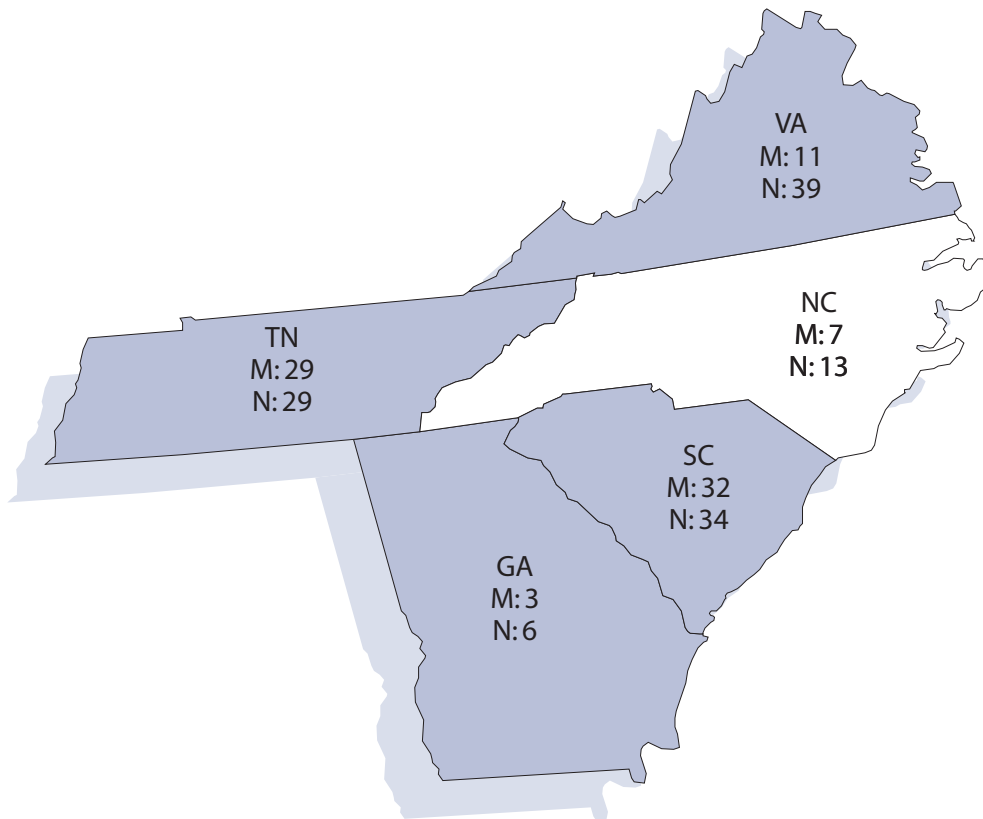


M = Rank for mature firms
N = Rank for new firms



North Carolina ranks seventh overall for mature operations and 13th overall for newly established operations. Specifically:

- North Carolina ranks third for the mature distribution center. This operation has a total effective tax rate (TETR) of 20.6 percent, which is 33 percent below the national average. This favorable ranking is due almost entirely to low property tax burdens.
- The state ranks 20th for the mature R&D firm with a TETR of 11.8 percent. Although this is the highest tax cost paid by any mature firm in North Carolina, it is still slightly below the national average. This firm has one of the lowest property tax burdens of its type but above-average income and sales tax costs.
- North Carolina ranks seventh for the new corporate headquarters. This operation has a TETR of 9.9 percent, mostly due to a generous incentive package, and with some help from low property tax burdens.
- The state ranks 24th for the new R&D facility. This operation has a TETR of 15.4 percent, which is 5 percent above the national average. Property taxes are again notably lower than in other states; states that have lighter tax costs than North Carolina for R&D operations often do so because of substantial subsidies for research and development operations. Also, this firm faces an above average sales tax.

North Carolina

Corporate income tax

Main tax rate	6.900%
Applies to income over	–
Specific adjustments:	
- s.199 deduction disallowed	

Apportionment	Property	Payroll	Sales
Standard factors	25.0%	25.0%	50.0%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			No
Interstate services income apportionment			IPA

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Raleigh	7.750%	1.089%	1.089%	1.089%	–
Tier 2	Wilmington	8.000%	0.836%	0.836%	0.836%	–

a. Manufacturing machinery is subject to a nominal privilege tax in lieu of sales tax

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
1.20%	\$19,700	0.150%	Tier 1	n/a	n/a	n/a	n/a
			Tier 2	n/a	n/a	n/a	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	3.5% of eligible capital investment over 4 years	✓	✓			✓	✓	
Job creation	\$750 per new job over 4 years	✓	✓			✓	✓	
Withholdings	3.5% of new payroll x 8 years		✓			✓		
R&D	1.25% of in-state actual R&D expenses						✓	
Property tax	50% abatement x 5 years, except land	✓	✓	✓	✓	✓	✓	

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	8.8%	7.5%	23.4%	25.9%	9.9%	15.4%	27.8%		9.8%	9.4%	16.5%	20.6%	13.5%	11.8%	14.1%			
Index	77.6	64.5	93.7	71.7	61.5	104.7	85.3	79.9	77.1	80.8	78.8	67.1	86.3	92.0	83.3	80.8		
Rank	21	9	19	12	7	24	15	13	15	18	10	3	16	20	12	7		

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store