

# **THE COMPETITIVE IMPACT OF BUSINESS TAXES ON ECONOMIC DEVELOPMENT IN TEXAS**

**AN ANALYSIS AND DISCUSSION OF THE 2010 STATE BUSINESS TAX CLIMATE INDEX**

## THE COMPETITIVE IMPACT OF BUSINESS TAXES ON ECONOMIC DEVELOPMENT IN TEXAS

### Executive Summary

Taxes matter to businesses. States with the most competitive tax systems can be the most competitive in attracting new businesses and will reap the benefits of a business-friendly tax climate—economic and employment growth. Whether local, state or federal, the ideal tax system is simple, transparent, stable, neutral to business activity, and pro-growth.

A comprehensive and exhaustive analysis of regional business tax climates, the Tax Foundation's 2009 State Business Tax Climate Index (SBTCI) was created to serve as a tool for lawmakers, the media and individuals alike to gauge and compare tax systems at the state level. As such, it is a useful implement for evaluating current economic development trends while shaping future efforts. With the goal of better understanding the impact of business taxes on economic development, the SBTCI report was examined and is the basis for this overview.

Good state tax systems levy low, flat rates on the broadest bases possible, and they treat all taxpayers the same. The SBTCI rewards those states that apply these principles in five important areas of taxation: corporate taxes, individual income taxes, sales taxes, unemployment insurance taxes and property taxes. All things being equal, a state that raises sufficient revenue with a minimal tax burden will outcompete those states using every possible means of taxation.

Texas maintains a competitive tax environment and received favorable scores in the index. The 2010 SBTCI awarded the state an overall rank of eleventh best business tax climate in the nation. The state's strong showing reflects positive attributes of the corporate, personal income and unemployment insurance tax structures. While still relatively competitive, the score marks a decrease of two places and fall from the top 10 states. In four of the five sub-indices, Texas' ranking remained unchanged. However in the sales tax index, Texas fell from 28<sup>th</sup> to 39<sup>th</sup>—a byproduct of reranking past years using current methodology. This decline combined with new index weightings—an annual change to the SBTCI methodology—lead to a lower ranking for Texas.

According to the SBTCI, Texas is the leader of the South, with a decisive advantage over nearly all states south of the Mason-Dixon. Among southern states, only Florida, ranked fifth, maintains an edge over Texas. In the surrounding region however, the state is unmatched. As Texas works to improve its favorable conditions, this position is likely to hold, if not improve, in coming years.

## THE COMPETITIVE IMPACT OF BUSINESS TAXES ON ECONOMIC DEVELOPMENT IN TEXAS

### Introduction

In the modern, global economy, the markets for capital, resources and labor are increasingly fluid and mobile. To succeed, companies will locate where they have the greatest competitive advantage. A key consideration in this decision is the tax system of a potential location. Compared to those based abroad, American companies often function at a competitive disadvantage, paying one of the highest tax rates of any industrialized nation. States with punitive tax systems may further impair companies' global competitiveness.

Taxes matter to business. Taxes affect business operation decisions, job creation and retention, plant location, competitiveness, transparency of the tax system and long-term health of the state's economy. Most importantly, taxes diminish profits. As taxes consume a larger portion of profits, managers must determine how best to maintain healthy profit margins. The resulting conclusions will lead to a few predictable outcomes. To maintain profitability in a high-tax environment, tax costs will be passed on to consumers (through higher prices), workers (through lower wages or fewer jobs), or shareholders (through lower dividends or share value). For these and other reasons, a state with lower tax costs will be more attractive to business investment and, therefore, more likely to experience economic growth.

In spite of rapid job growth abroad, the Department of Labor reports that most mass job relocations occur stateside rather than to overseas locations. States with the best tax systems will be the most competitive in attracting new businesses and most effective at generating economic and employment growth. To achieve the best competitive advantage, companies will move to these states.

Whether local, state or federal, the ideal tax system is simple, transparent, stable, neutral to business activity and pro-growth. In such a system, individuals and businesses spend a minimal amount of resources to comply with the tax system, understand the true cost of the tax system, base their economic decisions solely on the merits of the transactions without regard to tax implications, and do not have the tax system impede their growth and prosperity.

