
State Business Rankings: A Primer

A summary and evaluation of commonly cited indices used to measure the business climate of states, with current rankings for Rhode Island and its New England neighbors.

Produced by

THE HASSENFELD INSTITUTE FOR PUBLIC LEADERSHIP

at Bryant University

May 2018

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Why State Rankings Matter

Influence, Public Policy and Perception

Americans are obsessed with rankings. We have an unquenchable thirst to understand who is up and who is down. As a nation, we are bombarded with stories ranking everything from the best schools and the best places to retire to the best states in which to do business. When a state consistently ranks near the top or the bottom, the effect on public perception can take on a life of its own.

This is particularly true of business climate rankings, when jobs and economic growth are high on the public policy agenda. Business climate rankings have become political footballs, used to reinforce an incumbent's claim of success or to bolster a candidate's attacks on an opponent.

Think tanks, business and development groups and media entities prepare business climate rankings, often with significantly differing results. This happens in part because the ranking reports employ different measurements to define what constitutes a strong or weak business climate. For example, *Forbes' Best States for Business* includes factors such as the cost of doing business and growth projections, while the *ProsperityNow Scorecard* counts child tax care credits, high minimum wages and universal pre-kindergarten.

Therefore, it is important for both public leaders and voters to understand what rankings are intended to measure, whether they are methodologically sound, and whether they reflect ideological or institutional biases.

*“Rankings are not so important.
I’m only focused on winning tournaments.”*

Saina Newhal, international women’s badminton champion

This report summarizes the most commonly cited state business rankings, with a focus on understanding what they say – and do not say – about Rhode Island. By deconstructing the indices into variables, identifying the studies' sponsors, and exploring their methodology, we hope to shed light on the conclusions reached by each ranking.

The selection and the weighting of variables can profoundly impact the resulting rankings. Whereas one study might weigh heavily on investment in workforce or the quality of health care, others might look almost exclusively at tax policy or regulations. And yet all of these rankings are loosely described as “Best States for Business” rankings.

In addition, the methods of data analysis vary widely from study to study, and it is not uncommon to see different methods of ranking within a single study.

Variables within a ranking are assigned a weight, and this can be achieved in a variety of ways. Some assign the same weight to each variable. Other studies assign double weight, full weight, or half weight to variables. Still others throw in binary (Yes/No) variables, where you can earn either “1” or “50,” even though the rest of the variables may be scored using an absolute or relative method.¹ For example, the *ALEC Rich States, Poor States* study gives every state with a right-to-work law one point and every state without a right-to-work law 50 points; the higher the points, the worse your ranking. This demonstrates an ideological preference for right-to-work states.

This report does not purport to fully explain the different methods of measurement, but rather, draws attention to the fact that data can be manipulated in a variety of ways, and the end result may differ depending on the method and variables selected. As you review the various rankings in this report, you may note inconsistencies in the level of detail provided on the methodology for different rankings. In some cases, the authors declined to provide further detail. In other cases, the complexity of the methodology exceeded the scope of this work, and we have provided a simplified summary. In addition, some studies have been produced inconsistently (for example, *Business Insider* did not produce a ranking in 2017 and used different time variables in 2015 and 2016). Where available, we have provided links to the complete methodology for each ranking.

State rankings can be interpreted in multiple ways. A ranking that focuses on the tax and regulatory issues for businesses also could be seen as measuring opportunities for average citizens to secure work and improve their quality of life. Likewise, a study that focuses on issues relating to poverty also could be viewed as measuring the overall health and wealth of a state, and thus, its ability to attract business and investment.

Unfortunately, most state rankings are consumed by the public without context, in the form of a headline or a post on social media. As the partisan divide in our country deepens, voters self-select news sources that support their existing beliefs. Within this echo chamber, state rankings can become little more than political instruments used to bolster a partisan ideology.

Rankings can be useful in highlighting trends and prompting policy makers to work on significant challenges facing the state and municipalities. They can also be wielded irresponsibly to score political points. It falls upon public leaders, journalists, educators and concerned citizens to use these studies with care and to understand the factors driving each ranking.

¹ The absolute ranking method is a system of measurement that begins at a minimum point and progresses in only one direction. For example, A=90-100 points, B=80-89 points, etc. The relative ranking method determines scores based on how one entity compares with another entity in the study, and can thus progress in both directions. We often refer to this as “grading on the curve.”

24/7 Wall Street

Best and Worst States for Business

Sponsor

24/7 Wall St., LLC runs a financial news and opinion company with content delivered over the Internet. The company's articles are republished by many of the largest news sites and portals, including *MSN Money*, *Yahoo! Finance*, *MarketWatch*, *Time.com*, *USAToday*, and *The Huffington Post*.

Methodology

The *24/7 Wall St.* 2017 *Best and Worst States for Business* ranking compiled 47 measures into eight categories. The researchers created an index for each category and used the geometric mean of each index score to calculate the overall scores. The eight categories include:

- **Economic Conditions** (full weight): one- and five-year growth rates in real GDP from the Bureau of Economic Labor Statistics (BLS), annual and average five-year unemployment rates (BLS), population adjusted building permit issued in 2015 from the U.S. Department of Housing and Urban Development (HUD), state poverty rates and individual earning gap between men and women from *U.S. Census Bureau 2015 American Community Survey (ACS)*, value of goods shipped in 2015, growth of non-governmental establishments between 2013 and 2014 from County Business Patterns (CBP), population density per square land mile, and a composite rank of each state's credit rating from Standard & Poor's and Moody's Investor Service.
- **Business Costs** (full weight): *Tax Foundation 2017 State Tax Climate Index*, 2015 commercial prices of electricity from the Energy Information Administration, 2014 cost of purchasing and renting industrial, office and retail space from CoStar Group, Inc., average compensation per job in 2015 and average wages and salaries from the Bureau of Economic Analysis (BEA).
- **State Infrastructure** (full weight): percentage of bridges deemed structurally deficient or obsolete in 2015 from Federal Highway Administration (FHWA), percentage of rural and urban interstate miles in poor condition (FHWA), state investments per road mile in 2014 (FHWA), number of public use airports in each state from Federal Aviation Administration (FAA), estimated costs to commercial trucking due to traffic congestion in 2016 from American Transportation Research Institute, workers' average commute time in 2015 (ACS).
- **Availability and Skill Level of the Workforce** (double weight): high school, bachelor's and graduate educational attainment rates from 2015 (ACS), per-pupil education expenditures for 2014 from *Education Week*, 24/7 Wall Street's population projections from 2010 through 2020.
- **Quality of Life** (half weight): violent crime rate in 2015 (FBI), percentage of people without health insurance in 2015 (ACS), the *United Health Foundation's 2015 State Health Ranking*, number of post-secondary schools from U.S. Department of Education, number of art, entertainment and recreation establishments per 100,000 state residents in 2014 (CBP).
- **Regulations** (full weight): existence of right-to-work law, share of non-agricultural workers who were union members as of 2014 from UnionStats, portions of the *Mercatus Center's 2016 Regulatory Freedom Index* and the Institute for *Legal Reform's 2015 Lawsuit Climate Index*.

