

2017 State Business Tax Burden Rankings

*8th Edition of the Annual Anderson Economic Group
Comprehensive Report on State and Local Business Tax
Burdens Across the United States*

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I. Executive Summary

PURPOSE OF REPORT This report is the eighth edition of Anderson Economic Group’s annual business tax burden rankings for the 50 states and the District of Columbia. It presents the results of a comprehensive and consistent analysis that AEG has produced since 2006.

The purposes of this report are to:

- Identify the types of state and local taxes paid by businesses,
- Estimate the total amount of state and local taxes paid in 2015 by businesses in each state,
- Estimate each state’s business tax burden in 2015, and
- Rank all 50 states and the District of Columbia by their 2015 business tax burden.

More Than Ten Years of Consistent Analysis

This report uses a consistent methodology, honed over a decade of research, to provide an objective analysis of state and local taxes paid by businesses as a share of business profits in each state. The rankings and other information in this report allow businesses, policy makers, and the public to compare the tax burdens imposed on employers in different states, and understand which taxes contribute to those burdens. For our complete business tax burden rankings, see Exhibit I on page 17.

Business Tax Reliance

This is the third business tax burden report to include state business tax reliance, a measure of taxes collected from businesses as a share of total tax collections. This measure shows the extent to which state and local governments rely on business taxes to fund the public sector. See Exhibit IV on page 20 for our business tax reliance estimates.

OUR OBJECTIVE AND COMPREHENSIVE APPROACH

We define state and local business tax burden as the actual amount of state and local taxes paid directly by businesses as a share of businesses’ pre-tax operating margin (one measure of a business’s “ability to pay” these taxes).

We performed an exhaustive review to estimate *all taxes* directly paid by businesses to state and local governments. To make these estimates, we used dozens of state and national sources to collect information on 11 different categories of taxes, including property, income, sales, excise, license, severance, and other taxes.

This approach provides a comprehensive, objective measure of the state and local tax burden. Contrary to other tax indices and rankings, we do not weight some taxes more than others, nor do we rely on any subjective assessments of which taxes or forms of taxation are better than others.

In our analysis, we are careful to include only taxes paid by businesses. For example, we include only sales taxes on goods and services purchased by businesses, not individual consumers. Similarly, we include only income taxes on individual business income, excluding income taxes on wages.

When we make comparisons to last year's estimates, we use updated estimates that take into account new data released since last year's report. We carefully document all of our data sources and assumptions in a fully disclosed methodology. See "Methodology" on page 11 for a detailed discussion of our methods.

KEY FINDINGS

Our research and analysis led to the following major findings.

State and Local Taxes Paid by Businesses

- U.S. businesses paid \$627.6 billion in state and local taxes in 2015.
- Nationally, property taxes and general sales taxes make up the largest share of state and local business tax burden, accounting for nearly 60% of total state and local taxes paid by businesses in 2015.

TABLE 1. Total State and Local Taxes Paid by Businesses, 2015

Type of Tax	Total Taxes Paid (billions of \$)	% of Total
Property tax	\$250.9	40.0%
General sales tax	\$122.1	19.5%
Corporate income tax	\$57.2	9.1%
Unemployment compensation tax	\$42.8	6.8%
Individual income tax on pass-thru business income	\$36.7	5.8%
License fees	\$36.2	5.8%
Public utilities sales tax	\$27.6	4.4%
Selective sales tax	\$25.4	4.0%
Severance tax	\$12.7	2.0%
Motor fuel excise tax	\$9.3	1.5%
Gross receipts tax	\$6.7	1.1%
Total State and Local Taxes Paid by Businesses	\$627.6	100%

Source: Anderson Economic Group analysis and estimates, using base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.

Business Tax Burdens by State

- Business tax burdens vary widely among states. The five states with the lowest business tax burden all collected 7.0% or less of business operating margin, while the five states with the highest tax burden collected 12.6% or more of operating margin. For a list of the ten states with the lowest business tax burden, see Table 2 on page 3. For a full ranking, see Exhibit I on page 17.

TABLE 2. States with Lowest Business Tax Burdens, 2015

Rank		Business Tax Burden
1	Oklahoma	6.3%
2	Oregon	6.8%
3	North Carolina	7.0%
4	South Dakota	7.0%
5	Indiana	7.0%
6	Missouri	7.0%
7	Georgia	7.1%
8	Delaware	7.2%
9	Ohio	7.3%
10	Texas	7.3%
	<i>U.S. State Average</i>	<i>8.6%</i>

Note: Rankings include the District of Columbia. Business tax burden is defined as the share of pre-tax gross operating surplus in the state paid in state and local taxes.

Source: Anderson Economic Group analysis and estimates using base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.

- The two states with the highest tax burdens—North Dakota and Wyoming—place high severance taxes on resource extraction.

Business Tax Reliance

- Business tax reliance varies considerably among states, with business taxes accounting for less than 30% of all taxes collected in Maryland to over 70% in Wyoming.
- Many states with high severance taxes have a higher business tax burden. Outside of this relationship, there is no significant correlation between business tax burden and business tax reliance. States with a high business tax burden are not necessarily more likely to rely on business taxes as a revenue source.

ABOUT ANDERSON ECONOMIC GROUP

Anderson Economic Group, LLC, is a boutique research and consulting firm, with offices in Chicago, Illinois; East Lansing, Michigan; New York, New York; and Istanbul, Turkey. The experts at AEG specialize in economics, public policy, business valuation, and industry analyses. We have conducted nationally-recognized studies on tax reform, business incentives, and economic and fiscal impacts for private, public, and non-profit clients across the United States.

For more information about AEG and the authors of this report, see “About Anderson Economic Group” on page 9.

II. State and Local Business Taxes

Businesses pay many different taxes at the state and local level. We have identified 11 types of state and local taxes paid by businesses totaling \$628 billion for all state and local governments combined in 2015, as shown in Table 3.

TABLE 3. Total State and Local Taxes Paid by Businesses, 2015

Type of Tax	Total Taxes Paid (billions of \$)	% of Total
Property tax	\$250.9	40.0%
General sales tax	\$122.1	19.5%
Corporate income tax	\$57.2	9.1%
Unemployment compensation tax	\$42.8	6.8%
Individual income tax on pass-thru business income	\$36.7	5.8%
License fees	\$36.2	5.8%
Public utilities sales tax	\$27.6	4.4%
Selective sales tax	\$25.4	4.0%
Severance tax	\$12.7	2.0%
Motor fuel excise tax	\$9.3	1.5%
Gross receipts tax	\$6.7	1.1%
Total State and Local Taxes Paid by Businesses	\$627.6	100%

Source: Anderson Economic Group analysis and estimates, using base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.

Nationwide, nearly 60% of business taxes paid to state and local government come from just two taxes—property and general sales. Property and general sales taxes are the two largest taxes collected by value in 37 states and in the District of Columbia.

Corporate income tax is often seen as the most important state or local tax on businesses. However, as shown in Table 3, of the 11 categories of state and local business tax we identify, corporate income tax accounts for only 9.1% of total business tax collections for all states combined. Corporate income taxes account for less than 10% of total business taxes paid in 35 states.

