

BUSINESS COST COMPARISON

February, 2010

Tennessee vs. Michigan



TAXES

CORPORATE INCOME TAX

MICHIGAN

4.95%

There is an additional modified gross receipts tax (sales minus purchases from other firms) at a rate of 0.8%. The income and gross receipts taxes are subject to a 21.99% surtax on the calculated liability, with the maximum surtax being \$6 million. Banks pay a tax on net worth at a rate of 0.235%.

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

MICHIGAN

4.35% of federal adjusted gross income with modification. No standard deduction; personal exemption \$3,500 single and dependents, additional \$600 exemption for dependents under 18 years old. Exemptions tied to federal tax system; indexed for inflation. Local rates are excluded. No federal deductibility

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

MICHIGAN

6%

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

TAXES

UNEMPLOYMENT INSURANCE TAX

MICHIGAN

Generally, for the first two years of liability, 2.7% of first \$9,000 of employee's wages. Thereafter, based on employer's experience.

TENNESSEE

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

Source: Michigan Department of Energy, Labor, and Economic Growth and Tennessee Department of Workforce Development

TAXES

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

MICHIGAN

\$110.91 – National rank: 23rd 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

DETROIT, MICHIGAN

Taxes:

Income	\$2,747
Property	\$2,000
Sales	\$ 784
Auto	\$ 238

Burden: \$5,769 Percentage: 11.5% Rank: 4th 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

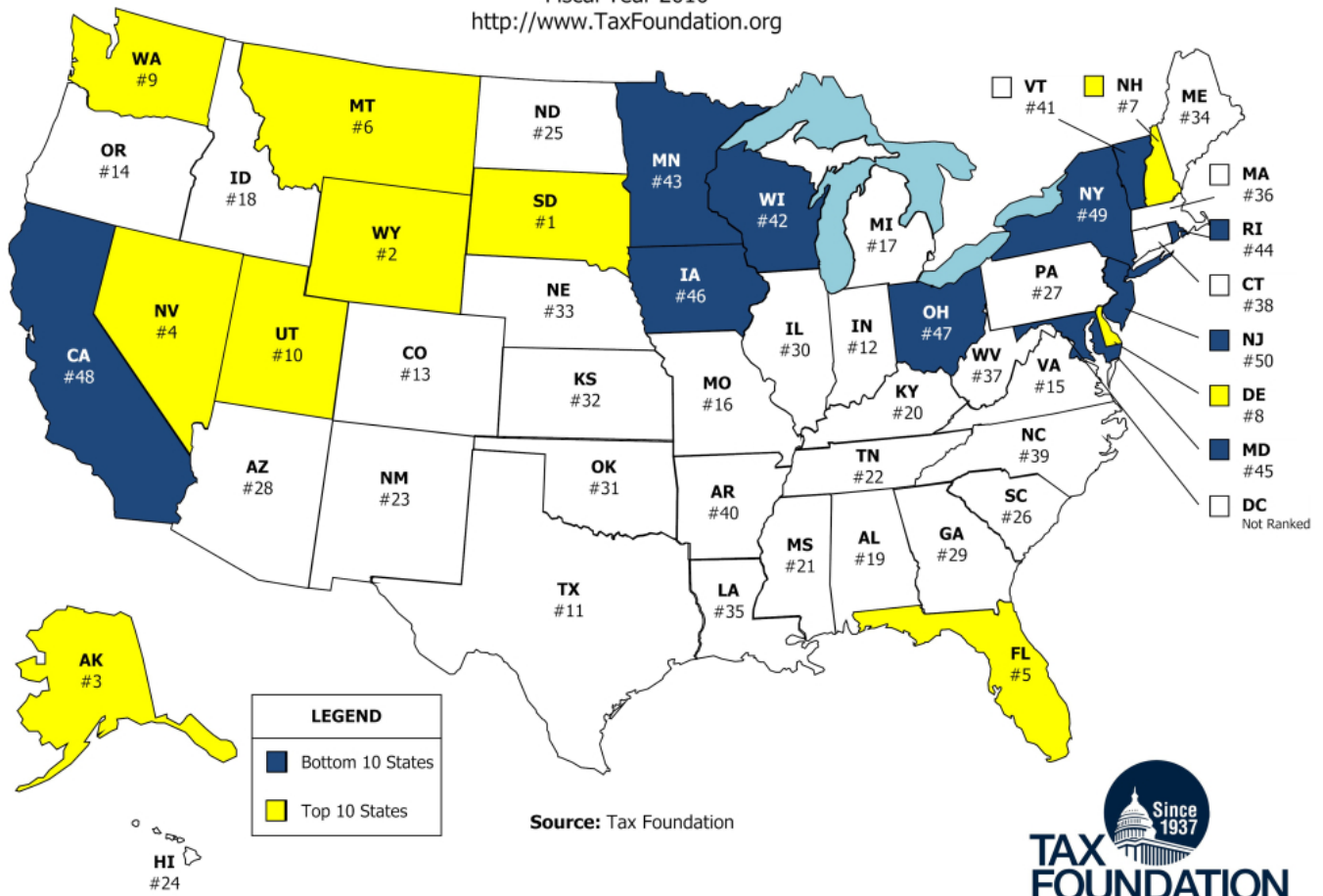
TAXES

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

MICHIGAN

2008 Members of Unions: 18.8%

2008 Represented by Unions: 19.6%

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

MICHIGAN

State.....	\$21.28
Detroit-Warren-Livonia	\$24.76
Grand Rapids-Wyoming.....	\$20.21
Kalamazoo-Portage.....	\$17.53
Lansing-East Lansing	\$20.54

