

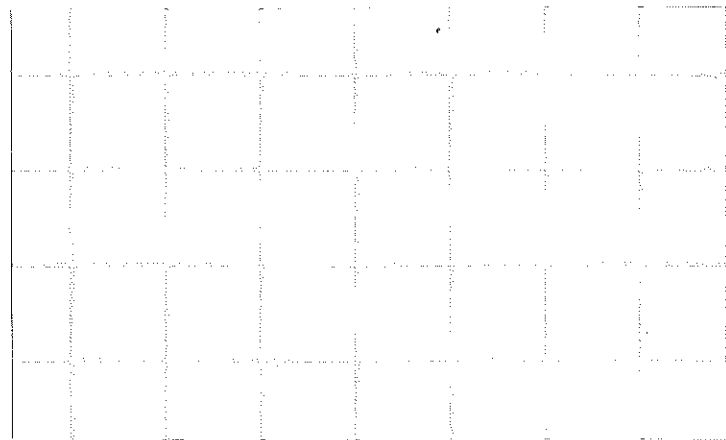
Small Cities, Big Taxes:
Business Taxation and the
Competitiveness of Pennsylvania Cities

Pennsylvania Economy League, Inc.

Eastern Division

Pennsylvania Economy League, Eastern Division
1211 Chestnut Street, Suite 600
Philadelphia, PA 19107
Telephone (215) 864-9562

PENNSYLVANIA ECONOMY LEAGUE
LIBRARY
PHILADELPHIA, PA.



PENNSYLVANIA ECONOMY LEAGUE
LIBRARY
PHILADELPHIA, PA.

Small Cities, Big Taxes:
Business Taxation and the
Competitiveness of Pennsylvania Cities

Prepared for:
"The Future of Small Cities: Pennsylvania,"
Lafayette College, November 5-6, 1992

Pennsylvania Economy League, Inc.
1211 Chestnut Street, Philadelphia, PA 19107

Report 632

November, 1992

Small Cities, Big Taxes: Business Taxation and the Competitiveness of Pennsylvania Cities

Pennsylvania's state tax structure places heavy burdens on industry. The state corporate income tax as well as the state's approach to taxing financial institutions and public utilities together impose on many industrial sectors a higher tax burden than in other nearby, large states that compete with Pennsylvania for economic development. This high state tax burden on business is compounded by the imposition of high local business taxes in Pennsylvania cities. As a result, the overall state and local tax burden on business is very high in Pennsylvania cities in comparison to cities in other states.

Taxes are an important factor affecting the location of economic development because they affect the bottom line. Taxes also affect economic growth because taxes signal the current interest of government in promoting economic development and the likelihood of government over the long term to work to maintain a positive business climate. In Pennsylvania, the current tax structure imposes a disadvantage on locations throughout the state in the competition for economic development and job growth. However, taxes are imposing the greatest impediment to economic and job growth in the places that need it the most, Pennsylvania's cities.

The charts below present state and local tax burdens on key industries in Pennsylvania cities and major cities in other Northeastern states. The tax burden was calculated for model firms in nine different industries. The models were based on Census Bureau and IRS data on the average characteristics of U.S. firms. The results of the comparisons are presented by industry.

