

BUSINESS COST COMPARISON

November, 2009

Tennessee vs. California



TAXES

CORPORATE INCOME TAX

CALIFORNIA

8.84%

Minimum tax is \$800. 10.84% on financial institutions. The tax rate on S-Corporations is 1.5% (3.5% for financial S-Corporations). A 6.65% AMT is also imposed.

TENNESSEE

6.5%

Franchise tax of 0.25% of the greater of net worth or real and tangible property (minimum \$100)

Source: TaxFoundation.org: State Corporate Income Tax Rates as of July 1, 2009

TAXES

PERSONAL INCOME TAX

CALIFORNIA

| | | |
|----------------------|----------------------|-----------------|
| 1.25% > \$0 | Standard Deduction: | |
| 2.25% > \$7,168 | Single - \$3,692 | Joint - \$7,384 |
| 4.25% > \$16,994 | | |
| 6.25% > \$26,821 | Personal Exemptions: | |
| 8.25% > \$37,233 | Single - \$99* | Joint - \$309* |
| 9.55% > \$47,055 | | |
| 10.55% > \$1,000,000 | *tax credit | |

Values adjusted for inflation each year. Release dates for tax bracket inflation adjustments vary by state and may fall after the end of the tax year in question. California doubles all bracket widths for joint filers except the \$1,000,000 bracket. California added 0.25% to each income tax rate in February, 2009 as a result of the 2009 budget agreement; the new rates are retroactive to January 1, 2009 and expire December 31, 2010.

TENNESSEE

No personal income tax; 6% of interest and dividend income. The first \$1,250 on an individual return and the first \$2,500 on a joint return are exempt from the tax.

Source: *TaxFoundation.org: State Individual Income Tax Rates, 2009 as of July 1, 2009 local rates excluded*

TAXES

SALES & USE TAX

CALIFORNIA

8.25 % which includes a 1% statewide local tax.

Many of California's cities, counties, towns, and communities have special taxing jurisdictions (districts), referred to as district taxes, which impose a transactions (sales) and use tax in addition to the standard statewide rate of 8.25%. Rates for these districts range from 0.10% to 1.00% per district. In some areas, there is more than one district tax in effect. In others, there is no district tax in effect.

TENNESSEE

The sales tax rate on food is 5.5%.

All other tangible personal property, unless specifically exempted, is 7%.

State Single Article Rates - 2.75% on any single item sold in excess of \$1,600 but not more than \$3,200

Local Tax - set by local governments not to exceed 2.75%

Source: TaxFoundation.org and state government departments of revenue; CA.gov tax service center online

TAXES

UNEMPLOYMENT INSURANCE TAX

CALIFORNIA

Up to 6.2% of first \$7,000 of wages.

California also imposes an Employment Training Tax equal to 0.1% of the first \$7,000 of each employee's wages. The maximum tax is \$7 per employee per year .

TENNESSEE

0.0% - 10.0% of first \$9,000 of wages.

Source: California Employment Development Department and Tennessee Department of Workforce Development

TAXES

STATE & LOCAL TAX COLLECTIONS PER \$1,000 OF PERSONAL INCOME, 2007

CALIFORNIA

\$115.63 – National rank: 15th highest

TENNESSEE

\$92.32 – National rank: 48th lowest

Source: U. S. Bureau of the Census: Government Finances

TAXES

ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE AT \$50,000 INCOME LEVEL, 2008

LOS ANGELES, CALIFORNIA

Taxes:

| | |
|----------|---------|
| Income | \$ 0 |
| Property | \$3,737 |
| Sales | \$ 872 |
| Auto | \$ 384 |

Burden: \$4,993 Percentage: 10.0% Rank: 9th highest

MEMPHIS, TENNESSEE

Taxes:

| | |
|----------|---------|
| Income | \$ 0 |
| Property | \$1,396 |
| Sales | \$1,443 |
| Auto | \$ 166 |

Burden: \$3,005 Percentage: 6.0% Rank: 43rd highest

Source: District of Columbia Department of Finance and Revenue: Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