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

WORKERS COMPENSATION ASSIGNED RISK RATES, SELECTED OCCUPATIONS

Code	Industry	Tennessee	Michigan
2802	Carpentry Shop	7.52	7.37
3022	Pipe/Tube Manufacturing	6.07	7.44
3113	Tool Manufacturing	3.34	5.17
3114	Tool Manufacturing – finishing	5.41	9.64
3179	Electrical Apparatus Manufacturing	3.80	3.60
3400	Metal Goods Manufacturing	6.01	4.55
3507	Agricultural Machinery Manufacturing	6.51	4.74
3612	Pump/Engine Manufacturing	2.90	3.93
3629	Precision Machine Parts	2.54	4.72
3632	Machine Shops	7.05	5.11
3643	Electrical/Transportation Equipment	5.85	3.58
3685	Instrument Manufacturing	1.89	1.70
4239	Paper Manufacturing	2.80	6.52
4244	Corrugated Container Manufacturing	3.17	4.61
4250	Paper Coating	2.25	6.69
4279	Paper Goods Manufacturing	4.39	4.31
4299	Printing	3.45	3.11
4410	Rubber Goods Manufacturing	5.70	4.97
4452	Plastic Fabricated Products	5.54	5.72
4459	Plastic – Sheets, Rods	4.19	5.35
4484	Plastics Manufacturing Molding Products	5.74	5.74
4611	Pharmaceutical Preparation	2.13	1.56
4902	Sporting Goods Manufacturing	3.88	3.14
8601	Engineers	1.19	.95
8742	Outside Salespersons	.77	.63
8810	Clerical Office Workers	.42	.29

Source: TN Workers Comp Insurance Plan website; Compensation Advisory Organization of Michigan; 2010 - Assigned Risk Rates and Rating Values for the Michigan Workers' Compensation Placement Facility. All rates per \$100 of payroll

LABOR

WAGES – SELECTED OCCUPATIONS, 2008 (HOURLY)

Job Title	Tennessee Entry	Michigan Entry	Tennessee Experienced	Michigan Experienced
Accountant	16.81	17.94	31.17	36.07
Assembler	8.30	10.03	14.63	18.22
Automotive Mechanic	8.65	9.52	18.77	24.85
Bookkeeping/Account Clerk	9.83	10.60	17.13	19.18
Drilling/Boring Machine Operator	10.59	12.09	14.87	22.55
Engineers, All Other	24.65	23.97	48.80	51.00
File Clerk	7.60	7.64	11.68	12.60
First Line Supervisor: Production	14.07	15.87	25.83	35.63
First Line Supervisor: Construction	15.03	18.91	26.56	37.24
First Line Supervisor: Mechanical	14.71	17.45	28.20	36.22
First Line Supervisor: Clerical	12.66	13.74	24.31	28.67
Guard	7.64	7.89	12.00	14.72
Hand Packer & Packager	6.56	7.40	11.04	12.25
Human Resources Manager	21.09	27.24	26.45	61.51
HVAC Mechanic	11.34	13.23	18.07	27.82
Industrial Truck/Tractor Operator	9.89	10.21	15.27	22.59
Janitor	6.98	7.68	10.99	14.82
Machinery Maintenance Worker	11.63	13.23	18.36	24.48
Machinist	11.59	12.35	21.04	23.39
Mechanical Engineer	22.88	23.74	52.71	46.58
Millwright	14.14	23.15	25.29	37.57
Network Administrator	20.48	19.68	35.31	37.33
Pack/Fill Machine Operator	8.20	7.54	13.81	14.93
Payroll/Timekeeping Clerk	11.03	11.29	17.65	19.54
Procurement Clerk	10.72	12.43	17.38	20.18
Production Clerk	11.38	12.93	21.26	24.94
Purchasing Manager	17.88	23.90	41.29	52.43
Receptionist/Information Clerk	8.36	8.35	12.70	14.46
Sheet Metal Worker	10.97	14.83	18.78	34.46
Switchboard Operator	7.88	8.59	11.97	14.67
Tool & Die Maker	15.04	16.17	22.60	34.56
Traffic/Shipping/Receiving Clerk	9.07	9.71	14.58	17.94
Truck Driver, Light	8.26	8.08	16.04	18.93

Source: Tennessee Department of Workforce Development and Michigan Department of Energy, Labor, and Economic Growth

COST OF LIVING

THIRD QUARTER, 2009

MICHIGAN

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
Detroit	103.8	100.3	110.4	128.9	98.7	95.5	94.5
Grand Rapids	93.6	93.7	90.4	126.6	92.8	87.2	87.4
Kalamazoo	94.7	103.1	88.9	104.1	95.7	98.2	93.2

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

MICHIGAN

Commercial..... 10.00 cents per kilowatt hour
Industrial..... 7.45 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) 2007

MICHIGAN

Industrial.....	10.21
Commercial.....	10.55

TENNESSEE

Industrial.....	9.32
Commercial.....	11.99

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