Business Facilities’ 12th Annual Rankings Report: State Rankings

BF’s 12TH ANNUAL RANKINGS report is our most comprehensive analysis to date of the states, metros and global locations that are leading the pack in the most important benchmarks for sustainable growth in the 21st century.

By the BF Staff
From the July/August 2016 Issue

We always go out of our way to make sure our annual rankings are a level playing field, but we have to acknowledge a bit of a tilt in our 2016 state rankings results. If the state results look a bit lopsided, it’s not because we put our thumb on the scale—it’s due to the sheer weight of the success recorded by one state in particular.

In our 2016 rankings, the great state of Texas has achieved the best across-the-board results we’ve ever seen in our annual compilation of state leaders. The Lone Star State made our top 10 in a record-shattering 18 out of 24 State Rankings categories. Texas was our top-ranked state in four categories (Best Infrastructure, Exports Leaders, Installed Wind Power Capacity and Wind Power Expansion Leaders); overall, TX finished in the top three in an astounding 10 categories. We’ve always known that everything’s big in Texas, but to borrow an overused phrase from the current political rhetoric, when it comes to BF’s 2016 rankings Texas is HUGE. We also want to
tip our hat to three other states that demonstrated impressive across-the-board strength in our state rankings: Georgia, which ranked among the top 10 states in 12 of our rankings categories (including our flagship Best Business Climate and Economic Growth Potential rankings); North Carolina, which finished in the top 10 in 11 of our rankings categories; and Oklahoma, which joined the top 10 in seven categories this year.

**FLORIDA TOPS IN BUSINESS CLIMATE**

The climate in the Sunshine State always has been a favorite of ours, especially during the middle of the winter. But Florida rapidly is becoming famous for a different kind of climate, one that isn’t measured in Fahrenheit or Celsius. FL is the top-ranked state for **Best Business Climate** in our 2016 State Rankings.
WORKFORCE TRAINING LEADERS

1. LOUISIANA
2. GEORGIA
3. ALABAMA
4. TENNESSEE
5. NEW MEXICO
6. FLORIDA
7. VIRGINIA
8. NORTH CAROLINA
9. OKLAHOMA
10. TEXAS
Gov. Rick Scott has made a business-friendly environment the top priority of his tenure as FL’s chief executive. Scott has made good on his promises to get rid of unnecessary regulations and lower the tax burden for job creators. He’s axed hundreds of regulations, expedited the permitting process and expanded tax exemptions in a right-to-work state with no personal income tax.

Scott and the FL State Legislature have worked hand-in-hand to make sure that land, labor and capital for new projects and business expansions are more affordable in FL than in other large states that are competing for a bounty of new jobs. Florida offers growing businesses access to capital from private, state, federal and other sources. The state has implemented capital formation initiatives, such as the Florida Opportunity Fund, and economic gardening programs that help Florida businesses expand by offering specialized services such as market information, leadership development and business management tools.

The business-friendly push in Florida is being rewarded with a bevy of new jobs: FL ranked second in our Job Growth Leaders category, one of only five states to notch growth rates of three percent or better in 2015, based on revised state statistics for the year released by the Bureau of Labor Statistics in March. [The U.S. added 2.9 million non-farm jobs last year, the best year for job growth since 1999; the overall U.S. job growth rate of 2.1
percent was the best in 15 years.

**AUTOMOTIVE MANUFACTURING STRENGTH**

1. MICHIGAN
2. OHIO
3. INDIANA
4. ALABAMA
5. TENNESSEE
6. KENTUCKY
7. SOUTH CAROLINA
8. TEXAS
9. GEORGIA
10. ILLINOIS
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The drumbeat of new project announcements from Florida has been steady and loud in 2016. Here’s a sampling from just the past few weeks:

- ADP will locate new offices in Orange County and create 1,600 jobs. ADP is one of the many companies Gov. Scott met with during his domestic trade mission to New York last spring. The new office opening will create 500 positions within the next six months and the company will invest more than $28 million in the local community.
- The KLS Martin Group, a global leader in innovative surgical technology, is establishing its first U.S. manufacturing operations in Jacksonville. KLS Martin Manufacturing will create at least 25 new jobs and invest more than $5 million in the local community.
- Arthrex, a medical device manufacturer, will be expanding its operations in North Naples, creating 560 jobs and investing more than $63 million in Collier County. Arthrex currently employs more than 2,200 Floridians.