Note that we include only taxes paid by businesses directly. For example, we include only the amount of general sales tax paid on goods and services purchased *by businesses*, as opposed to sales tax paid on personal consumption by households. Similarly, we exclude any property taxes paid for owner-occupied and seasonal use homes.

For our complete business tax burden rankings, see Exhibit I on page 17.

STATE BUSINESS TAX BURDEN RANKINGS

We ranked all 50 states and the District of Columbia on their respective business tax burdens. A rank of “1” indicates the state with the lowest tax burden. We define business tax burden as the share of pre-tax gross operating surplus (a measure of profits) paid in state and local taxes. The ten states with the lowest business tax burden and the ten states with the highest business tax burden are shown in Table 4 below. Nationally, businesses saw an average state and local tax burden of 8.6% in 2015, down from 9.0% in 2014.

TABLE 4. States with Lowest and Highest Business Tax Burdens, 2015

Ten States with Lowest Business Tax Burdens			Ten States with Highest Business Tax Burdens		
Rank		Business Tax Burden	Rank		Business Tax Burden
1	Oklahoma	6.3%	42	New York	11.3%
2	Oregon	6.8%	43	District of Columbia	11.7%
3	North Carolina	7.0%	44	Hawaii	11.8%
4	South Dakota	7.0%	45	West Virginia	11.9%
5	Indiana	7.0%	46	Mississippi	11.9%
6	Missouri	7.0%	47	Rhode Island	12.6%
7	Georgia	7.1%	48	Vermont	12.6%
8	Delaware	7.2%	49	Maine	12.7%
9	Ohio	7.3%	50	Wyoming	13.1%
10	Texas	7.3%	51	North Dakota	17.4%
<i>U.S. State Average</i>			<i>8.6%</i>		

Note: Rankings include the District of Columbia. Business tax burden is defined as the share of pre-tax gross operating surplus in the state paid in state and local taxes.

Source: Anderson Economic Group analysis and estimates using base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.

Ten States with Lowest Tax Burdens. The ten states with the lowest tax burdens vary in their characteristics and taxing behavior. Oregon has had one of the lowest business tax burdens among all states for the past several years. Outside of having no general sales tax, Oregon does not rank among the ten lowest-burden states in any particular tax category, and has below-average business taxes across the board. In 2013, the Oregon legislature decreased its top corporate income tax bracket from \$10 million to \$1 million, contributing to a 26% increase in corporate tax collections from 2014 to 2015. Nevertheless, the state still maintains the second lowest business tax burden in the nation. Oklahoma has very low property and corporate income taxes coupled with an above-average severance tax. South Dakota has no corporate income tax, but ranks among the top ten highest states in categories such as license fees and sales taxes.

Ten States with Highest Tax Burdens. The ten states with the highest tax burdens also vary in their taxing strategies. The states with very high severance taxes—North Dakota, Wyoming, and West Virginia—appear on the list. High severance taxes, however, do not always coincide with lower taxes in other cat-

egories. West Virginia, for example, has the fourth-highest severance tax in the nation and does not rank among the lowest ten states in any tax category. North Dakota also has the highest severance tax burden and third-highest sales tax burden in the nation but one of the lowest business property tax burdens. Six of the ten high tax burden states have no severance tax (Hawaii, Maine, New York, Rhode Island, Vermont, Washington). Three of these six states (Maine, Rhode Island, Vermont), rank in the top ten in terms of highest business property tax.

See Exhibit III on page 19 for a breakdown of tax burdens by tax category in each state.

CHANGE IN BUSINESS TAX BURDEN FROM 2014 TO 2015

State and local business tax revenue declined from \$635 billion to \$628 billion between 2014-2015. The national gross operating surplus increased slightly, leading the national average business tax burden to decline from 9.0% in 2014 to 8.6% in 2015.¹ Note that a large part of the variation from year to year is due to variation in gross operating surplus, as opposed to variation in specific tax policies.

Biggest Rise in Rankings. We show the states with the biggest rise in our business tax burden rankings in Table 5 below. Alaska saw the largest rise in our rankings, jumping 15 spots from number 50 to 35. This jump is due to extreme declines in the state’s oil severance revenue.²

TABLE 5. Biggest Rise in Ranking from 2014 to 2015 (dollar amounts in millions)

State	2 0 1 5			2 0 1 4		
	Rank	Tax Burden	Business Taxes	Rank	Tax Burden	Business Taxes
Alaska	35	10.2%	\$2,197	50	15.4%	\$4,719
South Dakota	4	7.0%	\$1,611	9	7.2%	\$1,729
Hawaii	44	11.8%	\$3,554	49	11.8%	\$3,821
California	13	7.7%	\$80,269	17	7.6%	\$80,556
Alabama	15	8.0%	\$5,953	19	7.7%	\$6,026
Kentucky	20	8.3%	\$6,097	24	8.3%	\$6,308
Arizona	21	8.3%	\$8,948	25	8.3%	\$9,399

Source: Anderson Economic Group analysis and estimates using base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.

1. Using more recent data on tax collections and state economies, we have updated our tax burden estimates from last year’s report. The numbers presented for 2014 in this year’s report will not match exactly with those estimated last year.
2. According to the U.S. Census Bureau, in FY 2014 the State of Alaska collected \$2.4 billion in severance taxes. Severance tax collections were \$105 million in FY 2015.

South Dakota saw the second largest jump, rising five spots from 9th to 4th after the state’s sales tax collections fell between 2014 and 2015, followed by Hawaii, which rose from 49th to 44th. Four states rose by four spots in our ranking. Between 2014 and 2015 only four states (Alaska, Arizona, South Dakota, Ohio) saw an overall decline in business tax burden, thus some states declined in their overall rank while seeing an increase in total business tax burden.

Biggest Drop in Rankings. The two states with the biggest drop in our business tax burden rankings were Iowa and Kansas. Iowa dropped 9 spots in our rankings after seeing a substantial increase in general sales tax collections between 2014 and 2015. Kansas saw increases in business property and corporate income tax collections, dropping the state eight spots from 30 to 38.

Delaware and Wyoming dropped by six spots in the rankings as show in Table 6. Delaware tax collections increased due to increased in license fee and corporate income tax collections. Wyoming’s total business tax collections decreased, but the state’s tax burden increased overall as the state’s gross operating surplus declined. Colorado’s drop in rankings is attributed to growth in business property and general sales tax collections.

TABLE 6. Biggest Drop in Ranking from 2014 to 2015 (dollar amounts in millions)

State	2 0 1 5			2 0 1 4		
	Rank	Tax Burden	Business Taxes	Rank	Tax Burden	Business Taxes
Iowa	23	8.4%	\$6,590	14	7.5%	\$6,133
Kansas	38	10.7%	\$6,441	30	9.0%	\$5,764
Delaware	8	7.2%	\$2,497	2	6.5%	\$2,257
Wyoming	50	13.1%	\$2,661	44	11.2%	\$2,724
Colorado	26	9.0%	\$11,380	21	7.7%	\$10,183

Source: Anderson Economic Group analysis and estimates using base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.

