

Pa. in middle of pack in business tax survey

October 11, 2013 12:12 am

By Len Boselovic / Pittsburgh Post-Gazette

Pennsylvania dropped two spots in the Tax Foundation's annual survey of state business tax climates, finishing 24th on the basis of the corporate, individual, property and other taxes its businesses and their employees must pay.

The top three states -- Wyoming, South Dakota and Nevada -- have no corporate or individual income taxes, while the lowest ranked states -- New York and New Jersey -- impose some of the most burdensome taxes in the country.

The foundation, a Washington, D.C., group that researches tax policy, says its findings indicate taxes are a major consideration when companies decide where to locate facilities.

The rankings are based on more than 100 variables involving corporate and individual income taxes as well as sales, property and unemployment insurance taxes.

Pennsylvania ranked 16th for individual income taxes because its low single tax rate put it at an advantage.

But the state ranked 43rd for property taxes and 46th for corporate income taxes.

Only Iowa, which has a top corporate tax rate bracket of 12 percent, tops Pennsylvania's flat corporate tax rate of 9.99 percent, the foundation said.

Ohio was ranked 39th overall, while West Virginia finished 23rd.

One site consultant said there's a strong correlation between a state's ranking in the study and its success at attracting new businesses.

But John H. Boyd, president of a Princeton, N.J., company that helps businesses select locations, said taxes are not the only consideration.

"Most of the factors that drive our projects are market driven, not government driven," said Mr. Boyd, who said his firm's clients include PNC Bank.

Other factors include labor costs, access to markets and low-cost, reliable utilities.

While government has little impact on those amenities, "the one thing government can do is keep taxes low," Mr. Boyd said.

The Tax Foundation said improvements to the health care, transportation and education systems can make a state more attractive to business, but those changes take longer to

implement than revising a state's tax policies.

Len Boselovic: lboselovic@post-gazette.com or 412-263-1941.

First Published October 11, 2013 12:00 am