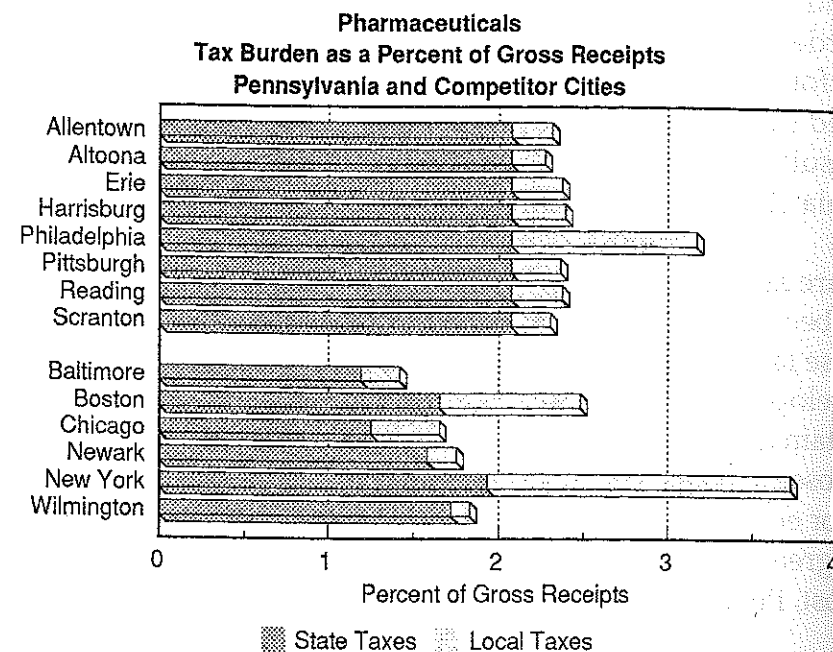
Manufacturing

Pennsylvania is currently attempting to reinvigorate its manufacturing sector by attracting high tech industries such as pharmaceuticals and computer manufacturers to the state. The state has a strong start in encouraging investment in these sectors because of a well-established base. However, the high overall business tax burden (consisting of high state taxes and modest local taxes) shouldered by these firms diminishes the competitive advantages that Pennsylvania's cities may present as operational locations.

For manufacturing firms, the state corporate net income tax is the largest component of the tax burden. States with high corporate income tax rates tend to have high overall tax burdens. Pennsylvania's corporate income tax rate of 12.25 percent is the highest in the country. As a result the overall tax burden on pharmaceuticals manufacturing firms is higher in Pennsylvania's cities than

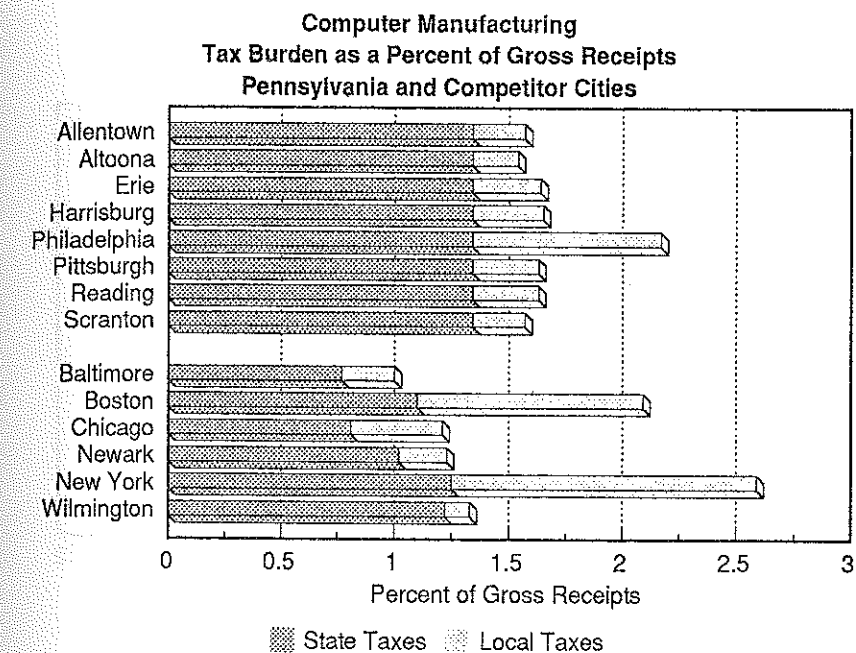
Baltimore, Chicago, Newark, and Wilmington. Only Boston and New York are higher, due to high local taxes.

Figure 1



Local tax burdens on pharmaceuticals firms in Pennsylvania cities are similar, with one exception, Philadelphia. This reflects the similarity of the effective rate of local property taxes. Philadelphia's local tax burden is higher because manufacturing firms are not exempt from the Philadelphia business tax, but are exempt from local business gross receipts taxes in other jurisdictions. In addition, Philadelphia taxes net income while other cities do not.

