



SEL

Highlighting economic
and political freedom
for the benefit of all.

2024 SEL INDEX OF FREEDOM



On the Cover

The SEL Printed Circuit Board (PCB) Factory on Schwartz Campus in Moscow, Idaho

The \$100M, 162,000-square-foot facility, which opened in May 2023, is one of only a few PCB manufacturing facilities to be built in the United States in the last decade.

The facility, which was 100 percent funded by SEL, features a combination of innovative equipment, sustainable processes, and best practices that set a new standard for clean PCB fabrication.

The operation is on target to become one of the top ten producers of printed circuit boards in the United States by next year.

Letter From Dr. Schweitzer

Dr. Milton Friedman emphasized the importance of our economic and political freedoms and their inseparable nature.

SEL serves electric power utilities, generating companies, municipalities, and all classes of industry. Today, SEL employs folks in 37 of the states in the U.S. as well as folks in 22 countries. 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.

Three years ago, we decided to have a look at the economic and political freedom from a perspective of "the laboratories of the states."

This will be our third year of producing the *SEL Index of Freedom*. We use data from our own experiences working with most of the states; data from Dr. Art Laffer and his associates at the American Legislative Exchange Council (ALEC) and their annual report, *Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index*; and data from the CATO Foundation's report, *Freedom in the 50 States*, as well as the United States Census Bureau, the Bureau of Labor Statistics, and the United States Energy Information Administration.

I feel this blended information and outlook provides a practical look at how our states rank regarding government efficiency, regulatory freedom, and energy resiliency.

We've found this work to be useful input when we consider where to grow, build facilities, and hire folks. Perhaps you will too!

We're blessed to live in the only country which begins with "We the People," and with the fundamental concepts of limited federal government, leaving everything else up to the states to decide.



Over the past three years, we've had opportunities to share our work with politicians of both parties. The report seems to spark some interesting conversations as we compare the plusses and minuses of the states we call home.

We're always open for ideas on how to make this even more timely and useful.

Thank you for taking interest in the *SEL Index of Freedom*.

Sincerely,

A handwritten signature in black ink that reads "Edmund O. Schweitzer, III, Ph.D." followed by three horizontal lines.

Edmund O. Schweitzer, III, Ph.D.
Founder and President
Schweitzer Engineering Laboratories

50 State Ranking

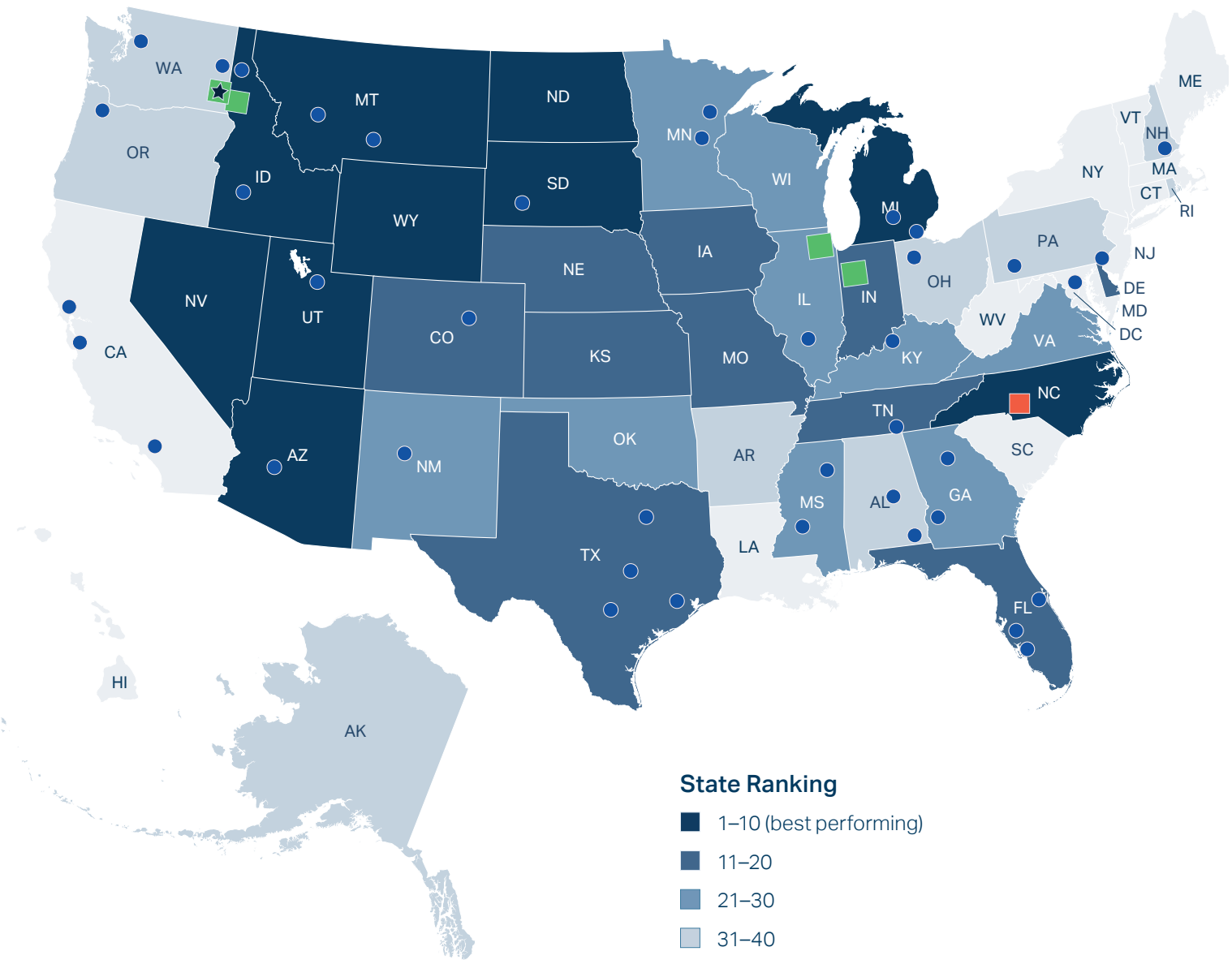
The *SEL Index of Freedom* examines the Fair, Free, Flat, and Open business climate for each of the 50 states. This annual report focuses on three critical variables: government efficiency, regulatory freedom, and energy resiliency. This report highlights potential advantages or challenges that exist when doing business in each state.

