



SEL

Highlighting economic
and political freedom
for the benefit of all.

2026 SEL INDEX OF FREEDOM



On the Cover

Breaking Ground in Moscow, Idaho

Earthmovers prepare the building site for a new SEL electronic device manufacturing facility coming to Schwartz Campus in Moscow, Idaho. The 305,000-square-foot facility represents a \$70 million investment in Idaho and will expand capacity for SEL to design and build technologies that protect critical infrastructure worldwide.

"We are proud to continue investing in Idaho and expanding opportunities for people who want to build meaningful manufacturing careers," said SEL President Dave Whitehead. "This facility will help us better serve customers around the world for decades to come."

Located next to the SEL printed circuit board (PCB) factory completed in 2023, the new facility will eventually employ approximately 1,000 people and help meet growing global demand for reliable, secure power system solutions.

Through continued investment in American manufacturing, SEL demonstrates how free and open markets support innovation, create opportunity, and build resilient supply chains for the future.



Letter From Dr. Schweitzer

The SEL Index of Freedom examines the freedom we're afforded in each of the 50 states.

By wisely limiting the role of the federal government to specific, enumerated powers and entrusting all else to the states, our Founding Fathers created what Supreme Court Justice Louis Brandeis later famously described as "laboratories of democracy," where new ideas and policies can be tested without risk to the entire nation. Over time, the effects of good choices in each state become visible in economic growth, investment, entrepreneurship, and job creation. And, the economic measures also reveal some choices that maybe aren't so good.

So, this endeavor examines what those 50 laboratories invented and how well their inventions and designs actually work.

Can we learn from one another? Will we be wise enough to learn and act on what works and avoid what doesn't?

Economist Milton Friedman taught us that economic and political freedom go hand in hand. And that gives us a solid starting point for comparisons.

The Index spans three key dimensions: government efficiency, regulatory freedom, and energy resiliency. The latter is included to specifically answer the question: How does each state map onto our purpose of Making Electric Power Safer, More Reliable, and More Economical. Given that electricity is the energy for most of modern society, we feel it's a key.



We hope our work stimulates civil conversations that help our great country become even better!

Sincerely,

Edmund O. Schweitzer, III, Ph.D.
Founder & Chairman of the Board
Schweitzer Engineering Laboratories

50 State Ranking

State	Score	Rank
South Dakota*	9.03	1
Utah*	9.32	2 ▲
Wyoming	9.35	3 ▼
North Dakota	13.15	4 ▲
Idaho*	13.22	5 ▼
Arizona*	14.5	6
Indiana*	16.93	7
Nevada	17.47	8 ▲
Tennessee*	17.52	9 ▲
Iowa	17.78	10 ▲
Nebraska	19	11 ▼
Missouri	19.42	12 ▲
Michigan*	19.92	13 ▲
Montana*	20.68	14 ▼
Kansas	20.72	15 ▲
Florida*	20.85	16
North Carolina*	21.08	17 ▼
Oklahoma	21.67	18 ▲
Wisconsin	22.25	19
Alaska	22.52	20 ▼
Colorado*	23.63	21 ▼
Texas*	23.92	22 ▼
Arkansas	24.1	23 ▲
South Carolina	24.3	24 ▲
Georgia*	24.42	25 ▼

State	Score	Rank
Kentucky*	24.6	26 ▲
Minnesota*	25.33	27 ▼
New Hampshire*	25.55	28 ▲
Delaware	26.3	29 ▼
New Mexico	26.75	30 ▼
Louisiana	27.12	31 ▲
Mississippi*	27.8	32
Illinois*	28.15	33 ▼
Alabama*	28.6	34 ▼
Virginia	28.6	34 ▼
Ohio*	28.97	36 ▲
Pennsylvania*	31.95	37 ▲
Washington*	32	38 ▼
Massachusetts	32.8	39 ▲
Rhode Island	33.23	40
New Jersey	33.7	41 ▼
Oregon*	34.15	42 ▼
Maryland*	35.42	43
West Virginia	36.13	44 ▼
Connecticut	36.17	45 ▼
Hawaii	36.43	46 ▲
Vermont	36.43	46
Maine	36.53	48 ▲
New York	37.47	49 ▼
California*	39.4	50 ▼