- **Technology and Innovation** (double weight): average venture capital investment in business and frequency of venture capital deals in 2014 from the National Venture Capital Association, number of patents issued to state residents in 2014 from the U.S. Patent and Trade Office, the *Milken Institute's 2016 State Technology and Science Index*, number of science, technology, engineering and mathematics (STEM) jobs as a share of all jobs (BLS).
- **Cost of Living** (half weight): housing affordability ratio (ACS), regional price parity for 2014 (BEA), average state and local tax burden for 2012 (Tax Foundation).

Factors Driving the Ranking

Based on the weight assigned to specific categories, this ranking places the highest value on Human Capital, Technology and Innovation and the least value on Quality of Life and Cost of Living. Economic Conditions, Business Costs, State Infrastructure and Regulations all carry a medium level of weight in this ranking.

“For many businesses, the most important consideration for choosing one place over another is human capital,” write the authors of the 2017 study. “Corporations will often choose to locate in major metropolitan areas, where costs are higher but where the workforce tends to be more skilled. States that have high shares of adults with bachelor’s and advanced degrees, and states that show growth among the working-age population, present a greater diversity of potential hires for corporations.”²

This ranking gives additional points to states with right-to-work laws, states where wages are lower than the national average, and states that have a higher share of non-union, non-agricultural workers.

“It is important to note that while this index is an attempt to measure the best states for businesses, this list should by no means be treated as the best states for workers,” the authors state. “In states with more lax regulations on businesses, workers are more likely exposed to risks and have fewer rights. In our index, we favored states where wages tend to be lower compared to the average compensation across the country, but lower wages are of course a significant negative for workers.”³

As a point of comparison, Utah scored number one in this ranking in 2017. And yet, Utah ranked 31st in Gross Domestic Product in 2016 and 31st in Personal Income in 2017.⁴ Utah had a 3.2% unemployment rate (seasonally adjusted) in October 2017,⁵ which places it 11th in the nation,⁶ and a 69.3% Labor Participation Rate as of March 2018, placing it third highest in the nation.⁷

This index includes the results of several other indices as variables within categories, including: the *Tax Foundation's Tax Climate Index*, the *United Health Foundation's 2015 State Health Ranking*, the *County Business*

² Frolich, Thomas C., Sauter, Michael B., Comen, Evan, and Stebbins, Samuel, 24/7WallStreet “The Best (and Worst) States for Business,” Feb. 14, 2017. <https://247wallst.com/special-report/2017/02/14/the-best-and-worst-states-for-business-3/>

³ *ibid*

⁴ U.S. Department of Commerce, Bureau of Economic Analysis, “BEARFACTS.” <https://www.bea.gov/regional/bearfacts/action.cfm>

⁵ U.S. Department of Labor Bureau of Labor Statistics, “Economy at a Glance: Utah.” <https://www.bls.gov/eag/eag.ut.htm>

⁶ U.S. Department of Labor Bureau of Labor Statistics, “Local Area Unemployment Statistics.” <https://www.bls.gov/web/laus/laumstrk.htm>

⁷ U.S. Department of Labor Bureau of Labor Statistics, “Region, Division and State Labor Force Participation Rates with Confidence Intervals.” <https://www.bls.gov/web/laus/lalfprderr.xlsx>

Pattern's 2014 Index of art, entertainment and recreation establishments, the *Legal Reform's 2015 Lawsuit Climate Index*, and the *Milken Institute's 2016 State Technology and Science Index*.

What are the reasons for Rhode Island's ranking?

The authors cite infrastructure and labor force issues as the primary reasons for Rhode Island's #43 ranking in 2017. In particular, they note that nearly 40% of Rhode Island's roads and 56% of its bridges are in poor condition, traffic congestion adds to the cost of trucking, and more than 30% of business owners cite difficulty in finding qualified labor. Interestingly, they also criticize the state for a decrease in the working-age population. Given the fact that the median age of Rhode Islanders (40.2)⁸ is the ninth-highest in the country, it could be argued that a reduction in the average working age is beneficial to the workforce, placing more residents in the working-age group.

Top Five States (2017):

1. Utah
2. Massachusetts
3. Idaho
4. Colorado
5. North Dakota

New England Rankings (2017):

Massachusetts: #2 (down from #1 in 2016)

New Hampshire: #11 (down from #6 in 2016)

Vermont: #17 (down from #9 in 2016)

Connecticut: #23 (down from #16 in 2016)

Rhode Island: #43 (up from #44 in 2016)

Maine: #47 (down from #39 in 2016)

Web Links

Ranking:

<https://247wallst.com/special-report/2017/02/14/the-best-and-worst-states-for-business-3/2/>

Overview:

<https://247wallst.com/special-report/2017/02/14/the-best-and-worst-states-for-business-3/>

Methodology:

<https://247wallst.com/special-report/2017/02/14/the-best-and-worst-states-for-business-3/12/>

⁸ 2016 U.S. Census Bureau American Community Survey



American Legislative Exchange Council (ALEC)

Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index

Sponsor

This ranking is authored by Dr. Arthur B. Laffer, Stephen Moore and Jonathan Williams, and funded by the American Legislative Exchange Council, a membership organization of state legislators dedicated to the principles of limited government, free markets and federalism.

Methodology

This ranking uses 15 variables, weighted evenly, to rank the states. The variables include:

- **Highest Marginal Personal Income Tax Rate:** local taxes and impact of federal deductability.
- **Highest Marginal Corporate Income Tax Rate:** local taxes and impact of federal tax deductability; gross receipts or business franchise taxes approximated using Bureau of Economic Analysis' National Income and Product Accounts data on profits, rentals and proprietors income and gross domestic product data.
- **Personal Income Tax Progressivity:** difference between the average tax liability per \$1,000 at incomes of \$50,000 and \$150,000.
- **Property Tax Burden:** calculated by taking tax revenues from property taxes per \$1,000 of personal income.
- **Sales Tax Burden:** calculated by taking tax revenues from sales taxes per \$1,000 of personal income.
- **Remaining Tax Burden:** calculated by taking tax revenues from all taxes, excluding personal and corporate income, property, sales and severance per \$1,000 of personal income.
- **Estate or Inheritance Tax:** "No" = 1, "Yes" = 50.
- **Recently Legislated Tax Changes:** state's relative change in tax burden over a two-year period.
- **Debt Service as a Share of Tax Revenue:** interest paid on debt as a percentage of total tax revenue.
- **Public Employees per 10,000 Residents:** full-time equivalent public employees, per 2014 US Census Bureau.
- **Quality of State Legal System:** ranks tort system using information from US Chamber of Commerce Institute for Legal Reform 2015 Lawsuit Climate Survey.
- **State Minimum Wage:** lower minimum wage improves ranking; states with no minimum wage are scored at the level of the federal minimum wage floor.
- **Workers' Compensation Costs:** uses 2014 Workers' Compensation Index Rate.
- **Right-to-Work State:** "Yes" =1, "No"=50.
- **Tax or Expenditure Limit:** States ranked by the number of state tax or expenditure limits in place.

