



Economic Dashboard Report



April 29, 2010

U.S. current = 10.2%



WI current = 9.8%



8 county region-THRIVE
current = __%



MSA current = 7.0%

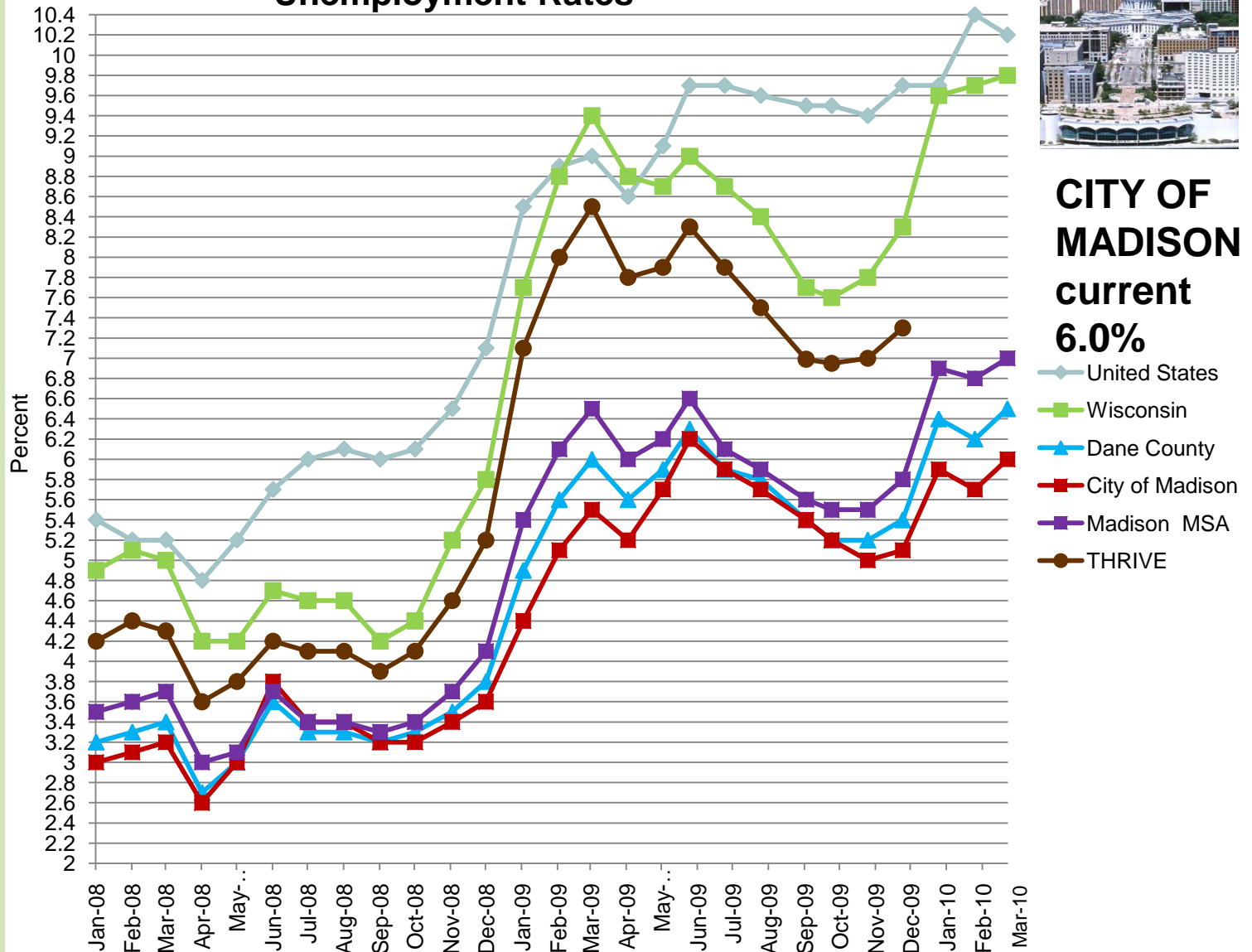


Dane County
current = 6.5%



March 2010 UNEMPLOYMENT

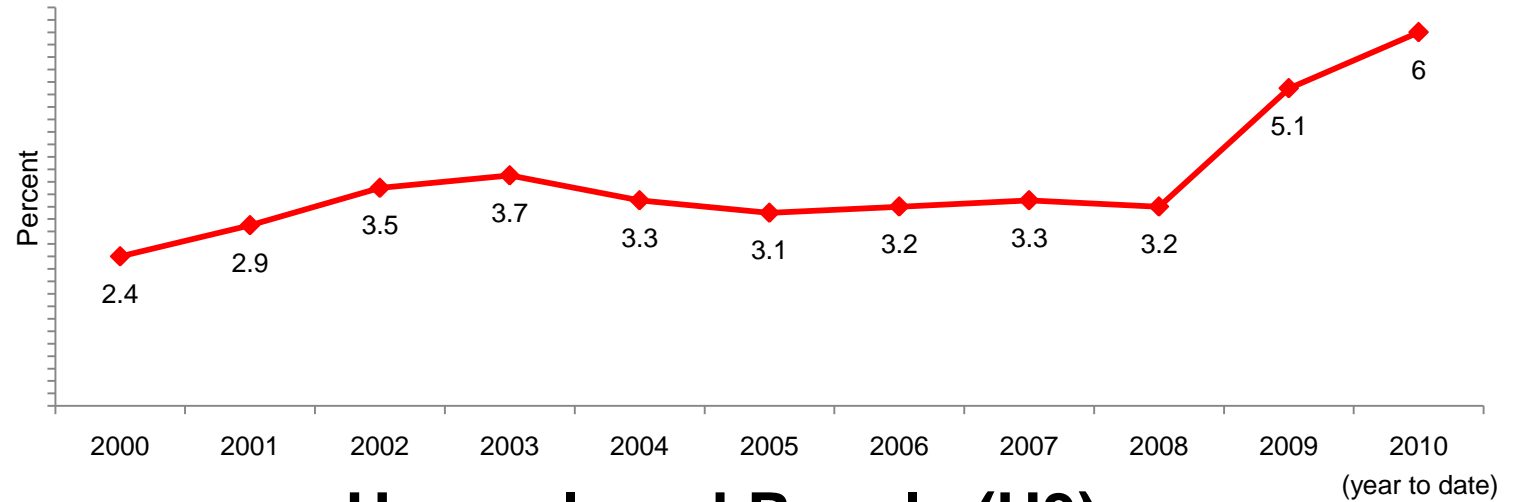
Unemployment Rates



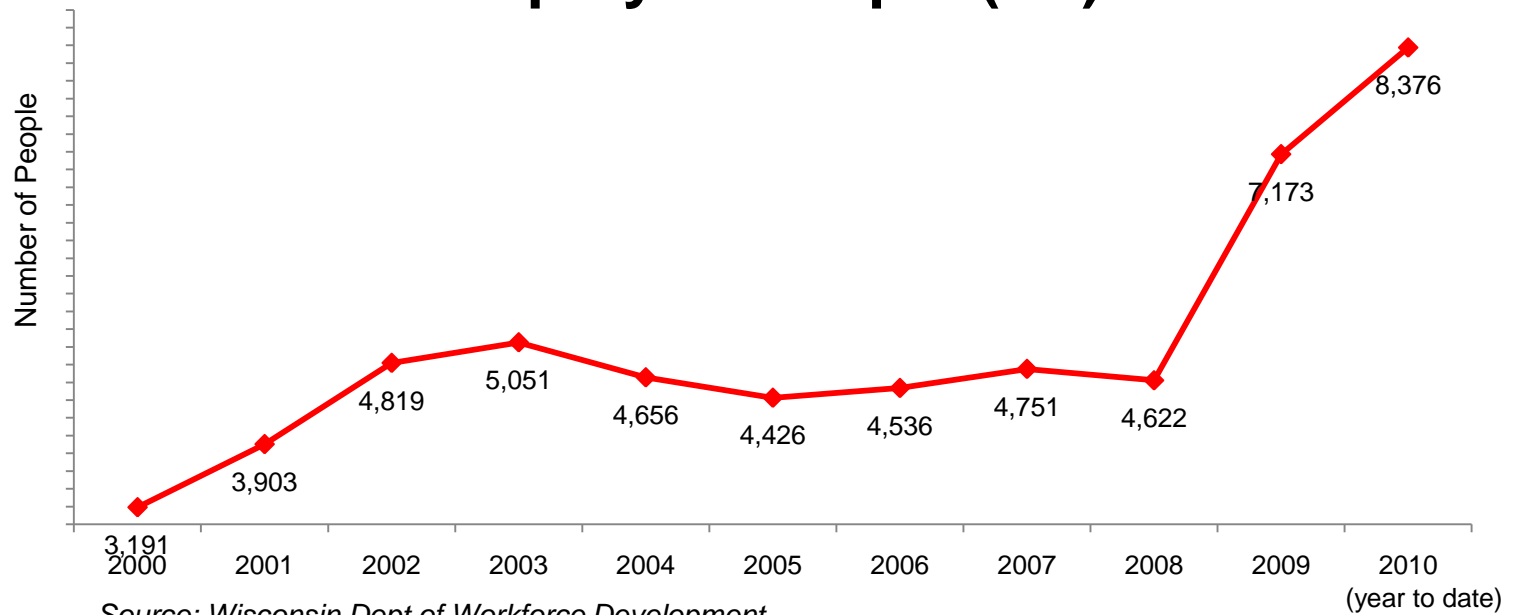
**CITY OF
MADISON
current
6.0%**

Source: Wis. Dept of Workforce Development, THRIVE

City of Madison Unemployment Rate (U3)



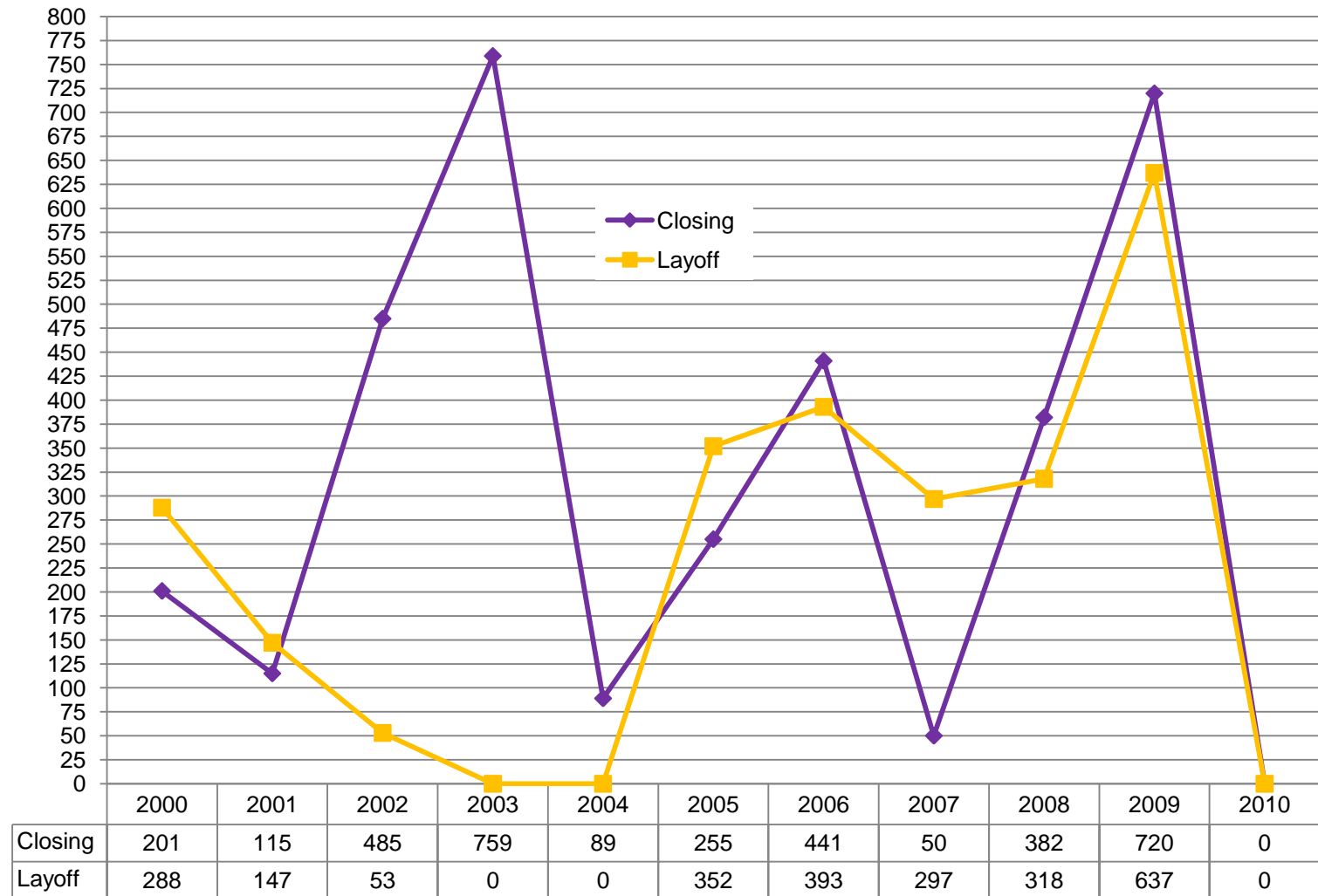
Unemployed People (U3)



Source: Wisconsin Dept of Workforce Development



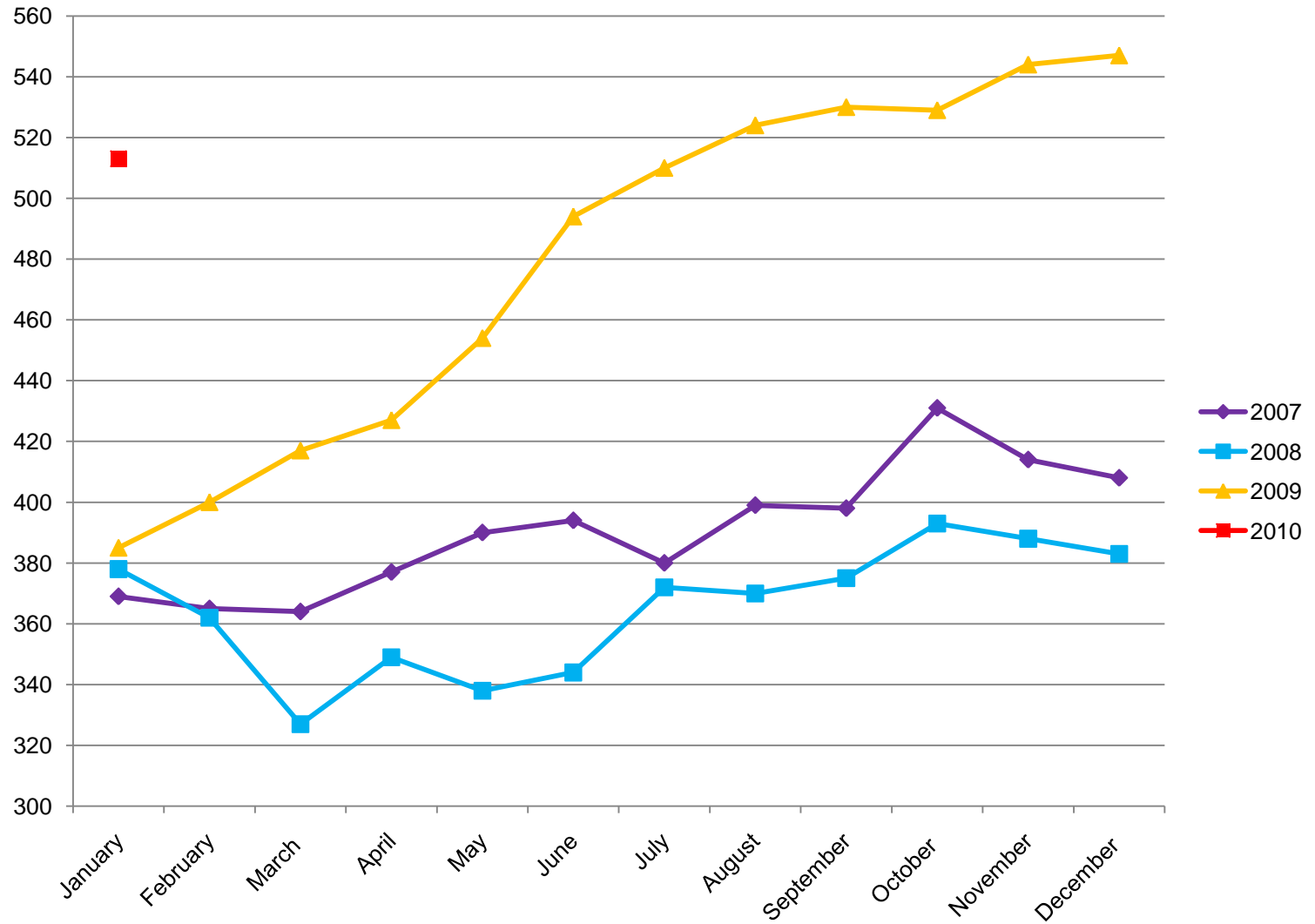
City of Madison - Number of Jobs Eliminated Due to Plant Closings and Mass Layoff Notices



Source: Wisconsin Dept of Workforce Development

(Jan-April 23rd)

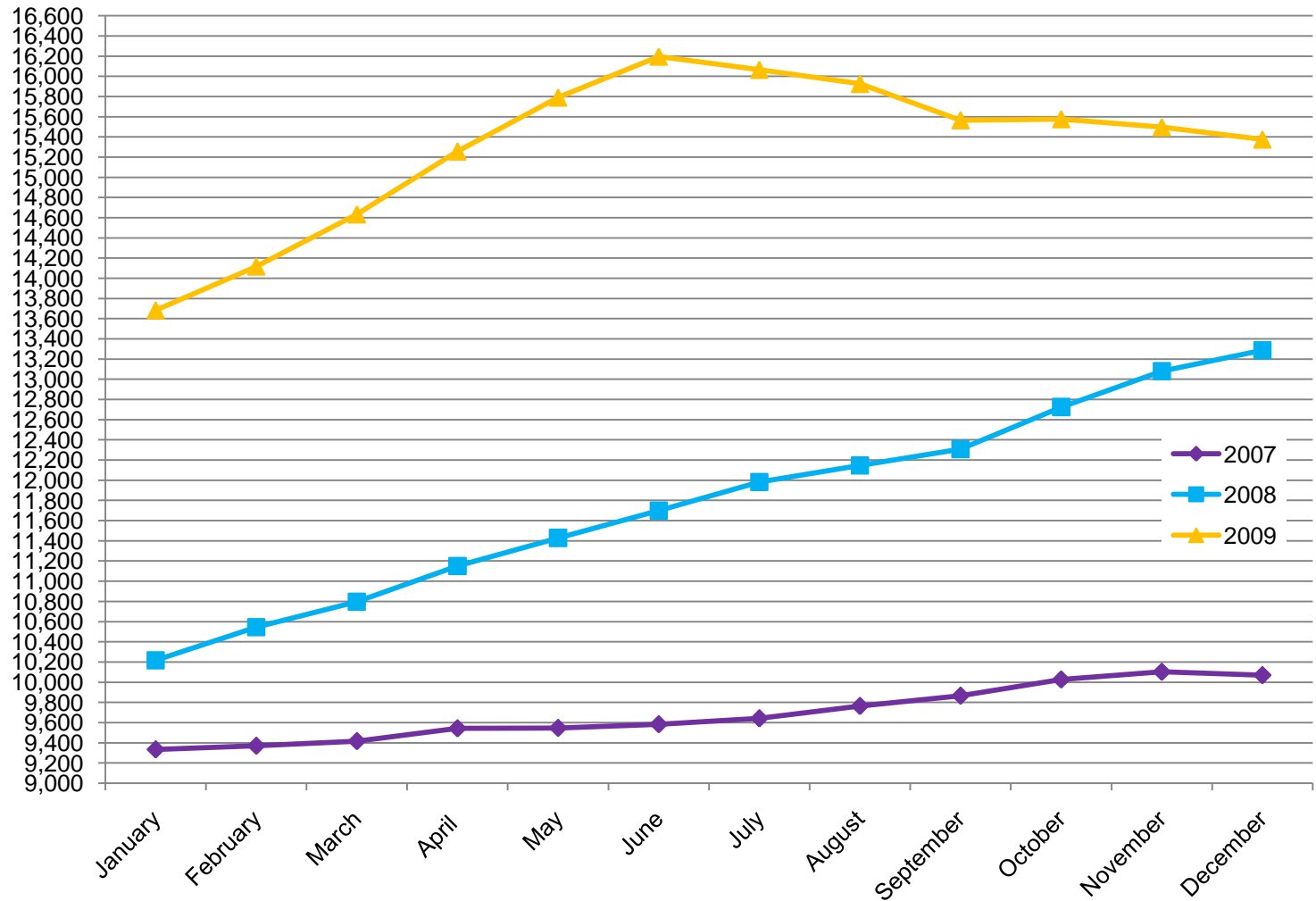
Dane County W2 Caseload (Total Caseload)