There are many non-tax factors that affect a state's overall business climate: its proximity to raw materials or transportation centers, regulatory or legal structures, the quality of its education system and the skill of its workforce, not to mention the intangible perception of a state's "quality of life." Nevertheless, taxes matter to businesses. States with the most advantageous tax systems will attract more businesses and reap the benefits of a business-friendly tax climate—economic and employment growth.

Tax systems that score best in the SBTCI create the fewest economic distortions by applying straightforward, pro-growth tax measures characterized by broad bases and low rates. The SBTCI, however, does not consider business tax burdens (the percentage of income paid in taxes). While relative tax collections can be telling, they do not clearly indicate whether a state's tax laws support or damage growth of the economy. By taking this approach, the SBTCI does not allow states with poor business tax regimes to hide behind low business tax burdens.

A state's tax system is designed to address or influence various components of a company's operations. Depending on the industry mix and characteristics of the region, taxes have the power to shape business growth and future economic development. Many types of taxes influence business decisions. Primary among these are taxes on corporate profits, individual income, sales of goods and services, unemployment insurance and property. These five categories form the core of the Tax Foundation's State Business Tax Climate Index (SBTCI). Each component index has two equally weighted sub-indexes, which consider a multitude of categories and variables. In all, the SBTCI evaluates 112 variables across the five component indexes.

A comprehensive and exhaustive analysis of regional business tax climates, the State Business Tax Climate Index was created to serve as a tool for lawmakers, the media and individuals alike to gauge and compare tax systems at the state level. As such, it is a useful implement for understanding current economic development trends while shaping future efforts. Therefore, it is the basis for this overview of the impact of business taxes on economic development activities. To read the full report, go to <http://www.taxfoundation.org/files/bp59.pdf>.

**How Texas Fares Against Other States**

Good state tax systems levy low, flat rates on the broadest bases possible and treat all taxpayers the same. Variation in the tax treatment of different industries favors one economic activity or decision over another. The more riddled a tax system is with politically motivated preferences the less likely it is that business decisions will be made in direct response to market forces. The SBTCI deals with these issues by comparing states on the five aforementioned components of a tax system and then adding the results to derive an overall ranking. All things being equal, a state that raises sufficient revenue without one of the major taxes will outperform those states that levy every tax in the state tax collector's arsenal. The calculus is simple.

With no tax on individual income, Texas has a highly competitive tax environment. The 2010 SBTCI awarded the state an overall rank of eleventh best business climate in the nation, down from seventh in the previous report. Following are the states with the best overall business tax climates in the nation and their corresponding metro areas:

State	MSAs
1. South Dakota	Sioux Falls
2. Wyoming	Cheyenne
3. Alaska	Anchorage
4. Nevada	Las Vegas, Reno
5. Florida	Miami, Tampa, Orlando
6. Montana	Billings
7. New Hampshire	Boston-Cambridge-Quincy
8. Delaware	Philadelphia-Camden-Wilmington
9. Washington	Seattle
10. Utah	Salt Lake City
<b>11. Texas</b>	<b>Dallas, Houston, San Antonio, Austin</b>

The summary table below reflects the current methodology and revisions.

Index Component Summary						
Component	Rank			Weight		
	'10	'09	Change	'10	'09	Change
<b>Overall</b>	11	9	▼2	---	---	---
<b>Corporate</b>	46	42	▼4	19.74%	20.10%	Decreased
<b>Individual</b>	7	7	---	30.09%	29.96%	Increased
<b>Sales</b>	39	32	▼7	24.14%	22.21%	Increased
<b>Unemployment</b>	9	9	---	11.36%	12.16%	Decreased
<b>Property</b>	30	30	---	14.67%	15.57%	Decreased

With each annual survey, modifications may be made to the methodology and index weightings. To ensure consistency of comparisons to previous years, sub-index rankings are revised to reflect the current analytical practices and latest available data. Index rankings may also be impacted by revisions to census and economic data used to create the SBTCl. These changes typically do not alter the overall results. For 2010, however, methodology and data revisions produced significant changes to past rankings. While these changes do not invalidate past high marks for the state's tax environment, they do weaken an otherwise healthy trend. To illustrate the disparity, below are the 2009 original and revised overall rankings for 2006-2009.

	2009	2008	2007	2006
2009, original	7	8	6	6
2010, revised	9	11	10	7

In reviewing the component rankings, a few key observations are worth noting. Each index will be covered in detail throughout this report.