*States with an SEL office

▲ Improved in rank compared to 2025

▼ Dropped in rank compared to 2025

Pullman, WA

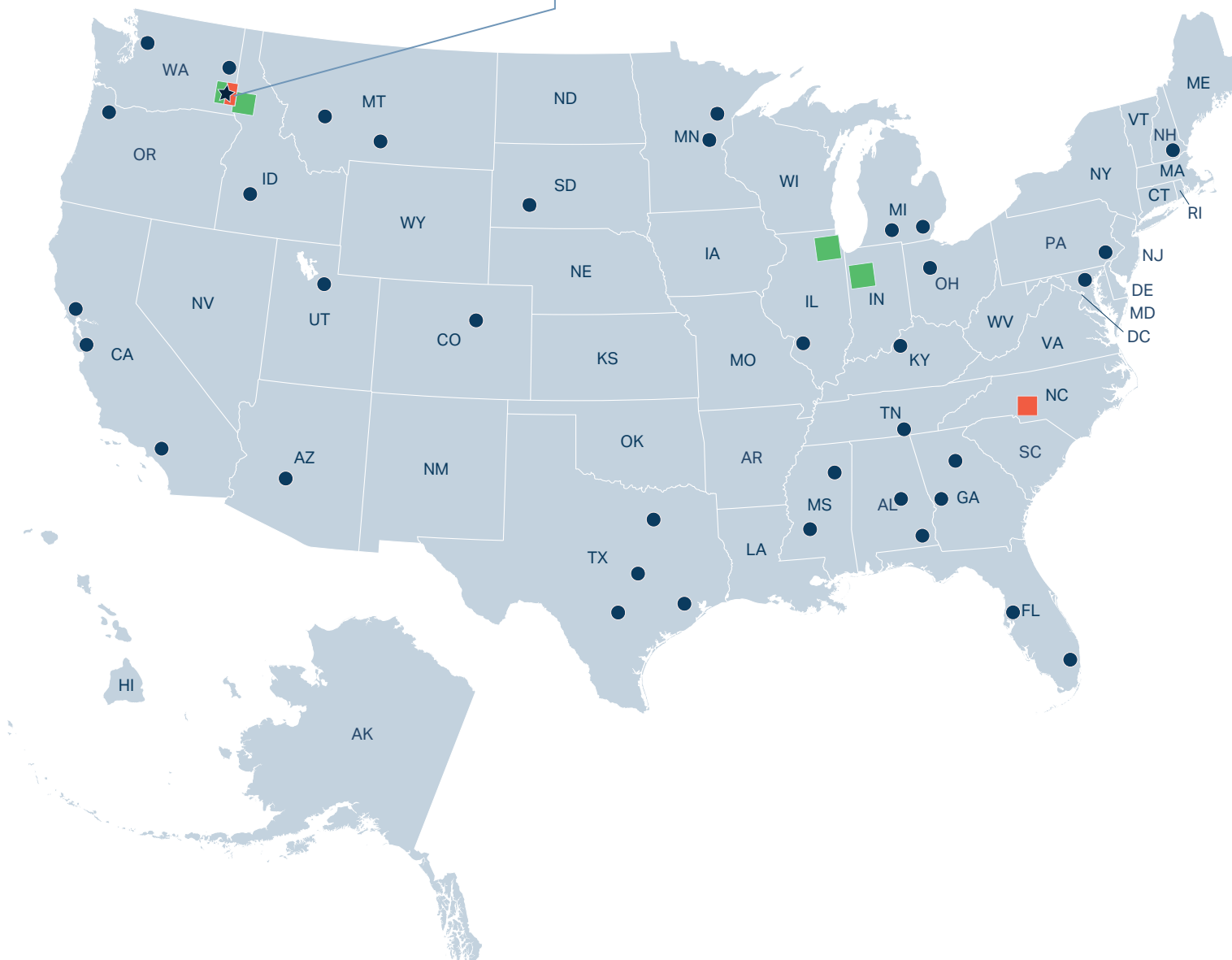
- ★ Company headquarters
- Electronic device manufacturing
- Panel assembly

Moscow, ID

- Printed circuit board fabrication

Lewiston, ID

- Electronic device manufacturing



SEL devices are produced in five U.S. manufacturing centers, and products are integrated into panels in regional assembly factories. SEL field offices are strategically located across the country to be close to customers.

