

# BLUEPRINT FOR OHIO'S ECONOMIC FUTURE

## EXECUTIVE SUMMARY



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# Letter from the CEO

Dear Ohioan,

The Ohio Chamber of Commerce operates with a simple and compelling vision: Making Ohio the best place in which to do business anywhere in the world. It has never been a better time in history to be an Ohioan. As a state, we have an abundance of resources and variables working in our favor, including a low cost of living and a high quality of life. Our Gross Domestic Product in 2019 totaled \$698.5 billion, the 7<sup>th</sup> largest in the United States. In fact, If Ohio were a separate country, it would be the world's 21<sup>st</sup> largest economy ahead of Poland, Sweden and Belgium. We have plenty to leverage. We know what we're capable of as Ohioans, we have a grasp of the resources and assets at our disposal, and we have everything we need within our state's borders to prosper – including higher education options, transportation systems, ample sources of low-cost electricity and a mild climate.

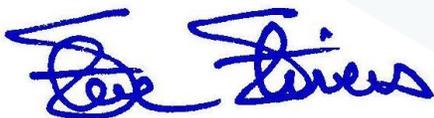
Ohio is now entering into a manufacturing renaissance unlike anything witnessed by any other state in our country. Our state's manufacturing is responsible for 17.5% of Ohio's GDP and contributes more than 650,000 jobs for Ohio workers and an annual payroll of \$42 billion. This already makes our manufacturing sector GDP 4<sup>th</sup> in the nation, and we rank 3<sup>rd</sup> in total manufacturing employees and total payroll. But the best is yet to come.

Additionally, Intel has now broken ground, in Licking County, on the most ambitious economic development project in the free world: the private investment of up to \$100 billion to manufacture semiconductors. Not only will this project add an estimated \$2.8 billion to Ohio's annual gross state product, it will also bring more than 20,000 good-paying jobs to Ohio and create enormous opportunity to businesses, communities and families in all corners of the state for generations to come.

Across the entire spectrum of our economy, Ohio is breaking records. In 2021, Ohio added more than 99,000 private sector jobs – the most private job growth since 1997. The state shattered previous business filing records with 197,010 new businesses created in 2021, a 15% increase over the previous record in 2020.

Thankfully, Ohio's business climate benefits from traditionally strong fiscal management by the State of Ohio. In September 2022, Ohio obtained its first "AAA" long-term Issuer Default Rating with Fitch, reflecting "material strengthening of the state's financial resilience and budget management, particularly over the past two biennia." Finally, Ohio has exercised fiscal restraint and foresight through its Budget Stabilization Fund, which currently sits at \$2.7 billion and safeguards against cyclical changes in revenues and expense in poor economic times.

We know that it takes strong leadership and a cooperative effort to make Ohio a safe and vibrant destination to live, work, study, raise a family and operate a business. The Ohio Chamber of Commerce remains ever vigilant and ready to tackle the next frontier of challenges for Ohio's business community. Our *Blueprint for Ohio's Economic Future* is a constructive look at policy areas where Ohio can better capitalize on opportunities and position itself as a leader in the coming decade.



Steve Stivers  
President & CEO  
Ohio Chamber of Commerce

# Introduction

Ohio has long been a state that sees—and seizes—opportunity and innovation. From the Wright Brothers exploring flight to the evolution of the automobile and the invention of the traffic light, Ohio has been a place for new ideas that shape our society. Today, Ohio is home to 200 corporate headquarters and 55 Fortune 1000 companies, and Intel’s recent decision to invest in Ohio points to a future as the Silicon Heartland.<sup>1</sup>

While there is much to be proud of in Ohio, the state and its policymakers must also focus on laying the foundation for continued investment and creating economic and business growth. The State of Ohio, like the nation, is navigating complex challenges that include a decline in its population, persistent urbanization, a lack of childcare resources and a shortage of talent in its workforce. Recent national rankings—which placed Ohio near the bottom of the pack in terms of business friendliness (47<sup>th</sup>)<sup>2</sup> and tax burden (37<sup>th</sup>)<sup>3</sup>—underscore the importance of addressing these challenges.

The state is at a critical juncture, with an urgent need to move forward. Ohio must take steps now to remain one of the most competitive states for businesses while laying the foundation for future growth.

