

# 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: 15<sup>th</sup> highest

### TENNESSEE

\$92.32 – National rank: 48<sup>th</sup> 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: 9<sup>th</sup> highest

### MEMPHIS, TENNESSEE

Taxes:

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

Burden: \$3,005      Percentage: 6.0%      Rank: 43<sup>rd</sup> highest

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

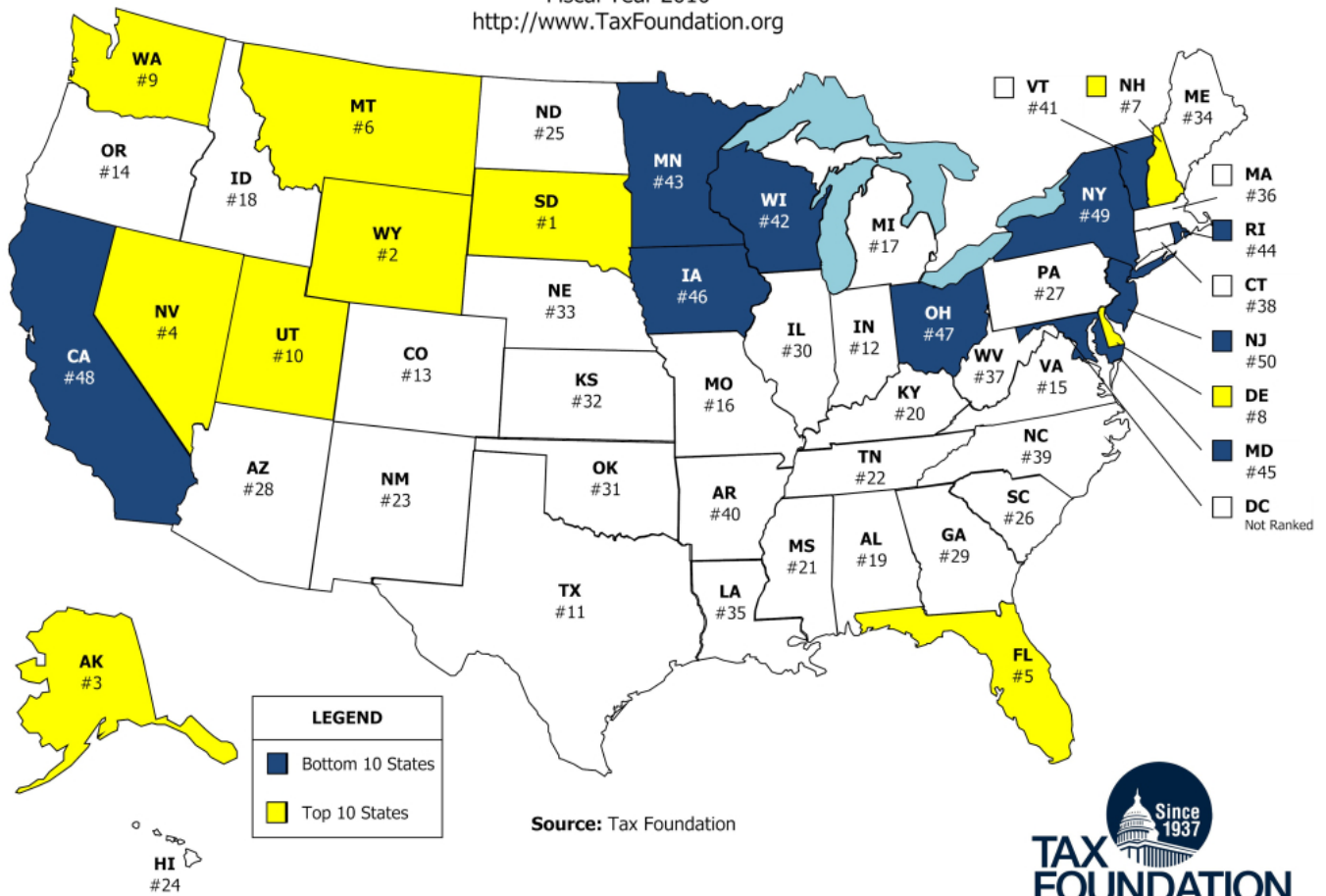
# TAXES

## 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)

<b>Job Title</b>	<b>Tennessee Mean</b>	<b>California Mean</b>
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

<b>Metro/Micro Urban Area</b>	<b>(100%) All items</b>	<b>(12.49%) Grocery</b>	<b>(29.18%) Housing</b>	<b>(9.98%) Utilities</b>	<b>(11.1%) Transportation</b>	<b>(4.06%) Health Care</b>	<b>(33.19%) Miscellaneous</b>
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