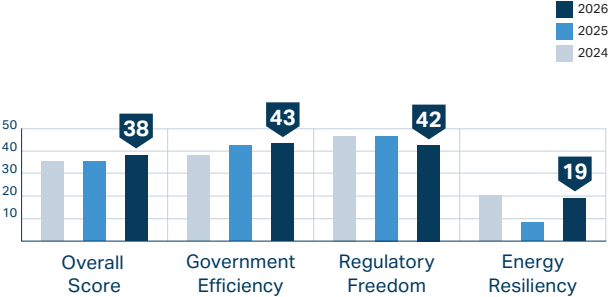
The following state-specific highlight pages feature the states with the greatest SEL employee presence.

SEL Locations

- ★ Headquarters (Pullman, WA)
- Electronic device manufacturing
- SEL panels manufacturing
- SEL office

Washington

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SEL in the State

Pullman, WA

- **SEL Headquarters**
- **3,225** employee owners
- **16** buildings
- **1M** square feet of space
- In 2024, SEL opened an onsite pharmacy in the SEL Pullman medical clinic to serve employees and their families.
- In 2025, SEL purchased the Pullman Aquatic and Fitness Center from the Pullman School District. The facility, renamed Schweitzer Wellbeing Center, underwent renovations in 2025 to better serve the community and SEL employees for years to come.

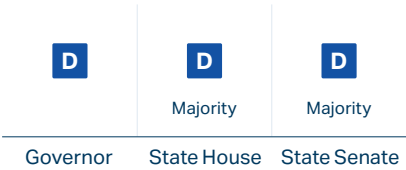
Spokane Valley, WA

- **136** employee owners
- Business, Engineering Services, Research & Development, Sales & Customer Service

Lynnwood, WA

- **80** employee owners
- Business, Engineering Services, Research & Development, Sales & Customer Service

State Government Overview



Background

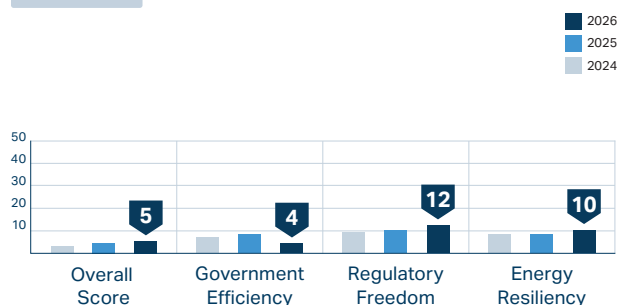
Washington continues to fall in our rankings of government efficiency and regulatory freedom. The state's tax environment is steadily deteriorating for individuals and businesses as the legislature imposes new taxes to bolster the state's budget. The regulatory burden is high on large and small businesses alike, making relocation to more friendly nearby states like Idaho or Utah an attractive option. Washington has long benefited from affordable and reliable hydroelectric generation, consistently placing it high in our energy resiliency rankings. But steady load growth is pushing the system to its limits. The state will require strong base-load generation options coupled with a robust transmission system in order to support rising demand.

Trade Overview

- Global Goods Exports 2025: **\$65.2B**
- Global Goods Imports 2025: **\$55.8B**
- Companies That Exported Goods in 2023: **8,280**
- Jobs Supported by Exports in 2023: **157,407**

Idaho

5



SEL in the State

Lewiston, ID

- **1156** employee owners
- Business, Engineering Services, Manufacturing, Research & Development, Sales & Customer Service
- Factory opened in **2012**
- The facility includes an onsite wellbeing center, which provides medical services to employees and their families free of charge.

Boise, ID

- **166** employee owners
- Business, Engineering Services, Research & Development, Sales & Customer Service
- Office opened in **2015**
- In 2025, SEL purchased a 170,000-square-foot building in Boise to support continued innovation.

Moscow, ID

- **201** employee owners
- Printed circuit board (PCB) manufacturing
- Factory opened in **2023**
- In 2025, SEL broke ground on a 305,000-square-foot electronic device manufacturing facility on its Schwartz Campus in Moscow.