The Ohio Chamber of Commerce is leading through both its legislative agenda and its role as the convener of business. In collaboration with Accenture, the Ohio Chamber set out to explore current strengths, gaps and opportunities of the state’s business climate. Using in-depth secondary research and in-person workshops, the team examined the factors that are key to Ohio’s ability to continue to attract residents and businesses, nurture a larger, more effective workforce and make Ohio the best state in the country to do business – competitive with any place in the world. More specifically, six levers were identified, along with examples of opportunities for improvement for each.

Based on the analysis of the data, the Ohio Chamber will lead in shaping the state’s future and offers this report as a starting point to bring together leaders in business, economic development, workforce, education, housing, healthcare, transportation and other community representatives. The research provides examples of opportunities for improvement in the near term and as a foundation for sustained growth in the future.

The uncertainty of global events, previously hard to fathom, like those that we have experienced in the last two years with COVID-19 further underscore the importance of a “living” strategy that proves adaptable and resilient over time, allowing for continuous innovation and improvement in line with the evolving priorities and values of Ohioans. Now is the time for concerted efforts to further host regional stakeholder engagements across the state to develop additional dynamic initiatives that provide business leadership, direction and bold solutions that leapfrog the competition and drive growth for decades to come.

Levers	Indicators	Levers	Indicators
<b>Education &amp; Workforce</b> 	<ul style="list-style-type: none"> <li>• Workforce Participation/ Labor Supply/ Barriers</li> <li>• K-12 Education</li> <li>• Higher Education</li> </ul>	<b>Sense of Place</b> 	<ul style="list-style-type: none"> <li>• Public Health</li> <li>• Affordability &amp; Housing</li> <li>• Economic Opportunity</li> <li>• Recreational Amenities</li> </ul>
<b>Taxes and Costs</b> 	<ul style="list-style-type: none"> <li>• Tax Burden</li> <li>• Cost Of Doing Business</li> <li>• Fiscal Stability</li> </ul>	<b>Innovation &amp; Collaboration</b> 	<ul style="list-style-type: none"> <li>• Venture Capital</li> <li>• Start-ups And Entrepreneurship</li> <li>• Modernization &amp; Data Privacy</li> <li>• Research And Development</li> <li>• Patents</li> </ul>
<b>Business Friendliness</b> 	<ul style="list-style-type: none"> <li>• Regulatory Landscape</li> <li>• Occupational Licensing</li> <li>• Legal Climate</li> <li>• Economy</li> <li>• GDP Growth</li> </ul>	<b>Infrastructure</b> 	<ul style="list-style-type: none"> <li>• Energy/Utilities</li> <li>• Internet Accessibility</li> <li>• Roads and Bridges</li> <li>• Transportation</li> </ul>

# Executive Summary

The Ohio Chamber of Commerce operates with a simple and compelling vision: Making Ohio the best place in which to do business anywhere in the world. The Ohio Chamber of Commerce operates with a simple and compelling vision: Making Ohio a better place in which to do business. As the leading Ohio business advocate and resource, the Ohio Chamber supports free enterprise, economic competitiveness, and growth for the benefit of all Ohioans. Maintaining and improving Ohio’s business environment is a constant effort. To remain competitive nationally, we must examine our current environment with an eye to best practices. To that end, the Ohio Chamber is developing a proactive advocacy effort to improve Ohio’s business climate and economic opportunity.

To guide these efforts, the Ohio Chamber partnered with Accenture on a study of Ohio’s economic competitiveness. Macroeconomic forces the competition for talent, the growth of the middle class, the rapid and changing job market, the churn of workers retooling with 21<sup>st</sup> century skills, the persistent rate of urbanization and the changing digital marketplace place stress on Ohio’s ability to maintain competitive ecosystems for growth and long-term prosperity. Any of these factors, in isolation, help Ohio but do not move the needle. When combined, these economic factors multiply and amplify one another—they can and will do so exponentially.

To analyze this multiplier effect and better understand Ohio’s positioning, the first pass of the analysis focused on secondary research of national rankings that included multiple metrics relevant to economic competitiveness. Each of these rankings included various methodologies, metrics and weights.