STATE BUSINESS TAX RELIANCE

State business tax *reliance* is a separate measure from business tax burden. A state’s business tax reliance is the share of all state and local tax revenue collected from businesses. Importantly, *tax revenues* do not include other revenues such as federal grants, interest revenue, insurance premiums, pension contributions, fines, and charges for service.

Taxes paid by businesses accounted for 39.1% of total state and local tax collections nationwide in 2015. States vary significantly in their reliance on taxes paid by businesses, from 29.4% in Maryland to 71.3% in Wyoming.

States with high severance taxes often have high business tax reliance. In North Dakota and Wyoming, for example, severance taxes account for 40% and 24%

State and Local Business Taxes

of all state and local taxes collected (business and non-business). After excluding high-severance-tax states, there is virtually no correlation between a state's business tax reliance and its business tax burden.

See Exhibit IV on page 20 for our full business tax reliance rankings.

III. About Anderson Economic Group

Anderson Economic Group, LLC, is a research and consulting firm with expertise in tax analysis, economics, public policy, financial valuation, and market research. We specialize in providing research and consulting in economics, finance, public policy, and market assessments. Our approach to work in these fields is based on our core principles of professionalism, integrity, and expertise. Work by Anderson Economic Group is commonly used in legislative hearings, legal proceedings, and executive strategy discussions.

We have analyzed all 50 states in past tax burden studies and market analyses, as well as our book *The State Economic Handbook* (Palgrave Macmillan).

AEG's past clients include:

- Governments, such as the states of Kentucky, Tennessee, Michigan, North Carolina, and Wisconsin; the cities of Detroit, MI, Cincinnati, OH, Norfolk, VA, and Fort Wayne, IN; counties such as Oakland County, Michigan, and Collier County, Florida; and authorities such as the Detroit-Wayne County Port Authority.
- Corporations such as CVS Caremark, GM, Ford, Delphi, Honda, Metaldyne, Taubman Centers, The Detroit Lions, PG&E Generating, SBC, Gambrinus, Labatt USA, and InBev USA, automobile dealers and dealership groups representing Toyota, Honda, Chrysler, Mercedes-Benz, and other brands.
- Nonprofit organizations, such as the University of Chicago, University of Michigan, Wayne State University, Pennsylvania Association of Realtors, the Hall Foundation, the Van Andel Institute, the Michigan Manufacturers Association, International Mass Retailers Association, American Automobile Manufacturers Association, Automation Alley, and the Michigan Chamber of Commerce.

Visit AEG's website at: www.AndersonEconomicGroup.com.

ABOUT THE AUTHORS

Jason Horwitz. Mr. Horwitz is a Senior Consultant at Anderson Economic Group and Director of the Public Policy and Economic Analysis practice area. He has performed and overseen the analysis and production of the annual business tax burden rankings report since 2013. Mr. Horwitz has advised governments, trade organizations, and corporations across the country on economic issues and the impacts of policy. His work has been featured in Bloomberg Businessweek, NPR Marketplace, Chicago Sun-Times, Detroit News, Crain's Chicago Business, and on WBEZ Radio. Mr. Horwitz holds a Master of Public Policy from the Harris School of Public Policy at the University of Chicago and a Bachelor of Arts in Physics and Philosophy from Swarthmore College.

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consin Milwaukee and Bachelor's degrees in Economics and Urban Studies from the University of Minnesota Twin Cities.

Patrick L. Anderson. Mr. Anderson founded Anderson Economic Group in 1996, and serves as a Principal and Chief Executive Officer in the company. He pioneered the development of the original methodology for this report and co-authored the initial business tax burden reports. Mr. Anderson has written over 100 published works, including *Economics of Business Valuation* from Stanford University Press. Three of his journal articles, "Pocketbook Issues and the Presidency," "The Value of Private Businesses in the United States," and "Policy Uncertainty and Persistent Unemployment," have each been awarded for outstanding writing from the National Association of Business Economics. Mr. Anderson is a graduate of the University of Michigan, where he earned a Master of Public Policy degree and a Bachelor of Arts degree in political science. He is a member of the National Association for Business Economics and the National Association of Forensic Economists.

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IV. Methodology

Our approach to measuring the state and local tax burden is to estimate the total amount of state and local taxes paid by businesses in each state and the District of Columbia, and divide it by a measure of business operating margin. This approach has the advantage of providing an objective measure which does not impose any external set of tax policy preferences. Our tax burden measure does not attempt to consider “fairness,” business decisions at the margin, the effects of different taxes on different types of business operations, or the incidence of any individual tax.

Our approach is laid out in more detail in the remainder of this section.

MEASURE OF GROSS OPERATING SURPLUS

To compare the tax burdens across different states, we divide the total state and local taxes paid in each state by pre-tax gross operating surplus for businesses within that state. We use the Bureau of Economic Analysis’s measure of gross operating surplus. This measure is very similar to net profits, including all business receipts minus the cost of inputs, compensation of employees, and taxes. What remains are corporate profits, proprietors’ income, and consumption of fixed capital (depreciation).

Thus, the only difference between gross operating surplus and a comprehensive measure of after-tax profits is that gross operating surplus does not exclude depreciation of fixed assets. We add back in state and local taxes in order to measure the tax impact as a share of *pre-tax* gross operating surplus. Note that our measure does not attempt to take out *federal* taxes, which are difficult to apportion to businesses on a state-by-state basis.

TAXES PAID BY BUSINESSES

Unless otherwise specified, all state tax collections data is from the U.S. Census of Governments 2015 Annual Survey of State Tax Collections. This source gives comparable tax and revenue data for all 50 states and the District of Columbia. We estimated tax collections for local governments based on 2014 figures reported in the Census of Governments State and Local Government Finances Survey, which we scaled based on 2014-15 growth in state collections.³

In order to estimate the total taxes paid by businesses, we used tax data from eight tax categories:

1. Property
2. License
3. Individual Income
4. Corporate Income

3. Detailed local tax collections data is released later than state data. In order to produce more timely rankings, we estimated local tax collections. One exception to the method described here for estimating local tax collections is for property tax, where we used growth in the 2014-15 statewide taxable value of property.

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5. Unemployment Compensation
6. Severance
7. General Sales and Gross Receipts
8. Selective Sales (motor fuels, public utilities, and other)

For each of the above categories, we allocated some portion of tax collections to businesses (as opposed to households) using the following methodology.

Property taxes. We estimated 2015 local property tax collections based on 2014-15 growth in the statewide property tax levy. When state-level data was not available, we applied a national levy growth rate. We allocated the total estimated 2014 state and local property tax collections to businesses based on figures from the 2014 one-year American Community Survey. We calculated business share of property taxes paid as the residual of total property taxes collected in 2014 less property taxes paid on owner-occupied and seasonal units (a proximate measure for vacation homes). Our exclusion of seasonal units is a change from previous reports, which classified all non owner-occupied property taxes as business tax. We treat rental housing as business property and include property taxes paid on rental housing in our estimates.

License taxes and fees. We allocated 100% of amusement, corporation, public utility, occupation and business, and alcoholic beverages license taxes and fees to businesses. We allocated motor vehicle and motor vehicle operator license taxes using the ratio of diesel fuel taxes to total fuel taxes (as described in “Motor fuel excise taxes.” on page 14).

