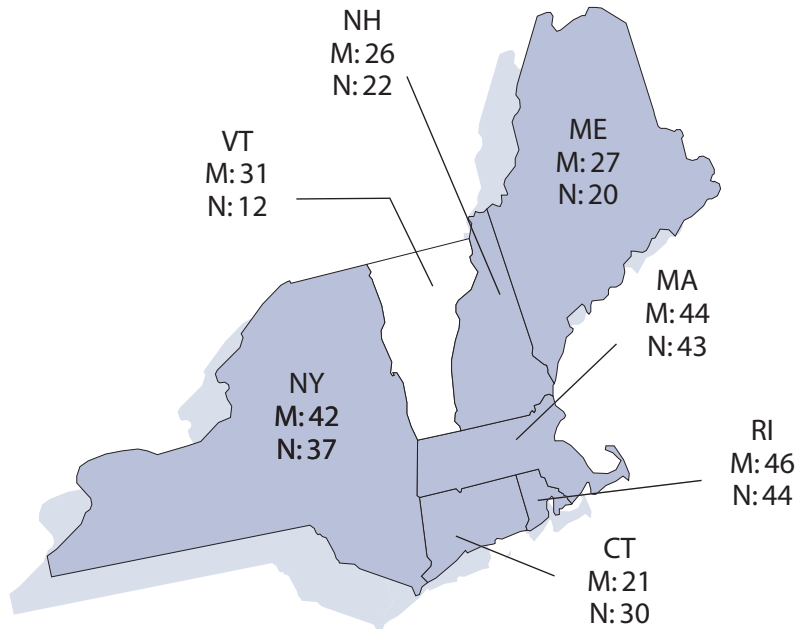


M = Rank for mature firms
N = Rank for new firms



Vermont ranks 31st overall for mature operations and 12th overall for newly established operations. Specifically:

- The firm with the lowest tax costs in Vermont is the new distribution center, for which the state ranks eighth nationally. The firm's total tax costs are 33 percent below the national average, in large measure because of the state's low unemployment insurance (UI) tax burden. Additionally, the state has the 10th-lowest sales tax burden and the 13th-lowest property tax burden. For similar reasons, Vermont ranks ninth for new call centers.
- Vermont ranks 32nd for new capital-intensive manufacturing, which has a total tax cost that is 6 percent below the national average. The main factor is that the state has the fifth-highest income tax burden. The property tax burden is also slightly above average.
- Vermont ranks 20th for mature call center operations, which have a total tax burden that is 12 percent below the national average. The main driver is the state's UI tax burden, the second-lowest in the nation. Additionally, the state has a relatively low sales tax burden.
- Capital-intensive manufacturing firms in Vermont face the highest tax burden for mature operations, coming in at 41st. These firms have a total tax burden that is 29 percent above the national average. The main factor is that the state has the 11th-highest income tax burden.
- Vermont offers relatively generous incentives, particularly for new firms, which explains why new firms rank higher than mature firms.

Vermont

Corporate income tax

| | |
|---------------------------|----------|
| Main tax rate | 8.500% |
| Applies to income over | \$25,000 |
| Specific adjustments: | |
| - s.199 deduction allowed | |

| 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 | | | Yes |
| 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 | Burlington | 7.000% | 2.259% | 2.259% | 2.259% | - |
| Tier 2 | Rutland | 6.000% | 1.754% | 1.754% | 1.754% | - |
| 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% | \$13,000 | n/a | 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 | | | | | | | |
| Job creation | n/a | | | | | | | |
| Withholdings | 20% of new payroll over 5 years | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| R&D | 30% of the federal credit re Vermont R&D activities | | | | | | ✓ | |
| Property tax | 100% 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 | 10.7% | 11.3% | 13.8% | 24.2% | 13.6% | 10.9% | 27.2% | | 16.4% | 13.3% | 18.4% | 28.8% | 15.0% | 13.0% | 17.7% | | | |
| Index | 94.1 | 96.8 | 55.3 | 66.9 | 84.4 | 73.7 | 83.5 | 79.2 | 128.9 | 114.3 | 87.5 | 93.8 | 95.7 | 100.9 | 104.9 | 103.7 | | |
| Rank | 32 | 25 | 9 | 8 | 19 | 14 | 13 | 12 | 41 | 35 | 20 | 25 | 24 | 25 | 34 | 31 | | |

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