Factors Driving the Ranking

This ranking gives credit to states with right-to-work laws, no estate tax, low or no state minimum wage, low number of public employees per capita, low average wages, and lower taxes overall. States with right-to-work laws and no estate tax have a tremendous advantage, as they earn a "1" in each of those

categories, where all states without right-to-work and with estate taxes receive a “50” in those categories. All of the other categories are ranked 1 through 50, so the existence of these two binary categories has a significant effect on final rankings.

“Union labor contracts raise the costs of doing business – through higher wages, increased health benefits, more vacation time, higher safety costs, more generous pension/retirement costs, etc. – and thus make labor-intensive businesses less attractive to start up and operate,” write the authors of the most recent report, issued in 2016. “Unions can also call strikes when their members are not satisfied with their end of the deal. For these reasons, many policies benefitting unionization hinder the establishment and operation of businesses, and stifle economic growth.”⁹

What are the Reasons for Rhode Island’s Ranking?

Although Rhode Island’s overall rank was #35 in 2016, two factors weighed heavily in lowering its potential rating: the existence of an estate tax and the fact that it is not a right-to-work state (see “Factors” above). In addition, it ranked in the bottom ten in Property Tax Burden, Debt Service as a Share of Tax Revenue, and State Minimum Wage, all of which are higher than the national average. Rhode Island received more favorable treatment in other categories, scoring in the top ten in Recently Legislated Tax Changes and Public Employees per 1,000, and in the top 20 in Sales Tax Burden and Number of Tax Expenditure Limits.

Top Five States (2016)

1. Utah
2. North Carolina
3. North Dakota
4. Wyoming
5. Arizona

New England Rankings (2016)

New Hampshire: #23

Massachusetts: #26

Rhode Island: #35

Maine: #38

Connecticut: #47

Vermont: #49

Weblink

https://www.alec.org/app/uploads/2016/04/2016-RSPS-Final_WEB.pdf

⁹ Laffer, Arthur B., Moore, Stephen, Williams, Jonathan, *Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index*, American Legislative Exchange Council. https://www.alec.org/app/uploads/2016/04/2016-RSPS-Final_WEB.pdf

Beacon Hill Institute

Beacon Hill Institute Annual Competitiveness Report

Sponsor

The Beacon Hill Institute (BHI) is an independent, nonpartisan economic research organization located in Boston, Massachusetts. The most recent edition of its ranking, the *Beacon Hill Institute 16th Annual Competitiveness Report* (produced in 2016), involved collaboration with Suffolk University students and recent graduates who assisted in various aspects of data collection.

Methodology

Their indicators fall into eight categories, each of which are weighted evenly. Within each category, each variable is given an equal weight. This is referred to as a “democratic” weighting structure.

- **Government and Fiscal Policy:** tax rates, fiscal discipline (e.g., bond ratings, budgetary balance)
- **Security:** trust in public officials, public safety
- **Infrastructure:** commuting, roads, broadband and telephone, housing, energy
- **Human Resources:** labor force participation, availability of skilled labor, education, healthcare
- **Technology:** research funding, patents issued, proportion of scientists and engineers to labor force, importance of high-tech companies
- **Business Incubation:** businesses’ ability to mobilize financing for investment, rate of business births, cost of tort liability, education-adjusted cost of labor
- **Openness:** level of exports, percent of population born abroad
- **Environmental Policy:** levels of air pollution and toxic releases, environmental regulation

Factors Driving the Ranking

This report goes beyond tax policy and regulatory analyses in an effort to establish a more comprehensive ranking that measures a state’s ability to create and sustain a high level of per capita income.

“The BHI Index identifies how well a state performs in its ability to cultivate, for example, a solid base of scientists and engineers, a groundswell of patents, or a positive savings rate while keeping business costs to a minimum,” write the authors of the *16th Annual Beacon Hill Institute Competitiveness Report* (the most recent available), released in 2016. “It also underscores the importance of human capital, suggesting that the overall health and educational attainment of its workers is as important as fiscal rectitude or natural endowments. Thus, states that are rich in natural resources have no guaranteed advantage over states that are rich in human capital. On the other hand, states that are rich in educational resources are not necessarily more competitive than states that are rich in fossil fuels.”¹⁰

What are the Reasons for Rhode Island’s Ranking?

Although Rhode Island ranked 35th overall, it earned higher scores in Security (#9), Technology (#10),

¹⁰ *Beacon Hill Institute 16th Annual Competitiveness Report*, Beacon Hill Institute for Public Policy Research, http://www.beaconhill.org/Compete16/2016Competitiveness_report_dgt.WebVersion.pdf

Human Resources (#13), and Openness (#13). Rhode Island scored #33 on Fiscal Policy, but received lower marks in Infrastructure (#46), Business Incubation (#45), and Environment (#47).

Top Five States (2016)

1. Massachusetts
2. North Dakota
3. Utah
4. Nebraska
5. Minnesota

New England Rankings (2016):

Massachusetts: #1

New Hampshire: #8

Vermont: #10

Rhode Island: #35

Maine: #39

Connecticut: #43

Web Link

http://www.beaconhill.org/Compete16/2016Competitiveness_report_dgt.WebVersion.pdf

Business Insider

Best and Worst U.S. State Economies

Sponsor

Business Insider is an American financial and business news website that also operates international editions through the world. It was founded in February 2009 by DoubleClick's former CEO Kevin P. Ryan, Dwight Merriman and Henry Blodget. In addition to providing and analyzing business news, the site aggregates news stories from around the web.

