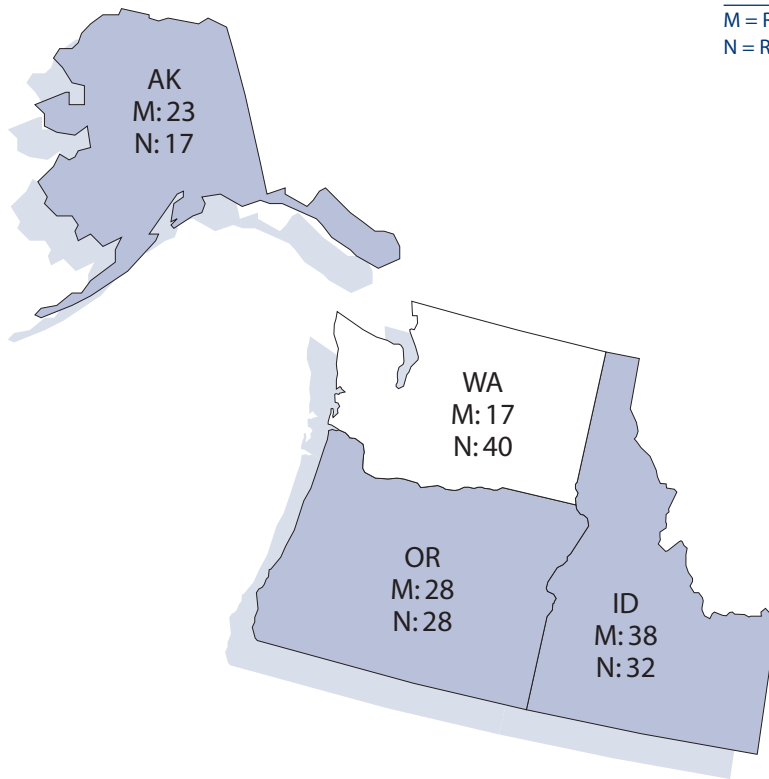


Washington



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

Washington ranks 17th overall for mature operations and 40th overall for newly established operations. Specifically:

- For mature operations, Washington ranks fourth for both retail stores and call centers. The total tax burden for retail is 28 percent below the national average, and the total tax burden for call centers is 33 percent below the national average. The main driver is that Washington is one of only four states without an income tax at either the state or local level. It does, however, have a gross receipts tax called the Business & Occupation Tax (B&O). Additionally, the state has one of the lowest property tax burdens for these operations.
- By contrast, Washington ranks 46th for the mature corporate headquarters, which has a total tax burden 42 percent above the national average. While this operation has the nation's lowest income tax costs and second-lowest property tax burden, it also has the highest sales tax costs and among the highest costs for unemployment insurance (UI).
- For new operations, Washington ranks 17th for retail stores, which have a total tax burden that is 8 percent below the national average. The state's low income tax and property tax costs are key factors.
- Washington ranks 49th for new corporate headquarters, which have a total tax burden 81 percent above the national average. Again, while this firm has one of the lowest property tax burdens in the nation, it has the highest sales tax burden in the nation combined with above-average UI costs and the gross receipts tax.
- The only incentive the state offers is an R&D credit for select industries.

Washington

Corporate income tax

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

Apportionment	Property	Payroll	Sales
Standard factors	–	–	100.0%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			Yes
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	Seattle	9.500%	0.986%	0.986%	0.986%	–
Tier 2	Spokane	8.700%	1.187%	1.187%	1.187%	–
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	
1.49%	\$37,300	n/a	Tier 1	0.699%	2.215%	0.686%	n/a
			Tier 2	0.484%	1.800%	0.471%	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	n/a							
R&D	1.5% of actual in-state R&D costs for select industries						✓	
Property tax	n/a							

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	16.7%	18.1%	23.8%	34.7%	29.2%	17.6%	29.9%		9.8%	11.9%	14.1%	21.0%	22.3%	10.4%	12.1%			
Index	146.4	154.7	95.3	96.0	180.8	119.5	91.7	126.3	77.6	101.9	67.3	68.5	142.1	81.1	71.6	87.2		
Rank	41	48	21	27	49	32	17	40	16	29	4	5	46	14	4	17		

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