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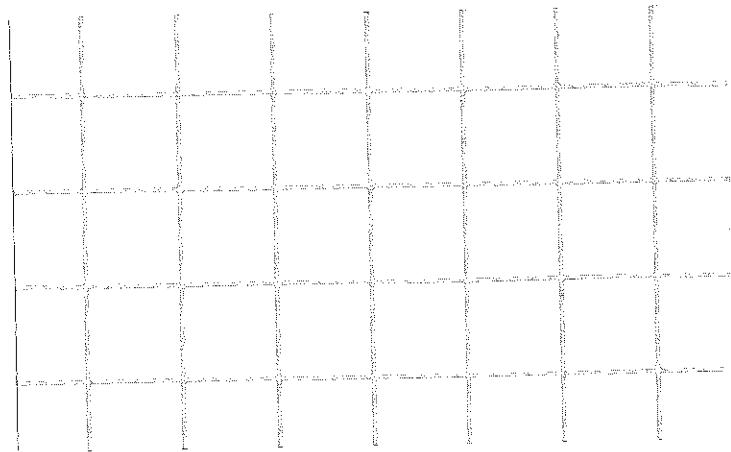
pel

The Business Tax Climate
in Southeastern Pennsylvania
and Competitor Locations

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Foreword

This report, *The Business Tax Climate in Southeastern Pennsylvania and Competitor Locations*, was prepared at the request of the Board of Governors of the Pennsylvania Economy League's Eastern Division, to determine the effects of Pennsylvania's new tax structure, enacted in August 1991, on business tax burdens in Southeastern Pennsylvania.

The report was initially issued in April, 1992, and revised in July, 1992.

Tax burdens on nine industries in twenty-five locations were compared. We wish to thank members of the PEL Board for their assistance in determining the scope and methods of the study, and the Greater Philadelphia Economic Development Coalition for its help in determining the competitor locations to be compared with Philadelphia regional locations.

The staff principals for this report were Edwin Koc, Director of County Research, and Stephen Landis, Research Analyst.

Dianne E. Reed
Executive Director

Executive Summary

In order to assess the business tax climate in Southeastern Pennsylvania and to evaluate the impact recent changes in Pennsylvania's tax structure have had on the region's competitiveness, the Pennsylvania Economy League (PEL) compared tax burdens for businesses in Southeastern Pennsylvania with the tax liabilities these businesses encounter in other regions in the United States. To make these comparisons meaningful, PEL limited its observations to those areas that traditionally compete with Southeastern Pennsylvania in attracting firms. This criterion produced 19 locations in 11 states outside of Pennsylvania. In addition, we included 6 locations in Pennsylvania itself-- Philadelphia and 4 suburban jurisdictions (Radnor, Tredyffrin, Upper Merion, and Warminster) and Pittsburgh in the western part of the state.

To provide a broad perspective on the tax consequences for business, we calculated the tax burden for nine different model firms. The firms represented pharmaceuticals, refineries, computers, banking, life insurance, real estate development, business services, law and other professional partnerships, and telecommunications. These industrial sectors constitute some of the most important segments of the Philadelphia area economy and provide different views from which to understand the tax burdens faced by business within the region.

Findings

Table ES-1 summarizes our findings. The table shows Philadelphia city and suburban tax burdens ranked in relation to competing locations, and as a percent of the median for all competing locations. The table indicates that:

State tax burdens on business are relatively high for city and suburban locations in Southeastern Pennsylvania.

Compared to its competitor cities, Philadelphia ranked highest in state business tax burdens for

Table ES-1: Philadelphia Region Tax Burdens Compared to Competitors, Ranked and as a Percent of the Median

Total State and Local Taxes

Industry	Philadelphia City		Philadelphia Suburbs			
	Rank Out of 12	Percent of Median	Rank Out of 10 (1)	Percent of Median (1)	Rank Out of 13 (2)	Percent of Median (2)
Pharmaceuticals	2	149%	4	106%	4, 6, 7, 5	101%, 100%, 100%, 101%
Refineries	3	130%	8	87%	8, 11, 12, 9	91%, 86%, 85%, 91%
Computers	2	131%	6	97%	6, 8, 9, 7	100%, 97%, 97%, 100%
Banking	1	214%	1	195%	1, 3, 4, 2	181%, 179%, 176%, 181%
Life Insurance	8	96%	8	96%	8, 9, 10, 11	99%, 99%, 99%, 99%
Developers	5	127%	10	79%	8, 13, 12, 9	97%, 67%, 75%, 92%
Business Services	6	104%	5	106%	2, 10, 7, 4	143%, 62%, 100%, 130%
Legal Services	3	149%	9	62%	9, 12, 11, 10	70%, 59%, 64%, 68%
Telecommunications	2	330%	1	461%	1, 2, 3, 4	245%, 245%, 245%, 245%

State Taxes

Industry	Philadelphia City		Philadelphia Suburbs			
	Rank Out of 12	Percent of Median	Rank Out of 10 (1)	Percent of Median (1)	Rank Out of 13 (2)	Percent of Median (2)
Pharmaceuticals	1	128%	2	128%	2, 3, 4, 5	110%
Refineries	4	111%	4	111%	4, 5, 6, 7	100%
Computers	1	126%	2	126%	2, 3, 4, 5	108%
Banking	1	228%	1	229%	1, 2, 3, 4	210%
Life Insurance	7	99%	6	99%	6, 7, 8, 9	100%
Developers	1	223%	1	203%	1, 2, 3, 4	185%
Business Services	2	171%	2	154%	2, 3, 4, 5	128%
Legal Services	10	52%	9	57%	9, 10, 11, 12	62%
Telecommunications	1	816%	1	1235%	1, 2, 3, 4	607%

Local Taxes

Industry	Philadelphia City		Philadelphia Suburbs			
	Rank Out of 12	Percent of Median	Rank Out of 10 (1)	Percent of Median (1)	Rank Out of 13 (2)	Percent of Median (2)
Pharmaceuticals	2	206%	9	39%	9, 11, 12, 10	55%, 44%, 44%, 55%
Refineries	3	124%	9	45%	9, 11, 13, 10	57%, 44%, 42%, 57%
Computers	4	130%	9	39%	9, 11, 12, 10	55%, 43%, 43%, 55%
Banking	4	203%	8	45%	8, 10, 11, 9	67%, 52%, 49%, 64%
Life Insurance	8	83%	9	37%	9, 11, 12, 10	57%, 44%, 42%, 55%
Developers	5	115%	10	57%	10, 13, 12, 11	75%, 41%, 49%, 71%
Business Services	6	112%	6	92%	3, 13, 8, 4	136%, 16%, 74%, 117%
Legal Services	2	884%	1	166%	1, 11, 4, 2	274%, 34%, 137%, 206%
Telecommunications	11	20%	10	0%	10, 11, 12, 13	0%, 0%, 0%, 0%

(1) Shows the position of Philadelphia's suburbs in aggregate. This is determined by averaging the tax burden for Radnor, Tredyffrin, Upper Merion, and Warminster. This average is compared to the nine other suburban locations outside the Southeastern Pennsylvania region. (2) Shows the position of Radnor, Tredyffrin, Upper Merion, and Warminster respectively with each township counted as a separate location.

five out of nine industries. Philadelphia's state tax burden was at least 26 percent above the median for six out of nine industries. In only one industry, legal services, was the state tax burden below 99 percent of the median.

State tax burdens in suburban locations in the region were also not competitive with suburbs in competing regions. In six out of nine industries, the average suburban tax burden in the region was at least 26 percent higher than the median.

In Philadelphia, a high local tax burden exacerbates the high state tax burden, resulting in extremely high overall tax burdens on business.

Local taxes in Philadelphia are at least 24 percent above the median in five out of nine industries. This high local tax burden in combination with high state taxes results in an extremely high overall tax burden.

In Philadelphia, overall tax burdens are at least 27 percent above the median tax burden in seven out of nine industries. Only two industries have tax burdens below 127 percent of the median: business services, at 104 percent; and insurance, at 96 percent.

Philadelphia's overall tax burden ranks in the top three out of twelve cities, for six out of nine industries. Philadelphia's tax burden out of twelve cities ranks second for pharmaceuticals, third for refineries, second for computers, first for banking, third for law and other professional services firms, and second for telecommunications firms.

Life insurance, developers, and business services tax burdens in Philadelphia rank from fifth to eighth, and are comparable to or above the median tax burden.

In the suburbs, a low local tax burden mitigates the high state tax burden, but overall tax burdens are still high or moderate in most cases.

The average local tax burden in Philadelphia's suburbs is well below the median for most industries, at least 43 percent below the median for seven out of nine industries. However, when local taxes are combined with the high state tax burden, overall tax burdens are still high or moderate in most cases.

Tax burdens on banking and telecommunications in the suburbs are two to four times the median; tax burdens on six other industries are within 21 percent of the median; the tax burden on legal services is lower, at 62 percent of the median.

Conclusions

Pennsylvania state taxes are placing a competitive disadvantage on banking and telecommunications industries throughout the region, regardless of how favorable the local tax structure. High state taxes combined with high local taxes are causing uncompetitive tax packages for business services firms in some suburban locations in the region. A combination of high state and high local taxes is causing uncompetitive tax packages in the city of Philadelphia for pharmaceuticals, refineries, computers, real estate development, and legal services industries. A particular problem for the Philadelphia region may be the disparity between business tax burdens in the City of Philadelphia and the suburbs, which may threaten the long term vitality of the region's core. To address these issues, which affect the entire region's economy, tax policy needs to be reviewed at both the state and local levels.

I. Introduction

Under Act 22 of 1991, enacted on August 4, 1991, Pennsylvania taxes on business increased dramatically. Among the most significant changes were increases in the rate of the corporate net income tax, the base of the sales tax, the rate and base of the capital stock and franchise tax, the rate of the personal income tax, the rate of the public utility gross receipts tax, and the rate of the public utility realty tax. Also, the rate of the oil company franchise tax was increased under Act 26 of 1991. The projected impact of these tax increases is expected to amount to the largest tax revenue increase in Pennsylvania's history.

These very significant increases in business tax burdens under Acts 22 and 26 could have major effects on the strength of the state's economy if they create or increase a disparity between business tax burdens in Pennsylvania and other locations. To determine the potential for such an effect, the Pennsylvania Economy League has compared business tax burdens in Southeastern Pennsylvania under the new tax structure with tax burdens in competing locations. The comparisons are contained in this report, *The Business Tax Climate in Southeastern Pennsylvania and Competing Locations*.

The comparisons of business tax burdens include both state and local taxes, since both are major contributors to variations in total tax burden among locations, reflecting variations in the program responsibilities of state and local government in different states and localities. Comparisons were made between locations in Southeastern Pennsylvania and competing locations in other metropolitan areas across the country. Both city and suburban locations are compared to control for the effects of particular tax structures any single jurisdiction may have, and to provide an analysis relevant to locations in Southeastern Pennsylvania outside of the city of Philadelphia.

Tax burdens in the city of Philadelphia were compared with those in competing city locations. The list of competing cities was determined in discussions with segments

of the Philadelphia area business community, particularly with the Greater Philadelphia Economic Development Coalition of the Greater Philadelphia First Corporation. From these discussions, the following cities were chosen as major competitors with the city of Philadelphia for business location: Atlanta, Georgia; Baltimore, Maryland; Boston, Massachusetts; Chicago, Illinois; Dallas, Texas; Newark, New Jersey; New York, New York; Pittsburgh, Pennsylvania; Raleigh, North Carolina; San Francisco, California; and Wilmington, Delaware.

Tax burdens in Philadelphia-area suburbs were compared with competing suburban locations in other metropolitan areas. Major business locations in the Philadelphia area that were chosen for comparison were: Radnor Township (Delaware County), Tredyffrin Township (Chester County), Upper Merion Township (Montgomery County), and Warminster Township (Bucks County). These locations were compared with competing suburbs that were again chosen in consultation with the Greater Philadelphia Economic Development Coalition and other segments of the Philadelphia area business community. The competitor suburbs include: Cherry Hill, New Jersey; Durham, North Carolina; Framingham, Massachusetts; Greenwich, Connecticut; Oak Park, Illinois; Plano, Texas; San Jose, California; Towson, Maryland; White Plains, New York.

Tax burdens were calculated based on models of businesses in industries that are considered important for the future economic growth of Southeastern Pennsylvania, including high-tech manufacturing industries, such as pharmaceuticals and computer and office equipment, and producer services, such as miscellaneous business services and legal services. The nine industries chosen for comparison are: pharmaceuticals, petroleum refining, computer and office equipment, banking, life insurance, subdividers and developers, miscellaneous business services, legal services, and interexchange telecommunications carriers. The model businesses were constructed from national data on the income and assets of companies in these industries.

The tax burden calculations detail the differences between Southeastern Pennsylvania and its competitor locations to the extent they could be quantified. The desire to specify the tax burden with hard numbers understates the differences between this region and its competitors somewhat. The entire tax burden for Southeastern Pennsylvania could not be measured. In particular, Pennsylvania's imposition of a sales tax on business services, which include intra-company transfers, opens a whole new arena of taxation without a historical track record that is not amenable to current analysis. It is clear that the extension of the sales tax will place a significantly greater burden on businesses in the state. The extent of this burden will depend on the purchases of services made by an individual firm which in turn can be the result of the firm's organizational structure. How much the actual burden will be cannot be determined at this time through the sources available to us, but it is clear that the imposition of the tax is likely to have negative consequences on the amount of business service activity that takes place in Pennsylvania, and is likely to further the negative image of the state's business tax climate.

In addition, the elimination of the net loss carry forward, or the ability of a firm to offset its current tax liability with losses suffered in a previous year, will add to the tax burden of particular firms. Our models are static. They take the firm's balance sheet and income statement for a particular point in time and assume a profit or net income. We do not have a model for a firm, for example a start-up enterprise, that has suffered losses over a period of time and is now profitable. In all of our comparison states, such a firm would be able to lessen its current year tax liability with the losses suffered in the previous year. In Pennsylvania, the firm would not be able to reduce its already high corporate net income tax liability in this manner. For such firms, the relative tax burden in Pennsylvania is dramatically higher than our models indicate. For these enterprises, the tax climate in Pennsylvania is particularly cold.

The report is organized as follows. Section II provides tax burden comparisons and analysis for the

following general groups of industries: manufacturing, FIRE (finance, insurance and real estate), services (miscellaneous business services and legal services), and telecommunications. Section III provides tax burden comparisons and analysis by nine specific industries. Section IV provides conclusions. Appendix A describes the basic methods used to determine the business tax burdens. Appendix B includes a list of the state and local taxes applied to the model businesses, and tables which present the characteristics of the nine model businesses, the tax burdens calculated for each model in each location, and a summary of the index relating tax burden in each location to tax burden in the city of Philadelphia. Appendix C discusses the changes in Pennsylvania's tax structure in 1991, and how these changes influenced the tax burden in Pennsylvania locations relative to the other locations examined in this report.

II. Tax Burden Comparisons by Industry Group

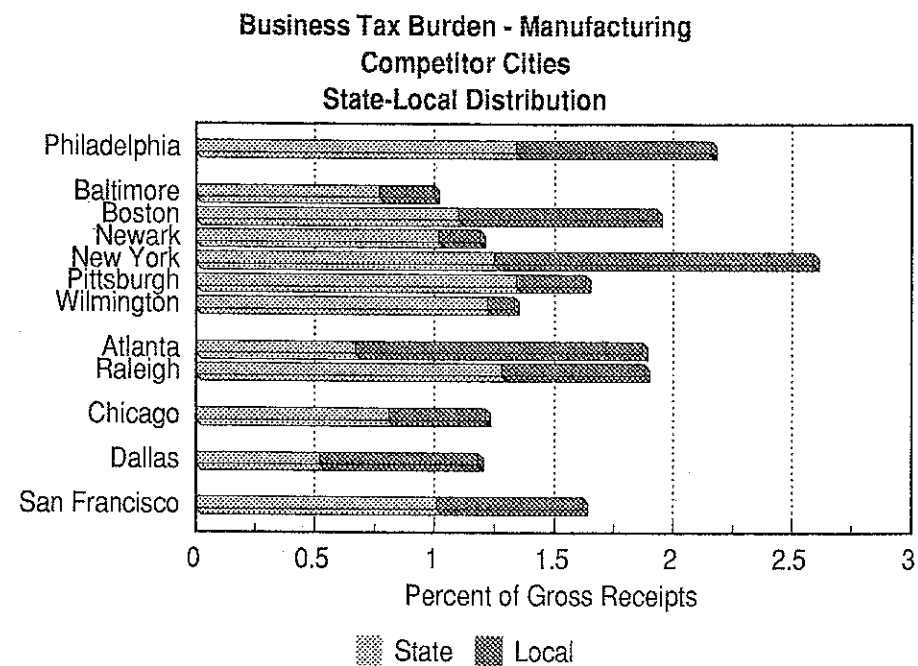
Tax burdens were initially calculated for nine separate industries to provide a detailed picture of the effects of current taxes on a variety of industries, which is presented in Section III. These individual industry calculations were aggregated into groups of industries to provide a summary comparison of the overall effects of business tax structures on four general categories of industries: manufacturing; finance, insurance and real estate (FIRE); business services; and telecommunications. These overall comparisons are presented in this section.

The tax burden comparisons for the manufacturing sector are based on the pharmaceutical, petroleum refining, and computer industries; the comparisons for the FIRE group are based on banking, life insurance, and developers; the business services group is based on miscellaneous business services and legal services; and the telecommunications group is based solely on interexchange telecommunications. The figures for each industry group represent the median figure for the individual industries that make up the group. Industry group comparisons are presented in Figures 1 through 8, which contain tax burden as a percent of gross receipts for city locations and suburban locations, for each of the four industry groups.¹

Overall, Figures 1 through 8 show that business taxes in Southeastern Pennsylvania are high when compared to competitor locations throughout the United States. Businesses in various sectors of the economy bear a considerably greater tax burden in Southeastern Pennsylvania than in most other locations. This is particularly true for Philadelphia, which is generally among the highest taxers of business in our comparisons, but it is also true of Southeastern Pennsylvania's suburban locations when those areas are set against suburban locations in other parts of the United States.

¹Throughout this report, where tax burdens are expressed as a percentage of gross receipts, it should be considered that the figures are overstated because of the deductibility of state and local taxes from the base of the federal corporate income tax. However, the relative position of different locations is not misrepresented.