Figure 2

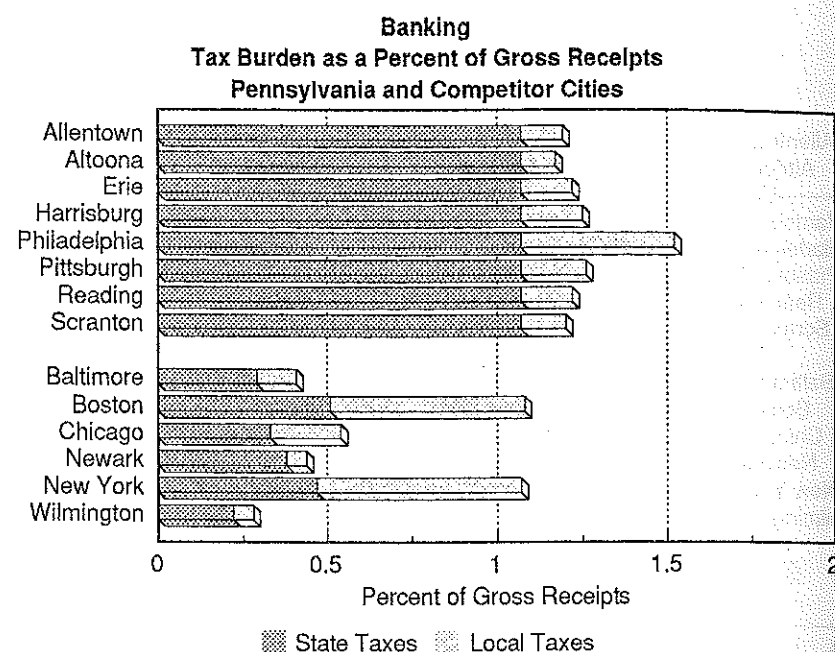


The picture for computer manufacturing firms closely resembles that for pharmaceutical firms. Pennsylvania cities have higher tax burdens than most competitor cities for computer firms. However, the gap for computers is slightly smaller because the state corporate net income tax is less burdensome for computer firms than pharmaceutical firms, due to the lower profit margins of computer firms.

Banking and Insurance

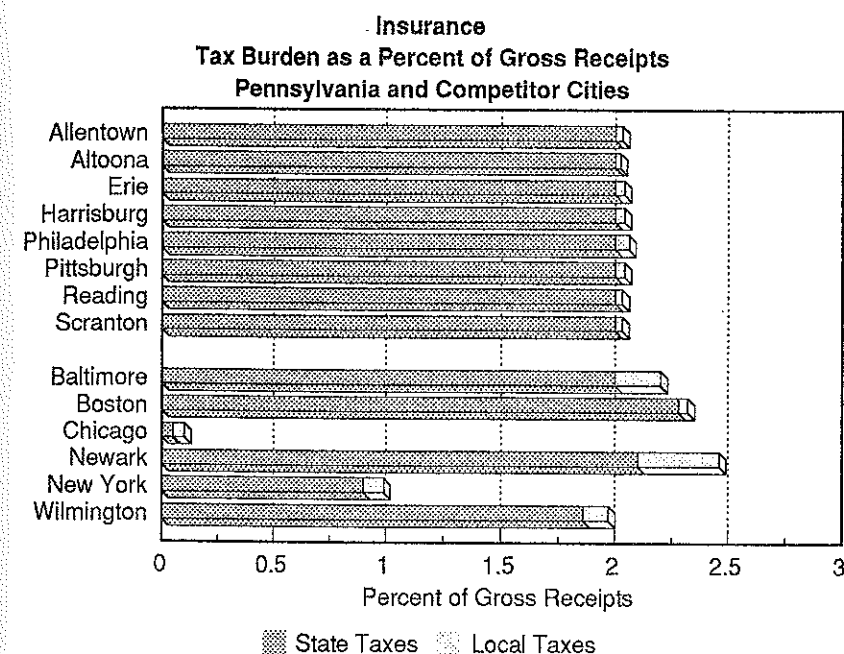
The banking industry is critical to a region's economic development. Banks and insurance companies are major sources of investment capital necessary to spur growth. When the costs of banking and insurance operations are increased through higher taxes the costs of investment in the region are increased. This poses special problems for start-up and small companies, those most likely to generate new jobs and also the most likely to need investment capital.

Figure 3



Banks are usually subject to special state taxes levied on financial institutions, instead of general corporate taxes. Pennsylvania's financial institutions tax, like its tax on corporate income, places a much higher burden on industry than do similar taxes in other states. Due to the high state tax burden, overall tax liability for banks in Pennsylvania cities is higher than all other cities compared. Local tax burdens are similar in most Pennsylvania cities, due to the similarity in local property tax burdens. Philadelphia's local tax burden is higher because banks are not fully exempt from the Philadelphia business privilege tax, but banks are exempt from local business gross receipts taxes in other cities.

