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**Date:** 9/10/2014 3:40:38 PM  
**Subject:** ED LS: SC Third in Area Development Top States for Doing Business (3 articles)

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# Top States for Doing Business 2014: Georgia Unseats Texas, Industrial Midwest Rises

**Dale D. Buss, Staff Editor, (Q3 2014)**

Sparking growth in business investment and jobs has proven more difficult than expected for states as they have emerged from the Great Recession. Capital spending and, especially, job creation have remained below par as corporate chiefs and business owners stick with a conservative philosophy until they perceive signs of a true boom. So the fight for the attention of site consultants and CFOs is more pitched than ever.

With that in mind, Area Development is publishing our fifth annual Top States for Doing Business survey of site consultants, ranking the states based on their number of mentions by the consultants in three overall categories and 18 subcategories:

**Business Environment:** overall cost of doing business, incentive programs, corporate tax environment, cooperative state government, access to capital and project funding, speed of permitting, most favorable regulatory environment

**Labor Climate:** availability of skilled labor, competitive labor costs, labor climate for right-to-work states, labor climate for non-right-to-work states, leading workforce-development programs

**Infrastructure and Global Access:** distribution and supply-chain hubs, rail and highway access, certified sites/shovel-ready programs, competitive utility rates, energy reliability and smart-grid deployment, water outlook, including availability and cost

Three major features of the list pop up. First, it continues to be dominated by states in the South and mid-South that have managed to extend the momentum in landing business development that they have enjoyed for some time (mostly, these states just switched positions within the top 10). Second — and probably more intriguing because it is a new development — the list includes two states from the industrial Midwest. The presence of Indiana and Ohio on the 2014 list indicates that these states in particular, and the upper Midwest in general, are scratching their way back into position as major players in the U.S. economic-development derby.

And third, the state of California finally proved unable, in the new list, to hang on to its 10th place ranking in the 2013 survey. The state's reputation with site consultants keeps taking hits — witness Toyota's announcement earlier this year that it plans to move its corporate headquarters and 4,000 jobs to suburban Dallas from southern California. And so this year, California placed in the top states in only three of the 18 sub-categories, notably ranking third for access to capital and project funding, no doubt a legacy of the continued success of Silicon Valley.

The following profiles of each of the top 10 states provide insight into why each state is among the surveyed consultants' top choices for new and expanded facilities.

## Top States For Doing Business 2014

1. GEORGIA
2. TEXAS
3. SOUTH CAROLINA
4. ALABAMA
5. TENNESSEE
6. LOUISIANA
7. INDIANA
8. NORTH CAROLINA
9. OHIO
10. MISSISSIPPI

**3. South Carolina** The Palmetto State long has been held in high regard by the economic development community, but South Carolina picked up two huge new testimonials this year from a couple of the biggest names in global manufacturing. BMW and Boeing each announced crucial new and expanded roles for their South Carolina operations.

The companies could cite South Carolina advantages such as its low overall cost of doing business (site consultants ranked the state No. 1 in this regard). The state was also given especially high marks for its incentive programs, cooperative state government, and certified sites/shovel-readiness in the Area Development survey. Site consultants ranked South Carolina No. 2 for all three of the aforementioned factors.

Probably the most consistent advantage of South Carolina is the quality of its workforce. South Carolina is a right-to-work state with a low unionization rate of 3.3 percent overall, and — at 1.3 percent — the lowest unionization rate in the United States for the private sector.

The state's ReadySC workforce-training system includes recruiting, screening, training, and other aspects of workforce preparation. ReadySC, for example, committed to help Boeing hire 3,600 people over the next several years. And that was even before Boeing committed to producing the new stretch version of the Dreamliner at its plant in North Charleston, S.C., which will become the first Boeing jetliner model to be built solely in a nonunion factory.

Meanwhile, BMW said it would expand its plant in Spartanburg County with a \$1 billion investment that will create 800 new jobs and make the facility the biggest exporter of autos anywhere in the United States.

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## Top States for Doing Business 2014

### Consultant Commentary: South Dominates Consultants' Picks for Top States

The Southern States have reassessed and implemented new economic development strategies designed to attract sustainable industries.

**Bill Luttrell, Senior Locations Strategist, Werner Global Logistics, Werner Enterprises (Q3 2014)**

The Southern States have reassessed and implemented new economic development strategies designed to attract sustainable industries. The results are in for the 2014 Top States for Doing Business Survey. We all have different opinions regarding who made, who did not make, or who should have made the list. But the survey is reaffirming that several states in the Southern region are at the top of the list. Looking at this year's survey and comparing it to the past surveys, we can see that a lot of progress has also been made in other regions as well. States such as Indiana, Ohio, and Michigan are moving up rapidly. Other individual states have done well in their own right but are not on the list. Why do these Southern States keep reappearing at the top? Understanding their advantages, some natural — but most based on good solid strategy — does provide lessons for other states. Historically, the South hasn't always been at the top of such lists. In fact, relatively recent dire circumstances forced states in this region to reassess and implement complete new strategies. The Carolinas' main textile industry was hollowed out and had to be replaced with new sustainable industries. Although blessed with natural resources, in the mid 1980s, Texas realized it was too dependent on the oil and gas industry and concluded it had to diversify the economy — which it did quite successfully. Most Southern States also turned to attracting FDI as a means to creating new jobs. Louisiana is the latest in the region making sweeping changes to the way business is done. The bottom line — over the past few decades the South has reorganized and has gone after capital investment in a very serious way.