Figure 1



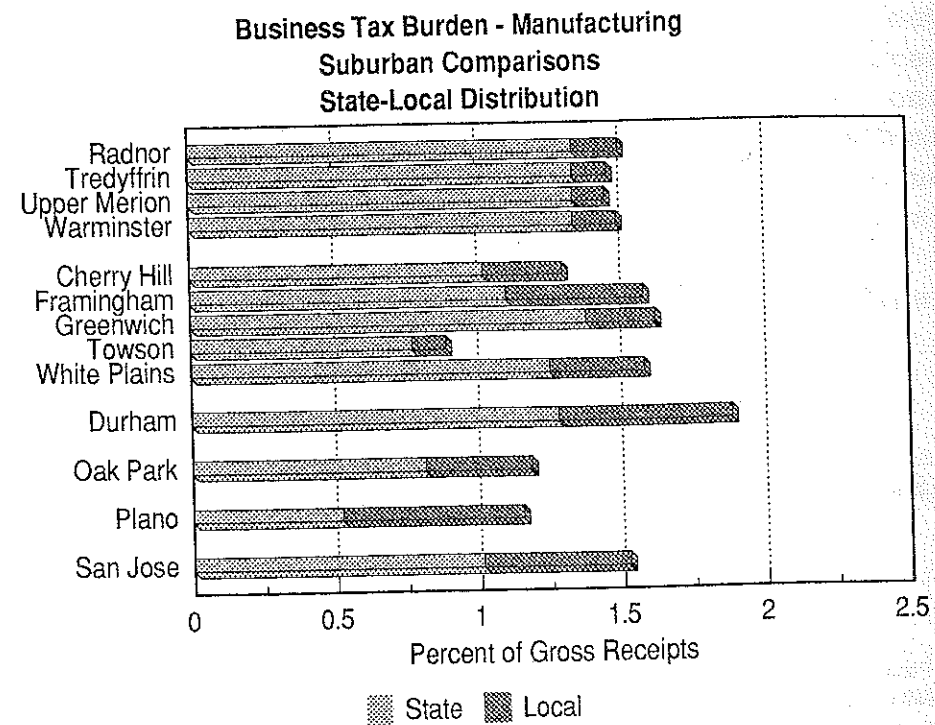
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Note: Manufacturing is a composite: pharmaceuticals, refineries, computers

Manufacturing

Figure 1 shows that tax burdens on manufacturing firms in the city of Philadelphia are second highest of any of the competitor cities. The high overall tax burden is the result of relatively high state taxes combined with high local taxes.

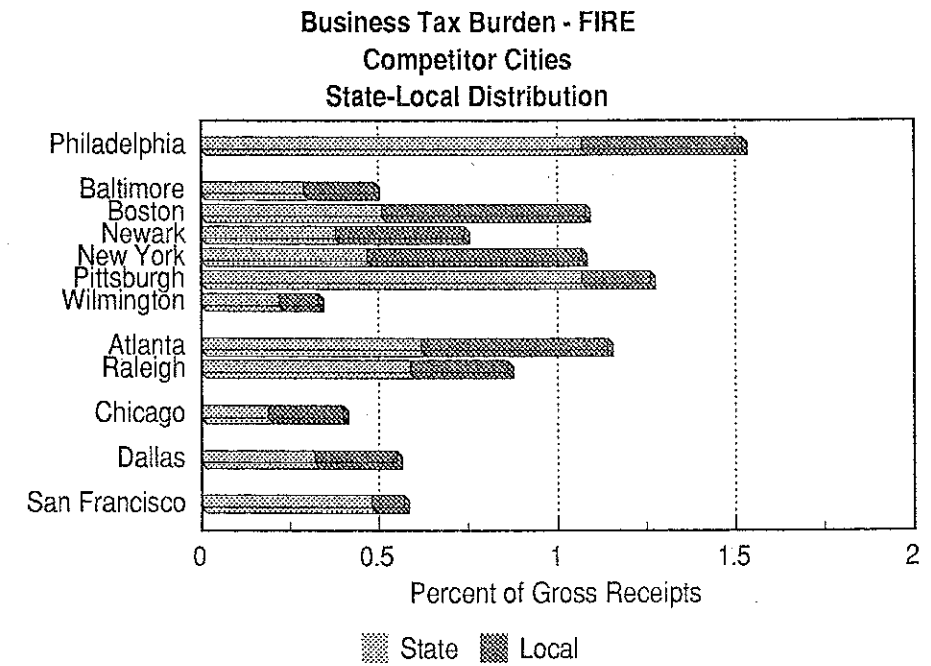
Figure 2



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Figure 2 presents tax burdens on suburban manufacturing firms. Philadelphia-area locations are near the median of the locations compared, reflecting a high state tax burden combined with a low local tax burden.

Figure 3



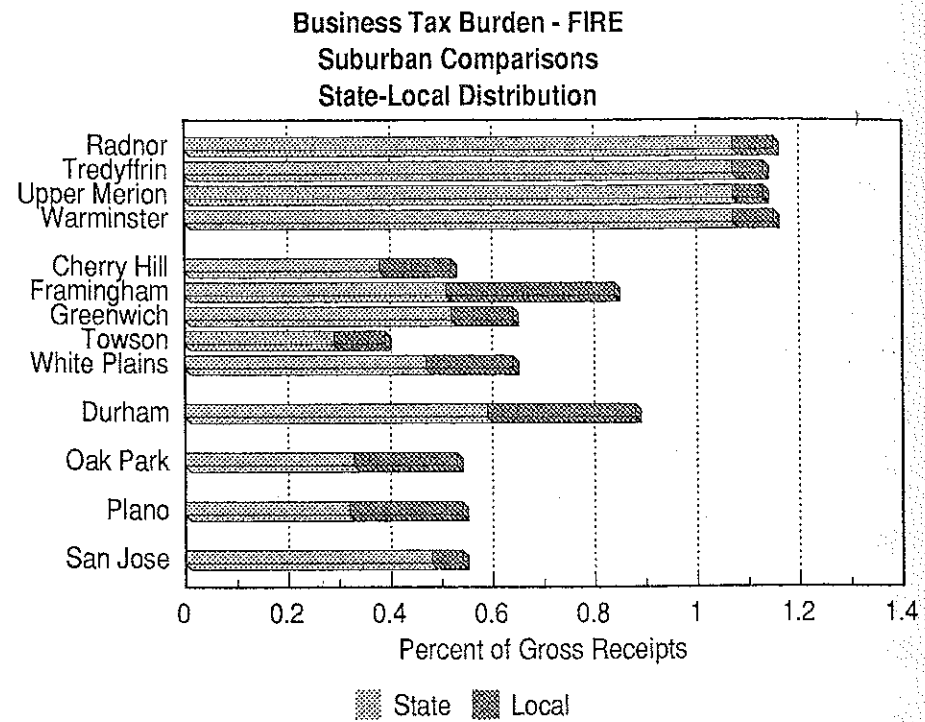
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Note: FIRE is a composite of finance, insurance, and real estate.

Finance, Insurance, and Real Estate (FIRE)

With respect to FIRE industries, tax burdens for those located in the city of Philadelphia are highest among the cities compared, as shown in Figure 3. This reflects the combined effect of high state and high local taxes.

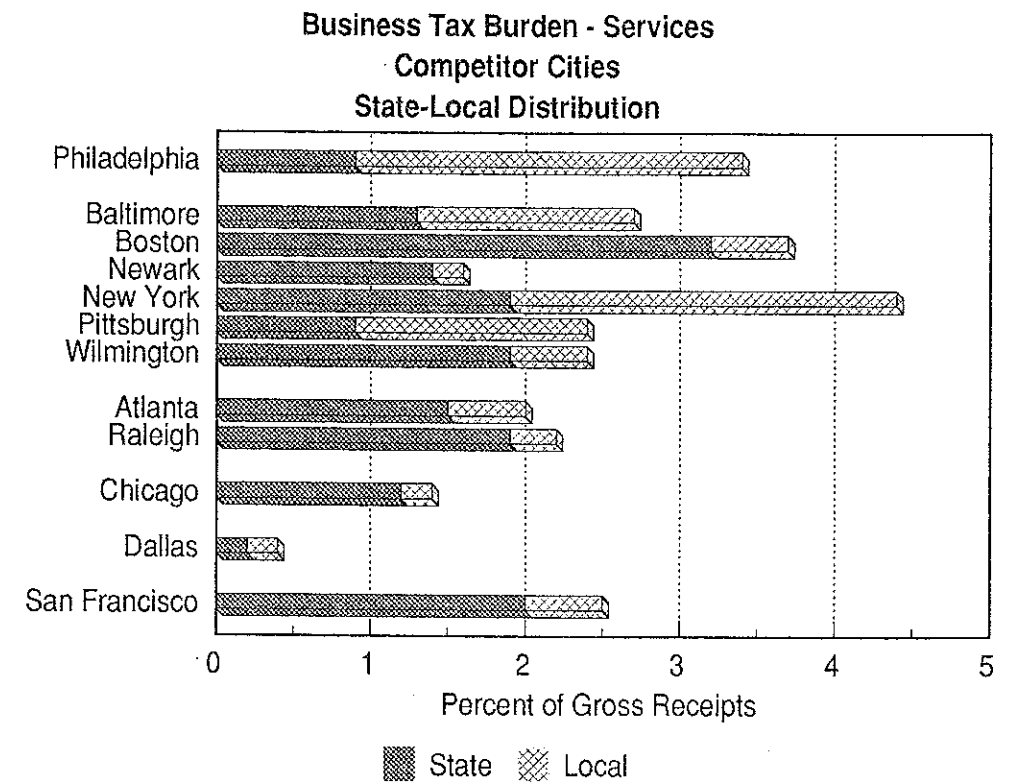
Figure 4



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For FIRE firms, tax burdens in suburban locations in Southeastern Pennsylvania are ranked above all other locations compared, as shown in Figure 4. This reflects extremely high levels of state taxation. Although local taxes are low in Southeastern Pennsylvania locations, the effect of the high state taxes outweighs the effect of the low local taxes.

Figure 5



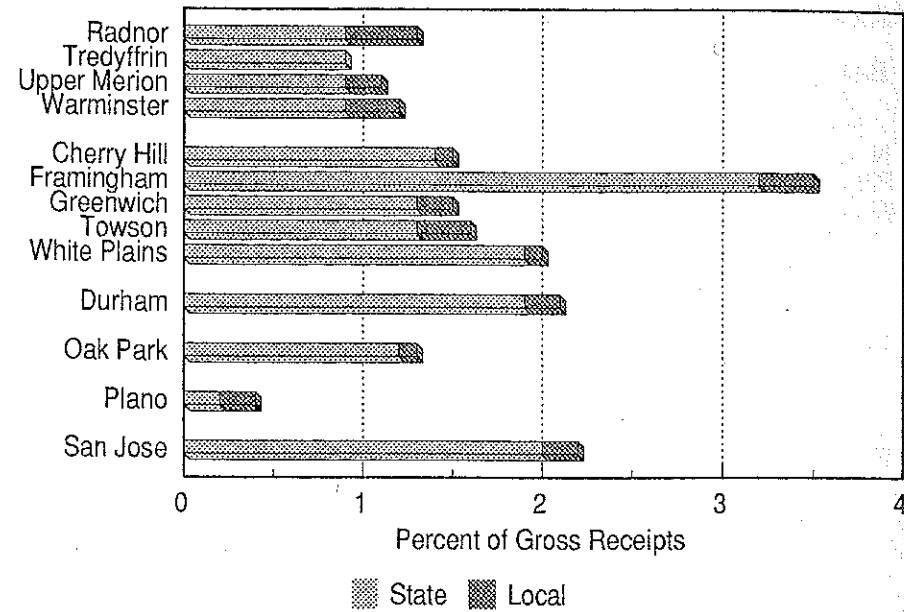
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Services

In the case of services, especially unincorporated professional service firms, the state tax burden in Pennsylvania is relatively low. In fact, in our comparison, it is lower than in any other state with the exception of Texas. However, Figure 5 shows that service industries located in the city of Philadelphia have tax burdens considerably above the median, due to local tax burdens that are so far above the median that they more than compensate for a relatively low state tax burden.

Figure 6

Business Tax Burden - Services
Suburban Comparisons
State-Local Distribution

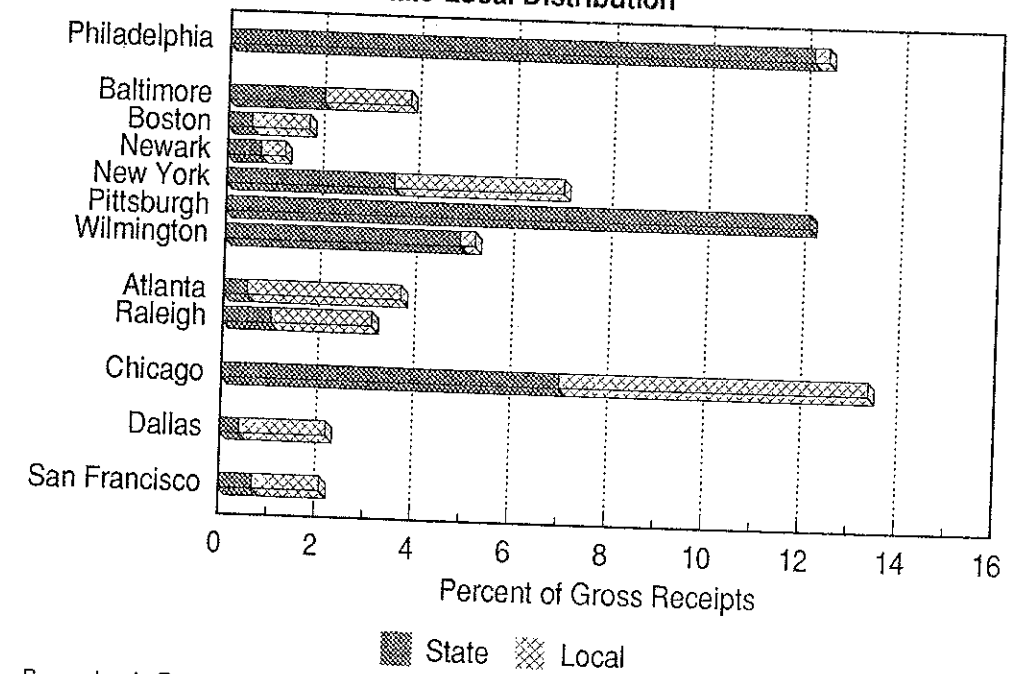


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For services firms locating in the Philadelphia suburbs, the tax burden can be among the lowest in the sample, depending on the local jurisdiction in which the firm locates, as shown in Figure 6. Suburban locations in Southeastern Pennsylvania are generally below the median, due to local tax burdens that are generally near the median combined with state tax burdens that are below the median of competitor locations.

Figure 7

Business Tax Burden - Telecommunications
Competitor Cities
State-Local Distribution

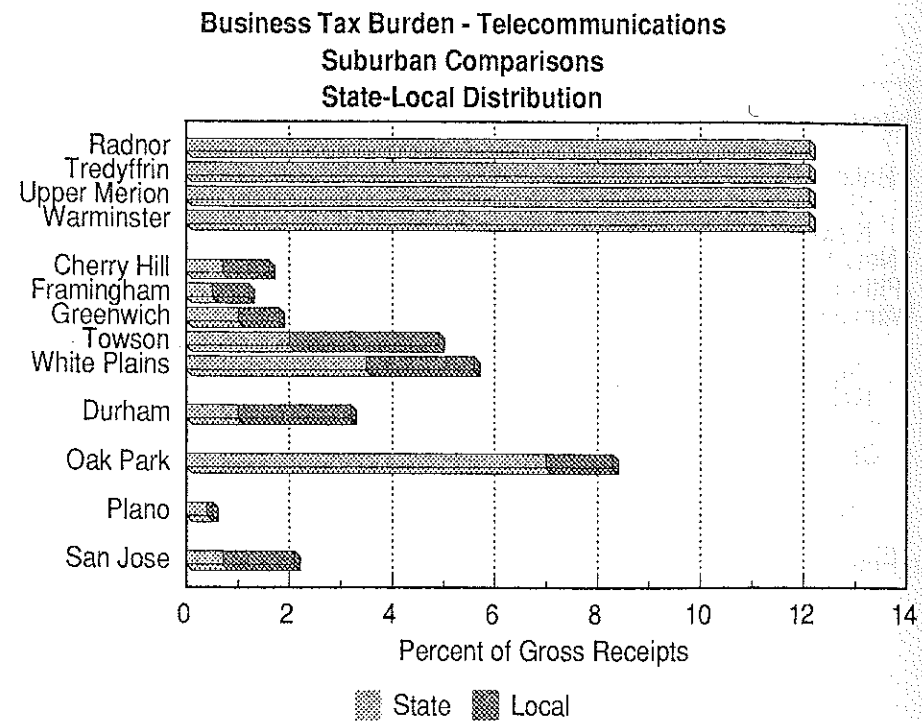


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Telecommunications

Tax burdens on telecommunications firms are considerably higher in Philadelphia-area locations than in competitor locations, due to the high state tax burden. Figure 7 presents the tax burden for city of Philadelphia telecommunications firms, which is the second highest in the comparison group.

Figure 8



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Figure 8 shows that tax burdens on telecommunications firms in the Philadelphia suburbs are much higher than in competitor locations, due to the high state tax burden.

Summary

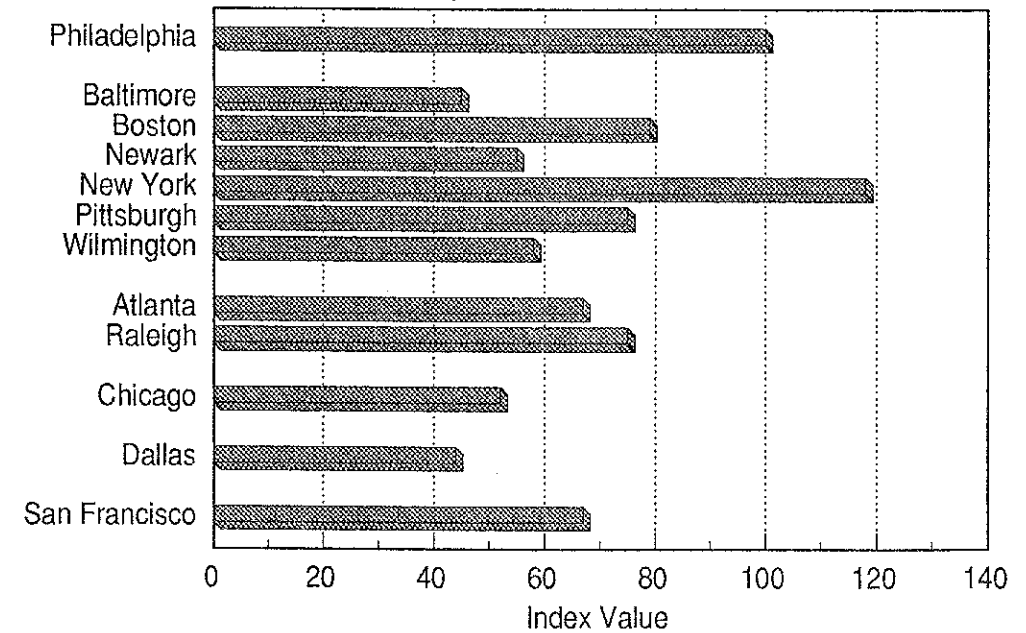
In summary, city and suburban locations in Southeastern Pennsylvania have very high tax burdens on FIRE and telecommunications, due to very high state tax burdens which are so high that even very low local tax burdens cannot compensate. With respect to manufacturing and service industries, suburban locations are able to take advantage of a more moderate state tax burden, and, by keeping local taxes competitive, maintain overall tax burdens that are near to or below the median. However, the city of Philadelphia has not taken advantage of the moderate state tax climate for manufacturing and service industries. Local taxes in Philadelphia are relatively high for manufacturing and services industries, producing overall tax burdens for

these industries in Philadelphia that are high in comparison with other cities.