Individual income tax on pass-through business income. Using data from the IRS Statistics on Income (SOI), we estimated the total adjusted gross income (AGI), total adjusted gross income over \$100,000, and the number of filers who have over \$100,000 in income for each state. We also found these values for filers who receive personal income directly from businesses (S corporations, partnerships, and sole proprietorships). Business owners pay taxes on this income through their individual income tax returns.

We applied the state individual income tax rates in order to estimate the total income tax collected on business income. For the seven states that have a flat tax rate across all income brackets, we applied this flat rate to all business income for individuals (income from S corporations, proprietorships, and partnerships). For states that have a graduated income tax, we calculated an average effective rate on all income below \$100,000, using Census estimates for total income tax collected. We then applied this rate to all business income up to \$100,000, and applied the average marginal rate for incomes at or above \$100,000 in each state to all business income above \$100,000. We calculated the average marginal rate for incomes above \$100,000 by taking a weighted average of rates for income over \$100,000 in each state, weighted by the amount of estimated income at those levels.

For this calculation, we assumed that owners’ business income was evenly distributed among all their income. That is, if someone had \$200,000 in total income, our model assumes that half of their business income was taxed at the average effective

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rate on income below \$100,000 and half of it was taxed at the average marginal rate for incomes above \$100,000.

Corporate income tax. We allocated 100% of corporate income tax collections to businesses.

Unemployment compensation. We collected total unemployment compensation data from comprehensive annual financial reports (CAFRs) from each of the fifty states and the District of Columbia. We used only revenues from employer contributions. We allocated 100% of estimated state unemployment compensation tax collections to businesses.

Severance taxes. We allocate 100% of severance tax collections to businesses.

General sales taxes. We allocate general sales taxes to businesses based on the estimated share of taxable consumption attributable to businesses in each state.

We estimated business consumption of several hundred commodities by state using Bureau of Economic Analysis (BEA) data on KLEMS Intermediate Use and state gross domestic product by industry. Business consumption of each commodity was estimated by assuming that the share of consumption by each industry that occurred in a given state was equivalent to the share of that industry's national GDP produced in that state. KLEMS Intermediate Use data is no longer available by commodity for 2012 or later. We estimated 2015 numbers by multiplying 2011 data by the change in the larger KLEMS categories—energy, manufactured goods, and services—from 2011 to 2015.

We estimated household consumption of thousands of commodities by state using the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CES) public use microdata and summary results. We used the 2015 CCH State Tax Handbook, data from the National Conference of State Legislators, and the websites of tax and Treasury departments for various states to track which commodities were exempt or subject to special rates in each state.

Once we estimated the amount of taxable household consumption and business consumption, we could derive the share of total statewide taxable consumption that was attributable to businesses. We multiplied this share for each state by the total state and local general sales tax collections in 2015, estimated using Census Bureau data.

Gross receipts taxes. We used state government revenue data to isolate gross receipts tax collections in states that levy significant gross receipts taxes as part of their main business tax: Ohio, Pennsylvania, and Washington.⁴ We allocated 100% of these gross receipts taxes to businesses. We allocated Hawaii's and New Mexico's gross receipt taxes to businesses based on the methodology for general sales tax since Hawaii and New Mexico explicitly allow businesses to recoup the gross

4. District of Columbia and Delaware also have a gross receipts tax, but this revenue is included in other tax categories that are partly or wholly allocated to businesses.

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receipts tax by applying a pseudo-sales tax to the final sale price of goods and services.

Motor fuel excise taxes. We estimated the amount of state gasoline and diesel fuel tax collected for each state in 2014 using data from the U.S. Department of Transportation, Federal Highway Administration (motor fuel usage and fuel tax rates). We allocated a portion of 2015 state and local collections to businesses based on the share of each state's total fuel tax collections attributable to diesel. We assumed that businesses, as opposed to households, generally purchase diesel and pay taxes on those purchases.

Public utilities tax. We allocated 100% of this category to businesses.

Other selective sales tax. This category captures state-specific sales taxes on items other than alcoholic beverages, tobacco, amusement, insurance, motor fuels, lottery, and public utilities. We divided this category evenly between households and businesses.

PREVIOUS YEAR'S RANKINGS AND DETAILED METHODOLOGY

The complete outline of AEG's 2006-08 methodology for apportioning taxes to businesses can be found in Patrick L. Anderson and Caroline M. Sallee, *Benchmarking for Success: A Comparison of State Business Taxes*, Anderson Economic Group (2006). Our method was updated in 2014, as described in the preceding methodology. Prior installments of this study are available on AEG's website.

Our 2016 State Business Tax Burden Rankings analysis has been updated to account for newly available data that was estimated at the time of the report's initial release. All comparisons made to 2014 tax figures and rankings are in reference to this updated analysis.

DATA SOURCES

The complete list of data sources used in this report are as follows:

U.S. Census Bureau. 2014 State and Local Government Finances. *State & Local Summary Tables by Level of Government*. <http://www.census.gov/govs/local/>.

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Bureau of Labor Statistics. U.S. Dept. of Labor. *Consumer Expenditure Survey, Public Use Microdata, 2015*.

U.S. Dept. of Transportation, Federal Highway Administration, “Motor Fuel & Highway Trust Fund Statistics 2015.” https://www.fhwa.dot.gov/policyinformation/motorfuelhwy_trustfund.cfm.

Official reports on the taxable value of property and on commodity-specific general sales tax exemptions from all fifty states and the District of Columbia, where available.

V. Detailed Tables

Section Contents:

- Exhibit I, “AEG State Business Tax Burden Rankings, 2015”
- Exhibit II, “Total State and Local Taxes Paid by Business, 2015”
- Exhibit III, “State and Local Taxes Paid by Business, Share of Operating Margin, 2015”
- Exhibit IV, “State and Local Business Tax Reliance, 2015”