- By and large, the drop in overall ranking was driven by two factors: 1) revised rankings with new data and sub-index weightings; and 2) increased weight of the sales index combined with a lower ranking.
- The corporate tax index is based on two components: the tax rate and tax base. At the time of the 2007 study, Texas had at a top corporate tax rate of 4.5 percent, which qualified it for the best score in the category after those with only a gross receipts tax. But in January 2007, Texas moved to a gross receipts tax, which equated to a top rate of 1 percent. For the SBTCl, states with only a gross receipts tax are counted as having a top corporate tax rate of zero percent. Conversely, gross receipts taxes negatively impact the corporate tax ranking by expanding the tax base and compounding business taxes by way of pyramiding. For Texas, the net result was a dramatic decrease in ranking for 2008, which has held through the 2010 study.
- The seven states with no individual income tax of any kind achieved perfect neutrality for this index variable. While Texas has no individual income tax and was awarded accordingly, the state was slightly penalized for not recognizing limited liability corporations (LLCs) and S-corporations, which are recognized and taxed as individuals in the other six states. As a result, Texas placed just behind those six states wherein the individual tax exemption includes LLCs and S-corporations. Given that the other states are all tied for first, Texas effectively ranks second in this category.

- Texas was rewarded in the rankings for keeping previous reforms to the unemployment insurance tax. The unemployment insurance tax rate is one of two sub-indices used to create the unemployment insurance tax index. Overall, fifteen states received the best score in this variable with a comparatively low maximum tax rate of 5.4 percent. For comparison, rates ranged upwards of 13.15 percent for all states.

To put these results in perspective, a few statistics should be noted about the state's income and tax collections for fiscal year 2008 (the most recent available). According to the Tax Foundation's *2009 Facts & Figures*, Texas ranked 21<sup>st</sup> in per capita income of \$42,796 (below the US average of \$44,254) but 32<sup>nd</sup> in state and local tax burden per capita with \$3,580 (below the US average of \$4,283). As a percentage of state income, the state and local tax burden (for fiscal year 2008) only accounts for 8.4 percent—ranking Texas 43<sup>rd</sup> and among the lowest in the country. The national average was 9.7 percent and ranged from Alaska's 6.4 percent to New Jersey's 11.8 percent.

The overall SBTCI rank is especially promising given the location and assets of the states holding a competitive tax advantage over Texas. Of the top states, none of the more competitive states are nearby. This neutralizes any tax advantage of the state's closest competitors and shifts more consideration to the other positives of the Texas business climate: industry clusters, infrastructure, transportation, workforce quality and access to resources, among many others. On these and other criteria, Texas is known to be highly competitive as well.

According to the SBTCI, Texas is the leader in the South, with a decisive advantage over nearly all states below the Mason-Dixon. Among southern states, only Florida maintains an edge. Otherwise, the overall business tax climates of bordering and nearby states are ranked as follows:

13. Colorado
21. Mississippi
23. New Mexico
31. Oklahoma
32. Kansas
33. Louisiana
40. Arkansas

### **The Importance of Business Taxes to Economic Development and Business Decisions**

Tax differentials between locations are an important factor in determining the final location of a business. Locations with consistently high business taxes can represent a hindrance to the attraction and development of industry. The significance and impact of location, however, has been a subject of debate. Comparisons of tax competitiveness are typically made at the state level.

Many business climate studies have found that a state's tax climate affects its economic growth rate and that several indexes are able to predict growth. States that maintain low effective rates and low collections per capita are more likely to promote growth than states with high rates and collections. This is the conclusion reached by the Tax Foundation's State Business Tax Climate Index. In fact, according to the Tax Foundation, "the State Business Tax Climate Index explains growth consistently."

## Components of Taxes to Businesses

As noted, the Tax Foundation considers five components to assess and compare regional business tax climates. The following section describes these core taxes, their significance to businesses and potential effect on economic development.

### Corporate Income Tax

The corporate income tax is the principal tax on business activities. It is well established that the extent of business taxation can affect a business's level of economic activity within a state. A 1982 study found that differentials in state corporate income taxes were a major factor influencing the movement of industry from northern to southern states. Decades later, this draw persists, even more so with international investors for whom a state's corporate tax rate is the most relevant tax to investment decisions.