Source: State of Wisconsin

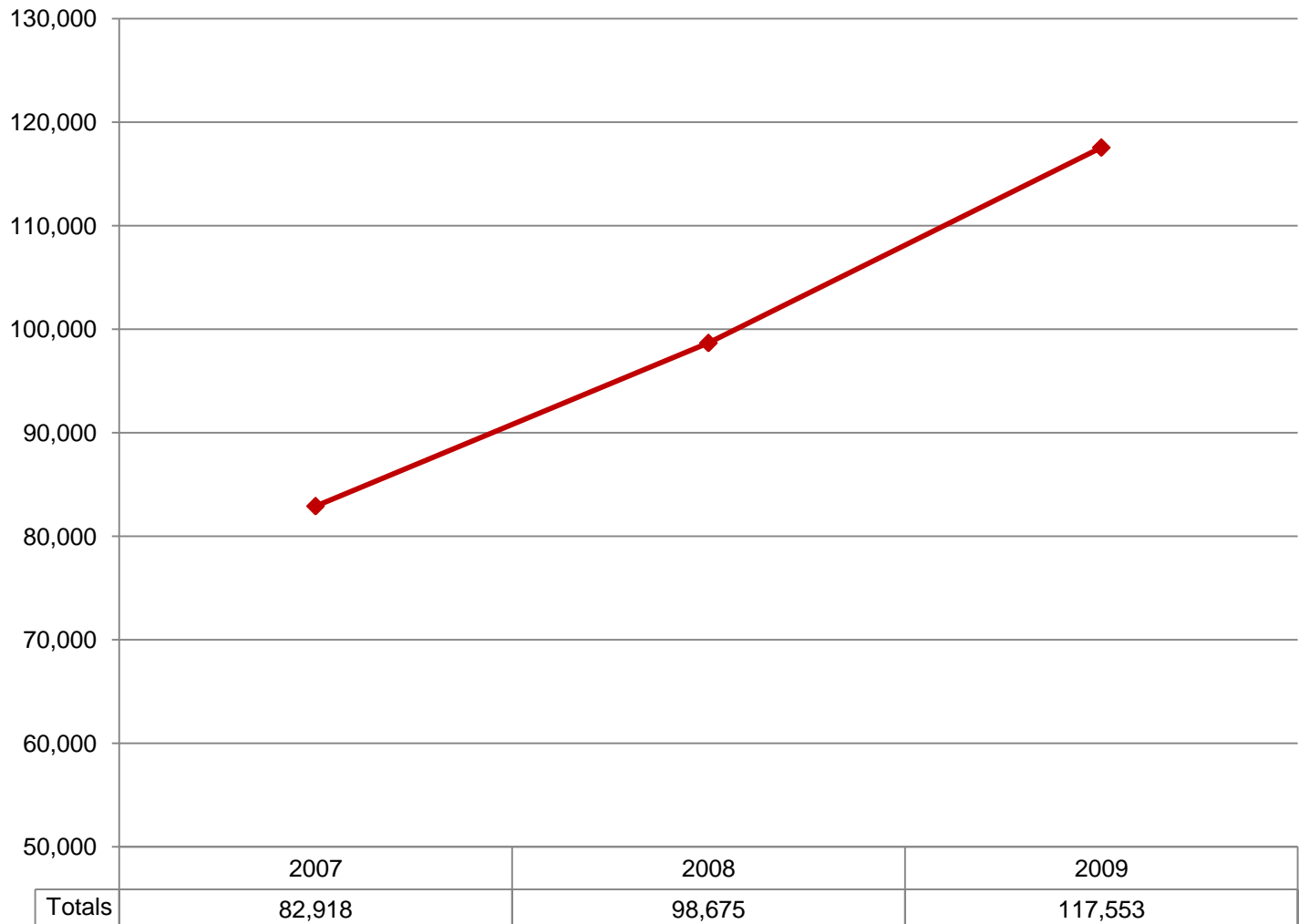


Dane County Food Stamps(Food Share) Unduplicated Recipients

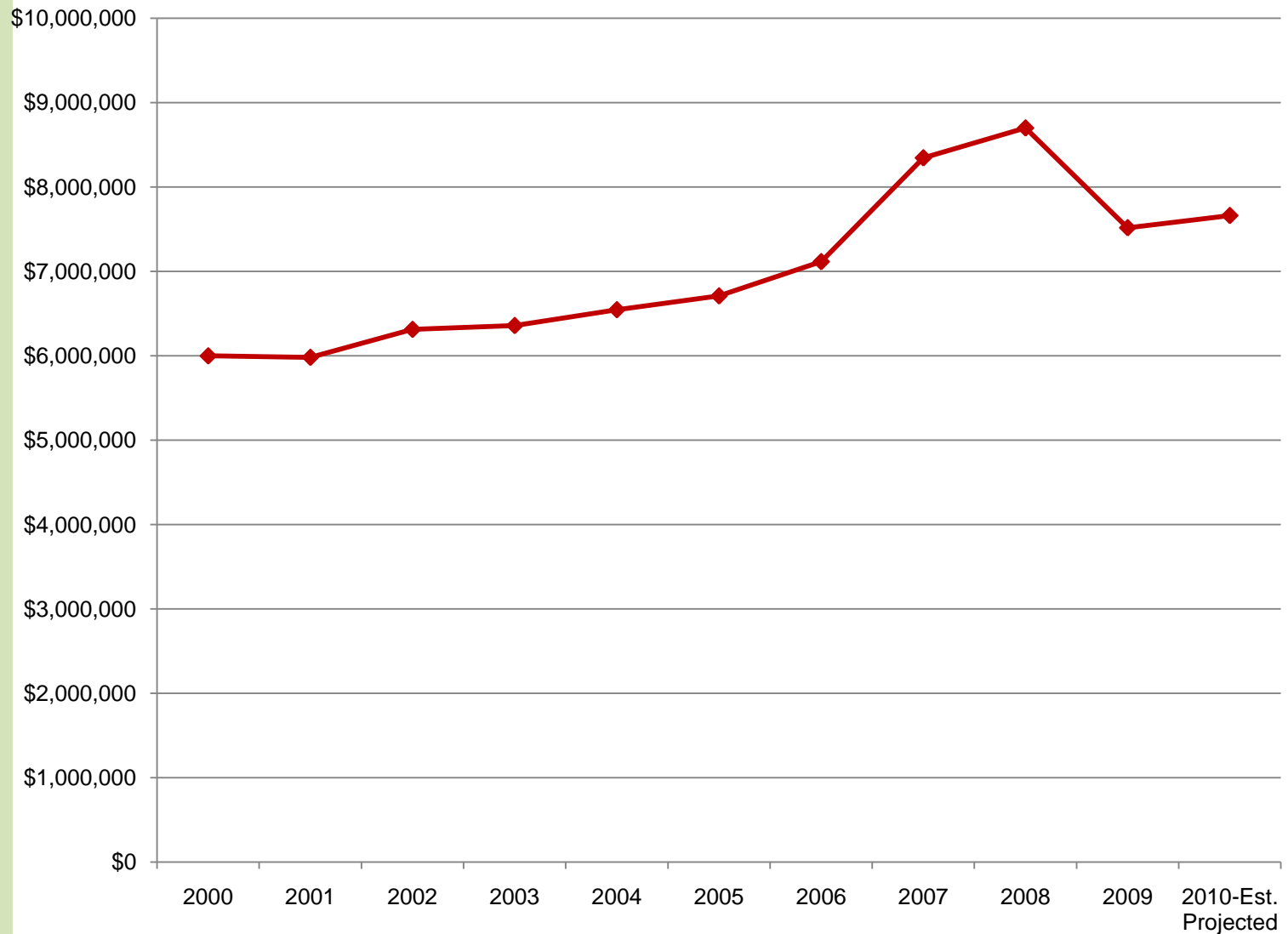


Dane County Food Pantry Visits

Total Household Visits

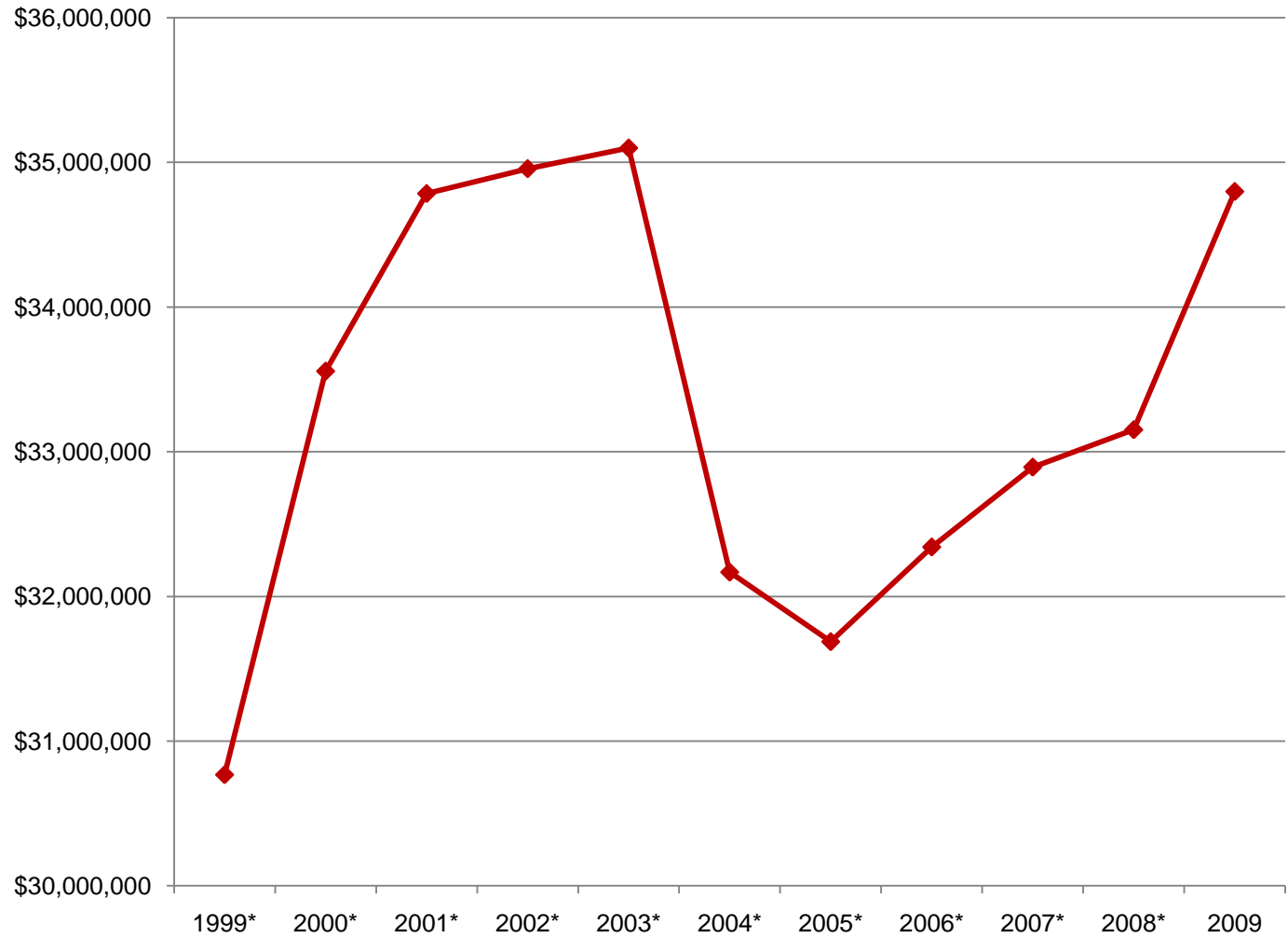


City of Madison Hotel Tax Revenues



Source: City of Madison Treasurer's Office & City of Madison 2010 Adopted Budget

Total Intergovernmental Revenues

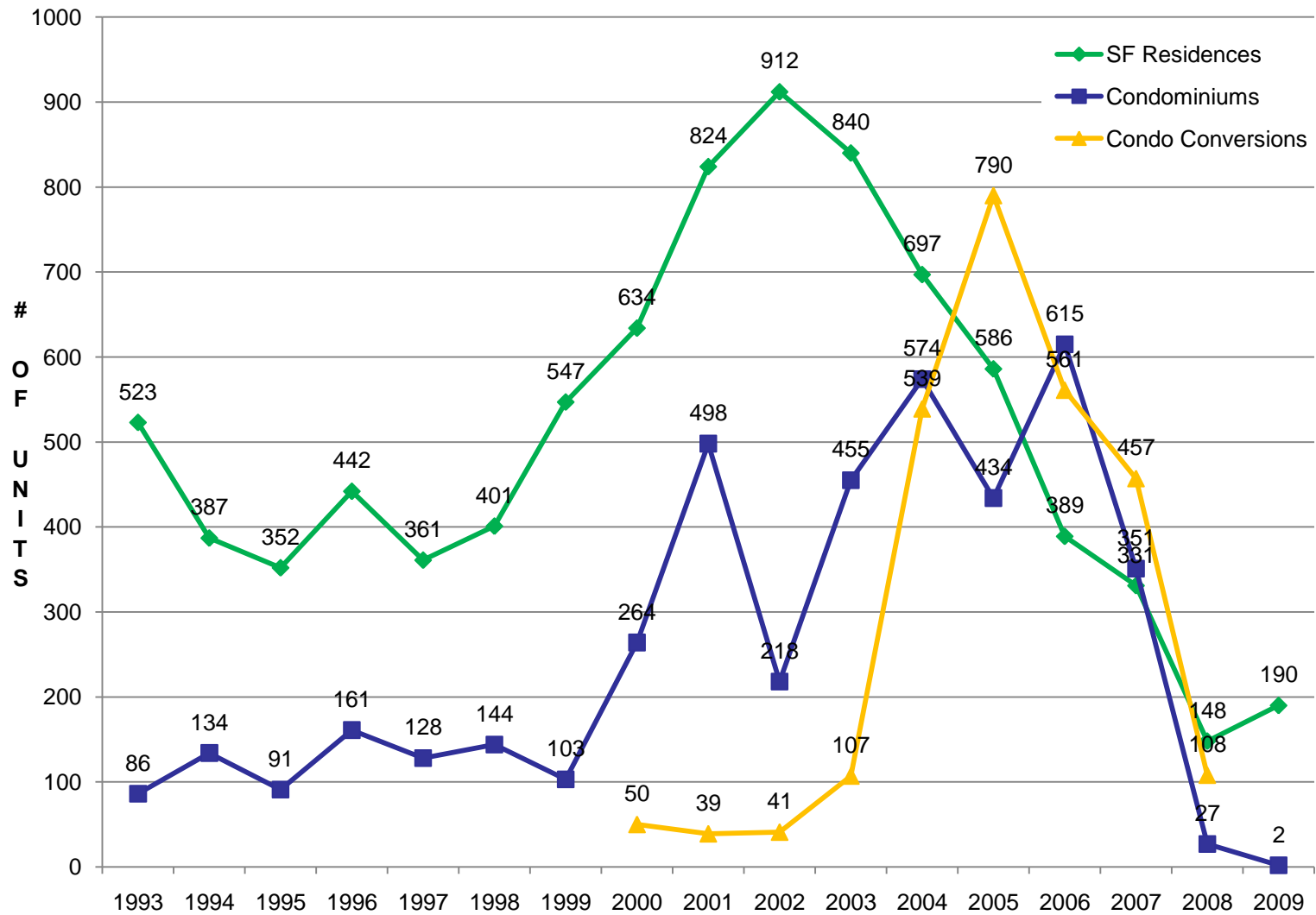


Source: City of Madison Adopted Budgets



BUILDING PERMITS SUMMARY

Units of SF Residences, Condos & Condo Conversions

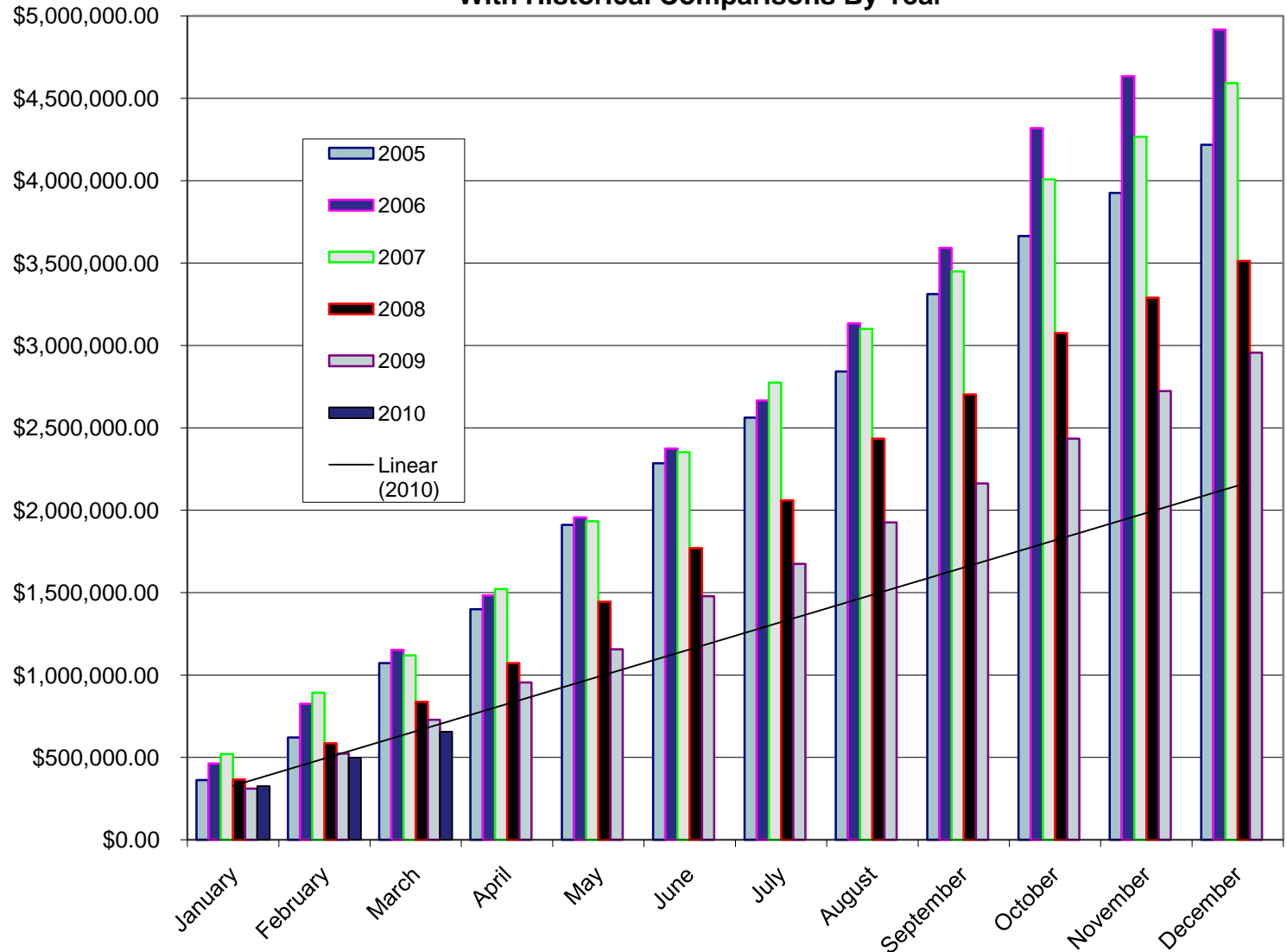


Source: Dept. of Planning & Community & Economic Development
 Building Inspection Division: 1993-2009
 City Assessor's Office: 2000-2009



City of Madison Total Permit Fees

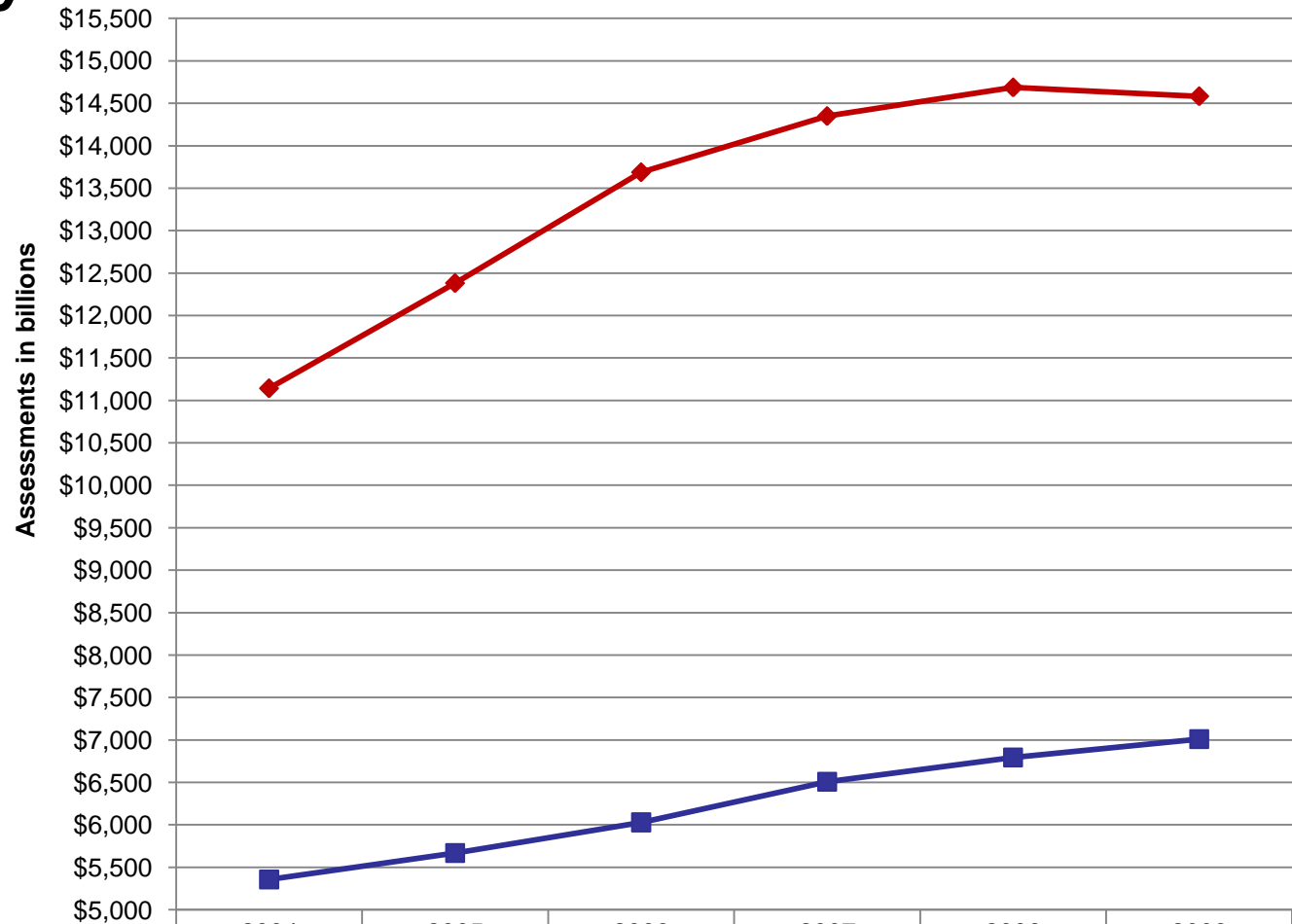
2010 Cumulative Monthly Building Permit Revenue
With Historical Comparisons By Year



Source: City of Madison Comptroller's Office



City of Madison Tax Base

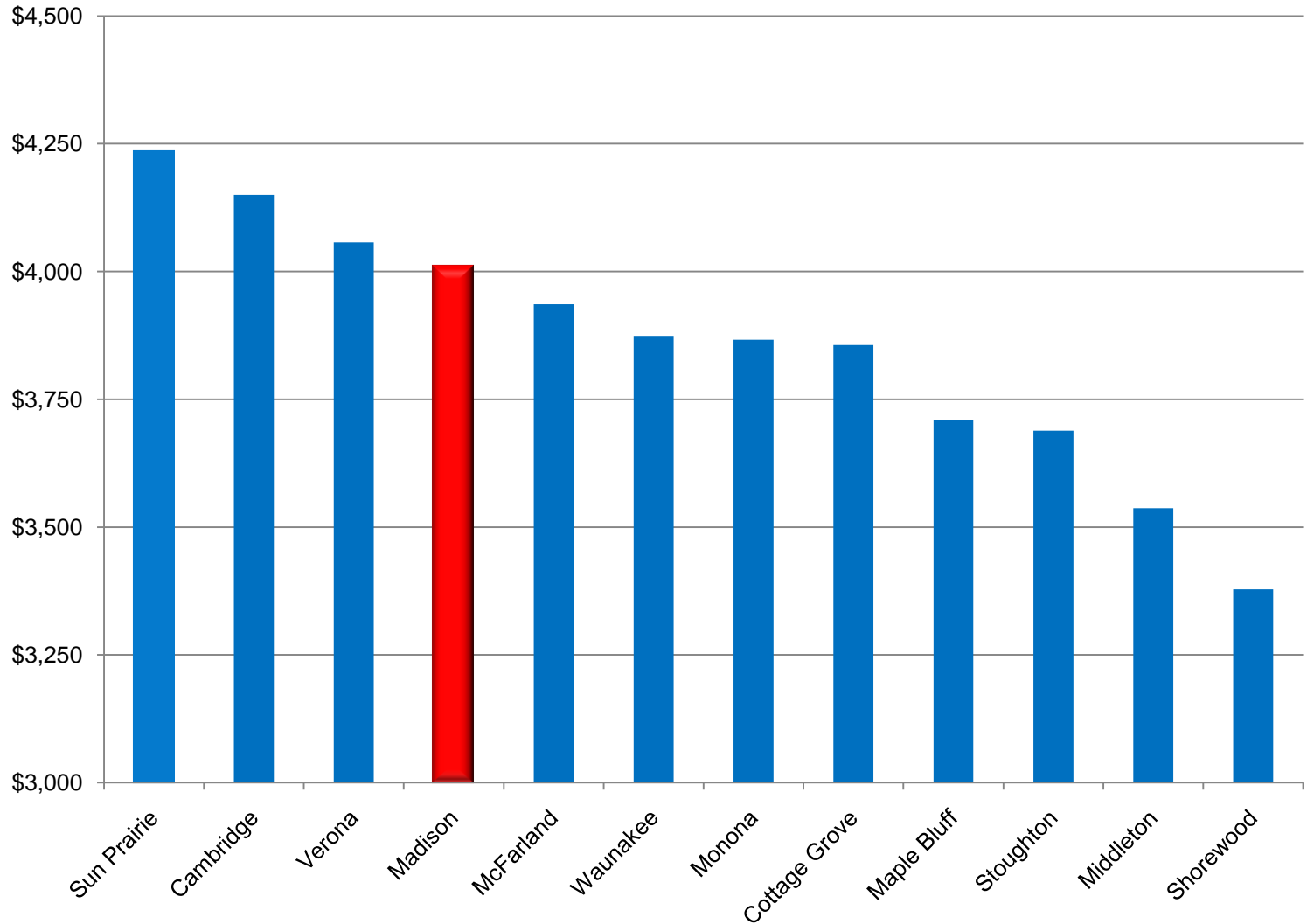


| | | | | | | |
|----------------------|----------|----------|----------|----------|----------|----------|
| ◆ Residential Assmts | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| ◆ Residential Assmts | \$11,141 | \$12,381 | \$13,687 | \$14,349 | \$14,687 | \$14,583 |
| ■ Commercial Assmts | \$5,357 | \$5,669 | 6,029 | \$6,507 | \$6,793 | \$7,010 |
| ▲ Agriculture Assmts | \$2 | \$3 | \$13 | \$10 | \$13 | \$16 |

Source: City of Madison Assessor's Office



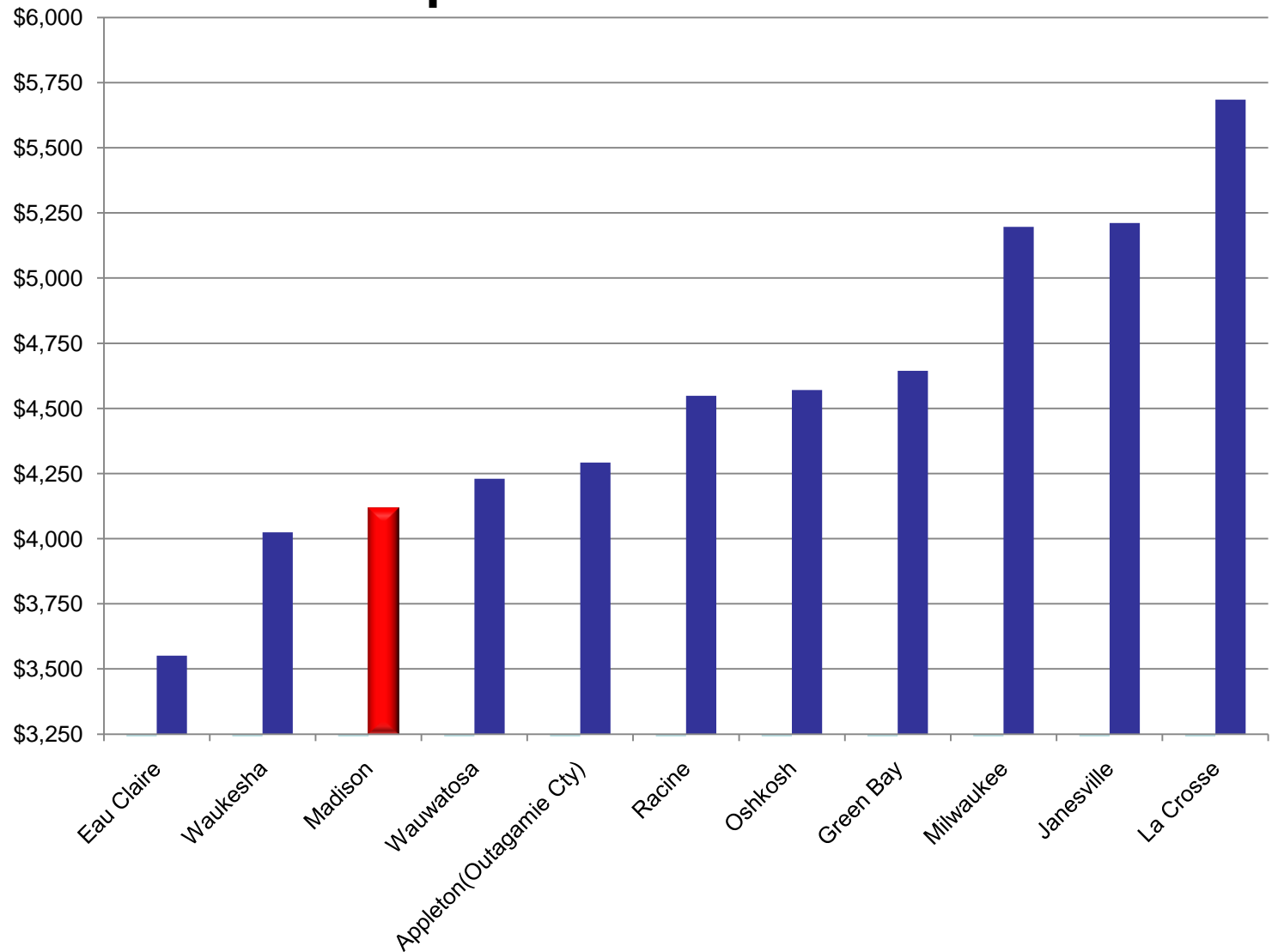
2009 Property Tax On a \$200,000 Home- Dane County Communities



Source: 2010 Book of Business



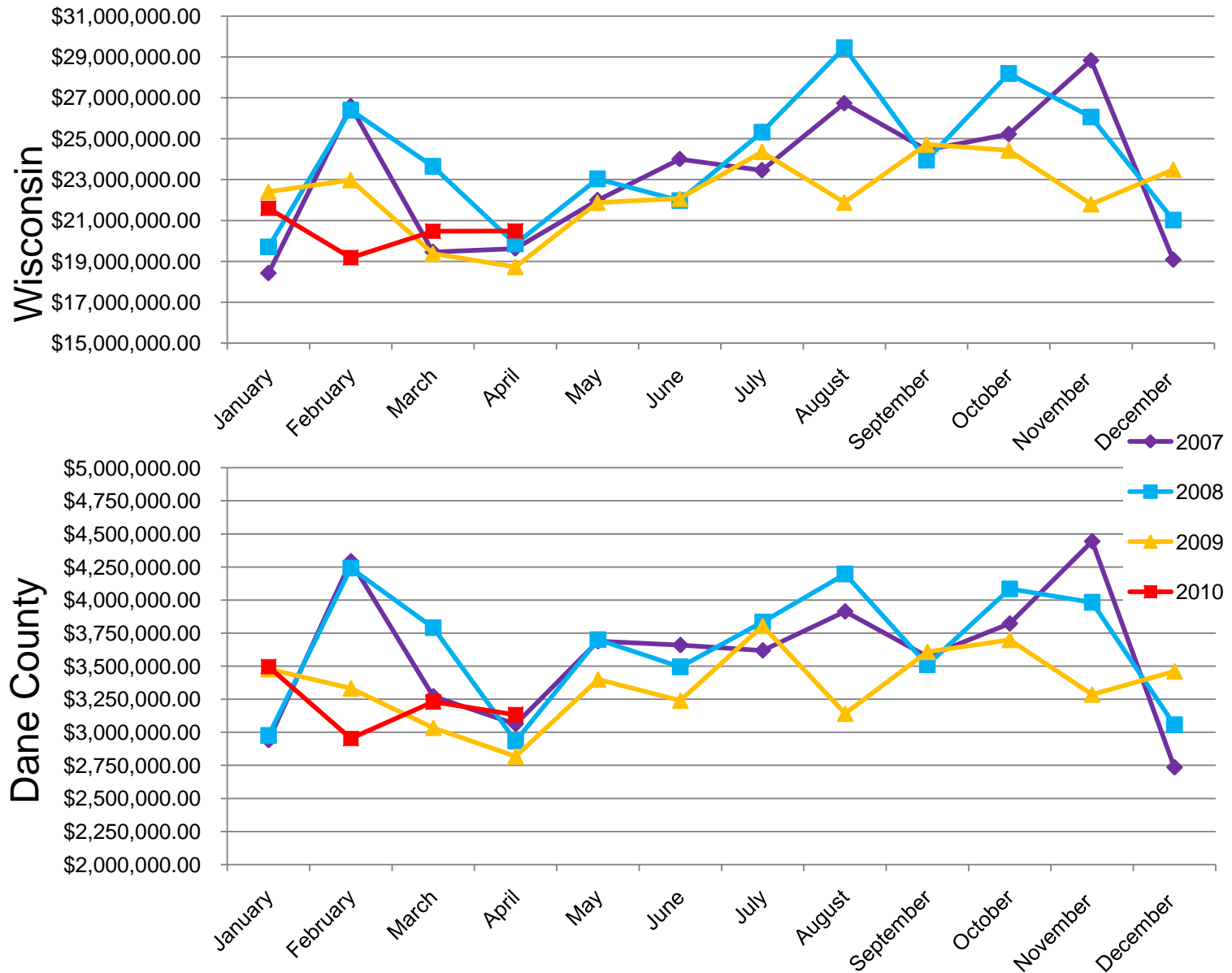
2009 Property Taxes on a \$200,000 Home- Statewide Comparison



Source: Municipal Treasurers Offices



Sales Tax Revenues

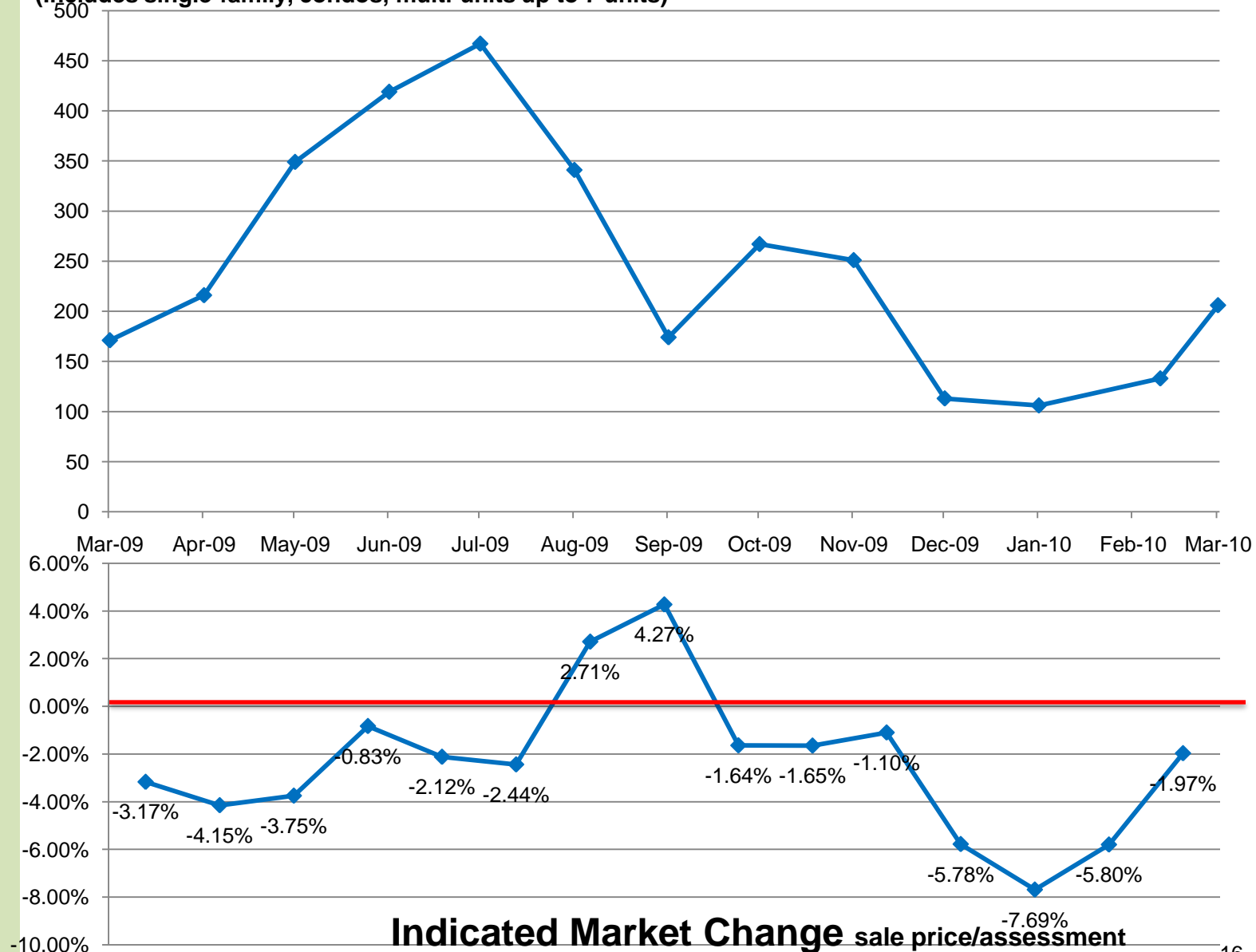


Source: State of Wisconsin, Department of Revenue



City of Madison Valid Residential Sales

(Includes single-family, condos, multi-units up to 7 units)