Exhibit I. AEG State Business Tax Burden Rankings, 2015

Rank	State	Tax Collected from Business (millions)	2015 Business Tax Burden	2014 Rank	2014 Business Tax Burden
1	Oklahoma	\$5,176	6.3%	1	6.3%
2	Oregon	\$6,522	6.8%	3	6.7%
3	North Carolina	\$14,013	7.0%	5	6.8%
4	South Dakota	\$1,611	7.0%	9	7.2%
5	Indiana	\$10,539	7.0%	4	6.7%
6	Missouri	\$7,983	7.0%	6	6.9%
7	Georgia	\$13,828	7.1%	8	7.1%
8	Delaware	\$2,497	7.2%	2	6.5%
9	Ohio	\$17,907	7.3%	11	7.4%
10	Texas	\$55,759	7.3%	10	7.2%
11	Utah	\$4,364	7.3%	7	7.1%
12	Louisiana	\$8,546	7.6%	13	7.5%
13	California	\$80,269	7.7%	17	7.6%
14	Tennessee	\$9,904	7.8%	15	7.5%
15	Alabama	\$5,953	8.0%	19	7.7%
16	Michigan	\$14,064	8.0%	12	7.5%
17	Nebraska	\$4,256	8.1%	16	7.6%
18	Maryland	\$10,529	8.2%	18	7.7%
19	Idaho	\$2,280	8.2%	20	7.7%
20	Kentucky	\$6,097	8.3%	24	8.3%
21	Arizona	\$8,948	8.3%	25	8.3%
22	Virginia	\$14,088	8.4%	22	7.9%
23	Iowa	\$6,590	8.4%	14	7.5%
24	Wisconsin	\$9,664	8.7%	26	8.5%
25	Pennsylvania	\$25,050	8.8%	23	8.1%
26	Colorado	\$11,380	9.0%	21	7.7%
27	Massachusetts	\$15,671	9.1%	29	9.0%
28	Washington	\$16,550	9.3%	27	8.8%
29	Arkansas	\$4,538	9.4%	31	9.2%
30	Illinois	\$29,128	9.4%	32	9.2%
31	Florida	\$31,378	9.6%	34	9.5%
32	Minnesota	\$11,953	9.7%	28	8.9%
33	South Carolina	\$7,509	10.1%	36	9.7%
34	Connecticut	\$10,065	10.2%	33	9.4%
35	Alaska	\$2,197	10.2%	51	15.4%
36	Montana	\$2,012	10.3%	35	9.7%
37	New Hampshire	\$2,771	10.6%	37	10.0%
38	Kansas	\$6,441	10.7%	30	9.0%
39	Nevada	\$5,894	10.7%	39	10.3%
40	New Jersey	\$23,547	10.9%	38	10.3%
41	New Mexico	\$4,180	11.0%	40	10.4%
42	New York	\$66,445	11.3%	41	10.8%
43	District of Columbia	\$3,548	11.7%	42	10.9%
44	Hawaii	\$3,554	11.8%	49	11.8%
45	West Virginia	\$3,700	11.9%	43	11.0%
46	Mississippi	\$4,808	11.9%	45	11.4%
47	Rhode Island	\$2,528	12.6%	46	11.6%
48	Vermont	\$1,263	12.6%	48	11.8%
49	Maine	\$2,495	12.7%	47	11.6%
50	Wyoming	\$2,661	13.1%	44	11.2%
51	North Dakota	\$5,000	17.4%	50	15.1%

Source: Anderson Economic Group estimates and analysis of base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.

Exhibit II. State and Local Taxes Paid by Business, FY 2015

(amount in thousands)