Florida also has made itself one of the most attractive U.S. designations for Foreign Direct Investment. FL ranks third among states in the amount of FDI it brought in last year (measured in capital investment) and sixth in FDI measured in 2015 projects. The $5.2 billion worth of FDI in Florida represented an eight percent share of all of
the FDI that flowed into the North American market in 2015, and a 245 percent increase over the amount Florida attracted in 2014. FDI projects in Florida jumped to 80 in 2015 from the 2014 total of 68.

The influx of FDI in the Sunshine State was matched by a surge in exports: FL took sixth place in our **Exports Leaders** top 10, shipping more than $100 million in goods in 2015.
WIND POWER/PERCENTAGE OF OVERALL ENERGY

1. IOWA
2. SOUTH DAKOTA
3. KANSAS
4. OKLAHOMA
5. NORTH DAKOTA
6. MINNESOTA
7. IDAHO
8. VERMONT
9. COLORADO
10. OREGON
GROWTH POTENTIAL SHINES IN NV

Our Economic Growth Potential ranking is based on our across-the-board evaluation of growth strategies, targeted incentives, workforce training initiatives, the development of high-tech sectors, support for innovation/startups and the availability of low-cost energy, among other weighted factors.

It’s not surprising to find business-friendly states with growing populations like Texas and Utah—states that have established a diversified base of thriving growth sectors and been reliable juggernauts in project development—among the top 10 in this flagship BF ranking year after year. Well, prepare to raise your eyebrows: the state that now wears our 2016 growth potential crown was all but written off as an economic basket case just a few short years ago.
**BEST INFRASTRUCTURE**

1. TEXAS
2. TENNESSEE
3. LOUISIANA
4. FLORIDA
5. INDIANA
6. GEORGIA
7. MISSOURI
8. NEW YORK
9. UTAH
10. VIRGINIA
### Infrastructure Upgrade Leaders

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Perhaps no state was crushed by the Great Recession harder than Nevada, which watched its booming housing market collapse faster and deeper than just about anywhere else. The collapse was breathtaking, but the turnaround has been nothing short of astonishing.

The Silver State has risen from the economic rubble and rocketed to the top of our chart with a strong construction-led recovery (NV notched a 10-percent increase in construction jobs in 2015) and the development of new high-tech clusters. The rebound of two traditional driver’s of Nevada’s economy—tourism and consumer spending—also have lifted NV to the No. 3 slot in our Job Growth Leaders ranking, as the state’s retail and resort industries rake in the dough.

Nevada clawed its way back to its pre-recession job total high of 1.4 million and this year is blasting past that benchmark. Economists at UNLV’s Center for Business and Economic Research have predicted that NV’s expansion rate in 2017 will hit the jackpot, doubling what it was last year.

But if you think Nevada’s impressive surge was the result of a lucky hole card that delivered an inside straight, think again. The Silver State is building a foundation for a successful future by enticing tomorrow’s industries to

![Job Growth Leaders](http://businessfacilities.com/2016/08/business-facilities-12th-annual-state-rankings/)
put down roots in NV today. The crown jewel of this effort is Tesla’s $5-billion lithium battery plant, known as the Gigafactory. Tesla’s plant was the most hotly contested economic development project in years, earning the Economic Development Authority of Western Nevada (EDAWN) the Gold Award in Business Facilities’ 2014 Economic Development Deal of the Year competition.

The largest lithium battery production plant in the world, a solar-powered facility on a sprawling site near Reno, is expected to create 13,614 direct and indirect jobs—with $1.6 billion in economic impact for the region—by the end of next year [the projection for 20 years approaches $40 billion in direct impact and $100 billion in overall impact]. The plant is expected to create nearly $370 million in direct annual wages during the next 20 years. Overall, the Gigafactory is expected to lift state employment by two percent and regional employment by 10 percent.
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Nevada’s winning bid for Tesla included an unprecedented $1.25-billion incentives package that will guarantee Tesla a 100-percent sales tax abatement for 20 years, worth an estimated $725 million; a 100-percent modified business tax (payroll tax) abatement for 10 years; property tax abatements for 10 years; transferable tax credits worth approximately $195 million; and discount electricity rates for eight years. The state also has committed to approximately $100 million in infrastructure improvements to support the Gigafactory. In return, Tesla promised that 50 percent of the employees at the new battery plant will be recruited from the local workforce. The company also has agreed to make a direct contribution of $37.5 million (beginning in August 2018) to K-12 education, as well as $1 million in funding for advanced battery research at UNLV. Tesla has committed to invest $3.5 billion in manufacturing equipment and other property in Nevada.