Figure 4

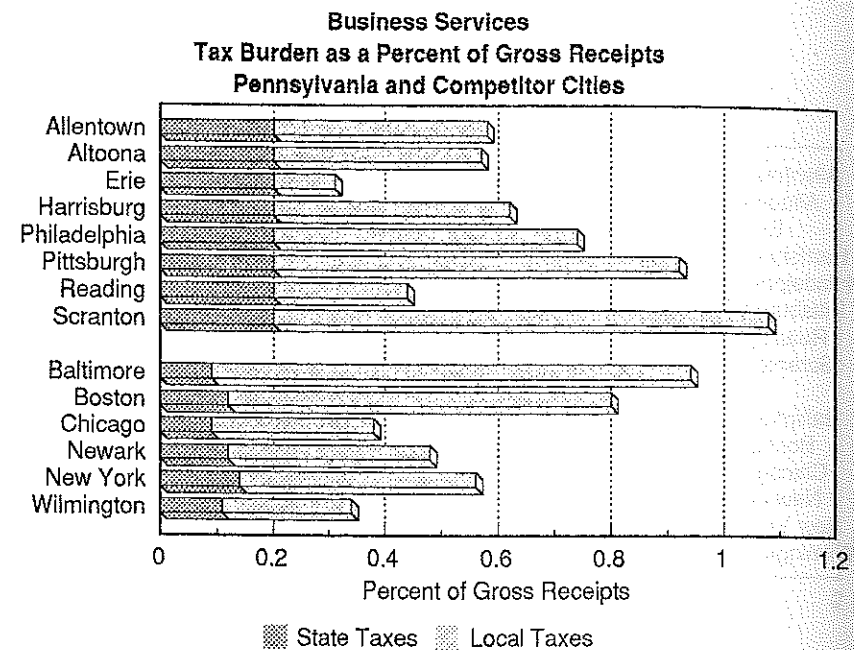


Insurance companies, like banks, are subject to industry-specific taxes rather than general corporation taxes in most states. State taxes make up the predominant portion of the overall tax burden on insurance companies. Tax burdens on insurance in Pennsylvania cities are below those in three out-of-state cities, slightly above Wilmington, and far above New York and Chicago. These patterns are due primarily to differences in state tax burdens.

Small Business and Real Estate

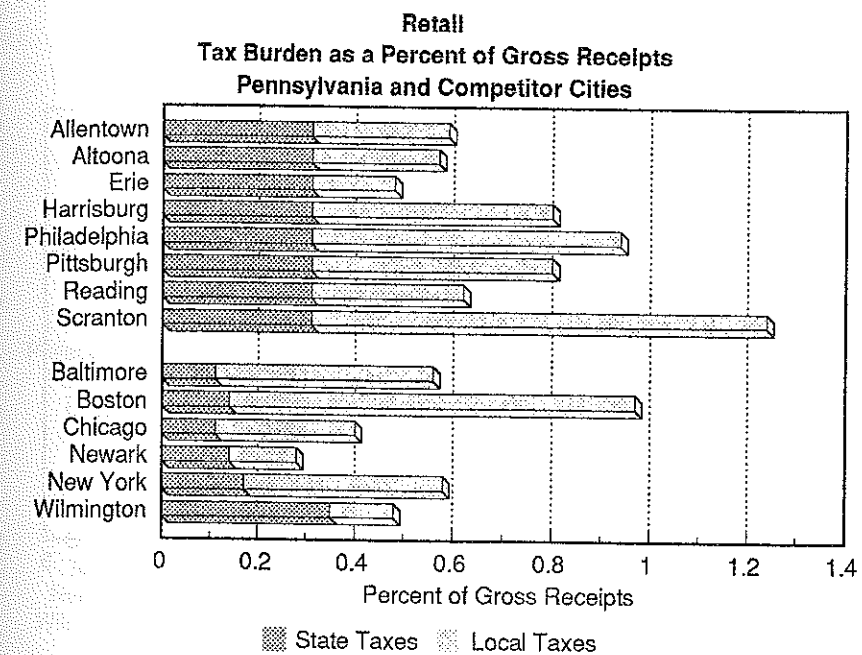
Small businesses are represented in our study by the business service and retail sectors. Identified nationally as centers of job creation, these sectors have replaced manufacturing as the leading employers of Pennsylvanians in many of the state's cities. Many of Pennsylvania's cities impose high tax burdens on business service and retail firms. By contrast with the preceding sectors, the tax burden is not strictly the result of state action. Most of the state's cities have coupled the state's high level of business taxation with additional high local taxes. The result: Pennsylvania cities, both large and small, levy higher taxes on business service and retail firms than do the major cities of competitor states. In addition, the real estate sector is another part of the state's economy subject to high local taxes.