## Various National Indices Measure Success Differently

Report	Metrics	Focus	Heaviest weighted category
<b>CNBC Top States for Business</b>	88 Metrics	Best State for Business	Workforce, Infrastructure, Business Cost
<b>US News &amp; World Report Best States Rankings</b>	70 Metrics	Outcomes for Citizens	Health Care, Education, Economy
<b>Forbes Best States for Business</b>	40 Metrics	Best States for Business	Business Cost, Labor Supply, Regulatory Environment
<b>WalletHub Best States to Start a Business</b>	28 Metrics	Startup Success	Business Environment, Access to Resources, Business Cost

While two of the rankings show minor year-over-year advances for Ohio, there remains meaningful room for improvement pointing to areas where Ohio can make changes and continue to lay the foundation for a strong business environment.

### Highlights of a few of the rankings analyzed

- **Moved down to 15<sup>th</sup> from 10<sup>th</sup>** – [CNBC Top States for Business](#)
- **Moved up to 36<sup>th</sup> from 39<sup>th</sup>** – [US News and World Report Best States Rankings](#)
- **Moved down to 29<sup>th</sup> from 20<sup>th</sup>** – [Forbes Best States for Business](#) (2018 to 2019, no data available for 2021)
- **Moved up to 33<sup>rd</sup> from 34<sup>th</sup>** – [WalletHub Best States to Start a Business](#)

*US News, Forbes, WalletHub, No rankings were conducted in 2020. CNBC compares 2021 to 2022.*

Near the end of the research, CNBC released 2022 rankings, and while this source has been the first to release this year’s data, we included these in addition to the initial research performed. Notable changes in CNBC’s findings included improvements in infrastructure, innovation and collaboration, sense of place and access to capital, but showed drops in workforce and economy. Additionally, new metrics for 2022 included childcare resources and emerging industries like crypto and cannabis.

# Executive Summary Continued

To identify areas of opportunity to improve Ohio's business climate, each of the national indices was deconstructed. Inputs to each factor were examined and areas where Ohio was ranked low nationally were identified. From here, in-person workshops were held and stakeholder engagement with business leaders was conducted to explore policy recommendations that could help to advance Ohio and elevate the state to the most business-friendly state in the nation.

Ohio's Competitive Advantage	Ohio's Key Opportunities
Affordability	Workforce Supply, Economic Mobility of Low-Income Workers
Education	Regulatory Landscape
Research & Development & Patents Issued	Start Ups & Entrepreneurship
Cost of Doing Business & Access to Capital	Venture Capital
Bridges & Roads, Broadband	Energy Reliability

Levers	Recommendations
<p><b>Education &amp; Workforce</b></p> 	<ul style="list-style-type: none"> <li>• Reduce Barriers to Employment</li> <li>• Expand Education and Job Training</li> <li>• Grow Ohio's Population and Recruit Out-Of-State Workers</li> <li>• Modernize Ohio's Workforce for In-Demand Occupations Now and in the Future</li> </ul>
<p><b>Sense of Place</b></p> 	<ul style="list-style-type: none"> <li>• Improve Affordability That Allows for Generational Wealth Building</li> <li>• Improve Health Outcomes and Address Drug Crisis</li> <li>• Further Understand Opportunities for Ohio's Natural Environment and Amenities</li> </ul>
<p><b>Taxes and Costs</b></p> 	<ul style="list-style-type: none"> <li>• Target Comprehensive Tax Reform</li> <li>• Improve the Municipal Tax Complexity and Burden</li> <li>• Conduct Further Analysis on The Business Gateway's Impact on Businesses</li> </ul>
<p><b>Innovation &amp; Collaboration</b></p> 	<ul style="list-style-type: none"> <li>• Expand Venture Capital</li> <li>• Increase Small Business Support</li> <li>• Transition Manufacturers to Modern Equipment to Realize Greater Efficiencies and Higher Output</li> <li>• Enact Balanced and Comprehensive Data Privacy Legislation</li> </ul>
<p><b>Business Friendliness</b></p> 	<ul style="list-style-type: none"> <li>• Expand Cleanup of Regulatory Policies</li> <li>• Create Efficiency and Transparency of License and Permit Applications</li> </ul>
<p><b>Infrastructure</b></p> 	<ul style="list-style-type: none"> <li>• Improve Energy Transmission and Distribution Systems</li> <li>• Advocate for Transportation Improvements</li> <li>• Improve Broadband Access</li> </ul>