Just a few miles from the Gigafactory site, the old casino town of Reno is reinventing itself as a magnet for innovative high-tech startups.

Lest we give you the impression that Nevada’s 70-year-long status as the gaming capital of the universe is
heading the way of the dinosaurs, be advised that Las Vegas is doubling down on a safe bet that what happens in Vegas grows in Vegas. Recent mega-projects on the Vegas Strip include Genting Berhad’s $4 billion Resorts World Las Vegas, the $350 million MGM-AEG arena, and the Las Vegas Convention and Visitors Authority’s $2.3 billion Las Vegas Global Business District.
BROADBAND LEADERS

1. DELAWARE
2. RHODE ISLAND
3. MASSACHUSETTS
4. UTAH
5. MARYLAND
6. NEW JERSEY
7. VIRGINIA
8. NEW YORK
9. WASHINGTON
10. NORTH DAKOTA
Oklahoma joins the top 10 in our Growth Potential ranking. The Sooner State is aggressively moving forward to proactively meet the emerging critical priorities of economic development in the 21st century. Whether it’s the availability of STEM-trained workers for advanced manufacturing, protecting abundant water resources for the next 50 years, expanding alternative energy or upgrading infrastructure and bringing gigabit-speed Internet to all corners of the state, OK has a plan that works, and the results to prove it. During the first six months of OK’s current fiscal year, 28 companies announced plans to invest more than $2.3 billion in Oklahoma over the next three years.

Our Job Growth Leaders were ranked by percentage of growth, based on the revised state statistics for 2015 released by the Bureau of Labor Statistics in March. The U.S. added 2.9 million nonfarm jobs last year, the best year for job growth since 1999. The overall 2.1 percent growth rate for the U.S. was the best in 15 years. The top 10 in this category was filled with states from the West and Southeast; the top five states in this category all had job growth rates of 3 percent or better, with No. 1 Utah notching a 3.76-percent surge.

Utah, with the youngest, fastest-growing and well-educated population, continues to exhibit seemingly limitless potential. According to an analysis of the BLS statistics by Arizona State University’s W.P. Carey School of
Business, Utah not only ranked first in overall nonfarm job growth, but also was No. 1 in job creation for several sectors of the economy, including retail trade, financial activity and professional, scientific and technical services.
Best Business Tax Climate

1. Wyoming
2. South Dakota
3. Alaska
4. Florida
5. Nevada
6. Montana
7. New Hampshire
8. Indiana
9. Utah
10. Texas
CA AND TX ARE SOLAR, WIND KINGS

Solar power installations continue to rapidly expand in the U.S. According to the Solar Energy Industry Association (which tracks the numbers annually in a report co-produced by GTM Research), 7.3 gigawatts of solar photovoltaic (PV) power was installed in 2015, a 16-percent increase over the previous year. Total U.S. solar capacity reached 25.6 gigawatts; the cumulative total of U.S. solar installations has now topped the one million rubicon. For the first time, solar power in 2015 accounted for a higher percentage of new U.S. electric-generating capacity than natural gas (29.4 percent for solar; 29 percent for natural gas).

Industry analysts are projecting an exponential surge in U.S. PV installations in 2016—16 gigawatts of new solar power—more than doubling the amount installed in 2015.

In our Installed Solar Power Capacity Leaders category, California maintains its overwhelming lead as the top-ranked state, with nearly half the installed capacity in the nation. CA’s capacity is more than five times the total of second-place Arizona; North Carolina overtakes NJ for third place and New York surges past Hawaii and Colorado into seventh place.
The Golden State keeps its crown in our Solar Power Installation Leaders (2015) category, with 3,266 in new installations. NC cements its hold on second place by nearly tripling its installations (1,140 in 2015, compared to 397 in 2014). Georgia and Utah surge into the top 10.

U.S. wind power continues to grow at an exponential pace, with more than 35 percent of new electric-generating projects involving wind turbines in the past year. There are now more than 1,000 utility-scale wind installations in the U.S., generating nearly 75,000 megawatts and utilizing more than 48,000 turbines. The number of wind power manufacturing facilities has grown to more than 500 spread across 43 states.