Most states levy standard corporate income taxes. Corporate income is generally defined as gross receipts less expenses. A growing number of states, however, impose taxes on the gross receipts of corporations with few or no deductions for expenses. Gross receipts taxes are a rising trend as state lawmakers consider new and more stable means of raising revenue. In Texas, the gross receipts tax (called the margins tax) replaced the franchise tax and became effective in January 2007.

The shift to a gross receipts tax was made to enrich government coffers and will undoubtedly do so. However for Texas, the change initially lowered the ranking by expanding the base through tax "pyramiding". The tax base refers to a state's definition of what should be taxed. In the case of a gross receipts tax, it can actually be broader than the total value of economic production—without regard for the capacity of those taxed to shoulder the tax burden or their commensurate share of government services used.

As the name suggests, a gross receipts tax is levied on the gross payments (sales booked and payments made) to an enterprise, irrespective of the size of the business or its place in the production chain. Ideally, goods and services are taxed at the final point of production, though an array of external suppliers and contractors may contribute to the creation of those goods along the way. When businesses are taxed on gross receipts, other trends tend to emerge. Businesses may imbed the cost of the tax in a product's price to offset the tax burden. This happens at every stage of production. This multiplier effect is known as tax pyramiding. What is more, the ultimate consumer may also pay a sales tax. Industries with multiple inputs are put at a disadvantage versus competitors in neighboring states or regions where tax pyramiding does not exist. The resulting cost differential ultimately leads to greater imports from lower tax neighboring states at the expense of locally produced goods and services. The gross receipts tax is bluntly applied to businesses regardless of their size, maturity, industry, profitability or number of production inputs. This can lead to higher production costs and consumer prices.

The corporate income tax is designed to tax only the profits of a corporation. However, a yearly profit snapshot may not fully capture a corporation's true profitability. For example, a corporation in a highly cyclical industry may look very profitable during boom years but lose substantial amounts during bust years. When examined over the entire business cycle, the corporation may actually have an average profit margin.

The deduction for net operating losses (NOL) helps insure that, over time, the corporate income tax is a tax on average profitability, irrespective of cyclical swings. This SBTCI variable evaluates the number of years allowed to carryback or carryforward an NOL deduction. The longer the overall time span, the higher the probability that the corporate income tax will be levied on the corporation's average profitability. Ultimately, the NOL deduction helps level the playing field between cyclical and non-cyclical industries.

When companies have a bigger NOL than can be deducted in one year, most states permit them to transfer deductions of any amount back to previous years' returns or forward to future returns. The federal government currently allows maximums of two years for carrybacks and 20 years for carryforwards. In line with the federal standards, states entered 2009 with generally better treatment of the carryforward than the carryback. States that limit the number of years (less than the federal maximum) or limit carryforward and carryback amounts have a relatively less supportive tax system and are downgraded. Texas does not allow carrybacks, and though carryforward amounts are unlimited, they may only be deducted for five years.

In the current economic climate, nearly all states are experiencing the most serious fiscal crisis of the last 25 years. Yet states that allow carrybacks risk compounding their fiscal difficulties. During recessions, when tax payments by businesses tend to fall, refunding business taxes paid in prior years can make revenue shortfalls even larger. While the SBTCI rewards more liberal NOL carryback and carryforward allowances, these policies can ultimately weaken state governments *along with* their business environments. As the challenging economic climate endures, revenue-taxed governments will likely act to limit the use of NOL carrybacks.

In the 2010 study, Texas ranked 46<sup>th</sup>, falling from 42<sup>nd</sup> in 2009. Among the seven states that levy gross receipts taxes, Texas has the highest rate (1.0 percent), followed by Michigan (0.98 percent), New Hampshire (0.75 percent), Delaware (0.576 percent), Washington (0.484 percent), Ohio (0.208 percent), and Kentucky (0.095 percent). Gross receipts tax systems vary widely in allowable deductions, making direct rate comparisons inconclusive. The SBTCI compensates for this in the corporate income tax base sub-index, where states such as Texas get credit for allowing certain deductions of cost of goods sold or employee compensation that partly offset the high rate.

### **Individual Income Tax**

The individual income tax code in each state is a key business location consideration. One important reason individual income tax rates are critical for business is the cost of labor. Labor typically constitutes a major business expense, so anything that hurts the labor pool will also affect business decisions and the economy. Complex, poorly designed tax systems that extract an inordinate amount of tax revenue from individuals are known to reduce both the quantity and quality of the labor pool.