State	Property Tax	Motor Fuel Excise Tax	Public Utilities Sales Tax	Other Selective Sales Tax	Corporate Income Tax	License Fees	Unemployment compensation	Individual income tax on pass-thru business income	Severance	Gross Receipts Taxes	General Sales Taxes	Total Taxes Paid by Businesses
<i>United States</i>	\$ 250,871,904	\$ 9,320,974	\$ 27,623,986	\$ 25,366,349	\$ 57,206,184	\$ 36,191,997	\$ 42,853,640	\$ 36,673,893	\$ 12,686,397	\$ 6,733,020	\$ 122,124,249	\$ 627,652,593
Alabama	\$ 1,719,334	\$ 158,280	\$ 784,804	\$ 320,215	\$ 533,586	\$ 630,933	\$ 319,857	\$ 307,952	\$ 81,269	\$ -	\$ 1,097,020	\$ 5,953,250
Alaska	\$ 1,538,606	\$ 13,617	\$ 8,564	\$ 42,334	\$ 227,852	\$ 75,647	\$ 185,476	\$ -	\$ 105,233	\$ -	\$ -	\$ 2,197,329
Arizona	\$ 4,021,782	\$ 220,770	\$ 205,295	\$ 125,863	\$ 690,960	\$ 377,250	\$ 463,969	\$ 368,671	\$ 24,862	\$ -	\$ 2,448,187	\$ 8,947,609
Arkansas	\$ 1,308,683	\$ 140,800	\$ 150,582	\$ 145,946	\$ 476,553	\$ 248,501	\$ 327,907	\$ 236,110	\$ 104,383	\$ -	\$ 1,398,206	\$ 4,537,670
California	\$ 26,088,062	\$ 453,834	\$ 3,518,918	\$ 3,035,618	\$ 9,007,182	\$ 7,441,507	\$ 5,485,661	\$ 8,720,771	\$ 70,003	\$ -	\$ 16,447,639	\$ 80,269,194
Colorado	\$ 5,509,123	\$ 136,041	\$ 181,512	\$ 465,384	\$ 673,230	\$ 333,398	\$ 695,250	\$ 621,607	\$ 310,651	\$ -	\$ 2,453,596	\$ 11,379,791
Connecticut	\$ 4,891,131	\$ 137,789	\$ 290,336	\$ 391,782	\$ 689,685	\$ 230,521	\$ 750,573	\$ 944,918	\$ -	\$ -	\$ 1,738,027	\$ 10,064,761
Delaware	\$ 384,117	\$ 13,454	\$ 60,358	\$ 59,963	\$ 406,293	\$ 1,335,474	\$ 131,195	\$ 106,348	\$ -	\$ -	\$ -	\$ 2,497,203
District of Columbia	\$ 1,824,634	\$ 2,909	\$ 202,057	\$ 51,614	\$ 447,805	\$ 73,139	\$ 148,889	\$ 282,244	\$ -	\$ -	\$ 514,649	\$ 3,547,939
Florida	\$ 12,168,608	\$ 482,728	\$ 4,667,505	\$ 841,456	\$ 2,237,500	\$ 1,937,563	\$ 1,365,464	\$ -	\$ 37,220	\$ -	\$ 7,640,097	\$ 31,378,143
Georgia	\$ 7,193,882	\$ 255,605	\$ 331,073	\$ 334,412	\$ 1,000,536	\$ 515,948	\$ 452,187	\$ 987,351	\$ -	\$ -	\$ 2,757,135	\$ 13,828,128
Hawaii	\$ 951,046	\$ 17,048	\$ 321,120	\$ 251,065	\$ 72,249	\$ 109,734	\$ 239,375	\$ 182,975	\$ -	\$ -	\$ 1,408,945	\$ 3,553,558
Idaho	\$ 853,572	\$ 73,311	\$ 30,869	\$ 38,179	\$ 217,082	\$ 187,275	\$ 192,671	\$ 190,124	\$ 6,143	\$ -	\$ 490,513	\$ 2,279,739
Illinois	\$ 12,082,397	\$ 396,293	\$ 2,745,126	\$ 1,460,751	\$ 4,054,267	\$ 1,354,808	\$ 2,397,190	\$ 1,216,384	\$ -	\$ -	\$ 3,421,243	\$ 29,128,458
Indiana	\$ 4,136,369	\$ 220,731	\$ 310,393	\$ 513,785	\$ 903,572	\$ 229,273	\$ 1,175,303	\$ 552,702	\$ 2,015	\$ -	\$ 2,494,648	\$ 10,538,792
Iowa	\$ 2,839,851	\$ 162,004	\$ 204,766	\$ 43,874	\$ 463,238	\$ 413,310	\$ 410,209	\$ 394,188	\$ -	\$ -	\$ 1,658,894	\$ 6,590,333
Kansas	\$ 3,256,622	\$ 132,430	\$ 225,729	\$ 42,520	\$ 458,306	\$ 191,086	\$ 421,735	\$ 246,739	\$ 148,104	\$ -	\$ 1,317,982	\$ 6,441,252
Kentucky	\$ 1,895,027	\$ 201,439	\$ 390,824	\$ 398,755	\$ 912,362	\$ 327,363	\$ 280,642	\$ 444,804	\$ 220,954	\$ -	\$ 1,024,414	\$ 6,096,583
Louisiana	\$ 3,024,132	\$ 142,547	\$ 187,146	\$ 254,729	\$ 253,650	\$ 429,741	\$ 236,461	\$ 441,947	\$ 733,896	\$ -	\$ 2,841,518	\$ 8,545,767
Maine	\$ 1,336,857	\$ 49,688	\$ 40,262	\$ 67,181	\$ 168,966	\$ 152,413	\$ 157,540	\$ 139,111	\$ -	\$ -	\$ 382,509	\$ 2,494,526
Maryland	\$ 4,011,012	\$ 148,527	\$ 590,290	\$ 931,595	\$ 1,003,588	\$ 492,595	\$ 679,346	\$ 1,196,813	\$ -	\$ -	\$ 1,475,596	\$ 10,529,363
Massachusetts	\$ 7,195,747	\$ 103,425	\$ 23,736	\$ 476,600	\$ 2,227,381	\$ 583,664	\$ 1,459,359	\$ 1,508,548	\$ -	\$ -	\$ 2,092,133	\$ 15,670,593
Michigan	\$ 6,408,072	\$ 139,731	\$ 96,101	\$ 680,925	\$ 1,185,568	\$ 514,561	\$ 1,461,988	\$ 805,380	\$ 36,883	\$ -	\$ 2,735,230	\$ 14,064,438
Minnesota	\$ 3,684,990	\$ 179,145	\$ 109,445	\$ 1,216,764	\$ 1,476,629	\$ 688,765	\$ 921,702	\$ 1,082,631	\$ 61,830	\$ -	\$ 2,531,039	\$ 11,952,941
Mississippi	\$ 2,175,678	\$ 117,232	\$ 57,788	\$ 210,991	\$ 534,547	\$ 406,796	\$ 137,525	\$ 168,964	\$ 78,726	\$ -	\$ 919,947	\$ 4,808,193
Missouri	\$ 3,121,334	\$ 169,364	\$ 442,587	\$ 133,572	\$ 513,058	\$ 390,918	\$ 621,890	\$ 576,748	\$ 1	\$ -	\$ 2,013,684	\$ 7,983,155
Montana	\$ 928,962	\$ 77,058	\$ 47,026	\$ 30,971	\$ 168,039	\$ 182,112	\$ 151,771	\$ 156,745	\$ 269,287	\$ -	\$ -	\$ 2,011,971
Nebraska	\$ 2,101,310	\$ 108,944	\$ 230,335	\$ 10,988	\$ 344,477	\$ 240,982	\$ 106,435	\$ 240,902	\$ 5,282	\$ -	\$ 866,058	\$ 4,255,713
Nevada	\$ 1,694,090	\$ 98,654	\$ 292,786	\$ 286,075	\$ -	\$ 657,361	\$ 1,157,129	\$ -	\$ 121,604	\$ -	\$ 1,586,790	\$ 5,894,489
New Hampshire	\$ 1,610,076	\$ 17,754	\$ 63,528	\$ 200,990	\$ 576,679	\$ 201,642	\$ 93,302	\$ 6,819	\$ -	\$ -	\$ -	\$ 2,770,790
New Jersey	\$ 11,348,373	\$ 103,362	\$ 1,024,975	\$ 354,022	\$ 2,579,391	\$ 982,761	\$ 2,764,871	\$ 1,433,290	\$ -	\$ -	\$ 2,956,350	\$ 23,547,396
New Mexico	\$ 809,242	\$ 96,862	\$ 76,411	\$ 97,189	\$ 249,947	\$ 145,918	\$ 269,593	\$ 109,267	\$ 1,001,741	\$ -	\$ 1,323,965	\$ 4,180,135
New York	\$ 29,651,415	\$ 312,601	\$ 1,668,553	\$ 3,384,758	\$ 12,063,435	\$ 584,189	\$ 2,572,009	\$ 5,591,434	\$ -	\$ -	\$ 10,616,167	\$ 66,444,562
North Carolina	\$ 5,224,949	\$ 364,672	\$ 30,264	\$ 545,358	\$ 1,330,223	\$ 1,273,730	\$ 1,542,264	\$ 971,202	\$ 1,870	\$ -	\$ 2,728,905	\$ 14,013,437
North Dakota	\$ 527,381	\$ 99,506	\$ 55,283	\$ 89,611	\$ 186,039	\$ 140,017	\$ 127,328	\$ 71,243	\$ 2,849,867	\$ -	\$ 853,581	\$ 4,999,856
Ohio	\$ 6,213,146	\$ 450,594	\$ 1,144,511	\$ 332,014	\$ 283,232	\$ 1,541,847	\$ 1,155,627	\$ 1,196,743	\$ 22,891	\$ 1,702,710	\$ 3,863,599	\$ 17,906,914
Oklahoma	\$ 1,187,846	\$ 127,694	\$ 205,409	\$ 110,146	\$ 388,530	\$ 553,823	\$ 395,609	\$ 373,669	\$ 556,546	\$ -	\$ 1,276,491	\$ 5,175,762
Oregon	\$ 2,613,523	\$ 132,221	\$ 334,675	\$ 367,785	\$ 699,328	\$ 586,772	\$ 992,558	\$ 770,631	\$ 24,149	\$ -	\$ -	\$ 6,521,642
Pennsylvania	\$ 7,700,726	\$ 779,241	\$ 1,324,934	\$ 742,567	\$ 3,021,902	\$ 2,024,196	\$ 3,073,915	\$ 1,306,619	\$ -	\$ 1,633,580	\$ 3,442,511	\$ 25,050,191
Rhode Island	\$ 1,361,830	\$ 12,831	\$ 105,292	\$ 120,537	\$ 176,336	\$ 68,538	\$ 268,800	\$ 106,007	\$ -	\$ -	\$ 307,957	\$ 2,528,129
South Carolina	\$ 3,986,296	\$ 116,129	\$ 95,154	\$ 237,915	\$ 377,329	\$ 740,238	\$ 434,989	\$ 352,128	\$ -	\$ -	\$ 1,168,733	\$ 7,508,911
South Dakota	\$ 631,715	\$ 48,044	\$ 13,043	\$ 50,836	\$ 4,334	\$ 192,074	\$ 41,543	\$ -	\$ 8,098	\$ -	\$ 621,112	\$ 1,610,799
Tennessee	\$ 3,258,803	\$ 172,535	\$ 119,272	\$ 382,260	\$ 1,400,973	\$ 1,425,243	\$ 343,808	\$ 28,016	\$ 6,739	\$ -	\$ 2,766,494	\$ 9,904,143
Texas	\$ 26,710,683	\$ 945,567	\$ 1,896,446	\$ 3,009,369	\$ -	\$ 1,725,349	\$ 2,496,355	\$ -	\$ 4,005,371	\$ -	\$ 14,969,880	\$ 55,759,021
Utah	\$ 1,771,030	\$ 109,173	\$ 123,471	\$ 216,648	\$ 368,681	\$ 134,016	\$ 295,100	\$ 332,670	\$ 130,212	\$ -	\$ 883,244	\$ 4,364,246
Vermont	\$ 528,115	\$ 21,773	\$ 20,116	\$ 201,523	\$ 112,643	\$ 42,029	\$ 145,660	\$ 68,315	\$ -	\$ -	\$ 122,537	\$ 1,262,712
Virginia	\$ 7,021,866	\$ 188,882	\$ 781,004	\$ 862,452	\$ 817,851	\$ 1,313,346	\$ 680,122	\$ 1,012,696	\$ 36,306	\$ -	\$ 1,373,720	\$ 14,088,244
Washington	\$ 4,305,845	\$ 242,708	\$ 1,192,529	\$ 654,689	\$ -	\$ 857,231	\$ 1,256,593	\$ -	\$ 61,564	\$ 3,396,730	\$ 4,581,716	\$ 16,549,605
West Virginia	\$ 1,236,971	\$ 129,528	\$ 184,600	\$ 252,512	\$ 188,758	\$ 178,400	\$ 223,836	\$ 152,313	\$ 669,521	\$ -	\$ 483,543	\$ 3,699,981
Wisconsin	\$ 3,743,343	\$ 236,898	\$ 395,883	\$ 279,768	\$ 1,032,411	\$ 631,244	\$ 1,053,619	\$ 669,153	\$ 9,263	\$ -	\$ 1,612,521	\$ 9,664,103
Wyoming	\$ 1,083,697	\$ 59,004	\$ 21,299	\$ 9,494	\$ -	\$ 96,752	\$ 91,441	\$ -	\$ 883,913	\$ -	\$ 415,528	\$ 2,661,129