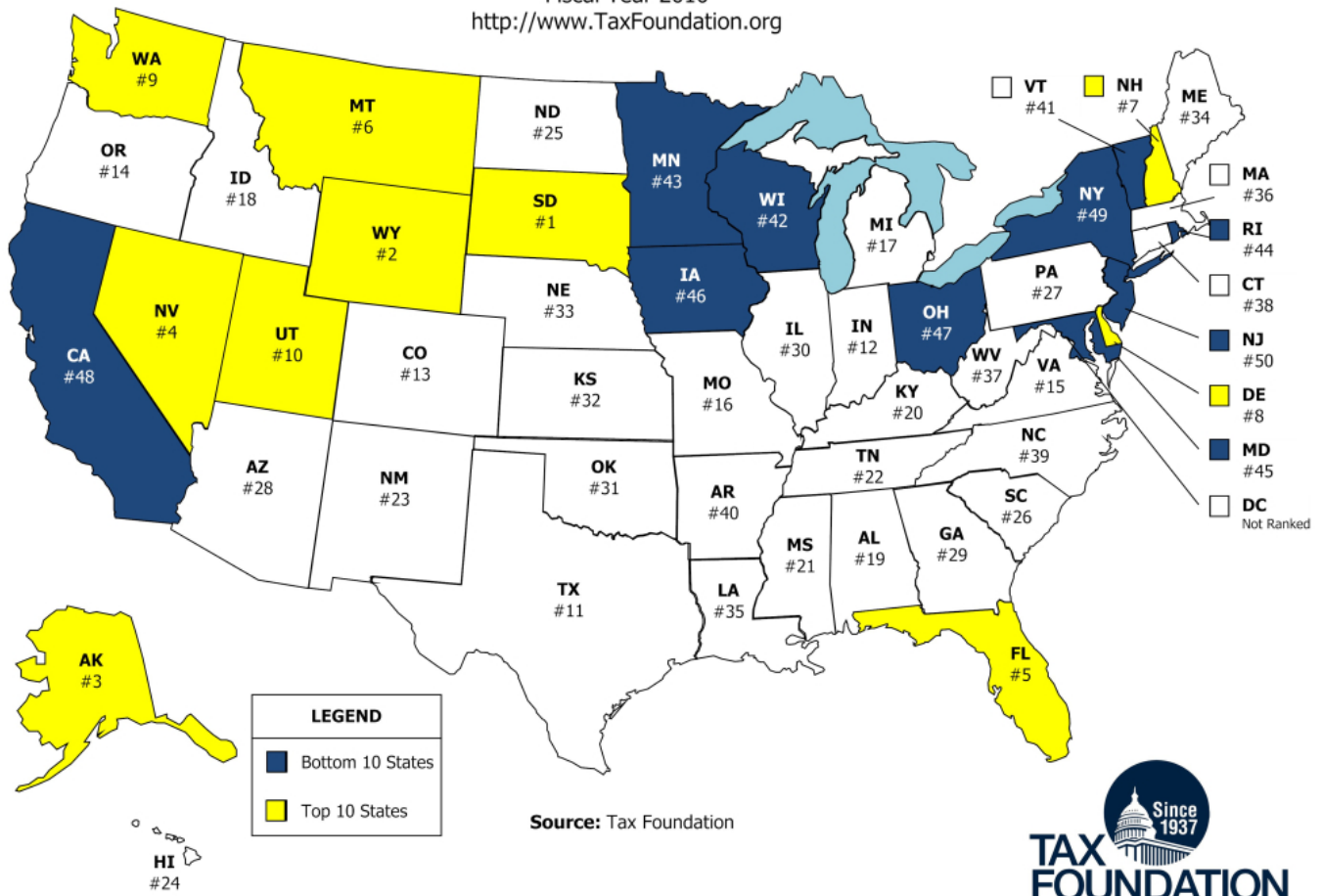
TAXES

STATE BUSINESS TAX CLIMATE MAP

State Business Tax Climate Index

Fiscal Year 2010

<http://www.TaxFoundation.org>



LABOR

UNION AFFILIATION OF EMPLOYED WAGE AND SALARY WORKERS

CALIFORNIA

2008 Members of Unions: 18.4%

2008 Represented by Unions: 19.5%

TENNESSEE

2008 Members of Unions: 5.5%

2008 Represented by Unions: 6.6%

Source: U. S. Bureau of Labor Statistics: Union Membership Annual Release, 2008

LABOR

STATES WITH RIGHT-TO-WORK LAWS

ALABAMA

ARIZONA

ARKANSAS

FLORIDA

GEORGIA

IDAHO

IOWA

KANSAS

LOUISIANA

MISSISSIPPI

NEBRASKA

NEVADA

NORTH CAROLINA

NORTH DAKOTA

OKLAHOMA

SOUTH CAROLINA

SOUTH DAKOTA

TENNESSEE

TEXAS

UTAH

VIRGINIA

WYOMING

LABOR

TENNESSEE RIGHT TO WORK LAW

It is unlawful for any person, firm, corporation or association of any kind to deny or attempt to deny employment to any person by reason of such person's membership in, affiliation with, resignation from, or refusal to join or affiliate with any labor union or employee organization of any kind. (TCA 50-1-201)