States are given a score, which is an average of the categories, with the lowest score reflecting the best performance on the *Index* and the highest score reflecting the worst performance. Each state is then ranked 1st–50th. All data used in the report are publicly available.

State	Score	Rank
Utah*	7.35	1
Wyoming	9.17	2
Idaho*	13.35	3
South Dakota*	13.68	4
Arizona*	13.97	5
Nevada	15.77	6
North Carolina*	17.40	7
North Dakota	17.55	8
Montana*	17.82	9
Michigan*	18.18	10
Colorado*	18.58	11
Nebraska	18.83	12
Indiana*	19.25	13
Missouri	19.70	14
Iowa	21.00	15
Texas*	21.27	16
Florida*	21.28	17
Tennessee*	21.28	17
Kansas	21.98	19
Delaware	22.05	20
Wisconsin	22.62	21
Oklahoma	22.92	22
Georgia*	25.18	23
South Carolina	25.43	24
New Mexico*	25.73	25

State	Score	Rank
Mississippi*	25.98	26
Kentucky*	26.48	27
Minnesota*	26.48	27
Virginia	26.55	29
Illinois*	26.77	30
Alabama*	27.05	31
Alaska	27.13	32
New Hampshire*	27.92	33
Oregon*	30.13	34
Washington*	30.32	35
Pennsylvania*	30.35	36
Arkansas	30.67	37
Rhode Island	31.30	38
Ohio*	31.32	39
New Jersey	31.83	40
Louisiana	32.68	41
Massachusetts	33.72	42
Maryland*	34.20	43
West Virginia	34.22	44
Connecticut	34.38	45
Hawaii	36.03	46
Vermont	36.40	47
New York	36.67	48
California*	37.60	49
Maine	38.43	50

*States with an SEL office



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

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.

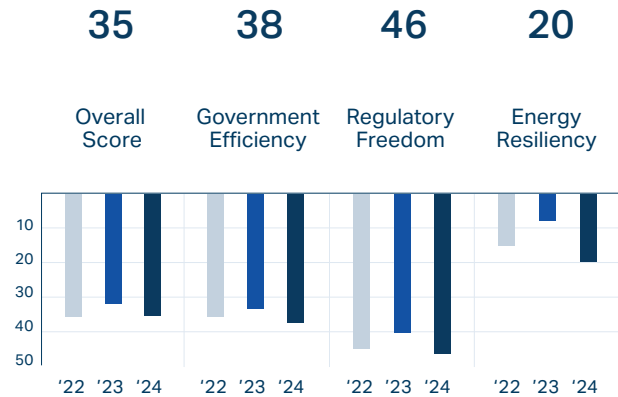
The following state-specific highlight pages feature the states with the greatest SEL employee presence.