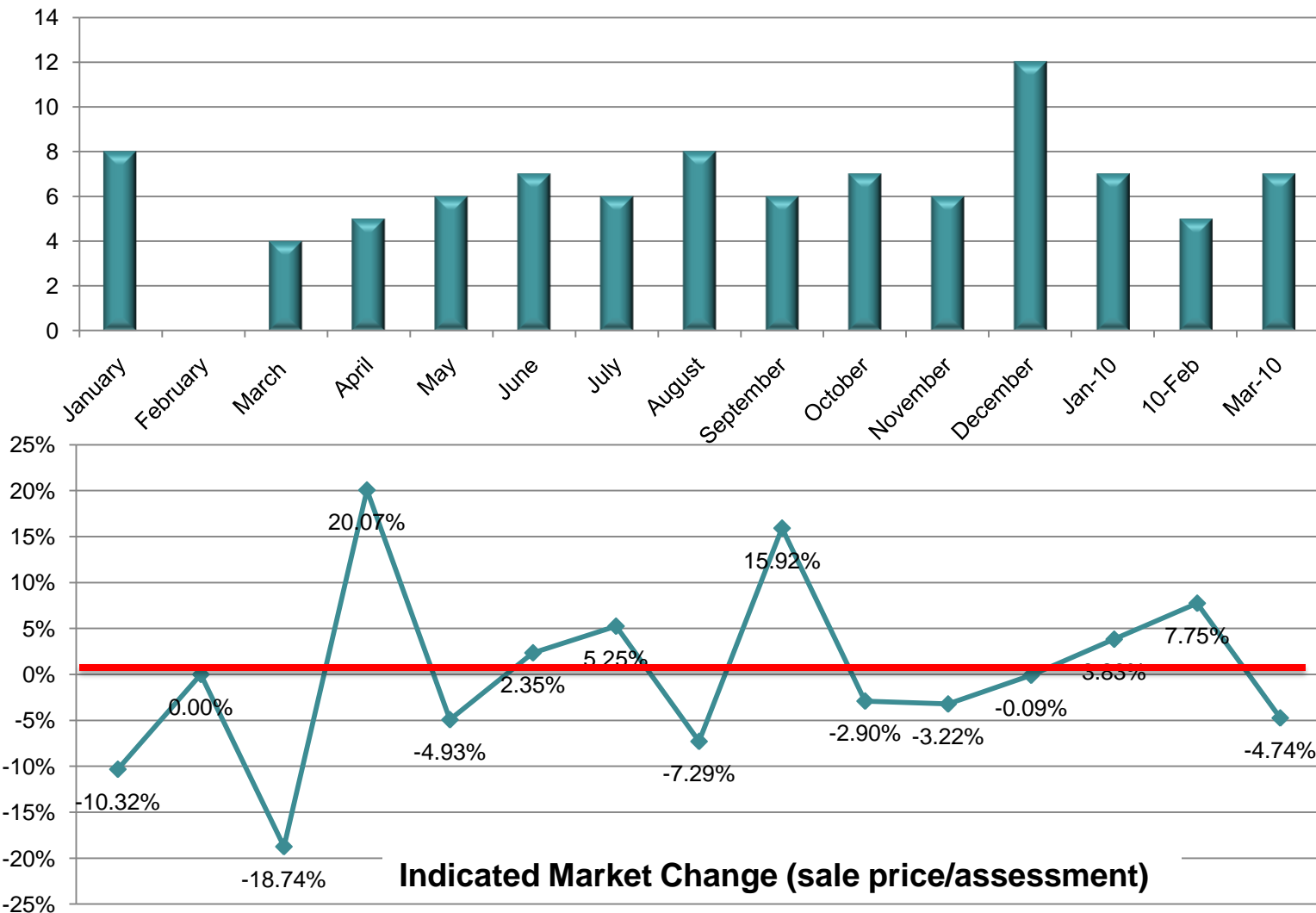


Source: City of Madison Assessor's Office



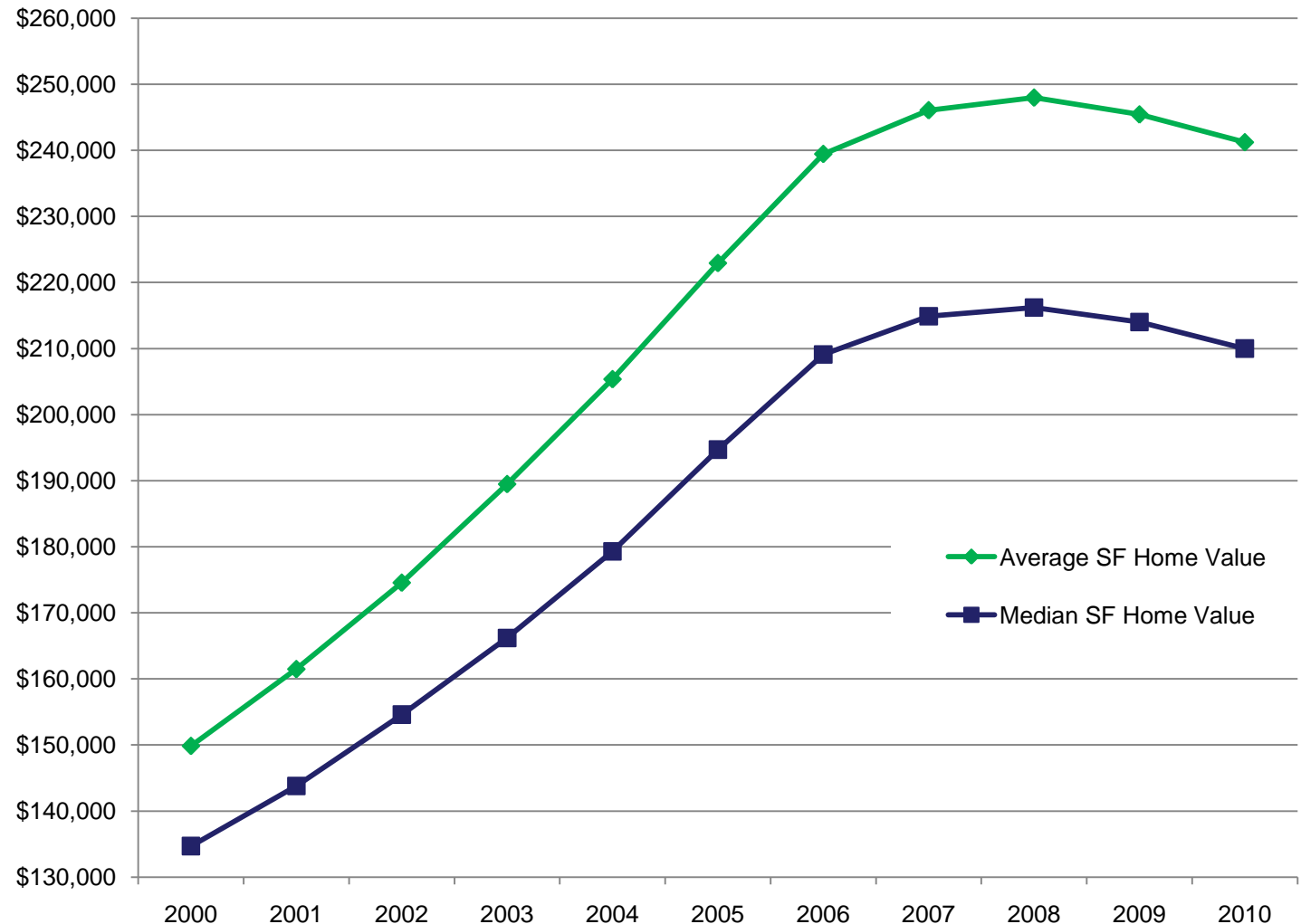
City of Madison Valid Commercial Property Sales, 2009-2010

does not include manufacturing property



Source: City of Madison Assessor's Office

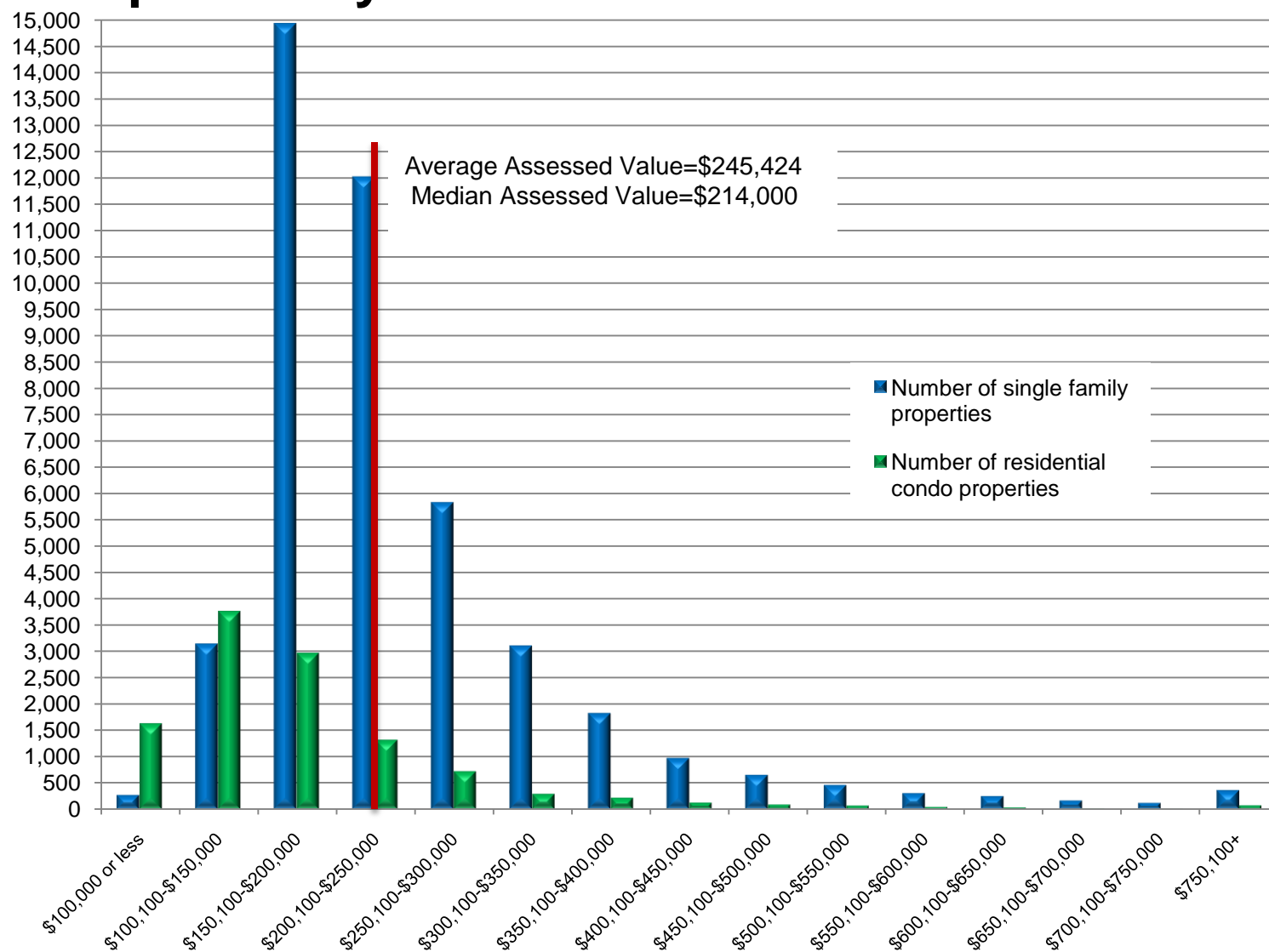
City of Madison Single Family Home- Average and Median Values



Source: City of Madison Assessor's Office



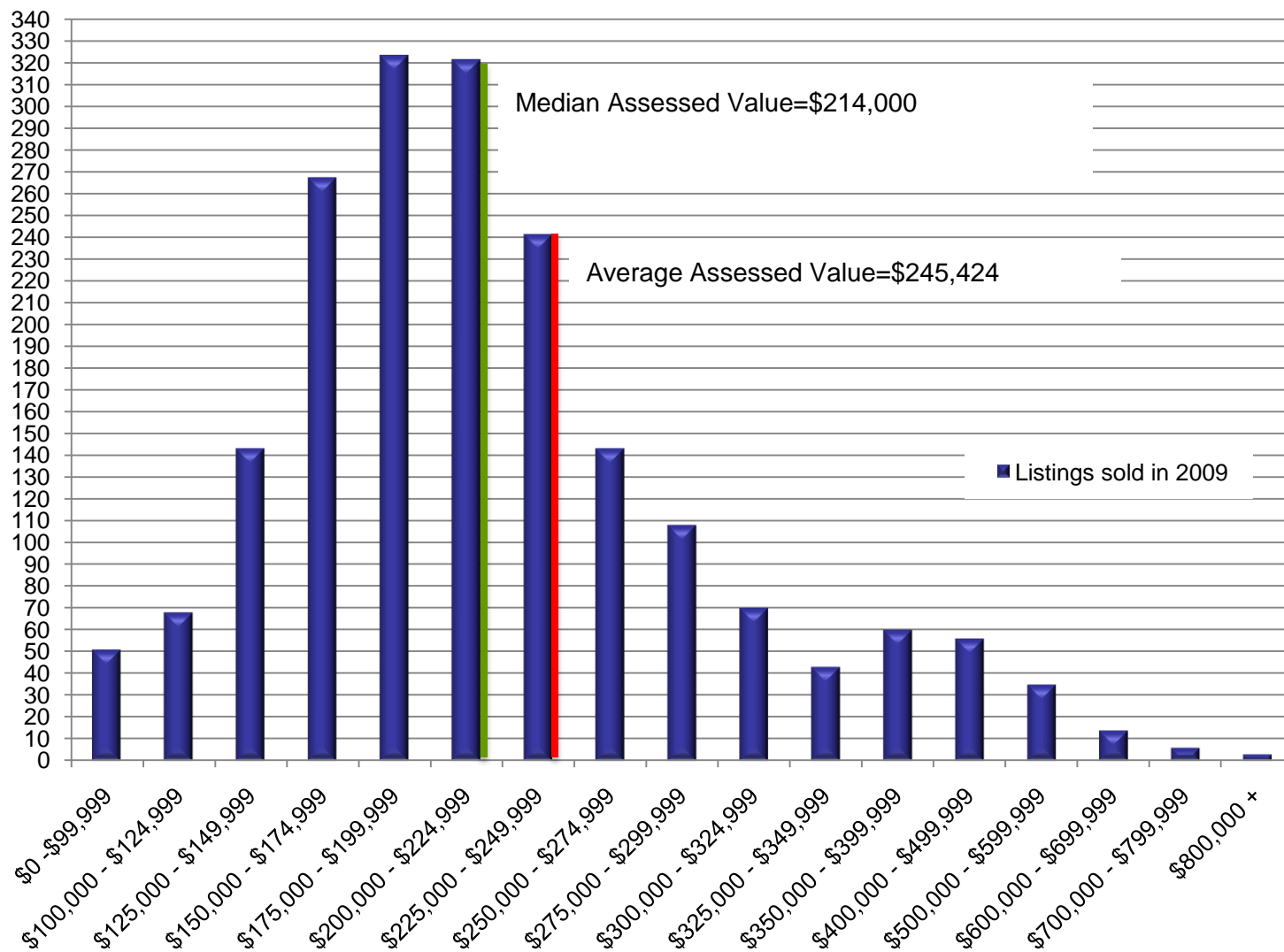
City of Madison Number of Residential Properties by 2009 Assessed Value



Source: City of Madison Assessor's Office



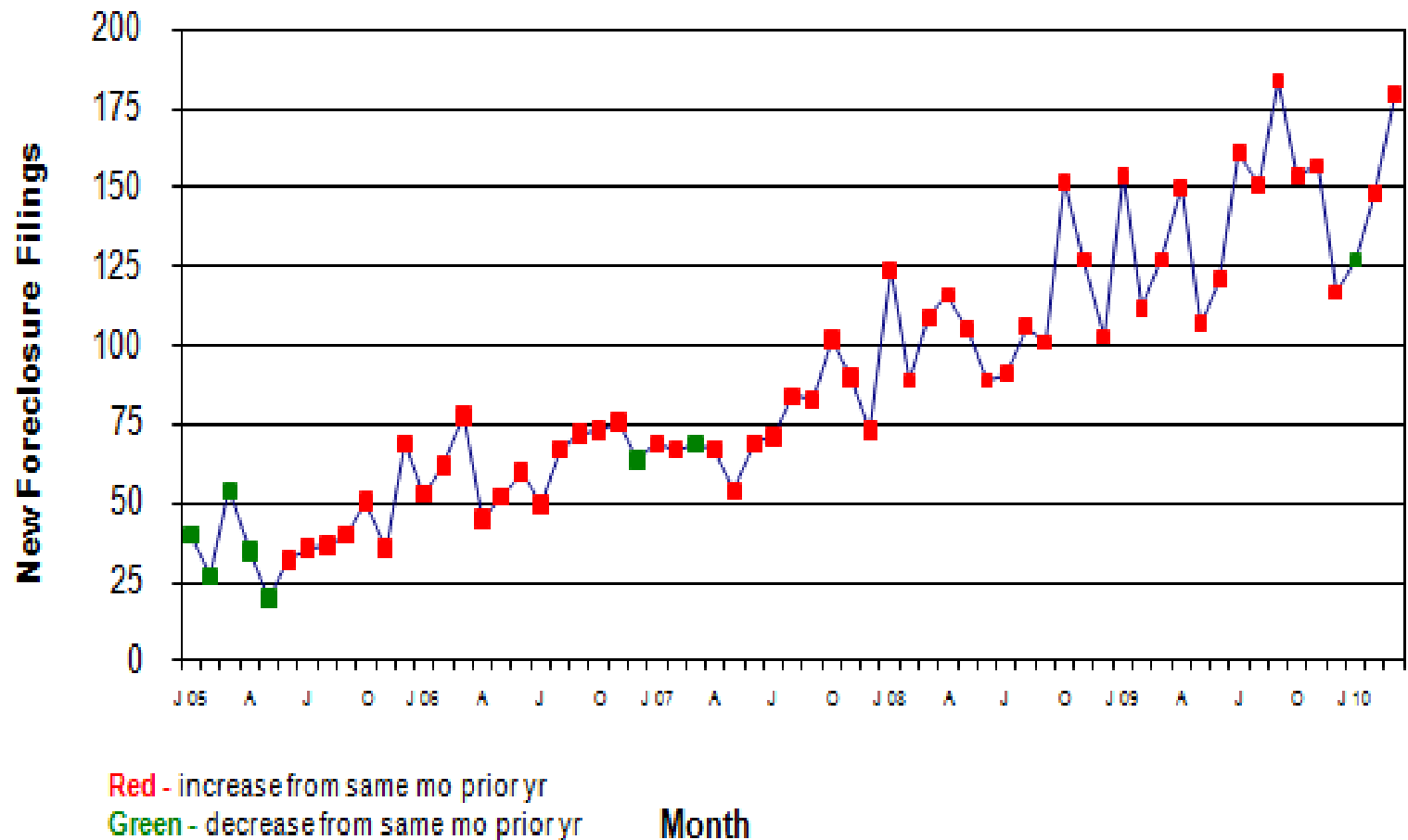
City of Madison Homes Sold by Price Range - 2009



Source: South Central Wisconsin MLS Corporation

Dane County New Foreclosure Filings by Month

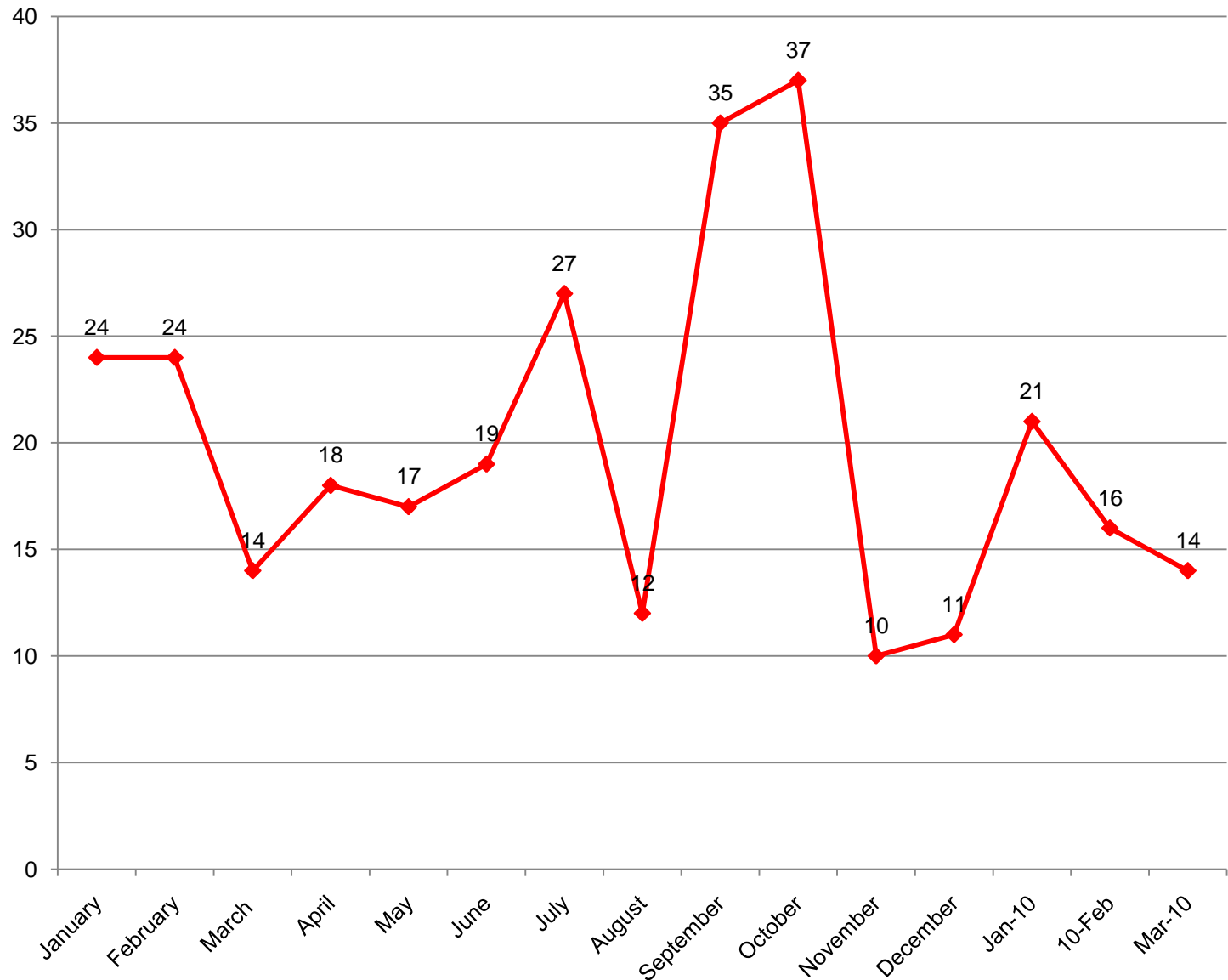
Source: Wisconsin Circuit Court Database
New Filings through 3/31/2010



Source: www.madisonrealestatemarket.com



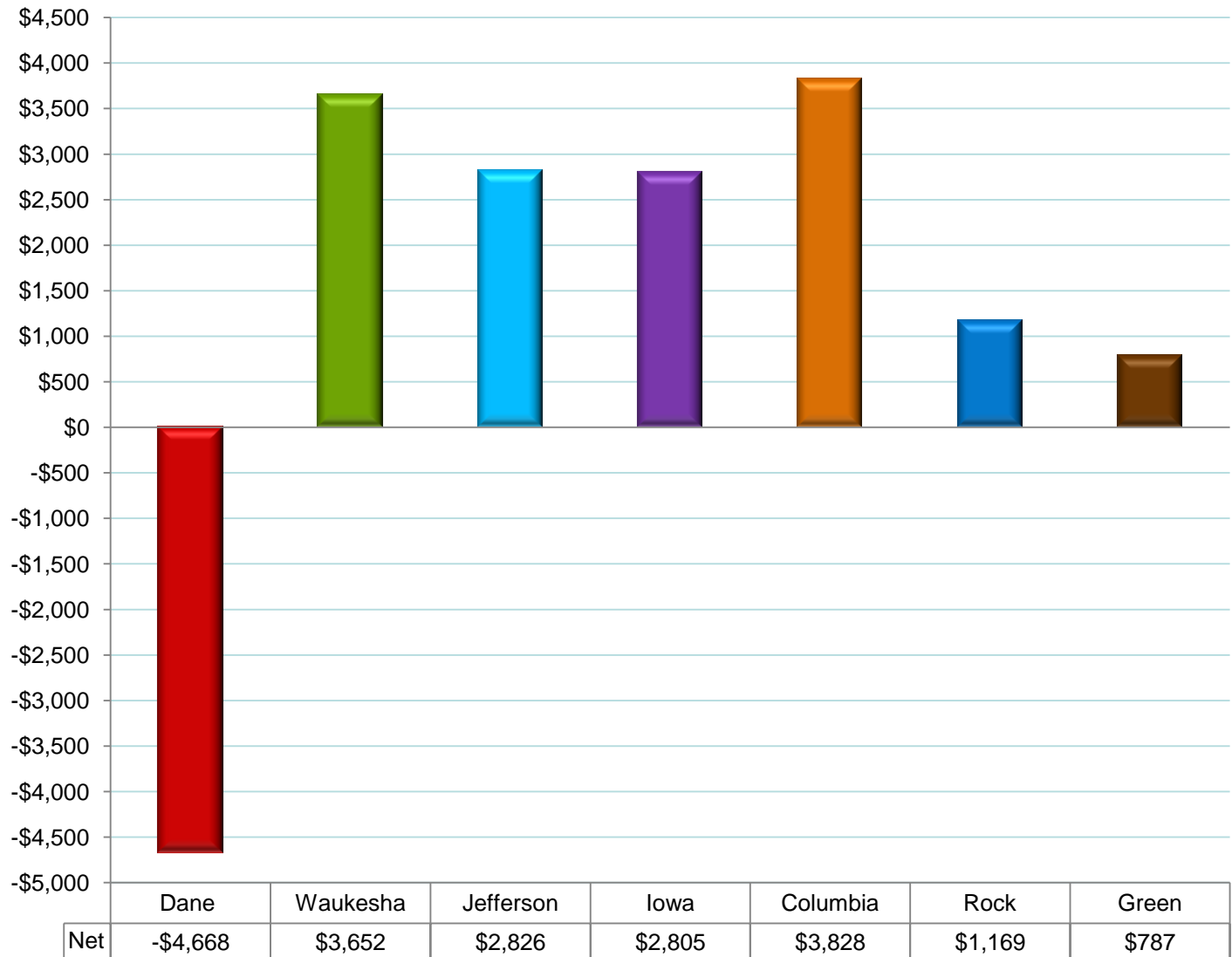
City of Madison Foreclosures – 2009-2010



Source: City of Madison Assessor's Office

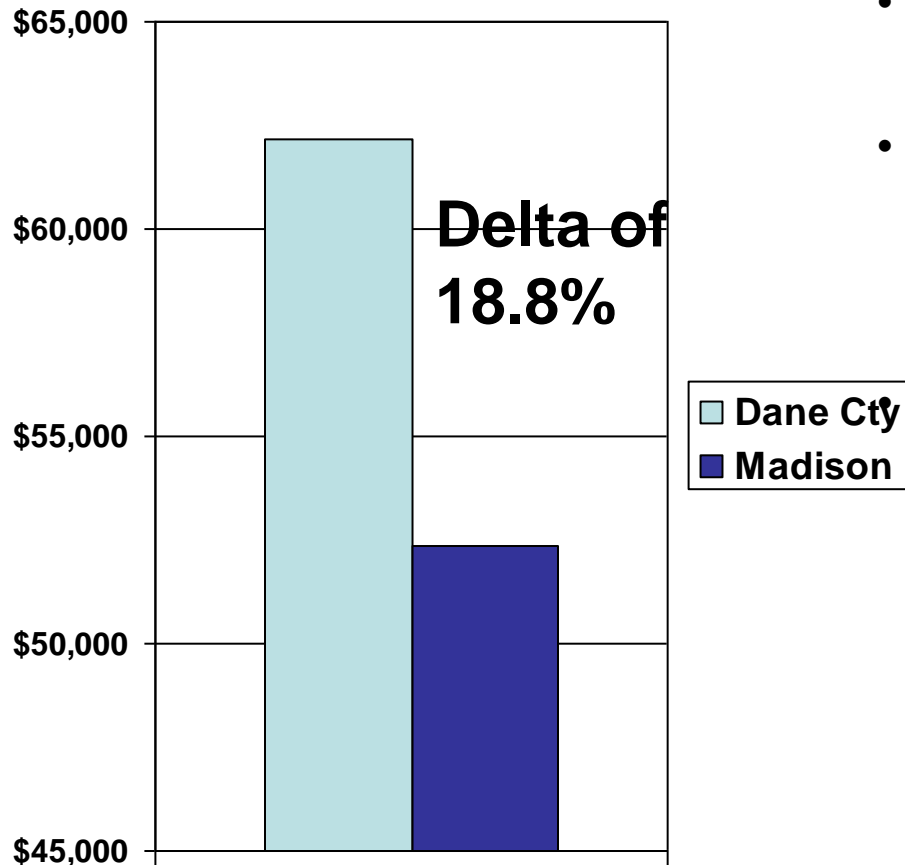


Net Median Household Income Migration 2000-2005



Source: <http://enterprise.star-telegram.com/ARCIms/Maps/clt/2007/irsmig.a...>

Median 2008 Household Income



- **Madison is lagging rest of county.**
- **Wealth is moving to the suburbs.**
 - Added discretionary income

Commercial development is following

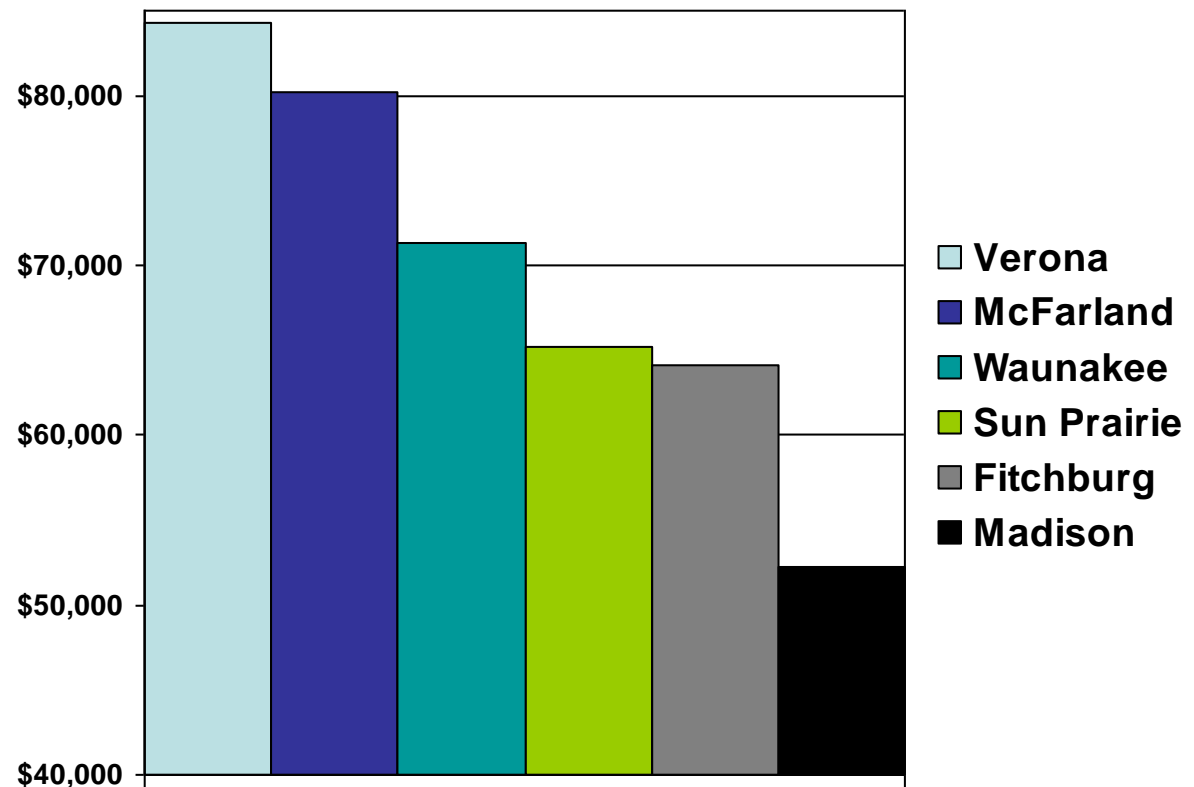
- Retail/service/office/industrial/hospitality



Source: U.S. Census Bureau, American Community Survey

Large Disparity with Immediate Suburbs

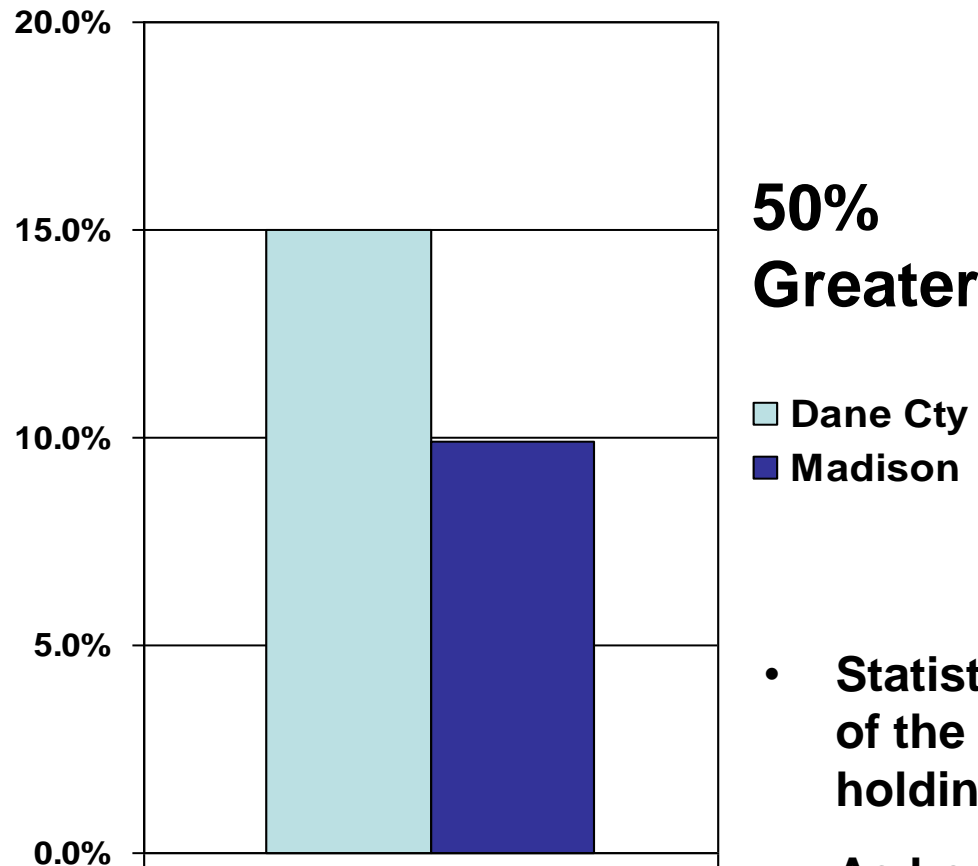
2008 Median Household Income



Source: U.S. Census Bureau, American Community Survey



Job Growth Rate 2000-2008



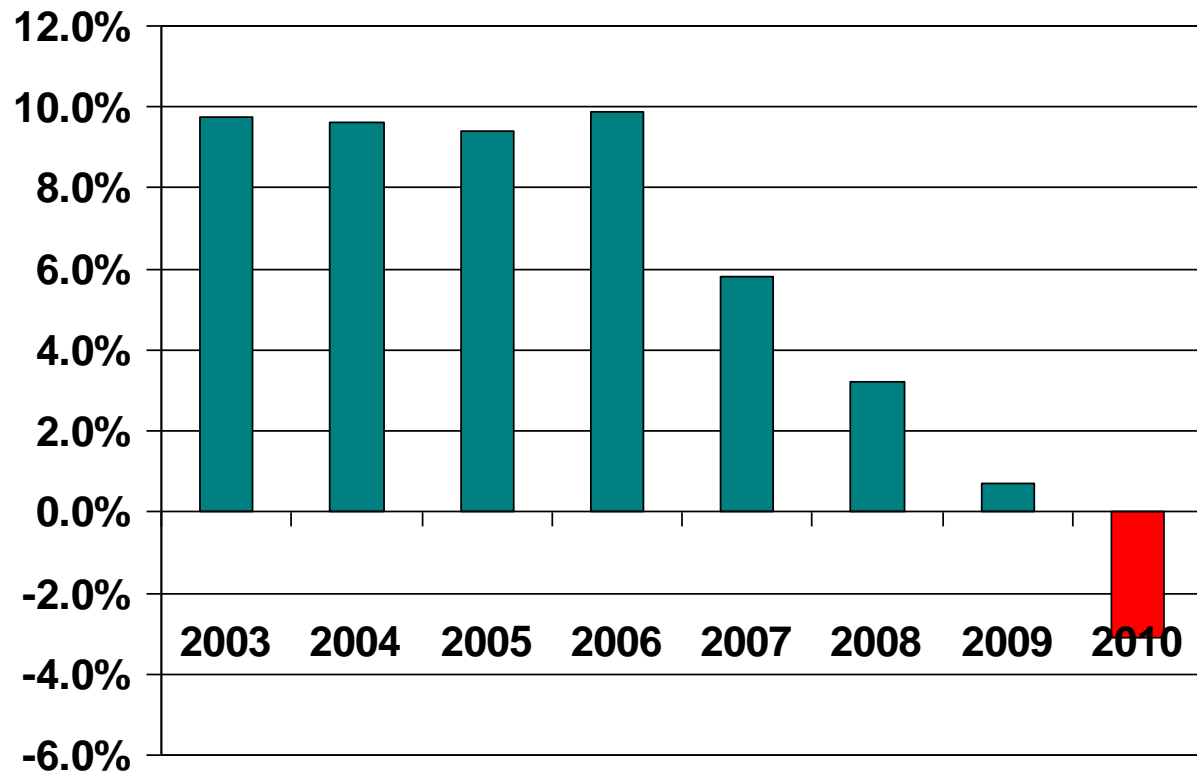
- Statistics are for location of the job vs. individual holding the job.
- As household and discretionary income moves, jobs follow.