Methodology

Business Insider ranked the economies of the 50 states and Washington, D.C., using six measures of economic health:

- **December 2017 Unemployment Rate:** U.S. Bureau of Labor Statistics (BLS) Local Area Unemployment Statistics.
- **Percent Change in Nonfarm Payroll jobs, Dec. 2016-Nov. 2017:** BLS Local Area Unemployment Statistics.
- **Q3 2017 GDP Per Capita:** U.S. Bureau of Economic Analysis (BEA) quarterly GDP, U.S. Census Bureau estimate for July 1, 2017.
- **Q3 2017 GDP Growth:** BEA quarterly estimate of GDP growth.
- **December 2017 Average Weekly Wage:** BLS State and Metro Area Employment, Hours and Earnings.
- **Change in Average Weekly Wage, Dec. 2016-Dec. 2017:** BLS State and Metro Area Employment, Hours and Earnings.

The researchers calculated a “z-score” for each state on each measure, which rescales each variable based on its average and standard deviation. To create the ranking, they added together the six z-scores for each state.

Factors Driving the Ranking

This ranking has been produced inconsistently in recent years, with no rankings produced in 2017. Rankings in 2015, 2016 and 2018 were based on employment data from time periods (2015 used June 2015 unemployment rate, 2016 used November 2015 unemployment rate, and 2018 used December 2017 unemployment rate).

Editor Andy Kiersz indicated that *Business Insider* intends to begin producing the ranking quarterly going forward.

What Are the Reasons for Rhode Island's Ranking?

Rhode Island had the third-highest rate of wage growth in the country, with average hourly earnings increasing 8.3% between December 2016 and December 2017. The state's Q3 2017 GDP growth rate of 3.5% was well above the average rate of 2.9% among the 50 states and DC.

The #9 spot is a significant jump for Rhode island, which placed #33 in 2016 (no ranking was produced in 2017).

Top Five Economies (2018)

1. Washington, DC
2. Washington
3. Massachusetts
4. Texas
5. Colorado

New England States (2018)

Massachusetts: #3

Rhode Island: #9

Connecticut: #22

New Hampshire: #24

Maine: #27

Vermont: #34

Weblinks

Ranking

<http://www.businessinsider.com/state-economy-ranking-q1-2018-2>

Methodology

<http://www.businessinsider.com/state-economy-ranking-q1-methods-sources-2018-3>

ChiefExecutive

Best and Worst States

Sponsor

ChiefExecutive is the website of Chief Executive Group, LLC in Stamford, CT. The company focuses on improving the effectiveness of CEOs and organizations through its website, magazine, events, peer group meetings, and proprietary research.

Methodology

ChiefExecutive's Best and Worst States ranks the states in three categories, on a scale of 1 to 10, with 10 being the most favorable. *ChiefExecutive.net* declined the opportunity to provide detailed information on the methodology, variables or weighting of the three categories, which include:

- **Taxation and Regulation**
- **Workforce Quality**
- **Living Environment**

Factors Driving the Ranking

Absent a detailed methodology, one is left to assume that the ranking favors states which are considered favorable for business, and in particular, chief executive officers, the organization's primary audience.

What are the Reasons for Rhode Island's Ranking?

Although *ChiefExecutive.net* does not provide a comprehensive list of variables within each category, they do provide information on certain variables which affected a state's ranking. In 2018, Rhode Island made the single largest jump up the ranking—from #42 to #32. Rhode Island scored 4.45 out of 10 in Taxation and Regulation, 6.36 out of 10 in Workforce Quality, and 7.09 out of 10 in Living Environment.

The authors cite several reasons for the state's improved ranking:

- The creation of Partnership for Rhode Island, a philanthropic group formed by top Rhode Island CEOs to bolster the state's economy.
- GE's plans to open a digital information technology center in Providence, and new job creation by other large employers.
- State incentives and tax credits.
- Real Jobs Rhode Island workforce development program.

Top Five States

1. Texas
2. Florida
3. North Carolina/South Carolina (tied)
4. Indiana
5. Tennessee

New England States

New Hampshire: #24 (up from #31 in 2017)

Rhode Island: #32 (up from #42 in 2017)

Maine: #35 (no change from 2017)

Vermont: #39 (up from #40 in 2017)

Massachusetts: #45 (no change from 2017)

Connecticut: #46 (no change from 2017)

Weblinks:

Ranking:

<https://chiefexecutive.net/2018-best-worst-states-business/>

Rhode Island profile:

<https://chiefexecutive.net/rhode-island-boasts-biggest-climb-best-states-worst-states-rankings/amp/>

Ranking home page:

<https://chiefexecutive.net/best-worst-states-business-2018/>

CNBC

Top States for Business

Sponsor

CNBC, a worldwide business news company with a large portfolio of broadcast and digital products, is owned by NBCUniversal News Group, a division of NBCUniversal, both of which are owned by Comcast.

Methodology

CNBC's *Top States for Business* study uses 66 metrics across 10 categories of competitiveness. It assigns a weight to each of the 10 categories by analyzing every state's economic development marketing materials. The more the states cite a particular category as a selling point in their marketing materials, the more weight that category carries. For example, if more states highlight workforce in their marketing, the workforce category carries more possible points. The categories include:

- **Workforce** (425 points): Education level, number of employees, ability to retain college-educated workers, concentration of STEM (science, technology, engineering, and math) workers, economic output per job, worker training programs, union membership, and right-to-work laws.
- **Infrastructure** (400 points): Value of goods shipped by various means, availability of air travel, quality of the roads and bridges, commute time, drinking water, and wastewater systems.
- **Cost of Doing Business** (350 points): Tax climate, state-sponsored incentives, cost of wages, rental costs for office and industrial space.
- **Economy** (300 points): Economic growth, job creation, consumer spending, residential real estate market, credit ratings and outlook, state budget picture, major corporations headquartered in state.
- **Quality of Life** (300 points): Crime rate, inclusiveness, antidiscrimination protections, quality and availability of health care, health of the population, local attractions, parks and recreation, and environmental quality.
- **Technology & Innovation** (225 points): Support for innovation, number of patents issued to residents, federal health, science and agricultural research grants received.
- **Education** (200 points): Number of higher-education institutions, long-term funding trends for higher education, lifelong learning and K–12 test scores, class size and spending and technology infrastructure.
- **Business Friendliness** (150 points): Freedom that legal and regulatory frameworks provide for business.
- **Access to Capital** (100 points): Venture capital investments, bank financing for small and mid-sized businesses.
- **Cost of Living** (50 points): Based on an index of costs for basic items.

Factors Driving the Ranking

Workforce weighs most heavily in this ranking, combining a range of variables that relate to educational attainment and economic output as well as union membership and right-to-work laws. Thus, a state could earn points for retaining a high number of college-educated workers, but lose points because they are not a right-to-work state.

