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States Lead the Economic Comeback in the Latest Rich States, Poor States

Utah remains #1 for economic outlook, while Arkansas earns first top 10 ranking in report's 18 years history.

ARLINGTON, Va. - The American Legislative Exchange Council (ALEC) released the highly anticipated 18th edition of *Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index*—the premier annual report ranking each state's economic outlook for the coming year. Co-authored by Reagan economist Dr. Arthur B. Laffer, policy expert Stephen Moore, and ALEC President and Chief Economist Jonathan Williams, this year's edition reinforces a clear trend: states that embrace limited government and free-market principles continue to lead America's economic comeback.

Read the report here.

Since 2007, *Rich States, Poor States* has provided state lawmakers with clear, data-driven insights into how tax and fiscal policies impact economic competitiveness. Using 15 proven policy variables, the report ranks each state's economic outlook and highlights the direct connection between free-market reforms - like cutting taxes, reducing debt, and limiting government overreach - and stronger economic growth. The report also ranks each state's economic performance from 2013 to 2023 based on GDP growth, domestic migration, and employment growth.

"As Washington attempts to tackle debt and bureaucracy, the states remain America's last line of defense for fiscal responsibility and economic growth," said ALEC President and Chief Economist Jonathan Williams. "Rich States, Poor States once again illustrates that Americans vote with their feet—leaving high-tax, high-regulation states in

favor of those embracing low taxes, balanced budgets, and worker freedom. The states leading our rankings thrive because they put the people first."

"New Mexico's economic outlook score improved by five spots this year, due to recently legislated tax cuts and a lower debt cost for the state," Williams continued. "While this improvement is certainly welcome news for beleaguered taxpayers, much more work needs to be done to move New Mexico into a position to significantly compete with its neighbors. Colorado, Texas, Oklahoma, Arizona, Utah are all in the top 20 for the economic outlook in this new report, so New Mexico continues to be in an ultra-competitive region."

See how your state ranks here.

Top 10 States	Bottom 10 States
1. Utah	50. New York
2. Tennessee	49. Vermont
3. Indiana	48. New Jersey
4. North Carolina	47. California
5. North Dakota	46. Illinois

6. Arizona	45. Maine
7. Idaho	44. Connecticut
8. South Dakota	43. Oregon
9. Texas	42. Maryland
10. Arkansas	41. Minnesota

Utah claims the top spot in the economic outlook ranking for an unprecedented 18 consecutive years. Leading the nation in job and state GDP growth, the Beehive State's economy isn't just stable, it's thriving. This sustained success is no accident as Utah's leaders have consistently championed pro-taxpayer reforms, from enacting flat personal and corporate income taxes to tackling pension reform and eliminating the death tax. Their forward-thinking approach to property tax reform has further cemented Utah's reputation as a national model for economic competitiveness and opportunity.

"We are excited to see New Mexico's improvement in the ratings," said Carla Sonntag, President and CEO of New Mexico Business Coalition. "We attribute this to legislators who have a keen sense for good policy, along with our efforts in the New Mexico Business Coalition. NMBC has worked for 16 years to bring a common-sense business approach to the state's fiscal management."

The 18th edition of *Rich States, Poor States* highlights impressive upward mobility for several states. Louisiana was the biggest winner, soaring 13 spots to 18th overall after a

sweeping tax overhaul boosted its competitiveness across major tax categories. West Virginia also saw strong gains, climbing seven spots to 16th place, thanks to continued improvements in fiscal policy. Meanwhile, after six straight years of cutting personal income taxes and five straight years of cutting corporate taxes, Arkansas arrives with its best finish ever, landing in the number 10 spot.

Find your state's rankings here.

At the other end of the spectrum, New York continues its 12-year streak in dead last for economic outlook. Once an economic powerhouse, the Empire State now suffers from the nation's highest marginal personal income tax rate, the highest corporate income tax rate, and the fourth-highest property tax burden. Fewer Fortune 500 companies call it home than Texas—a stunning reversal of fortunes. California isn't far behind, ranking 47th overall after enacting the largest increase in state taxes since 2023. These two former titans have collectively lost 4.2 million residents over the past decade. This continues the age-old tale of Americans voting with their feet, as high taxes and overregulation drive residents and job creators to seek prosperity elsewhere.

As the 18th edition of *Rich States, Poor States* makes clear, the future of America's economy is being written in the States. When lawmakers prioritize limited government, low taxes, and pro-growth reforms, the results speak for themselves: jobs are created, families prosper, and communities thrive. ALEC remains committed to equipping legislators with the tools and data they need to advance policies that put people first and build a more prosperous future for all.

Sonntag said, "New Mexico is rich with human and natural resources and should be a leader in the United States. Williams is correct to say that we have much work to do in order to be competitive with surrounding states. Our first order of business must be to stop all tax increases and punitive regulations that hurt our businesses."

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The American Legislative Exchange Council equips state leaders to create a better America through an unwavering commitment to the principles of limited government, free markets, and federalism. For more information about the American Legislative Exchange Council, please visit: www.alec.org.