

# Corporate Business Climate

The Dallas-Fort Worth area is home to a diverse array of corporate headquarters, and for good reason. The DFW region has tremendous assets that companies seek out when choosing where to locate.

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

Furthermore, difficult business climates in California, Illinois, and other heavily populated states are viewed in stark contrast to the operating environment throughout DFW and in Texas. Texas has won Site Selection Magazine's Governor's Cup eight consecutive times, while Area Development Magazine continues placing the Lone Star State on top for driving economic growth and attracting new businesses.



	Texas	California	Illinois	New York
<b>Corporate Income Tax Rate</b> <sup>5</sup>	0%	8.84% <sup>1</sup>	7.0% <sup>1</sup>	6.5% <sup>1</sup>
<b>Personal Income Tax Rate</b> <sup>5</sup>	0%	1%-12.3% <sup>2</sup>	4.95%	4% - 8.82%
<b>Franchise Tax</b> <sup>5</sup>	0.75% <sup>1</sup>	0%	0.1% <sup>2</sup>	.025% <sup>2</sup>
<b>Sales Tax Rate</b> <sup>5</sup>	6.25% <sup>2</sup>	7.25% <sup>3</sup>	6.25% <sup>3</sup>	4.0% <sup>3</sup>
<b>Right To Work State</b> <sup>6</sup>	Yes	No	No	No
<b>State Labor Force</b> <sup>7</sup>	14,228,471	19,588,361	6,384,505	9,477,621
<b>Cost of Doing Business</b> <sup>8</sup>	89.32	114.07	97.52	97.74
<b>CNBC State Business Rank</b> <sup>9</sup>	#2	#32	#30	#27
<b>CEO Magazine Business Climate Rank</b> <sup>10</sup>	#1	#50	#48	#49
<b>Cost of Living Index</b> <sup>11</sup>	107.7 (Dallas)/ 94.5 (Fort Worth)	145.9 (Los Angeles)   196.6 (San Francisco)	120.0 (Chicago)	237.4 (Manhattan)
<b>Housing Cost Index</b> <sup>11</sup>	117.5 (Dallas)/ 87.4 (Fort Worth)	228.1 (Los Angeles)   514.0 (San Francisco)	154.0 (Chicago)	514.0 (Manhattan)
<b>Average Price/SqFt for CBD Office</b> <sup>12</sup>	\$29.16 (Dallas)/ \$31.56 (Fort Worth)	\$3.86 (Los Angeles)   \$98.52 (San Francisco)	\$48.35 (Chicago)	\$111.77 (Midtown South)
<b>Average Price/SqFt for Suburb Office</b> <sup>12</sup>	\$31.22 (Dallas)/ \$25.80 (Fort Worth)	\$3.40 (Orange County)   \$96.06 (San Francisco)	\$28.35 (Chicago)	\$31.05 (Long Island)
<b>Average Price/SqFt for Industrial</b> <sup>12</sup>	\$4.40 NNN (Dallas/Fort Worth)	\$.90 NNN (Los Angeles)   \$1.71 NNN (Mid-Peninsula)	\$2.38 NNN (Chicago)	\$8.74 NNN (New Jersey)

**TEXAS**

- <sup>1</sup> 0.375% is the rate for taxable entities primarily engaged in retail or wholesale trade; taxable entities with revenues of \$1,180,000 or less owe no tax; taxable entities with tax due of less than \$1,000 owe no tax.
- <sup>2</sup> The State of Texas sales tax rate is 6.25% + local rate of up to 2.0%.

**California**

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

**Illinois**

- <sup>1</sup> Additional 2.5% personal property replacement tax; 1.5% for S corporations, partnerships, and trusts.
- <sup>2</sup> 0.1% (0.15%, 1st time or added paid-in capital) allocated paid-in capital. Min. \$25; max. \$2 million plus 0.10% 1st capital.
- <sup>3</sup> State of Illinois sales tax rate is 6.25% + local rate of up to 4.0%.

**New York**

- <sup>1</sup> Taxpayers pay the highest tax computed on three alternate bases.
- <sup>2</sup> For 2020, 0.025% per \$1 on value of apportioned business capital; 0% for 2021 and later years. Special rates apply for manufacturers. Max. tax is \$350,000 for manufacturers and \$5 million for others.
- <sup>3</sup> Plus up to 4.875% local tax.

**ALL STATES**

- <sup>5</sup> Source: Thomson Reuters
- <sup>6</sup> Source: National Conference of State Legislatures
- <sup>7</sup> Source: LAUS, BLS, Dec 2019 (preliminary, seasonally adjusted)
- <sup>8</sup> Source: 2020 Moody's North American Business Cost Review, Q1 2019 (U.S. average = 100)

- <sup>9</sup> Source: CNBC America's Top States for Doing Business in 2019
- <sup>10</sup> Source: CEO Magazine's 2019 Best and Worst States for Doing Business
- <sup>11</sup> Source: ACCRA Cost of Living Index, 2019 Annual Average Data (U.S. average = 100). Note: Results are for the MSA primary city
- <sup>12</sup> Source: Jones Lang LaSalle, Commercial Real Estate Rents, Q4 2019 Class A Office and Industrial (\*except NY industrial, Q3 2019)