Assessment Change Over Previous Year

2003 – 2010

OVERALL

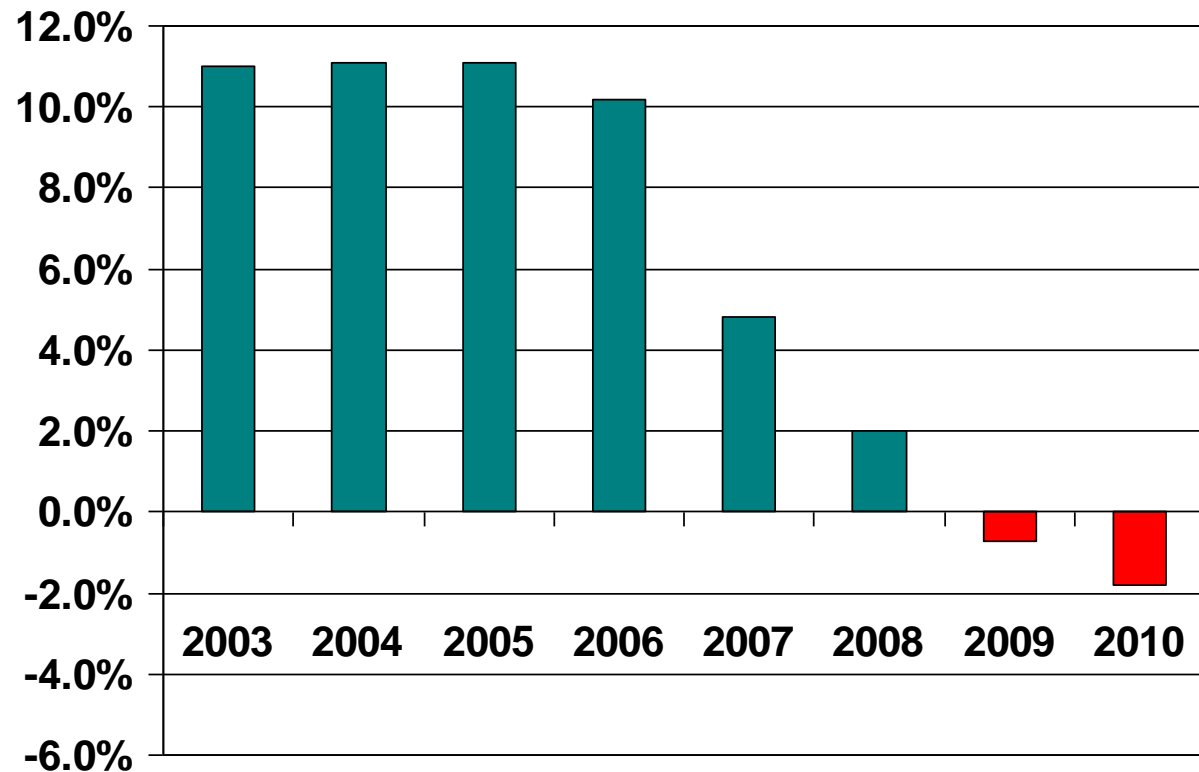


Source: City of Madison Assessors Report



Assessment Change Over Previous Year 2003 – 2010

RESIDENTIAL

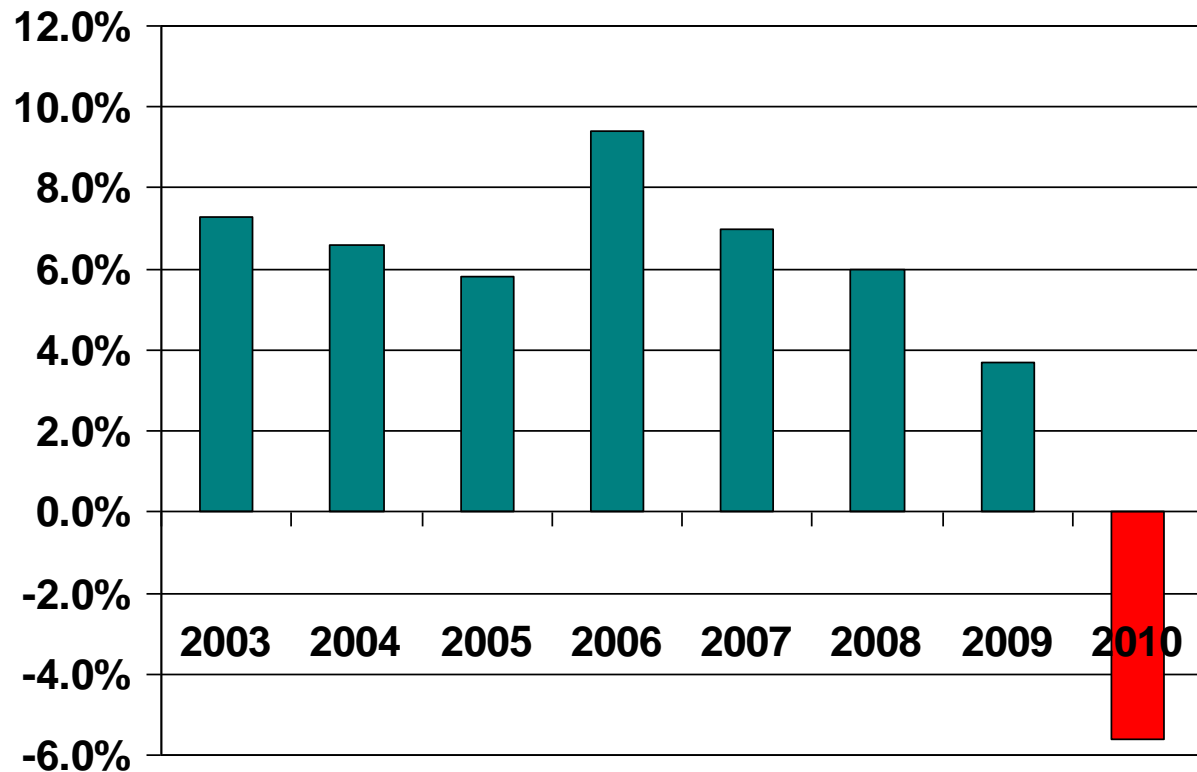


Source: City of Madison Assessors Report



Assessment Change Over Previous Year 2003 – 2010

COMMERCIAL

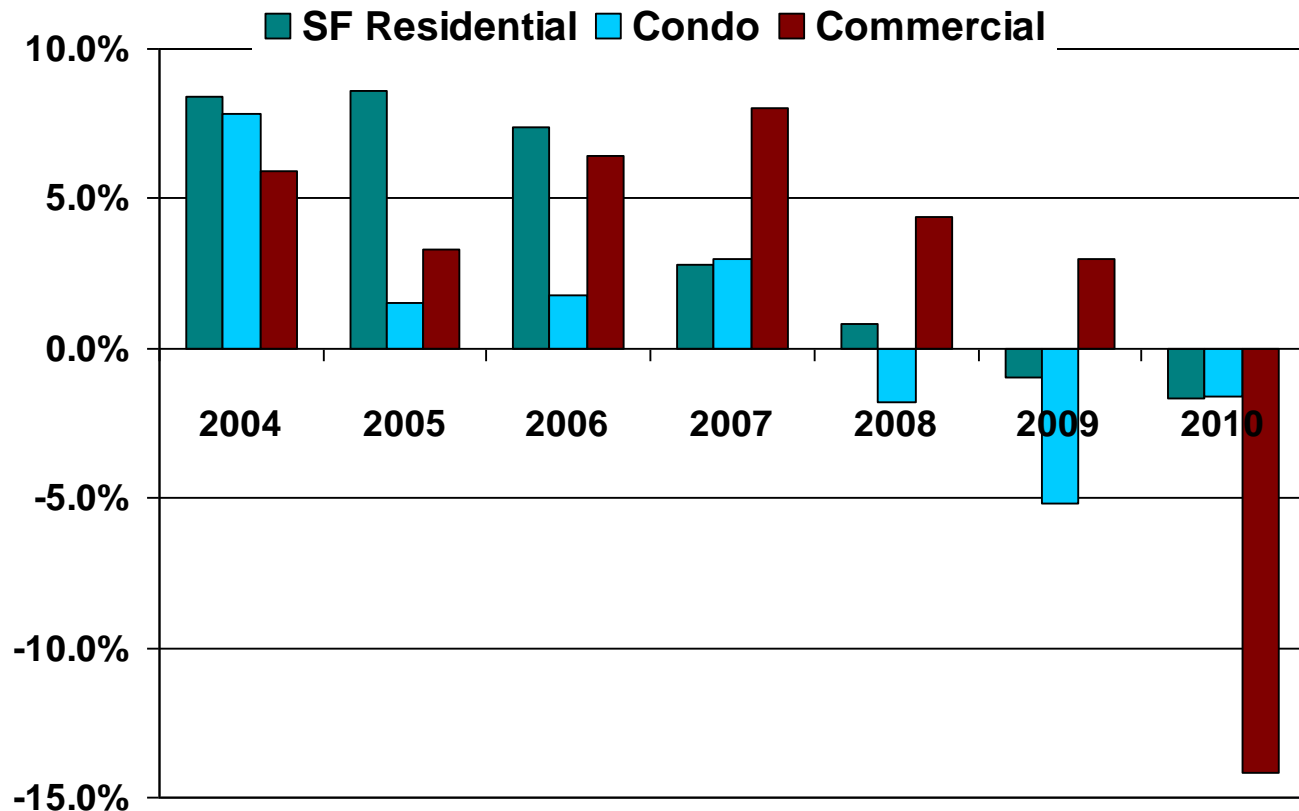


Source: City of Madison Assessors Report

Assessment Change Over Previous Year

2003 – 2010

On average single-family residential, condo & commercial property

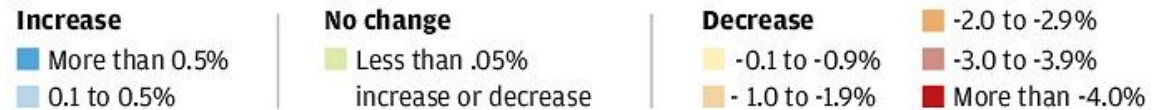


Source: City of Madison Assessors Report

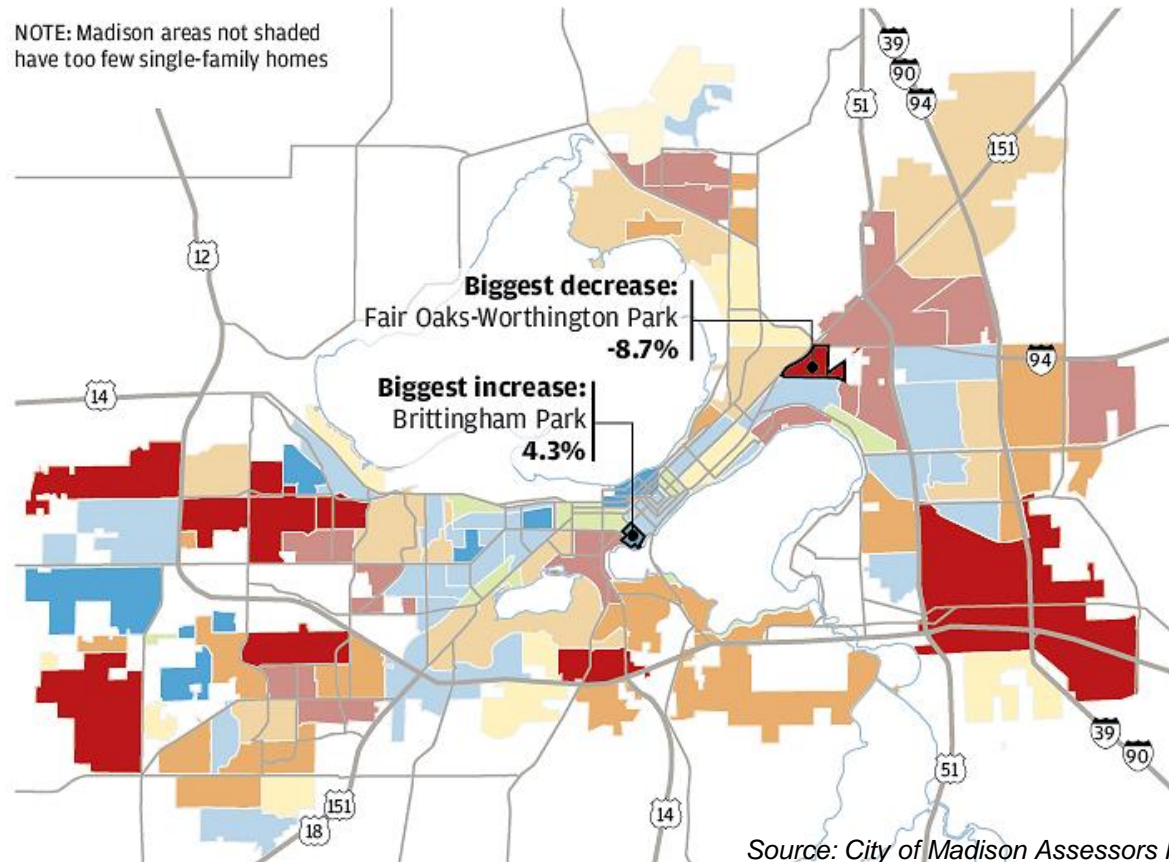


Assessment Change Over Previous Year

2009-2010 Single Family Residential Heat Map

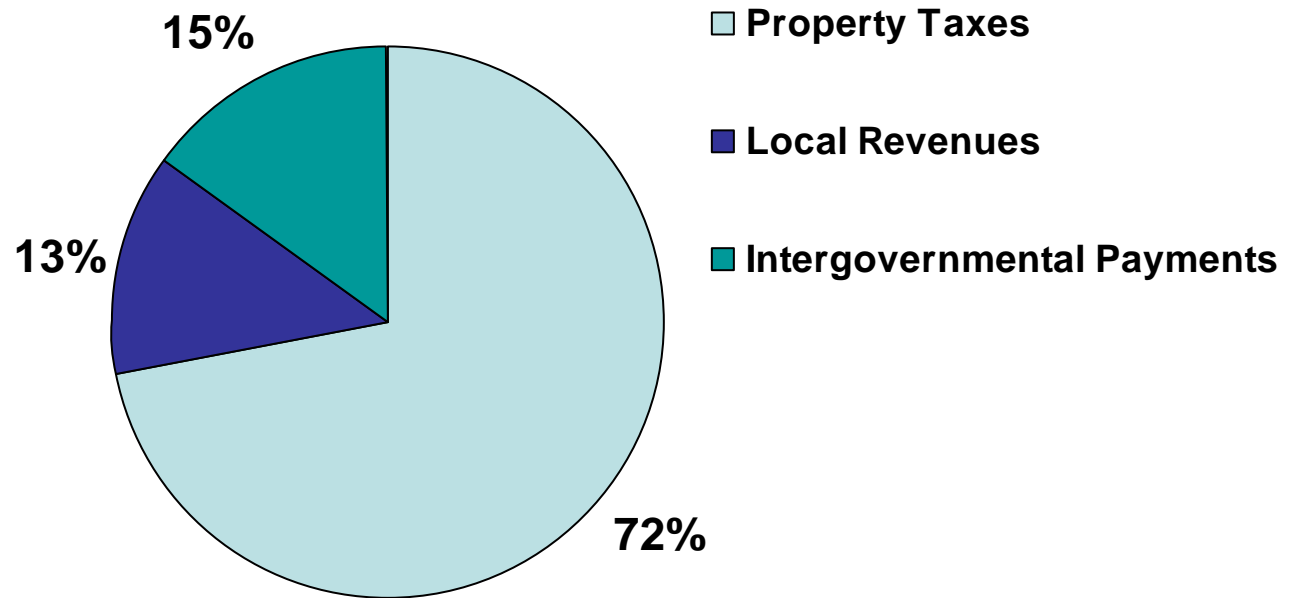


NOTE: Madison areas not shaded have too few single-family homes



Source: City of Madison Assessors Report

City of Madison Funding Sources by Major Category

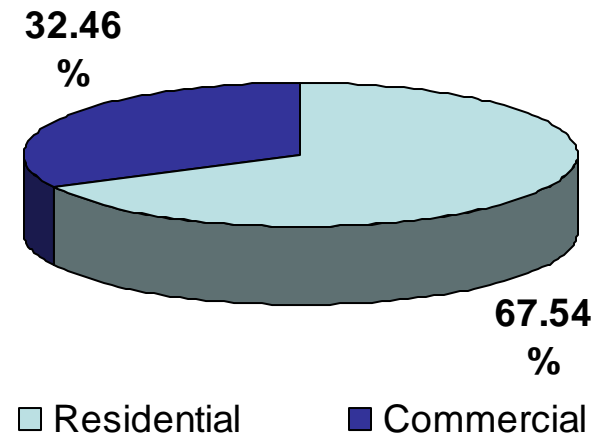


Source: City of Madison 2010 Operating Budget

2009 City of Madison Assessment Data

| | |
|---|--------------------------|
| Breakdown of \$224.5 M INCREASE over 2008 | Change in \$ Millions |
| New Construction | 377.8 |
| Revaluations | (233.8) |
| Annexations | 5.3 |
| Real Estate Exemptions | (8.9) |
| Buildings Removed | (7.2) |
| Property Formerly Exempt, Now Assessed | 12.3 |
| Personal Property | 79.0 |
| TOTAL | \$224.5 |

On a \$23.0B base

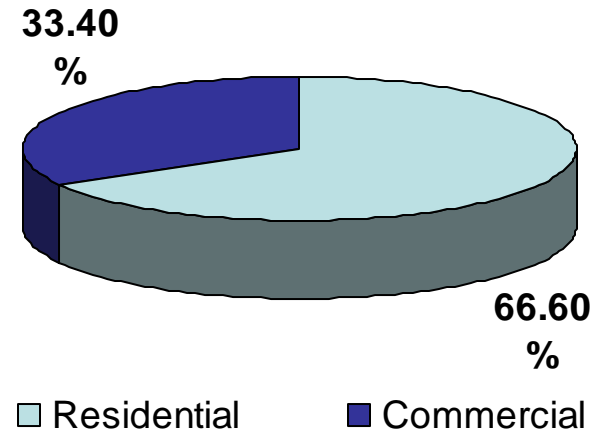


Source: City of Madison Assessors Report

2010 City of Madison Assessment Data

| Breakdown of \$671.7 M DECREASE over 2009 | Change in \$ Millions |
|---|--------------------------|
| New Construction | 246.6 |
| Revaluations | (885.9) |
| Annexations | 4.3 |
| Real Estate Exemptions | (48.6) |
| Buildings Removed | (2.9) |
| Property Formerly Exempt, Now Assessed | 13.8 |
| Personal Property | 1.0 |
| TOTAL | \$(671.7) |

**On a \$20.8B base
(- \$2.2B)**

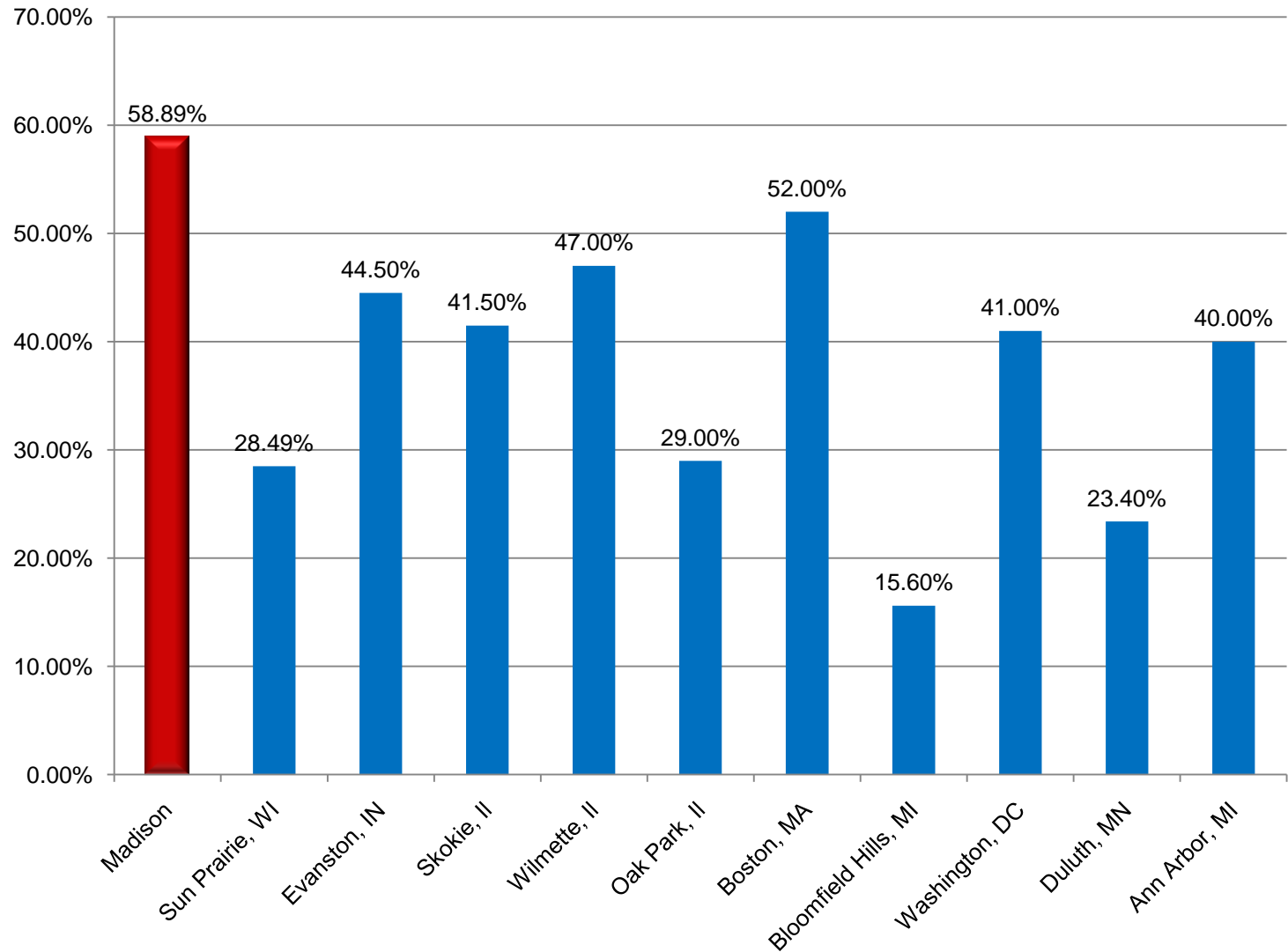


Net impacts assuming same levy
as current year:
City = (\$5.32M)
MMSD = (\$7.03M)



Source: City of Madison Assessors Report

Municipalities Percentage Tax Exempt Property



Articles and Research

- Aldermanic District Assessments
- Choose Wisely, Forbes.com
- Best Places for Business and Careers, Forbes.com
- Madison real Estate Overview, Trulia.com
- Business Tax Index 2010, Small Business & Entrepreneurship Council



| Ranking | District | 2010 Total Assessment |
|----------------|------------------------|------------------------------|
| 1 | 9-Paul Skidmore | \$1,904,557,900 |
| 2 | 17-Joe Clausius | \$1,785,624,100 |
| 3 | 1-Jed Sanborn | \$1,433,354,000 |
| 4 | 19-Mark Clear | \$1,416,331,100 |
| 5 | 16-Judy Compton | \$1,312,763,000 |
| 6 | 4-Michael Verveer | \$1,310,212,200 |
| 7 | 7-Steve King | \$1,250,884,900 |
| 8 | 3-Lauren Cnare | \$1,100,512,700 |
| 9 | 11-Chris Schmidt | \$1,073,253,400 |
| 10 | 6-Marsha Rummel | \$1,059,837,600 |
| 11 | 10-Brian Solomon | \$1,047,753,100 |
| 12 | 20-Thuy Pham-Remmele | \$874,972,200 |
| 13 | 13-Julia Kerr | \$823,443,300 |
| 14 | 15-Larry Palm | \$768,178,500 |
| 15 | 14-Timothy Bruer | \$765,708,900 |
| 16 | 18-Michael Schumacher | \$711,527,800 |
| 17 | 12-Satya Rhodes-Conway | \$667,985,600 |
| 18 | 2-Bridget Maniaci | \$647,720,900 |
| 19 | 5-Shiva Bidar-Sielaff | \$512,198,500 |
| 20 | 8-Bryon Eagon | \$334,412,300 |
| TOTAL | | \$20,801,232,000 |

Source: City of Madison Assessor's Office



Q&A

Choose Wisely

Kurt Badenhausen, 04.14.10, 9:44 PM ET

Site selection expert Angelos Angelou on which industries are expanding and what kind of places they're looking for.

Picking a site to relocate or start a business is one of the biggest decisions a company can make. Angelos Angelou has spent 25 years helping companies make those choices. He spent 11 years with the Greater Austin Chamber of Commerce, where he was responsible for recruiting more than 400 technology companies including Advanced Micro Devices, Applied Materials, Motorola and Samsung.

After his stint with the Austin Chamber, he founded an economic development consultancy, Angelou Economics. His firm has spent 14 years doing site selection and analysis work for some of the world's biggest companies, including ConocoPhillips, Dell, Hewlett-Packard and Oracle. Angelou recently answered some questions for Forbes on the current state of site selection.

Forbes: How has the economic downturn affected what companies are doing in regard to site selection?

Angelos Angelou: The global recession has forced companies to focus more on consolidation of their facilities, reducing costs and less on expansion of facilities. The result has been fewer site selections projects in 2009 than 2008. The exception has been on renewable projects, where we continue to have very vigorous expansion activity, and in some areas of manufacturing like the medical devices industry.

What are the most important factors that companies consider when choosing a location to relocate or open a new facility?

Overall a business friendly cost structure and local development regulations. Great availability of skilled labor. Available incentives to minimize start-up operational costs. Excellent quality of life, which is important to employees and families, but equally as important to attract new employees from out of town or out of state. Excellent accessibility to markets via air, highways. Good educational infrastructure. Low labor union participation.

What industries are still actively pursuing new expansion sites?

Renewable energy projects (solar, wind, thermal, bio fuels) and the medical devices industry.

How important a role do incentives from local and state governments play when companies are making decisions on site selection?

The importance of incentives varies according to industry. Renewable energy projects need many incentives, and generally all projects which are very capital intensive. Projects which are not as capital intensive such as call centers do not.

What metro areas do you see companies finding attractive right now in regards to site selection?

Albuquerque, N.M.; Austin, Texas; Colorado Springs, Colo.; Phoenix, Ariz.; Dallas, Texas; Lincoln, Neb.; Nashville, Tenn.; Atlanta, Ga.

Best Places For Business And Careers

#60 Madison WI

04.14.10, 06:00 AM EDT

[← Previous: Columbia SC](#)

Next: Savannah GA >

| | Rank |
|--|------|
| Colleges ¹ | 140 |
| Cost of Doing Business ² | 122 |
| Cost of Living ³ | 127 |
| Crime Rate ⁴ | 48 |
| Culture and Leisure ⁵ | 102 |
| Economic Growth Projected ⁷ | 166 |
| Educational Attainment ⁶ | 15 |
| Income Growth* | 60 |
| Job Growth* | 96 |
| Job Growth Projected ⁷ | 187 |
| Net Migration* | 71 |
| Subprime Mortgages ⁸ | 2 |

Education

| | |
|---------------------------------|-------|
| College Attainment ⁶ | 39.8% |
| High School Attainment | 94.0% |

Income

| | |
|-------------------------|----------|
| Median Household Income | \$54,620 |
| Income Growth* | 2.2% |

Employment

| | |
|-----------------------------------|------|
| Job Growth* | 0.3% |
| Job Growth Projected ⁷ | 0.5% |
| Unemployment (2009) | 6.0% |

Housing

| | |
|---------------------------------|-----------|
| Subprime Mortgages ⁸ | 6.3% |
| Median Home Price | \$214,700 |



Shutterstock

Metro Area Population: 570,000

Gross Metro Product: \$25 bln

Billionaires: None

Largest Private Companies: None

Best Small Companies: None

See Also:

See Also:
Wisconsin Metros



Rank
Metro Area
Cost Of Doing Business
Job Growth
Educational Attainment
Metro Area Population

¹ Measure of 4-year colleges in area with extra credit for highly rated schools. ² Index based on cost of labor, energy, taxes and office space. ³ Index based on cost of housing, utilities, transportation and other expenditures. ⁴ Crimes per 100,000 residents. ⁵ Index based on museums, theaters, golf course, sports teams and other activities. ⁶ Share of Population over age 25 with a bachelor's degree or higher. ⁷ 3-year annualized figure. ⁸ As a percent of total originations between 2006 and 2008. ⁹ 5-year annualized figures. NA: Not available. Sources: Moody's Economy.com; Sperling's BestPlaces; FBI; U.S. Census.