Infrastructure comes in a close second to Workforce. “We measure the vitality of each state's transportation system by the value of goods shipped by air, waterways, roads and rail,” write the authors of this 2017 study. “We look at the availability of air travel in each state, the quality of the roads and bridges, and the time it takes to commute to work. We also consider the condition of each state's drinking water and wastewater systems.”¹¹

Cost of Doing Business, Economy, and Quality of Life have the next highest value in the ranking, with all three categories weighted evenly. Technology and Innovation have relatively less value. Farther down the list is Education, which carries less than half of the weight of Workforce. The categories carrying the lowest weight are Business Friendliness, Access to Capital, and Cost of Living.

What are the Reasons for Rhode Island's Ranking?

Rhode Island ranked 45th in 2017. In the 2017 ranking, Rhode Island placed #27 in Workforce, the most heavily weighted category. However, it scored #50 in Infrastructure, also a heavily weighted category. It received scores in the 40s in Cost of Doing Business, Access to Capital, and Cost of Living, and scores in the high 20s or 30s in Economy, Quality of Life, Technology and Innovation, and Business Friendliness. Rhode Island's highest mark was in Education, where it was ranked #20.

Top Five States (2017)

1. Utah
2. Texas
3. Colorado
4. Minnesota
5. North Carolina

New England Rankings (2017):

Massachusetts: #10 (up from #20 in 2016)
New Hampshire: #18 (up from #26 in 2016)
Connecticut: #33 (up from #43 in 2016)
Vermont: #35 (up from #36 in 2016)

Rhode Island: #45 (up from #50 in 2016)

Maine: #46 (no change from 2016)

Web Link

<https://www.cnn.com/americas-top-states-for-business/>

¹¹ CNBC “Top States for Business 2017.” <https://www.cnn.com/2017/06/12/heres-how-your-state-can-become-a-cnn-top-state-for-business.html>

Forbes

Best States for Business

Sponsor

Forbes Media is a global media, branding and technology company focusing on news and information about business, investing, technology, entrepreneurship, leadership and affluent lifestyles.

Methodology

Forbes' Best States for Business includes 41 variables from 17 sources, divided among the following six categories. The authors have declined to provide detailed information regarding weighting of variables.

- **Business Costs:** *Moody's Analytics Cost of Doing Business Index*, including labor, energy and taxes, and state tax index from the Tax Foundation.
- **Labor Supply:** College and high school attainment, net migration over past five years, projected population growth over next five years, percentage of the workforce represented by a union.
- **Regulatory Environment:** Tax incentives, economic development, Tort Liability Index, regulatory component of PRI's U.S. Economic Freedom Index, Moody's bond rating, transportation infrastructure. They give extra points to right-to-work states.
- **Economic Climate:** Job, income and gross state product growth, unemployment, number of large public and private companies headquartered in the state.
- **Growth Prospects:** Job, income and gross state product growth forecasts over next five years, business openings and closings, venture capital investments.
- **Quality of Life:** Poverty rates, crime rates, cost of living, school test scores, health of population, cultural and recreational opportunities, mean temperature, and number of top-ranked four-year colleges (using *Forbes'* ranking).

Factors Driving the Ranking

Business Costs, Labor Supply and Regulatory Environment are weighted evenly (and most heavily) in *Forbes* ranking. The Business Costs category incorporates *Moody's Analytics Cost of Doing Business Index*, which weighs labor costs the most heavily in its index. It is interesting to note that South Dakota ranks number one in Business Costs, while Massachusetts ranks 50.

The Labor Supply category is designed to assess a company's ability to find skilled labor for 21st-century jobs, with a focus on education level, net migration, union participation and the number of workers between the age of 25 and 34.

What are the Reasons for Rhode Island's Ranking?

The authors cite the following reasons for Rhode Island's #43 ranking in the 2017 study:

On the negative side:

- Net migration out of the state every year from 2005 to 2013.
- Second worst average unemployment rate over past five years.

On the plus side:

- Improved scores in labor supply and economic outlook.
- High percentage of millennials relative to other New England states.

Top Five States (2017):

1. North Carolina
2. Texas
3. Utah
4. Nebraska
5. Virginia

New England Rankings (2017):

Massachusetts: #19

New Hampshire: #34

Connecticut: #42 (up from #43 in 2016)

Rhode Island: #43 (down from #42 in 2016)

Maine: #46 (up from #49 in 2016)

Vermont: #48 (down from #44 in 2016)

Web Links

<https://www.forbes.com/best-states-for-business/list/>

<https://www.forbes.com/sites/kurtbadenhausen/2017/11/28/best-states-for-business-2017-behind-the-numbers/#41ea736668ee>

Prosperity Now

Prosperity Now Scorecard

Sponsor

The report is funded by the Ford Foundation in collaboration with the Prosperity Now, a nonprofit focused on ensuring that everyone in the U.S. has a path to financial stability, wealth and prosperity.

Methodology

The *Prosperity Now Scorecard* ranks the 50 states and Washington, D.C. on 58 variables that describe outcomes for residents in five categories. The state with the most desirable outcome (according to Prosperity Now) is ranked 1st; the state with the least desirable income is ranked 51st. Each state's ranks are averaged to generate an overall score. The categories include:

- **Financial Assets and Income:** liquid asset poverty rate, asset poverty rate, net worth, households with zero net worth, emergency savings income poverty rate, income poverty by race, income inequality, income volatility, unbanked and underbanked households, households with savings accounts, consumers with prime credit, access to revolving credit, borrowers over 76% credit card limit, severely delinquent borrowers, customers with collections, bankruptcy rate per 1,000 people.
- **Businesses and Jobs:** microenterprise ownership rate, small business ownership rate, business ownership by race and gender, business value by race and gender, unemployment rate (also by race), underemployment rate, low-wage jobs, average annual pay, employers offering health insurance.
- **Homeownership and Housing:** homeownership rate (also by race, income, gender and family structure), foreclosure rate, delinquent and high-cost mortgage loans, affordability of homes, housing cost burden for homeowners and renters.
- **Health Care:** uninsured rate (also by race, income, gender and low-income children), employer-provided insurance coverage, employee share of premium, forgoing doctor visit due to cost, poor or fair health status.
- **Education:** early childhood education enrollment, math and reading proficiency (8th grade), high school graduation rate, disconnected youth, four-year college degree (also by race, income and gender), borrowers with student loan debt, median student loan debt, severely delinquent student loan debt.

This ranking also gives credit to states for adoption of each of 53 policies deemed by Prosperity Now to benefit residents. These policies range from child care tax credits and property tax relief to microbusiness support, higher minimum wages, foreclosure regulations, universal pre-kindergarten and a host of other issues.

Factors Driving the Ranking

Based on the variables selected and policies for which states receive credit, this ranking seeks to measure the financial, physical, and educational prosperity of financially vulnerable individuals and

families. For example, in the Business and Jobs category, the focus is on measuring the percentage of women and people of color who operate businesses, as well as the wages and conditions for employees.