It is unlawful for any person, firm, corporation or association of any kind to enter into any contract, combination or agreement, written or oral, providing for exclusion from employment of any person because of membership in, affiliation with, resignation from, or refusal to join or affiliate with any labor union or employee organization of any kind. (TCA 50-1-202)

It is unlawful for any person, firm, corporation or association of any kind to exclude from employment any person by reason of such person's payment of or failure to pay dues, fees, assessments or other charges to any labor union or employee organization of any kind. (TCA 50-1-203)

Any person, firm, corporation or association of any kind violating any of the provisions of this part commits a Class A misdemeanor. Each day that any person, firm, corporation or association of any kind remains in violation of any of the provisions of this part is deemed to be a separate and distinct offense, punishable in accordance with the provisions of this section. (TCA 50-1-204)

ADVANTAGES OF RIGHT-TO-WORK LAWS

- Right-to-work laws make it difficult for an employer to discharge an employee because he is not a member of a union.
- Agency shops are outlawed. An agency shop requires workers to pay union dues whether or not they belong to the union.
- Union shops are outlawed. Union shops require a worker to join a union within a specific period of time after employment.
- Closed shops cannot be made legal. Closed shops require a worker to join a union before they are employed.

LABOR

AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ON MANUFACTURING PAYROLLS, JULY 2009

CALIFORNIA

| | |
|---|---------|
| State..... | \$17.55 |
| Los Angeles-Long Beach-Santa Ana..... | \$16.92 |
| Oxnard-Thousand Oaks-Ventura | \$18.48 |
| Riverside-San Bernardino-Ontario | \$15.65 |
| Sacramento-Arden Arcade-Roseville | \$20.22 |
| San Diego-Carlsbad-San Marcos..... | \$20.49 |
| San Francisco-Oakland-Fremont..... | \$21.79 |
| San Jose-Sunnyvale-Santa Clara | \$26.21 |
| Santa Rosa-Petaluma..... | \$16.10 |
| Stockton | \$15.79 |

TENNESSEE

| | |
|---|---------|
| State..... | \$14.82 |
| Chattanooga..... | \$13.79 |
| Knoxville | \$16.69 |
| Memphis..... | \$15.74 |
| Nashville-Davidson-Murfreesboro-Franklin | \$14.99 |

Source: U. S. Bureau of Labor Statistics: Employment and Earnings, September, 2009

LABOR

WAGES – SELECTED OCCUPATIONS, 2009 (HOURLY)

| Job Title | Tennessee Mean | California Mean |
|-------------------------------------|---------------------------|----------------------------|
| Accountant | 27.41 | 34.79 |
| Assembler | 13.41 | 13.18 |
| Automotive Mechanic | 16.16 | 20.53 |
| Bookkeeping/Account Clerk | 15.20 | 18.68 |
| Drilling/Boring Machine Operator | 13.90 | 15.39 |
| Engineers, All Other | 42.26 | 48.23 |
| File Clerk | 11.12 | 13.62 |
| First Line Supervisor: Production | 22.66 | 27.15 |
| First Line Supervisor: Construction | 24.37 | 35.29 |
| First Line Supervisor: Mechanical | 25.10 | 32.12 |
| First Line Supervisor: Clerical | 20.68 | 26.16 |
| Guard | 10.86 | 12.72 |
| Hand Packer & Packager | 9.89 | 10.00 |
| Human Resources Manager | 39.97 | 58.72 |
| HVAC Mechanic | 17.04 | 23.13 |
| Industrial Truck/Tractor Operator | 13.70 | 16.83 |
| Janitor | 10.01 | 12.60 |
| Machinery Maintenance Worker | 16.77 | 19.31 |
| Machinist | 20.05 | 18.55 |
| Mechanical Engineer | 34.63 | 43.08 |
| Millwright | 22.36 | 26.68 |
| Network Administrator | 29.75 | 38.12 |
| Pack/Fill Machine Operator | 12.54 | 12.49 |
| Payroll/Timekeeping Clerk | 16.27 | 19.50 |
| Procurement Clerk | 15.33 | 18.44 |
| Production Clerk | 19.05 | 22.45 |
| Purchasing Manager | 34.41 | 48.58 |
| Receptionist/Information Clerk | 11.43 | 13.71 |
| Sheet Metal Worker | 16.58 | 25.33 |
| Switchboard Operator | 11.14 | 13.66 |
| Tool & Die Maker | 21.10 | 23.44 |
| Traffic/Shipping/Receiving Clerk | 13.08 | 14.78 |
| Truck Driver, Light | 13.63 | 15.35 |