Source: AEG Estimates, using base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.

Analysis: Anderson Economic Group, LLC

Note: Due to the nature of New Mexico's gross receipts tax, we show it here as a general sales tax and determine the amount paid by business using the same method as for general sales taxes in other states.

Note: Pennsylvania's unemployment compensation was collected from the state's Comprehensive Annual Financial Report, due to census figures accrediting bond revenue as tax revenue.

Exhibit III. State and Local Taxes Paid by Business, Share of Pre-Tax Gross Operating Surplus, 2015

(Taxes Paid by Business as a Share of Pre-Tax Gross Operating Surplus)

State	Property Tax	Motor Fuel Excise Tax	Public Utilities Sales Tax	Other Selective Sales Tax	Corporate Income Tax	License Fees	Unemployment compensation	Individual income tax on pass-thru business income	Severance	Gross Receipts Taxes	General Sales Taxes	Total
United States	3.5%	0.1%	0.4%	0.3%	0.8%	0.5%	0.6%	0.5%	0.2%	0.1%	1.7%	8.7%
Alabama	2.3%	0.2%	1.1%	0.4%	0.7%	0.8%	0.4%	0.4%	0.1%	0.0%	1.5%	8.0%
Alaska	7.2%	0.1%	0.0%	0.2%	1.1%	0.4%	0.9%	0.0%	0.5%	0.0%	0.0%	10.2%
Arizona	3.7%	0.2%	0.1%	0.6%	0.4%	0.4%	0.3%	0.4%	0.0%	0.0%	2.3%	8.3%
Arkansas	2.7%	0.3%	0.3%	0.3%	1.0%	0.5%	0.7%	0.5%	0.2%	0.0%	2.9%	9.4%
California	2.5%	0.0%	0.3%	0.3%	0.9%	0.7%	0.5%	0.8%	0.0%	0.0%	1.6%	7.7%
Colorado	4.3%	0.1%	0.1%	0.4%	0.5%	0.3%	0.5%	0.5%	0.2%	0.0%	1.9%	9.0%
Connecticut	4.9%	0.1%	0.3%	0.4%	0.7%	0.2%	0.8%	1.0%	0.0%	0.0%	1.8%	10.2%
Delaware	1.1%	0.0%	0.2%	0.2%	1.2%	3.9%	0.4%	0.3%	0.0%	0.0%	0.0%	7.2%
District of Columbia	6.0%	0.0%	0.7%	0.2%	1.5%	0.2%	0.5%	0.9%	0.0%	0.0%	1.7%	11.7%
Florida	3.7%	0.1%	1.4%	0.3%	0.7%	0.6%	0.4%	0.0%	0.0%	0.0%	2.3%	9.6%
Georgia	3.7%	0.1%	0.2%	0.2%	0.5%	0.3%	0.2%	0.5%	0.0%	0.0%	1.4%	7.1%
Hawaii	3.2%	0.1%	1.1%	0.8%	0.2%	0.4%	0.8%	0.6%	0.0%	0.0%	4.7%	11.8%
Idaho	3.1%	0.3%	0.1%	0.8%	0.8%	0.7%	0.7%	0.7%	0.0%	0.0%	1.8%	8.2%
Illinois	3.9%	0.1%	0.9%	0.5%	1.3%	0.4%	0.8%	0.4%	0.0%	0.0%	1.1%	9.4%
Indiana	2.8%	0.1%	0.2%	0.3%	0.6%	0.2%	0.8%	0.4%	0.0%	0.0%	1.7%	7.0%
Iowa	3.6%	0.2%	0.3%	0.1%	0.6%	0.5%	0.5%	0.5%	0.0%	0.0%	2.1%	8.4%
Kansas	5.4%	0.2%	0.4%	0.1%	0.8%	0.3%	0.7%	0.4%	0.2%	0.0%	2.2%	10.7%
Kentucky	2.6%	0.3%	0.5%	0.5%	1.2%	0.4%	0.4%	0.6%	0.3%	0.0%	1.4%	8.3%
Louisiana	2.7%	0.1%	0.2%	0.2%	0.2%	0.4%	0.2%	0.4%	0.7%	0.0%	2.5%	7.6%
Maine	6.8%	0.3%	0.2%	0.3%	0.9%	0.8%	0.8%	0.7%	0.0%	0.0%	1.9%	12.7%
Maryland	3.1%	0.1%	0.5%	0.7%	0.8%	0.4%	0.5%	0.9%	0.0%	0.0%	1.1%	8.2%
Massachusetts	4.2%	0.1%	0.0%	0.3%	1.3%	0.3%	0.8%	0.9%	0.0%	0.0%	1.2%	9.1%
Michigan	3.7%	0.1%	0.4%	0.7%	0.3%	0.3%	0.8%	0.5%	0.0%	0.0%	1.6%	8.0%
Minnesota	3.0%	0.1%	0.1%	1.0%	1.2%	0.6%	0.7%	0.9%	0.0%	0.0%	2.0%	9.7%
Mississippi	5.4%	0.3%	0.1%	0.5%	1.3%	1.0%	0.3%	0.4%	0.2%	0.0%	2.3%	11.9%
Missouri	2.8%	0.1%	0.4%	0.1%	0.5%	0.3%	0.5%	0.5%	0.0%	0.0%	1.8%	7.0%
Montana	4.8%	0.4%	0.2%	0.2%	0.9%	0.9%	0.8%	0.8%	1.4%	0.0%	0.0%	10.3%
Nebraska	4.0%	0.2%	0.4%	0.0%	0.7%	0.5%	0.2%	0.5%	0.0%	0.0%	1.7%	8.1%
Nevada	3.1%	0.2%	0.5%	0.5%	0.0%	1.2%	2.1%	0.0%	0.2%	0.0%	2.9%	10.7%
New Hampshire	6.2%	0.1%	0.2%	0.8%	2.2%	0.8%	0.4%	0.0%	0.0%	0.0%	0.0%	10.6%
New Jersey	5.2%	0.0%	0.5%	0.2%	1.2%	0.5%	1.3%	0.7%	0.0%	0.0%	1.4%	10.9%
New Mexico	2.1%	0.3%	0.2%	0.3%	0.7%	0.4%	0.7%	0.3%	2.6%	0.0%	3.5%	11.0%
New York	5.0%	0.1%	0.3%	0.6%	2.0%	0.1%	0.4%	0.9%	0.0%	0.0%	1.8%	11.3%
North Carolina	2.6%	0.2%	0.0%	0.3%	0.7%	0.6%	0.8%	0.5%	0.0%	0.0%	1.4%	7.0%
North Dakota	1.8%	0.3%	0.2%	0.3%	0.6%	0.5%	0.4%	0.2%	9.9%	0.0%	3.0%	17.4%
Ohio	2.5%	0.2%	0.5%	0.1%	0.6%	0.6%	0.5%	0.5%	0.0%	0.7%	1.6%	7.3%
Oklahoma	1.4%	0.2%	0.2%	0.1%	0.5%	0.7%	0.5%	0.5%	0.7%	0.0%	1.6%	6.3%
Oregon	2.7%	0.1%	0.3%	0.4%	0.7%	0.6%	1.0%	0.8%	0.0%	0.0%	0.0%	6.8%
Pennsylvania	2.7%	0.3%	0.5%	0.3%	1.1%	0.7%	1.1%	0.5%	0.0%	0.6%	1.2%	8.8%
Rhode Island	6.8%	0.1%	0.5%	0.6%	0.9%	0.3%	1.3%	0.5%	0.0%	0.0%	1.5%	12.6%
South Carolina	5.4%	0.2%	0.1%	0.3%	0.5%	1.0%	0.6%	0.5%	0.0%	0.0%	1.6%	10.1%
South Dakota	2.7%	0.2%	0.1%	0.2%	0.0%	0.8%	0.2%	0.0%	0.0%	0.0%	2.7%	7.0%
Tennessee	2.6%	0.1%	0.1%	0.3%	1.1%	1.1%	0.3%	0.0%	0.0%	0.0%	2.2%	7.8%
Texas	3.5%	0.1%	0.2%	0.4%	0.0%	0.2%	0.3%	0.0%	0.5%	0.0%	2.0%	7.3%
Utah	3.0%	0.2%	0.2%	0.4%	0.6%	0.2%	0.5%	0.6%	0.2%	0.0%	1.5%	7.3%
Vermont	5.3%	0.2%	0.2%	2.0%	1.1%	0.4%	1.5%	0.7%	0.0%	0.0%	1.2%	12.6%
Virginia	4.2%	0.1%	0.5%	0.5%	0.5%	0.8%	0.4%	0.6%	0.0%	0.0%	0.8%	8.4%
Washington	2.4%	0.1%	0.7%	0.4%	0.0%	0.5%	0.7%	0.0%	0.0%	1.9%	2.6%	9.3%
West Virginia	4.0%	0.4%	0.6%	0.8%	0.6%	0.6%	0.7%	0.5%	2.1%	0.0%	1.5%	11.9%
Wisconsin	3.4%	0.2%	0.4%	0.3%	0.9%	0.6%	0.9%	0.6%	0.0%	0.0%	1.4%	8.7%
Wyoming	5.4%	0.3%	0.1%	0.0%	0.0%	0.5%	0.5%	0.0%	4.4%	0.0%	2.1%	13.1%