“Our national discourse about economic policies asserts—sometimes subtly but increasingly overtly—that those at the top deserve help building wealth, often at the expense of Americans with moderate means,” write the authors of the 2018 report. “This false narrative relies on racist, sexist, xenophobic and nationalistic tropes that exploit false divisions and pit groups against one another.”¹²

What are the Reasons for Rhode Island’s Ranking?

Rhode Island has adopted 30 of the 53 policies recommended by Prosperity Now, including an Earned Income Child Credit (EITC) that is refundable and at least 15% of the federal credit, and Medicaid expansion to at least 138% or more of the federal poverty level. Two of the policies *not* adopted, which lower the state’s ranking, include elimination of the Temporary Assistance to Needy Families (TANF) asset test and increase of minimum wage to at least \$15 by 2023.

Variables affecting Rhode Island’s ranking include the study’s findings that:

- 53.9% of Rhode Island credit users have prime credit.
- 59% of households kept emergency savings in the past year.
- 20.3% of jobs in Rhode Island are low-wage jobs.
- 48.5% of renters in Rhode Island are “cost burdened.”

Top Five States (2018)

1. Vermont
2. New Hampshire
3. Hawaii
4. Minnesota
5. Utah

New England States (2018)

Vermont: #1 (no change from 2017)
New Hampshire: #2 (no change from 2017)
Massachusetts: #13 (down from #12 in 2017)
Maine: #14 (up from #16 in 2017)
Connecticut: #20 (up from #28 in 2017)

Rhode Island: #26 (up from #34 in 2017)

Weblinks:

<http://scorecard.prosperitynow.org/findings>

Rankings

<https://prosperitynow.org/files/PDFs/2018-Scorecard-Outcomes-Policy-Adoption-Ranking.pdf>

Methodology

<https://scorecard.prosperitynow.org/methodology>

¹² Rice, Solana, Wiedrich, Kasey, Sims, Jr., Lebaron, Weisman, Holden and Luechtefeld, Sean, *Whose Bad Choices: How Policy Precludes Prosperity and What We Can Do About It*, Prosperity Now Scorecard.

<http://scorecard.prosperitynow.org/findings>

Small Business and Entrepreneurship Council

Small Business Policy Index

Sponsor

The Small Business and Entrepreneurship Council is a 501(c)4 nonprofit, nonpartisan advocacy and research organization, funded in part by its membership, which is comprised of small business owners, entrepreneurs and advocates for small business.

Methodology

The Small Business Policy Index examines major government-imposed or government-related costs that directly or indirectly affect entrepreneurship and business, as well as the investment in start-up and business growth. There are a variety of weighting methods used (see link at end of section) for the variables in their four categories:

- **Tax or Tax-Related:** personal income tax, individual capital gains tax, individual dividends and interest tax, corporate income tax, corporate capital gains tax, additional income tax on S-Corporations or LLCs, Section 179 expensing conformity, average local personal income tax rate, individual and corporate alternative minimum tax, indexing personal and corporate income tax brackets, personal and corporate income tax progressivity, property taxes, sales/gross receipts and excise taxes, death taxes, unemployment tax rates, tax limitation states, internet taxes, remote seller taxes, gas and diesel taxes, wireless tax, LLC annual fee.
- **Rules and Regulations:** health savings accounts, energy regulation index, worker compensation costs, right-to-work, PLA mandate ban, state minimum wage, paid family leave, paid sick leave, school/parent leave, e-verify mandate, lawsuit reform (damages, liability sharing, product liability lawsuits, consumer protection litigation, class action lawsuits) regulatory flexibility status, insurance regulation, HOAP Index.
- **Government Spending and Debt:** number of state and local government employees, trend in state and local government spending, per capita state and local government spending and debt, level of state and local revenue from the federal government.
- **Effectiveness of Government:** protecting private property, civil asset forfeiture, state crowdfunding, highway cost efficiency, education reform, total crime rate.

Factors Driving the Ranking

Of the 55 variables included in the 2018 edition of the Index, 27 are taxes or tax related, while 20 relate to rules and regulations. The remaining variables deal with government spending, debt issues and gauging the effectiveness of government undertakings.

Based on the variables selected for this study, the most important concern for small businesses is taxes, followed closely by rules and regulations. Government spending, debt and other issues are relatively less important, according to the weightings in this ranking.

“In the end, the greater the governmental burdens—via taxes, regulations, spending, debt, and failures to adequately execute the essential duties of government—the greater the negatives for economic risk

taking for growth in the economy, and for the state’s competitiveness and attractiveness,” write the authors of the 2018 report. “It must be kept in mind that high and/or increasing taxes—no matter which levies we are talking about—mean that a high level and/or increasing level of resources are being drained from the private sector and handed over to government. That means those resources will be used far less productively, and therefore hurt the economy.¹³

What are the Reasons for Rhode Island’s Ranking?

Among the key positive attributes noted by the authors, Rhode Island has a fairly low crime rate and a relatively low level of state and government workers. On the negative side, they cite Rhode Island’s high property taxes, fairly high corporate income and capital gains taxes, a high level of state and local government debt, the existence of a death tax, a higher-than-average minimum wage burden, high workers’ compensation costs, and high wireless and unemployment taxes.

Top Five States

1. Nevada
2. Texas
3. South Dakota
4. Wyoming
5. Florida

New England Rankings (2018):

New Hampshire: #30 (up from #33 in 2017)
Massachusetts: #38 (down from #37 in 2017)

Rhode Island: #40 (no change from 2017)

Maine: #41 (up from #44 in 2017)
Connecticut: #43 (no change from 2017)
Vermont: #45 (up from #46 in 2017)

Web Links

<http://sbecouncil.org/2018/02/21/small-business-policy-index-2018-nineteen-states-making-the-right-tax-policy-moves-for-entrepreneurs/>

<http://sbecouncil.org/wp-content/uploads/2018/02/SBPI2018-SBECouncil.pdf>

¹³ Keating, Raymond J., *Small Business Policy Index 2018: Ranking the States on Policy Measures and Costs Impacting Small Business and Entrepreneurship*, 22nd Annual Edition, Small Business & Entrepreneurship Council. <http://sbecouncil.org/wp-content/uploads/2018/02/SBPI2018-SBECouncil.pdf>

The Tax Foundation

State Business Tax Climate Index

Sponsor

The Tax Foundation is a Washington, D.C.-based think tank, founded in 1937, that collects data and publishes research studies on U.S. tax policies at both the federal and state levels.