Since several states with an individual income tax system mimic the federal income tax code, they also possess its greatest flaw—double-taxation of capital income. Double taxation is brought about by the interaction between the corporate income tax and the individual income tax. The ultimate source of most capital income—interest, dividends and capital gains—is corporate profits. The corporate income tax reduces the level of profits that can eventually be used to generate interest income, dividend payments or capital gains for individuals. And once earned by the individual investor, income from these sources must be declared and taxed a second time. The result is double taxation of capital income—first on corporations and again on individuals.

Another aspect to consider about this tax is that a significant number of businesses, including sole proprietorships, partnerships and S-corporations, report their income through the individual income tax code. Indeed, the number of individuals filing federal tax returns with business income nearly doubled over the 22 years from 1980 (13.3 million) to 2002 (25.5 million).

A notable development in the federal tax system is the creation of the limited liability corporation (LLC) and the S-corporation (S-corp). LLCs and S-corps provide some of the benefits of incorporation, such as limited liability, without the overhead of becoming a regular C-corporation. They are also taxed as individuals, which avoids the double-taxation problems that plague the corporate income tax system. Except for Texas, every state with a full individual income tax

recognizes LLCs or S-corporations to at least some degree. For this reason, Texas receives a slight downgrade on an otherwise perfectly neutral individual income tax code.

States with no individual income tax contribute to a perfectly neutral system. As one of seven states without such a tax, Texas continues to score well in this category. For 2010, it maintained a seventh best ranking. (Since the other six states were tied for first, Texas is effectively ranked second.)

### **Sales Tax**

The type of sales tax familiar to all taxpayers is a tax levied on the purchase price of a good or service at the point of sale. This tax can hurt the business tax climate because as the tax rate climbs, customers either make fewer purchases or seek out low-tax alternatives. As a result, economic activity is lost to more advantageous locations resulting in lost profits, lost jobs and lost tax revenue. The effect of differential sales tax rates between states or localities is apparent when a traveler crosses the state line from a high-tax state to a neighboring low-tax state to witness the expanse of shopping malls along the border in the low-tax jurisdiction.

On the positive side, sales taxes levied on goods and services at the point of sale to the end user have at least two virtues. First, they are “transparent,” i.e., the tax is never confused with the price of goods by customers. Second, since they are charged at the point of sale, they are less likely to cause economic distortions than taxes levied at intermediate stages of production.

More detrimental to the business climate are sales taxes imposed on business-to-business transactions. When a business is taxed on manufacturing equipment and raw materials, those taxes increase the cost of goods produced by the equipment and raw materials. To maintain reasonable profit margins, the manufacturer may have to increase the selling price. It must then collect sales tax on its own products, with the result that a tax is charged on a tax. This tax pyramiding invariably creates a disproportionate burden on some industries over others, causing economic distortions.

Among public finance scholars, there is a consensus that sales taxes should only be imposed on the final consumer. Nonetheless, business purchases are taxed widely in every state with a sales tax, which causes the tax to be passed on to consumers. The ideal base for sales taxation includes all goods and services at the point of sale to the end user. States that create the most tax pyramiding and economic distortion, and therefore score the worst, are states that levy a sales tax that does not exempt business inputs.

Changes to the 2010 methodology greatly diminished rankings for Texas in this sub-index as far back as 2006. For 2009, Texas was downgraded from 28<sup>th</sup> to 32<sup>nd</sup>. For 2010, Texas was ranked 39<sup>th</sup>. Transparency in the Texas system was reduced with the advent of the gross receipts tax and its pyramiding effects, particularly in business-to-business transactions. The state’s rank is also limited by a relatively high state sales tax rate. Of those with a statewide sales tax, Colorado’s is lowest, at 2.9 percent. The state tax for Texas, meanwhile, is 6.25 percent. Nonetheless, Texas ranks higher on this index than all neighboring states.

## Unemployment Insurance Tax

Unemployment insurance taxes (UITs) are paid by employers into the Unemployment Insurance program to finance benefits of workers recently unemployed. Unlike the other major taxes assessed in the SBTCI, every state has one, and there are no perfect UIT systems. All are complex, variable-rate systems that impose different rates on different industries and bases depending on such as factors as the health of the state's UI trust fund.

