



SEL

SEL

ONE SCHWEITZER DRIVE

Highlighting economic
and political freedom
for the benefit of all.

2025 SEL INDEX OF FREEDOM



On the Cover

SEL Global Headquarters in Pullman, Washington

The flags of Canada, the United States, and Mexico fly outside the global headquarters of Schweitzer Engineering Laboratories in Pullman, Washington. The flags were raised on March 4, 2025, to underscore the importance of free trade.

"Free trade works. It floats all boats," wrote Founder Dr. Edmund O. Schweitzer, III, in a letter published on the SEL website and shared with elected officials and the media. "We're united by free trade, with much more in common than in difference. Our differences in culture, language, climate, and history are to be celebrated and appreciated. They're our roots."

SEL continues share the real-world impacts of tariffs on innovation, collaboration, and economic growth and to advocate for free, flat, fair and open markets.

Letter From Dr. Schweitzer

Next year we celebrate the 250th anniversary of the Declaration of Independence. It's our opportunity to reflect with gratitude on the wisdom of our Founding Fathers embodied in their Declaration. I'm struck by their ability to team up and apply the genius of the Age of Enlightenment to the design of a federal government, with its many checks and balances, and with specific, enumerated powers...with everything else left to the states to decide. "Federalism" it's called. Powers divided very specifically between a small federal government and the states. Soon, 250 years ago will mark the creation of the laboratories of the states...now all 50 of them.

The Founders understood that freedom was more than an abstract idea. It permeates our existence, our businesses, and our human dignity. The Declaration underscored the importance of Economic and Political Freedom, and fair, free, flat, and open government.

With that spirit of our founders, SEL is proud to serve electric power utilities, generating companies, municipalities, and all classes of industry. Today, SEL employs folks in 37 of the United States, as well as folks in 22 countries around the world. Our purpose is to make electric power safer, more reliable, and more economical. Our products include protective relays, revenue meters, automation controllers, communications equipment, precision clocks, and dependable computers...and entire systems to help keep the lights on at home and around the world.

Four years ago, we decided to review the economic and political freedom state by state, and comparing and ranking them, and to update our review every year thereafter.

We use data from our own experiences in 37 of the states, as well as data from:

- Dr. Art Laffer, his associates at ALEC, and their annual report, Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index
- The CATO Foundation's report, Freedom in the 50 States



- The United States Census Bureau
- The Bureau of Labor Statistics
- The United States Energy Information Administration

We believe our blended review provides a practical look at how our states compare...especially in government efficiency, regulatory freedom, and energy resiliency. It's intriguing to see just how these 50 laboratories of the states line up, and, I feel there's a lot to learn and use here.

I encourage our folks to look at this comparison, when we consider where to grow, build facilities, and hire folks. Perhaps you will too!

Thank you for your interest in the SEL Index of Freedom.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Edmund O. Schweitzer, III, Ph.D.' followed by a small horizontal line.

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

50 State Ranking

State	Score	Rank
South Dakota*	9.12	1 ▲
Wyoming	9.92	2
Utah*	10.20	3 ▼
Idaho*	13.30	4 ▼
North Dakota	14.27	5 ▲
Arizona*	14.87	6 ▼
Indiana*	16.67	7 ▲
North Carolina*	16.68	8 ▼
Nebraska	17.17	9 ▲
Montana*	17.45	10 ▼
Tennessee*	18.62	11 ▲
Iowa	19.02	12 ▲
Colorado*	19.30	13 ▼
Michigan*	19.63	14 ▼
Nevada	20.13	15 ▼
Florida*	20.43	16 ▲
Kansas	21.28	17 ▲
Alaska	22.57	18 ▲
Wisconsin	22.58	19 ▲
Texas*	22.80	20 ▼
Missouri	22.83	21 ▼
Georgia*	23.35	22 ▲
Delaware	24.58	23 ▼
Minnesota*	24.73	24 ▲
South Carolina	24.83	25 ▼

