

CALIFORNIA'S BUSINESS CLIMATE: NEW REPORT RANKS CALIFORNIA AS LEAST BUSINESS-FRIENDLY STATE, 32ND OVERALL FOR ECONOMIC CLIMATE

The 10th annual ranking of "[America's Top States for Business](#)" was released in June by CNBC, and California once again fared poorly.

The ranking considers the states' business and economic climates based on measures of competitiveness. The rankings were compiled by assigning points in each metric, then separating the metrics into 10 broad categories, weighted based on how frequently that subject is used as a selling point in state economic development marketing materials.

California ranked 32nd overall, but finished dead last in the category of "business friendliness," which is scored based on the freedom the state's legal and regulatory frameworks provide for business.

California also did poorly in the category of "cost of doing business," ranking 49th (ahead of Hawaii). The category took into account the competitiveness of the state's tax climate, as well as state-sponsored incentives that are available, utility costs, cost of wages, and rental costs for office and industrial space.

The Golden State also had a weak showing in the category for cost of living, finishing 47th (just ahead of Delaware, New York and Hawaii).

Areas where California did well were "technology and innovation" and "access to capital," finishing second in both categories, behind Washington and Illinois, respectively. The technology category takes into account support for innovation, number of patents issued to residents, high-tech business formation, and federal health, science and agricultural research grants received. The access to capital category is based on venture capital investments and small-business lending.

The top overall ranking this year went to Utah, and Texas and Colorado rounded out the top three overall. The bottom overall ranking went to Rhode Island, with Hawaii and West Virginia also in the bottom three. Minnesota, which was rated first overall last year, fell to fourth this year.

Since 2011, California has seen its place in the rankings fluctuate, but the state hasn't cracked the top 50 percent. Over the past decade, California is cumulatively ranked 36th overall, with Texas holding the number 1 overall ranking in that period. (Source: *CNBC.com*, June 23.)