Section III: Tax Burden Comparisons by Individual Industry

The comparisons of business tax burdens presented below are presented on an individual industry basis, for nine separate industries. In order to clarify the relative difference among regions, the report presents the total state and local business tax burdens of our model firms in each location in terms of an index number. The index number represents the amount of the tax burden in each location as a percent of the tax burden in the city of Philadelphia.

Figure 9
Index of Business Tax Burden
Pharmaceuticals
Competitor Cities

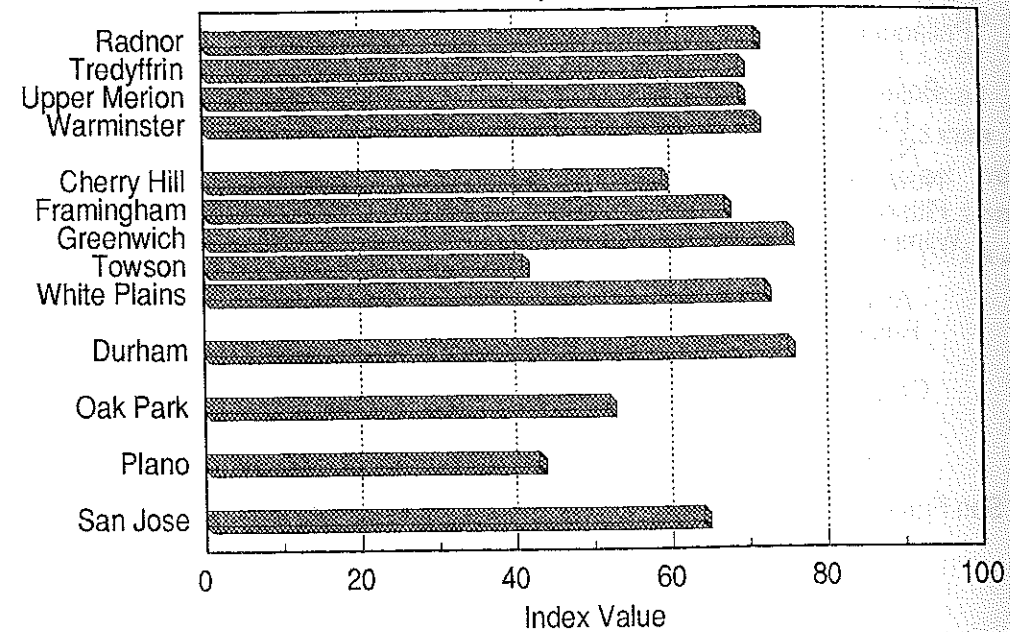


Philadelphia = 100
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Pharmaceuticals

The index of business tax burden for pharmaceutical firms in city and suburban locations is presented in Figures 9 and 10. The state and local tax burden on pharmaceuticals varies widely among city locations, reflecting variations in corporate income taxes and local property taxes and taxes unique to individual locations. Philadelphia's relatively high position is the result of a high state corporate income tax and high local taxes due to the net income portion of the business privilege tax. Philadelphia stands in second place out of twelve cities, well above all other competitor cities (except New York), which have between 40 percent and 80 percent of Philadelphia's tax burden.

Figure 10
Index of Business Tax Burden
Pharmaceuticals
Suburban Comparisons

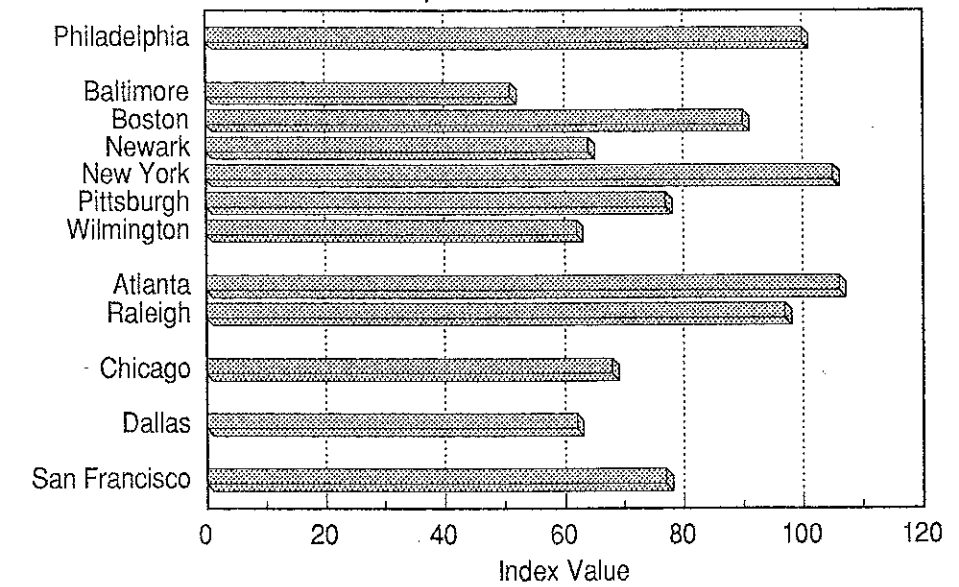


Philadelphia = 100
Pennsylvania Economy League 4/92

Suburban Philadelphia locations have above-average tax burdens when compared to other suburban locations. The main source of variation among locations is the state corporate income tax, which is high in Pennsylvania. The suburban locations all fall within the range from 40 to 80 percent of Philadelphia's tax burden, indicating that they all fall within a competitive range also occupied by all the cities in this study except Philadelphia and New York.

Figure 11

Index of Business Tax Burden
Refineries
Competitor Cities



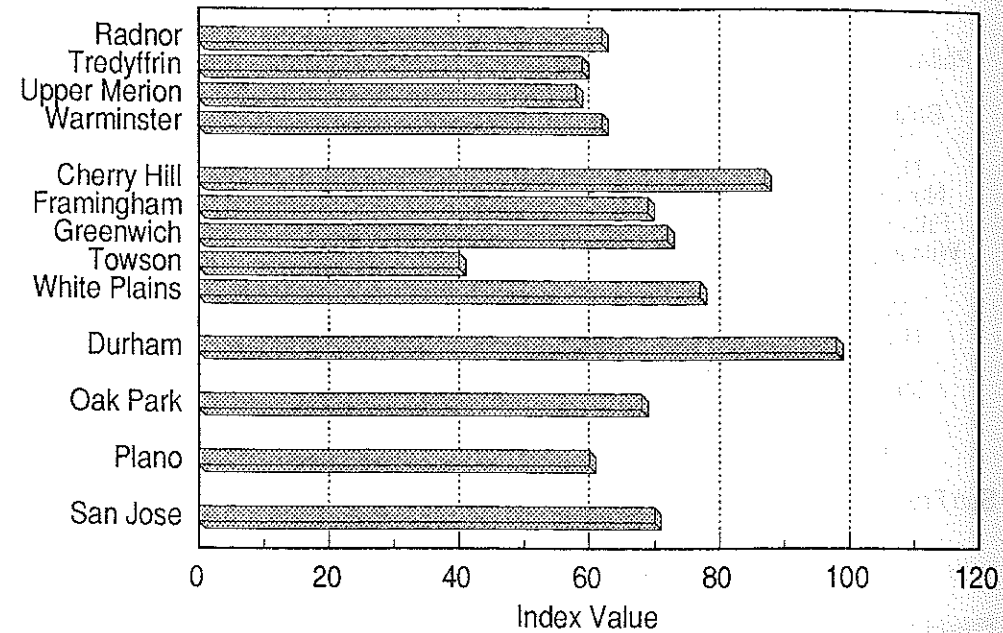
Philadelphia = 100
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Petroleum Refining

The index of business tax burden for petroleum refiners in city and suburban locations is presented in Figures 11 and 12. Philadelphia ranks third, at 130 percent of the median tax burden. This reflects both a high state tax burden and a high local tax burden.²

²Special state taxes on the gross receipts of petroleum refining companies in Connecticut, New Jersey, and Pennsylvania were excluded from the calculations because these taxes are passed on to the consumer.

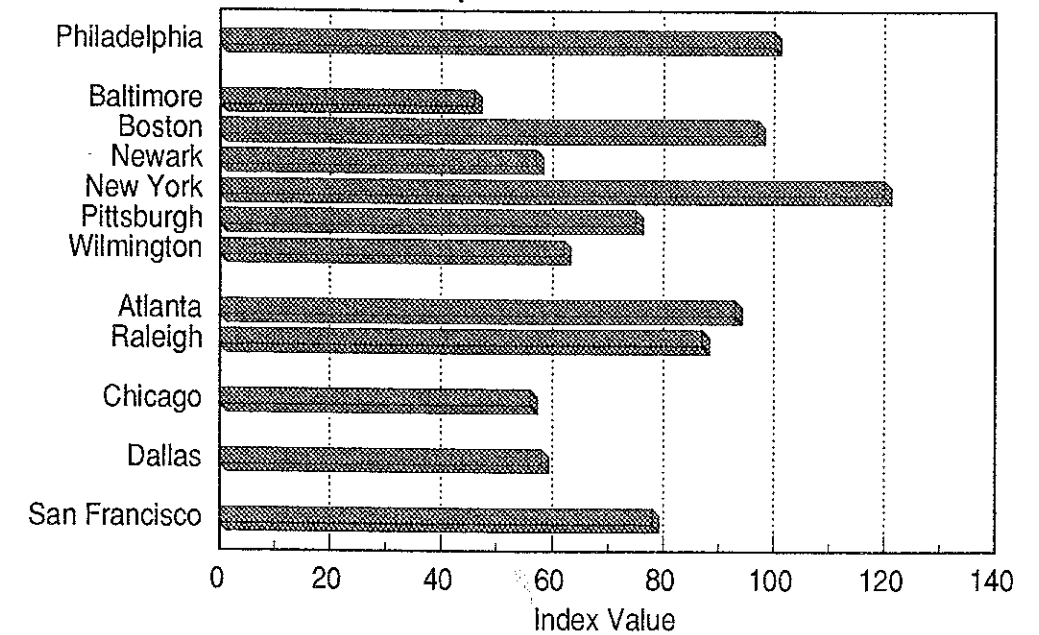
Figure 12
Index of Business Tax Burden
Refineries
Suburban Comparisons



Philadelphia = 100
Pennsylvania Economy League 6/92

The suburban Philadelphia locations are more competitive than the City of Philadelphia for refining. Radnor, Tredyffrin, Upper Merion, and Warminster stand between 85 and 91 percent of the median tax burden. This reflects a state tax burden at the median, and a local tax burden that is relatively low.

Figure 13
Index of Business Tax Burden
Computers
Competitor Cities

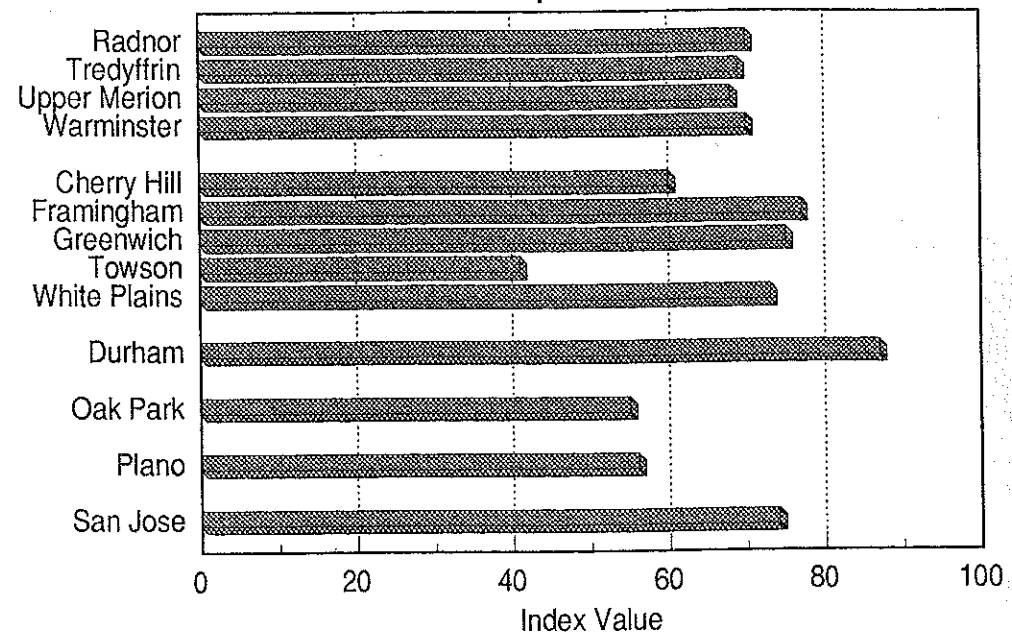


Philadelphia = 100
Pennsylvania Economy League 4/92

Computer and Office Equipment

The index of business tax burden for computer and office equipment firms in city and suburban locations is presented in Figures 13 and 14. The pattern is similar to that of the pharmaceuticals firm--reflecting the effect of the state corporate income tax and the variations in local property taxes and other taxes for manufacturing firms. Again, New York City is the highest among cities, at 120 percent of Philadelphia. Most other cities are considerably lower, although there are several cities that approach Philadelphia, which are Boston at 97 percent of Philadelphia's burden, Atlanta at 93 percent, and Raleigh at 87 percent. There are no cities above 79 percent of Philadelphia's burden in the case of pharmaceuticals, except New York.

Figure 14
Index of Business Tax Burden
Computers
Suburban Comparisons

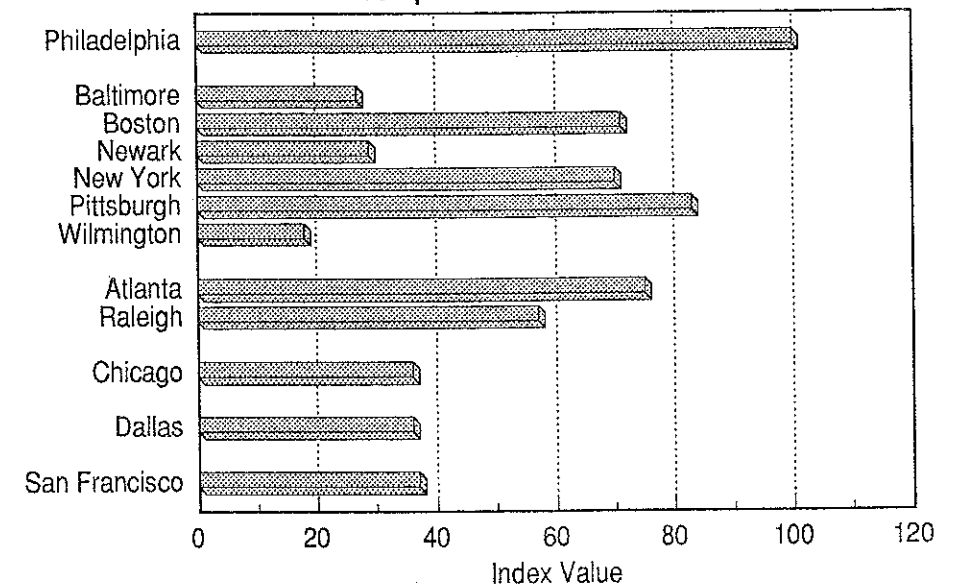


Philadelphia = 100
 Pennsylvania Economy League 4/92

Suburban Philadelphia locations are below New York and New England, Research Triangle (Durham), and Silicon Valley (San Jose) locations for tax burden on computer firms. However, suburban Philadelphia locations have higher tax burdens than all other suburban locations examined. All suburban locations fall within a range from 40 percent to 80 percent of Philadelphia tax burdens, with the exception of Durham, and most city locations also fall within this range, which again suggests that a level of competitiveness in tax burden has been achieved by most locations. The city of Philadelphia, however, is not among these locations.

Figure 15

Index of Business Tax Burden
Banking
Competitor Cities



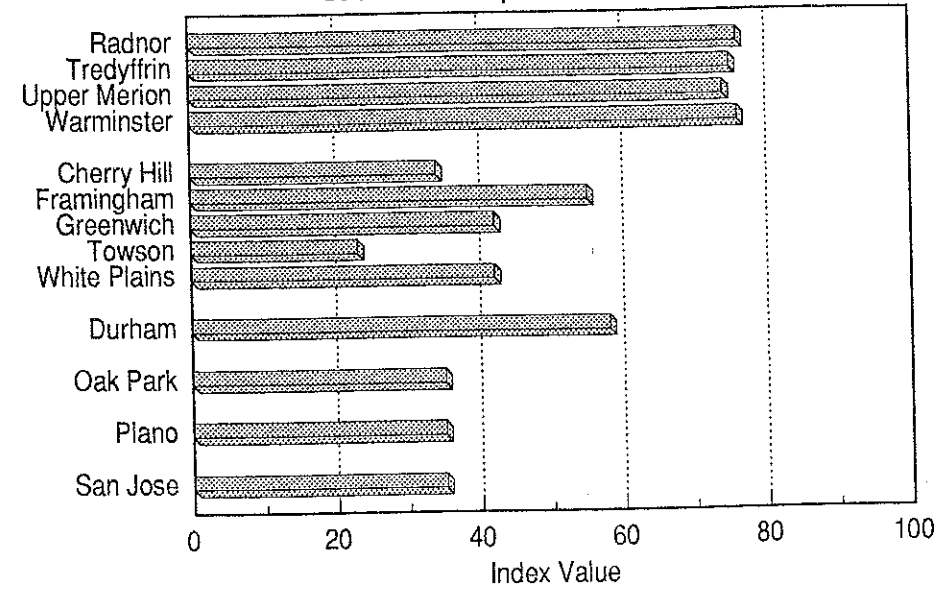
Philadelphia = 100
 Pennsylvania Economy League 5/92

Banking

The index of business tax burden for banks in city and suburban locations is presented in Figures 15 and 16. Philadelphia tax burdens on banks are higher than all other cities, reflecting high state and local taxes.