State	Score	Rank
Oklahoma	25.47	26 ▼
New Mexico	26.60	27 ▼
Kentucky*	26.70	28 ▼
Illinois*	26.97	29 ▲
Alabama*	27.85	30 ▲
New Hampshire*	28.37	31 ▲
Mississippi*	28.45	32 ▼
Virginia	28.48	33 ▼
Oregon*	28.75	34
Louisiana	29.68	35 ▲
Washington*	29.68	35
Arkansas	29.75	37
Ohio*	30.25	38 ▲
New Jersey	31.88	39 ▲
Rhode Island	32.28	40 ▼
Pennsylvania*	32.35	41 ▼
West Virginia	32.98	42 ▲
Maryland*	34.95	43
Connecticut	34.97	44 ▲
Massachusetts	35.27	45 ▼
Vermont	35.87	46 ▲
New York	36.02	47 ▲
Hawaii	36.62	48 ▼
California*	39.40	49
Maine	40.55	50

*States with an SEL office

▲ Improved in rank compared to 2024

▼ Dropped in rank compared to 2024

Pullman, WA

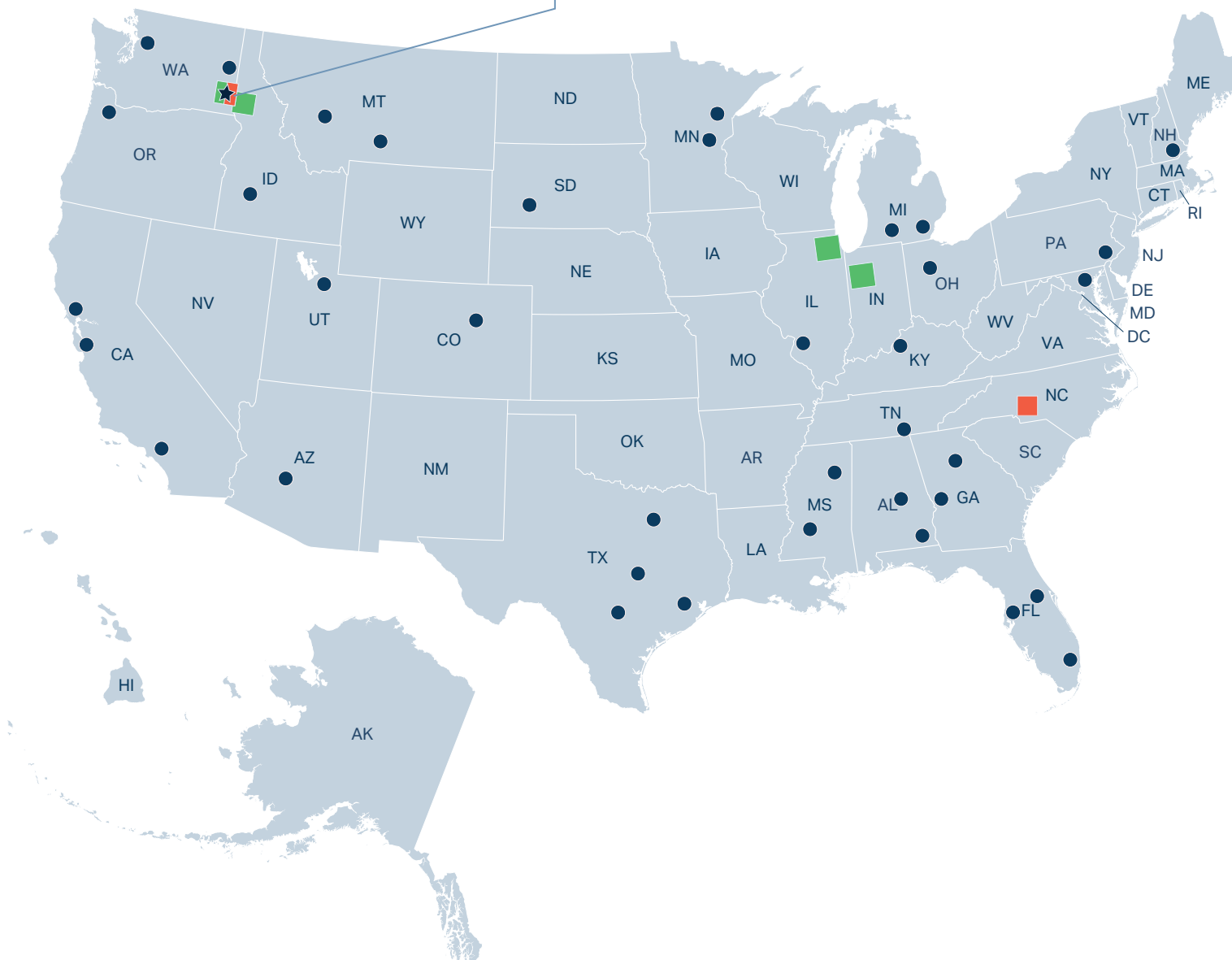
- ★ Company Headquarters
- Electronic device manufacturing
- Panel assembly