Adobe Woos Madison Avenue

Apple's iPad Launch

Apple's iAd Targets Madison Ave.

Tablet Anticipation Lifts Apple

Reader Comments



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Special Report

Best Places For Business And Careers

04.14.10, 06:00 AM EDT

1 - 25

| RANK | METRO AREA | COST OF DOING BUSINESS (RANK) ¹ | JOB GROWTH PROJECTED (RANK) ² | EDUCATIONAL ATTAINMENT (RANK) ³ | METRO AREA POPULATION (THOU) |
|------|---------------------|--|--|--|------------------------------|
| 1 | Des Moines IA | 49 | 10 | 46 | 563 |
| 2 | Provo UT | 20 | 39 | 38 | 556 |
| 3 | Raleigh NC | 22 | 14 | 12 | 1,126 |
| 4 | Fort Collins CO | 34 | 21 | 11 | 298 |
| 5 | Lincoln NE | 14 | 72 | 30 | 298 |
| 6 | Denver CO | 113 | 49 | 22 | 2,552 |
| 7 | Omaha NE | 48 | 54 | 56 | 850 |
| 8 | Huntsville AL | 112 | 2 | 37 | 406 |
| 9 | Lexington KY | 25 | 32 | 39 | 471 |
| 10 | Austin TX | 160 | 12 | 19 | 1,705 |
| 11 | Ogden UT | 30 | 105 | 100 | 542 |
| 12 | Colorado Springs CO | 90 | 50 | 29 | 626 |
| 13 | Cedar Rapids IA | 44 | 1 | 118 | 256 |
| 14 | Boulder CO | 136 | 17 | 1 | 303 |
| 15 | Fayetteville AR | 22 | 35 | 133 | 465 |
| 16 | San Antonio TX | 11 | 9 | 137 | 2,072 |
| 17 | Charlotte NC | 42 | 31 | 53 | 1,746 |
| 18 | Seattle WA | 158 | 83 | 14 | 2,611 |
| 19 | Portland OR | 106 | 104 | 43 | 2,242 |
| 20 | Salt Lake City UT | 62 | 70 | 70 | 1,130 |
| 21 | Asheville NC | 10 | 114 | 87 | 413 |
| 22 | St. Louis MO | 40 | 41 | 82 | 2,853 |
| 23 | Durham NC | 107 | 84 | 10 | 501 |
| 24 | Columbus OH | 77 | 55 | 48 | 1,802 |
| 25 | Boise ID | 8 | 107 | 96 | 606 |

1 - 25



¹Index based on cost of labor, energy, taxes and office space. ²3-year annualized figures. ³Share of Population over age 25 with a bachelor's degree or higher. Sources: Moody's Economy.com; Sperling's BestPlaces; FBI, U.S. Census.

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In Pictures: Singapore's Very Richest

U.S. Bonds Rise [x]

NBA Team Valuations

Dodd's Banking Bill [x]

Reader Comments

That's great - do they know about all the teachers and school employees that are losing their jobs?

Posted by elltel73 | 04/14/10 05:09 PM EDT [Report Abuse](#)

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Special Report

Best Places For Business And Careers

04.14.10, 06:00 AM EDT

51 - 75

| RANK | METRO AREA | COST OF DOING BUSINESS (RANK) ¹ | JOB GROWTH PROJECTED (RANK) ² | EDUCATIONAL ATTAINMENT (RANK) ³ | METRO AREA POPULATION (THOU) |
|------|-------------------------|--|--|--|------------------------------|
| 51 | Winston-Salem NC | 18 | 91 | 110 | 485 |
| 52 | Olympia WA | 65 | 152 | 58 | 251 |
| 53 | Montgomery AL | 62 | 8 | 128 | 366 |
| 54 | Salem OR | 28 | 87 | 163 | 396 |
| 55 | Greenville SC | 67 | 77 | 109 | 640 |
| 56 | Knoxville TN | 27 | 127 | 84 | 699 |
| 57 | Minneapolis-St. Paul MN | 142 | 64 | 21 | 3,270 |
| 58 | Spokane WA | 19 | 125 | 105 | 469 |
| 59 | Columbia SC | 66 | 99 | 69 | 745 |
| 60 | Madison WI | 122 | 187 | 15 | 570 |
| 61 | Savannah GA | 90 | 98 | 103 | 343 |
| 62 | Mobile AL | 35 | 5 | 172 | 412 |
| 63 | Charleston SC | 125 | 44 | 85 | 659 |
| 64 | Pittsburgh PA | 164 | 122 | 85 | 2,355 |
| 65 | Edison NJ | 190 | 111 | 25 | 2,335 |
| 66 | Philadelphia PA | 168 | 115 | 42 | 4,013 |
| 67 | Boston MA | 199 | 116 | 16 | 1,918 |
| 68 | Louisville KY | 40 | 48 | 143 | 1,259 |
| 69 | Peoria IL | 74 | 130 | 122 | 376 |
| 70 | Rochester NY | 128 | 183 | 52 | 1,036 |
| 71 | San Luis Obispo CA | 143 | 76 | 60 | 267 |
| 72 | Tulsa OK | 59 | 164 | 131 | 929 |
| 73 | Wichita KS | 39 | 157 | 97 | 613 |
| 74 | Kennewick WA | 75 | 27 | 146 | 246 |
| 75 | Tallahassee FL | 117 | 46 | 51 | 360 |

51 - 75



¹Index based on cost of labor, energy, taxes and office space. ²3-year annualized figures. ³Share of Population over age 25 with a bachelor's degree or higher. Sources: Moody's Economy.com; Sperling's BestPlaces; FBI, U.S. Census.

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Reader Comments

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Posted by ellert73 | 04/14/10 05:09 PM EDT [Report Abuse](#)

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Madison, WI

SEARCH

Madison Real Estate Overview

Today, April 8, 2010

Market View for Madison

Info

Avg. Listing Price

\$252,449

Wk ending Mar 31

↑ \$209
+0.1%
w-o-w

Median Sales Price

\$178,000

Jan '10 - Mar '10

↓ \$33,250
-15.7%
y-o-y

2,498 Homes For Sale

2,443 Recently Sold

14 Open Homes

265 Foreclosures

Market Trends for Madison

Embed Info



| | | | |
|-----------------------|-----------|--------|-------|
| Average Listing Price | \$252,449 | +0.1% | w-o-w |
| Median Sales Price | \$178,000 | -15.7% | y-o-y |
| Average price/sqft | \$120 | -34.8% | y-o-y |
| Number of Sales | 414 | -15.2% | y-o-y |

More Madison Market Trends

Home Prices for Madison

Info



Most popular zip codes

| | | |
|-------|-----------|-------|
| 53704 | \$251,086 | -0.4% |
| 53711 | \$273,097 | +1.4% |
| 53719 | \$217,264 | +0.5% |
| 53705 | \$368,800 | +0.1% |
| 53703 | \$348,444 | -1.1% |

Movers & Shakers

| | Week ending Mar 31 | w-o-w |
|-------|--------------------|-------|
| 53726 | \$372,479 | -4.0% |
| 53593 | \$369,777 | -2.4% |
| 53717 | \$248,160 | +2.0% |
| 53715 | \$308,455 | -1.8% |
| 53562 | \$377,355 | -1.8% |

View Madison Home Prices Map

Madison Summary

Average price per square foot for Madison WI was \$120, a decrease of 34.8% compared to the same period last year. The median sales price for homes in Madison WI for Jan 10 to Mar 10 was \$178,000 based on 414 home sales. Compared to the same period one year ago, the median home sales price decreased 15.7%, or \$33,250, and the number of home sales decreased 15.2%.

There are currently 2,498 resale and new homes in Madison on Trulia, including 14 open houses, as well as 265 homes in the pre-foreclosure, auction, or bank-owned stages of the foreclosure process. The average listing price for homes for sale in Madison WI was \$252,449 for the week ending Mar 31, which represents an increase of 0.1%, or \$208, compared to the prior week. Popular neighborhoods in Madison include Capitol and Nakoma, with average listing prices of \$420,035 and \$412,964.

Stats & Trends

Madison
Real Estate Overview
Market Trends
Schools
Home Prices Map
Community Info

Neighborhoods

Capitol
Nakoma
View more neighborhoods or ZIPs

Mortgage calculator

Rent vs. Buy

Property price \$

Down payment % 20

Interest rate % 5.25

CALCULATE

Customize

Nearby Cities

| Cities | Median sales price | Average listing price |
|---------------|--------------------|-----------------------|
| Monona | \$198,150 | \$351,343 |
| Middleton | \$257,500 | \$377,355 |
| Waunakee | \$274,000 | \$353,233 |
| Westport | \$144,900 | \$395,152 |
| Cottage Grove | \$234,000 | \$270,991 |
| Windsor | \$170,000 | \$233,804 |

Real Estate Spotlight

Your ad here PRO

Sponsored results

3008 Wyndwood Way, Sun
Foreclosure- New Price Reduction!!
bedrooms on main floor. Loft area,
Property Web Site



Adam Gohike
The Lake Lot Man
Northern Wisconsin Lake Property
View Premier Lake Property

Schools in Madison

Info

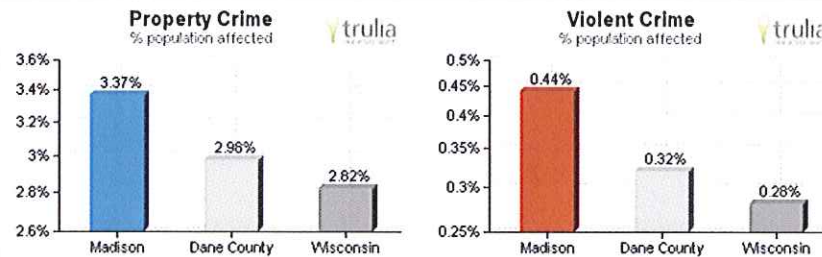
| DISTRICT | TYPE | GRADES | SCHOOLS | STUDENTS |
|--|-------------|--------|---------------|----------|
| Madison Metropolitan School District | Public | — | 52 | — |
| SCHOOL NAME | SCHOOL TYPE | GRADES | PARENT RATING | |
| Edgewood Campus School | Catholic | PK - 8 | ★★★★★ | |
| Cesar Chavez Elementary School | Public | K - 5 | ★★★★★ | |
| Elvehjem Elementary School | Public | K - 5 | ★★★★★ | |

Please consult with the school district or a local real estate pro to confirm your eligibility to enroll with a particular district or school.

[View all Madison Schools](#)

Community Info for Madison

Info


[More Madison Community Info](#)

Advice

Recent Q&A in Madison, WI

Q: What is the address for this listings, Moraine View Dr, Madison WI 53719, 3 br | 1 ba | 1,038 sqft | Income/Investment, \$72,404? **2 answers**

Q: Hi. I've had my condo on the market for almost 70 days now. It's located on the east side by High Crossing Blvd. I'm anxious to **8 answers**

Q: We have an accepted offer on a \$335,000 home in Madison however are finding difficulty in securing a mortgage. The issue is his credit score which **1 answer**

Q: What do buyers looking to build wanting most in their homes these days? Sq. feet? Open floor plan? Split bedroom design? 2 story? Ranch? Other ideas? **6 answers**

Q: we are selling and the agent had us sign the contract without putting a price on the contract, said we would discuss the price to list it at last. **20 answers**

Got a real estate question?

Ask the real estate community and get an answer

[ASK](#)

More Advice:

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[Recent blog posts in Madison, WI](#)
[Find a real estate professional Madison, WI](#)

Homes for Sale in Madison

| | | | | | |
|------------------------------|--------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| | | | | | |
| 9 Newbury... | 2320 W Lawn... | 1309 Carpe... | 1817 Schli... | 118 S Segoe... | 6609 Reston... |
| \$219,900 | \$269,900 | \$182,900 | \$164,900 | \$279,900 | \$139,900 |
| 3 br 1 1/2 ba | 4 br 2 ba | 3 br 1 1/2 ba | 3 br 1 1/2 ba | 3 br 2 ba | 2 br 1 1/2 ba |

[View all Madison Homes for Sale](#)

Nearby Cities Real Estate

[Monona Real Estate](#)
[McFarland Real Estate](#)
[Middleton Real Estate](#)
[Waunakee Real Estate](#)
[Westport Real Estate](#)
[Cottage Grove Real Estate](#)

Nearby Cities Sold Homes

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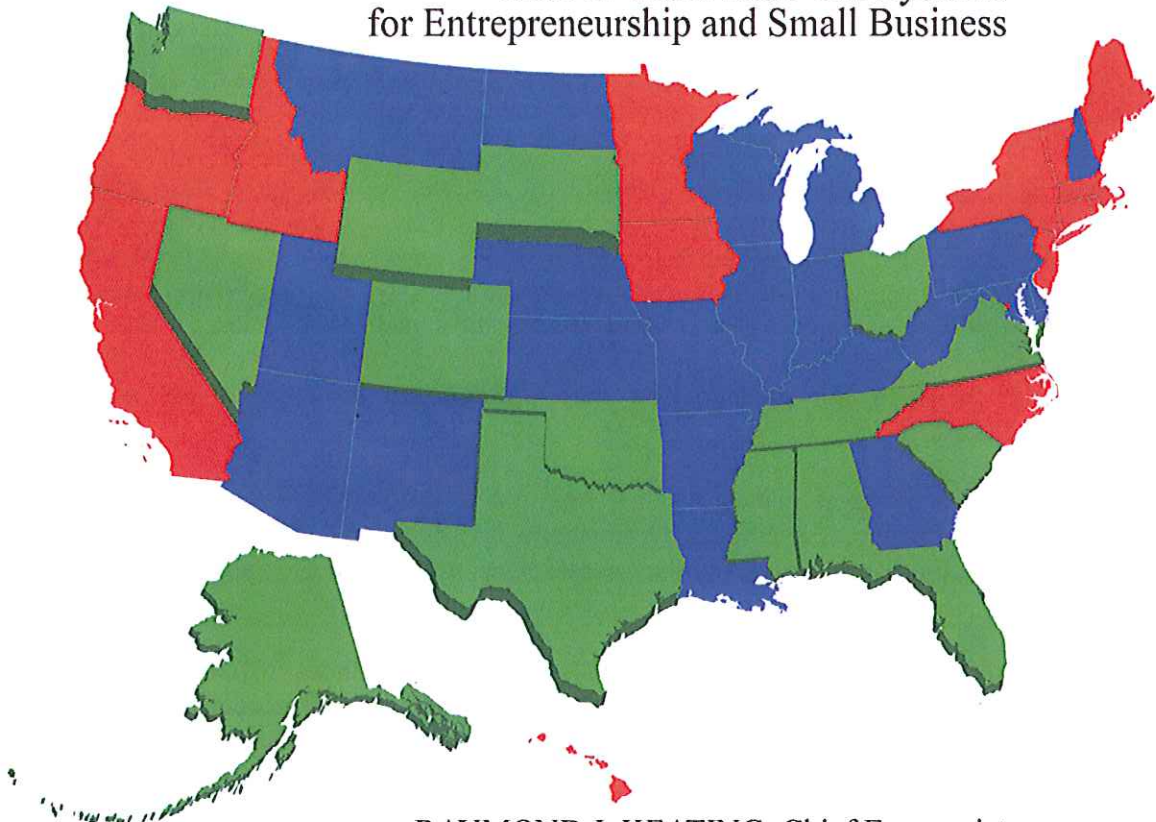
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SMALL BUSINESS & ENTREPRENEURSHIP COUNCIL'S

Business Tax Index 2010:

Best to Worst State Tax Systems
for Entrepreneurship and Small Business



RAYMOND J. KEATING, Chief Economist

www.sbecouncil.org
Protecting small business, promoting entrepreneurship



Business Tax Index 2010:

Best to Worst State Tax Systems for Entrepreneurship and Small Business

When it comes to taxes these days, the major emphasis by our elected leaders seems to be on how levies can be raised due to declining revenues resulting from the deep recession.

However, while revenues have declined for most levels of government, this will prove a temporary phenomenon, as receipts will resume growth with the economy. The true problem has been, and continues to be, rapid spending growth, not a lack of revenues. So, the focus on hiking taxes misses the ultimate cause of today's budget woes.

This misguided focus on higher taxes fails to recognize the impact that taxes have on the economy. Most assuredly, taxes hit the bottom lines of and distort incentives for entrepreneurs, investors and small businesses.

Of course, each tax hits business directly or indirectly, distorts the workings of the marketplace, and diminishes economic efficiency by shifting resources from the private sector (guided by prices, profits and losses) into government (guided by politics and special interest pressures). But different taxes affect economic decision-making in different ways and impact the economy to differing degrees. For example, income taxes are the most damaging levies, as they impact incentives for working, investing and entrepreneurship. Property taxes affect decisions regarding investments in buildings and housing. And consumption-based taxes can divert and reduce consumer purchases.

In the end, though, all taxes matter, whether imposed at the federal, state or local level of government. They matter to consumers, entrepreneurs, investors and businesses. They matter in terms of a state's competitiveness. And they matter when it comes to economic growth and job creation.

The Small Business & Entrepreneurship Council's "Business Tax Index 2010" ranks the states from best to worst in terms of the costs of their tax systems on entrepreneurship and small business. The Index pulls together 16 different tax measures, and combines those into one tax score that allows the 50 states and District of Columbia to be compared and ranked.

The 16 measures are: 1) state's top personal income tax rate, 2) state's top individual capital gains tax rate, 3) state's top corporate income tax rate, 4) state's top corporate capital gains tax rate, 5) any added income tax on S-Corporations, 6) whether or not the state imposes an alternative minimum tax on individuals, 7) whether or not the state imposes an alternative minimum tax on corporations, 8) whether or not the state's personal income tax brackets are indexed for inflation, 9) property taxes, 10) consumption-based taxes (i.e., sales, gross receipts and excise taxes), 11) whether or not the state imposes a death tax, 12) unemployment taxes, 13) whether or not the state has a tax limitation mechanism, 14) whether or not the state imposes an Internet access tax, 15) gas tax, and 16) diesel tax.

The 15 best state tax systems are: 1) South Dakota, 2) Texas, 3) Nevada, 4) Wyoming, 5) Washington, 6) Florida, 7) Alabama, 8) Alaska, 9) Ohio, 10) Colorado, 11) Mississippi, 12) South Carolina, 13) Tennessee, 14) Oklahoma, and 15) Virginia.

The 15 worst state tax systems are: 37) North Carolina, 38) Connecticut, 39) Idaho, 40) Hawaii, 41) Rhode Island, 42) Massachusetts, 43) Oregon, 44) Vermont, 45) Iowa, 46) Maine, 47) New York, 48) California, 49) Minnesota, 50) New Jersey, and 51) District of Columbia.

Following are the “Business Tax Index” scores and rankings, followed by brief descriptions of why each factor is included in the Index, and how it is measured.

Business Tax Index 2010: State Rankings

| <i>Rank</i> | <i>State</i> | <i>Tax Index</i> | <i>Rank</i> | <i>State</i> | <i>Tax Index</i> |
|-------------|----------------|------------------|-------------|-------------------|------------------|
| 1 | South Dakota | 10.940 | 26 | Pennsylvania | 36.965 |
| 2 | Texas | 11.420 | 27 | North Dakota | 37.590 |
| 3 | Nevada | 12.257 | 28 | Montana | 37.724 |
| 4 | Wyoming | 14.630 | 29 | Michigan | 37.814 |
| 5 | Washington | 15.570 | 30 | Delaware | 38.120 |
| 6 | Florida | 23.010 | 31 | Maryland | 38.588 |
| 7 | Alabama | 24.808 | 32 | Kansas | 38.950 |
| 8 | Alaska | 25.160 | 33 | Wisconsin | 39.578 |
| 9 | Ohio | 25.520 | 34 | New Hampshire | 40.402 |
| 10 | Colorado | 26.855 | 35 | West Virginia | 40.823 |
| 11 | Mississippi | 29.566 | 36 | Nebraska | 41.934 |
| 12 | South Carolina | 29.646 | 37 | North Carolina | 42.473 |
| 13 | Tennessee | 30.858 | 38 | Connecticut | 42.627 |
| 14 | Oklahoma | 31.120 | 39 | Idaho | 42.710 |
| 15 | Virginia | 32.393 | 40 | Hawaii | 42.936 |
| 16 | Missouri | 32.448 | 41 | Rhode Island | 44.110 |
| 17 | Arizona | 33.286 | 42 | Massachusetts | 44.640 |
| 18 | Illinois | 33.661 | 43 | Oregon | 45.833 |
| 19 | Indiana | 33.805 | 44 | Vermont | 47.317 |
| 20 | Arkansas | 33.956 | 45 | Iowa | 48.905 |
| 21 | Georgia | 34.085 | 46 | Maine | 49.062 |
| 22 | Kentucky | 34.650 | 47 | New York | 49.442 |
| 23 | Utah | 35.330 | 48 | California | 50.126 |
| 24 | Louisiana | 35.390 | 49 | Minnesota | 51.844 |
| 25 | New Mexico | 35.846 | 50 | New Jersey | 54.970 |
| | | | 51 | Dist. of Columbia | 58.805 |

Description of Factors

• **Personal Income Tax.** State personal income tax rates affect individual economic decision-making in important ways. A high personal income tax rate raises the costs of working, saving, investing, and risk taking. Personal income tax rates vary among states, therefore impacting crucial economic decisions and activities. In fact, the personal income tax influences business far more than generally assumed because more than 90 percent of businesses file taxes as individuals (e.g., sole proprietorship, partnerships and S-Corps.), and therefore pay personal income taxes rather than corporate income taxes. *Measurement in the Business Tax Index: state's top personal income tax rate.*¹

State Rankings of Top Personal Income Tax Rates

| <i>Rank</i> | <i>State</i> | <i>Top PIT Rate</i> | <i>Rank</i> | <i>State</i> | <i>Top PIT Rate</i> |
|-------------|---------------|---------------------|-------------|-------------------|---------------------|
| 1t | Alaska | 0.000 | 26t | Georgia | 6.000 |
| 1t | Florida | 0.000 | 26t | Kentucky | 6.000 |
| 1t | Nevada | 0.000 | 26t | Missouri | 6.000 |
| 1t | New Hampshire | 0.000 | 26t | Rhode Island | 6.000 |
| 1t | South Dakota | 0.000 | 30 | Ohio | 6.240 |
| 1t | Tennessee | 0.000 | 31 | Maryland | 6.250 |
| 1t | Texas | 0.000 | 32 | Kansas | 6.450 |
| 1t | Washington | 0.000 | 33t | Connecticut | 6.500 |
| 1t | Wyoming | 0.000 | 33t | West Virginia | 6.500 |
| 10 | Illinois | 3.000 | 35 | Nebraska | 6.840 |
| 11 | Pennsylvania | 3.070 | 36 | Montana | 6.900 |
| 12 | Alabama | 3.250 | 37 | Delaware | 6.950 |
| 13 | Indiana | 3.400 | 38t | Arkansas | 7.000 |
| 14 | Louisiana | 3.900 | 38t | South Carolina | 7.000 |
| 15 | Michigan | 4.350 | 40 | Wisconsin | 7.750 |
| 16 | Arizona | 4.540 | 41 | Idaho | 7.800 |
| 17 | Colorado | 4.630 | 42 | Minnesota | 7.850 |
| 18 | North Dakota | 4.860 | 43 | North Carolina | 7.983 |
| 19 | New Mexico | 4.900 | 44t | Dist. of Columbia | 8.500 |
| 20t | Mississippi | 5.000 | 44t | Maine | 8.500 |
| 20t | Utah | 5.000 | 46 | Vermont | 8.950 |
| 22 | Massachusetts | 5.300 | 47 | New York | 8.970 |
| 23 | Oklahoma | 5.500 | 48 | California | 10.550 |
| 24 | Virginia | 5.750 | 49 | New Jersey | 10.750 |
| 25 | Iowa | 5.837 | 50t | Hawaii | 11.000 |
| | | | 50t | Oregon | 11.000 |

¹ Data Source: CCH Incorporated, *2010 State Tax Handbook*, the Federal of Tax Administrators, and state specific sources. Note: Personal income tax rates reflect deductibility of federal income taxes in certain states.

• **Individual Capital Gains Tax.** One of the biggest obstacles that start-ups or expanding businesses face is access to capital. State capital gains taxes, therefore, affect the economy by directly impacting the rate of return on investment and entrepreneurship. Indeed, capital gains taxes are direct levies on risk taking, or the sources of growth in the economy. High capital gains taxes restrict access to capital, and help to restrain or redirect risk taking. *Measurement in the Business Tax Index: state's top capital gains tax rate on individuals.*²

State Rankings of Top Capital Gains Tax Rates

| Rank | State | Top IndCG Rate | Rank | State | Top IndCG Rate |
|------|----------------|----------------|------|-------------------|----------------|
| 1t | Alaska | 0.000 | 26 | Oklahoma | 5.500 |
| 1t | Florida | 0.000 | 27 | Virginia | 5.750 |
| 1t | Nevada | 0.000 | 28t | Georgia | 6.000 |
| 1t | South Dakota | 0.000 | 28t | Kentucky | 6.000 |
| 1t | Tennessee | 0.000 | 28t | Missouri | 6.000 |
| 1t | Texas | 0.000 | 28t | Rhode Island | 6.000 |
| 1t | Washington | 0.000 | 32 | Ohio | 6.240 |
| 1t | Wyoming | 0.000 | 33 | Maryland | 6.250 |
| 9 | New Mexico | 2.450 | 34 | Kansas | 6.450 |
| 10 | Illinois | 3.000 | 35t | Connecticut | 6.500 |
| 11 | Pennsylvania | 3.070 | 35t | West Virginia | 6.500 |
| 12 | Wisconsin | 3.100 | 37 | Nebraska | 6.840 |
| 13 | Indiana | 3.400 | 38 | Montana | 6.900 |
| 14 | South Carolina | 3.920 | 39 | Delaware | 6.950 |
| 15 | Alabama | 4.250 | 40 | Hawaii | 7.250 |
| 16 | Michigan | 4.350 | 41 | Iowa | 7.633 |
| 17 | Arizona | 4.540 | 42 | Idaho | 7.800 |
| 18 | Colorado | 4.630 | 43 | Minnesota | 7.850 |
| 19 | North Dakota | 4.860 | 44 | North Carolina | 7.983 |
| 20 | Arkansas | 4.900 | 45t | Dist. of Columbia | 8.500 |
| 21t | Mississippi | 5.000 | 45t | Maine | 8.500 |
| 21t | New Hampshire | 5.000 | 47 | Vermont | 8.950 |
| 21t | Utah | 5.000 | 48 | New York | 8.970 |
| 24 | Louisiana | 5.100 | 49 | California | 10.550 |
| 25 | Massachusetts | 5.300 | 50 | New Jersey | 10.750 |
| | | | 51 | Oregon | 11.000 |

² Data Source: CCH Incorporated, *2010 State Tax Handbook*, and state specific sources. Note: Capital gains tax rates reflect deductibility of federal income taxes in certain states.

• **Corporate Income Tax.** State corporate income tax rates similarly affect a broad range of business decisions — most clearly decisions relating to investment and location – and obviously make a difference in the bottom line returns of corporations. *Measurement in the Business Tax Index: state's top corporate income tax rate.*³

State Rankings of Top Corporate Income Tax Rates

| Rank | State | Top CIT Rate | Rank | State | Top CIT Rate |
|------|----------------|--------------|------|-------------------|--------------|
| 1t | Nevada | 0.000 | 26 | Kansas | 7.050 |
| 1t | Ohio | 0.000 | 27 | North Carolina | 7.107 |
| 1t | South Dakota | 0.000 | 28 | Illinois | 7.300 |
| 1t | Texas | 0.000 | 29t | Idaho | 7.600 |
| 1t | Washington | 0.000 | 29t | New Mexico | 7.600 |
| 1t | Wyoming | 0.000 | 31 | Nebraska | 7.810 |
| 7 | Alabama | 4.225 | 32t | Oregon | 7.900 |
| 8 | Colorado | 4.630 | 32t | Wisconsin | 7.900 |
| 9t | Mississippi | 5.000 | 34t | Connecticut | 8.250 |
| 9t | South Carolina | 5.000 | 34t | Maryland | 8.250 |
| 9t | Utah | 5.000 | 36 | New York | 8.307 |
| 12 | Missouri | 5.156 | 37t | Indiana | 8.500 |
| 13 | Louisiana | 5.200 | 37t | New Hampshire | 8.500 |
| 14 | Florida | 5.500 | 37t | Vermont | 8.500 |
| 15t | Georgia | 6.000 | 37t | West Virginia | 8.500 |
| 15t | Kentucky | 6.000 | 41 | Delaware | 8.700 |
| 15t | Oklahoma | 6.000 | 42 | California | 8.840 |
| 15t | Virginia | 6.000 | 43 | Maine | 8.930 |
| 19 | Michigan | 6.040 | 44 | Rhode Island | 9.000 |
| 20t | Hawaii | 6.400 | 45 | New Jersey | 9.360 |
| 20t | North Dakota | 6.400 | 46 | Alaska | 9.400 |
| 22t | Arkansas | 6.500 | 47 | Massachusetts | 9.500 |
| 22t | Tennessee | 6.500 | 48 | Minnesota | 9.800 |
| 24 | Montana | 6.750 | 49 | Iowa | 9.900 |
| 25 | Arizona | 6.968 | 50 | Dist. of Columbia | 9.975 |
| | | | 51 | Pennsylvania | 9.990 |

³ Data Source: CCH Incorporated, *2010 State Tax Handbook*, the Federation of Tax Administrators, and state specific sources. Note: Corporate income tax rates reflect deductibility of federal income taxes in certain states.