Source: Tennessee Department of Workforce Development and California Employment Development Department

COST OF LIVING

THIRD QUARTER, 2009

CALIFORNIA

| Metro/Micro Urban Area | (100%) All items | (12.49%) Grocery | (29.18%) Housing | (9.98%) Utilities | (11.1%) Transportation | (4.06%) Health Care | (33.19%) Miscellaneous |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| Bakersfield | 104.2 | 105.9 | 99.7 | 96.3 | 121.3 | 105.7 | 103.9 |
| Fresno | 120.9 | 117.6 | 143.1 | 116.1 | 115.2 | 105.2 | 107.8 |
| Los Angeles-Long Beach | 140.7 | 106.6 | 224.5 | 93.2 | 116.3 | 109.2 | 106.0 |
| Oakland | 135.6 | 116.7 | 192.8 | 89.9 | 108.7 | 115.2 | 117.6 |
| Palm Springs | 121.9 | 108.1 | 154.9 | 105.5 | 119.4 | 101.3 | 106.3 |
| Riverside City | 111.5 | 104.1 | 131.6 | 92.1 | 118.7 | 105.0 | 100.9 |
| Sacramento | 116.6 | 116.0 | 139.8 | 103.0 | 116.2 | 110.0 | 101.5 |
| San Diego | 133.7 | 104.1 | 197.8 | 101.6 | 115.5 | 113.4 | 106.9 |
| San Francisco | 162.9 | 118.1 | 271.1 | 91.4 | 111.9 | 120.7 | 128.3 |
| San Jose | 153.1 | 135.9 | 230.7 | 130.4 | 121.8 | 114.3 | 113.3 |
| Orange County | 146.7 | 104.1 | 247.7 | 95.1 | 115.0 | 108.6 | 104.7 |
| Truckee-Nevada County | 144.4 | 131.0 | 210.9 | 87.0 | 122.4 | 114.2 | 119.3 |

TENNESSEE

| | | | | | | | |
|------------------------|------|------|------|-------|------|------|-------|
| Chattanooga | 89.3 | 95.4 | 82.8 | 77.9 | 98.6 | 92.0 | 92.8 |
| Clarksville | 87.5 | 86.7 | 78.5 | 85.2 | 89.7 | 94.8 | 94.7 |
| Cleveland | 92.2 | 97.8 | 88.5 | 101.3 | 94.4 | 90.4 | 90.2 |
| Cookeville | 84.5 | 87.5 | 68.3 | 81.4 | 89.8 | 84.3 | 96.8 |
| Dyersburg | 87.3 | 91.6 | 71.8 | 93.3 | 85.6 | 88.7 | 97.8 |
| Jackson-Madison County | 89.4 | 94.8 | 70.5 | 95.2 | 99.3 | 93.7 | 98.4 |
| Johnson City | 86.7 | 91.7 | 73.1 | 88.8 | 87.7 | 91.3 | 95.3 |
| Knoxville | 89.1 | 91.6 | 78.6 | 95.2 | 85.2 | 89.7 | 96.9 |
| Memphis | 89.4 | 93.3 | 78.2 | 86.2 | 92.9 | 97.2 | 96.7 |
| Morristown | 90.4 | 91.3 | 83.3 | 79.7 | 92.6 | 88.2 | 98.9 |
| Murfreesboro-Smyrna | 89.5 | 94.0 | 72.3 | 94.7 | 94.0 | 99.9 | 98.7 |
| Nashville-Franklin | 89.0 | 92.9 | 69.6 | 88.0 | 96.7 | 95.2 | 101.7 |

Source: American Chamber of Commerce Research Association

UTILITIES

AVERAGE RETAIL PRICE OF ELECTRICITY TO ULTIMATE CUSTOMER, JULY 2009

CALIFORNIA

Commercial..... 16.38 cents per kilowatt hour
Industrial..... 11.17 cents per kilowatt hour

TENNESSEE

Commercial..... 9.16 cents per kilowatt hour
Industrial..... 6.42 cents per kilowatt hour

Source: Energy Information Administration: Report released October 15, 2009

UTILITIES

NATURAL GAS (DOLLARS PER THOUSAND CUBIC FEET) 2008

CALIFORNIA

| | |
|-----------------|-------|
| Industrial..... | 10.71 |
| Commercial..... | 11.72 |

TENNESSEE

| | |
|-----------------|-------|
| Industrial..... | 10.57 |
| Commercial..... | 13.32 |

Source: Energy Information Administration: Report released October 30, 2009