

What Influences Economic Growth?

Skilled labor and infrastructure are leading factors when businesses choose where to locate, expand, or relocate. Results from site selection surveys show that a variety of factors contribute to an area's desirability.

Economic Development Analysis

October 2013

Labor/Workforce

Corporate executives rank "availability of skilled labor" and "labor costs" as the second most critical priority in location decision factors. Firms in regions with high unemployment often struggle to find skilled workers and are unable to staff open positions.

Transportation & Infrastructure

"Highway accessibility" ranks as the number one factor for site selection.

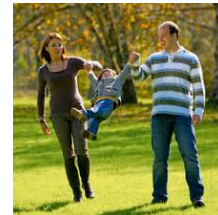


Finance & Tax Incentives

Corporate tax rates impact location decisions more than state and local incentives. Attributes most central to operations drive the location decision.

Quality of Life

Crime rate, healthcare facilities, housing costs and public school rank as most important.



Operational & Other Factors

For some businesses, specific factors carry the greatest weight. Some large businesses rank "energy costs" as most important whereas a construction firm may place more value on "expedited permitting".

What role does taxation play?

Tax policy is one of a myriad of factors that must be carefully weighed and balanced according to the specific needs of a business. Business climate, labor, transportation, or other more industry-specific factors all play prominent and critical roles in business location, expansion, or relocation decisions. When states redesign tax policy, they must consider factors like efficiency, fairness, simplicity, revenue adequacy, competitiveness, and how proposed changes interact with federal policy.

The conditions that create a favorable business climate.

Economic development professionals make location decisions by assessing state and local taxation policies, employment law, and union activity and other factors. A pro-business moniker is a subjective term: organizations have different criteria for assessing an area's business climate. Numerous groups publish lists that rank states and cities as best for business. The methodology used often looks at factors like taxation, labor, right-to-work and worker's compensation laws, energy costs, infrastructure spending and the economic stability and quality of life in particular areas. Currently, Missouri often ranks near the top of most lists.

Access the full analysis at msbafuturebuilders.org



Location decisions based on testimonials from Missouri firms

Company	Industry	Key Factor
Eagle Pitcher Technologies	Energy Solutions	Technical talent and the ability to attract and retain engineers
Cosma International	Advanced Manufacturing	Proximity to customers for better cost management and just-in-time production
Mercy Research & Development	Health Sciences & Services	Trained workforce and quality education
SDC Probiotics	Biosciences	Access to international markets
Freightquote	Information Technology	Attractive workforce, geographical location, incentives

*Freightquote is an information technology provider within the transportation and logistics cluster. Source: Missouri Department of Economic Development, Industry Web Portal, 2013