Washington

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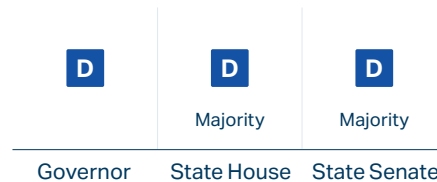
Washington by the Numbers

- 2024 Overall Score: 35 (2023: 32, 2022: 36)
- 2024 Government Efficiency: 38 (2023: 33, 2022: 36)
- 2024 Regulatory Freedom: 46 (2023: 40, 2022: 44)
- 2024 Energy Resiliency: 20 (2023: 8, 2022: 15)



State Government Overview

- Governor: Democrat
- State House: Democrat Majority
- State Senate: Democrat Majority



Background

Washington has a relatively complex and restrictive regulatory environment that complicates the ability to do business and grow. Though Washington does not have typical state personal or corporate income taxes, it does levy a 7 percent capital gains tax as well as a gross receipts tax, creating a mixed picture for its state tax structure. Washington is, however, buoyed by the abundance of affordable, clean, and reliable hydroelectric power, which helps keep the lights on for businesses across the state.

SEL in the State

- SEL is headquartered in Pullman, Washington. The main campus houses over 2,600 employee owners, 16 buildings, and over one million square feet of space, including high-tech manufacturing, two research and design facilities, a wellbeing center, and an event center.
- The onsite wellbeing center includes a medical clinic, exercise facilities, and a childcare center. In 2018, medical services expanded to include occupational therapy, mental health, and physical therapy.
- The SEL Lynnwood office is home to 75 employee owners conducting research and development, engineering services, and sales and customer service.
- SEL Spokane Valley houses 120 employee owners who conduct research and development, engineering services, sales and customer service, marketing, and various support services.

Idaho



Idaho by the Numbers

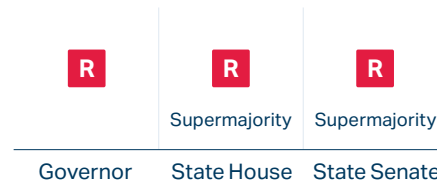
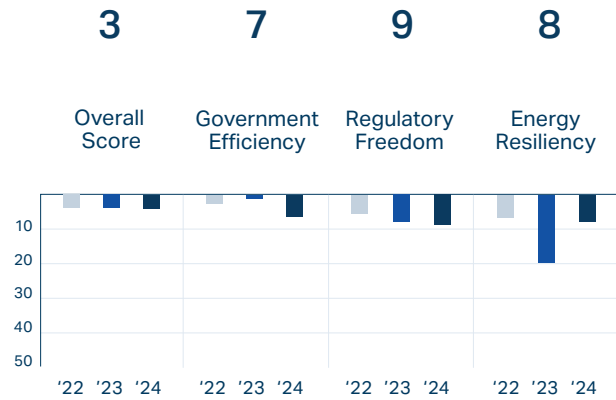
- 2024 Overall Score: 3 (2023: 3, 2022: 3)
- 2024 Government Efficiency: 7 (2023: 1, 2022: 2)
- 2024 Regulatory Freedom: 9 (2023: 8, 2022: 6)
- 2024 Energy Resiliency: 8 (2023: 20, 2022: 7)

State Government Overview

- Governor: Republican
- State House: Republican Supermajority
- State Senate: Republican Supermajority

Background

Idaho benefits from less complex state tax and regulatory regimes. The Idaho tax code features a flat 5.8 percent tax on individual and corporate income, and its average combined state and local tax rate is relatively low as well. A less cumbersome and restrictive state regulatory environment, coupled with access to affordable and reliable electric power, make Idaho an attractive place to do business.