Methodology

The Tax Foundation's *State Business Tax Climate Index* includes 114 variables divided into five categories, weighted accordingly (note that weighting percentages do not add up to 100 due to rounding):

- **Individual Income Tax (33%)**: top marginal tax rate, top tax bracket threshold, number of brackets, average width of brackets, income recapture, marriage penalty, double taxation of capital income, federal income used as state tax base, Alternative Minimum Tax (AMT), credit for taxes paid, recognition of LLCs and S-Corps, indexation of tax code. States with no individual income tax receive a perfect score. States with an individual income tax score better if the rate is lower.
- **Sales Tax (23.3%)**: state sales tax rate, local option sales tax rates, sales tax base (business-to-business, consumer goods, professional and other skilled services, sales tax holidays, excise tax on products such as gasoline, diesel, tobacco, spirits and beer). States without a sales tax score the highest, but do not receive a perfect score because they all levy excise taxes on gasoline, diesel, tobacco and beer. States that levy a sales tax that allows no exclusions for business inputs score the worst.
- **Corporate Income Tax (19%)**: top tax rate, level of taxable income at which top rate kicks in, and number of brackets, tax credits (investment, job, research and development), net operating losses, caps on and number of years allowed for carryback and carryforward, gross receipts tax deductions, federal income used as state tax base, allowance of federal ACRS and CACRS depreciation, deductibility of depletion, AMT, deductibility of taxes paid, indexation of the tax code, conformity to the Internal Revenue Code, protections against double taxation, and taxation of "throwback" income. States that levy neither a corporate income tax nor a gross receipts tax receive a perfect score. States with a corporate tax score better if the rate is lower.
- **Property Tax (15.1%)**: property tax collections per capita, effective property tax rate, capital stock tax rate, maximum capital stock tax payment, capital stock tax versus corporate income tax, intangible property tax, inventory tax, asset transfer taxes estate, inheritance and gift).
- **Unemployment Insurance Tax (9.6%)**: minimum and maximum tax rate, taxable wage base. States with lower minimum and maximum rates and lower taxable bases score better.

Factors Driving the Ranking

The *State Business Tax Climate Index* provides a focused ranking that looks at state business climate through the lens of taxation. The states with the highest rankings share one thing in common: the absence of a major tax, either the corporate income tax, individual income tax or sales tax. The lowest ranked states feature complex, non-neutral taxes with comparatively high rates.

“The modern market is characterized by mobile capital and labor, with all types of businesses, small and large, tending to locate where they have the greatest competitive advantage,” write the authors. “States with more competitive tax systems score well in the Index, because they are best suited to generate economic growth.”¹⁴

The report cautions against tax incentives and subsidies to attract businesses across state lines. “Lawmakers make these deals under the banner of job creation and economic development... a far more effective approach is the systematic improvement of the state’s business tax climate for the long term to improve the state’s competitiveness.”¹⁵

What are the Reasons for Rhode Island’s Ranking?

Rhode Island ranked #44 or #45 from 2015 to 2017 before climbing to #41 in the 2018 ranking. The authors state that this improvement resulted primarily from substantial reductions in minimum rates across all unemployment insurance tax schedules. This is evidenced by its ranking in the Unemployment Insurance Tax category, which moved from #50 in 2017 to #23 in 2018.

In the Corporate Income Tax category, Rhode Island moved from #31 in 2017 to #30 in 2018; both of these rankings are considerably higher than its #39 rank in 2015. The Individual Income Tax category held steady at #39 in 2017 and 2018. Likewise, Sales Tax remained at #22 in 2017 and 2018, holding on to its improvement from a 2015 rank of #27. Rhode Island saw a slight improvement in its Property Tax ranking, moving from #33 in 2017 to #43 in 2018. In 2015, the state was ranked #47 in this category.

Top Five States:

1. Wyoming
2. South Dakota
3. Alaska
4. Florida
5. Nevada

New England Rankings (2018):

New Hampshire: #7 (no change from 2017)

Massachusetts: #22 (up from #25 in 2017)

Maine: #28 (up from #29 in 2017)

Rhode Island: #41 (up from #44 in 2017)

Connecticut: #44 (down from #43 in 2017)

Vermont: #47 (no change from #47)

Web Links

<https://taxfoundation.org/state-business-tax-climate-index-2018/>

https://files.taxfoundation.org/20171016171625/SBTCl_2018.pdf

¹⁴ Walczak, Jared, Drenkard, Scott, and Bishop-Henchman, Joseph, *2018 State Business Tax Climate Index*, Tax Foundation. https://files.taxfoundation.org/20171016171625/SBTCl_2018.pdf

¹⁵ *ibid*

US News & World Report

Best States

Sponsor

Produced for US News, an American media company now focused on web-based publishing, by McKinsey & Company, an American worldwide management consulting firm.

Methodology

The data behind the *Best States* rankings are based on McKinsey & Company's *Leading States Index*. The *Best States* ranking includes 77 variables grouped into the following eight categories, weighted accordingly (Note: weights don't add to 100 due to rounding):

- **Health Care** (16.1%): adult and child dental and wellness visits, health care affordability, health insurance enrollment, hospital readmissions, Medicare quality, nursing home quality, preventable admissions, infant mortality rate, obesity rate, smoking rate, mental health.
- **Education** (15.5%): higher education (2- and 4-year college graduation rate, educational attainment, debt at graduation, tuition and fees) and preK-12 (college readiness, high school graduation rate, NAEP math and reading scores, pre-K quality, preschool enrollment).
- **Economy** (14.4%): GDP growth, growth of young population, net migration, change in unemployment rate, labor force participation, unemployment rate, entrepreneurship, tax burden, patent creation, top company headquarters, venture capital.
- **Opportunity** (13.4%): *Gini Index* (World Bank data based on primary household survey data from government agencies), household income, food insecurity, poverty rate.
- **Infrastructure** (12.5%): electricity price, power grid reliability, renewable energy usage, broadband access, ultra-fast internet access, bridge quality, commute time, public transit usage, road quality.
- **Crime & Corrections** (10.6%): equality in jailing, juvenile incarceration, incarceration rate, recidivism rate, sexual violence in prisons, property crime rate, violent crime rate.
- **Fiscal Stability** (9.5%): government credit rating score, pension fund liability, budget balancing, liquidity.
- **Quality of Life** (8.1%): drinking water quality, industrial toxins, pollution health risk, urban air quality, community engagement, social support, voter participation.

U.S. News and McKinsey created an index score for each variable for each state. After translating raw data to index scores, they multiplied the weight for each variable by each state's index score to calculate weighted averages. These weighted averages were then ranked 1 to 50 to determine the category and subcategory rankings.