# Education and Workforce Recommendations

## Reduce Barriers to Employment

- Remove Childcare as a barrier for caregivers and working parents
- Support workforce participation for individuals with a criminal record
- Support employers to increase recruitment & retention of veterans and employees with physical/mental disabilities
- Pursue strategies to alleviate public assistance benefits cliffs

## Expand Education and Job Training

- Ohio Chamber to support and lead a robust Business-Education Network (BEN)
- Promote employer-led work-based training
- Empower the rural workforce through the Ohio BUILDS Program
- Reskill midcareer workers and create opportunities for older workers
- Support efforts to increase labor force participation of 16–24-year-olds

## Grow Ohio's Population & Recruit out-of-state workers

- Consider recruitment campaigns, incentives, and advocacy to recruit and retain top talent
- Foster a culture more explicitly supportive and inclusive of foreign workers and international students

## Modernize Ohio's Workforce for In-Demand Occupations Now and in the Future

- Focus business recruitment and retention efforts on occupations using Ohio's "Top Jobs List" to ensure adequate labor supply for in-demand jobs
- Promote computer science and STEM offerings at the primary, secondary, and post-secondary education levels



# Sense of Place Recommendations

<p><b>Improve Affordability that Allows for Generational Wealth Building</b></p>	<ul style="list-style-type: none"> <li>• Make dedicated efforts to increase home ownership           <ul style="list-style-type: none"> <li>• First-Time Home Buyer Savings Act</li> <li>• Ohio Affordable Housing Tax Credit Program</li> </ul> </li> <li>• Make efforts to provide affordable rent</li> </ul>
<p><b>Improve Health Outcomes and Address Drug Crisis</b></p>	<ul style="list-style-type: none"> <li>• Increase residents' ability to access care by improving and enhancing delivery systems</li> <li>• Make efforts to eliminate health disparities via targeted outreach to at-risk communities</li> <li>• Increase awareness and access to addiction treatment, harm reduction, and mental health services</li> <li>• Incentivize long-term care insurance among younger Ohioans</li> </ul>
<p><b>Further Understand Opportunities for Ohio's Natural Amenities</b></p>	<ul style="list-style-type: none"> <li>• Capitalize on Ohio's unique features including parks, libraries, and museums etc. for compelling first impressions</li> <li>• Utilize public-private partnerships to maximize economic opportunity in conjunction with recreational assets</li> </ul>



# Taxes and Costs Recommendations

<b>Target Comprehensive Tax Reform</b>	<ul style="list-style-type: none"><li>• Conduct a comprehensive review of state and local tax liabilities for businesses, including: property, sales and excise, gross receipts, local net profit, corporate license, unemployment insurance, and individual income taxes paid by owners of pass-through entities</li><li>• Perform a review of incentives to ensure they attract and retain business operations in Ohio</li><li>• Analyze any proposed tax changes to consider the impact on services that benefit businesses and communities, such as education, public safety, and infrastructure</li></ul>
<b>Improve the Municipal Tax Complexity and Burden</b>	<ul style="list-style-type: none"><li>• Pursue uniformity of tax rates and tax filing requirements to reduce the complexity and compliance burden of municipal income tax</li><li>• Address municipal workplace vs. residence tax withholding as this creates an administrative burden for the employer</li><li>• Ensure any reforms provide municipalities with adequate funding for key local services</li></ul>
<b>Conduct Further Analysis on the Business Gateway's Impact on Businesses</b>	<ul style="list-style-type: none"><li>• Create robust one-stop shops, including conducting further analysis on the Ohio Business Gateway, to better relieve the administrative burden of taxes, licenses, and fees on businesses.</li></ul>



