

# CORPORATE BUSINESS CLIMATE COMPARISON

The Dallas area is home to a large and diverse array of corporate headquarters and for good reason. Our region has a tremendous set of assets that companies look for when choosing where to base. We have much to sell and our pitch is a good one, especially right now.

Recovery from the Great Recession has been uneven throughout the U.S., but the Dallas-Fort Worth region not only weathered the downturn better than most other metro areas, we have thrived.

Furthermore, the difficult business climates in California, Illinois and other heavily populated states are viewed in stark contrast to the operating environment in the Dallas area and in Texas. Leading corporate location magazines (Site Selection and Area Development) have noticed by naming Texas the Top State for doing business.

## A GREAT PLACE TO DO BUSINESS



	TEXAS	CALIFORNIA	ILLINOIS	NEW YORK
<b>CORPORATE INCOME TAX RATE <sup>5</sup></b>	0%	8.84% <sup>1</sup>	5.25% <sup>1</sup>	6.5% <sup>1</sup>
<b>PERSONAL INCOME TAX RATE <sup>5</sup></b>	0%	1%-12.3% <sup>2</sup>	3.75% <sup>2</sup>	4% - 8.82% <sup>2</sup>
<b>FRANCHISE TAX <sup>5</sup></b>	0.75% <sup>1</sup>	0%	0.1% <sup>3</sup>	.0% <sup>+3</sup>
<b>SALES TAX RATE <sup>5</sup></b>	8.25% <sup>2</sup>	9.75% <sup>3</sup>	10.25% <sup>3</sup>	8.875% <sup>4</sup>
<b>RIGHT TO WORK STATE</b>	Yes	No	No	No
<b>STATE LABOR FORCE <sup>6</sup></b>	13,398,817	19,192,788	6,512,493	9,539,259
<b>COST OF DOING BUSINESS <sup>7</sup></b>	89.67	112.96	97.19	100.39
<b>CNBC STATE BUSINESS RANK <sup>8</sup></b>	#2	#32	#24	#29
<b>CEO MAGAZINE BUSINESS CLIMATE RANK <sup>9</sup></b>	#1	#50	#48	#49
<b>COST OF LIVING INDEX <sup>10</sup></b>	100.4 [Dallas]	142.3 [Los Angeles]   177.4 [San Francisco]	118.5 [Chicago]	228.2 [Manhattan]
<b>HOUSING COST INDEX <sup>11</sup></b>	88.0 [Dallas]	223.1 [Los Angeles]   323.1 [San Francisco]	144.8 [Chicago]	465.9 [Manhattan]
<b>AVERAGE PRICE/SQFT FOR CBD OFFICE <sup>12</sup></b>	\$25.06 [Dallas]	\$41.14 [Los Angeles]   \$74.79 [San Francisco]	\$38.20 [Chicago]	\$78.55 [Manhattan-Midtown]
<b>AVERAGE PRICE/SQFT FOR SUBURB OFFICE <sup>12</sup></b>	\$25.02 [Dallas]	\$37.63 [Los Angeles]   \$69.07 [San Francisco]	\$23.98 [Chicago]	\$26.10 [Long Island]
<b>AVERAGE PRICE/SQFT FOR INDUSTRIAL <sup>12</sup></b>	\$4.30 [Dallas/Fort Worth]	\$9.00 [Los Angeles]   \$6.66 [North Bay]	\$4.76 [Chicago]	\$11.28 [Long Island]

### TEXAS

- <sup>1</sup> The franchise tax rate is 0.75% of taxable margin. The tax rate is 0.375% of taxable margin for taxable entities primarily engaged in retail or wholesale trade division. Taxable entities with revenues of \$1,110,000 or less owe no tax; taxable entities with tax due of less than \$1,000 owe no tax.
- <sup>2</sup> The State of Texas sales tax rate is 6.25% + local rate of up to 2%.

### ALL STATES

- <sup>5</sup> Source: Thomson Reuters
- <sup>6</sup> Source: National Conference of State Legislatures
- <sup>7</sup> Source: LAUS, BLS, Dec 2016 (preliminary, not seasonally adjusted)
- <sup>8</sup> Source: 2016 Moody's North American Business Cost Review, Q4 2014 (U.S. average = 100)
- <sup>9</sup> Source: CNBC America's Top States for Doing Business in 2016
- <sup>10</sup> Source: CEO Magazine's 2016 Best and Worst States for Doing Business
- <sup>11</sup> Source: ACCRA Cost of Living Index, 2016 Annual Average Data (U.S. average = 100). Note: Results are for the MSA primary city
- <sup>12</sup> Source: Jones Lang LaSalle, Commercial Real Estate Rents, Q4 2016 (North Bay Industrial cost p.s.f. is for Q3 2016)

### CALIFORNIA

- <sup>1</sup> Special rates for S corporations and financial institutions.
- <sup>2</sup> Income brackets are adjusted annually for inflation. Plus millionaire tax (i.e., 1% surcharge on taxable income exceeding \$1 million).
- <sup>3</sup> The State of California sales tax rate is 6%, with an added mandatory local rate of 1.25% + local optional rate of up to 2.5%.

### ILLINOIS

- <sup>1</sup> Tax rate is 5.25% for tax years 2015 through 2024; 4.8% for tax years after 2024. Additional 2.5% personal property replacement tax; 1.5% for S corporations, partnerships, and trusts.
- <sup>2</sup> Tax rate is 3.75% for tax years 2015 through 2024; 3.25% for tax years after 2024.
- <sup>3</sup> 0.1% (0.15%, 1st time or added paid-in capital) allocated paid-in capital. Min. \$25; max. \$2 million plus 0.05% 1st time capital.
- <sup>4</sup> State of Illinois sales tax rate is 6.25% + local rate of up to 4%.

### NEW YORK

- <sup>1</sup> For tax years beginning before 1/1/2016, tax is 7.1% on taxpayer's entire net income base; for tax years beginning on or after 1/1/2016, tax is 6.5% on taxpayer's business income base. Taxpayers pay the highest tax computed on three alternate bases.
- <sup>2</sup> 4% - 8.82% for tax years through 2017; 4% - 6.85% for tax year 2018 and later years. For tax years before 2018, income brackets are adjusted annually for inflation.
- <sup>3</sup> Franchise Tax Rate—no tax on subsidiary capital, plus the greatest of: 1) 6.5% of business income (tax rate on business income base for qualified New York manufacturers is 0%); 2) 0.125% of the corporation's capital (special rate for qualified New York manufacturers, cooperative housing corporations, and small business exemptions); 3) Fixed dollar minimum ranging from \$25 up to \$200,000 (reduced rates for S corporations, qualified New York manufacturers, and qualified emerging technology companies).
- <sup>4</sup> The State of New York sales tax rate is 4% + local rate of up to 4.75%. NYC total tax is 8.875% due to a 0.375% Metropolitan Commuter Transportation District levy.