Figure 16

Index of Business Tax Burden
Banking
Suburban Comparisons

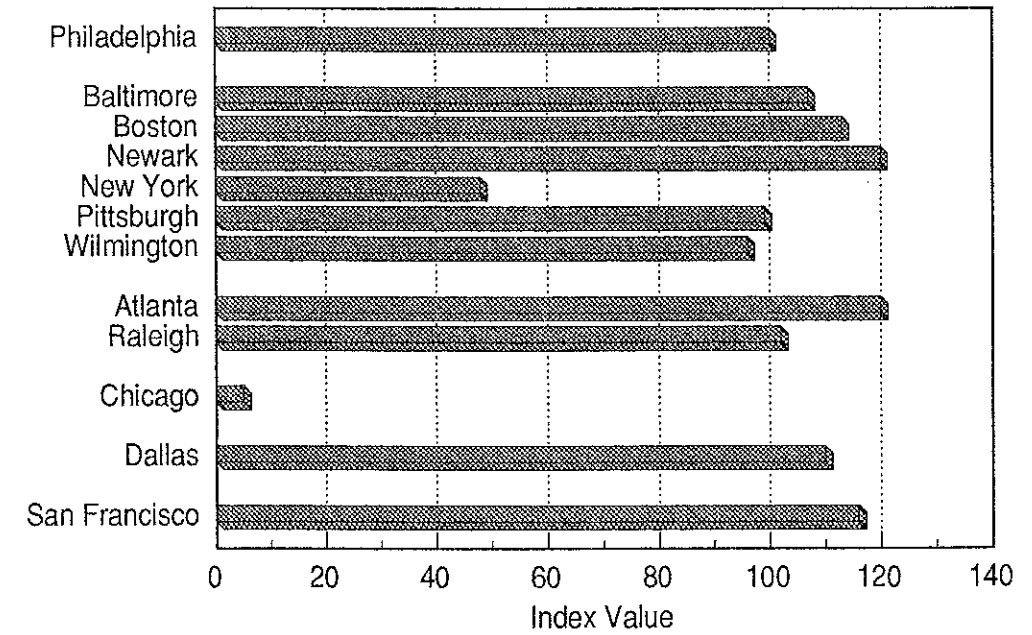


Philadelphia = 100
Pennsylvania Economy League 5/92

Suburban Philadelphia locations relative to competitor locations, stand in the same position as the city of Philadelphia. They are high in comparison to all other suburbs. This reflects state taxes that are so high they more than compensate for relatively low local taxes.

Figure 17

Index of Business Tax Burden
Life Insurance
Competitor Cities

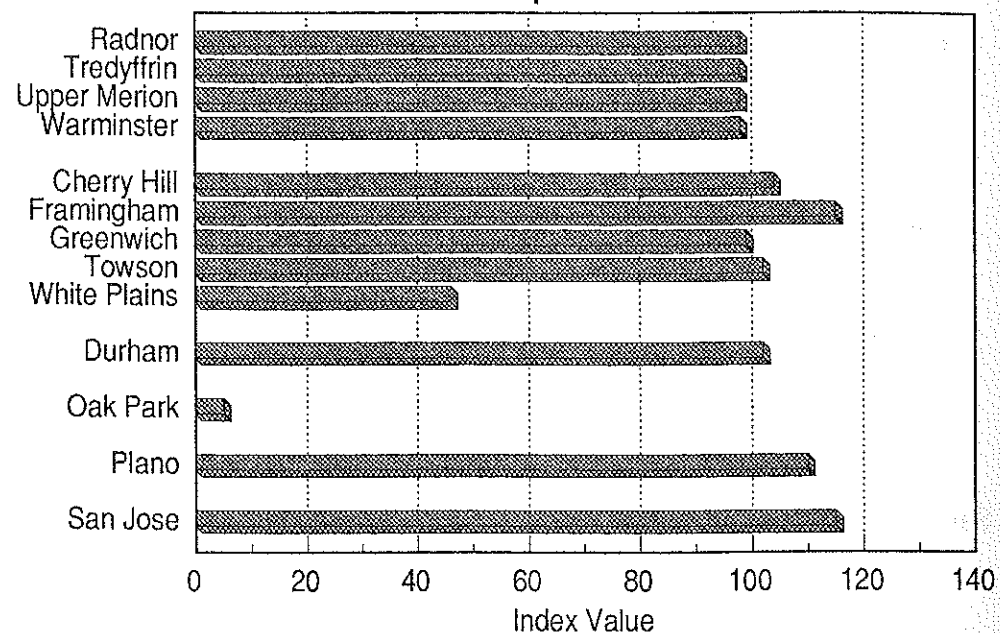


Philadelphia = 100
Pennsylvania Economy League 4/92

Life Insurance

The index of business tax burden for life insurance firms in city and suburban locations is presented in Figures 17 and 18. Philadelphia is slightly below the median tax burden for competitor cities. Tax burdens for life insurance are primarily due to state gross receipts taxes which are similar from state to state. Only New York and Chicago are significantly different from other cities; New York State's insurance tax is not based simply on gross receipts, and Illinois's state insurance tax does not apply to domestic insurers (and it was assumed that the model insurance firm is a domestic firm).

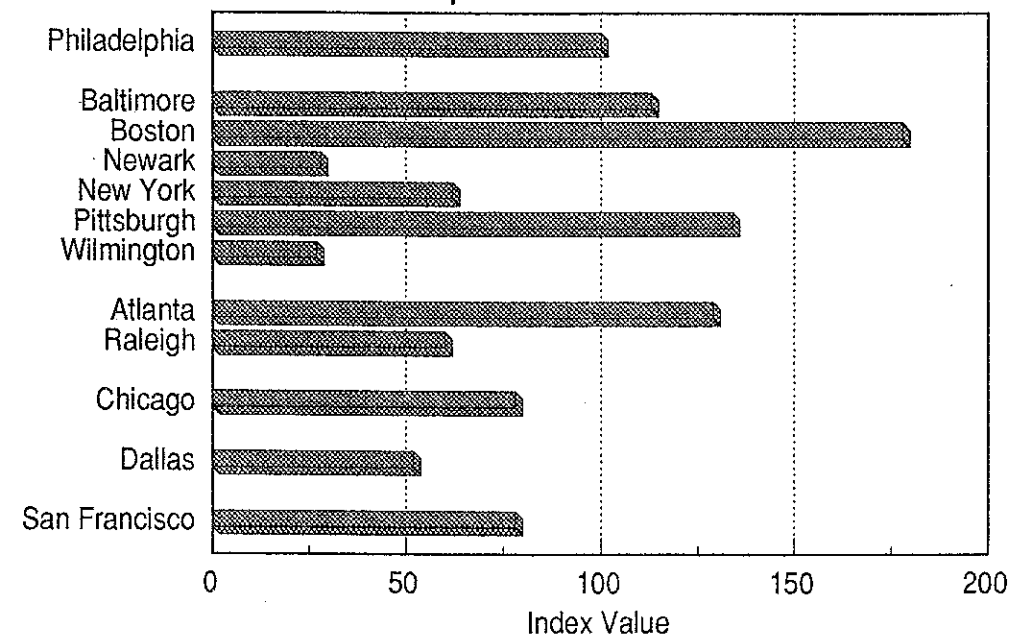
Figure 18
Index of Business Tax Burden
Life Insurance
Suburban Comparisons



Philadelphia = 100
 Pennsylvania Economy League 4/92

Because local taxes are not significant for insurance companies, the position of suburban Philadelphia locations relative to their competitors is similar to that of the city of Philadelphia relative to its competitors, near but slightly below the median.

Figure 19
Index of Business Tax Burden
Developers
Competitor Cities

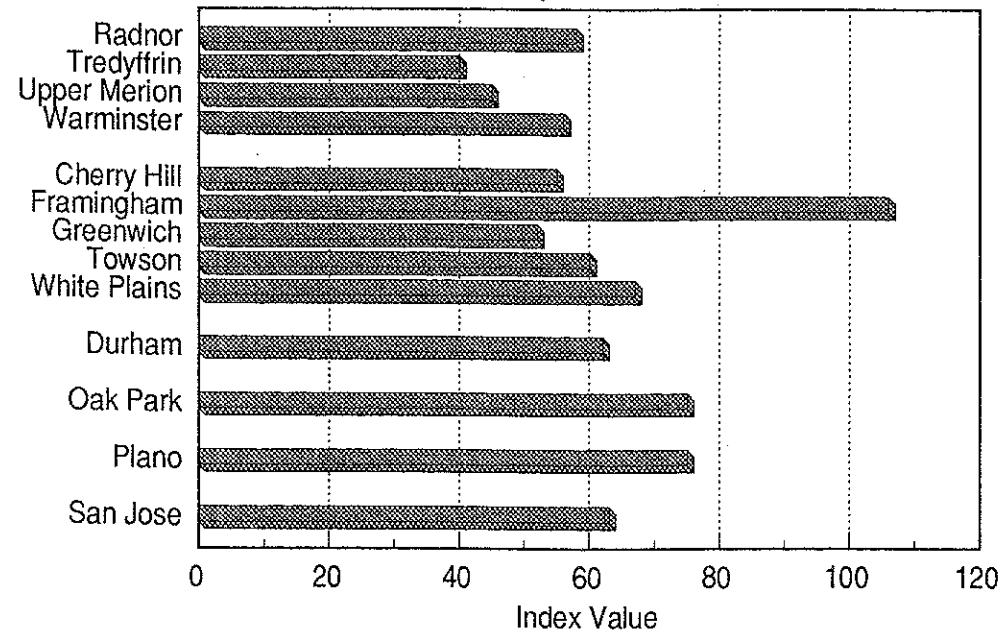


Philadelphia = 100
 Pennsylvania Economy League 4/92

Subdividers and Developers

The index of business tax burden for developers in city and suburban locations is presented in Figures 19 and 20. Tax burdens on developers vary widely among major cities, reflecting the importance of local taxes on real and personal property, gross receipts, and other taxes in determining the overall taxes on this sector. State taxes on corporate income loom less large in the overall burden than is the case for manufacturing firms, due to the comparatively small profit margins of developers. In Philadelphia, taxes on real property and the Business Privilege Tax are the most significant taxes. Philadelphia stands fifth out of twelve cities, at 27 percent above the median tax burden.

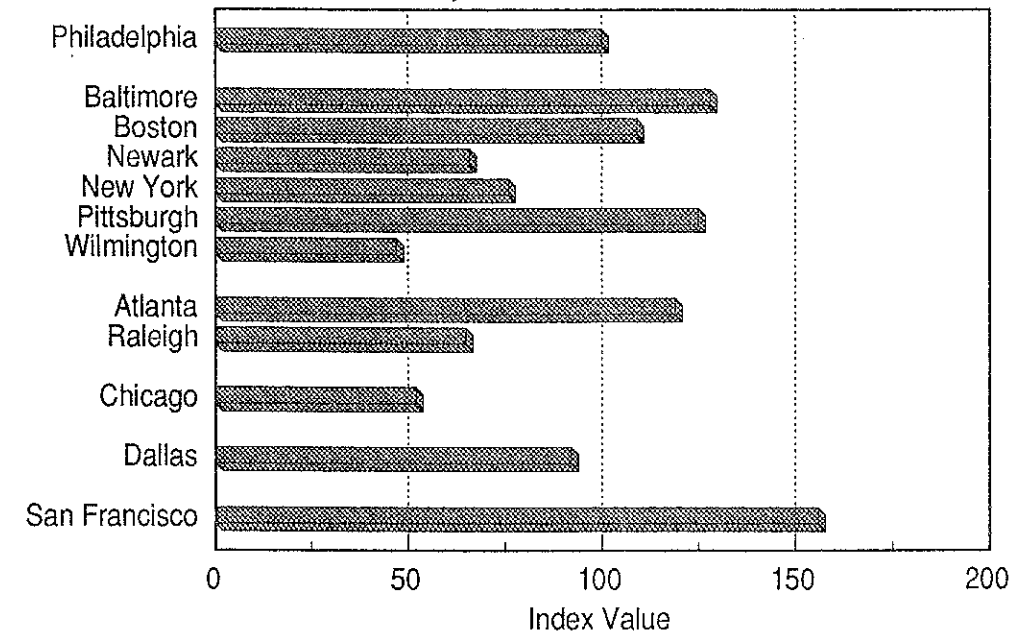
Figure 20
Index of Business Tax Burden
Developers
Suburban Comparisons



Philadelphia = 100
 Pennsylvania Economy League 4/92

Suburban Philadelphia locations stand eighth, ninth, twelfth, and thirteenth out of thirteen locations. They perform better in relation to their competitors than the city of Philadelphia performs in relation to its competitors, due primarily to the fact that their real property taxes are low compared to other suburban locations.

Figure 21
Index of Business Tax Burden
Business Services
Competitor Cities

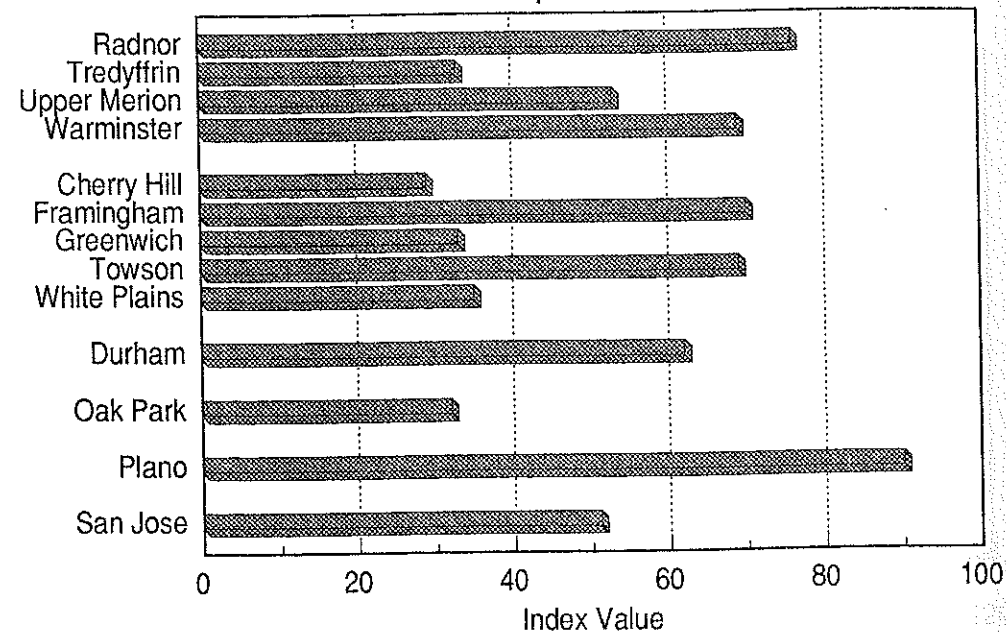


Philadelphia = 100
 Pennsylvania Economy League 4/92

Miscellaneous Business Services

The index of business tax burden for business services firms in city and suburban locations is presented in Figures 21 and 22. Philadelphia ranks sixth out of twelve competitor cities in total tax burden on business services firms. Tax differentials in this sector are driven by the presence or absence of personal property taxes, taxes on gross receipts, or unique local taxes. In Philadelphia, it is the presence of the Business Privilege Tax, combined with the absence of a personal property tax, that results in its position near the median.

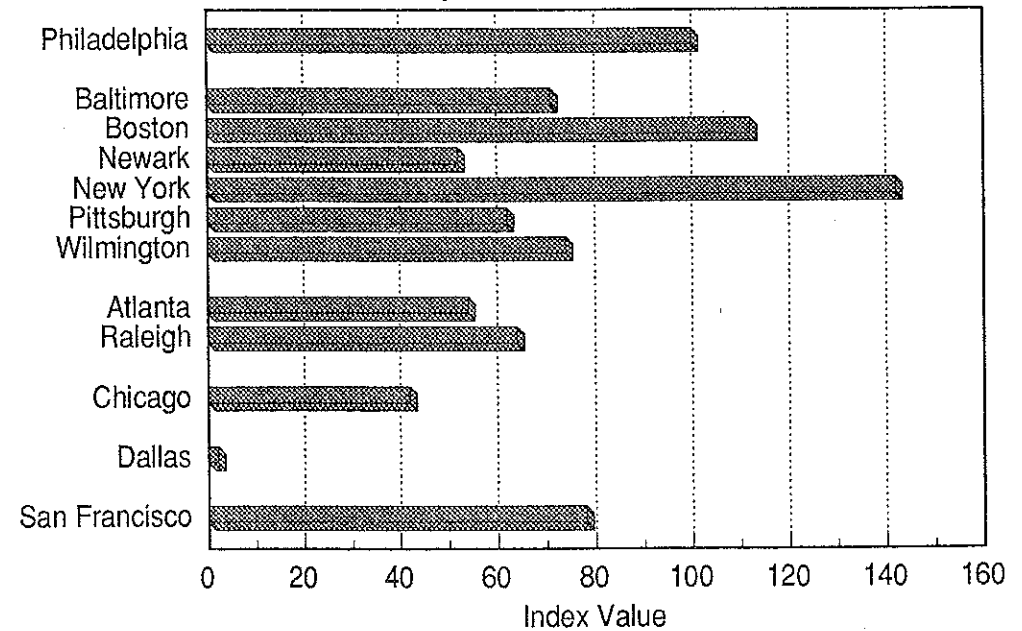
Figure 22
Index of Business Tax Burden
Business Services
Suburban Comparisons



Philadelphia = 100
Pennsylvania Economy League 4/92

The competitiveness of Philadelphia suburban locations in this sector depends heavily on whether they levy a local Business Privilege Tax on gross receipts. Tredyffrin, which has no Business Privilege Tax, is eleventh out of thirteen locations, while Radnor, with a 3 mill Business Privilege Tax, is second out of thirteen. Again, the variation in business services tax burdens among suburban locations depends on the level of personal property taxes, gross receipts taxes, and other local taxes. The state corporate net income tax is not a major factor because of the low profit margins of these firms in relation to gross receipts and property. Unlike other sectors examined in this study, local tax policy is important in determining overall business tax burdens for business services firms. If the accessibility of business services is important to the overall attractiveness of a location for business generally, then local governments should pay attention to the taxes they impose on business services. Local governments in southeastern Pennsylvania do not impose the highest taxes on business services, but neither are they among the most competitive locations for this sector.