# Innovation and Collaboration Recommendations

<p><b>Expand Venture Capital</b></p>	<ul style="list-style-type: none"> <li>• Continue to expand venture capital investments throughout Ohio and to a wider array of industries and types of startups by:             <ul style="list-style-type: none"> <li>• Incentivizing firms to provide additional investments in early and later stage deals</li> <li>• Help prepare/support small businesses to receive those investments and advance their business</li> </ul> </li> <li>• Consider the creation of an Ohio-focused “fund of funds”</li> </ul>
<p><b>Increase Small Business Support</b></p>	<ul style="list-style-type: none"> <li>• Advocate and advertise small business development centers and Innovation Districts</li> <li>• Enhance small business activity tracking</li> <li>• Create support programs that provide low (or no) interest loans and grants to small businesses</li> </ul>
<p><b>Transition Manufacturers to Modern Equipment</b></p>	<ul style="list-style-type: none"> <li>• Support manufacturers to realize greater efficiencies and higher output through innovative advancements</li> <li>• Adopt a manufacturing readiness grant program</li> </ul>
<p><b>Enact Balanced and Comprehensive Data Privacy Legislation</b></p>	<ul style="list-style-type: none"> <li>• Examine comprehensive data privacy legislation to:             <ul style="list-style-type: none"> <li>• Equip Ohioans with consumer rights and recourse related to their personal data</li> <li>• Promote a business environment that incentivizes implementation of cybersecurity protections of sensitive information</li> </ul> </li> </ul>



# Business Friendliness Recommendations

## Expand Cleanup of Regulatory Policies

- Revisit current cleanup efforts through Cut Red Tape Ohio and the Common Sense Initiative in order to maximize impact
- Review and reduce occupational licensing restrictions where applicable
- Mitigate lawsuit abuse against businesses

## Create Efficiency and Transparency of License and Permit Applications

- Examine the coordination of all licenses and permits across governmental layers to determine where duplicative efforts create burden and identify opportunities for standardization
- Improve transparency in the application process, with links to direct contact information, timelines for completions at each stage, costs and the number of procedural steps related to each application
- Reduce licensing or permitting barriers to entry for those opening or relocating a business to Ohio



# Infrastructure Recommendations

<p><b>Improve Energy Transmission and Distribution Systems</b></p>	<ul style="list-style-type: none"> <li>• Harden the grid to offer quick recovery in the face of weather and peak demand</li> <li>• Improve access to natural gas in constrained urban and rural areas to meet current needs and demands for future growth</li> <li>• Increase and diversify electric generation in Ohio to support consumption needs</li> </ul>
<p><b>Advocate for Transportation Improvements</b></p>	<ul style="list-style-type: none"> <li>• Hold a statewide roundtable with Ohio transportation/transit agencies to understand and prioritize areas of opportunity and infrastructure-based needs</li> <li>• Advocate for airport capacity expansion and direct flight offerings</li> <li>• Explore innovative ways to connect rural and suburban residents to economic centers</li> <li>• Educate the business community on employer led transportation options</li> </ul>
<p><b>Improve Broadband Access</b></p>	<ul style="list-style-type: none"> <li>• Continue making progress in the Ohio Residential Broadband Expansion Program</li> <li>• Identify funding opportunities to improve/update broadband infrastructure</li> <li>• Provide grants to assist homeowners with individual line extensions</li> </ul>

# Conclusion

The Ohio Chamber of Commerce operates with a simple and compelling vision: Making Ohio the best place in which to do business anywhere in the world. At the core of its mission, the Ohio Chamber of Commerce is dedicated to promoting pro-business policies and to advocating for growth to benefit all Ohioans. We undertook this study to help identify ways to improve Ohio's business climate.

This study will serve as the basis for a 10-year legislative agenda. We feel that it highlights key areas of opportunity that will create positive change for businesses throughout the state. We have taken a data-driven approach and have worked to understand the driver of national business rankings.

The Chamber intends to build upon this work with additional research studies and by turning recommendations into legislative proposals. We will advocate for the solutions presented in this document with policy makers and executive administrations over the next 10 years.

Progress towards these goals will be recorded and will include periodic updates and reports to policymakers across Ohio and to the broader business community.

## Levers

**Education & Workforce**



**Sense of Place**



**Taxes and Costs**



**Innovation & Collaboration**



**Business Friendliness**



**Infrastructure**



With your support, we will improve our business climate and grow our economy for the benefit of all Ohioans







OHIO CHAMBER  
*of* COMMERCE