



## RICH STATES, POOR STATES: 5TH ANNIVERSARY EDITION

### ALEC-LAFFER STATE ECONOMIC COMPETITIVE INDEX

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**[Excerpts...]**

Economic Outlook Rank, is a forecast based on a state’s current standing in 15 equally weighted policy variables, each of which is influenced directly by state lawmakers through the legislative process. In general, states that spend less, especially on transfer programs and states that tax less, particularly on productive activities such as working or investing, experience higher growth rates than states that tax and spend more. The following variables are measured in the 2012 ALEC-Laffer State Economic Outlook ranking:

- Highest Marginal Personal Income
- Highest Marginal Corporate Income
- Personal Income Tax Progressivity
- Property Tax Burden
- Sales Tax Burden
- Tax Burden from all Remaining Taxes
- Estate Tax/Inheritance Tax (Yes or No)
- Recently Legislated Tax Policy Changes
- Debt Service as a Share of Tax Revenue
- Public Employees per 1,000 Residents
- Quality of State Legal System
- Workers’ Compensation Costs
- State Minimum Wage
- Right-to-Work State (Yes or No)
- Tax or Expenditure Limits

This fifth edition of *Rich States, Poor States* 50 unique snapshots from our “laboratories of democracy” for you to evaluate. Study the rankings, read the evidence and learn about the proven principles that lead to economic growth, job creation and a higher standard of living for all Americans.

**ALEC-Laffer**  
**State Economic Outlook**  
**Rankings, 2012**

*Based upon  
equal-weighting  
of each state’s rank  
in 15 policy variables*

Rank	State	Rank	State
1	Utah	26	Kansas
2	South Dakota	27	South Carolina
3	Virginia	28	New Hampshire
4	Wyoming	29	Alaska
5	North Dakota	30	West Virginia
6	Idaho	31	Nebraska
7	Missouri	32	Wisconsin
8	Colorado	33	Washington
9	Arizona	34	Delaware
10	Georgia	35	New Mexico
11	Arkansas	36	Montana
12	Tennessee	37	Ohio
13	Florida	38	California
14	Oklahoma	39	Kentucky
15	Mississippi	40	Pennsylvania
16	Texas	41	Minnesota
17	Michigan	42	New Jersey
18	Nevada	43	Rhode Island
19	Louisiana	44	Connecticut
20	Maryland	45	Oregon
21	Alabama	46	Hawaii
22	Iowa	47	Maine
23	North Carolina	48	Illinois
24	Indiana	49	Vermont
25	Massachusetts	50	New York

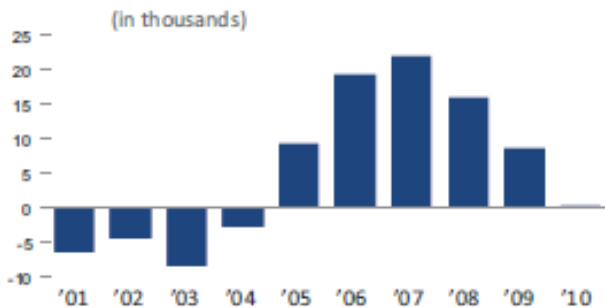
## 12 Economic Performance Rank

**Economic Performance Rank** (1=Best 50=Worst)  
 A backwards-looking measure based on the state's performance (equal weight average) in the three importance performance variables shown below. These variables are highly influenced by state policy.

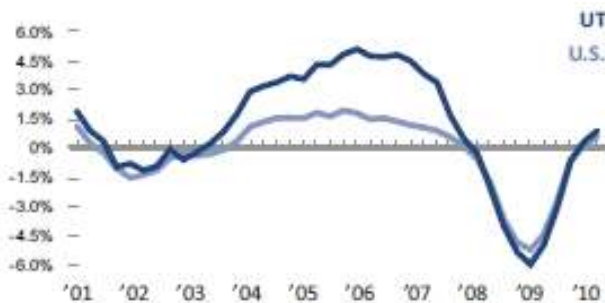
**Personal Income Per Capita**  
 Cumulative Growth 2000-2010 33.2% Rank: 27



**Absolute Domestic Migration**  
 Cumulative 2001-2010 53,813 Rank: 17



**Non-Farm Payroll Employment**  
 Cumulative Growth 2001-2010 11.3% Rank: 5



## 1 Economic Outlook Rank

**Economic Outlook Rank** (1=Best 50=Worst)  
 A forward-looking forecast based on the state's standing (equal-weighted average) in the 15 important state policy variables shown below. Data reflect state and local rates and revenues and any effect of federal deductibility.

**Historical Ranking Comparison** 2008 2009 2010 2011  
**ECONOMIC OUTLOOK RANK** 1 1 1 1

Variable	Data	Rank
Top Marginal Personal Income Tax Rate	5.00%	16
Top Marginal Corporate Income Tax Rate	5.00%	9
Personal Income Tax Progressivity (change in tax liability per \$1,000 of income)	\$0.00	2
Property Tax Burden (per \$1,000 of personal income)	\$26.13	16
Sales Tax Burden (per \$1,000 of personal income)	\$26.42	33
Remaining Tax Burden (per \$1,000 of personal income)	\$15.63	12
Estate/Inheritance Tax Levied?	No	1
Recently Legislated Tax Changes (2010 & 2011, per \$1,000 of personal income)	\$0.33	18
Debt Service as a Share of Tax Revenue	7.7%	19
Public Employees Per 10,000 of Population (full-time equivalent)	509.3	12
State Liability System Survey (tort litigation treatment, judicial impartiality, etc.)	67.8	7
State Minimum Wage (federal floor is \$7.25)	\$7.25	1
Average Workers' Compensation Costs (per \$100 of payroll)	\$1.46	6
Right-to-Work State? (option to join or support a union)	Yes	1
Number of Tax Expenditure Limits (0= least/worst 3=most/best)	1	14