SEL in the State

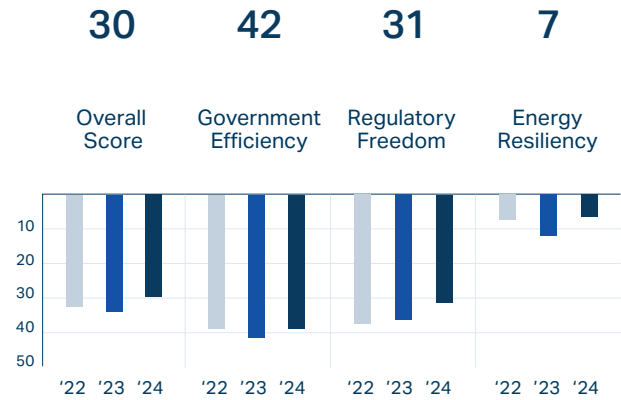
- The SEL Lewiston facility opened in 2012 and has over 250,000 square feet of high-tech manufacturing space with over 900 employee owners. The facility includes a wellbeing center, which provides medical services to employees and their families free of charge.
- SEL began operations in 2023 at its new, state-of-the-art 162,000-square-foot printed circuit board factory in Moscow. The facility features zero-discharge water recycling and air filtration technology.
- The SEL Boise facility opened in 2015 and now features two facilities with over 100 employee owners working across many divisions of the company.
- In total, Idaho is home to over 1,500 SEL employees and their families.

Illinois

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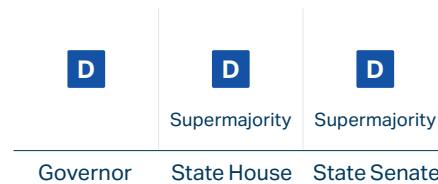
Illinois by the Numbers

- 2024 Overall Score: 30 (2023: 34, 2022: 32)
- 2024 Government Efficiency: 42 (2023: 41, 2022: 39)
- 2024 Regulatory Freedom: 31 (2023: 37, 2022: 38)
- 2024 Energy Resiliency: 7 (2023: 12, 2022: 8)



State Government Overview

- Governor: Democrat
- State House: Democrat Supermajority
- State Senate: Democrat Supermajority



Background

While Illinois has a flat 4.95 percent personal income tax rate, the 9.5 percent corporate tax and the average combined state and local tax of 8.8 percent create a more difficult environment for businesses to grow and thrive. While strong marks for electric power and reliability help improve Illinois's score, the complex and restrictive nature of the regulatory code hampers free enterprise.

SEL in the State

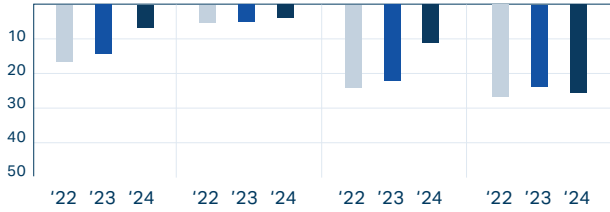
- Edmund O. Schweitzer, Jr., father of SEL Founder and President Dr. Edmund O. Schweitzer, III, founded E.O. Schweitzer Manufacturing in Illinois in 1949. The company officially became a part of SEL in 2004.
- Today, this manufacturing facility is located in Lake Zurich, IL, where 130 employees produce products rooted in the technology invented by Edmund O. Schweitzer, Jr. These products are called fault indicators, and they all provide visual indication of where a fault might occur on a power system, allowing customers to find problems and restore power quickly and safely.
- Two additional SEL offices are located in Hawthorn Woods and Fairview Heights. These offices feature employees who work in Engineering Services and Sales and Customer Service.

North Carolina



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Overall Score Government Efficiency Regulatory Freedom Energy Resiliency

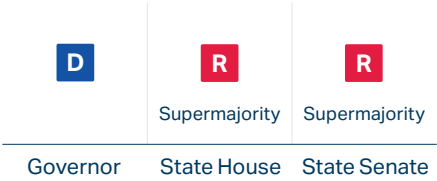


North Carolina by the Numbers

- 2024 Overall Score: 7 (2023: 24, 2022: 17)
- 2024 Government Efficiency: 4 (2023: 5, 2022: 5)
- 2024 Regulatory Freedom: 11 (2023: 22, 2022: 24)
- 2024 Energy Resiliency: 26 (2023: 24, 2022: 27)

State Government Overview

- Governor: Democrat
- State House: Republican Supermajority
- State Senate: Republican Supermajority



Background

North Carolina performs well relative to its peers on economic outlook measures such as state tax structure, which includes a 2.5 percent corporate income tax and 4.75 percent personal income tax rate. North Carolina also offers relatively few market-distorting state incentives, and it excels in new business starts and 5-year survival rate, though it is hindered by a relatively low score for electric power reliability.