Figure 23
Index of Business Tax Burden
Law
Competitor Cities

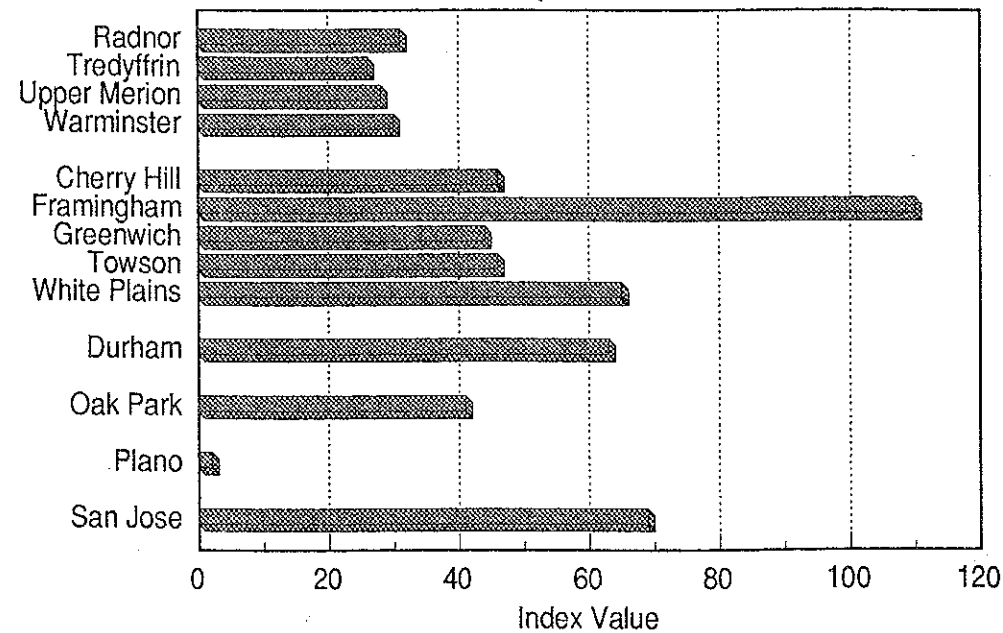


Philadelphia = 100
Pennsylvania Economy League 4/92

Legal Services

The index of business tax burden for law partnerships in city and suburban locations is presented in Figures 23 and 24. Philadelphia stands third out of twelve cities. The largest part of the tax burden on a law partnership is the state individual income tax. The state individual income tax burden is low in Philadelphia, but this is more than compensated for by the Business Privilege Tax and the Net Profits Tax. This reflects the extreme high reliance on local income taxes in Philadelphia through the Wage and Net Profits Taxes. New York City is high due to the combination of high state and local income taxes. Boston is high due to an extremely high state income tax burden. Dallas's low position is due to the absence of a state or local income tax.

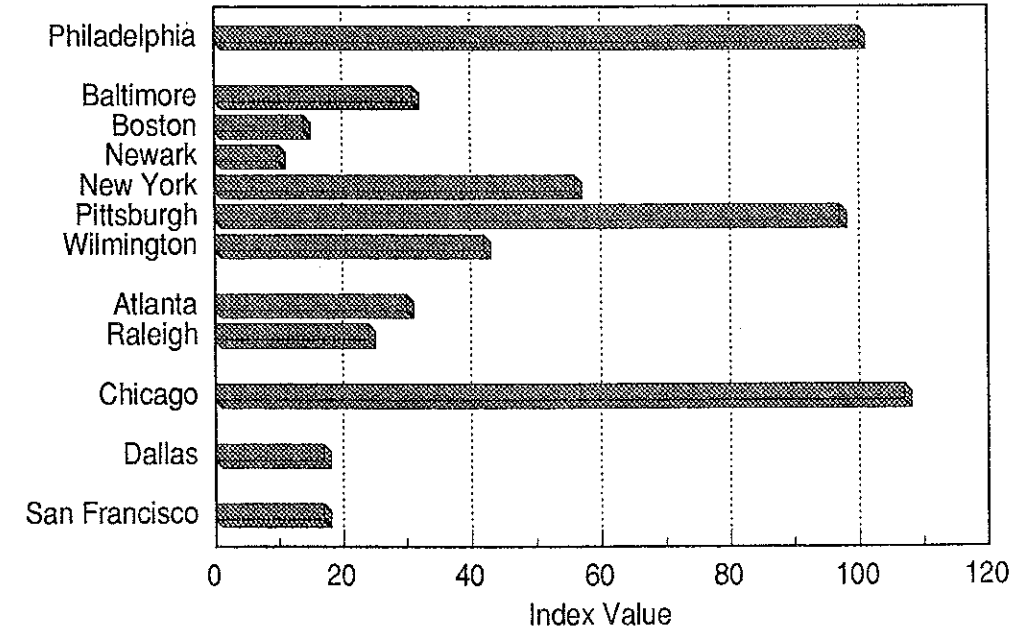
Figure 24
Index of Business Tax Burden
Law
Suburban Comparisons



Philadelphia = 100
 Pennsylvania Economy League 4/92

Suburban Philadelphia locations are below every other competitor location except Plano, reflecting the low state income tax burden in Pennsylvania. Plano's low burden reflects the absence of a state or local income tax.

Figure 25
Index of Business Tax Burden
Telecommunications
Competitor Cities

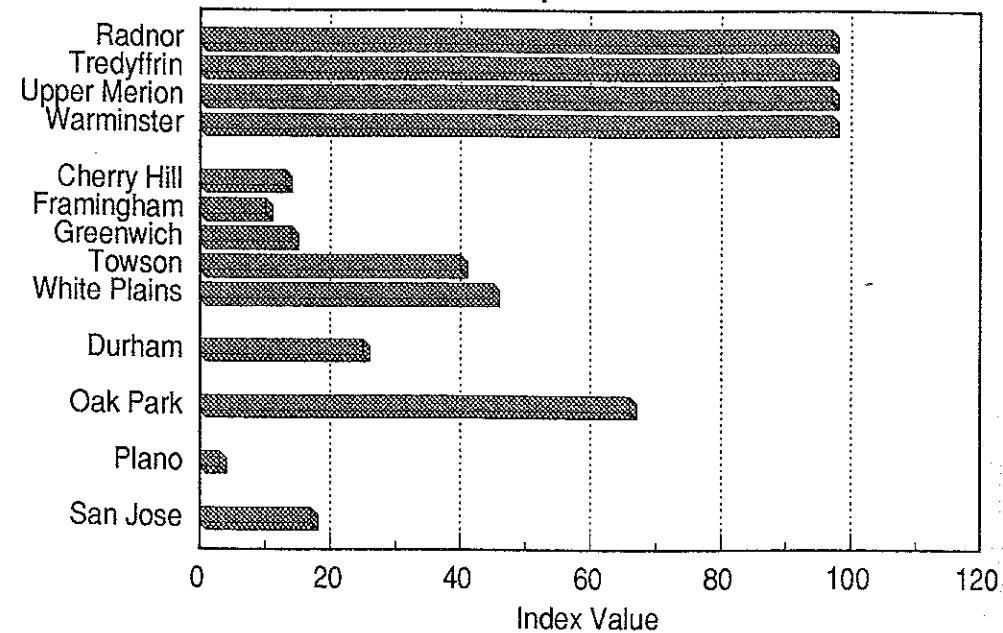


Philadelphia = 100
 Pennsylvania Economy League 4/92

Long-Distance Telecommunications

The index of business tax burden for long-distance telecommunications firms in city and suburban locations is presented in Figures 25 and 26. Philadelphia is second out of twelve cities in its burden on telecommunications. The large differential among cities reflects the fact that utility property is taxed at the state rather than the local level in Pennsylvania through the Public Utility Realty Tax, and the relatively high level of this tax. Pittsburgh as a result is also high in comparison to other cities. The high level of tax burden in Chicago, which is first out of the twelve cities, is due to high level of gross receipts taxation.

Figure 26
Index of Business Tax Burden
Telecommunications
Suburban Comparisons



Philadelphia = 100
 Pennsylvania Economy League 4/92

Suburban Philadelphia locations have by far the highest tax burden of competitor suburban locations. Oak Park, White Plains, and Towson are relatively high due to high levels of gross receipts or property taxation in Illinois, New York, and Maryland.

Summary

The high levels of corporate income taxation in Pennsylvania result in generally high state tax burdens for manufacturing firms. Combined with high levels of local taxation in the City of Philadelphia, overall tax burdens on manufacturing are high in the city. However, combined with relatively low levels of taxation in the Southeastern Pennsylvania suburbs, overall tax burdens on manufacturing in the suburbs are close to the median of competitor locations.

For some firms that are subject to distinct state tax systems, for which the corporate income tax is not the major

portion of the total tax burden, such as banking and telecommunications, business taxes in the city and the suburbs are high in comparison to competitor locations. This is the result of high state taxes. Even when local taxes are relatively low, overall taxation for these industries is high.

In the case of firms where the corporate net income tax is a small portion of the overall tax burden due to small profit margins in relation to gross receipts and property, such as developers and business services, overall tax burdens vary significantly across Southeastern Pennsylvania depending on the level of local property and business taxes. Despite the high relative levels of state taxation on developers and business services, Southeastern Pennsylvania locations have overall tax burdens on these industries that may be high, moderate, or low, depending on the level of local taxation. Relative tax burdens on business services firms, for instance, are particularly sensitive to the level of local business privilege taxation in the suburbs.

For law firms, where individual rather than corporate income taxation is the most important factor, suburban locations in southeastern Pennsylvania have competitive tax burdens, while the city of Philadelphia does not, due to its high local taxation through the Business Privilege Tax and Net Profits Tax.

The level of taxation of insurance firms in southeastern Pennsylvania is near the median, reflecting the similarity of Pennsylvania's state insurance taxes to most other locations.

IV. Findings and Conclusions

Findings

State tax burdens on business are relatively high for city and suburban locations in Southeastern Pennsylvania. Compared to its competitor cities, Philadelphia ranked highest in state business tax burdens for five out of nine industries. Philadelphia's state tax burden was at least 26 percent above the median for six out of nine industries. In only one Philadelphia industry, legal services, was the state tax burden below 99 percent of the median. State tax burdens in suburban locations in the region also were not competitive with suburbs in competing regions. In six out of nine industries, the average suburban state tax burden in the region was at least 26 percent higher than the median.

In Philadelphia, generally, a high local tax burden exacerbates the high state tax burden, resulting in extremely high overall tax burdens on business. Local taxes in Philadelphia are at least 24 percent above the median in five out of nine industries. This high local tax burden in combination with high state taxes results in an extremely high overall tax burden.

In Philadelphia, overall tax burdens are at least 27 percent above the median tax burden in seven out of nine industries. Only two industries have tax burdens below 127 percent of the median: business services, at 104 percent; and insurance, at 96 percent. Philadelphia's overall tax burden ranks in the top three out of twelve cities, for six out of nine industries. Philadelphia's tax burden out of twelve cities ranks second for pharmaceuticals, third for refineries, second for computers, first for banking, third for law and other professional services firms, and second for telecommunications firms. Life insurance, developers, and business services tax burdens in Philadelphia rank from fifth to eighth, and are comparable to or above the median tax burden.

The insurance, legal services, and telecommunications industries are exceptions to the general pattern of high state taxes and high local taxes in Philadelphia. The local

and state tax burdens for insurance in Philadelphia are each below the median, producing an overall burden for insurance that is competitive. The state tax burden on legal services in Philadelphia is below the median, but the local burden on legal services in Philadelphia is nearly nine times the median, producing the third highest overall burden. Other unincorporated professional partnerships, in addition to law firms, will be in a similar position. The local tax burden on telecommunications in Philadelphia is well below the median. However, an extremely high state tax burden on this industry is enough to produce a high overall Philadelphia tax burden.

In the suburbs, generally, a low local tax burden mitigates the high state tax burden, but overall tax burdens are still high or moderate. The average local tax burden in Philadelphia's suburbs is well below the median for most industries, at least 43 percent below the median for seven out of nine industries. However, when local taxes are combined with the high state tax burden, overall tax burdens are still high or moderate in most cases. Tax burdens on banking and telecommunications in the suburbs are two to four times the median; tax burdens on six other industries are within 21 percent of the median; the tax burden on legal services is lower, at 62 percent of the median.

The insurance, legal services, and business services industries are exceptions to the general pattern of high state taxes and low local taxes in the suburbs. The state tax burden is below the median for insurance in the suburbs. The local suburban burden for insurance is also below the median, producing an overall burden for insurance that is competitive. The state tax burden on legal services partnerships is low in the suburbs. Although the local burden on legal services in the suburbs is high, it is not high enough to produce a high overall tax burden. For business services, the local suburban tax burden is high or low depending on the level of the local business privilege tax. When combined with the high state tax burden on business services, overall business services tax burdens are high for Radnor and Warminster, moderate for Upper Merion, and low for Tredyffrin. The suburban average for business services is moderate.

Conclusions

The attractiveness of a locality to a potential employer is determined by a variety of factors, only some of which can be controlled by governments. These include the quality of the local labor force, transportation networks, support of research and development, and the regulatory and tax environment. However, because taxes are the one factor government can influence most directly, and because taxes are a highly visible policy, taxes signal government's attitude toward business and its likelihood of maintaining policies that promote business and economic development. For this reason, the tax environment is a particularly important element of the local business climate. A competitive tax policy is the foundation of an effective, long-term economic development strategy.

For various industries and locations across the Southeastern Pennsylvania region, the business tax structure is not competitive. Pennsylvania state taxes are placing a competitive disadvantage on banking and telecommunications industries throughout the region, regardless of how favorable the local tax structure. High state taxes combined with high local taxes are causing uncompetitive tax packages for business services firms in some suburban locations in the region. A combination of high state and high local taxes is causing uncompetitive tax packages in the city of Philadelphia for pharmaceuticals, refineries, computers, real estate development, and legal services industries. A particular problem for the Philadelphia region may be the disparity between business tax burdens in the City of Philadelphia and the suburbs, which may threaten the long term vitality of the region's core. To address these issues, which affect the entire region's economy, tax policy should be reviewed at both the state and local levels.

Appendix A: Methodology

This section describes how the model businesses were derived, and the assumptions that were made regarding the characteristics of the model businesses.

Construction of the Model Businesses

The characteristics of the model businesses were derived from Internal Revenue Service and Bureau of the Census data. Data on gross receipts, net income, net worth, and other items reported on federal Corporate Income Tax forms were derived from the 1987 Corporation Source Book published by the Internal Revenue Service. Data reported for all firms with and without net income were divided by the number of returns for each Enterprise Standard Industrial Classification (ESIC) category, to produce the figures used in our models. The following ESIC categories were used: pharmaceuticals, ESIC 2830; computer and office equipment, ESIC 3570; petroleum refining, ESIC 2910; banking, ESIC major group 45; life insurance, ESIC 6355; subdividers and developers, ESIC 6550; interexchange telecommunications carriers, ESIC 4825; legal services, ESIC 8111; and miscellaneous business services, ESIC 7389.

Corporation Source Book data for depreciable assets less accumulated depreciation were divided into two portions, "buildings and other structures," and "machinery and equipment," using the ratio between these two items reported in Census Bureau publications. The ratio for pharmaceutical firms, computer firms, and petroleum firms was derived from the 1985 Annual Survey of Manufactures, report M85(AS)-4. The ratio for legal services, and miscellaneous business services was derived from the 1987 Census of Service Industries, report SC87-S-2. The ratio for interexchange telecommunications carriers was not available; our model used the ratio for computer firms as an approximation. The ratio for banking, life insurance, and subdividers and developers also was not available; our models used the ratio for legal services as an approximation.

Data for number of employees and size of payroll for each model firm were not available from the Corporation Source Book. These data were estimated by using 1987 Census of Manufactures and Annual Survey of Manufactures data on value of shipments, number of employees, and payroll for pharmaceuticals, computers, and petroleum models. For the legal services and business services models, the data were estimated using 1987 Census of Service Industries data on receipts or revenues, annual payroll, and paid employees. The ratios between these items were determined and applied to gross receipts figures calculated from the Corporation Source Book, to determine number of employees and payroll.

The ratio between gross receipts and payroll for the developer, banking, life insurance, and telecommunications firms were based on the ratio for the legal services firm. The ratio between payroll and number of employees for these firms was based on 1988 Pennsylvania County Business Patterns data.

Based on the data entered into the models, the following terms were calculated:

"Value of real estate" is calculated as "land" plus "buildings and structures less depreciation".

"Net worth" is calculated as "capital stock" plus "paid-in or capital surplus" plus "retained earnings, appropriated" plus "retained earnings, unappropriated" plus "other retained earnings" less "cost of treasury stock."

"Gross receipts" is calculated as "business receipts" plus "net gain, non-capital assets." In the case of the bank model, "interest" is also included in gross receipts.

"Cost of goods sold" is calculated as "cost of sales and operations" plus "compensation of officers" plus "pension, profit sharing, stock, annuity" plus "employee benefit programs."

"Net profits" for the law model was calculated as "gross receipts" less "cost of goods sold" less "rent paid on business property" plus "rent received on property".

Assumptions Made Regarding the Model Firms

The following additional assumptions were made concerning the model businesses.

All firms are corporations, except the legal services firm, which is a partnership.

All payroll, employees, sales, and property are located or transacted within the municipality in which a tax burden is calculated, with the following exception: the manufacturing firm has no sales within its municipality.

All employees and partners of the model firms are residents of the municipality.

All machinery and equipment is acquired after January 1, 1977, except for the petroleum refining model, for which all machinery and equipment is acquired before that date.

All land owned by the model is developed.

All inventories of finished goods are to be sold within the state.

Insurance Model: The life insurance firm is an authorized domestic life insurance firm. All gross receipts of the insurance model are due to premiums. Less than 25 percent of the assets of the life insurance model are invested within the state.

Law Model: There are two partners that share equally in the net profits of the law firm. Each is single, under 65 years of age, with no dependents.

Telecommunications Model: The model is an inter-exchange carrier. There are no access charges paid by the model. All revenues received are from intrastate service.

Definition of "Tax Burden"

The following assumptions were made regarding what would be included in the "tax burden" calculated in this report.

Fees that are not revenue-raising are excluded from the calculations of tax burdens. These may include license fees, or filing fees.

The effect of variable property taxes on rents paid for those firms that rent space is excluded.

The burden of any "gross receipts" tax is assumed to fall completely on the seller of the good or service subject to the gross receipts tax.

Tax bases as reported in the Corporation Source Book and as manipulated as described above are taken as approximations to the actual tax bases which may be used.

Appendix B: List of Taxes Applied to Models and Supporting Tables

This appendix contains a list of the taxes that were applied in calculating business tax burdens in various states and localities. Following this list, there are tables containing the characteristics of the model businesses, the tax burden calculations for each location, and summary tables of the index relating tax burdens in all locations to the tax burden in the city of Philadelphia.

State Taxes

California Personal Income: On net profits, \$1 to \$4,394, 1%; \$4,395 to \$10,414, 2%; 10,415 to 16,435, 4%; 16,436 to \$22,816, 6%; \$22,817 to \$28,835, 8%; \$28,836 to \$100,000, 9.3%; \$100,001 to \$200,000, 10%; \$200,001 and above, 11%. Personal exemption \$60. (Applies to law model only.)

Bank and Corporation Franchise Tax: 9.3% of net income; 11.3% of net income for banks. (Does not apply to insurance and law models.)

