

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 pandemic-induced 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 recovered more quickly.

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 nine 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
Corporate Income Tax Rate ⁵	0% ¹	8.84% ¹	7.0% ¹	6.5% ¹
Personal Income Tax Rate ⁵	0%	1%-12.3% ²	4.95%	4% - 8.82%
Franchise Tax ⁵	0.75% ²	0%	0.1% ²	.025% ²
Sales Tax Rate ⁵	6.25% ³	7.25% ³	6.25% ³	4.0% ³
Right To Work State ⁶	Yes	No	No	No
State Labor Force ⁷	14,398,693	19,065,788	6,320,577	9,140,537
Cost of Doing Business ⁸	99.02	100.80	100.91	84.19
CNBC State Business Rank ⁹	#4	#33	#15	#22
CEO Magazine Business Climate Rank ¹⁰	#2	#50	#48	#49
Cost of Living Index ¹¹	103.5 (Dallas) / 96.5 (Fort Worth)	149.3 (Los Angeles) / 194.1 (San Francisco)	123.3 (Chicago)	255.0 (Manhattan)
Housing Cost Index ¹¹	102.7 (Dallas) / 83.1 (Fort Worth)	228.3 (Los Angeles) / 341.0 (San Francisco)	159.0 (Chicago)	536.1 (Manhattan)
Average Price/SqFt for CBD Office ¹²	\$35.83 (Dallas) / \$27.84 (Fort Worth)	\$37.00 (Los Angeles) / \$81.02 (San Francisco)	\$43.57 (Chicago)	\$81.41 (New York City)
Average Price/SqFt for Suburb Office ¹²	\$30.15 (Dallas) / \$23.84 (Fort Worth)	\$26.50 (Los Angeles) / \$59.10 (Mid-Peninsula)	\$26.19 (Chicago)	\$29.76 (New Jersey)
Average Price/SqFt for Industrial ¹²	\$5.37 (Dallas/Fort Worth)	\$10.50 (Los Angeles) / \$20.47 (San Francisco)	\$5.35 (Chicago)	\$29.31 (NYC Outer Boroughs)

TEXAS

- ¹ Taxable entities are subject to a franchise tax on taxable margin.
- ² 0.375% is the rate for taxable entities primarily engaged in retail or wholesale trade; taxable entities with revenues of \$1,230,000 or less owe no tax; taxable entities with tax due of less than \$1,000 owe no tax.
- ³ The State of Texas sales tax rate is 6.25% + local rate of up to 2.0%.

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. The first \$1,000 in liability is exempt.
- ³ State of Illinois sales tax rate is 6.25% + local rate of up to 4.0%.

New York

- ¹ For taxpayers with an income base of over \$5 million, the tax rate is 7.25% (through 2023). Taxpayers pay the highest tax computed on three alternate bases. The tax rate on business income base for qualified New York manufacturers is 0%.
- ² Fixed-dollar minimum tax.
- ³ Plus up to 4.875% local tax.

All States

- ⁵ Source: Thomson Reuters
- ⁶ Source: National Conference of State Legislatures
- ⁷ Source: LAUS, BLS, Dec 2021 (preliminary, seasonally adjusted)
- ⁸ Source: 2022 Moody's North American Business Cost Review, Q2 2021 (U.S. average = 100)
- ⁹ Source: CNBC America's Top States for Doing Business in 2021

- ¹⁰ Source: CEO Magazine's 2021 Best and Worst States for Doing Business
- ¹¹ Source: ACCRA Cost of Living Index, 2021 Annual Average Data (U.S. average = 100). Note: Results are for the MSA primary city
- ¹² Source: JLL, Commercial Real Estate Rents, Q4 2021 Office and Q3 2021 Industrial