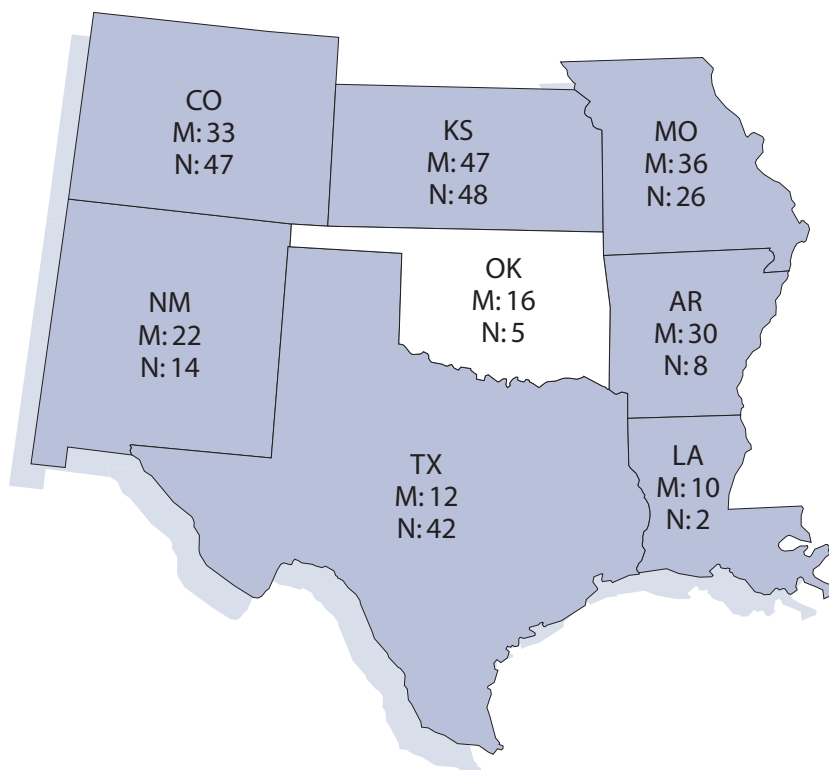


M = Rank for mature firms
N = Rank for new firms



Oklahoma ranks 16th overall for mature operations and fifth overall for newly established operations. Specifically:

- Oklahoma ranks seventh for the mature call center category. The total effective tax rate (TETR) for this operation is 15 percent, which is 29 percent below the national average. This favorable ranking is partly due to low unemployment insurance (UI) tax burdens (the statutory rate is 1 percent) and partly due to low property tax burdens.
- The state ranks 31st for the mature capital-intensive manufacturing category. This operation has a TETR of 13.4 percent, which is 5 percent above the national average. High corporate income tax bills are the chief contributor to this ranking.
- Oklahoma ranks third for the new call center category. This operation has a TETR of 2.7 percent, which is roughly 89 percent below the national average. This ranking is due in large measure to Oklahoma's generous withholding tax rebate and favorable sourcing rules for service income which apportion the firm's income where the market is.
- The state ranks 27th for the new capital-intensive manufacturing category. This firm has a TETR of 9.6 percent, which is 16 percent below the national average. While this firm benefits from some of the more generous property tax abatements and withholding tax credits, its throwback rule gives it an above-average income tax burden.

Oklahoma

Corporate income tax

| | |
|---------------------------|--------|
| Main tax rate | 6.000% |
| Applies to income over | – |
| Specific adjustments: | |
| - s.199 deduction allowed | |

| Apportionment | Property | Payroll | Sales |
|--|----------|---------|--------|
| Standard factors | 33.3% | 33.3% | 33.3% |
| If investmt >\$200M | 25.0% | 25.0% | 50.0% |
| Throwback applies to tangible property sales | | | Yes |
| Interstate services income apportionment | | | Market |

Sales and property tax

| Metro areas examined | | Sales tax | Property tax | | | |
|----------------------|---------------|------------------------|--------------|-----------|-----------|-----------|
| | | Main rate ^a | Land | Buildings | Equipment | Inventory |
| Tier 1 | Oklahoma City | 8.375% | 1.272% | 1.272% | 1.590% | 1.590% |
| Tier 2 | Lawton | 8.875% | 1.194% | 1.194% | 1.492% | 1.492% |

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 | |
| 1.00% | \$18,600 | 0.125% | 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 | n/a (credit is under a 2-year moratorium) | | | | | | | |
| Job creation | n/a (credit is under a 2-year moratorium) | | | | | | | |
| Withholdings | 5% new payroll x 8 years | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| R&D | n/a | | | | | | | |
| Property tax | 100% x 5 years on machinery + freeport on inventory | ✓ | ✓ | | | | | |

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 | 9.6% | 9.9% | 2.7% | 29.8% | 8.0% | 7.3% | 31.1% | | 13.4% | 11.8% | 15.0% | 22.2% | 12.8% | 11.7% | 14.6% | | | |
| Index | 84.2 | 85.0 | 10.7 | 82.5 | 49.8 | 49.5 | 95.4 | 65.3 | 105.3 | 101.7 | 71.4 | 72.3 | 81.8 | 91.0 | 86.3 | 87.1 | | |
| Rank | 27 | 15 | 3 | 20 | 4 | 7 | 21 | 5 | 31 | 28 | 7 | 8 | 10 | 19 | 14 | 16 | | |

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