Insurance Companies Tax: 2.35% of gross receipts. (Applies to insurance model only.)

Connecticut Personal Income Tax: 4.5% of net profits. Personal Exemption: \$12,000. (Applies to law model only.)

Corporation Business Tax: Greater of: (1) 11.5 percent of net income; (2) \$3.10 per \$1,000 of net worth. Plus 10 percent surtax. (Does not apply to life insurance and law models.)

Insurance Companies: 2% of gross receipts. (Applies to insurance model only.)

Delaware

Personal Income Tax: On net profits: First \$2,000 exempt; next \$3,000, 3.2%; next \$5,000, 5%; next \$10,000, 6%; next \$5,000, 6.6%; next \$5,000, 7%; next \$10,000, 7.6%; over \$40,000, 7.7%. Personal Exemption: \$1,250. (Applies to law model only.)

Franchise Tax: \$.20 per \$1000 of net worth. (Does not apply to law model.)

Corporation Income Tax: 8.7% of net income (Does not apply to bank, insurance, and law models.)

Banks, Trust and Loan Companies Tax: 8.7% of 56% of net income. (Only applies to bank model.)

Merchants and Manufacturers Tax: \$75; plus \$2.50 per \$1000 of gross receipts; plus 10 percent surtax; less monthly credit of \$100 (Only applies to pharmaceutical, refinery, and computer model.)

Utilities Tax: 4.25% of gross receipts (Only applies to telecommunications model.)

Insurance Companies Gross Premiums Tax: 1.75% of gross receipts (Applies to insurance model only.)

Insurance Companies Annual Privilege Tax: \$95,000 (Applies to insurance model only.)

Georgia

Personal Income Tax: On net profits: first \$750, 1%; next \$1,500, 2%; next \$1,500, 3%; next \$1,500, 4%; next \$1,750, 5%; over \$7,000, 6%. Personal Exemption, \$1,500. (Applies to law model only.)

Corporation Franchise Tax: Fixed fee ranging from \$100 to \$5,000. (Does not apply to law model.)

Corporation Income Tax: 6% of net income. (Does not apply to insurance and law models.)

Financial Institutions Property Tax: \$2.50 per \$1,000 of gross receipts. (Applies to bank model only.)

Real and Tangible Personal Property Tax: \$0.25 per \$1,000 of assessed value. Assessed value equals 40% of the following: inventories, value of real estate, machinery and equipment less depreciation. (Does not apply to bank model.)

Intangible Personal Property Tax: \$0.10 per \$1,000 of the following: cash, receivables, short-term investments, other current assets, other non-current assets.

Insurance Companies Tax: 2.25% of gross receipts. (Applies only to insurance model.)

Illinois

Personal Income Tax: 5.5% of net profits (includes personal property replacement tax). Personal exemption: \$1,000. (Applies to law model only.)

Corporation Franchise Tax: \$1.00 per \$1,000 of paid-in or capital surplus. (Does not apply to law model.)

Corporation Income Tax: 4.8% of net income. (Does not apply to law model.)

Additional Personal Property Replacement Tax: 2.5% of net income. (Does not apply to law model.) 1.5% of net profits. (Applies only to law model.)

Public Utilities Gross Receipts Tax: 5.08% of gross receipts. (Applies to telecommunications model only.)

Public Utilities Invested Capital Tax: 0.8% of net worth plus long term debt. (Applies to telecommunications model only.)

Insurance--Annual Financial Regulation Fee: \$14,000. (Applies to insurance model only.)

Maryland

Personal Income Tax: On net profits: first \$1,000, 2%; next \$1,000, 3%; next \$1,000, 4%; above \$3,000, 5%. Personal exemption: \$1,200. (Applies to law model only.)

Financial Institutions Franchise Tax: 7% of net income. (Applies to bank model only.)

Corporation Income Tax: 7% of net income. (Does not apply to bank, insurance, law, and telecommunications models.)

Real Property Tax: \$2.10 per \$1000 of assessed value. Assessed value equals 38% of value of real estate. (Does not apply to telecommunications model.)

Gross Receipts (Utilities) Tax: 2% of gross receipts. (Applies to telecommunications model only.)

Insurance Companies Tax: 2% of gross receipts. (Applies to insurance model only.)

Massachusetts

Personal Income Tax: 12% of net profits. Personal Exemption: \$2,200. (Applies to law model only.)

Corporation Excise (Income) Tax on Banks: 12.54% of net income. (Applies to bank model only.)

Corporation Excise (Income) Tax on Tangible Property Corporations: Two parts: (1) \$2.60 per \$1,000 of book value of machinery and equipment; (2) 9.5% of net income. (Applies to pharmaceuticals, refinery, and computer models only.)

Corporation Excise (Income) Tax on Intangible Property Corporations: Two parts: (1) \$2.60 per \$1,000 of the following base: (net worth, less book value of machinery and equipment, less inventories); (2) 9.5% of net income. (Applies to developer and business services models only.)

Utilities Corporate Franchise: 6.5% of net income. (Applies to telecommunications model only.)

Insurance Tax: 2.0% of gross receipts. Plus 14% surtax. (Applies to insurance model only.)

New Jersey

Personal Income: On net profits: \$3,300 plus 7% of excess over \$75,000. Personal Exemption: \$1,000. (Applies only to law model.)

Corporation Business (Franchise) Tax: 9.375% of net income. (Does not apply to insurance and law models.)

Business Personal Property Tax: 1.3% of value of machinery and equipment less depreciation. Applies only to machinery and equipment acquired prior to January 1, 1977. (Based on the assumption that only the machinery and equipment of the petroleum refinery firm was acquired prior to January 1, 1977, this tax applies only to the petroleum refining model.)

Insurance Tax: 2.1% of gross receipts.
(Applies only to insurance model.)

New York State Personal Income: On net profits: first \$5,500, 4%; next \$2,500, 5%; next \$3,000, 6%; next \$2,000, 7%; over \$13,000, 7.875%. Zero personal exemption. (Applies to law model only.)

Franchise Tax on Business Corporations: 9% of net income, plus surcharge of 10%, plus surcharge of 17% for firms in Metropolitan Commuter Transportation District. (Does not apply to bank, insurance, law, and telecommunications models.)

Banking Corporations: 9% of net income, plus surcharge of 10%, plus surcharge of 17% for firms in Metropolitan Commuter Transportation District. (Applies only to bank model.)

Utility Services Gross Income Tax: 3.5% of gross receipts. (Applies only to telecommunications model.)

Insurance Companies Franchise Tax: Greater of: (1) 9% of net income; (2) \$1.60 per \$1000 of net worth; (3) \$250; (4) 9% of 30% of the following: net income, plus compensation of officers, less \$15,000. Plus surcharge of 10%, plus surcharge of 17% for firms in Metropolitan Commuter Transportation District. (Applies only to insurance model.)

Additional Insurance Franchise Tax: \$8 per \$1,000 of gross receipts. (Applies only to insurance model.)

North Carolina Personal Income: On net profits: first \$3,000, 2.67%; next \$2,000, 4%; next \$3,000, 5.33%; next \$7,000, 6.67%; next \$10,000, 8%;

next \$10,000, 9.33%; next \$15,000, 10.67%; over \$50,000, 12%. Personal exemption: \$2,150. (Applies to law model only.)

Corporation Franchise: \$1.50 per \$1000 of net worth. (Does not apply to insurance and law models.)

Corporation General Income (includes surtax): 10.5% of net income. (Does not apply to insurance and law models.)

Bank Privilege: \$30 per \$1,000,000 of total assets. (Applies to bank model only.)

Intangibles Tax: \$2.50 per \$1000 of intangibles, which include receivables, less accounts payable, plus short-term investments, less short-term debt, less long-term debt. (Does not apply to bank model; banks are allowed to deduct deposits.)

Insurance Companies Tax: 1.9% of gross receipts. (Applies to insurance model only.)

Pennsylvania

Personal Income Tax: 2.8% of net profits. No personal exemption. (Applies only to law model.)

Corporate Net Income Tax: 12.25% of net income. (Does not apply to banking, insurance, and law models.)

Financial Institutions Tax: 1.25% of net worth. (Applies only to bank model.)

Capital Stock Tax: \$13 per \$1,000 of the following base: $((5.26 \times \text{net income}) + (0.375 \times \text{net worth}) - 50,000)$. (Does not apply to banking, insurance, and law models. Pharmaceuticals, petroleum refining, and

computer models are assumed to pay the \$300 minimum tax.)

Public Utility Realty Tax: \$42 per \$1000 of value of real estate, machinery and equipment, less depreciation. (Applies only to telecommunications model.)

Public Utility Gross Receipts Tax: \$50 per \$1,000 of gross receipts. (Applies only to telecommunications model.)

Insurance Tax: 2.0% of gross receipts. (Applies only to insurance model.)

Texas

Corporation Franchise Tax: Greater of: (1) \$2.50 per \$1,000 of net worth; (2) 4.5% of net income plus compensation of officers. (Does not apply to insurance or law models.)

Insurance Companies Tax: 2.2% of gross receipts. (Applies only to insurance model.)

Local Taxes

Atlanta

Real and Tangible Personal Property Tax: \$57.88 per \$1,000 of assessed value. Assessed value equals 40% of inventories, real estate, and machinery and equipment less depreciation.

Business License Tax, Per Employee Portion: graduated rate based on number of employees. (Does not apply to bank and insurance models.)

Business License Tax, Gross Revenue Portion: graduated rate based on gross revenue. (Does not apply to bank and insurance models.)

Public Utilities Receipts Tax: 3% of gross receipts. (Applies only to telecommunication model.)

Insurance Premiums Tax: \$0.10 per \$1,000 of gross receipts. (Applies only to insurance model.)

Baltimore

Personal Income Tax: Half of total state liability. (Applies only to legal services model.)

Real Property: \$59 per \$1,000 of assessed value. Assessed value equals 38% of value of real estate.

Tangible Personal Property Tax: \$59 per \$1,000 of value of machinery and equipment less depreciation. (Applies only to insurance, developer, business services, legal services and telecommunications models).

Boston

Real Property: \$34.27 per \$1,000 of value of real estate.

Personal Property: \$34.27 per \$1,000 of value of inventories plus machinery and equipment less depreciation. (Applies to all models except insurance and telecommunications; machinery and equipment is exempt for manufacturing models.)

Cherry Hill

Real Property Tax: \$83.90 per \$1,000 of assessed value. Assessed value equals 31.39% of value of real estate.

Chicago

Real Property: \$99.64 per \$1,000 of assessed value. Assessed value equals 36% of value of real estate for pharmaceuticals, refining, and computers models; 38% of value of real estate for all other models.

Per employee tax: \$60 per employee. (Does not apply to insurance model.)

Local telecommunications tax: 5% of gross receipts. (Applies to telecommunications model only.)

Dallas Property tax: \$23.1317 per \$1,000 of assessed value. Assessed value equals 60% of value of real estate, inventories, and machinery and equipment less depreciation.

Durham Property Tax: \$17.645 per \$1,000 of value of real estate, plus value of machinery and equipment, less depreciation.

Framingham Property Tax: \$19.73 per \$1,000 of value of real estate, inventories, and machinery and equipment less depreciation. (Machinery and equipment is exempt in the case of pharmaceuticals, petroleum, and computer models. Inventories and machinery and equipment are exempt in the case of the telecommunications model.)

Greenwich Real Property: \$32.43 per \$1,000 of assessed value. Assessed value equals 70% of value of real estate.

Business Personal Property: \$32.43 per \$1,000 of value of inventories, plus machinery and equipment less depreciation. (Applies only to law model.)

Newark Payroll Tax: 1% of payroll.

Real Property Tax: \$19.96 per \$1,000 of assessed value. Assessed value equals 14.96% of value of real estate.

New York City General Corporation Tax: Greater of: (1) 8.85% of net income; (2) \$1.50 per \$1,000 of net worth; (3) \$300; (4) 8.85% of 30% of the

following: net income, plus compensation of officers, less \$15,000. (Does not apply to insurance, law, and telecommunications models.)

Unincorporated Business Tax: 4% of net profits (Applies only to law model.)

Tax on Public Utilities: 2.35% of gross receipts. (Applies only to telecommunications model.)

Commercial Rent or Occupancy Tax: 6% of rent paid on business property.

Real Property: \$106.31 per \$1,000 of assessed value. Assessed value equals 21.57% of value of real estate. (Rate for telecommunications model is \$130.83 per \$1,000 assessed value.)

Oak Park Property Tax: \$116.53 per \$1,000 of assessed value. Assessed value equals 38% of value of real estate.

Philadelphia Business Privilege Tax: Two parts: (1) Net Income Portion: 6.5% of net income (or net profits in case of law model), where net income is apportioned based on three factors: property, payroll, and gross receipts; (2) Gross Receipts Portion: \$3.25 per \$1,000 of gross receipts received within the city. (For insurance, banking, and telecommunications models, the total Business Privilege Tax liability equals the lesser of the gross receipts portion and the net income portion.)

Net Profits Tax: 4.96% of net profits, less 60% of Net Income Portion of Business Privilege Tax. (Applies only to law model.)

Property Tax: \$82.64 per \$1,000 of assessed value. Assessed value equals 27.8% of value of real estate. (Does not apply to telecommunications model.)

School District Use and Occupancy Tax: \$46.20 per \$1,000 of assessed value. Assessed value equals 27.8% of value of real estate. (Does not apply to telecommunications model.)

Pittsburgh

Business Privilege Tax: \$6 per \$1,000 of gross receipts. (Applies only to developer, business services, and legal services models.)

Net Profits Tax: 2,875% of net profits. (Applies to law model only.)

Land Tax: \$184.50 per \$1,000 of assessed value. Assessed value equals 21.7% of value of land. (Does not apply to telecommunications model.)

Improvements Tax: \$32 per \$1,000 of assessed value. Assessed value equals 21.7% of value of improvements. (Does not apply to telecommunications model.)

Real Estate Tax: \$82.50 per \$1,000 of assessed value. Assessed value equals 21.7% of value of real estate. (Does not apply to telecommunications model.)

Plano

Real Property: \$21.9548 per \$1,000 of assessed value. Assessed value equals 60% of value of real estate, plus 100 % of value of inventory and machinery and equipment less depreciation.

Radnor

Business Privilege Tax: \$3 per \$1,000 of gross receipts (Applies only to developer, business services, and law models.)

Property Tax: \$451.21 per \$1,000 of assessed value. Assessed value equals 3.3% of value of real estate. (Does not apply to telecommunications model.)

Raleigh

Real and Tangible Personal Property: \$16.65 per \$1,000 of value of real estate and machinery and equipment less depreciation.

License Tax: Formula based on gross receipts. (Does not apply to banking, life insurance, developer, and telecommunications models.)

San Francisco

Business/Payroll Expense Tax: Greater of: (1) Business Tax (formula based on gross receipts); (2) Payroll Expense Tax equal to 1.5% of payroll.

Property Tax: \$10.90 per \$1,000 of value of real estate, inventories, and machinery and equipment less depreciation.

San Jose

Property Tax: \$10.76 per \$1,000 of value of real estate, inventories, and machinery and equipment less depreciation.

Business License Tax: Formula based on number of employees.

Towson

Real Property Tax: \$28.55 per \$1,000 of assessed value. Assessed value equals 40% of value of real estate.

Personal Property Tax: \$28.55 per \$1,000 of value of inventories and machinery and equipment less depreciation. (Applies only to insurance, developer, business services, law, and telecommunications models.)

Tredyffrin

Real Property Tax: \$180.91 per \$1,000 of assessed value. Assessed value equals 6.4%

Upper Merion of value of real estate. (Does not apply to telecommunications model.)

Business Privilege Tax: \$1.50 per \$1,000 of gross receipts. (Applies only to developer, business services, and law models.)

Property Tax: \$207.00 per \$1,000 of assessed value. Assessed value equals 5.3% of value of real estate. (Does not apply to telecommunications model.)

Warminster Business Privilege Tax: \$2.50 per \$1,000 of gross receipts. (Applies only to developer, business services, and law models.)

Real Property: \$289.25 per \$1,000 of assessed value. Assessed value equals 5.1% of value of real estate. (Does not apply to telecommunications model.)

White Plains Real Property Tax: \$269.2 per \$1,000 of assessed value. Assessed value equals 11.76% of value of real estate.

Utilities Tax: 1% of gross receipts. (Applies only to telecommunications model.)

Wilmington Earned Income/Net Profits Tax: 1.25% of net profits. (Applies to law model only.)

Business License Tax: \$150 for all firms, except \$600 for bank and \$1,500 for telecommunications firm.

Employee Head Tax: \$72 per employee.

Property: \$18.298 per \$1,000 of assessed value. Assessed value equals 40% of value of real estate.