- **Corporate Capital Gains Tax.** Again, access to capital is an enormous obstacle for businesses, and state capital gains taxes affect the economy by directly reducing the rate of return on investment and entrepreneurship. High capital gains taxes – including on corporate capital gains – restrict access to capital, and help to restrain or redirect risk taking. *Measurement in the Business Tax Index: state's top capital gains tax rate on corporations.*⁴

State Rankings of Top Corporate Capital Gains Tax Rates

| Rank | State | Top CorpCG Rate | Rank | State | Top CorpCG Rate |
|------|----------------|-----------------|------|-------------------|-----------------|
| 1t | Nevada | 0.000 | 26 | Arizona | 6.968 |
| 1t | Ohio | 0.000 | 27 | Kansas | 7.050 |
| 1t | South Dakota | 0.000 | 28 | North Carolina | 7.107 |
| 1t | Texas | 0.000 | 29 | Illinois | 7.300 |
| 1t | Washington | 0.000 | 30t | Idaho | 7.600 |
| 1t | Wyoming | 0.000 | 30t | New Mexico | 7.600 |
| 7 | Hawaii | 4.000 | 32 | Nebraska | 7.810 |
| 8 | Alabama | 4.225 | 33 | Oregon | 7.900 |
| 9 | Alaska | 4.500 | 34 | Wisconsin | 7.900 |
| 10 | Colorado | 4.630 | 35t | Connecticut | 8.250 |
| 11t | Mississippi | 5.000 | 35t | Maryland | 8.250 |
| 11t | South Carolina | 5.000 | 37 | New York | 8.307 |
| 11t | Utah | 5.000 | 38t | Indiana | 8.500 |
| 14 | Missouri | 5.156 | 38t | New Hampshire | 8.500 |
| 15 | Louisiana | 5.200 | 38t | Vermont | 8.500 |
| 16 | Florida | 5.500 | 38t | West Virginia | 8.500 |
| 17t | Georgia | 6.000 | 42 | Delaware | 8.700 |
| 17t | Kentucky | 6.000 | 43 | California | 8.840 |
| 17t | Oklahoma | 6.000 | 44 | Maine | 8.930 |
| 17t | Virginia | 6.000 | 45 | Rhode Island | 9.000 |
| 21 | Michigan | 6.040 | 46 | New Jersey | 9.360 |
| 22 | North Dakota | 6.400 | 47 | Massachusetts | 9.500 |
| 23t | Arkansas | 6.500 | 48 | Minnesota | 9.800 |
| 23t | Tennessee | 6.500 | 49 | Iowa | 9.900 |
| 25 | Montana | 6.750 | 50 | Dist. of Columbia | 9.975 |
| | | | 51 | Pennsylvania | 9.990 |

⁴ Data Source: CCH Incorporated, *2010 State Tax Handbook*, the Federation of Tax Administrators, and state specific sources. Note: Capital gains tax rates reflect deductibility of federal income taxes in certain states.

• **Additional Income Tax on S-Corporations.** Subchapter S-Corporations let certain businesses adopt the benefits of a corporation, while allowing income to pass through to be taxed at the individual level. Most states recognize S Corporations, but a few either tax such businesses like other corporations or impose some kind of added tax. Such an additional income tax, again, raises costs, restrains investment, and hurts the state's competitiveness. *Measurement in the Business Tax Index: additional income tax imposed on S-Corporations beyond the top personal income tax rate.*⁵

• **Individual Alternative Minimum Tax.** The individual alternative minimum tax (AMT) imposes a minimum tax rate that must be paid by individuals, regardless the tax credits or deductions taken. The AMT diminishes the effectiveness of potentially positive, pro-growth tax relief measures, while also raising the costs of tax compliance. *Measurement in the Business Tax Index: state individual alternative minimum tax (states imposing an individual AMT receive a score of "1" and states that do not receive a score of "0").*⁶

• **Corporate Alternative Minimum Tax.** The corporate alternative minimum tax (AMT) imposes a minimum tax rate that must be paid by corporations, regardless of the available tax credits or deductions taken. Again, the AMT diminishes the effectiveness of potentially positive, pro-growth tax relief measures, and hikes compliance costs, in particular by forcing firms to effectively calculate their taxes under two tax codes. *Measurement in the Business Tax Index: state corporate alternative minimum tax (states imposing an individual AMT receive a score of "1" and states that do not receive a score of "0").*⁷

• **Indexing Personal Income Tax Rates.** Indexing income tax rates for inflation is a positive tax measure, which ensures that inflation does not push individuals into higher tax brackets. Without such indexation, one can be pushed into a higher tax bracket without any increases in real income. *Measurement in the Business Tax Index: state indexing of personal income tax rates (states indexing their personal income tax rates receive a score of "0" and states that do not receive a score of "1").*⁸

⁵ Data Source: CCH Incorporated, *2010 State Tax Handbook*, and state specific sources.

⁶ Data Source: CCH Incorporated, *2010 State Tax Handbook*, and state specific sources.

⁷ Data Source: CCH Incorporated, *2010 State Tax Handbook*.

⁸ Data Source: The Federation of Tax Administrators.

• **Property Taxes.** Property taxes influence decisions as to where businesses, entrepreneurs and employees choose to locate, as well as decisions relating to investments in business facilities and homes. *Measurement in the Business Tax Index: state and local property taxes (property taxes as a share of personal income).*⁹

State Rankings of State and Local Property Taxes

(Property Taxes as a Share of Personal Income)

| <i>Rank</i> | <i>State</i> | <i>Prop Taxes</i> | <i>Rank</i> | <i>State</i> | <i>Prop Taxes</i> |
|-------------|----------------|-------------------|-------------|-------------------|-------------------|
| 1 | Alabama | 1.40 | 26 | Oregon | 3.01 |
| 2 | Oklahoma | 1.53 | 27 | North Dakota | 3.04 |
| 3 | Arkansas | 1.58 | 28 | Virginia | 3.12 |
| 4 | Delaware | 1.65 | 29 | South Carolina | 3.13 |
| 5 | New Mexico | 1.67 | 30 | Pennsylvania | 3.21 |
| 6 | Louisiana | 1.70 | 31 | Ohio | 3.38 |
| 7 | Kentucky | 1.98 | 32 | Kansas | 3.41 |
| 8 | West Virginia | 2.14 | 33 | Iowa | 3.47 |
| 9 | Tennessee | 2.18 | 34t | Massachusetts | 3.48 |
| 10 | Hawaii | 2.27 | 34t | Montana | 3.48 |
| 11 | Idaho | 2.34 | 36 | Nebraska | 3.70 |
| 12 | North Carolina | 2.40 | 37 | Alaska | 3.80 |
| 13 | Maryland | 2.51 | 38 | Florida | 3.84 |
| 14 | Utah | 2.56 | 39 | Texas | 3.87 |
| 15 | Mississippi | 2.65 | 40 | Illinois | 3.88 |
| 16 | California | 2.74 | 41 | Dist. of Columbia | 4.13 |
| 17t | Missouri | 2.77 | 42 | Wisconsin | 4.14 |
| 17t | Washington | 2.77 | 43t | Connecticut | 4.20 |
| 19 | Nevada | 2.82 | 43t | Michigan | 4.20 |
| 20 | Colorado | 2.84 | 45 | New York | 4.23 |
| 21 | Minnesota | 2.87 | 46 | Maine | 4.60 |
| 22 | South Dakota | 2.88 | 47 | Rhode Island | 4.68 |
| 23 | Indiana | 2.92 | 48 | Wyoming | 4.86 |
| 24t | Arizona | 2.98 | 49 | New Jersey | 5.02 |
| 24t | Georgia | 2.98 | 50 | Vermont | 5.29 |
| | | | 51 | New Hampshire | 5.33 |

⁹ 2006-07 latest state and local numbers available from the U.S. Bureau of the Census, U.S. Department of Commerce.

• **Sales, Gross Receipts and Excise Taxes.** State and local sales, gross receipts and excise (including tobacco, alcohol and insurance) taxes impact the economic decisions of individuals and families, as well as various businesses. High consumption-based taxes can re-direct consumer purchases, and, especially if combined with other levies like income and property taxes, can serve as real disincentives to productive economic activity. In addition, gross receipts taxes present problems because, unlike other consumption-based levies, they are largely hidden from the view of consumers, and therefore, are easier to increase. *Measurement in the Business Tax Index: state and local sales, gross receipts and excise taxes (sales, gross receipts and excise taxes [less revenues from motor fuel taxes, since gas and diesel tax rates are singled out in the Index] as a share of personal income).*¹⁰

State Rankings of State and Local Sales, Gross Receipts and Excise Taxes

(Sales, Gross Receipts and Excise Taxes as a Share of Personal Income)

| Rank | State | SGRE Tax | Rank | State | SGRE Tax |
|------|----------------|----------|------|-------------------|----------|
| 1 | Oregon | 0.51 | 26 | Oklahoma | 3.29 |
| 2 | Delaware | 1.01 | 27 | Vermont | 3.30 |
| 3 | Montana | 1.02 | 28 | Indiana | 3.31 |
| 4 | New Hampshire | 1.11 | 29 | California | 3.34 |
| 5 | Alaska | 1.64 | 30 | North Dakota | 3.37 |
| 6 | Massachusetts | 1.73 | 31 | Kentucky | 3.46 |
| 7 | Maryland | 2.14 | 32 | Kansas | 3.54 |
| 8 | Connecticut | 2.36 | 33t | Dist. of Columbia | 3.55 |
| 9 | Virginia | 2.37 | 33t | New York | 3.55 |
| 10t | Pennsylvania | 2.66 | 35 | Georgia | 3.66 |
| 10t | Wisconsin | 2.66 | 36 | West Virginia | 3.69 |
| 12 | New Jersey | 2.74 | 37 | Alabama | 3.85 |
| 13 | Iowa | 2.89 | 38 | Utah | 3.89 |
| 14 | Rhode Island | 2.95 | 39 | Texas | 3.99 |
| 15 | Colorado | 2.96 | 40 | Wyoming | 4.06 |
| 16t | Idaho | 3.09 | 41 | South Dakota | 4.11 |
| 16t | North Carolina | 3.09 | 42 | Mississippi | 4.47 |
| 18 | Nebraska | 3.10 | 43 | Florida | 4.65 |
| 19 | Michigan | 3.14 | 44 | Tennessee | 4.68 |
| 20 | South Carolina | 3.16 | 45 | Arizona | 5.05 |
| 21 | Ohio | 3.19 | 46 | Arkansas | 5.18 |
| 22 | Illinois | 3.22 | 47 | New Mexico | 5.40 |
| 23 | Minnesota | 3.23 | 48 | Nevada | 5.57 |
| 24 | Missouri | 3.24 | 49 | Louisiana | 5.68 |
| 25 | Maine | 3.27 | 50 | Washington | 6.01 |
| | | | 51 | Hawaii | 6.46 |

¹⁰ 2006-07 latest state and local numbers available from the U.S. Bureau of the Census, U.S. Department of Commerce.

• **Unemployment Tax Rates.** The unemployment tax on wages is another burden on entrepreneurs and business. High state unemployment tax rates increase the relative cost of labor versus capital, and provide incentives for labor-intensive businesses to flee from high-tax states to low-tax states. *Measurement in the Business Tax Index: unemployment tax rate is adjusted as follows: maximum state tax rate applied to state unemployment tax wage base, with that amount as a share of the state average wage.*¹¹

State Rankings of Adjusted Unemployment Taxes

(Maximum State Tax Rate Applied to State Wage Base and Then Taken as a Share of State Average Pay)

| Rank | State | Unemploy. Tax | Rank | State | Unemploy. Tax |
|------|-------------------|---------------|------|----------------|---------------|
| 1 | Dist. of Columbia | 0.73 | 26 | Ohio | 1.91 |
| 2 | California | 0.80 | 27 | Michigan | 1.97 |
| 3 | Arizona | 0.86 | 28 | Oklahoma | 1.99 |
| 4 | Florida | 0.88 | 29 | Kentucky | 2.04 |
| 5 | Indiana | 0.99 | 30 | Tennessee | 2.10 |
| 6t | Louisiana | 1.01 | 31 | Pennsylvania | 2.26 |
| 6t | Virginia | 1.01 | 32 | West Virginia | 2.35 |
| 8 | Georgia | 1.03 | 33t | South Dakota | 2.47 |
| 9t | Mississippi | 1.07 | 33t | Wisconsin | 2.47 |
| 9t | New Hampshire | 1.07 | 35 | New Jersey | 2.67 |
| 11 | South Carolina | 1.10 | 36 | Missouri | 2.78 |
| 12 | Colorado | 1.11 | 37 | New Mexico | 2.81 |
| 13 | Texas | 1.16 | 38 | Massachusetts | 2.86 |
| 14 | Alabama | 1.18 | 39 | North Carolina | 3.20 |
| 15 | New York | 1.22 | 40 | Nevada | 3.25 |
| 16 | Nebraska | 1.28 | 41 | Alaska | 3.66 |
| 17 | Vermont | 1.29 | 42 | Rhode Island | 3.82 |
| 18 | Maryland | 1.46 | 43 | Oregon | 4.02 |
| 19 | Kansas | 1.48 | 44 | Washington | 4.04 |
| 20 | Illinois | 1.63 | 45 | Montana | 4.36 |
| 21 | Hawaii | 1.64 | 46 | Wyoming | 4.43 |
| 22 | Connecticut | 1.69 | 47 | Iowa | 4.82 |
| 23 | Maine | 1.70 | 48 | Idaho | 4.98 |
| 24 | Delaware | 1.71 | 49 | Minnesota | 5.90 |
| 25 | Arkansas | 1.85 | 50 | North Dakota | 6.20 |
| | | | 51 | Utah | 6.39 |

¹¹ Data Source: U.S. Bureau of Labor Statistics.

• **Death Taxes.** The federal government is phasing out the federal death tax. Some states are tied to the federal levy, and therefore are following the lead to end the estate tax (under current law, the federal estate tax will be eliminated in 2010, but it then reappears in 2011). However, other states have imposed additional estate, inheritance or gift taxes, or have de-linked from the federal levy. Death taxes have several problems. In terms of fairness, individuals pay a staggering array of taxes, including on business earnings, over a lifetime, but then are socked with another tax on the total assets at death. High state death taxes offer incentives to move investment and business ventures to less taxing climates; foster wasteful expenditures on tax avoidance, estate planning and insurance; and force many businesses to be sold, borrowed against or closed down. *Measurement in the Business Tax Index: state death taxes (states levying estate or inheritance taxes receive a score of "1" and states that do not receive a score of "0").*¹²

• **Tax Limitation States.** Requiring supermajority votes from elected officials and/or approval from voters in order to increase or impose taxes, serve as checks on the growth of taxes and government in general. According to Americans for Tax Reform, both taxes and spending do in fact grow more slowly in tax limitation states, and economies expand faster in such states as well. *Measurement in the Business Tax Index: tax limitation status (states without some form of tax limitation check receive a score of "1," and states with some kind of tax limitation check receive a score of "0").*¹³

• **Internet Taxes.** The Internet serves as a tremendous boost to economic growth and a great expansion of economic opportunity. For small businesses, the Internet allows for greater access to information and markets. Indeed, the Internet gives smaller enterprises access to global markets that they might not have had in the past. Unfortunately, some states have chosen to impose sales taxes on Internet access. *Measurement in the Business Tax Index: Internet access tax (states without such a sales access tax score "0," and states with such taxes score "1").*¹⁴

¹² Data Source: CCH Incorporated, *2010 State Tax Handbook*, and "Estate Tax Study," Connecticut Department of Revenue Services, February 1, 2008.

¹³ Source: National Conference of State Legislatures at www.ncsl.org.

¹⁴ Steven Maguire and Nonna Noto, "Internet Taxation: Issues and Legislation in the 109th Congress," CRS Report for Congress, February 2, 2006, and Daniel Castro, "The Case for Tax-Free Internet Access: A Primer on the Internet Tax Freedom Act," The Information Technology & Innovation Foundation, June 2007.

• **Gas Tax.** Every business is affected by the costs of operating motor vehicles -- from trucking firms to the home-based business paying for delivery services. State government directly impacts these costs through taxes on motor fuels. *Measurement in the Business Tax Index: state gas tax (dollars per gallon).*¹⁵

State Rankings of State Gas Taxes
(Dollars Per Gallon of Gasoline)

| <i>Rank</i> | <i>State</i> | <i>Gas Tax</i> | <i>Rank</i> | <i>State</i> | <i>Gas Tax</i> |
|-------------|-------------------|----------------|-------------|----------------|----------------|
| 1 | Alaska | 0.080 | 26 | South Dakota | 0.240 |
| 2 | Wyoming | 0.140 | 27 | Utah | 0.245 |
| 3 | New Jersey | 0.145 | 28 | Vermont | 0.247 |
| 4 | South Carolina | 0.168 | 29t | Idaho | 0.250 |
| 5 | Oklahoma | 0.170 | 29t | Kansas | 0.250 |
| 6 | Missouri | 0.173 | 29t | Oregon | 0.250 |
| 7t | Mississippi | 0.188 | 32 | Minnesota | 0.272 |
| 7t | New Mexico | 0.188 | 33 | Nebraska | 0.277 |
| 9 | Arizona | 0.190 | 34 | Montana | 0.278 |
| 10t | New Hampshire | 0.196 | 35 | Ohio | 0.280 |
| 10t | Virginia | 0.196 | 36 | North Carolina | 0.302 |
| 12t | Louisiana | 0.200 | 37 | Maine | 0.310 |
| 12t | Texas | 0.200 | 38 | West Virginia | 0.322 |
| 14t | Alabama | 0.209 | 39 | Pennsylvania | 0.323 |
| 14t | Georgia | 0.209 | 40 | Wisconsin | 0.329 |
| 16 | Tennessee | 0.214 | 41 | Rhode Island | 0.330 |
| 17 | Arkansas | 0.218 | 42 | Nevada | 0.331 |
| 18t | Colorado | 0.220 | 43 | Florida | 0.344 |
| 18t | Iowa | 0.220 | 44 | Indiana | 0.348 |
| 20 | Kentucky | 0.225 | 45 | Michigan | 0.358 |
| 21t | Delaware | 0.230 | 46 | Washington | 0.375 |
| 21t | North Dakota | 0.230 | 47 | Illinois | 0.404 |
| 23t | Dist. of Columbia | 0.235 | 48 | Connecticut | 0.426 |
| 23t | Maryland | 0.235 | 49 | New York | 0.449 |
| 23t | Massachusetts | 0.235 | 50 | Hawaii | 0.451 |
| | | | 51 | California | 0.486 |

¹⁵ Data Source: "Notes to State Motor Fuel Excise and Other Tax Rates," April 10, 2010, American Petroleum Institute.

- **Diesel Tax.** Again, every business is affected by the costs of operating motor vehicles, and state government directly impacts these costs through taxes on motor fuels. *Measurement in the Business Tax Index: state diesel tax (dollars per gallon).*¹⁶

State Rankings of State Diesel Taxes

(Dollars Per Gallon of Diesel Fuel)

| <i>Rank</i> | <i>State</i> | <i>Diesel Tax</i> | <i>Rank</i> | <i>State</i> | <i>Diesel Tax</i> |
|-------------|-------------------|-------------------|-------------|----------------|-------------------|
| 1 | Alaska | 0.080 | 26t | Maryland | 0.243 |
| 2t | Oklahoma | 0.140 | 26t | Oregon | 0.243 |
| 2t | Wyoming | 0.140 | 28 | Utah | 0.245 |
| 4 | South Carolina | 0.168 | 29 | Idaho | 0.250 |
| 5 | Missouri | 0.173 | 30 | Kansas | 0.270 |
| 6 | New Jersey | 0.175 | 31 | Minnesota | 0.272 |
| 7 | Tennessee | 0.184 | 32 | Nebraska | 0.277 |
| 8 | Mississippi | 0.188 | 33 | Ohio | 0.280 |
| 9 | Arizona | 0.190 | 34t | Montana | 0.286 |
| 10 | Kentucky | 0.195 | 34t | Nevada | 0.286 |
| 11 | New Hampshire | 0.196 | 36 | Vermont | 0.290 |
| 12 | Virginia | 0.197 | 37 | Florida | 0.296 |
| 13t | Louisiana | 0.200 | 38 | North Carolina | 0.302 |
| 13t | Texas | 0.200 | 39 | West Virginia | 0.321 |
| 15 | Colorado | 0.205 | 40 | Maine | 0.322 |
| 16 | Georgia | 0.206 | 41 | Michigan | 0.326 |
| 17 | Alabama | 0.219 | 42 | Wisconsin | 0.329 |
| 18 | Delaware | 0.220 | 43 | Rhode Island | 0.330 |
| 19t | Arkansas | 0.228 | 44 | Washington | 0.375 |
| 19t | New Mexico | 0.228 | 45 | Pennsylvania | 0.392 |
| 21 | North Dakota | 0.230 | 46 | Illinois | 0.427 |
| 22t | Dist. of Columbia | 0.235 | 47 | Indiana | 0.437 |
| 22t | Iowa | 0.235 | 48 | New York | 0.439 |
| 22t | Massachusetts | 0.235 | 49 | Connecticut | 0.451 |
| 25 | South Dakota | 0.240 | 50 | Hawaii | 0.465 |
| | | | 51 | California | 0.480 |

¹⁶ Data Source: "Notes to State Motor Fuel Excise and Other Tax Rates," April 10, 2010, American Petroleum Institute.

Business Tax Index 2010: Details

| State | Top PIT | Top Ind CG | Top CIT | Top Cor CG | S-Corp | Indiv. AMT | Corp. AMT | PIT Index | Prop Tax | SGRE Tax | Death | Unemp. Tax | Tax Limit | Internet Tax | Gas Tax | Diesel Tax | Tax Index |
|----------------------|---------|------------|---------|------------|--------|------------|-----------|-----------|----------|----------|-------|------------|-----------|--------------|---------|------------|-----------|
| 1 South Dakota | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0 | 0 | 0 | 2.63 | 4.11 | 0 | 2.47 | 0 | 1 | 0.240 | 0.240 | 10.940 |
| 2 Texas | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0 | 0 | 0 | 3.87 | 3.99 | 0 | 1.16 | 1 | 1 | 0.200 | 0.200 | 11.420 |
| 3 Nevada | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0 | 0 | 0 | 2.82 | 5.57 | 0 | 3.25 | 0 | 0 | 0.331 | 0.285 | 12.257 |
| 4 Wyoming | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0 | 0 | 0 | 4.65 | 4.06 | 0 | 4.43 | 1 | 0 | 0.140 | 0.140 | 14.630 |
| 5 Washington | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0 | 0 | 0 | 2.77 | 6.01 | 1 | 4.04 | 0 | 1 | 0.375 | 0.375 | 15.570 |
| 6 Florida | 0.000 | 0.000 | 5.500 | 5.500 | 0.000 | 0 | 1 | 0 | 3.84 | 4.65 | 0 | 0.83 | 1 | 0 | 0.344 | 0.295 | 23.010 |
| 7 Alabama | 3.250 | 4.250 | 4.225 | 4.225 | 0.000 | 0 | 0 | 1 | 1.40 | 3.65 | 0 | 1.18 | 1 | 0 | 0.209 | 0.219 | 24.608 |
| 8 Alaska | 0.000 | 0.000 | 9.400 | 4.500 | 0.000 | 0 | 1 | 0 | 3.80 | 1.64 | 0 | 3.66 | 1 | 0 | 0.080 | 0.080 | 25.160 |
| 9 Ohio | 6.240 | 6.240 | 0.000 | 0.000 | 0.000 | 0 | 0 | 1 | 3.33 | 3.19 | 1 | 1.91 | 1 | 1 | 0.280 | 0.280 | 25.520 |
| 10 Colorado | 4.630 | 4.630 | 4.630 | 4.630 | 0.000 | 1 | 0 | 0 | 2.84 | 2.96 | 0 | 1.11 | 0 | 0 | 0.220 | 0.205 | 26.655 |
| 11 Mississippi | 5.000 | 5.000 | 5.000 | 5.000 | 0.000 | 0 | 0 | 1 | 2.65 | 4.47 | 0 | 1.07 | 0 | 0 | 0.168 | 0.168 | 29.568 |
| 12 South Carolina | 7.000 | 3.920 | 5.000 | 5.000 | 0.000 | 0 | 0 | 0 | 3.13 | 3.16 | 0 | 1.10 | 1 | 0 | 0.168 | 0.168 | 29.648 |
| 13 Tennessee | 0.000 | 0.000 | 6.500 | 6.500 | 6.500 | 0 | 0 | 0 | 2.18 | 4.68 | 1 | 2.10 | 1 | 0 | 0.214 | 0.184 | 30.658 |
| 14 Oklahoma | 5.500 | 5.500 | 6.000 | 6.000 | 0.000 | 0 | 0 | 1 | 1.53 | 3.29 | 0 | 1.99 | 0 | 0 | 0.170 | 0.140 | 31.120 |
| 15 Virginia | 5.750 | 5.750 | 6.000 | 6.000 | 0.000 | 0 | 0 | 1 | 3.12 | 2.57 | 0 | 1.01 | 1 | 0 | 0.196 | 0.197 | 32.393 |
| 16 Missouri | 6.000 | 6.000 | 5.156 | 5.156 | 0.000 | 0 | 0 | 1 | 2.77 | 3.24 | 0 | 2.78 | 0 | 0 | 0.173 | 0.173 | 32.448 |
| 17 Arizona | 4.540 | 4.540 | 6.968 | 6.968 | 0.000 | 0 | 0 | 1 | 2.98 | 5.05 | 0 | 0.86 | 0 | 0 | 0.190 | 0.190 | 33.286 |
| 18 Illinois | 3.000 | 3.000 | 7.300 | 7.300 | 1.500 | 0 | 0 | 0 | 3.68 | 3.22 | 1 | 1.63 | 1 | 0 | 0.404 | 0.427 | 33.661 |
| 19 Indiana | 3.400 | 3.400 | 8.500 | 8.500 | 0.000 | 0 | 0 | 0 | 2.92 | 3.31 | 1 | 0.99 | 1 | 0 | 0.348 | 0.437 | 33.605 |
| 20 Arkansas | 7.000 | 4.600 | 6.500 | 6.500 | 0.000 | 0 | 0 | 0 | 1.58 | 5.18 | 0 | 1.85 | 0 | 0 | 0.218 | 0.228 | 33.958 |
| 21 Georgia | 6.000 | 6.000 | 6.000 | 6.000 | 0.000 | 0 | 0 | 1 | 2.98 | 3.66 | 0 | 1.03 | 1 | 0 | 0.209 | 0.206 | 34.085 |
| 22 Kentucky | 6.000 | 6.000 | 6.000 | 6.000 | 0.750 | 0 | 0 | 1 | 1.98 | 3.46 | 1 | 2.04 | 0 | 0 | 0.225 | 0.195 | 34.650 |
| 23 Utah | 5.000 | 5.000 | 5.000 | 5.000 | 0.000 | 0 | 0 | 1 | 2.56 | 3.69 | 0 | 6.39 | 1 | 0 | 0.245 | 0.245 | 35.330 |
| 24 Louisiana | 3.900 | 5.100 | 5.200 | 5.200 | 5.200 | 0 | 0 | 1 | 1.70 | 5.68 | 1 | 1.01 | 0 | 0 | 0.200 | 0.200 | 35.390 |
| 25 New Mexico | 4.900 | 2.450 | 7.600 | 7.600 | 0.000 | 0 | 0 | 1 | 1.67 | 5.40 | 0 | 2.81 | 1 | 1 | 0.168 | 0.228 | 35.845 |
| 26 Pennsylvania | 3.070 | 3.070 | 9.990 | 9.990 | 0.000 | 0 | 0 | 0 | 3.21 | 2.66 | 1 | 2.26 | 1 | 0 | 0.323 | 0.392 | 36.965 |
| 27 North Dakota | 4.650 | 4.650 | 6.400 | 6.400 | 0.000 | 0 | 0 | 0 | 3.04 | 3.37 | 0 | 6.20 | 1 | 1 | 0.230 | 0.230 | 37.590 |
| 28 Montana | 6.900 | 6.900 | 6.750 | 6.750 | 0.000 | 0 | 0 | 0 | 3.43 | 1.02 | 0 | 4.36 | 1 | 0 | 0.278 | 0.266 | 37.724 |
| 29 Michigan | 4.350 | 4.350 | 6.040 | 6.040 | 0.040 | 0 | 0 | 0 | 4.20 | 3.14 | 0 | 1.97 | 1 | 0 | 0.358 | 0.326 | 37.814 |
| 30 Delaware | 6.950 | 6.950 | 8.700 | 8.700 | 0.000 | 0 | 0 | 1 | 1.65 | 1.01 | 1 | 1.71 | 0 | 0 | 0.230 | 0.220 | 38.120 |
| 31 Maryland | 6.250 | 6.250 | 8.250 | 8.250 | 0.000 | 0 | 0 | 1 | 2.51 | 2.14 | 1 | 1.46 | 1 | 0 | 0.235 | 0.243 | 38.588 |
| 32 Kansas | 6.450 | 6.450 | 7.050 | 7.050 | 0.000 | 0 | 0 | 1 | 3.41 | 3.54 | 1 | 1.48 | 1 | 0 | 0.250 | 0.270 | 38.950 |
| 33 Wisconsin | 7.750 | 3.100 | 7.900 | 7.900 | 0.000 | 1 | 0 | 0 | 4.14 | 2.66 | 0 | 2.47 | 1 | 1 | 0.329 | 0.329 | 39.578 |
| 34 New Hampshire | 0.000 | 5.000 | 8.500 | 8.500 | 8.500 | 0 | 0 | 0 | 5.33 | 1.11 | 0 | 1.07 | 1 | 1 | 0.196 | 0.196 | 40.402 |
| 35 West Virginia | 6.500 | 6.500 | 8.500 | 8.500 | 0.000 | 0 | 0 | 1 | 2.14 | 3.69 | 0 | 2.35 | 1 | 0 | 0.322 | 0.321 | 40.623 |
| 36 Nebraska | 6.840 | 6.840 | 7.810 | 7.810 | 0.000 | 1 | 0 | 1 | 3.70 | 3.10 | 1 | 1.28 | 1 | 0 | 0.277 | 0.277 | 41.934 |
| 37 North Carolina | 7.933 | 7.933 | 7.107 | 7.107 | 0.000 | 0 | 0 | 1 | 2.40 | 3.09 | 1 | 3.20 | 1 | 0 | 0.302 | 0.302 | 42.473 |
| 38 Connecticut | 6.500 | 6.500 | 8.250 | 8.250 | 0.000 | 1 | 0 | 1 | 4.20 | 2.36 | 1 | 1.69 | 1 | 0 | 0.426 | 0.451 | 42.627 |
| 39 Idaho | 7.600 | 7.600 | 7.600 | 7.600 | 0.000 | 0 | 0 | 0 | 2.34 | 3.09 | 0 | 4.98 | 1 | 0 | 0.250 | 0.250 | 42.710 |
| 40 Hawaii | 11.000 | 7.250 | 6.400 | 4.000 | 0.000 | 0 | 0 | 1 | 2.27 | 6.46 | 0 | 1.64 | 1 | 1 | 0.451 | 0.465 | 42.936 |
| 41 Rhode Island | 6.000 | 6.000 | 9.000 | 9.000 | 0.000 | 0 | 0 | 0 | 4.68 | 2.95 | 1 | 3.82 | 1 | 0 | 0.330 | 0.330 | 44.110 |
| 42 Massachusetts | 5.300 | 5.300 | 9.500 | 9.500 | 4.500 | 0 | 0 | 0 | 3.43 | 1.73 | 1 | 2.66 | 1 | 0 | 0.235 | 0.235 | 44.640 |
| 43 Oregon | 11.000 | 11.000 | 7.900 | 7.900 | 0.000 | 0 | 0 | 0 | 3.01 | 0.51 | 0 | 4.02 | 0 | 0 | 0.250 | 0.243 | 45.833 |
| 44 Vermont | 8.950 | 8.950 | 8.500 | 8.500 | 0.000 | 0 | 0 | 0 | 5.29 | 3.30 | 1 | 1.29 | 1 | 0 | 0.247 | 0.290 | 47.317 |
| 45 Iowa | 5.837 | 7.633 | 9.900 | 9.900 | 0.000 | 1 | 1 | 0 | 3.47 | 2.89 | 1 | 4.82 | 1 | 0 | 0.220 | 0.235 | 48.905 |
| 46 Maine | 8.500 | 8.500 | 8.930 | 8.930 | 0.000 | 1 | 1 | 0 | 4.60 | 3.27 | 1 | 1.70 | 1 | 0 | 0.310 | 0.322 | 49.062 |
| 47 New York | 8.970 | 8.970 | 8.307 | 8.307 | 0.000 | 1 | 1 | 1 | 4.23 | 3.65 | 1 | 1.22 | 1 | 0 | 0.449 | 0.439 | 49.442 |
| 48 California | 10.550 | 10.550 | 8.840 | 8.840 | 1.500 | 1 | 1 | 0 | 2.74 | 3.34 | 0 | 0.80 | 0 | 0 | 0.486 | 0.480 | 50.126 |
| 49 Minnesota | 7.850 | 7.850 | 9.800 | 9.800 | 0.000 | 1 | 1 | 0 | 2.87 | 3.23 | 1 | 5.50 | 1 | 0 | 0.272 | 0.272 | 51.844 |
| 50 New Jersey | 10.750 | 10.750 | 9.360 | 9.360 | 0.000 | 0 | 1 | 1 | 5.02 | 2.74 | 1 | 2.67 | 1 | 0 | 0.145 | 0.175 | 54.970 |
| 51 Dist. of Columbia | 8.500 | 8.500 | 9.975 | 9.975 | 9.975 | 0 | 0 | 1 | 4.13 | 3.55 | 1 | 0.73 | 1 | 0 | 0.235 | 0.235 | 58.605 |

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Tim Cooley
Director, Economic Development Division

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it was the age of wisdom, it was the age of
foolishness, it was the epoch of belief, it was the
epoch of incredulity, it was the season of light, it
was the season of darkness, it was the spring of
hope, it was the winter of despair, we had
everything before us, we had nothing before us..."**

Charles Dickens, A Tale of Two Cities



Tools & Calculator

Columns

E-mail Alerts

Online Forum

Quizzes

Site Map

The Kiplinger Letters

Kiplinger Store

Customer Service

Corporate Sales

About Kiplinger


Give A Gift

Top Products

Best Cities | THE KIPLINGER RATINGS

BEST CITIES 2009: IT'S ALL ABOUT JOBS

Discover hometowns offering new, stable careers
and low unemployment rates




- SLIDE SHOW: Our Top 10 at a Glance
- TOOL: Find Your Best City
- RANKINGS: See All 361 Metro Areas
- READERS' CHOICE: Vote For Your Favorite City

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Take a Virtual Tour


Join us as we visit our 2009 Best Cities in search of opportunity and a high quality of life.

