



The Five Most Important Factors for a New Facility

State, county and local government incentives for businesses and their workers are always a hot topic. It's often debated among government policy-makers, politicians, scholars, the media and today even the Supreme Court (*DaimlerChrysler Corporation, et al., Petitioners v. Charlotte Cuno, et al.*- see footnote below).

Therefore, it's refreshing when a survey of hard facts comes along to dispel some of the myths and shed objective light on the realities.

The top five factors ("Very Important" and "Important") among executives looking for a new site for their companies are:

- Highway accessibility (91.4%)
- Labor costs (87.9%)
- Availability of skilled labor (87.2%)
- **State and local incentives (86%)**
- Availability of high-speed Internet access (85.7%)

This data resulted from a recent survey of what's important to decision-makers when companies decide to move or add locations. The survey was conducted by *Area Development Magazine* (January 2006) and polled company executives responsible for the selection of new facilities and locations for their firms. These executives were asked to rank the most important factors. For the complete survey results go to <http://www.area-development.com/>.

Since 1986 when the survey was first completed, here are the most significant changes:

- Highway accessibility became number 1 (versus labor costs) for the first time in 2000.
- Labor costs are less important today than ever, although still very important. In 1986 almost 97% of respondents claimed labor costs to be "very important" or "important." Today this factor has dropped to about 88% (#2).
- **State and local incentives have become more important over time, having been rated at 86% in 2005 (#4). In 1986 they were ranked "very important" or "important" by about 80% of respondents (not a top five factor back then).**
- Availability of high-speed Internet access was not even a question/category in 1986. Today it is rated "very important" or "important" by about 86% of respondents.

The biggest gainers since 1986 are:

- Waterways or ocean port availability is up 32% (to 20%).
- Raw materials availability is up 27% (to 62%).
- **Training programs provided via grants by states is up 17% (to 60%).**

Below are listed the two critical questions being asked of the Supreme Court of the United States in the case. Oral arguments were presented on March 1, 2006.

DaimlerChrysler Corp. v. Cuno, et al., No. 04-1704

1. Whether Ohio's investment tax credit, Ohio Revised Code § 5733.33, which seeks to encourage economic development by providing a credit to taxpayers who install new manufacturing machinery and equipment in the state, violates the Commerce Clause of the United States Constitution. Note: The Commerce Clause has a prohibition against state tax measures that discriminate against interstate commerce by providing a direct advantage to in-state economic activity. The issue is the meaning and application of this prohibition.
2. Whether respondents have standing to challenge Ohio's investment tax credit, Ohio Rev. Code Ann. §5733.33