

Review of Selected State Taxes and Costs in the Manufacturing Sector

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Primary Manufacturing Taxes and Costs							
States	Sales and Use Tax Rate	Unemployment Insurance Rate	Corporate Taxes Rate	State Apportionment of Corporate Income Tax **	Utility Cost (Industrial Electric Power Rates, 2007, \$/1000kwh)	Workers Compensation: Mock 100 Employee Average Premium per year	Overall Business Tax Climate Index Ranking
Florida	6%	0.12-5.4%	5.50%	50% Sales, 25% Property, 25% Payroll	\$77.80	\$155,724.56	5
Georgia	4%*	0.03-5.4%	6%	Sales	\$54.80	\$107,914.72	20
Michigan	6%*	0.06-10.3%	6%	Sales	\$64.20	\$162,299.62	29
North Carolina	4.25%	none- 5.7%	6.90%	50% Sales, 25% Property, 25% Payroll	\$54.50	\$132,052.72	40
Ohio	5.5%*	0.4-9.0%	3.40%	60% Sales, 20% Property, 20% Payroll	\$57.70	\$120,421.26	46
Pennsylvania	6%*	0.3-9.2%	9.90%	70% Sales, 15% Property, 15% Payroll	\$68.70	\$132,052.72	27
South Carolina	6%*	1.24-6.1%	5%	50% Sales, 25% Property, 25% Payroll or just Sales	\$48.00	\$120,421.26	26
Tennessee	7%*	0.15-10.0%	6.50%	50% Sales, 25% Property, 25% Payroll	\$54.00	\$131,770.38	16
Texas	6.25%*	0.4-7.6%	1%	Sales	\$77.90	\$155,871.56	8
Virginia	5%*	0.1-6.2%	6%	50% Sales, 25% Property, 25% Payroll	\$49.80	\$91,347.14	14

*manufacturing machinery exempt

** state formula/ (national average of sales+ national average of property value+ national average of payroll)= corporate income tax

All states except Hawaii are exempt from taxes on raw materials. Of the selected states, all are exempt from taxes on utilities except for Georgia and North Carolina.

Primary Manufacturing Taxes and Costs		
States	Inventory Tax	Property Tax
Florida	Exempt	There is no real or tangible property tax levied by the state. It is levied by the cities, counties, school districts, and special districts, generally at fair market value.
Georgia	Generally taxable, unless local exemption	The state can levy a tax of 1/4 mill on tangible property. A homeowner may pay a combination of county, city, school or state taxes depending on location, ranging from 0.34 to 1.6% of fair market value.
Michigan	Exempt unless it is held for lease	Taxes are levied by the state and local government at 50% of current market value. State taxes on real and tangible personal property can not exceed 15 mills. Industrial personal property is exempt from the 24 mill property tax for schools, additional 35% remaining tax credit. Commercial personal property is exempt from 12 mills.
North Carolina	Generally exempt federal depreciation or depletion deductions claimed.	No state tax. All property, real and personal, is subject to taxation and is assessed based on 100% of appraised value. County and the city can levy up to 15 mills.
Ohio	Being phased out: for tax year 2005, 25% of true value, to tax year 2009, 0% of true value.	No state tax. Tax can be levied by cities, counties, and/or special districts on 35% of market value for real property, 25% for machinery, equipment and office furniture, or 23% for personal property (inventory). Machinery and equipment bought after 2005 is exempt. Tangible personal property will be phased out by 2010.
Pennsylvania	Exempt	No state tax. Property taxes are levied by local governments based on fair market value. First and second class cities have no maximum. Third class cities can levy up to 30 mills.
South Carolina	Exempt	No state tax. Local property taxes are assessed on 10.5% of fair market value for manufacturers and utilities real and personal property.
Tennessee	Inventory held for sale or exchange to the state business and occupation tax is exempt.	Realty is assessed at 55% of actual value for utilities, at 40% for business and industry, and 25% for farm and residential property. Personal property is assessed at 55% for utilities and 30% for business and industry. No related state taxes. Combined City and County Tax Rates are between 31.11 and 74.73 mills.
Texas	Taxable	No state tax. Local government, school, and special districts levy tax on real and tangible property at full market value. Ability to tax on property not held or used for production of income is limited.
Virginia	Generally is taxable as merchant capital, unless local exemption.	No state tax. Real property taxes are administered by the cities, counties and towns, and are based on 100% of fair market value. Personal property is assessed at a percentage of original cost or depreciated value. Manufacturing machinery and tools are classified separately and may be taxed at a lower rate.

Secondary Manufacturing Taxes and Costs						
States	Real Estate Tax Rates	Intangible Property Tax	Diesel (\$/gallon)	Gas (\$/gallon)	Personal Income Tax Rate	State Real Estate Transfer/Deed Recordation Tax Rate
Florida	3.94-10.21%	No. A separate tax is imposed on specified intangibles.	\$0.29	\$0.33	None	0.7%, 0.6% in Miami-Dade
Georgia	4.64-10.46%	No. A separate intangible recording tax applies only to long-term notes secured by real-estate.	\$0.25	\$0.27	1-6%	0.10%
Michigan	8.89-16.17%	None	\$0.33	\$0.36	4.35%	0.75%
North Carolina	5.24-12.11%	None	\$0.30	\$0.30	6-8%	0.20%
Ohio	9.07-17.12%	Only intangibles held by a dealer in intangibles are taxable.	\$0.28	\$0.28	.649-6.55%	0.4% max.
Pennsylvania	9.92-23.5%	Specified intangibles owned by resident individuals and corporations are taxable.	\$0.39	\$0.32	3.07%	4.0% max
South Carolina	4.23-8.34%	None	\$0.17	\$0.17	3-7%	0.37%
Tennessee	3.46-12.86%	Only certain intangibles of insurance companies, loan and investment companies, and cemetery companies are taxable.	\$0.18	\$0.21	None	0.49%
Texas	11.47-25.79%	Only certain intangibles of insurance companies and savings and loan associations are taxable.	\$0.20	\$0.20	None	none
Virginia	4.27-10.66%	None	\$0.20	\$0.20	2-5.75%	0.35%

Sources:

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