



Cabinet for Economic Development

State Indices of Relative Business Costs: 2007

Kentucky is one of the nation's best states for business. In the Cost of Doing Business category, Kentucky has one of the lowest overall costs of doing business in the eastern United States according to Economy.com. The June 2009 edition of the *North American Business Cost Review*, measures the cost of doing business within a state for unit labor cost, tax burden, and energy cost.

Kentucky tied as the fifth lowest in overall cost of doing business compared to all states east of the Mississippi River and tied as the fourth lowest compared to states generally considered Kentucky's economic competitors. The index utilized to measure the overall cost of doing business within a state ranks Kentucky tied as the 12th lowest cost state nationally with an index of 90. The national average index is 100.

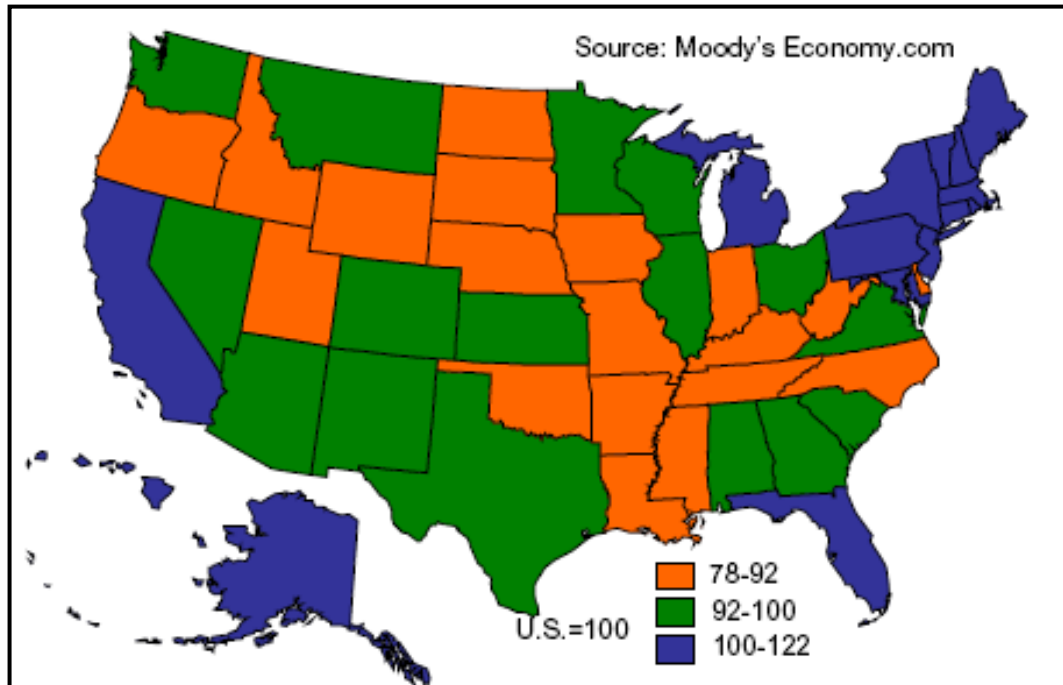
Competitor State Business Cost: 2007

Kentucky's Competitor States	Overall Rank		Unit Labor Cost		Energy Index		State & Local Taxation	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
United States	100	-	100	-	100	-	100	-
Competitor State	92	-	95	-	81	-	95	-
North Carolina	81	2	78	1	80	19	96	21
West Virginia	85	3	93	12	60	2	107	42
Arkansas	87	6	92	11	75	13	101	35
Indiana	89	10	91	10	76	15	102	38
Kentucky*	90	12	95	21	70	7	99	30
Tennessee	90	12	93	12	84	23	78	2
Missouri	92	16	100	37	67	4	88	11
Alabama	93	17	98	26	88	26	81	4
Mississippi	93	17	89	5	93	30	93	18
South Carolina	93	17	97	24	79	18	87	10
Virginia	94	22	98	26	70	7	89	12
Georgia	96	27	99	31	84	23	96	21
Ohio	96	27	95	21	90	28	107	42
Illinois	99	32	102	42	95	31	99	30
Michigan	102	39	103	43	96	32	100	32

Source: Derived from data provided by the *North American Business Cost Review*, 2009 Edition, Prepared by Economy.com, Inc.-- Updated June 2009.

Note: A ranking of 1 represents the best condition = lowest business cost.

United States Indices of Relative Business Cost: 2007



Metropolitan Area Business Cost

In addition to Kentucky's high ranking for low business cost nationally and within its competitive state region, some of Kentucky's major metropolitan areas also stand out as attractive low cost business locations. The Owensboro, Bowling Green and Elizabethtown areas tied for the 28th lowest overall business cost of the metropolitan areas located within the United States. Lexington and Louisville also placed low, tied for 52nd and 108th respectively.

--Note: 384 metro areas are indexed for business cost.

Measurement

The economist with Economy.com estimates each component business cost (unit labor cost, energy cost, and state & local taxes) annually. The reported business cost index is a three-year moving average. This methodology creates a more consistent and reliable estimate of business cost. The current relative business cost measure utilized is the average of the period from 2005 to 2007.

Economy.com

<http://www.economy.com/default.asp>

Economy.com, Inc. was founded in 1990 as Regional Financial Associates, Inc. (RFA) and is located in West Chester, Pennsylvania.

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