SEL in the State

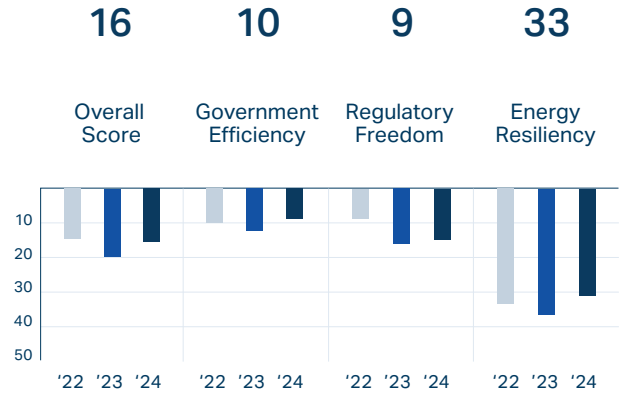
- SEL Charlotte opened in 1993 with just one engineer and is now the largest field office outside of the Pacific Northwest, with two facilities and nearly 200 employees in Research and Development, Engineering Services, Sales and Customer Service, Information Services, Human Resources, and Manufacturing.
- The SEL Charlotte Manufacturing team assembles panels of SEL relays, which act as turnkey solutions to meet the needs of transmission and distribution applications for utilities and industrial customers.
- The SEL Charlotte facility is home to a substation simulator, where SEL employees can learn how to best serve and delight customers in a safe, de-energized environment.
- SEL Charlotte is also home to the SEL field services team, which handles direct customer panel work like installation and retrofits.

Texas

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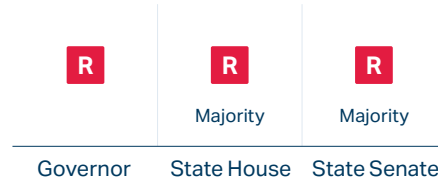
Texas by the Numbers

2024 Overall Score: 16 (2023: 20, 2022: 15)
2024 Government Efficiency: 10 (2023: 12, 2022: 9)
2024 Regulatory Freedom: 9 (2023: 17, 2022: 15)
2024 Energy Resiliency: 33 (2023: 37, 2022: 31)



State Government Overview

Governor: Republican
State House: Republican Majority
State Senate: Republican Majority



Background

Texas supports business growth with its lack of personal and corporate income tax, though the state does levy a gross receipts tax. With one of the largest state economies in the country, Texas sees high marks for new business creation and retention. A deregulated electric power market creates high prices and relatively low reliability, which can be problematic for businesses looking for certainty.

SEL in the State

- SEL has several offices across Texas, which are strategically located to best serve customers.
- SEL Houston is the largest Texas field office, with over 100 employees primarily working in the Engineering Services division.
- SEL Round Rock is located just outside of Austin with a focus on research and development.
- SEL Plano is located in the Dallas-Ft. Worth Metroplex with a focus on engineering services.
- SEL Boerne is located just outside of San Antonio with a focus on sales and customer service.

Pennsylvania

36

Pennsylvania by the Numbers

- 2024 Overall Score: 36 (2023: 36, 2022: 38)
- 2024 Government Efficiency: 36 (2023: 29, 2022: 28)
- 2024 Regulatory Freedom: 29 (2023: 33, 2022: 31)
- 2024 Energy Resiliency: 30 (2023: 38, 2022: 43)

State Government Overview

- Governor: Democrat
- State House: Democrat Majority
- State Senate: Republican Majority

Background

Pennsylvania has a flat 3.07 percent personal income tax, but the commonwealth does allow local jurisdictions to collect an additional local income tax and the corporate income tax is relatively high at 8.99 percent. While the cost of healthcare is relatively low, Pennsylvania is hampered by a complex and restrictive regulatory framework that drives up other business costs.