State Government Overview

R	R	R
	Supermajority	Supermajority
Governor	State House	State Senate

Background

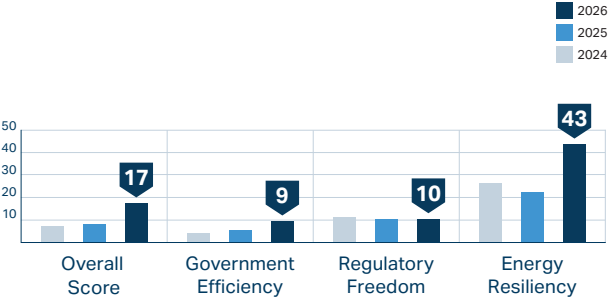
Idaho fell one place in our overall rankings despite a year-over-year improvement in its score. This was due to larger improvements in both North Dakota and Utah. Idaho continues to achieve excellent scores for government efficiency and regulatory freedom. Its consistently low taxes and concerted effort to simplify the regulatory regime continue to attract residents and business investment. The state's scores on business formation and survival and healthcare costs relative to Medicaid weigh on its overall ranking. Idaho scored well on energy resiliency. But several legislators voiced concerns over large electrical loads and their potential costs to consumers. If the discourse across the country is a guide, these concerns will persist into future legislative sessions.

Trade Overview

- Global Goods Exports 2025: **\$4.6B**
- Global Goods Imports 2025: **\$7.1B**
- Companies That Exported Goods in 2023: **1,474**
- Jobs Supported by Exports in 2023: **14,793**

North Carolina

17

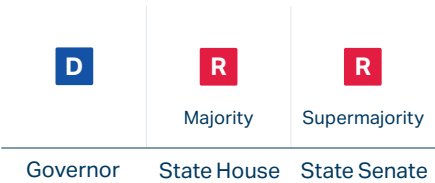


SEL in the State

Charlotte, NC

- 239 employee owners
- Business, Engineering Services, Manufacturing, Research & Development, Sales & Customer Service
- The SEL Charlotte facility is home to a substation simulator, where SEL employees learn how to best serve and delight customers in a safe, de-energized environment.
- Office opened in 1993
- In 2025, SEL announced it will build a 50,000-square-foot office building adjacent to its current facility at 901 Center Park Drive. The \$15 million expansion will support the growth of its panels and enclosures manufacturing operations and is scheduled for completion in 2027.

State Government Overview



Background

North Carolina continues to distinguish itself as one of the nation's most competitive states for business, supported by a flat 4.25 percent individual income tax rate, which is scheduled to drop to 3.99 percent in 2026, as well as a low 2.25 percent corporate income tax rate that is scheduled for eventual repeal. The state's commitment to broad tax bases, low rates, and a relatively competitive tax structure has helped North Carolina maintain a strong business climate and rank.

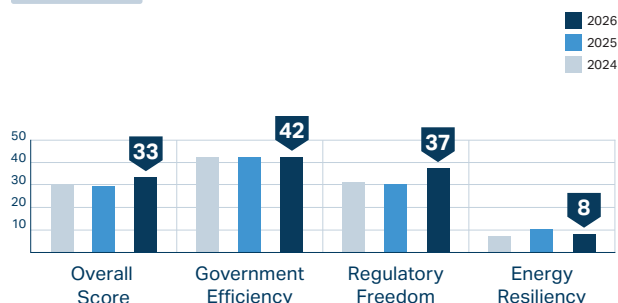
Beyond its tax advantages, North Carolina ranks first in the nation for new business formation and survival, reflecting the state's strong climate for durable business growth. However, businesses and individuals alike continue to be challenged by relatively high healthcare costs. In addition, North Carolina's ranking was negatively affected this year by declines in electric power reliability following Hurricane Helene, which disrupted electric power infrastructure and highlighted vulnerabilities in the state's energy resilience.

Trade Overview

- Global Goods Exports 2025: \$43.8B
- Global Goods Imports 2025: \$102.0B
- Companies That Exported Goods in 2023: 9,629
- Jobs Supported by Exports in 2023: 142,408

Illinois

33



SEL in the State

Lake Zurich, IL

- 159 employee owners
- Business, Manufacturing, Research & Development
- E. O. Schweitzer Manufacturing™ (EOS) was founded in Illinois in 1949 by Ed's father, Edmund O. Schweitzer, Jr. The company officially became a part of SEL in 2004.

