

Corporate Business Climate

The Dallas-Fort Worth area is home to a diverse array of corporate headquarters—and for good reason. The region possesses tremendous assets and resources.

Recovery from the pandemic-induced economic disruption has been uneven throughout the U.S. However, the Dallas-Fort Worth region not only weathered the downturn better than most other metro areas, but recovered more quickly.

Difficult business climates in California, Illinois, and other heavily populated states stand in stark contrast to the operating environment in Texas and throughout DFW. Texas has won Site Selection Magazine’s Governor’s Cup ten 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 ⁴	0% ¹	8.84% ¹	7.0% ¹	6.5% ¹
Personal Income Tax Rate ⁴	0%	1%-12.3% ²	4.95%	4% - 10.9%
Franchise Tax ⁴	0.75% ²	0%	0.1% ²	.1825% ²
Sales Tax Rate ⁴	6.25% ³	7.25% ³	6.25% ³	4.0% ³
Right To Work State ⁵	Yes	No	No	No
State Labor Force ⁶	14,613,658	19,222,771	6,413,740	9,510,963
Cost of Doing Business ⁷	93.34	115.55	99.59	94.68
CNBC State Business Rank ⁸	#5	#29	#19	#36
CEO Magazine Business Climate Rank ⁹	#1	#50	#48	#49
Cost of Living Index ¹⁰	102.5 (Dallas) / 95.1 (Fort Worth)	150.7 (Los Angeles) / 178.8 (San Francisco)	120.3 (Chicago)	255.0 (Manhattan)
Housing Cost Index ¹⁰	96.5 (Dallas) / 86.4 (Fort Worth)	240.4 (Los Angeles) / 307.4 (San Francisco)	151.7 (Chicago)	536.1 (Manhattan)
Average Price/SqFt for CBD Office ¹¹	\$29.67 (Dallas) / \$28.02 (Fort Worth)	\$36.66 (Los Angeles) / \$80.23 (San Francisco)	\$45.66 (Chicago)	\$81.39 (New York City)
Average Price/SqFt for Suburb Office ¹¹	\$31.77 (Dallas) / \$25.40 (Fort Worth)	\$26.66 (Los Angeles) / \$58.50 (Mid-Peninsula)	\$26.41 (Chicago)	\$29.83 (New Jersey)
Average Price/SqFt for Industrial ¹¹	\$6.03 (Dallas/Fort Worth)	\$10.78 (Los Angeles) / \$25.12 (San Francisco)	\$6.26 (Chicago)	\$15.37 (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 3.5%.

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 The State of Illinois sales tax rate is 6.25% + local rate of up to 4.75%.

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 The State of New York sales tax rate is 4.0% + up to 4.875% local tax.

All States

- 4 Source: Thomson Reuters
- 5 Source: National Conference of State Legislatures
- 6 Source: LAUS, BLS, Dec 2022 (preliminary, seasonally adjusted)
- 7 Source: 2022 Moody's North American Business Cost Review, Q3 2022 (U.S. average = 100)
- 8 Source: CNBC America's Top States for Doing Business in 2022

- 9 Source: CEO Magazine's 2022 Best and Worst States for Doing Business
- 10 Source: ACCRA Cost of Living Index, 2022 Annual Average Data (U.S. average = 100). Note: Results are for the MSA primary city
- 11 Source: JLL, Commercial Real Estate Rents, Q3 2022 Office and Q3 2022 Industrial Insights