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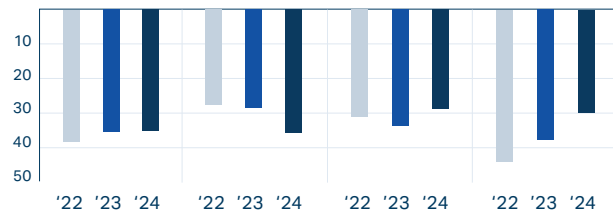
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Overall Score

Government Efficiency

Regulatory Freedom

Energy Resiliency



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Majority

Majority

Governor

State House

State Senate

SEL in the State

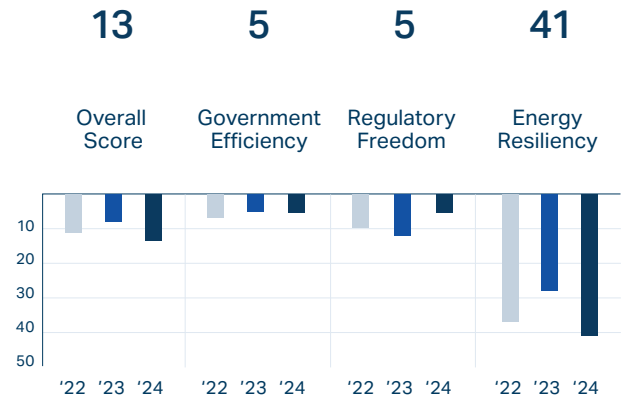
The SEL King of Prussia office is located just outside of Philadelphia, with over 100 employees working in divisions such as Research and Development, Engineering Services, and Sales and Customer Service.

Indiana

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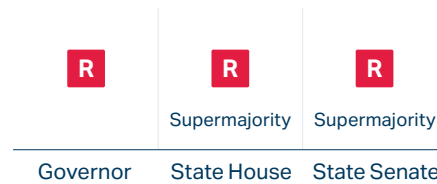
Indiana by the Numbers

- 2024 Overall Score: 13 (2023: 8, 2022: 11)
- 2024 Government Efficiency: 5 (2023: 5, 2022: 7)
- 2024 Regulatory Freedom: 5 (2023: 12, 2022: 10)
- 2024 Energy Resiliency: 41 (2023: 28, 2022: 37)



State Government Overview

- Governor: Republican
- State House: Republican Supermajority
- State Senate: Republican Supermajority



Background

Indiana has a flat 3.15 percent individual income tax rate, but some local jurisdictions also collect an income tax. Indiana has a somewhat competitive state corporate income tax at 4.90 percent, and though the state's sales tax is 7.0 percent, there is no local sales tax, all of which creates a relatively business-friendly tax structure. Indiana performs well on key economic indicators with high marks for new business starts and retention, which is made possible by a less complex state regulatory system. Indiana is hampered by its high cost of healthcare and electric power.

SEL in the State

- SEL completed construction on a 100,000-square-foot facility in 2019 in the heart of the Purdue University Discovery Park District in West Lafayette.
- This electric power research and manufacturing facility has the capacity to support 300 high-quality jobs, with additional space for future growth.
- The Manufacturing team at SEL West Lafayette produces recloser controls, which provide fault location, isolation, and system restoration using protection and communications capabilities.
- This state-of-the-art facility also features a wellness center, with space for a future onsite health clinic.

California

49

California by the Numbers

- 2024 Overall Score: 49 (2023: 47, 2022: 47)
- 2024 Government Efficiency: 49 (2023: 47, 2022: 48)
- 2024 Regulatory Freedom: 40 (2023: 50, 2022: 50)
- 2024 Energy Resiliency: 40 (2023: 25, 2022: 34)

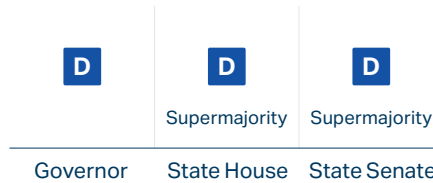
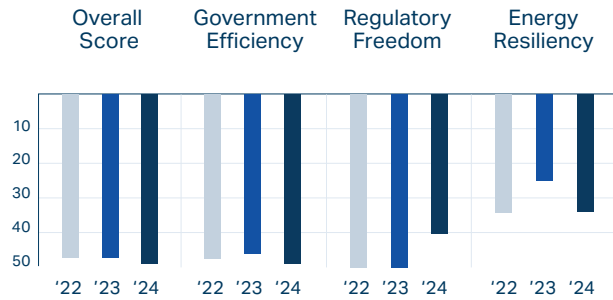
State Government Overview

- Governor: Democrat
- State House: Democrat Supermajority
- State Senate: Democrat Supermajority

Background

Though California has the highest state GDP in the country, the state has created a complex and expensive environment in which to do business. California has a graduated personal income tax with a high top rate of 13 percent, and the corporate income tax is also at the high end at 8.84 percent. California also has the highest gas tax rate in the nation and high prices for electric power. The state regulatory code is complex and restrictive, and healthcare costs remain high as well.