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- Albuquerque: Solar City
- Washington DC: Talk About Stimulus
- Charlottesville: Renaissance Town
- Athens: Southern Comfort
- Olympia: Northwest Jewel
- Madison: Still on Track



Online Extras


PODCAST: HOW VIE CHOSE OUR 2009 BEST CITIES



Senior editor Bob Frick talks with our master demographer, Kevin Stolarick, about criteria we used to make our picks.


See Our Methodology

TOOL: FIND YOUR OWN BEST CITY




Our updated and revised city finder picks up to five metro areas that best match your criteria for the perfect place to live. Try it and see.

RANKINGS: SEE ALL 361 METRO AREAS



Find out how your hometown ranks compared to the top metro areas



The screenshot shows a video player interface from Kiplinger.com. The main video is titled "Madison, WI" and features a graphic with the following statistics:

- POP: 545,154
- MEDIAN HOUSING INCOME: \$38,490
- % OF WORKFORCE IN CREATIVE CLASS: 35.1%

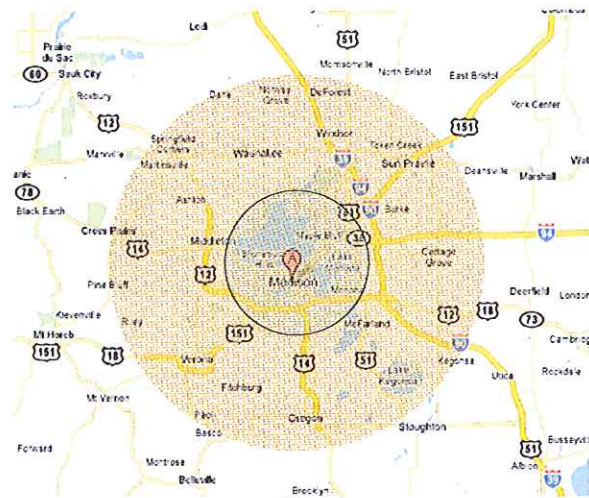
The video player includes a progress bar at 0:11 / 0:50 and a list of related videos on the right side:

- Washington DC: Talk About Stimulus (1min 48sec)
- Charlottesville: Renaissance Town (1min 34sec)
- Athens: Southern Comfort (1min 48sec)
- Olympia: Northwest Jewel (1min 47sec)
- Madison: Still on Track (1min 58sec)

At the bottom left, there is a logo for "Madison ECONOMIC DEVELOPMENT" featuring a stylized city skyline.

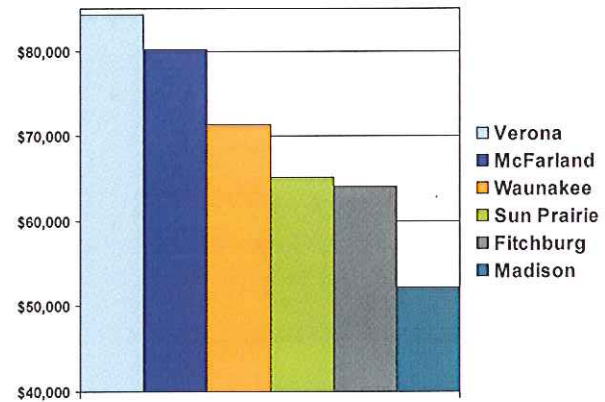
Fifteen Mile Circle

The core depends on the suburbs and the suburbs depend on the core.



5

Large Disparity with Immediate Suburbs 2008 Median Household Income

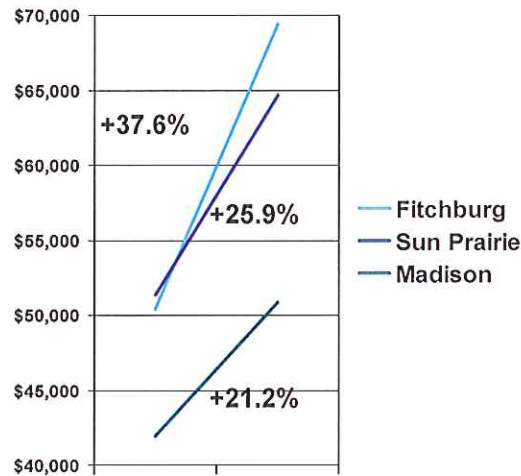


Source: U.S. Census Bureau, American Community Survey



Madison Growth vs. Immediate Suburbs

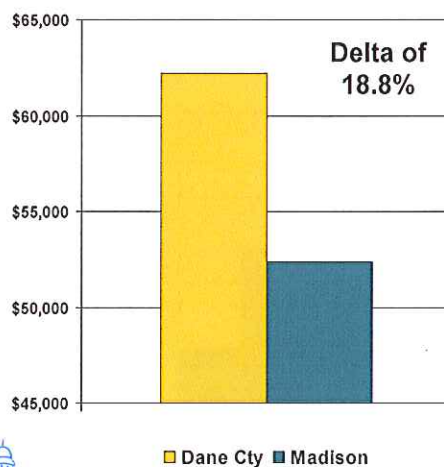
2000 - 2008 Median Household Income



Source: U.S. Census Bureau, American Community Survey



Median 2008 Household Income

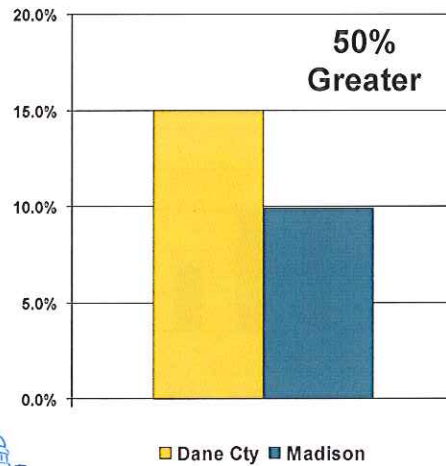


- Madison is lagging rest of county.
- Wealth is moving to the suburbs.
 - Added discretionary income
- Commercial development is following
 - Retail/service/office/industrial/hospitality

Source: U.S. Census Bureau, American Community Survey



Job Growth Rate 2000-2008



- Statistics are for location of the job vs. individual holding the job.
- As household and discretionary income moves, jobs follow.



City of Madison

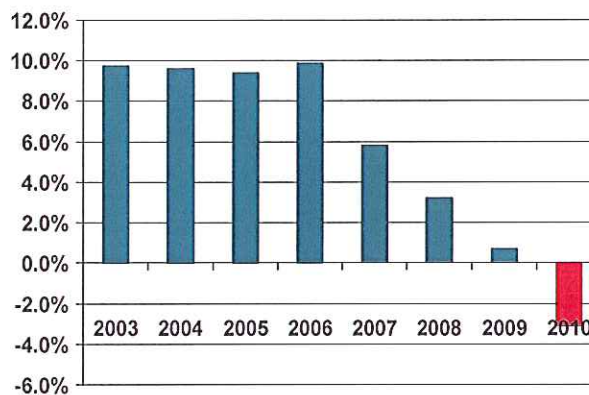
- Ability to fund services is determined by revenue.
 - Assessed value
 - Property tax rate

72% of total city revenue
- Revenue is dependent on ability to maintain and grow property values
- Goal is to optimize value of property
 - Residential
 - Commercial
 - Industrial
 - Agricultural



Assessment Change Over Previous Year 2003 – 2010

OVERALL



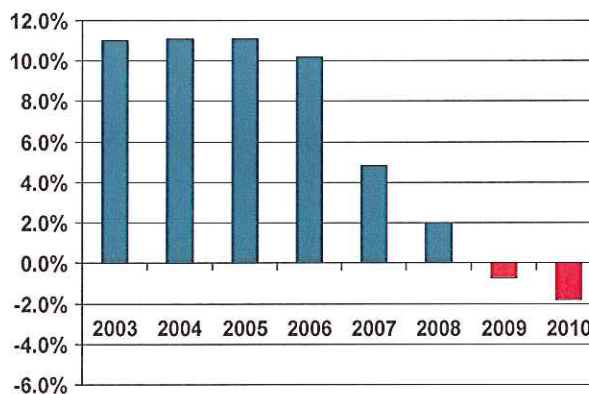
Source: City of Madison Assessors Report

11



Assessment Change Over Previous Year 2003 – 2010

RESIDENTIAL



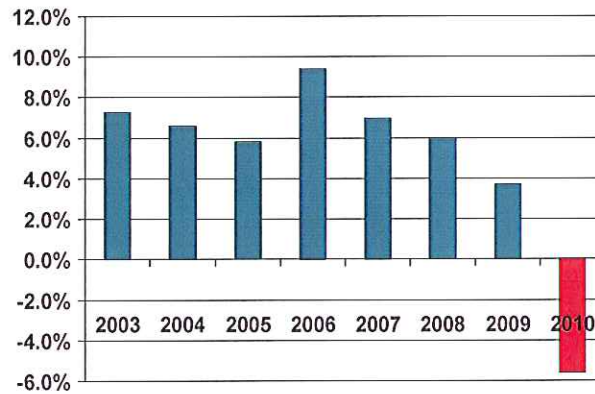
Source: City of Madison Assessors Report

12



Assessment Change Over Previous Year 2003 – 2010

COMMERCIAL



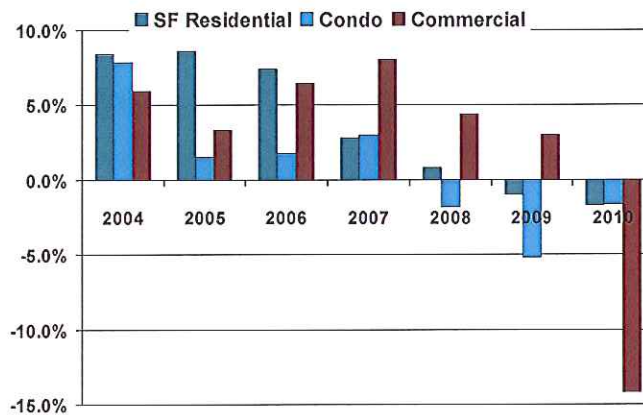
Source: City of Madison Assessors Report



13

Assessment Change Over Previous Year 2003 – 2010

On average single-family residential, condo & commercial property



Source: City of Madison Assessors Report

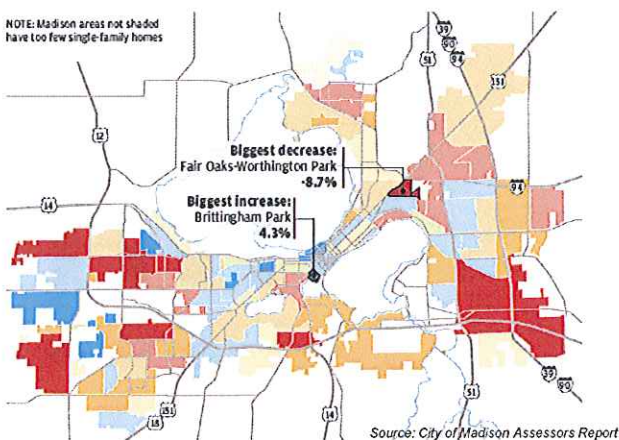


14

Assessment Change Over Previous Year 2009-2010 Single Family Residential Heat Map

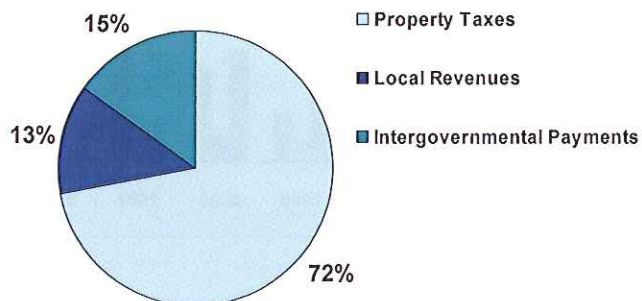


NOTE: Madison areas not shaded
have too few single-family homes



15

City of Madison Funding Sources by Major Category

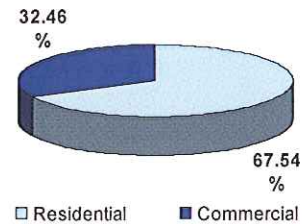


Source: City of Madison 2010 Operating Budget

2009 City of Madison Assessment Data

| Breakdown of \$224.5 M INCREASE over 2008 | Change in \$ Millions |
|---|--------------------------|
| New Construction | 377.8 |
| Revaluations | (233.8) |
| Annexations | 5.3 |
| Real Estate Exemptions | (8.9) |
| Buildings Removed | (7.2) |
| Property Formerly Exempt, Now Assessed | 12.3 |
| Personal Property | 79.0 |
| TOTAL | \$224.5 |

On a \$23.0B base



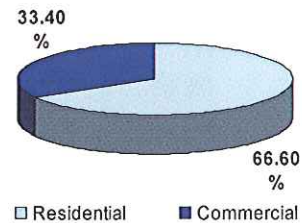
Source: City of Madison Assessors Report



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| Personal Property | 1.0 |
| TOTAL | \$(671.7) |

On a \$20.8B base (- \$2.2B)

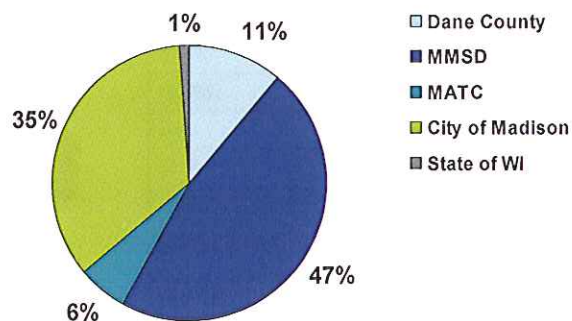


Source: City of Madison Assessors Report

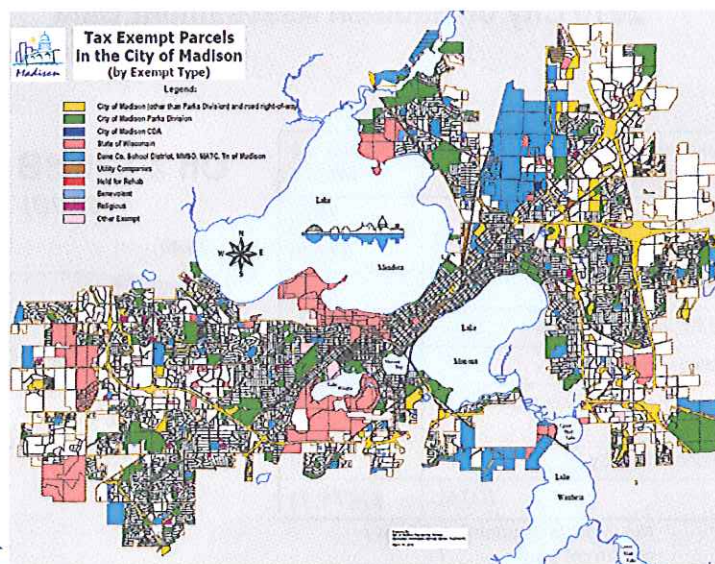


Net Impacts assuming same levy
as current year:
City = (\$5.32M)
MMSD = (\$7.03M)

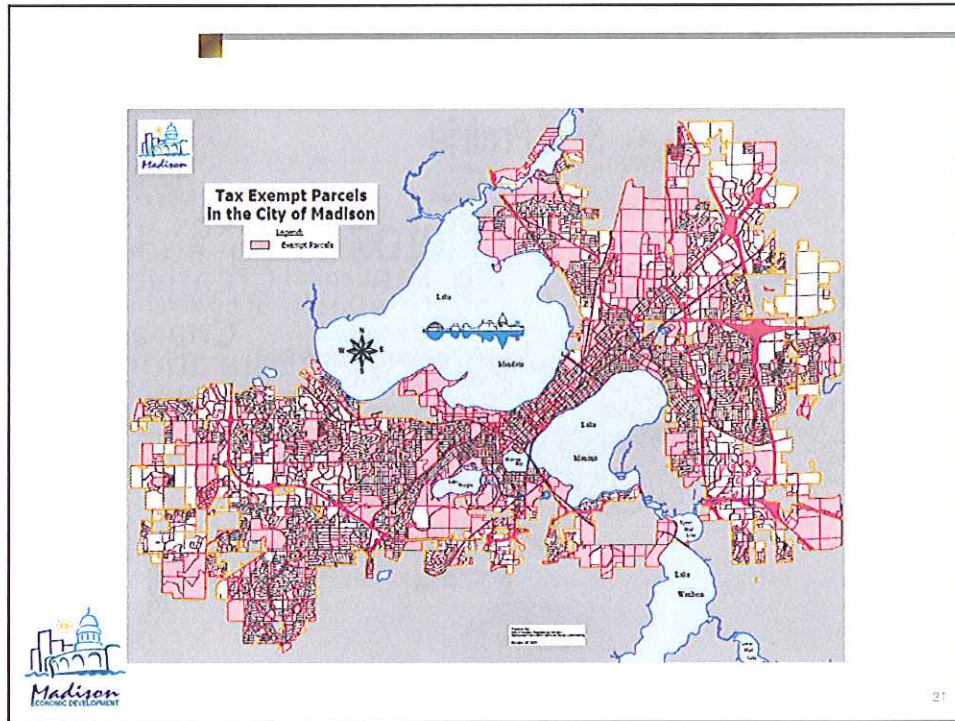
Allocation of Local Property Taxes



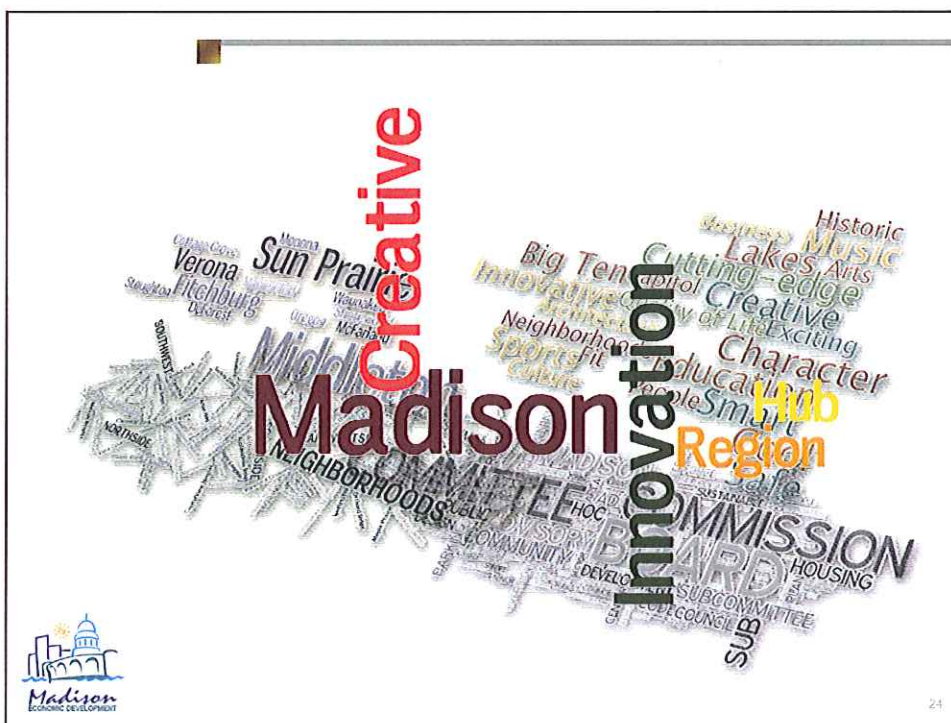
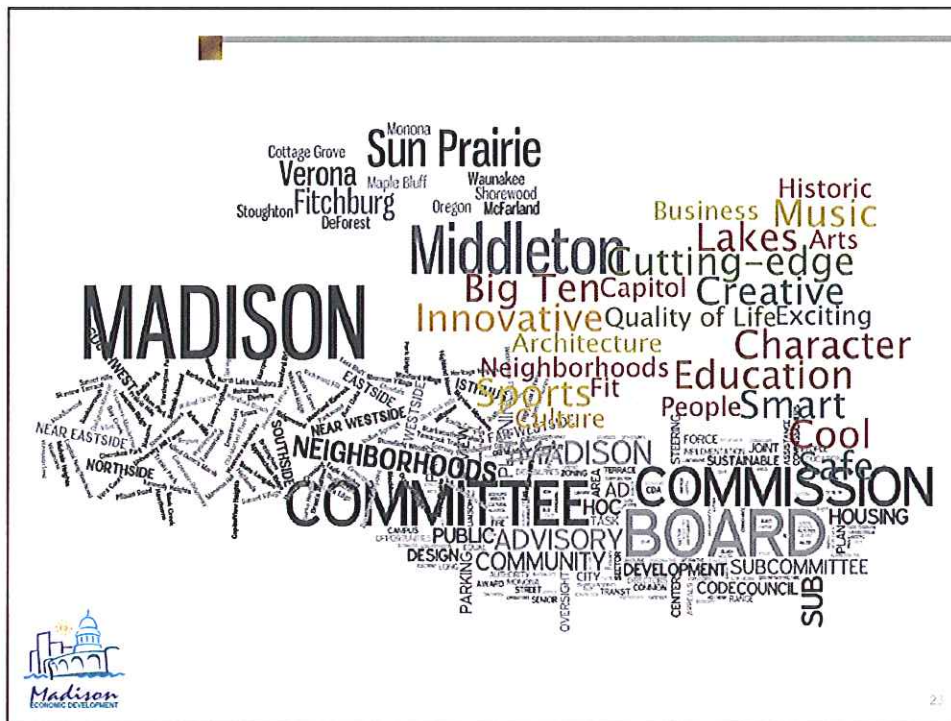
Source: City of Madison 2010 Operating Budget



20



Level of Service = Levy x Asset Value





25

Economy = sustainability



26

Third Wave of Economic Development

| | 1st Wave 1930s-1970s | 2nd Wave 1980s-early 2000s | 3rd Wave <i>Going Forward...</i> |
|-------------------|---|--|---|
| Problem | Lagging regions | Structural change | Declining competitiveness |
| Extent of Problem | Firm specific | Episodic, firm specific | General, systemic |
| Goal | Attract plants | Create jobs | Improve competitiveness Increase regional wealth |
| Targets of Policy | Relocating or new plants of large corp. | New or expanding business (often small businesses) | Groups or clusters of mutually reinforcing, high value-added globally-focused firms & enabling infrastructure |
| Means | Market the area, give subsidies | Disjointed programs (training, capital, etc.) | Integrated provision of support services & infrastructure |
| Tactics | "Smokestack chasing" | Respond to requests that firms define | Lead firms in new direction Map the future |
| Organization | State departments of commerce | Multiple state organizations | Business-led, public/private, locally / regionally operated |
| Measurement | Number of firms attracted | Number of jobs attracted/retained | Increased firm competitiveness (productivity, new products, etc) |




27

“One of the most important functions that a city can provide is an environment for stable, quality jobs for its citizens.”



28




CAPITOL EAST
District




Goal of all these efforts:

Create a major urban employment center with a lively pulse, and grow the tax base in a significantly underutilized corridor in the heart of Madison.






Madison
ECONOMIC DEVELOPMENT




CAPITOL EAST
District

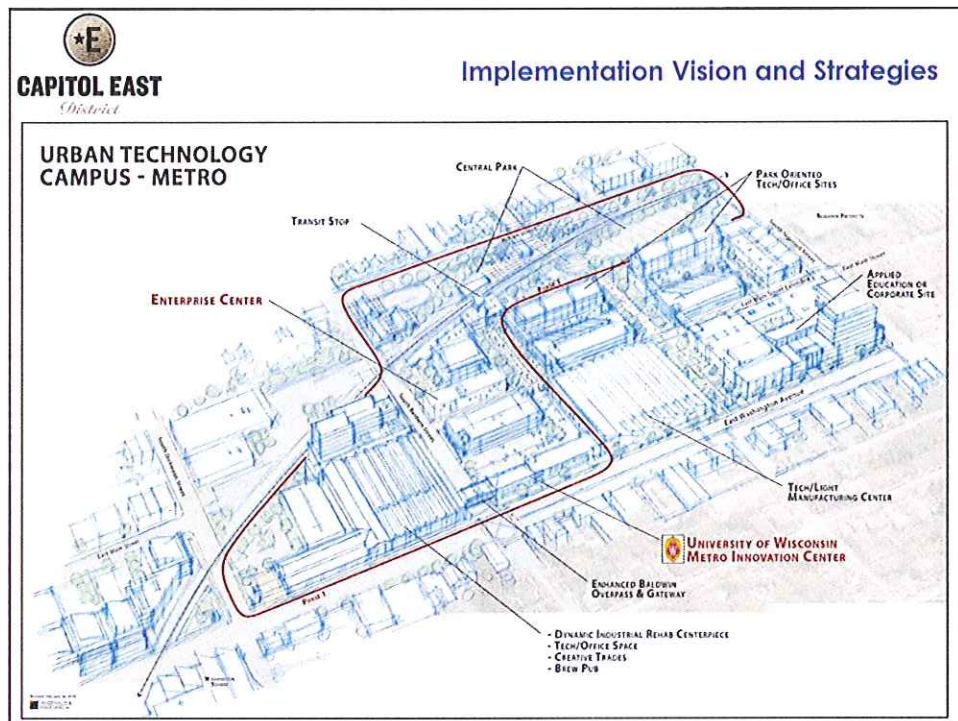
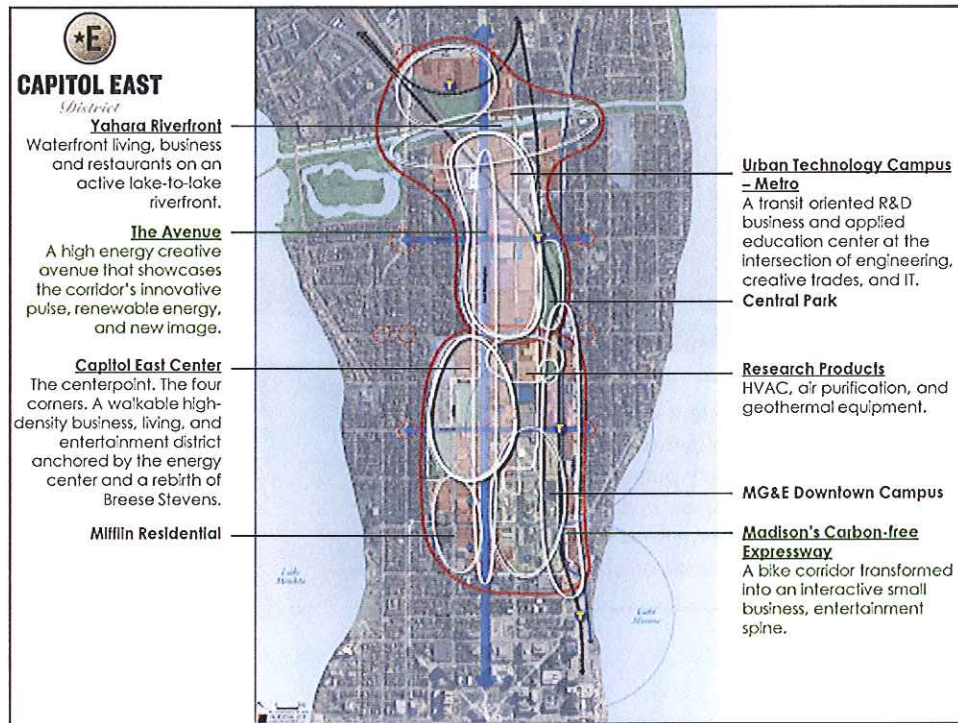
"As one of the major entry-ways into Madison, the E. Washington corridor should be much more than what it is today.

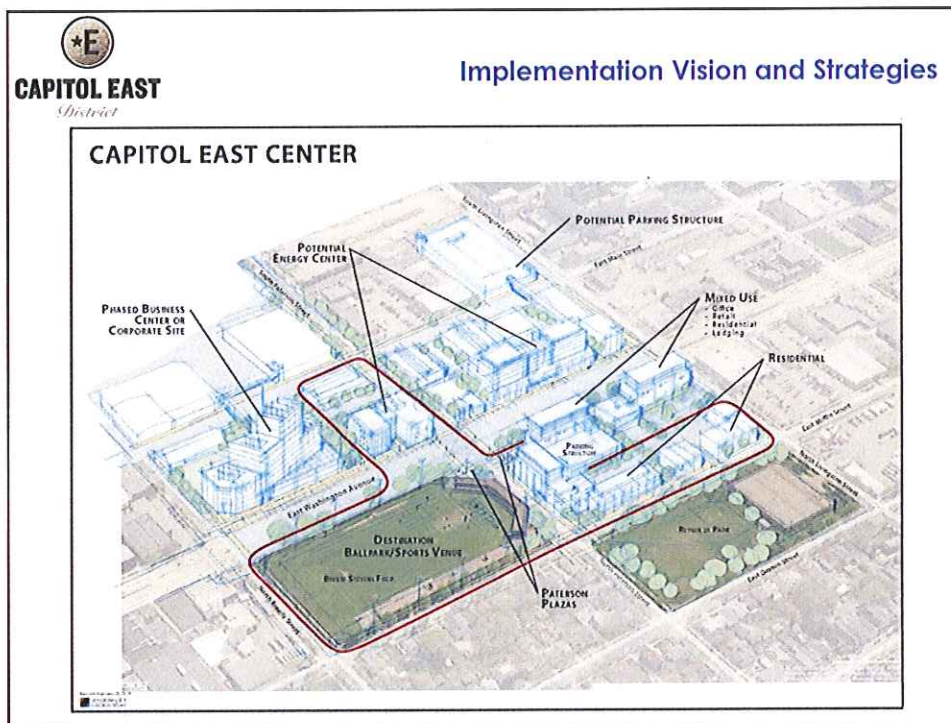
It can realize its potential and be our great gateway into our city."



