Rank		Percent
1	Wyoming	8.7%	41	Illinois	22.4%
2	Idaho	11.3	42	Colorado	23.0
3	Oklahoma	12.6	43	Pennsylvania	23.1
4	Iowa	13.4	44	Nevada	23.2
5	MARYLAND	13.6	45	South Carolina	24.4
6	North Dakota	13.7	46	Rhode Island	25.8
7	Arkansas	13.8	47	Massachusetts	27.3
8	Georgia	14.6	48	Kentucky	27.6
8	Mississippi	14.6	49	New York	28.2
10	North Carolina	15.5	50	Alaska	32.2

U.S. Average = 20.3%

Sources: U.S. Census Bureau, U.S. Bureau of Economic Analysis

Gallup "Life Evaluation" Index—2009



■ Higher Range
■ Mid-Range
■ Lower Range

Overall Rank	Regional Rank	State	Score
4	1	MARYLAND	51.5
5	2	Virginia	49.7
7	3	Georgia	48.8
17	4	Massachusetts	46.7
19	5	Delaware	46.4
21	6	New Jersey	45.9
24	7	Connecticut	45.5
27	8	New York	45.4
30	9	New Hampshire	44.6
31	10	North Carolina	44.3

U.S. Average = 45.8

Source: Gallup-Healthways data—2009

Other "Leading" Indicators

Workforce Quality

	Year	Rank
Science & Engineering Degree Share of All Higher Ed. Degrees Conferred	2007	4th
Individuals in Science & Engineering Occupations as Percent of Workforce	2008	4th

Business Investment

Growth in Number of Women-owned Businesses	2002-07	12th
New Non-Manufacturing Facilities Per One Million Residents	2009	14th

Access to Capital

Venture Capital Investment Per \$1,000 of State Personal Income	2009-10	9th
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Business Costs

Workers Comp Premiums as % of Payroll	2008	8th
Energy Consumption Per \$ of GDP	2008	9th

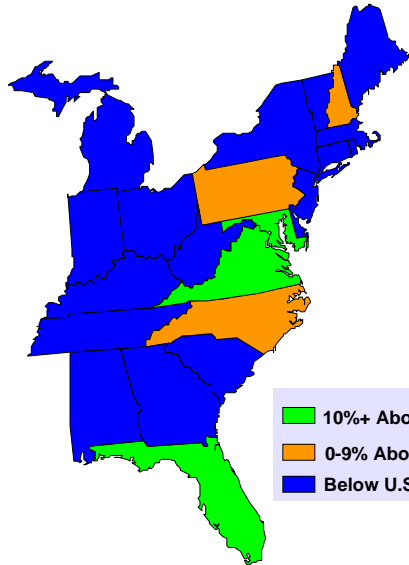
Constructing a "State Business Attractiveness Index"



Index Components

	Indicator	Period	Source	Index Weight	
L E A D I N G	1 Growth in New Business Formations	2006-08	YourEconomy.org/D&B	15.0%	} 50%
	2 Human Capital Investment Index	2008	Milken Institute	15.0%	
	3 R&D Share of GSP	2007	National Science Board	5.0%	
	4 Venture Capital Investment	2009-10	PriceWaterhouseCoopers/BEA	5.0%	
	5 State Export Growth	2006-08	Department of Commerce	2.5%	
	6 State Debt as Pct. of Personal Inc.	2008	Census Bureau	2.5%	
	7 Per Capita Personal Income	2010 est	Bureau of Economic Analysis	2.5%	
	8 Ten-Year Unemployment Rate	2000-10	Bureau of Labor Statistics	2.5%	
L A G G I N G	9 Private Employee Compensation	2008	Bureau of Economic Analysis	15.0%	} 50%
	10 State & Local Tax Burden	2008	Tax Foundation	15.0%	
	11 Commercial Electricity Price	2010 YTD	U.S. Energy Information Admin.	5.0%	
	12 State Liability System Rating	2010	Institute For Legal Reform	5.0%	
	13 State Transportation Spending	2008	Census Bureau/BEA	2.5%	
	14 Recently Enacted Tax Changes	2008-09	ALEC-Laffer/BEA	2.5%	
	15 Unfunded State Pension Share	2008	Pew Center For the States	2.5%	
	16 Median Home Price to Est. Median Family Income Ratio	2009	Census Bureau/FHFA/M&T	2.5%	

"State Business Attractiveness Index"



■ 10%+ Above U.S.
■ 0-9% Above U.S.
■ Below U.S. Avg.

Overall Rank	Regional Rank	State	Pct. Above / Below U.S. Average Score
5	1	Florida	16.6%
6	2	Virginia	15.7
14	3	MARYLAND	11.3
18	4	North Carolina	6.9
21	5	New Hampshire	2.8
23	6	Pennsylvania	1.5
25	7	Massachusetts	-0.4
27	8	Tennessee	-2.3
28	9	Georgia	-2.9
29	10	Delaware	-3.4

Top State: North Dakota 34.0%

Source: M&T Bank calculations based on 16 input variables

"We can not become what we want to be by remaining what we are"

Max DePree

"Continuous improvement is better than delayed perfection"

Mark Twain