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.

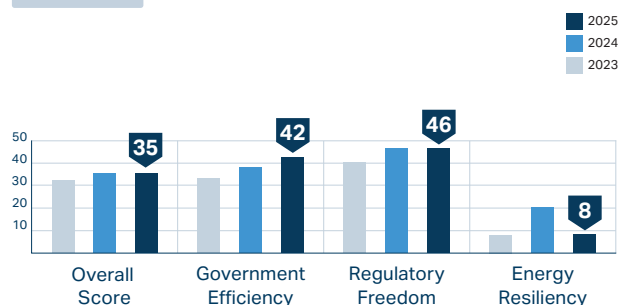
The following state-specific highlight pages feature the states with the greatest SEL employee presence.

SEL Locations

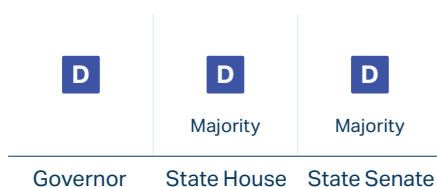
- ★ Headquarters (Pullman, WA)
- Electronic device manufacturing
- SEL panels manufacturing
- SEL office

Washington

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State Government Overview



SEL in the State



Pullman

- **SEL Headquarters**
- **2,790** employee owners
- **16** buildings
- **1M** square feet of space
- Manufacturing, Research & Development, Family Center with medical clinic, childcare center, and exercise facilities



Spokane Valley

- **120** employee owners
- Research & Development, Engineering Services, Sales & Customer Service, Marketing, and support services



Lynnwood

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

Background

In 2025, the Washington state legislature filed 1905 bills and signed 422 of those bills into law. These laws include 20 new or increased taxes to address a projected \$16 billion budget deficit, significantly impacting the business community. Key changes include higher Business & Occupation (B&O) taxes, expanded sales taxes on services, and property tax cap increase from 1% to 3%, which effectively opens the door to triple the growth rate of annual property tax collections. The legislature also passed legislation to expand the capital gains tax, raise the estate tax exemption amount, and increase all but the lowest tier of the state's graduated estate tax rate structure.

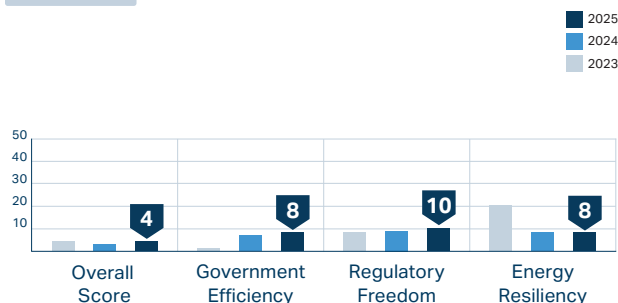
As a result, Washington's business competitiveness has sharply declined. In a recent study conducted by the Washington Policy Center, a state-based think tank, Washington fell from 6th to 45th in national tax competitiveness rankings since 2014 and now ranks 8th in business failure rates over the past decade. The current climate is increasingly unfavorable, particularly for small businesses, manufacturers, and technology firms. These measures have all intensified an already burdensome regulatory environment, and the state's score and overall competitiveness will likely decline in future years as a result.