Fairview Heights

- 49 employee owners
- Engineering Services, Sales & Customer Service
- Office opened in 2008

Hawthorn Woods

- 14 employee owners
- Business, Engineering Services, Sales & Customer Service
- Office opened in 2018

State Government Overview



Background

Illinois remains home to the powerful economic center of Chicago and one of the largest economies in the nation, but the state continues to struggle with a tax structure that ranks among the least competitive in the nation. While Illinois residents benefit from a flat 4.95 percent individual income tax, businesses face one of the nation's highest corporate income tax burdens, with a combined rate of 9.5 percent. High sales and property taxes, along with several non-neutral tax provisions, continue to weigh on the state's overall competitiveness.

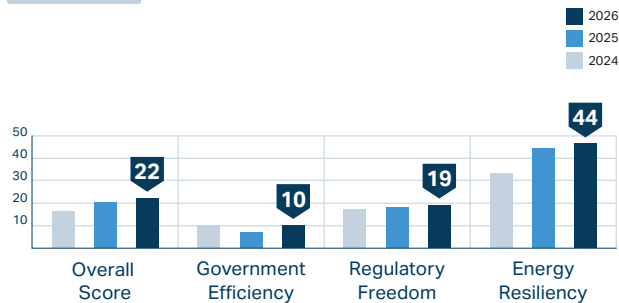
Illinois also continues to be hampered by poor rankings in government efficiency and one of the more burdensome regulatory environments in the country. These challenges increase costs and complexity for employers and can discourage new investment and business expansion. However, Illinois' overall score is somewhat buoyed by a relatively affordable and reliable electric power system, which provides businesses with greater energy stability than many competing states.

Trade Overview

- Global Goods Exports 2025: **\$80.0B**
- Global Goods Imports 2025: **\$211.0B**
- Companies That Exported Goods in 2023: **17,777**
- Jobs Supported by Exports in 2023: **283,412**

Texas

22



SEL in the State

Boerne, TX

- 13 employee owners
- Engineering Services, Research & Development, Sales & Customer Service
- Office opened in 2002

Houston, TX

- 122 employee owners
- Business, Engineering Services, Research & Development, Sales & Customer Service
- Office opened in 2002
- Houston is the largest SEL office in Texas. Teams provide technical engineering support to multiple local customers located in the area, including CenterPoint Energy, Chevron, and Samsung.

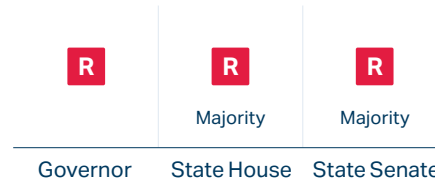
Plano, TX

- 16 employee owners
- Business, Engineering Services, Research & Development, Sales & Customer Service
- Office opened in 2008

Round Rock, TX

- 26 employee owners
- Engineering Services, Research & Development, Sales & Customer Service
- Office opened in 2012

State Government Overview



Background

Texas boasts a competitive tax environment, combined with a relatively efficient regulatory and governmental framework, which continue to make the state an attractive destination for employers and investment. Texas also ranks second in the nation for new business formation and business survival, underscoring the state's strong capacity to support both entrepreneurial activity and long-term business growth.

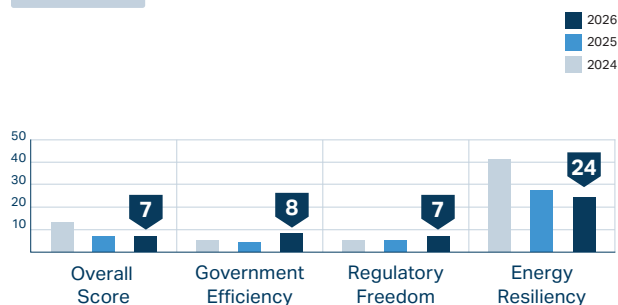
However, Texas continues to face challenges related to its energy market structure, which can limit grid resiliency during periods of extreme weather and high demand. These vulnerabilities have raised concerns about the reliability of the state's electric power system and remain a significant factor affecting Texas's overall economic competitiveness.