This year, we’ve expanded our wind power rankings (based on American Wind Energy Association and U.S. Energy Information Agency statistics) to three categories: Installed Wind Power Capacity Leaders (the leaders in generation of megawatts); Wind Power/Percentage of Overall Energy (states that are the largest percentage of wind power being used to generate in-state electricity); and Wind Power Expansion Leaders (the states with the largest number of wind projects under construction, ranked by megawatt-capacity being built. Here are the states that are riding the wind to new heights:

Texas continues to rule as our wind power capacity king, with 17,710 Mw, nearly triple the capacity of second-place Iowa, which this year bumps California down to third. With Dorothy and Toto cheering them on, Kansas surges into sixth place, up from ninth last year; Minnesota moves up a notch to No. 7.

Our top three states for the largest percentage of in-state electricity generated by wind power remain unchanged from last year, with No. 1 Iowa deriving 31.3 percent of its power from wind. Oklahoma shows the most impressive gain in this category, moving into fourth place from last year’s perch at No. 7.
FDI LEADERS (PROJECTS)

1. CALIFORNIA
2. NEW YORK
3. TEXAS
4. ONTARIO
5. FLORIDA
6. GEORGIA
7. NORTH CAROLINA
8. OHIO
9. MASSACHUSETTS
10. QUEBEC
WORKFORCE TRAINING LEADERS

It’s getting tougher to rank our Workforce Training Leaders since numerous states have joined the ranks of those who have made workforce development a top priority.

As usual, we’ve evaluated state workforce training incentives and recent projects secured with training commitments, giving extra credit to states that have upgraded their programs to augment or replace traditional tax credits with innovative initiatives that integrate their education resources with workforce training. The states that are ahead of the curve are inviting emerging industries to tailor curricula to 21st-century job skills requirements; support the development of STEM skills; offer dual-credit high school tech programs (and/or two free years at tech schools); or have created industry-specific state training academies and/or on-site training facilities for advanced manufacturing and other growth sectors.

We’ve been saying this for so many years it sounds like a broken record, but Louisiana’s FastStart program still is the gold standard for workforce training. Georgia, which has established six Centers of Innovation, moves into
second place, edging out Alabama, home to world-class robotics, automotive and aerospace training facilities. Virginia, North Carolina (with its NCWorks initiative and Community College Customized Training Program) and Oklahoma (which has made a commitment to become the “STEM State”) join the top 10 in seventh, eighth and ninth place, respectively.

Louisiana’s FastStart program isn’t resting on its laurels. FastStarts’ C4 certification programs continue to expand and innovate. Up to 50 Louisiana high schools will offer Certification for Manufacturing (C4M) for the first time in the 2016-2017 school year. This year, the C4 Workforce Certification Program was expanded to include Certification for Industrial Maintenance (C4IM). This new Certification was developed in direct response to needs discovered through a partnership with Louisiana companies.

A new Operator Apprenticeship model is now offering an Associate’s Degree at Louisiana Community and Technical Colleges. These partnerships combine relevant curriculum in classroom settings with an apprenticeship at participating Louisiana companies.

Acadiana Opportunity, a collaborative effort among LED and five state and regional partners, helps dislocated workers connect with training opportunities to advance careers. More than 1,000 people have signed up and received funding for training classes, resume workshops and other employment assistance. Letters of intent to hire people are being sent by Louisiana companies to those who complete corresponding classes.

A new Operator Apprenticeship model is now offering an Associate’s Degree at Louisiana Community and Technical Colleges. These partnerships combine relevant curriculum in classroom settings with an apprenticeship at participating Louisiana companies.

Louisiana’s Certified Workforce Developers (CWD) Program is designed as a collaborative venture between LCTCS (Louisiana’s Community and Technical College System) and LED and is delivered through LED FastStart. Participants include Workforce Development professionals from the technical and community colleges and local economic development organization team members. The program synchronizes training development and delivery to the LED FastStart standard, creating a common and unified experience for all companies in Louisiana. It allows companies to continue receiving training from local technical and community colleges after state incentives sunset, and fosters a networking environment to share resources and ideas across Louisiana campuses to support workforce development.

AIDT, a division of the Alabama Department of Commerce, is Alabama’s primary workforce training program. AIDT opened another new training center, the Alabama Workforce Training Center, last spring. The new 56,000-square-foot facility, located in Birmingham, the state’s largest metro area, will allow for manufacturers, contractors and other industries to link up with AIDT along with public education and the two-year and even four-year colleges to equip students with specific skills needed to fill jobs.