Trade Overview

- Global Goods Exports 2024: **\$57.8B**
- Global Goods Imports 2024: **\$62.1B**
- Companies that Exported Goods in 2022: **8,163**
- Jobs Supported by Exports in 2022: **160,258**

Idaho

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State Government Overview

R	R	R
	Supermajority	Supermajority
Governor	State House	State Senate

SEL in the State



Lewiston

- 990 employee owners
- Manufacturing
- Factory opened in 2012
- The facility includes an onsite wellbeing center, which provides medical services to employees and their families free of charge.



Boise

- 130 employee owners
- Research & Development and Sales & Customer Service
- Office opened in 2015



Moscow

- 150 employee owners
- Printed Circuit Board (PCB) Manufacturing
- Factory opened in 2023

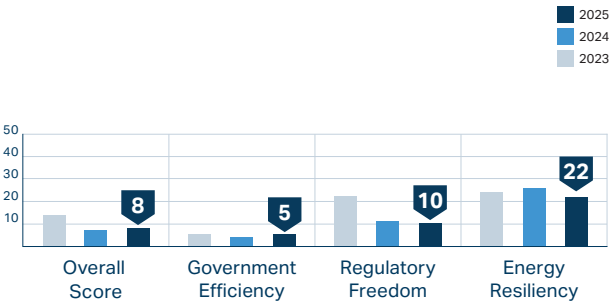
Background

Idaho maintains its reputation as a business-friendly state, with a continued focus on reducing regulatory red tape. The state's economy is diverse and supported by key sectors like agriculture, advanced manufacturing, technology, and tourism. The state benefits from low taxes, continued investment in public infrastructure, and a strong energy reliability score due to its large hydropower mix. In the 2025 legislative session, Idaho prioritized infrastructure upgrades and water management. One trend that merits careful reflection is a continued increase in the number of bills introduced each legislative session. The state's population grew by approximately 1.4% over the past year, driven by in-migration of new residents from higher-cost states. While Idaho offers a stable environment for business, challenges like adequately funding public education, housing affordability, and water resource sustainability are becoming critical considerations for future growth.

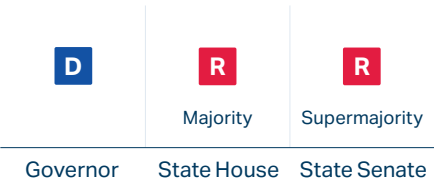
Trade Overview

- Global Goods Exports 2024: **\$4.2B**
- Global Goods Imports 2024: **\$8.9B**
- Companies that Exported Goods in 2022: **1,473**
- Jobs Supported by Exports in 2022: **16,241**

North Carolina



State Government Overview



SEL in the State



Charlotte

- 200 employee owners
- Research & Development, Engineering Services, Sales & Customer Service, and Manufacturing
- The SEL Charlotte facility is home to a substation simulator, where SEL employees learn how to best serve and delight customers in a safe, deenergized environment.
- Office opened in 1993

Background

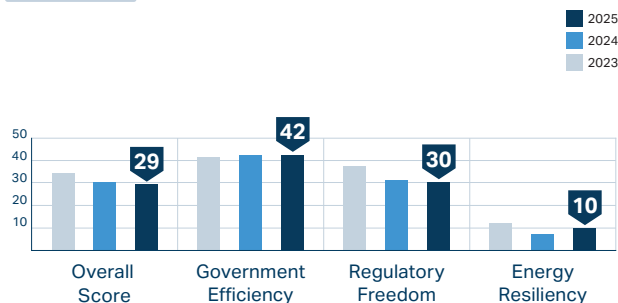
North Carolina had a flat personal income tax rate in 2024 of 4.50 percent, down from 5.25 percent just five years prior. North Carolina's corporate income tax rate, which was 2.50 percent in 2024, has also been on a steady decline, continuing to improve the climate for business in the state. The state also benefits from a relatively simplified regulatory code, which is reflected in positive scores for new business formation and sustainability. Though North Carolina continues to be hampered by the relatively high cost of healthcare as well as higher than average scores for electric power affordability and reliability.