Legend: 10 Lowest Tax States (green background) 10 Highest Tax States (red background)

Source: AEG Estimates, using base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.
 Analysis: Anderson Economic Group, LLC
 Note: Due to the nature of New Mexico's gross receipts tax, we show it here as a general sales tax and determine the amount paid by business using the same method as for general sales taxes in other states.
 Note: Pennsylvania's unemployment compensation was collected from the state's Comprehensive Annual Financial Report, due to census figures accrediting bond revenue as tax revenue.

Exhibit IV. State and Local Business Tax Reliance, 2015

Rank	State	Tax Collected from Business (millions)	Share of Total State and Local Tax Revenue
1	Maryland	\$10,529	29.4%
2	Vermont	\$1,263	33.9%
3	Michigan	\$14,064	34.1%
4	Wisconsin	\$9,664	34.2%
5	Ohio	\$17,907	34.4%
6	California	\$80,269	34.5%
7	Missouri	\$7,983	35.0%
8	North Carolina	\$14,013	35.1%
9	Oklahoma	\$5,176	35.2%
10	Massachusetts	\$15,671	35.2%
11	Oregon	\$6,522	35.3%
12	Kentucky	\$6,097	35.9%
13	Minnesota	\$11,953	36.1%
14	Maine	\$2,495	36.2%
15	Connecticut	\$10,065	36.5%
16	Virginia	\$14,088	36.8%
17	New Jersey	\$23,547	37.0%
18	Arizona	\$8,948	37.5%
19	Pennsylvania	\$25,050	37.7%
20	Georgia	\$13,828	38.1%
21	New York	\$66,445	38.3%
22	Arkansas	\$4,538	38.5%
23	Alabama	\$5,953	38.5%
24	Idaho	\$2,280	38.9%
25	Utah	\$4,364	39.2%
26	Illinois	\$29,128	39.4%
27	Indiana	\$10,539	39.4%
28	Hawaii	\$3,554	40.0%
29	Rhode Island	\$2,528	42.1%
30	Iowa	\$6,590	42.9%
31	Colorado	\$11,380	43.2%
32	Mississippi	\$4,808	43.4%
33	Nebraska	\$4,256	43.8%
34	Florida	\$31,378	44.1%
35	South Carolina	\$7,509	44.2%
36	Tennessee	\$9,904	45.1%
37	New Hampshire	\$2,771	45.2%
38	Louisiana	\$8,546	46.1%
39	Kansas	\$6,441	46.3%
40	New Mexico	\$4,180	46.8%
41	Montana	\$2,012	46.8%
42	Washington	\$16,550	46.9%
43	West Virginia	\$3,700	47.6%
44	South Dakota	\$1,611	48.4%
45	Texas	\$55,759	48.6%
46	Nevada	\$5,894	48.6%
47	District of Columbia	\$3,548	53.3%
48	Delaware	\$2,497	53.8%
49	Alaska	\$2,197	66.3%
50	North Dakota	\$5,000	71.0%
51	Wyoming	\$2,661	71.3%

Source: Anderson Economic Group estimates and analysis of base data from U.S. Census of Governments State and Local Finance Survey and other federal and state sources. See Methodology Appendix for complete source list.