Virginia has a longstanding reputation as a workforce pioneer thanks to programs such as the Virginia Jobs Investment Program (VJIP), which celebrated its 50th anniversary in 2015. VJIP is focused on reducing a
company’s workforce development costs. The program provides funding for economic development projects creating new jobs or undertaking a significant retraining initiative due to a change in product, process or technology.

Over the last five years, VJIP worked with 2,115 projects, supporting the creation or retraining of 52,245 jobs for Virginia citizens, making it one of the Commonwealth’s most widely-used workforce development programs.

The Oklahoma Works initiative brings all of the Sooner State’s workforce resources together, connecting employers, employees, job seekers and higher education to ensure businesses have access to a pipeline of talent. It offers key workforce training programs such as the Training for Industry Program (TIP), which helps companies create the quality workforce it needs to be successful, at little or no cost. TIP is delivered through Oklahoma’s system of 59 technology center campuses across the state providing services such as job analysis, training needs assessment, pre-employment training, pre-production training, post-production training, instructional materials and development, training supplies and more.

**TEXAS: BEST INFRASTRUCTURE**

We’ve expanded our state infrastructure rankings to two categories this year, our traditional ranking for **Best Infrastructure** and a new category, **Infrastructure Upgrade Leaders**.

Best Infrastructure factors in the state of roads, bridges, dams, water resources and sewage treatment facilities, with the results pro-rated to reflect the size of the infrastructure that needs to be maintained in each state. We also consider infrastructure assets, including ports, airports, rail, fiber networks and energy transportation networks (pipelines, transmission systems).

The Lone Star State, where everything is big, still rules the roost in infrastructure. Texas has more than 80,000 miles of highway, including nearly 7,000 miles of new roads that were added in the past decade.

Tennessee, with its impressive array of land, sea, rail and water assets, repeats in second place; Louisiana, the pipeline and ports king, moves up to third. New York, in the midst of a massive building program, moves up to No. 8; Virginia, with the port that was first to be ready for the Panama Canal expansion, joins the top 10.

Our new Infrastructure Upgrade Leaders category ranks the states that are taking the most proactive approach to upgrading their infrastructure. The Empire State (with a $100-billion program moving forward) leads the pack, followed by Washington ($31 billion in transportation initiatives have been authorized or introduced in the past two years) and Maryland, which is investing $2 billion in shovel-ready infrastructure projects. Pennsylvania’s innovative Rapid Bridge Repair (RBP) bond program, Oklahoma’s dramatic reduction in structurally deficient
bridges (and 50-year plan to sustain and expand water resources) and Iowa’s relentless commitment to building new schools all earn a place in our top 10.

Pennsylvania’s innovative RBP public-private partnership (P3) was awarded by the Pennsylvania Department of Transportation (PennDOT) to the Plenary Walsh Keystone Partners (PWKP) consortium. The Commonwealth of Pennsylvania is taking advantage of the new P3 tool, signed into law in 2012, to address the state’s roughly 4,500 structurally deficient bridges. With the P3 approach, hundreds of these bridges can be replaced more quickly; save money for taxpayers; and minimize the impact on the traveling public.

PWKP will replace 558 aging bridges in just three years, completing construction by the end of 2017. The bridges are primarily crossings on smaller state highways, many in rural areas, rather than interstate bridges or large river crossings. The team’s proposal was selected based on scoring that considered cost, financial capability to carry out the project, background and experience in managing comparable projects, and understanding of the project.

PWKP’s team members have local and national experience developing, designing, constructing and maintaining large-scale projects. PWKP’s team also has in-depth local knowledge and experience working with PennDOT and local governmental entities on hundreds of bridge replacements throughout the Commonwealth. A large scale public outreach program will be implemented prior to the start of construction to provide the public with information about which bridges will be affected, how long the impacts will last and what the detour routes will be during construction. A series of meetings to provide outreach to the Disadvantaged Business Enterprise (DBE) community are also being scheduled so smaller subcontractors can find out how they can get involved in the project.

The majority of design, construction, financing, and maintenance risks over the 28-year term are the responsibility of Plenary Walsh Keystone Partners.

This concludes part one of Business Facilities’ 12th Annual Rankings Report: State Rankings. Click here to read part two, Metro Rankings.
FREE WEBINAR

Five Benefits You’re Missing If Your BAS Is Out Of Date