Trade Overview

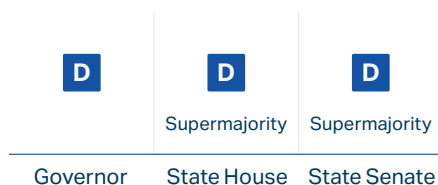
- Global Goods Exports 2024: **\$42.8B**
- Global Goods Imports 2024: **\$87.6B**
- Companies that Exported Goods in 2022: **9,556**
- Jobs Supported by Exports in 2022: **145,006**

Illinois

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State Government Overview



SEL in the State



Lake Zurich

- 150 employee owners
- Manufacturing
- E.O. Schweitzer Manufacturing 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

- 46 employee owners
- Engineering Services
- Office Opened in 2008



Hawthorne Woods

- 14 employee owners
- Sales & Customer Service
- Office Opened in 2018

Background

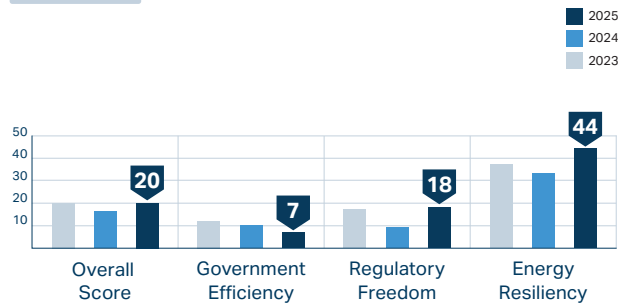
Illinois features a complex tax structure, with a flat individual income tax rate of 4.95% and a corporate income tax rate of 9.5%, among the highest in the nation. These rates can challenge business growth, but the state's central location, strong infrastructure, and skilled workforce continue to attract major industries, particularly in manufacturing, logistics, and technology. While there has been some progress in regulatory reform, administrative complexity and fiscal uncertainty remain hurdles, especially for smaller businesses navigating long-term planning. Energy resiliency is an emerging concern as the state transitions to cleaner energy sources. Ambitious goals are in place, but slow implementation raises short-term reliability and affordability issues. Overall, Illinois offers strategic advantages, though fiscal and energy challenges require careful navigation.

Trade Overview

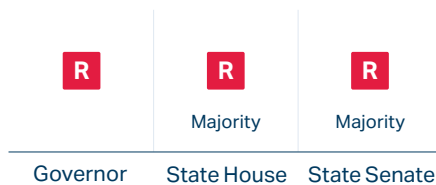
- Global Goods Exports 2024: **\$80.8B**
- Global Goods Imports 2024: **\$218.1B**
- Companies that Exported Goods in 2022: **17,762**
- Jobs Supported by Exports in 2022: **313,157**

Texas

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State Government Overview



SEL in the State

Boerne

- 12 employee owners
- Engineering Services, Sales & Customer Service
- Office opened in 2002

Houston

- 110 employee owners
- Engineering Services
- Office opened in 2002
- Houston is the largest SEL office in Texas where teams provide technical engineering support to multiple local customers located in the area including CenterPoint Energy, Chevron, and Samsung.

Plano

- 16 employee owners
- Engineering Services
- Office opened in 2008

Round Rock

- 28 employee owners
- Research & Development
- Office opened in 2012

Background

Texas continues to perform well in business related categories in 2025, supported by no income tax, a streamlined regulatory environment, and strong growth in key sectors like energy, technology, and manufacturing. The state remains a top destination for corporate relocations and expansions.

However, energy resiliency is an emerging concern. Despite being the nation's leading energy producer, Texas's power grid faces increasing strain from rapid population growth, industrial demand, and extreme weather. Without significant infrastructure upgrades, these vulnerabilities could pose risks to long-term business operations and investment confidence.