One of the worst aspects of the UIT system is that financially troubled businesses, where layoffs may be necessary to survive, actually pay higher marginal rates as they are forced into higher tax rate schedules. This is referred to as the "shut-down effect" of unemployment insurance taxes: faced with increasing unemployment insurance taxes, already distressed businesses are marshaled down a path of hastened failure.

UIT rates in each state are based on a schedule ranging from a minimum rate to a maximum rate, which is then applied to a taxable wage base to determine UIT liability. States with the best performance on this index generally have low minimum and maximum rates on each schedule and a wage base at or near the federal level of \$7,000. States scoring the best overall shared three qualities: a minimum tax rate of zero, relatively low maximum tax rate, and taxable wage base in line with the federal benchmark.

In the 2010 SBTCI, the Texas UIT system retained its top-10 ranking of 9<sup>th</sup> best despite the annual revisions to SBTCI methodology and small changes to the state UIT system. Following sharp improvements to the UIT system in 2009, the minimum and maximum rates were increased slightly to 0.26 percent (from 0.10 percent) and 6.26 percent (from 6.10 percent), respectively. Meanwhile, the taxable wage threshold was held at a relatively low \$9,000. By comparison, minimum rates ranged up to 1.90 percent (Connecticut); maximum rates as high as 13.15 percent (Pennsylvania); and wage thresholds upwards of \$35,700 (Washington).

## Property Tax

The Property Tax Index is the fifth and final component index of the SBTCI. The property tax index is comprised of taxes levied on the wealth of individuals and businesses. These include taxes on real and personal property, net worth, transferred assets, estate, capital stock, intangibles, business inventory and gifts. States that maintain low effective rates and low collections per capita are more likely to promote growth than states with high rates and collections. States that scored the best on this sub-index have low collections per capita and low effective rates. States that scored poorly have high collections per capita and high effective rates. For 2010, Texas retained its 2009 ranking of 30<sup>th</sup>. This sub-index was not impacted by the updated methodology.

The importance of real and personal property taxes was driven in recent years by rising property values, which increased property valuations and taxes owed to localities and states. Despite subsequent market declines, property taxes remain a major concern to businesses because they constitute a considerable operating cost and significantly influence location decisions. Real and personal property taxes are a contentious subject at the state and local level as individuals and businesses protest rising tax bills caused by revaluations of residential and business property. This friction is evident in the negative correlation between rates of personal property tax (as well as sales tax) and employment growth. It is estimated that a tax hike on personal property of merely one percentage point reduces annual employment growth by 2.44 percentage points.

Property taxes imposed on businesses are growing at a time when state and local governments are becoming more concerned about their business tax competitiveness. As an origin-based tax, the property tax is imposed where real and personal property are located. New business property

investments in a state create new tax liabilities unless abatements are provided. As a result, businesses in high-tax jurisdictions selling goods and services to customers in other regions of a state, or outside of the state, may be put at a competitive disadvantage. To address this issue, a number of states have recently made significant changes in their business property tax systems.

## **Conclusion**

Taxes are a primary consideration in any company's decision to locate in a certain state. In this calculus, businesses must balance tax concerns with a wide assortment of other factors, such as proximity to customers, access to raw materials, or quality of the labor pool. Depending on the business or industry, these other issues may trump a good tax system. However, taxes can affect all of these factors and the final location decision.

The 2010 State Business Tax Climate Index evaluates the mechanisms that make a state's tax climate receptive or restrictive to business interests relative to other states' business climates. It serves as an aid to business leaders and government policymakers in their determination of whether a state's tax system enhances or harms the competitiveness of their business environment.

While taxes are an inevitable consequence to every business, not all tax systems are created equal. States should strive for systems that tax a broad base at a low rate. The ultimate goals of a tax system should be economic neutrality and economic growth. Economically neutral systems do not favor one activity over another. Economic growth is supported by foregoing excessive taxes on business activities while maintaining a low cost of compliance.

Texas meets these objectives with an overall climate favoring business activity while fairly distributing taxes across a broad base of businesses and individuals. With a favorable tax system, the Texas business climate is supportive of business interests as well as economic development goals. The state continues to be strong in personal income and unemployment insurance taxes and is evolving toward a more competitive system of property taxation. All of these strengths will support the state's continued economic development and perception as a prime location to do business.

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