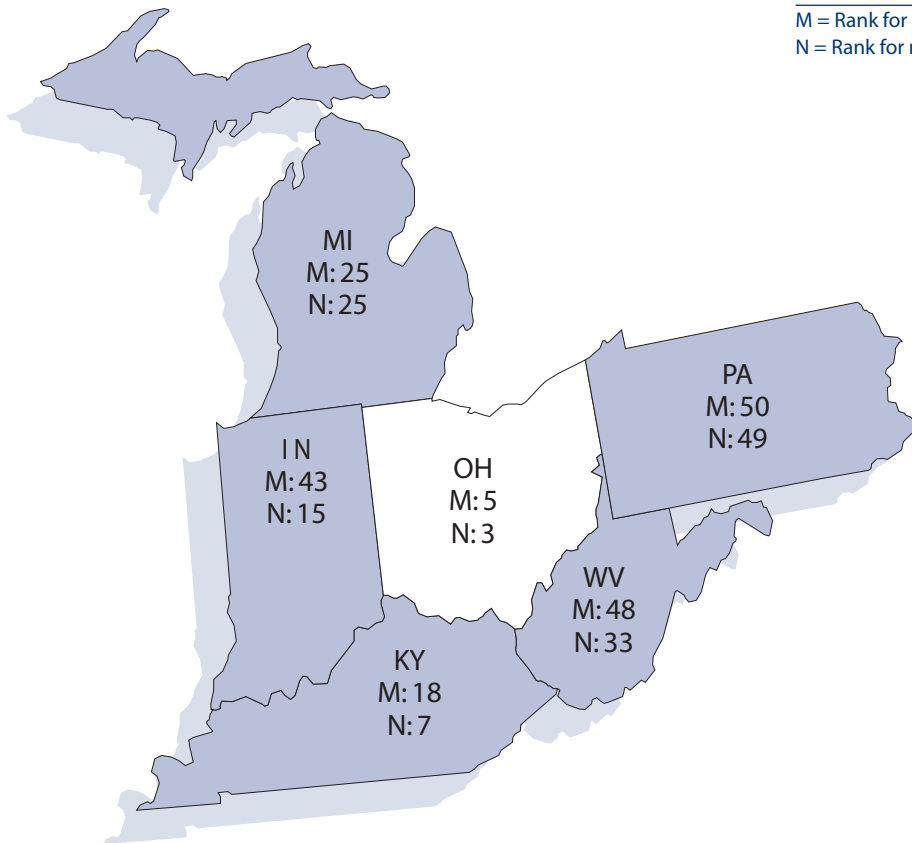


M = Rank for mature firms
N = Rank for new firms



Ohio ranks fifth overall for mature operations and third overall for newly established operations. Specifically:

- Ohio ranks fourth for the mature retail firm. The total effective tax rate (TETR) for this operation is 12.1 percent, which is 28 percent below the national average. This firm has one of the lowest income tax burdens because of the Commercial Activities Tax (CAT). Its tax costs for unemployment insurance (UI), sales taxes, and property taxes are all about average.
- The state ranks 35th for the mature distribution center firm. This operation has a TETR of 33.3 percent, which is 9 percent above the national average. Although this firm has one of the lowest income tax costs, it does have one of the highest property tax burdens for a mature distribution center.
- Ohio ranks first for the new distribution center category. This operation has a TETR 18.3 percent, which is 49 percent below the national average. The main factor contributing to this low overall tax burden is the fact that Ohio offers the most generous property tax abatement in the nation for this firm type.
- The state ranks 10th for the new call center with a TETR of 16.8 percent, some 33 percent below the national average. The state also ranks 10th for the new R&D operation with a TETR of 9.9 percent, which is 33 percent below the national average. Both operations benefit from the state's sourcing rules for services which allocate much of the operation's income outside the state where the benefits are received.

Ohio

Corporate income tax

Main tax rate	n/a
Applies to income over	–
Specific adjustments:	
- No income tax exists in Ohio	

Apportionment	Property	Payroll	Sales
Standard factors	–	–	100.0%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			No
Interstate services income apportionment			Benefits

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Cincinnati	6.440%	1.919%	1.919%	–	–
Tier 2	Canton	6.000%	2.764%	2.764%	–	–

a. Manufacturing machinery is exempt from sales tax

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
3.10%	\$9,000	n/a	Tier 1	0.260%	0.260%	0.260%	2.100%
			Tier 2	0.260%	0.260%	0.260%	2.000%

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	n/a							
Job creation	n/a							
Withholdings	1.925% of new payroll x 8 years	✓	✓	✓	✓	✓	✓	
R&D	7% of in-state R&D expenses, per federal concepts						✓	
Property tax	75% abatement x 10 years on real property	✓	✓		✓			

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	3.3%	6.2%	16.8%	18.3%	11.5%	9.9%	23.9%		6.2%	8.9%	18.0%	33.3%	12.2%	10.1%	12.1%			
Index	29.4	52.7	67.3	50.5	70.9	66.8	73.4	58.7	48.6	76.1	85.9	108.6	77.5	78.3	71.6	78.1		
Rank	3	3	10	1	9	10	8	3	6	12	17	35	7	12	4	5		

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