



Written by [Ralph R. Reiland](#) on March 6, 2012

## America's Worst Anti-business Climates

Unfortunately, it's a headline that's easy to remember and it wasn't published only in the *Pittsburgh Business Times* or the *Philadelphia Inquirer*.

It's a recent headline on the front page of *Investor's Business Daily*, read nationally by precisely the people who make the decisions about the location of job-creating capital investments and business expansions.

"An executive looking for a place to locate his company might do well to consider Wyoming," begins the article. "That state is the most business-friendly in the country, at least when it comes to taxes, according to a new study."



The study, "Location Matters," published by the Tax Foundation, states that when all the taxes are factored in, Wyoming's rate of taxation on businesses is less than half the national average.

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"Pennsylvania, meanwhile," reports *Investor's Business Daily*, "wins the double distinction of imposing the heaviest tax burden on its businesses, with an overall effective rate that's 45% above the national average."

The five most business-friendly states, ranked from the least burdensome in terms of business taxes, are Wyoming, South Dakota, Georgia, Nevada, and Ohio.

The five least business-friendly states, in order of most burdensome in taxation at the top of the list, are Pennsylvania, Hawaii, West Virginia, Kansas, and Rhode Island.

"This report helps answer an important question for business owners: What will my company pay in taxes if I move into a state?" said Scott Hodge, president of the Tax Foundation. "Up until now, there had been no comprehensive national tax survey that could answer that question."

The survey considered the combined impact of state taxes on corporate income, sales, property, unemployment, gross receipts, and so on.

Not surprisingly, since we raise taxes on what we want to discourage, a supplement by *Investor's Business Daily* to the Tax Foundation study, considering tax rates on both new and existing businesses, found that the states with the lowest taxes on businesses produced more new jobs in the current economic recovery than the states with the highest tax burdens.

"In fact, the five states with the lowest tax rates on both new and existing companies saw jobs climb an average 1.14% since the recession ended in June 2009," reports *Investor's Business Daily*. "In contrast, the five states with the highest business tax rates — Pennsylvania, Massachusetts, Hawaii, Kansas, and Rhode Island — had payrolls grow an average of just 0.75%. That's a 52% difference."

Additionally, the Tax Foundation study found that all businesses within each state aren't treated



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equally, with targeted tax breaks, political preferentialism, and various subsidies creating what *Investor's Business Daily* calls a "startling" disparity in tax burdens.

Among them, as reported by *Investor's Business Daily*: "Louisiana offers so many incentives for new R&D companies that they face an effective tax rate of -10.5%. But Louisiana doesn't extend this generosity to new distribution centers, which face a sky-high 50% tax rate. Pennsylvania likewise makes life easy for manufacturers, offering them tax rates as low as 6.1%, among the lowest in the country. But Pennsylvania is most unkind to other types of business, with tax rates that are the highest, or very close to the highest, for every other industry examined by the study."

Bottom line, the politicians in Pennsylvania, Massachusetts, Hawaii, Kansas, and Rhode Island have been the most successful in creating an anti-jobs, anti-business, anti-growth tax system that's confiscatory, discriminatory, duplicitous and counter-productive, a system that's denying their constituents of jobs and income growth.

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