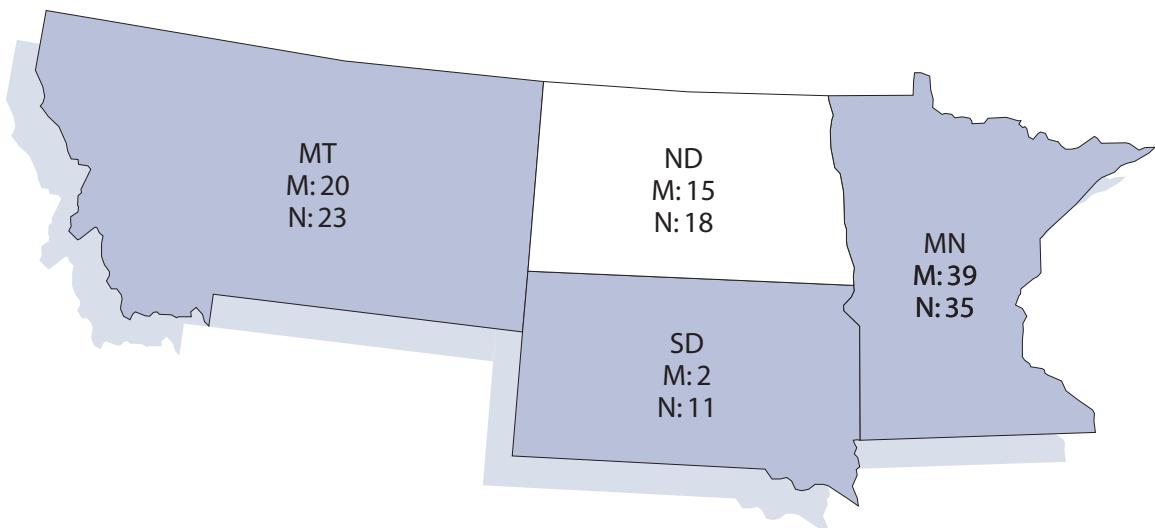


M = Rank for mature firms
N = Rank for new firms



North Dakota ranks 15th overall for mature operations and 18th overall for newly established operations. Specifically:

- North Dakota ranks fifth for the mature corporate office. This operation has a total effective tax rate (TETR) of 11.8 percent, which is 25 percent below the national average. This top ranking is due in part to relatively low sales taxes (the combined state and local rate in Fargo is 5.83 percent).
- The state ranks 34th for the mature labor-intensive manufacturing firm. This operation has a TETR of 12.6 percent, 9 percent above the national average. This firm has a high corporate income tax burden in large measure because of the state's three-factor apportionment formula and its throwback rule.

- North Dakota ranks sixth for the new retail category. This operation has a TETR of 22.5 percent, which is 31 percent below the national average for that firm type. Although this operation has an above-average income tax burden, it does benefit from some of the lowest sales and property tax costs in the nation for this firm type.
- By contrast, the state ranks 31st for new labor-intensive manufacturing with a TETR of 12.4 percent, 6 percent above the national average. This firm has one of the highest corporate income tax burdens in the nation due in large measure to its throwback rule. This firm also has above-average unemployment insurance costs.

North Dakota

Corporate income tax

Main tax rate	6.400%
Applies to income over	\$50,000
Specific adjustments:	
- s.199 deduction disallowed	

Apportionment	Property	Payroll	Sales
Standard factors	33.3%	33.3%	33.3%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales		Yes	
Interstate services income apportionment		IPA	

Sales and property tax

Metro areas examined		Sales tax	Property tax			
			Main rate ^a	Land	Buildings	Equipment
Tier 1	Fargo	5.830%	1.756%	1.756%	–	–
Tier 2	Grand Forks	6.750%	2.024%	2.024%	–	–
a. Manufacturing machinery is exempt from sales tax only for new/expanded facilities						

Other taxes

Unemployment insurance		State capital tax	Tier 1	Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
1.37%	\$25,500			n/a	n/a	n/a	
				n/a	n/a	n/a	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	Sales tax exemption for machinery for new firms	✓	✓					
Job creation	1% of new payroll x 3 years, then 0.5% x 2 years	✓	✓					
Withholdings	n/a							
R&D	8-25% of in-state R&D expenses, per federal concepts							✓
Property tax	100% abatement x 5 years	✓	✓		✓			

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	7.1%	12.4%	26.1%	27.2%	14.2%	11.6%	22.5%		12.2%	12.6%	19.7%	29.3%	11.8%	7.7%	13.6%	
Index	62.5	106.1	104.9	75.2	88.0	78.9	68.8	83.5	96.1	108.5	94.0	95.5	75.2	59.4	80.4	87.0
Rank	15	31	23	15	21	16	6	18	23	34	23	26	5	6	9	15

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