



Cabinet for Economic Development

State Indices of Relative Business Costs: 2006

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 July 2008 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 ranks seventh lowest in overall cost of doing business compared to all states east of the Mississippi River and ranks sixth 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 with the 15th lowest cost nationally with a state index of 93. The national average index is 100.

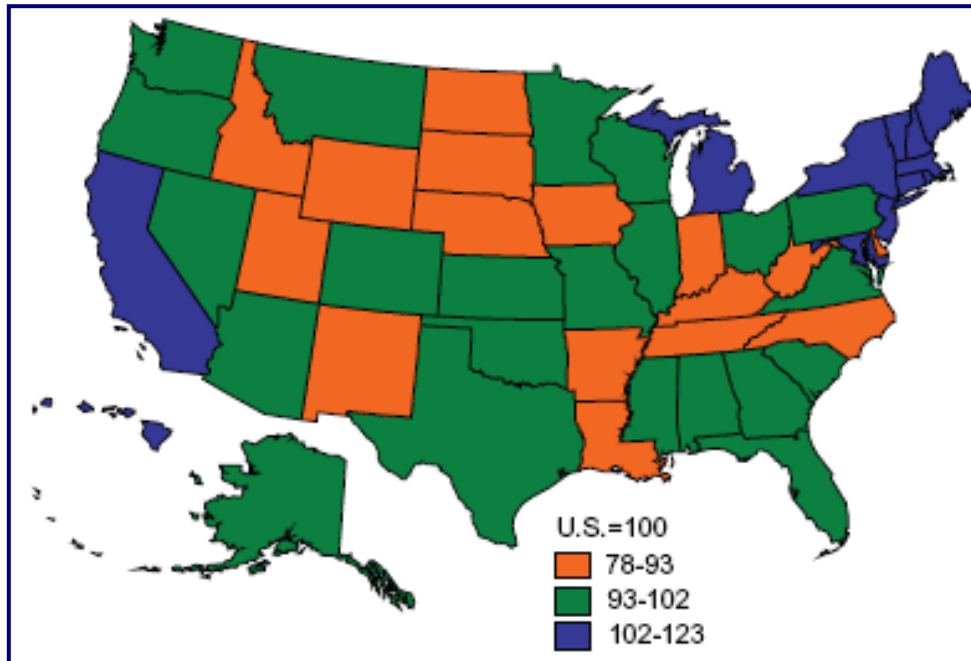
Competitor State Business Cost: 2006

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	94	-	95	-	81	-	94	-
North Carolina	84	2	81	2	80	18	93	18
Tennessee	89	5	90	5	86	25	79	2
Indiana	89	5	90	5	79	15	92	16
Arkansas	89	5	90	5	77	13	95	25
West Virginia	92	12	93	12	60	2	117	48
Kentucky*	93	15	97	23	69	7	91	13
Missouri	93	15	98	25	68	5	86	7
Mississippi	93	15	93	12	97	31	91	13
Virginia	94	20	98	25	70	9	87	9
Alabama	95	21	98	25	84	23	75	1
Georgia	96	22	99	29	86	25	90	12
South Carolina	96	22	95	18	81	19	93	18
Ohio	98	28	95	18	91	29	113	46
Illinois	100	33	104	43	83	22	95	25
Michigan	104	39	104	43	97	31	103	36

Source: Derived from data provided by the *North American Business Cost Review*, 2008 Edition, Prepared by Economy.com, Inc.-- Updated July 2008.

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

United States Indices of Relative Business Cost: 2006



Metropolitan Area Business Cost

In addition to Kentucky's high ranking for low business cost nationally and within the competitive state region, some of Kentucky's major metropolitan areas also stand out as attractive low cost business locations. The Owensboro, Bowling Green and Louisville areas tied for the 76th lowest overall business cost of the metropolitan areas located within the United States. Lexington and Elizabethtown also placed low, tied for 91st.

--Note: 381 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 moving three (3) year 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 2004 to 2006.

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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