Madison
ECONOMIC DEVELOPMENT







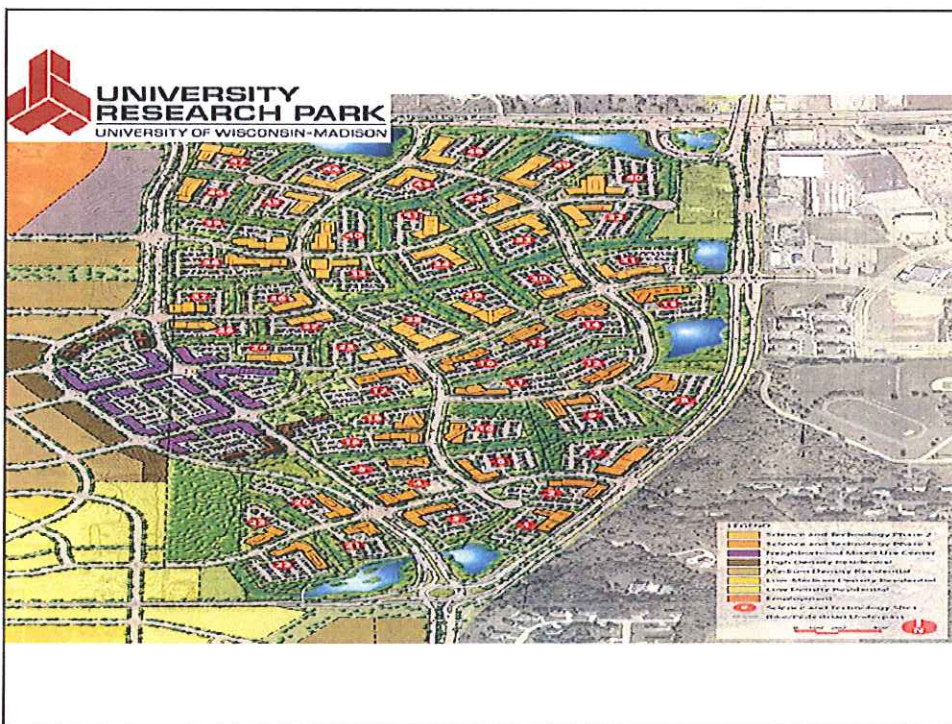
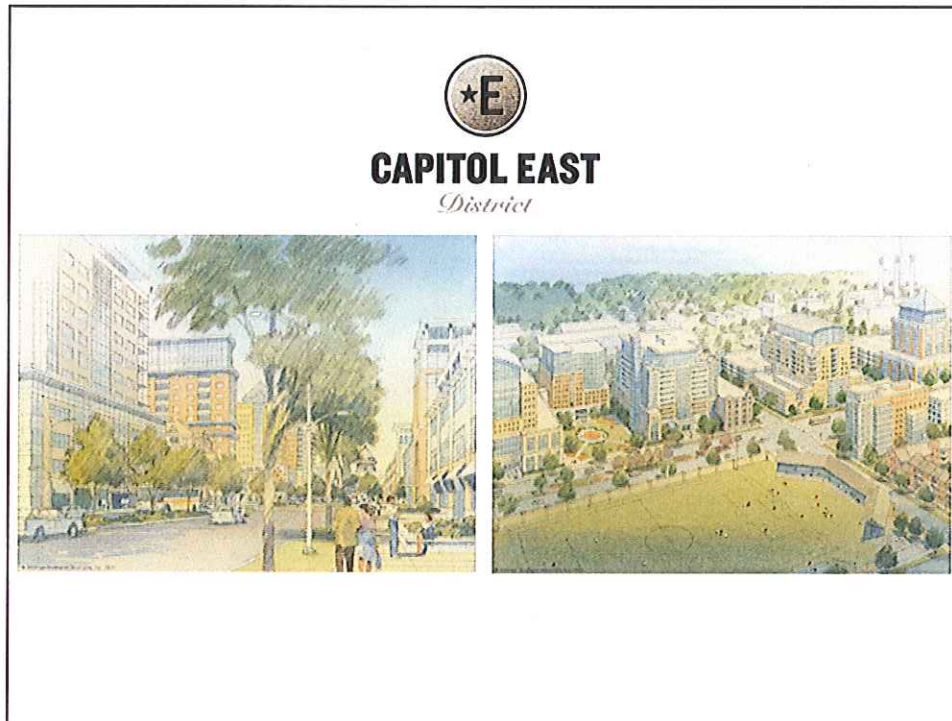
CAPITOL EAST
District

Billion Dollar Potential

***An example of the potential...
Block 89 has an assessed
value of \$59M.***

***The entire area within TID 36
which encompasses most of
the CapEast District's
commercial and industrial
space is today assessed at...
\$59M.***

***We could put two Block 89
sized footprints on each block
in the corridor!***





**UNIVERSITY
RESEARCH PARK**
UNIVERSITY OF WISCONSIN-MADISON



COMING 2011:
**University Research
Park²**

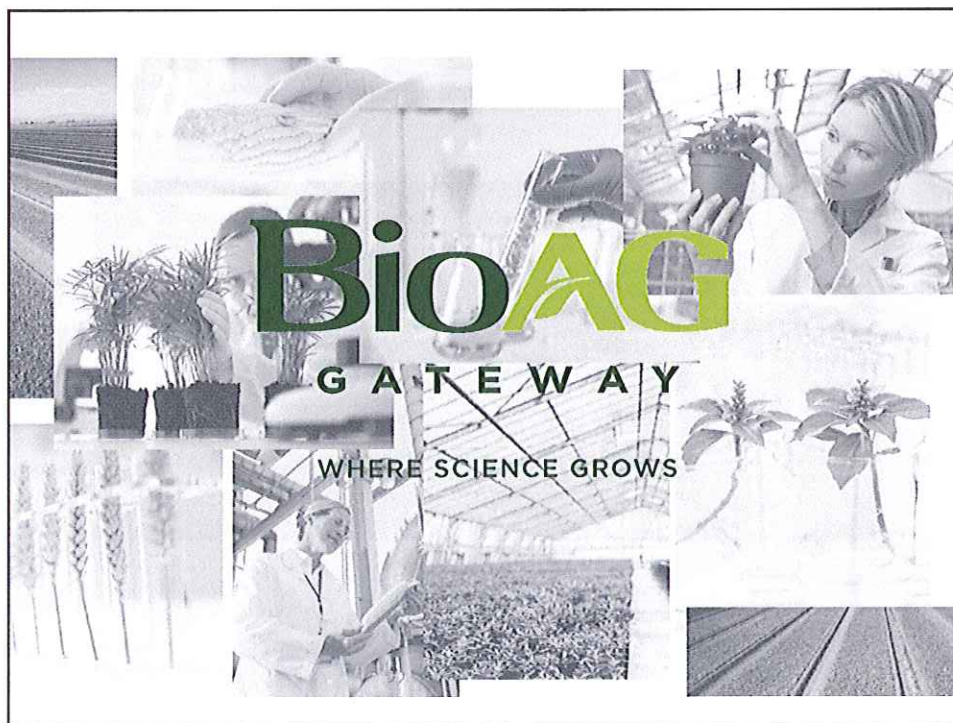
- 54 building sites on 270 additional acres
- Increase tenant count to well over 200
- 10,000-15,000 additional employees



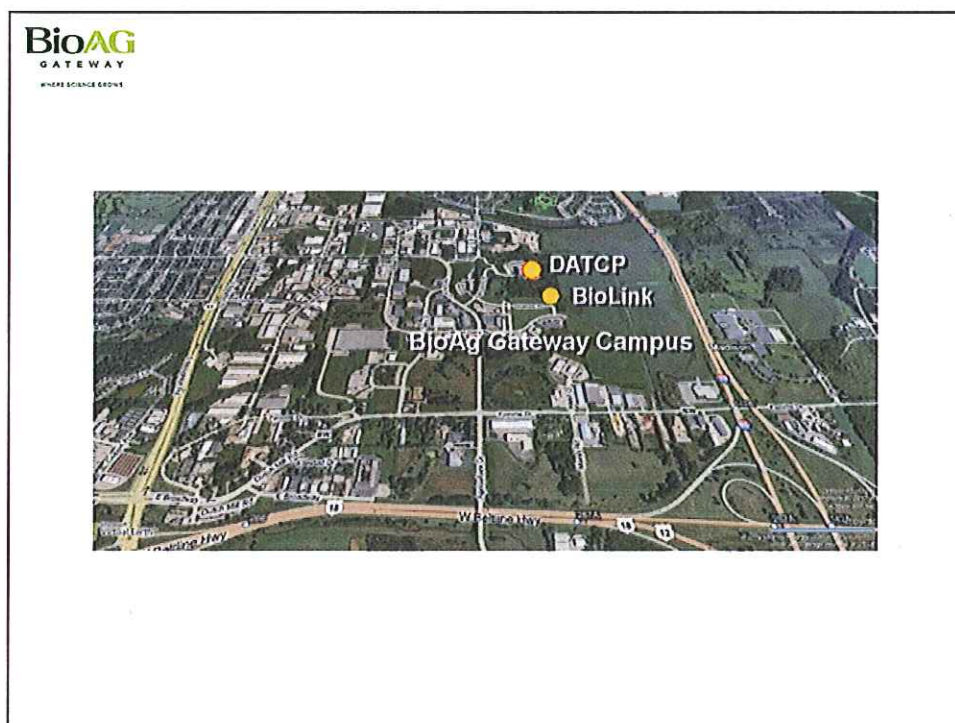
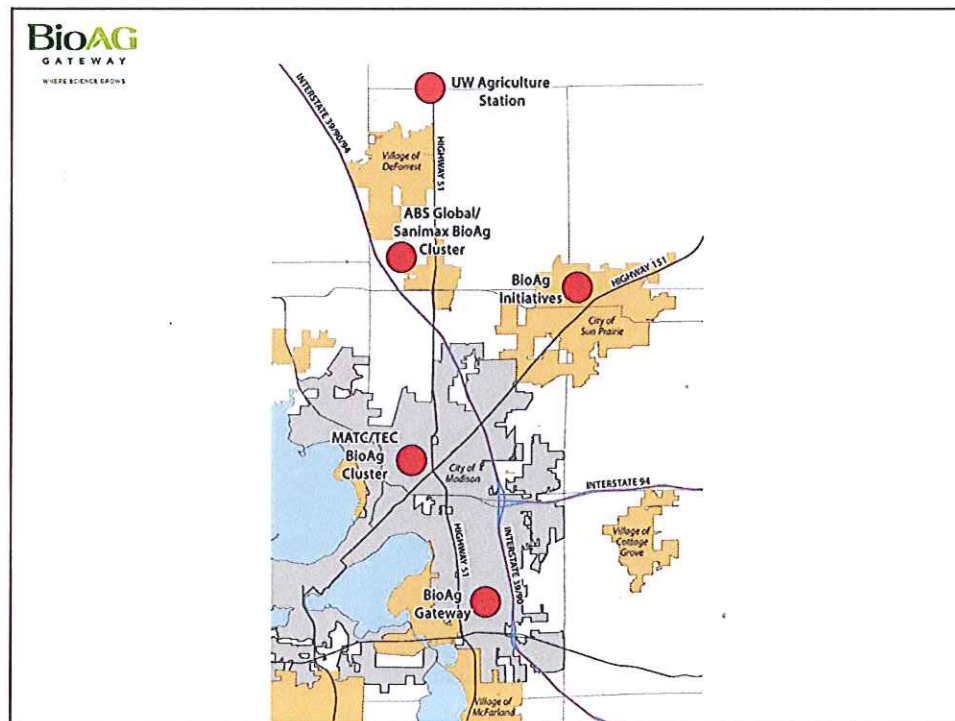


Madison
ECONOMIC DEVELOPMENT

37



BioAG
G A T E W A Y
WHERE SCIENCE GROWS







What can you do?

Activate and leverage your regional/national/international networks to identify potential clients/businesses that gain a comparative advantage from locating operations in Madison.

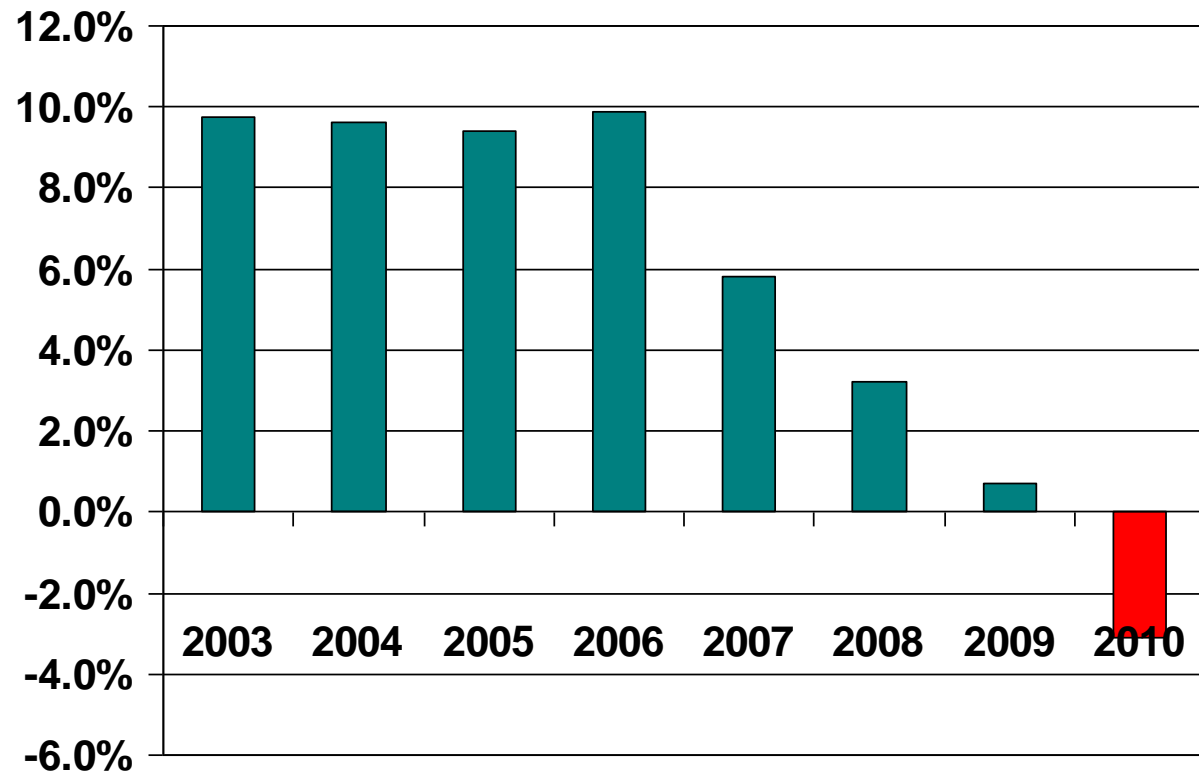




Assessment Change Over Previous Year

2003 – 2010

OVERALL

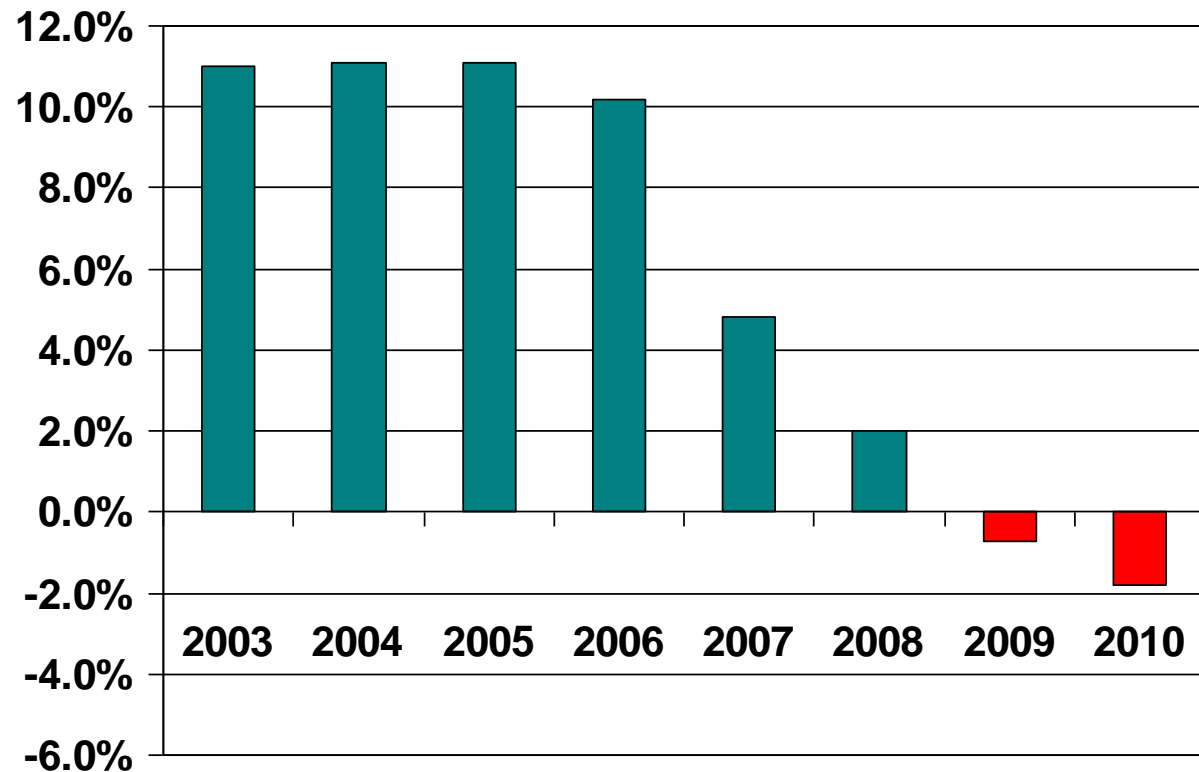


Source: City of Madison Assessors Report

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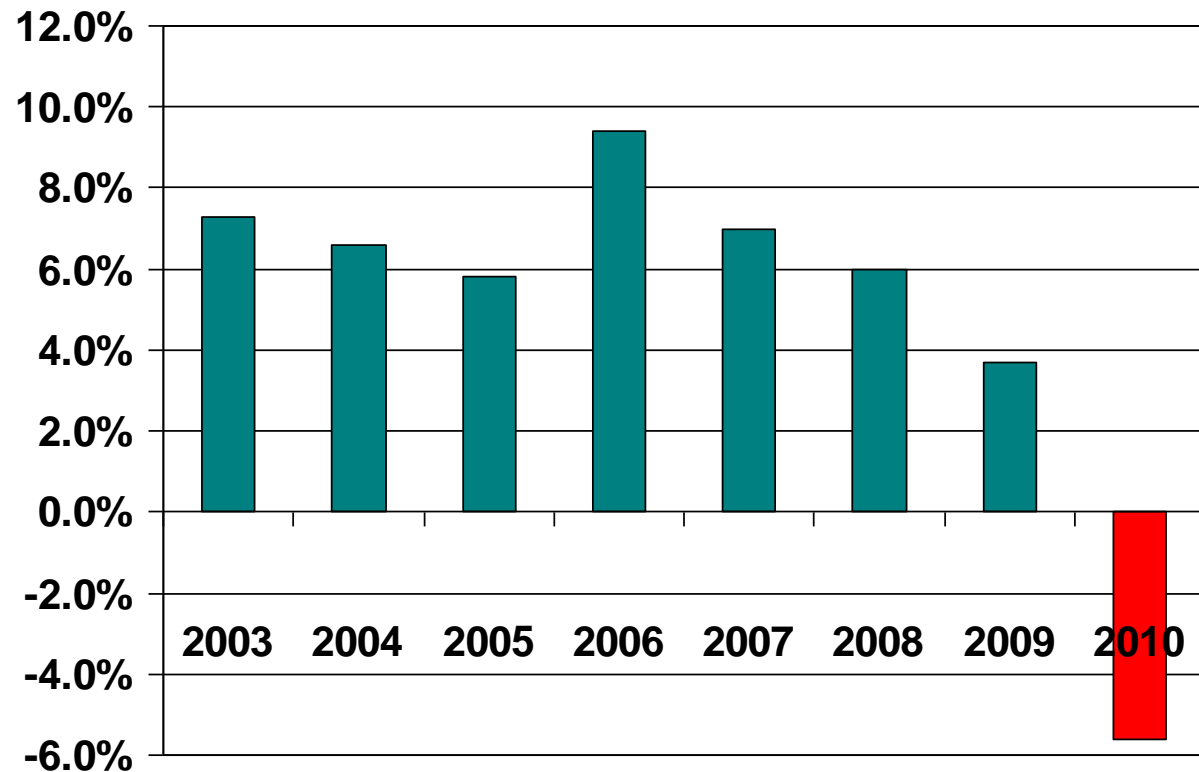


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2003 – 2010

COMMERCIAL

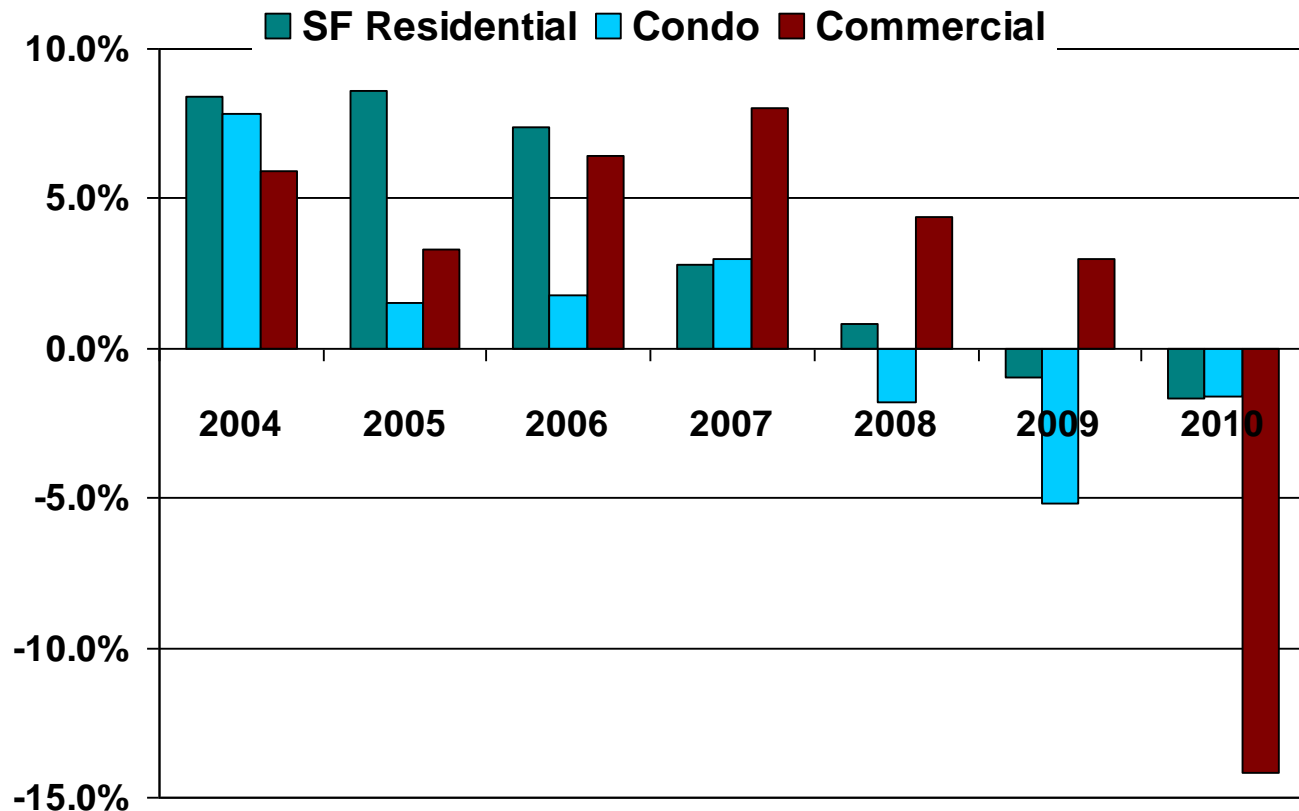


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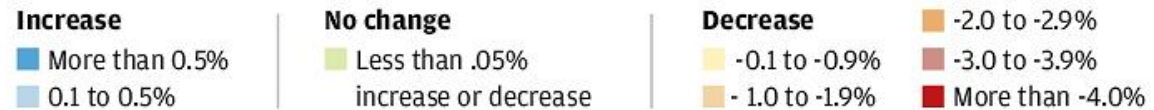
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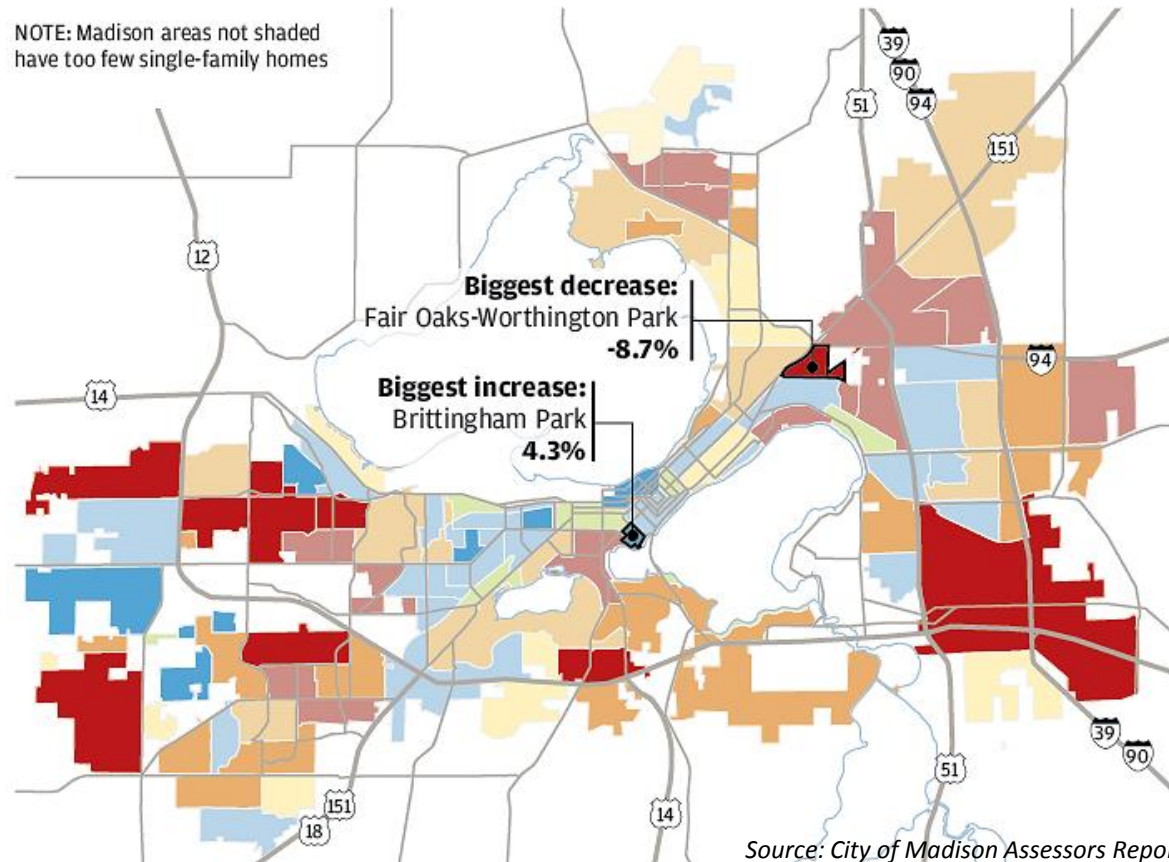


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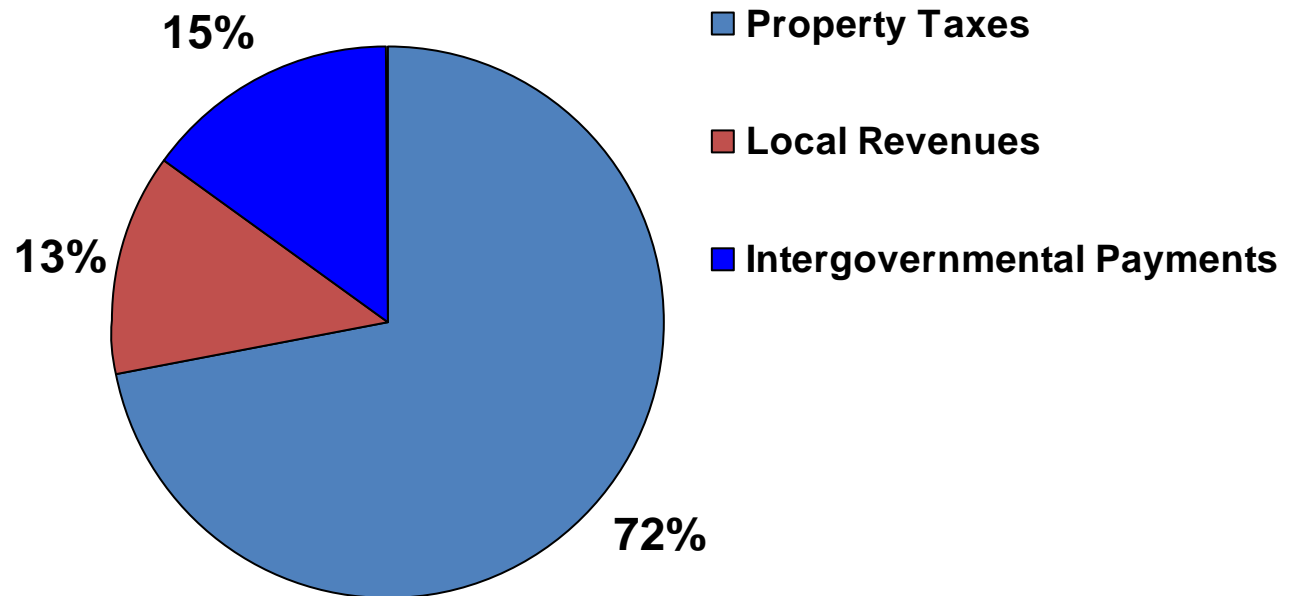


NOTE: Madison areas not shaded have too few single-family homes



Source: City of Madison Assessors Report

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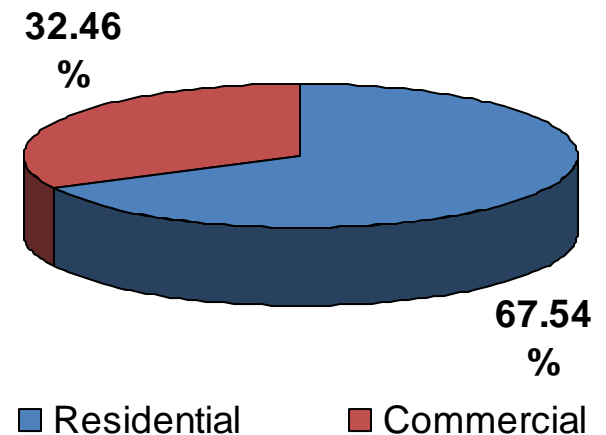


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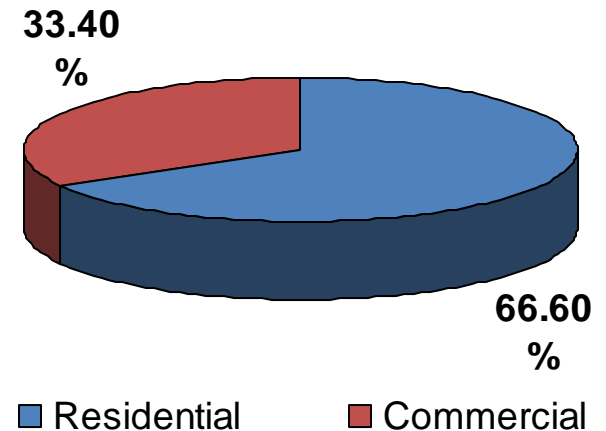
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**On a \$20.8B base
(- \$2.2B)**



Source: City of Madison Assessors Report