Factors Driving the Ranking

The weighting for the categories in this ranking are based on the average of two years of data from an annual national survey conducted by McKinsey & Company that asked a total of 30,000 people to prioritize issues in their state. This resulted in heavier weight for Health care and Education, followed

by Economy, Opportunity (the opportunities provided to citizens by the state), and Infrastructure. The lowest rated categories are Crime and Corrections, Fiscal Stability and Quality of Life.

What are the Reasons for Rhode Island's Ranking?

Rhode Island's #28 ranking resulted largely from high marks in two categories: #8 for health care and #13 for crime and corrections. It was weighed down by its #48 rank for infrastructure. In addition, the state scored #23 for quality of life, #27 for education, and #29 for economy, #33 for fiscal stability, and #34 for opportunity.

Top Five States (2018)

1. Iowa
2. Minnesota
3. Utah
4. North Dakota
5. New Hampshire

New England Rankings (2018)

Massachusetts: #8 (down from #1 in 2017)
Vermont: #9 (up from #10 in 2017)
New Hampshire: #5 (down from #2 in 2017)
Maine: #22 (down from #18 in 2017)
Connecticut: #24 (down from #12 in 2017)
Rhode Island: #28 (down from #21 in 2017)

Web Links

<https://www.usnews.com/news/best-states/rankings>

Wallethub

State Taxpayer ROI Report

Sponsor

Wallethub is an online company that provides free credit scores and reports, credit improvement advice, personalized savings alerts and “wallet surveillance.” They are owned by Evolution Finance, Inc., an online marketplace that includes several personal finance products and companies

Methodology

WalletHub’s State Taxpayer ROI Report compares the quality of government services received by residents to the total state and local taxes they pay. It measures 25 variables, divided into five government-service categories:

- **Education:** quality of public school and university systems, public high school graduation rate, share of “idle” youth (age 18-24 not attending school or working, with no post-high school degree).
- **Health:** hospital beds per capita, quality of public hospitals, average life expectancy, infant mortality, average health insurance premium, quality of health care.
- **Safety:** violent crime rate, property crime rate, fatalities per vehicle miles traveled
- **Economy:** median household income, job-growth rate, poverty, economic mobility, unemployment and underemployment.
- **Infrastructure and Pollution:** roads and bridges, commute time, parks and recreation expenses, water quality, air pollution.

Each category accounted for a possible maximum of 20 points on a 100-point scale, with a score of 100 representing the best quality of government service.

Factors Driving the Ranking

WalletHub produces dozens of rankings every year in a range of subjects, many of which relate to credit cards and debt. However, most of these rankings are not produced consistently, with the same variables, over a period of years. Many are produced for only a single year, (e.g., *2017 Best & Worst State Economies*). *Wallethub’s 2018 State Taxpayer ROI Report* appeared for the first time in 2018 and comes closest among its rankings to measuring business climate. It seeks to determine which states provide the best return on investment (ROI) for taxpayers by answering four questions:

- Do states with high tax burdens provide better government services?
- How can state and local governments use tax revenue more efficiently?
- How can average citizens assess the ROI of their local tax dollars?
- What’s the most common way local governments waste taxpayer dollars?

The ranking provides an overall Taxpayer ROI rank, but also ranks states on total taxes paid per capita and overall government services.

What are the Reasons for Rhode Island's Ranking?

Rhode Island's #27 ranking is counter-balanced by high rankings in some categories and low rankings in others. Rhode Island ranked #4 in Safety, #7 in Health, and #22 in Education. However, it also ranked #45 in Economy and #38 in Infrastructure. In addition to the overall ranking, this study combines the results of its variables to establish rankings for Total Taxes Paid (Rhode Island ranked #33) and Overall Government Services (Rhode Island ranked #19).

Top Five States (2018)

1. New Hampshire
2. Florida
3. South Dakota
4. Colorado
5. Virginia

New England Rankings (2018)

New Hampshire: #1

Maine: #25

Rhode Island: #27

Massachusetts: #36

Connecticut: #39

Vermont: #45

Web Links

<https://wallethub.com/edu/state-taxpayer-roi-report/3283/>

Conclusion

Political strategist Lee Atwater once observed that “perception is reality.” For decades, there has been a perception that Rhode Island’s business climate has been a disincentive to investment. While much must be done to create good jobs and an environment where businesses can flourish, it’s not accurate to say that Rhode Island always ranks at or near the bottom in business rankings.

Consider this simple average of scores for the New England states in the 12 rankings discussed in this report. This non-scientific snapshot is an indicator that Rhode Island ranks closer to the middle than the bottom, when these studies are considered together.

Average of 12 State Rankings Included in This Report

Ranking	RI	MA	CT	VT	NH	ME
24/7 Wall St.	43	2	23	17	11	47
ALEC	35	26	47	49	23	38
Beacon Hill Institute	35	1	43	10	8	39
Business Insider	9	3	22	34	24	27
Chief Executive	32	45	46	39	24	35
CNBC	45	10	33	35	18	46
Forbes	43	19	42	48	34	46
Prosperity Now	26	13	20	1	2	14
Small Bus. Policy Index	40	38	43	45	30	41
Tax Foundation	41	22	44	47	7	28
US News Best States	28	8	24	9	5	22
Wallethub ROI	27	36	39	45	1	25
Average Score	33.7	18.6	35.5	31.6	15.6	34.0

Rankings provide some idea of the relative perception of a state’s business climate. However, they are not as important as the growth in the number and types of jobs created, investments made and economic opportunities afforded to a state’s people. Of course, the baseline and timeframe used to report results can make a huge difference in assessing relative economic performance. A different story may be told if an analysis is for ten years, five years, one year or six months.

Economic progress tends to occur incrementally, and thus change inevitably overlaps administrations. Indeed, the outcome of a governor’s efforts may not be known until he or she leaves office. By responding responsibly to state rankings, we can encourage their use as guideposts rather than political ammunition.

Acknowledgments

The following data was compiled by the Hassenfeld Institute for Public Leadership at Bryant University as an educational tool for public leaders, journalists and the general public. The information contained herein does not constitute an endorsement or approval of any of the state ranking sources listed. We welcome feedback and referral to new information sources as they become available.

For more information on any programs or services offered by the Hassenfeld Institute for Public Leadership, please contact:

Cindy Elder, Assistant Director
Hassenfeld Institute for Public Leadership
Bryant University
1150 Douglas Pike
Smithfield, RI 02917-1284

Tel: 401-232-6193

Email: celder1@bryant.edu

Website: www.bryant.edu/hipl

Facebook: [hassenfeldinstituteatbryant](https://www.facebook.com/hassenfeldinstituteatbryant)

Twitter: [@HIPLBryant](https://twitter.com/HIPLBryant)