Trade Overview

- Global Goods Exports 2025: **\$450.3B**
- Global Goods Imports 2025: **\$411.6B**
- Companies That Exported Goods in 2023: **33,011**
- Jobs Supported by Exports in 2023: **1,089,480**

Indiana

7

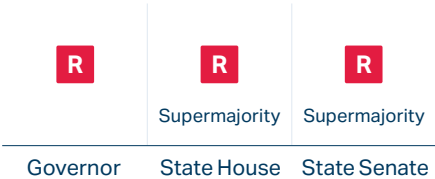


SEL in the State

West Lafayette, IL

- 198 employee owners
- Manufacturing, Research & Development, Engineering Services
- Office opened in 2020

State Government Overview



Background

Indiana continues to stand out as one of the Midwest's most competitive states for business, supported by a low, flat 3.0 percent individual income tax rate and a 4.9 percent corporate income tax rate, one of the lowest in the region. Indiana also continues to perform well on measures of government efficiency and regulatory freedom, reinforcing its reputation as a predictable and business-friendly environment for investment and job creation.

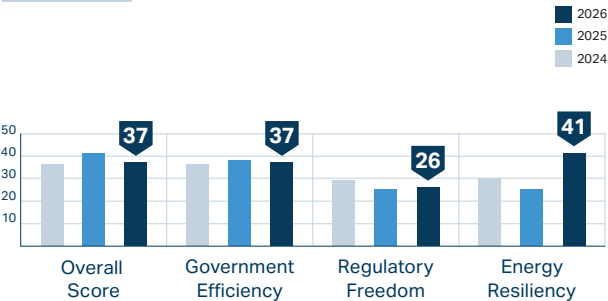
However, the state's competitiveness is weighed down by relatively high healthcare costs, which remain a challenge for employers and Hoosiers alike. Indiana performs closer to the middle of the pack on measures of energy resilience and reliability, avoiding many of the vulnerabilities seen in other states but lacking the strengths necessary to be a national leader in energy competitiveness. Overall, Indiana's combination of sound tax policy, efficient governance, and regulatory flexibility continues to support a favorable climate for long-term economic growth.

Trade Overview

- Global Goods Exports 2025: **\$68.8B**
- Global Goods Imports 2025: **\$153.0B**
- Companies That Exported Goods in 2023: **7,340**
- Jobs Supported by Exports in 2023: **187,368**

Pennsylvania

37

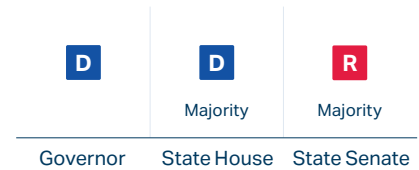


SEL in the State

King of Prussia, PA

- 121 employee owners
- Research & Development, Engineering Services, Sales & Customer Service
- Office opened in 1999

State Government Overview



Background

Pennsylvania performs better than many of its Northeastern peers on measures of regulatory freedom and continues to benefit from a relatively low, flat state individual income tax rate of 3.07 percent. While the commonwealth's tax climate is poised to improve as its high corporate income tax phases down to 4.99 percent, the overall state tax structure remains relatively complex, and coupled with burdensome local tax systems and relatively uncompetitive treatment of businesses and remote workers, there is still room for improvement.

Pennsylvania compares favorably with many neighboring Northeastern states in regulatory freedom, but its overall competitiveness is hindered by poor scores in government efficiency. The state is especially challenged by its deregulated energy market structure, which has contributed to relatively high electricity prices and concerns about long-term energy affordability and reliability. These factors, combined with broader administrative and fiscal challenges, continue to weigh on Pennsylvania's economic competitiveness despite the state's recent tax reforms.

Trade Overview

- Global Goods Exports 2025: \$52.2B
- Global Goods Imports 2025: \$130.6B
- Companies That Exported Goods in 2023: 13,484
- Jobs Supported by Exports in 2023: 159,388

Methodology and Sources

Metrics

The 2026 SEL Index of Freedom was independently reviewed by the Institute for Statistical Policy Analysis, an arm of Advancing American Freedom that applies rigorous quantitative methods to some of the most consequential policy debates facing the United States. The Institute analysis showed an extremely close 0.97 correlation with the SEL Index of Freedom methodology, where 1.0 is a perfect match.

Government Efficiency

45 Percent of Government Efficiency Score: ALEC-Laffer Rich States, Poor States 2025

This ranking uses 15 equally weighted policy variables to determine economic outlook scores. These have been carefully selected as the most important markers of financial stability. Metrics include taxes as well as government debt and spending. Scores range from 1 to 50, with 1 being the best and 50 being the worst.