The result — the region is the most successful in embracing and fine-tuning a free-market platform — which certainly encourages direct investment. The Southern States perform extremely well in most aspects of promoting, attracting, servicing, and retaining investments as reflected within the survey results. They are competing head-on with each other in this dynamic region, which forces keen competition.

This is all good news for the investor. From their perspective, the region offers a location where it can set up easily, source locally or import using local world-class ports, make a product at a reasonable price with reasonable regulations, and sell a product directly into the heart of the largest consumer base in the world — with the biggest expansion of this base being their own region.

To the South, this means jobs. To continue this success, the region must provide skilled workers, and the workforce development agencies of these states are among the best. The reason the South dominates the survey — they work together to welcome and nourish the investor. Expect the Southern States to be here on the list next year as well.

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# Business Environment

## Overall Rank

- 1. 1.Texas
- 2. 2.Georgia
- 3. 3.South Carolina
- 4. 4.Alabama
- 5. 4.tLouisiana
- 6. 5.Florida

Next Best: Mississippi, Tennessee

## Overall Cost of Doing Business

- 1. 1.South Carolina
- 2. 2.Georgia
- 3. 3.Texas
- 4. 4.Alabama
- 5. 5.Louisiana

Next Best: Florida, Mississippi

## Incentives Programs

- 1. 1.Louisiana
- 2. 2.South Carolina
- 3. 3.Georgia
- 4. 4.Texas
- 5. 5.Alabama

Next Best: Oklahoma

## Corporate Tax Environment

- 1. 1.Texas
- 2. 2.Nevada
- 3. 3.Florida
- 4. 4.South Dakota
- 5. 5.tIndiana
- 6. 5.tTennessee
- 7. 5.tUtah
- 8. 5.tWyoming

## Cooperative State Government

- 1. 1.Georgia
- 2. 2.South Carolina
- 3. 3.Louisiana
- 4. 4.Texas
- 5. 5.Alabama

Next Best: Indiana, Tennessee

## Access to Capital & Project Funding

- 1. 1.Texas
- 2. 2.Georgia
- 3. 3.California
- 4. 4.New York
- 5. 5.South Carolina

Next Best: Florida

## Speed of Permitting

- 1. 1.Alabama
- 2. 2.tTexas
- 3. 2.tGeorgia
- 4. 3.South Carolina
- 5. 4.Louisiana
- 6. 5.tMississippi

Next Best: Tennessee

## Most Favorable Regulatory Environment

- 1. 1.Arizona
- 2. 2.Texas
- 3. 3.tLouisiana
- 4. 4.Alabama
- 5. 5.tGeorgia
- 6. 5.tSouth Carolina

Next Best: Mississippi

Categories:

- [Overall Rank](#)
- [Cost of Doing Business](#)
- [Incentive Programs](#)
- [Corporate Tax Environment](#)
- [Cooperative State Government](#)
- [Access to Capital & Project Funding](#)
- [Speed of Permitting](#)
- [Most Favorable Regulatory Environment](#)

## Labor Climate

### Overall Rank

1. Georgia
2. South Carolina
3. Texas
4. Alabama
5. North Carolina

Next Best: Ohio

### Availability of Skilled Labor

1. Michigan
1. Indiana
2. Ohio
3. Texas
4. California
4. North Carolina
5. Illinois

Next Best: Georgia, New York

### Competitive Labor Costs

1. Alabama
2. South Carolina
3. Mississippi
4. Texas
5. Georgia

Next Best: Arkansas, Louisiana

### Leading Work Force Development Programs

1. Georgia
2. Louisiana
3. South Carolina
4. Alabama
5. North Carolina

Next Best: Tennessee

### Labor Climate (Right-to-Work States)

1. South Carolina
2. Texas
3. Georgia
3. North Carolina
4. Alabama
5. Mississippi

Next Best: Florida, Indiana

### Labor Climate (Non-Right-to-Work States)

1. Missouri
2. Kentucky
3. Ohio
4. New Mexico
5. Colorado

Next Best: Pennsylvania, Wisconsin

Categories:

- [Overall Rank](#)
- [Availability of Skilled Labor](#)
- [Competitive Labor Costs](#)
- [Leading Work Force Development Programs](#)
- [Labor Climate \(RTW\)](#)
- [Labor Climate \(Non RTW\)](#)



## Overall Infrastructure & Global Access

### Overall Rank

1. Tennessee
2. Georgia
3. Texas
4. Ohio
5. Illinois

Next Best: Indiana

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