Appendix Table B-1
Characteristics of Model Businesses, in Thousands of Dollars

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
Cash	4,609	6,051	6,836	29,073	3,070	71	37	36	889
Receivables	14,282	89,587	47,891	162,478	12,977	155	82	6	4,394
Inventories	8,029	23,263	26,418	35	469	310	18	0	702
Short-term investments	588	1,381	8,820	35,922	52,982	6	3	0	37
Other current assets	6,389	34,439	18,003	9,630	28,277	112	31	13	860
Land	615	7,819	1,675	481	300	213	5	1	175
Depreciable assets (less deprec.)	15,631	173,244	46,131	4,193	3,675	220	90	28	22,230
Buildings and structures (less deprec.)	5,415	59,610	12,639	1,023	897	54	16	7	6,090
Value of real estate	6,030	67,430	14,314	1,504	1,196	267	21	8	6,265
Machinery and equipment (less deprec.)	10,216	113,634	33,493	3,170	2,778	166	74	21	16,140
Other non-current assets	29,387	335,819	44,103	61,848	349,323	440	107	35	11,628
Total assets	79,531	671,603	199,879	303,660	451,071	1,528	374	120	40,915
Accounts payable	7,767	59,643	15,259	4,321	4,340	69	38	2	2,803
Short-term debt	6,863	29,635	12,180	21,100	9,658	294	42	14	1,502
Other current liabilities	9,212	51,230	36,339	227,234	18,779	94	50	29	2,155
Loans from stockholders	777	7,429	682	673	1,191	129	21	6	124
Long-term debt	9,547	131,794	35,354	12,555	5,491	609	101	16	10,932
Other liabilities	7,159	98,798	18,833	13,256	361,891	140	31	13	5,473
Capital stock	3,846	18,201	18,655	4,619	3,513	81	24	5	4,387
Paid-in or capital surplus	11,135	133,205	25,485	9,962	18,568	139	58	6	9,213
Retained earnings, appropriated	22	16,668	1,937	342	10,061	1	1	0	39
Retained earnings, unappropriated	26,588	148,895	38,861	9,791	18,173	(42)	14	27	4,525
Other retained earnings	91	(32)	365	(0)	0	26	2	3	(9)
Cost of treasury stock	3,478	23,863	4,072	192	592	12	7	2	229
Net worth	38,204	293,074	81,232	24,522	49,723	194	92	40	17,926
Total liab. and stockholder equity	79,531	671,603	199,879	303,660	451,071	1,528	374	120	40,915

Appendix Table B-1 (continued)
 Characteristics of Model Businesses, in Thousands of Dollars

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
Business receipts (includes interest in case of banking)	57,667	427,084	140,664	28,299	97,400	585	567	401	18,164
Net gain, non-capital assets	67	1,957	145	234	174	2	2	0	20
Gross receipts	57,734	429,041	140,809	28,534	97,574	587	568	401	18,184
Rents	0	0	0	0	0	0	0	1	0
Cost of sales and operations	25,504	315,871	80,437	63	63,504	417	254	26	6,334
Compensation of officers	405	474	820	871	252	21	43	121	57
Pens., profit shar., stock, annuity	413	1,213	935	134	496	2	5	14	165
Employee benefit programs	778	2,330	3,510	313	240	2	7	5	488
Cost of goods sold	27,101	319,887	85,701	1,382	64,492	440	308	166	7,045
Rent paid on business property	645	3,701	3,402	569	934	7	21	25	584
Net income (net profits in case of law firm)	9,753	23,841	15,345	1,162	171	14	7	211	1,424
Payroll	7,790	10,281	24,751	10,234	35,221	212	201	145	6,569
Number of employees	253	271	761	464	1,384	9	14	4	205

Appendix Table B-2
 Business Tax Burden as a Percent of Gross Receipts
 Atlanta, Fulton Cty, GA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income	0.01%	0.00%	0.00%	0.02%	0.01%	0.03%	0.02%	0.01%	0.02%
Corporation Franchise	1.01%	0.33%	0.65%	0.24%		0.14%	0.07%		0.47%
Corporation Income				0.25%					
Financial Institutions									
Real Property and Tangible Personal Property	0.00%	0.00%	0.01%		0.00%	0.01%	0.00%	0.00%	0.00%
Intangible Personal Property	0.01%	0.01%	0.01%	0.10%	0.05%	0.01%	0.00%	0.00%	0.01%
Insurance Companies					2.25%				
Local Taxes									
Real Property and Tangible Personal Property	0.97%	1.10%	1.22%	0.38%	0.11%	2.93%	0.46%	0.17%	0.09%
Intangible Personal Property	0.00%	0.00%	0.01%	0.14%	0.05%	0.00%	0.00%	0.00%	0.00%
Business License									
Per Employee Portion	0.00%	0.00%	0.01%			0.03%	0.04%	0.02%	0.01%
Gross Revenue Portion	0.09%	0.10%	0.11%			0.14%	0.28%		0.15%
Public Utilities Receipts									3.00%
Insurance Premiums					0.01%				
State Total	1.04%	0.35%	0.67%	0.62%	2.30%	0.20%	0.10%	2.95%	0.50%
Local Total	1.07%	1.20%	1.34%	0.52%	0.17%	3.10%	0.78%	0.19%	3.25%
Total	2.10%	1.55%	2.02%	1.13%	2.47%	3.30%	0.87%	3.13%	3.75%

Appendix Table B-3

Business Tax Burden as a Percent of Gross Receipts
Baltimore City, MD

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								2.51%	
Personal Income									
Financial Institutions Franchise			0.29%						
Corporation Income	1.18%	0.39%	0.76%			0.17%	0.09%		
Real Property	0.01%	0.01%	0.01%	0.00%	0.00%	0.04%	0.00%	0.00%	
Gross Receipts (Utilities)					2.00%				2.00%
Insurance Companies									
Local Taxes								1.25%	
Personal Income								0.04%	0.77%
Real Property	0.23%	0.35%	0.23%	0.12%	0.03%	1.02%	0.08%	0.31%	1.03%
Tangible Personal Property					0.17%	1.67%	0.77%		
State Total	1.19%	0.40%	0.77%	0.29%	2.00%	0.20%	0.09%	2.51%	2.00%
Local Total	0.23%	0.35%	0.23%	0.12%	0.20%	2.69%	0.85%	1.61%	1.80%
Total	1.43%	0.75%	1.00%	0.41%	2.20%	2.89%	0.94%	4.12%	3.80%

Appendix Table B-4

Business Tax Burden as a Percent of Gross Receipts
Boston, MA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								6.28%	
Personal Income									
Corporation Excise (Income)									
Banks, Financial Institutions				0.51%					
Tangible Property Corporations	1.65%	0.60%	1.10%				0.12%		
Intangible Property Corporations						0.23%			0.51%
Utilities Corporate Franchise									
Insurance									
Regular					2.00%				
Surtax					0.28%				
Local Taxes									
Real Property (Comm./Ind.)	0.36%	0.54%	0.35%	0.18%	0.04%	1.56%	0.13%	0.07%	1.18%
Personal Property	0.48%	0.19%	0.64%	0.38%		2.78%	0.56%	0.18%	
State Total	1.65%	0.60%	1.10%	0.51%	2.28%	0.23%	0.12%	6.28%	0.51%
Local Total	0.83%	0.72%	0.99%	0.57%	0.04%	4.34%	0.68%	0.25%	1.18%
Total	2.49%	1.32%	2.09%	1.08%	2.32%	4.56%	0.80%	6.53%	1.69%

Appendix Table B-5

Business Tax Burden as a Percent of Gross Receipts

Cherry Hill Township, Camden Cty, NJ

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								2.66%	
Personal Income							0.12%		0.73%
Corporation Business (Franchise)	1.58%	0.52%	1.02%	0.38%		0.22%			
Business Personal Property		0.34%			2.10%				
Insurance									
Local Taxes								0.05%	0.91%
Real Property	0.28%	0.41%	0.27%	0.14%	0.03%	1.20%	0.10%		
State Total	1.58%	0.87%	1.02%	0.38%	2.10%	0.22%	0.12%	2.66%	0.73%
Local Total	0.28%	0.41%	0.27%	0.14%	0.03%	1.20%	0.10%	0.05%	0.91%
Total	1.86%	1.28%	1.29%	0.52%	2.13%	1.42%	0.21%	2.71%	1.64%

Appendix Table B-6

Business Tax Burden as a Percent of Gross Receipts

Chicago, Cook Cty, IL

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								1.56%	
Personal Income							0.01%		0.05%
Corporation Franchise	0.02%	0.03%	0.02%	0.03%	0.02%	0.02%			0.38%
Corporation Income	0.81%	0.27%	0.52%	0.20%	0.01%	0.11%	0.05%		0.20%
Additional Personal Property Rep	0.42%	0.14%	0.27%	0.10%	0.00%	0.06%	0.03%	0.79%	5.07%
Public Utilities Gross Receipts									1.27%
Public Utilities Invested Capital					0.01%				
Insurance--Annual Financial Regulation Fee									
Local Taxes								0.08%	1.30%
Real Property	0.37%	0.56%	0.36%	0.20%	0.05%	1.72%	0.14%	0.08%	0.08%
Per Employee	0.03%	0.00%	0.03%	0.01%		0.09%	0.15%	0.06%	4.99%
Local Telecomm									
State Total	1.25%	0.44%	0.81%	0.33%	0.05%	0.19%	0.09%	2.35%	6.97%
Local Total	0.40%	0.57%	0.40%	0.21%	0.05%	1.81%	0.29%	0.14%	6.38%
Total	1.65%	1.00%	1.21%	0.54%	0.09%	2.00%	0.38%	2.48%	13.35%

Appendix Table B-7
Business Tax Burden as a Percent of Gross Receipts
Dallas, Dallas Cty, TX

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Corporation Franchise Tax									
Greater of:									
1	0.17%	0.17%	0.14%	0.21%	0.08%	0.08%	0.04%		0.25%
2	0.79%	0.26%	0.52%	0.32%	0.27%	0.27%	0.40%		0.37%
Result	0.79%	0.26%	0.52%	0.32%	0.27%	0.27%	0.40%		0.37%
Insurance Companies Tax			2.20%						
Local Taxes									
Real and tangible pers. prop.	0.58%	0.66%	0.73%	0.23%	0.06%	1.76%	0.28%	0.10%	1.76%
State Total	0.79%	0.26%	0.52%	0.32%	2.20%	0.27%	0.40%		0.37%
Local Total	0.58%	0.66%	0.73%	0.23%	0.06%	1.76%	0.28%	0.10%	1.76%
Total	1.38%	0.92%	1.25%	0.55%	2.26%	2.03%	0.67%	0.10%	2.13%

Appendix Table B-8
Business Tax Burden as a Percent of Gross Receipts
Durham, Durham Cty, NC

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income									
Corporation Franchise	0.10%	0.10%	0.09%	0.13%	0.05%	0.05%	0.02%	3.58%	0.15%
Corp. General Income	1.27%	0.42%	0.82%	0.31%	0.18%	0.18%	0.09%		0.59%
Corp. General Income--Surtax	0.51%	0.17%	0.33%	0.12%	0.07%	0.07%	0.04%		0.23%
Bank Privilege				0.03%					
Intangibles	0.00%	0.00%	0.05%		0.13%		0.00%		0.00%
Insurance Companies					1.90%				
Local Taxes									
Real and Tangible Pers. Prop.	0.50%	0.74%	0.60%	0.29%	0.07%	1.30%	0.30%	0.13%	2.17%
State Total	1.87%	0.69%	1.28%	0.59%	2.03%	0.30%	0.16%	3.58%	0.97%
Local Total	0.50%	0.74%	0.60%	0.29%	0.07%	1.30%	0.30%	0.13%	2.17%
Total	2.37%	1.43%	1.88%	0.88%	2.10%	1.60%	0.45%	3.70%	3.15%

Appendix Table B-9
Business Tax Burden as a Percent of Gross Receipts
Framingham, MA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								6.28%	
Personal Income									
Corporation Excise (Income)									
Banks, Financial Inst.			0.51%						
Tangible Property Corps.	1.65%	0.60%	1.10%			0.23%	0.12%		
Intangible Property Corps.									0.51%
Utilities Corporate Franchise									
Insurance									
Regular					2.00%				
Surtax					0.28%				
Local Taxes									
Real Property (Business)	0.21%	0.31%	0.20%	0.10%	0.02%	0.90%	0.07%	0.04%	0.68%
Personal Property	0.27%	0.11%	0.37%	0.22%	0.07%	1.60%	0.32%	0.10%	
State Total	1.65%	0.60%	1.10%	0.51%	2.28%	0.23%	0.12%	6.28%	0.51%
Local Total	0.48%	0.42%	0.57%	0.33%	0.09%	2.50%	0.39%	0.14%	0.68%
Total	2.13%	1.01%	1.67%	0.84%	2.37%	2.72%	0.51%	6.43%	1.19%

Appendix Table B-10
Business Tax Burden as a Percent of Gross Receipts
Greenwich, Fairfield Cty, CT

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income								2.36%	
Corporation Business Tax									
Greater of :									
1	1.94%	0.64%	1.25%	0.47%		0.27%	0.14%		0.90%
2	0.21%	0.21%	0.18%	0.27%		0.10%	0.05%		0.31%
Result	1.94%	0.64%	1.25%	0.47%		0.27%	0.14%		0.90%
Plus 10 Percent Surtax	0.19%	0.06%	0.13%	0.05%		0.03%	0.01%		0.09%
Insurance Companies					2.00%				
Local Taxes									
Real Property	0.24%	0.36%	0.23%	0.12%	0.03%	1.03%	0.08%	0.05%	0.78%
Personal Property Business									
State Total	2.14%	0.70%	1.38%	0.52%	2.00%	0.30%	0.16%	2.36%	0.99%
Local Total	0.24%	0.36%	0.23%	0.12%	0.03%	1.03%	0.08%	0.22%	0.78%
Total	2.37%	1.06%	1.61%	0.63%	2.03%	1.33%	0.24%	2.57%	1.77%

Appendix Table B-11
Business Tax Burden as a Percent of Gross Receipts
Newark, Essex Cty, NJ

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								2.66%	
Personal Income									0.73%
Corp. Business (Franchise)	1.58%	0.52%	1.02%	0.38%		0.22%	0.12%		
Business Personal Property		0.34%			2.10%				
Insurance									
Local Taxes	0.13%	0.02%	0.18%	0.05%	0.36%	0.36%	0.35%	0.36%	0.36%
Payroll Tax	0.03%	0.05%	0.03%	0.02%	0.00%	0.14%	0.01%	0.01%	0.10%
Real Property									
State Total	1.58%	0.87%	1.02%	0.38%	2.10%	0.22%	0.12%	2.66%	0.73%
Local Total	0.17%	0.07%	0.21%	0.06%	0.36%	0.50%	0.36%	0.37%	0.46%
Total	1.75%	0.94%	1.23%	0.45%	2.46%	0.72%	0.48%	3.03%	1.20%

Appendix Table B-12
Business Tax Burden as a Percent of Gross Receipts
New York City, NY

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income									
Franchise Tax on Business Corps.	1.52%	0.50%	0.98%			0.21%	0.11%		
Surcharge of 10 Percent	0.15%	0.05%	0.10%			0.02%	0.01%		
Surcharge of 17 Percent	0.26%	0.09%	0.17%			0.04%	0.02%		
Banking Corporations				0.37%					
Surcharge of 10 Percent				0.04%					
Surcharge of 17 Percent				0.06%					
Utility Services Gross Income									
Insurance Companies Franchise									
Greater of:									
1					0.02%				
2					0.08%				
3					0.01%				
4					0.00%				
Result					0.08%				
Surcharge of 10 Percent					0.01%				
Surcharge of 17 Percent					0.01%				
Additional Insurance Franchise					0.80%				
Local Taxes									
Personal Income									
General Corporation Tax									
Greater of:									
1	1.50%	0.49%	0.96%	0.36%		0.21%	0.11%		
2	0.10%	0.08%	0.09%	0.13%		0.05%	0.02%		
3	0.47%	0.15%	0.30%	0.19%		0.09%	0.16%		
4		0.00%	0.00%	0.00%		0.05%	0.05%		
Result	1.50%	0.49%	0.96%	0.36%		0.21%	0.11%		

Appendix Table B-12 (continued)
Business Tax Burden as a Percent of Gross Receipts
New York City, NY

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
Local Taxes (continued)									
Unincorporated Business Tax on Public Utilities								2.10%	
Comm. Rent or Occupancy Tax	0.07%	0.05%	0.14%	0.12%	0.06%	0.07%	0.22%	0.37%	2.35%
Real Property	0.24%	0.36%	0.23%	0.12%	0.03%	1.04%	0.08%	0.05%	0.19%
State Total	1.93%	0.64%	1.25%	0.47%	0.90%	0.27%	0.14%	3.71%	3.50%
Local Total	1.80%	0.90%	1.34%	0.60%	0.09%	1.33%	0.42%	4.59%	3.51%
Total	3.73%	1.54%	2.59%	1.07%	0.99%	1.60%	0.56%	8.30%	7.01%

Appendix Table B-13
Business Tax Burden as a Percent of Gross Receipts
Oak Park, Cook Cty, IL

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income								1.56%	
Corporation Franchise	0.02%	0.03%	0.02%	0.03%	0.02%	0.02%	0.01%		0.05%
Corporation Income	0.81%	0.27%	0.52%	0.20%	0.01%	0.11%	0.05%		0.38%
Add'l Pers. Prop. Repl. Tax	0.42%	0.14%	0.27%	0.10%	0.00%	0.06%	0.03%	0.79%	0.20%
Public Utilities Gross Receipts									5.07%
Public Utilities Invested Capital					0.01%				1.27%
Insurance--Annual Financial Regulation Fee									
Local Taxes									
Real Property	0.37%	0.56%	0.36%	0.20%	0.05%	1.72%	0.14%	0.08%	1.30%
State Total	1.25%	0.44%	0.81%	0.33%	0.05%	0.19%	0.09%	2.35%	6.97%
Local Total	0.37%	0.56%	0.36%	0.20%	0.05%	1.72%	0.14%	0.08%	1.30%
Total	1.63%	1.00%	1.18%	0.53%	0.09%	1.91%	0.23%	2.42%	8.27%

Appendix Table B-14

Business Tax Burden as a Percent of Gross Receipts
Philadelphia, PA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income								1.47%	
Corporate Net Income Tax	2.07%	0.68%	1.33%			0.29%	0.15%		0.96%
Financial Institutions Tax				1.07%					
Capital Stock Tax	0.00%	0.00%	0.00%			0.21%	0.05%		0.99%
Public Utility Realty Tax									5.17%
Public Utility Gross Receipts Tax					2.00%				4.99%
Insurance Tax									
Local Taxes									
Business Privilege Tax									
Net Income Portion	0.72%	0.24%	0.47%			0.16%	0.08%	3.42%	
Gross Receipts Portion	0.72%	0.24%	0.47%		0.01%	0.33%	0.32%	0.33%	0.32%
Total	0.72%	0.24%	0.47%		0.01%	0.48%	0.40%	3.75%	0.32%
Net Profits Tax								0.56%	
Property, Use and Occupancy	0.36%	0.55%	0.35%	0.18%	0.04%	1.58%	0.13%	0.07%	
State Total	2.07%	0.68%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%
Local Total	1.09%	0.79%	0.82%	0.45%	0.05%	2.06%	0.53%	4.37%	0.32%
Total	3.16%	1.47%	2.16%	1.52%	2.05%	2.57%	0.73%	5.84%	12.45%

Appendix Table B-15

Business Tax Burden as a Percent of Gross Receipts
Pittsburgh, Allegheny Cty, PA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income								1.47%	
Corporate Net Income Tax	2.07%	0.68%	1.33%			0.29%	0.15%		0.96%
Financial Institutions Tax				1.07%					
Capital Stock Tax	0.00%	0.00%	0.00%			0.21%	0.05%		0.99%
Public Utility Realty Tax									5.17%
Public Utilities Gross Receipts Tax					2.00%				4.99%
Insurance Tax									
Local Taxes									
Business Privilege Tax									
Net Profits Tax						0.60%	0.60%	0.60%	
Real Property								1.51%	
Allegheny County	0.08%	0.12%	0.08%	0.04%	0.01%	0.36%	0.03%	0.02%	
City									
Land	0.04%	0.07%	0.05%	0.07%	0.01%	1.45%	0.04%	0.01%	
Improvements	0.07%	0.10%	0.06%	0.02%	0.01%	0.06%	0.02%	0.01%	
School District	0.10%	0.16%	0.10%	0.05%	0.01%	0.45%	0.04%	0.02%	
State Total	2.07%	0.68%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%
Local Total	0.29%	0.45%	0.29%	0.19%	0.04%	2.93%	0.72%	2.17%	
Total	2.36%	1.13%	1.63%	1.26%	2.04%	3.43%	0.92%	3.64%	12.12%