Source: www.richstatespoorstates.org

45 Percent of Government Efficiency Score: Tax Foundation State Business Tax Climate Index 2025

This ranking measures how well states structure their tax systems by looking holistically at all state tax categories, including individual income tax, corporate income tax, property tax, sales tax, and unemployment insurance tax. Scores range from 1 to 50, with 1 being the best and 50 being the worst.

Source: <https://taxfoundation.org/research/all/state/2025-state-tax-competitiveness-index/>

10 Percent of Government Efficiency Score: C2ER State Business Incentives Database

This ranking uses the Council for Community and Economic Research (C2ER) State Business Incentives Database, which shows incentives offered per state. The total number of incentives includes grants, tax exemptions, tax credits, and loans. Scores range from 1 to 50, with 1 representing the state with the fewest incentives offered and 50 representing the state with the most incentives offered.

Source: www.c2er.org/state-business-incentives-database

Regulatory Freedom

30 Percent of Regulatory Freedom Score: CATO Freedom in the 50 States—REGULATORY

This ranking considers each state's liability system, property rights, health insurance, and labor market. Scores range from 1 to 50, with 1 being the best regulatory regime and 50 being the worst.

Source: <https://www.freedominthe50states.org/>

30 Percent of Regulatory Freedom Score: State Business Formation and Survival

This metric uses data from the Bureau of Labor Statistics and the U.S. Census Bureau to create rankings for the following three categories: (1) total new businesses started per state in 2025, (2) new businesses started per capita in 2025, and (3) five-year business survival rate from 2020–2025. States were ranked on each of the three categories, and a score was determined by ranking the average of those three categories. Scores range from 1 to 50, with 1 being the best and 50 being the worst.

Sources: <https://www.bls.gov/bdm/bdimage.htm#state>

<https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>

<https://www.census.gov/econ/currentdata/>

30 Percent of Regulatory Freedom Score: Mercatus-QuantGov State Regulatory Database

This source is a database that quantifies regulatory and statutory activity across all 50 U.S. states for the year 2024. This metric compares state codes by level of regulatory restriction using language search and quantification to determine which states are most restrictive and therefore the least business-friendly and those states that are less restrictive and therefore the most business-friendly. States are scored from 1 to 50, with 1 representing the state with the least restrictive language in its regulatory code and 50 being the state with the most restrictive language in its regulatory code. States that did not have any data available received the highest possible score.

Source: <https://www.mercatus.org/regsnapshots24>

10 Percent of Regulatory Freedom Score: State Healthcare Cost Relative to Medicare—RAND

This metric uses data from the RAND 5.0 study on hospital price transparency, specifically the overall relative price for hospital care as a percent of Medicare. States are scored from 1 to 50, with 1 representing the state with the lowest cost as a percent of Medicare and 50 being the highest. States that did not have any data available received the highest possible score.

Source: https://www.rand.org/pubs/research_reports/RR4394.html

Energy Resiliency

45 Percent of Energy Resiliency Score: Affordability Rankings

This ranking takes into effect several variables used to determine affordability: the average price of residential, commercial, and industrial energy per kilowatt-hour; average monthly residential bill; and total household electricity costs as a percentage of income. States are ranked from 1 to 50, with 1 being the most affordable and 50 being the least.

Source: <https://fred.stlouisfed.org/release/tables?eid=259515&rid=249>

<https://www.eia.gov/electricity/data.php>

45 Percent of Energy Resiliency Score: Reliability Rankings

This ranking uses three metrics: System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), and Customer Average Interruption Duration Index (CAIDI). SAIDI, SAIFI, and CAIDI metrics from utilities across a given state are used to rank states from 1 to 50, with 1 being the most reliable and 50 being the least.

Source: https://www.eia.gov/electricity/annual/html/epa_11_03.html

10 Percent of Energy Resiliency Score: Electric Deregulation

States that have regulated electricity markets receive a score of 1, and states with fully deregulated markets receive a score of 50. States with partially deregulated markets receive a score of 25.

Source: <https://www.epa.gov/green-power-markets/power-market-structure>

State Trade Overviews

State trade data and statistics come directly from the International Trade Administration within the U.S. Department of Commerce. These profiles show how our focus states are connected and impacted by trade.

Source: <https://www.trade.gov/>



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