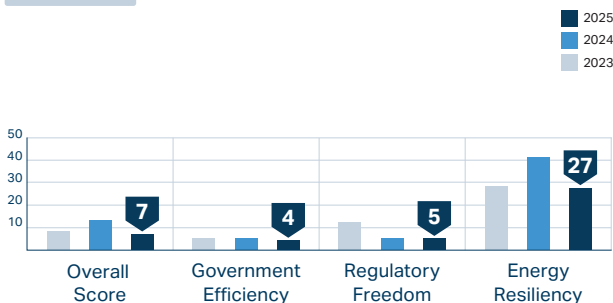
Overall, Texas offers a favorable climate for business, though energy reliability is becoming a critical factor for future planning.

Trade Overview

- Global Goods Exports 2024: **\$455.0B**
- Global Goods Imports 2024: **\$397.2B**
- Companies that Exported Goods in 2022: **31,842**
- Jobs Supported by Exports in 2022: **1,232,913**

Indiana

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State Government Overview

R	R	R
Governor	Supermajority State House	Supermajority State Senate

SEL in the State



West Lafayette

- 130 employee owners
- Manufacturing
- Office opened in 2019

Background

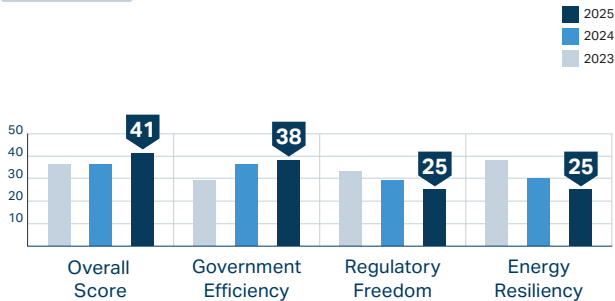
Indiana has a flat 3.05 percent individual income tax rate and a 4.9 percent corporate income tax rate, with a 7.00 percent state income tax rate, and no local sales tax. This tax structure creates a relatively competitive environment, which, coupled with improvements in energy reliability and affordability scores, makes Indiana a business-friendly state. Indiana also has a pro-growth regulatory code which lends itself to positive numbers on new business starts and retention. Though the Hoosier state has made great strides to improve health care affordability, high hospital costs continue to be a drag on Indiana's score.

Trade Overview

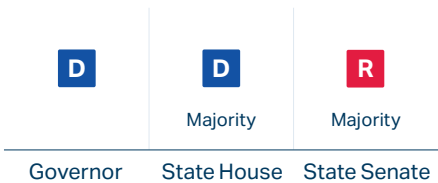
- Global Goods Exports 2024: \$59.9B
- Global Goods Imports 2024: \$106.7B
- Companies that Exported Goods in 2022: 7,246
- Jobs Supported by Exports in 2022: 176,257

Pennsylvania

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State Government Overview



SEL in the State

King of Prussia

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

Background

Pennsylvania saw several significant tax reforms take effect in 2025, including a reduction in the corporate income tax rate from 8.49% to 7.99% with a long-term goal of reaching 4.99% by 2031. Pennsylvania also introduced a new annual report filing requirement for most businesses, replacing the previous decennial system. However, even with the state's energy resiliency ranking improving this year, the general assembly continues to steer toward adopting energy policy that can ultimately have a negative effect on reliability, such as cap-and-invest programs.

Trade Overview

- Global Goods Exports 2024: \$53.2B
- Global Goods Imports 2024: \$127.3B
- Companies that Exported Goods in 2022: 13,541
- Jobs Supported by Exports in 2022: 157,243

Methodology and Sources

Metrics

Metrics for rankings fall into three categories: government efficiency, regulatory freedom, and energy resiliency. Each category is comprised of individual subcategories, all with a 1–50 ranking for conformity. Each of the subcategories represents important factors in determining the relative freedom and ease of doing business in each state.

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: 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 2024, (2) new businesses started per capita in 2024, and (3) five-year business survival rate from 2019–2024. States were ranked on each of the three categories, and a score was determined ranking the average of those three categories. Scores range from 1 to 50, with 1 being the best and 50 being the worst.

Sources: www.bls.gov/bdm/bdimage.htm#state
www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html
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: 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: 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: 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: 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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