Appendix Table B-16

Business Tax Burden as a Percent of Gross Receipts
Plano, Denton Cty, TX

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Corporation Franchise Tax									
Greater of:									
1	0.17%	0.17%	0.14%	0.21%	0.08%	0.08%	0.04%	0.25%	0.25%
2	0.79%	0.26%	0.52%	0.32%	0.27%	0.27%	0.40%	0.37%	0.37%
Result	0.79%	0.26%	0.52%	0.32%	0.27%	0.27%	0.40%	0.37%	0.37%
Insurance Companies Tax					2.20%				
Local Taxes									
Real and Personal Property									
City	0.13%	0.15%	0.16%	0.05%	0.01%	0.39%	0.06%	0.02%	0.01%
School District	0.15%	0.17%	0.18%	0.06%	0.02%	0.44%	0.07%	0.03%	0.01%
County Education District	0.20%	0.23%	0.25%	0.08%	0.02%	0.60%	0.09%	0.03%	0.02%
County	0.06%	0.06%	0.07%	0.02%	0.01%	0.17%	0.03%	0.01%	0.01%
Community College	0.02%	0.03%	0.03%	0.01%	0.00%	0.07%	0.01%	0.00%	0.00%
State Total	0.79%	0.26%	0.52%	0.32%	2.20%	0.27%	0.40%	0.37%	0.37%
Local Total	0.55%	0.63%	0.69%	0.22%	0.06%	1.67%	0.26%	0.10%	0.05%
Total	1.35%	0.88%	1.21%	0.54%	2.26%	1.94%	0.66%	0.10%	0.42%

Appendix Table B-17

Business Tax Burden as a Percent of Gross Receipts
Radnor, Delaware Cty, PA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income									
Corporate Net Income Tax	2.07%	0.68%	1.33%			0.29%	0.15%	1.47%	0.96%
Financial Institutions Tax									
Capital Stock Tax	0.00%	0.00%	0.00%			0.21%	0.05%		0.99%
Public Utility Realty Tax									5.17%
Public Utility Gross Receipts									4.89%
Insurance Tax					2.00%				
Local Taxes									
Business Privilege Tax						0.30%	0.30%	0.30%	
General Property Tax	0.16%	0.23%	0.15%	0.08%	0.02%	0.68%	0.06%	0.03%	
State Total	2.07%	0.68%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%
Local Total	0.16%	0.23%	0.15%	0.08%	0.02%	0.98%	0.35%	0.33%	
Total	2.23%	0.91%	1.49%	1.15%	2.02%	1.48%	0.55%	1.80%	12.12%

Appendix Table B-18
Business Tax Burden as a Percent of Gross Receipts
Raleigh, Wake Cty, NC

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								3.58%	
Personal Income									
Corporation Franchise	0.10%	0.10%	0.09%	0.13%		0.05%	0.02%		0.15%
Corp. General Income	1.27%	0.42%	0.82%	0.31%		0.18%	0.09%		0.59%
Corp. General Income--Surtax	0.51%	0.17%	0.33%	0.12%		0.07%	0.04%		0.23%
Bank Privilege				0.03%					
Intangibles	0.00%	0.00%	0.05%		0.13%		0.00%		0.00%
Insurance Companies					1.90%				
Local Taxes									
Real and Tangible Pers. Prop.	0.47%	0.70%	0.57%	0.27%	0.07%	1.23%	0.28%	0.12%	2.05%
License	0.03%	0.03%	0.03%				0.04%	0.05%	
State Total	1.87%	0.69%	1.28%	0.59%	2.03%	0.30%	0.16%	3.58%	0.97%
Local Total	0.50%	0.73%	0.60%	0.27%	0.07%	1.23%	0.32%	0.17%	2.05%
Total	2.37%	1.42%	1.88%	0.86%	2.10%	1.53%	0.48%	3.75%	3.02%

Appendix Table B-19
Business Tax Burden as a Percent of Gross Receipts
San Francisco, San Francisco Cty, CA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								3.94%	
Personal Income									
Bank and Corporation Franchise									
Business and Pub. Util. Corps.	1.57%	0.52%	1.01%			0.22%	0.11%		0.73%
Banks and Financial Corps.				0.48%					
Insurance Companies					2.35%				
Local Taxes									
Pay the higher of:									
SF Business	0.09%	0.09%	0.09%			0.09%	0.09%	0.09%	0.04%
Payroll Expense	0.10%	0.03%	0.05%	0.03%	0.01%	0.40%	0.81%	0.54%	
Result	0.10%	0.09%	0.09%	0.03%	0.01%	0.40%	0.81%	0.54%	0.04%
Real and Tangible Personal Prop.	0.46%	0.52%	0.57%	0.06%	0.01%	1.38%	0.22%	0.08%	1.39%
State Total	1.57%	0.52%	1.01%	0.48%	2.35%	0.22%	0.11%	3.94%	0.73%
Local Total	0.56%	0.61%	0.66%	0.09%	0.03%	1.78%	1.03%	0.62%	1.42%
Total	2.13%	1.13%	1.68%	0.56%	2.38%	2.00%	1.14%	4.56%	2.15%

Appendix Table B-20

Business Tax Burden as a Percent of Gross Receipts
San Jose, Santa Clara Cty, CA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								3.94%	
Personal Income									
Bank and Corporation Franchise									
Business and Pub. Util. Corps.	1.57%	0.52%	1.01%			0.22%	0.11%		0.73%
Banks and Financial Corps.				0.48%					
Insurance Companies					2.35%				
Local Taxes									
Real and Tangible Pers. Prop.	0.45%	0.51%	0.57%	0.06%	0.01%	1.36%	0.21%	0.08%	1.37%
Business License	0.01%	0.00%	0.01%			0.03%	0.05%	0.04%	0.02%
State Total	1.57%	0.52%	1.01%	0.48%	2.35%	0.22%	0.11%	3.94%	0.73%
Local Total	0.46%	0.51%	0.58%	0.06%	0.01%	1.39%	0.26%	0.12%	1.39%
Total	2.03%	1.03%	1.59%	0.53%	2.36%	1.61%	0.37%	4.06%	2.12%

Appendix Table B-21

Business Tax Burden as a Percent of Gross Receipts
Towson, Baltimore Cty, MD

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income								2.51%	
Financial Institutions Franchise									
Corporation Income	1.18%	0.39%	0.76%			0.17%	0.09%		
Real Property	0.01%	0.01%	0.01%	0.00%	0.00%	0.04%	0.00%	0.00%	
Gross Receipts (Utilities)									2.00%
Insurance Companies					2.00%				
Local Taxes									
Real Property	0.12%	0.18%	0.12%	0.06%	0.01%	0.52%	0.04%	0.02%	0.39%
Tangible Personal Property					0.08%	0.81%	0.37%	0.15%	2.53%
State Total	1.19%	0.40%	0.77%	0.29%	2.00%	0.20%	0.09%	2.51%	2.00%
Local Total	0.12%	0.18%	0.12%	0.06%	0.10%	1.33%	0.41%	0.17%	2.93%
Total	1.31%	0.58%	0.89%	0.35%	2.10%	1.53%	0.50%	2.68%	4.93%

Appendix Table B-22

Business Tax Burden as a Percent of Gross Receipts
Tredyffrin, Chester Cty, PA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income								1.47%	
Corporate Net Income Tax	2.07%	0.68%	1.33%			0.29%	0.15%		0.96%
Financial Institutions Tax				1.07%					
Capital Stock Tax	0.00%	0.00%	0.00%			0.21%	0.05%		0.99%
Public Utility Realty Tax									5.17%
Public Utilities Gross Receipts Tax					2.00%				4.99%
Insurance Tax									

Local Taxes

Real Property Tax	0.12%	0.18%	0.12%	0.06%	0.01%	0.53%	0.04%	0.02%	
State Total	2.07%	0.68%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%
Local Total	0.12%	0.18%	0.12%	0.06%	0.01%	0.53%	0.04%	0.02%	
Total	2.19%	0.86%	1.45%	1.14%	2.01%	1.03%	0.24%	1.49%	12.12%

Appendix Table B-23

Business Tax Burden as a Percent of Gross Receipts
Upper Merion, Montgomery Cty, PA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income								1.47%	
Corporate Net Income Tax	2.07%	0.68%	1.33%			0.29%	0.15%		0.96%
Financial Institutions Tax				1.07%					
Capital Stock Tax	0.00%	0.00%	0.00%			0.21%	0.05%		0.99%
Public Utility Realty Tax									5.17%
Public Utilities Gross Receipts Tax					2.00%				4.99%
Insurance Tax									

Local Taxes

Business Privilege Tax						0.15%	0.15%	0.15%	
General Property Tax	0.11%	0.17%	0.11%	0.06%	0.01%	0.50%	0.04%	0.02%	
State Total	2.07%	0.68%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%
Local Total	0.11%	0.17%	0.11%	0.06%	0.01%	0.65%	0.19%	0.17%	
Total	2.18%	0.85%	1.45%	1.13%	2.01%	1.15%	0.39%	1.64%	12.12%

Appendix Table B-24

Business Tax Burden as a Percent of Gross Receipts
Warminster, Bucks Cty, PA

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income							1.47%		
Corporate Net Income Tax	2.07%	0.68%	1.33%			0.29%	0.15%		0.96%
Financial Institutions Tax				1.07%					
Capital Stock Tax	0.00%	0.00%	0.00%			0.21%	0.05%		0.99%
Public Utility Realty Tax									5.17%
Public Utilities Gross Receipts Tax					2.00%				4.99%
Insurance Tax									
Local Taxes									
Business Privilege Tax						0.25%	0.25%	0.25%	
General Property Tax	0.15%	0.23%	0.15%	0.08%	0.02%	0.67%	0.05%	0.03%	
State Total	2.07%	0.68%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%
Local Total	0.15%	0.23%	0.15%	0.08%	0.02%	0.92%	0.30%	0.28%	
Total	2.22%	0.91%	1.49%	1.15%	2.02%	1.42%	0.50%	1.75%	12.12%

Appendix Table B-25

Business Tax Burden as a Percent of Gross Receipts
White Plains, Westchester Cty, NY

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Personal Income								3.71%	
Franchise Tax on Business Corps.	1.52%	0.50%	0.98%			0.21%	0.11%		
Surcharge of 10 Percent	0.15%	0.05%	0.10%			0.02%	0.01%		
Surcharge of 17 Percent	0.26%	0.09%	0.17%			0.04%	0.02%		
Banking Corporations				0.37%					
Surcharge of 10 Percent				0.04%					
Surcharge of 17 Percent				0.06%					
Utility Services Gross Income Tax									3.50%
Insurance Companies Franchise Tax									

Greater of:

1	0.02%								
2	0.08%								
3	0.01%								
4	0.00%								
Result	0.08%								
Surcharge of 10 Percent	0.01%								
Surcharge of 17 Percent	0.01%								
Additional Franchise Tax	0.80%								
Local Taxes									
Real Property	0.33%	0.50%	0.32%	0.17%	0.04%	1.44%	0.12%	0.06%	1.09%
Utilities									1.00%
State Total	1.93%	0.64%	1.25%	0.47%	0.90%	0.27%	0.14%	3.71%	3.50%
Local Total	0.33%	0.50%	0.32%	0.17%	0.04%	1.44%	0.12%	0.06%	2.09%
Total	2.26%	1.13%	1.57%	0.63%	0.94%	1.71%	0.26%	3.77%	5.59%

Appendix Table B-26

Business Tax Burden as a Percent of Gross Receipts
Wilmington, New Castle Cty, DE

	Pharma- ceuticals	Refin- eries	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes								3.56%	
Personal Income									
Franchise	0.01%	0.03%	0.01%	0.02%	0.01%	0.01%	0.00%		0.02%
Corporation Income	1.47%	0.48%	0.95%			0.21%	0.11%		0.68%
Banks, Trust and Loan Companies				0.20%					
Merchants and Manufacturers									
Regular	0.22%	0.24%	0.24%						
Plus 10 Percent Surtax	0.02%	0.02%	0.02%						
Less Monthly Credit of \$100	0.00%	0.00%	0.00%						
Utilities									
Insurance Companies									4.25%
Gross Premiums					1.75%				
Annual Privilege					0.10%				
Local Taxes									
Wilmington Earned Income/Net Profits								0.66%	
Wilmington Business License	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.03%	0.04%	0.01%
Wilmington Employee Head	0.03%	0.00%	0.04%	0.02%	0.10%	0.11%	0.18%	0.07%	0.08%
Real Property	0.08%	0.12%	0.07%	0.04%	0.01%	0.33%	0.03%	0.01%	0.25%
State Total	1.72%	0.78%	1.22%	0.22%	1.86%	0.21%	0.11%	3.56%	4.95%
Local Total	0.11%	0.12%	0.11%	0.06%	0.11%	0.47%	0.23%	0.78%	0.34%
Total	1.83%	0.90%	1.33%	0.27%	1.97%	0.68%	0.34%	4.34%	5.29%

Appendix Table B-27

Indices of Business Tax Burden for City Locations

Philadelphia = 100

	Pharma- ceuticals	Refin- eries	Com- puters	Bank- ing	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm
State Taxes									
Atlanta	50	51	50	57	115	41	49	201	4
Baltimore	58	59	58	27	100	41	45	171	16
Boston	80	88	82	48	114	45	59	429	4
Chicago	61	64	61	31	2	38	46	160	57
Dallas	38	37	39	30	110	53	199	0	3
Newark	77	127	77	36	105	45	58	181	6
New York	93	93	93	43	45	54	71	253	29
Pittsburgh	100	100	100	100	100	100	100	100	100
Raleigh	91	101	96	55	102	60	78	244	8
San Francisco	76	76	76	44	118	44	58	269	6
Wilmington	83	115	91	20	93	43	56	243	41
Local Taxes									
Atlanta	98	153	164	116	314	150	146	4	1000
Baltimore	22	45	28	26	362	130	160	37	555
Boston	77	92	121	126	78	210	128	6	364
Chicago	37	72	48	47	86	88	54	3	1966
Dallas	54	84	89	51	117	85	52	2	543
Newark	15	9	25	14	674	24	68	8	143
New York	166	115	163	134	158	64	78	105	1082
Pittsburgh	27	57	36	42	75	142	135	50	0
Raleigh	46	93	72	61	125	60	60	4	632
San Francisco	51	77	81	19	52	86	193	14	438
Wilmington	10	15	14	13	206	23	43	18	105
Total State and Local Taxes									
Atlanta	67	106	93	75	120	129	119	54	30
Baltimore	45	51	46	27	107	113	128	71	31
Boston	79	90	97	71	113	178	109	112	14
Chicago	52	68	56	36	5	78	52	42	107
Dallas	44	62	58	36	110	79	92	2	17
Newark	55	64	57	29	120	28	66	52	10
New York	118	105	120	70	48	62	76	142	56
Pittsburgh	75	77	75	83	99	134	125	62	97
Raleigh	75	97	87	57	102	60	65	64	24
San Francisco	67	77	78	37	116	78	156	78	17
Wilmington	58	62	62	18	96	27	47	74	42

Appendix Table B-28

Indices of Business Tax Burden for Suburban Locations
Philadelphia = 100

	Pharma- ceuticals	Refin- eries	Com- puters	Bank- ing	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.
State Taxes									
Cherry Hill	77	127	77	36	105	45	58	181	6
Durham	91	101	96	55	102	60	78	244	8
Framingham	80	88	82	48	114	45	59	429	4
Greenwich	103	103	103	48	100	60	78	161	8
Oak Park	61	64	61	31	2	38	46	160	57
Plano	38	37	39	30	110	53	199	0	3
Radnor	100	100	100	100	100	100	100	100	100
San Jose	76	76	76	44	118	44	58	269	6
Towson	58	59	58	27	100	41	45	171	16
Tredyffrin	100	100	100	100	100	100	100	100	100
Upper Merion	100	100	100	100	100	100	100	100	100
Warminster	100	100	100	100	100	100	100	100	100
White Plains	93	93	93	43	45	54	71	253	29
Local Taxes									
Cherry Hill	25	53	33	31	60	58	18	1	279
Durham	46	95	73	64	133	63	55	3	670
Framingham	44	53	69	73	166	121	74	3	209
Greenwich	22	45	28	27	51	50	16	5	241
Oak Park	34	72	44	45	86	83	26	2	402
Plano	51	80	85	49	111	81	49	2	16
Radnor	14	30	18	18	34	47	66	8	0
San Jose	42	65	70	13	24	67	49	3	427
Towson	11	23	14	13	176	64	78	4	902
Tredyffrin	11	23	14	14	26	26	8	1	0
Upper Merion	11	22	14	13	25	31	36	4	0
Warminster	14	30	18	17	33	45	57	6	0
White Plains	30	63	39	37	72	70	22	1	644

larger portion of the total tax burden in the suburbs. Tax burdens on the models in Upper Merion increased between 25.5 percent and 40.3 percent. Similar increases could be calculated for the other suburban Philadelphia locations.

In addition to the quantifiable effects of the tax changes described above, there were other tax changes in Act 22 which significantly increased business tax burdens: the net loss deduction of the corporate net income tax was suspended for tax years beginning in 1991 and thereafter; and the base of the sales tax was expanded to include a number of services. These changes were not incorporated into the calculations in this report due to inadequate specification of the model businesses.

Appendix Table C-1: Effect of 1991 Tax Changes
Tax Burden as a Percent of the Median of Non-Pennsylvania Competitor Locations

Industry	Philadelphia		Philadelphia		Upper Merion		Upper Merion	
	Before 1991 Tax Changes	After 1991 Tax Changes	Before 1991 Tax Changes	After 1991 Tax Changes	Before 1991 Tax Changes	After 1991 Tax Changes	Before 1991 Tax Changes	After 1991 Tax Changes
Pharmaceuticals	120.0%	149.0%	24.2%	80.0%	112.0%	40.0%	112.0%	40.0%
Petroleum Refining	106.0%	130.0%	22.6%	61.0%	85.0%	39.3%	85.0%	39.3%
Computers	109.0%	133.0%	22.0%	72.0%	101.0%	40.3%	101.0%	40.3%
Banking	214.0%	214.0%	0.0%	176.0%	176.0%	0.0%	176.0%	0.0%
Life Insurance	93.0%	93.0%	0.0%	95.0%	95.0%	0.0%	95.0%	0.0%
Developers	118.0%	128.0%	8.5%	55.0%	69.0%	25.5%	69.0%	25.5%
Business Services	118.0%	132.0%	11.9%	74.0%	94.0%	27.0%	94.0%	27.0%
Legal Services	147.0%	156.0%	6.1%	40.0%	51.0%	27.5%	51.0%	27.5%
Telecommunications	323.0%	417.0%	29.1%	362.0%	462.0%	27.6%	462.0%	27.6%

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