49 47 40 40



SEL in the State

- The SEL Irvine office has over 40 employees focusing on engineering services, infrastructure defense, and sales and customer service.
- The SEL Vacaville office has 25 employees who focus solely on engineering services.

Georgia

23

Georgia by the Numbers

- 2024 Overall Score: 23 (2023: 17, 2022: 10)
- 2024 Government Efficiency: 21 (2023: 9, 2022: 12)
- 2024 Regulatory Freedom: 7 (2023: 6, 2022: 9)
- 2024 Energy Resiliency: 44 (2023: 42, 2022: 26)

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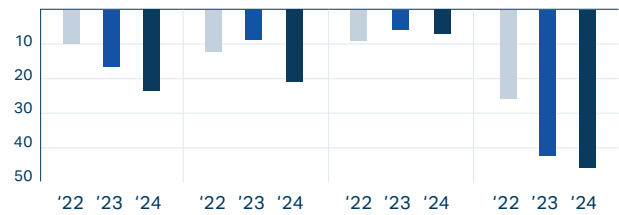
44

Overall
Score

Government
Efficiency

Regulatory
Freedom

Energy
Resiliency



State Government Overview

- Governor: Republican
- State House: Republican Majority
- State Senate: Republican Majority

R

R

R

Majority

Majority

Governor

State House

State Senate

Background

Georgia has a graduated income tax, with a top rate of 5.75 percent, which is also the corporate income tax rate. Though Georgia has a relatively simple regulatory regime and performs well on new business starts and retention, healthcare costs are the second highest in the nation and electric power prices are also high.

SEL in the State

- Georgia is home to two SEL offices, one in Alpharetta and one in Columbus.
- The SEL Alpharetta office focuses on engineering services, infrastructure defense, and sales and customer service.
- The SEL Columbus office focuses directly on sales and customer service.

Ohio

39

Ohio by the Numbers

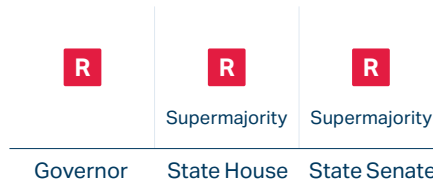
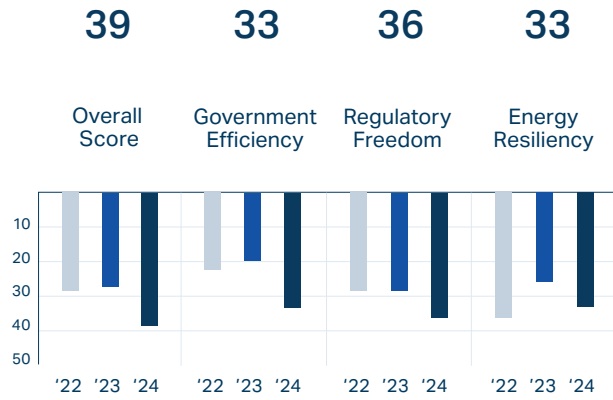
- 2024 Overall Score: 39 (2023: 28, 2022: 29)
- 2024 Government Efficiency: 33 (2023: 20, 2022: 22)
- 2024 Regulatory Freedom: 36 (2023: 29, 2022: 29)
- 2024 Energy Resiliency: 33 (2023: 26, 2022: 36)

State Government Overview

- Governor: Republican
- State House: Republican Supermajority
- State Senate: Republican Supermajority

Background

Ohio has a graduated personal income tax with a top rate of 3.99 percent, but the state does allow local jurisdictions to levy a personal income tax as well. Though there is no state corporate income tax, Ohio does levy a gross receipts tax. Though Ohio performs better than some of its regional peers on new business starts and regulatory complexity, it still ranks high in the nation.



SEL in the State

The SEL Lewis Center office is located just outside of Columbus with 50 employees working across divisions such as Research and Development, Engineering Services, and Sales and Customer Service.

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 2024

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 2024

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: taxfoundation.org/research/all/state/2024-state-business-tax-climate-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 2023, (2) new businesses started per capita in 2023, and (3) five-year business survival rate from 2018–2023. 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 2022. 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: www.quantgov.org/state-regdata-definitive-edition

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



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