

CORPORATE BUSINESS CLIMATE COMPARISON

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 six consecutive times, while Area Development Magazine continues placing the Lone Star State on top for driving economic growth and attracting new businesses.

A GREAT PLACE TO DO BUSINESS



| | TEXAS | CALIFORNIA | ILLINOIS | NEW YORK |
|---|----------------------------|---|--------------------|-----------------------------|
| CORPORATE INCOME TAX RATE ⁵ | 0% | 8.84% ¹ | 7.0% ¹ | 6.5% ¹ |
| PERSONAL INCOME TAX RATE ⁵ | 0% | 1%-12.3% ² | 4.95% | 4% - 8.82% ² |
| FRANCHISE TAX ⁵ | 0.75% ¹ | 0% | 0.1% ² | .05% ³ |
| SALES TAX RATE ⁵ | 6.25% ² | 7.25% ³ | 6.25% ³ | 4.0% ⁴ |
| RIGHT TO WORK STATE ⁶ | Yes | No | No | No |
| STATE LABOR FORCE ⁷ | 13,976,348 | 19,681,627 | 6,448,956 | 9,744,236 |
| COST OF DOING BUSINESS ⁸ | 88.45 | 114.62 | 97.85 | 98.97 |
| CNBC STATE BUSINESS RANK ⁹ | #1 | #25 | #28 | #27 |
| CEO MAGAZINE BUSINESS CLIMATE RANK ¹⁰ | #1 | #50 | #48 | #49 |
| COST OF LIVING INDEX ¹¹ | 105.4 [Dallas] | 148.2 [Los Angeles] 196.3 [San Francisco] | 123.2 [Chicago] | 248.5 [Manhattan] |
| HOUSING COST INDEX ¹¹ | 106.3 [Dallas] | 237.2 [Los Angeles] 355.8 [San Francisco] | 156.9 [Chicago] | 522.8 [Manhattan] |
| AVERAGE PRICE/SQFT FOR CBD OFFICE ¹² | \$29.25 [Dallas] | \$42.96 [Los Angeles] \$85.26 [San Francisco] | \$42.54 [Chicago] | \$74.74 [Manhattan-Midtown] |
| AVERAGE PRICE/SQFT FOR SUBURB OFFICE ¹² | \$30.61 [Dallas] | \$32.40 [Los Angeles] \$79.13 [San Francisco] | \$24.07 [Chicago] | \$32.61 [Northern NJ] |
| AVERAGE PRICE/SQFT FOR INDUSTRIAL ¹² | \$4.45 [Dallas/Fort Worth] | \$10.44 [Los Angeles] \$10.56 [East Bay] | \$4.81 [Chicago] | \$7.47 [Central NJ] |

TEXAS

- ¹ The franchise tax rate is 0.75% of taxable margin. 0.375% is the rate for taxable entities primarily engaged in retail or wholesale trade; taxable entities with revenues of \$1,130,000 or less owe no tax; taxable entities with tax due of less than \$1,000 owe no tax.
- ² The State of Texas sales tax rate is 6.25% + local rate of up to 2%.

ALL STATES

- ⁵ Source: Thomson Reuters
- ⁶ Source: National Conference of State Legislatures
- ⁷ Source: LAUS, BLS, Dec 2018 (preliminary, seasonally adjusted)
- ⁸ Source: 2018 Moody's North American Business Cost Review, Q4 2016 (U.S. average = 100)
- ⁹ Source: CNBC America's Top States for Doing Business in 2018
- ¹⁰ Source: CEO Magazine's 2018 Best and Worst States for Doing Business
- ¹¹ Source: ACCRA Cost of Living Index, 2018 Annual Average Data (U.S. average = 100). Note: Results are for the MSA primary city
- ¹² Source: Jones Lang LaSalle, Commercial Real Estate Rents, Q4 2018 (Class A Office)

CALIFORNIA

- ¹ Special rates for S corporations and financial institutions.
- ² Income brackets are adjusted annually for inflation. Plus millionaire tax (i.e., 1% surcharge on taxable income exceeding \$1 million).
- ³ 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

- ¹ Additional 2.5% personal property replacement tax; 1.5% for S corporations, partnerships, and trusts.
- ² 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.
- ³ State of Illinois sales tax rate is 6.25% + local rate of up to 4%.

NEW YORK

- ¹ Taxpayers pay the highest tax computed on three alternate bases.
- ² 4% - 8.82% for tax years through 2019; 4% - 6.85% for tax year 2020 and later years.
- ³ For 2019, 0.05% per \$1 on value of apportioned business capital; 0.025% for 2020; 0% for 2021 and later years. Special rates apply for manufacturers. Max. tax is \$350,000 for manufacturers and \$5 million for others.
- ⁴ Plus up to 4.875% local tax.