Figure 5



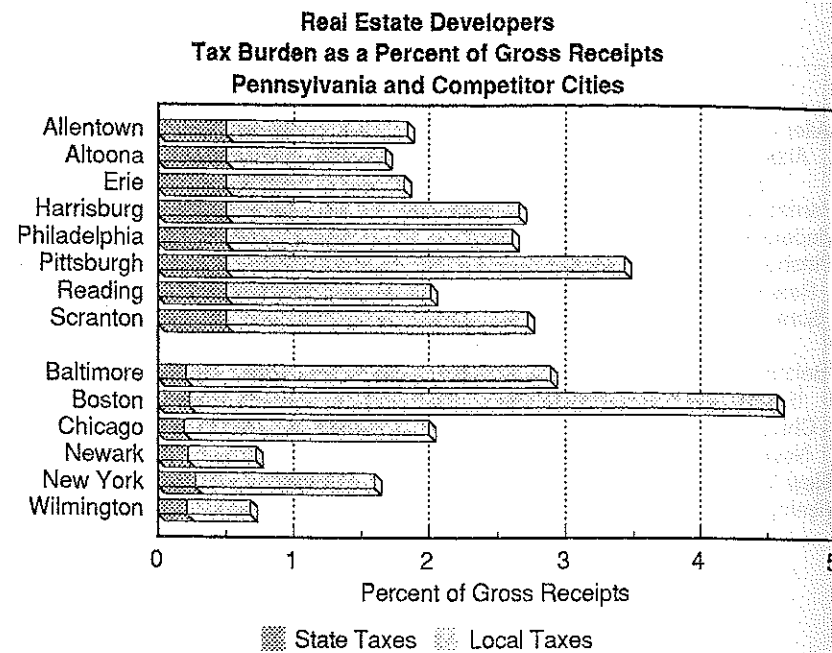
For business services firms, local taxes form the most significant portion of the overall tax burden. Business gross receipts taxes are the major reason for high tax burdens on business services firms. Erie and Reading are the only Pennsylvania cities that fall below the median of the out-of-state cities, because Erie does not levy a business gross receipts tax and Reading has a fairly low business gross receipts tax rate of 2.25 mills. Other cities have gross receipts tax rates ranging from 3 to 7.9 mills.

Figure 6



For retailers, local taxes also form the most significant portion of the tax burden. Again, business gross receipts taxes are the major reason for the high tax burdens. Virtually all of the state's cities exceed the retail tax burden imposed by major cities in competitor states, including New York City. Only Erie falls significantly below out-of-state cities.

Figure 7



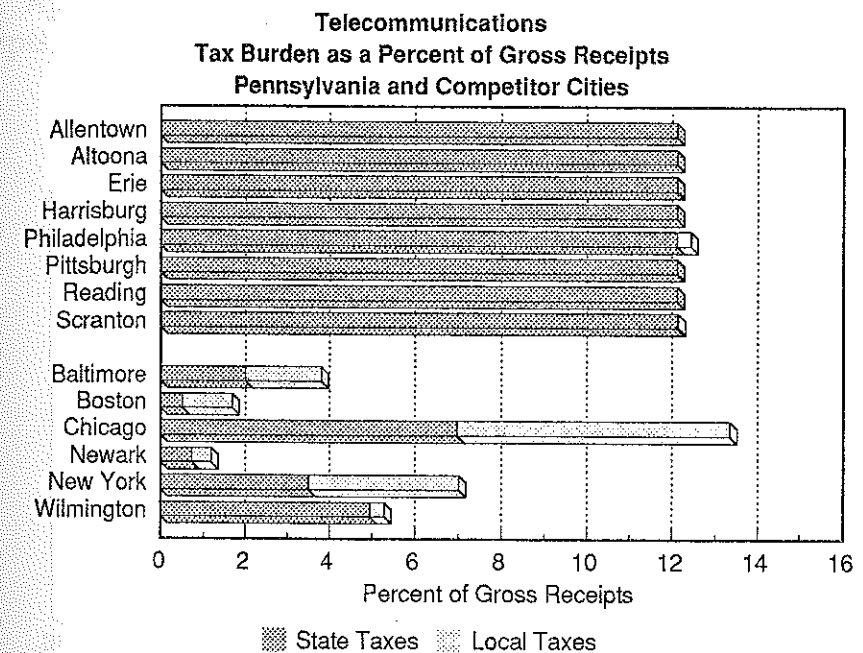
For real estate developers, state taxes are a small portion of the overall tax burden. Overall tax burden on developers in Pennsylvania cities are generally high due to local taxes. High local taxes in Pennsylvania cities are due in part to business gross receipts taxes, a type of taxation found in Pennsylvania cities, but not generally found in other cities. However, high local property taxes are the major reason for high local taxes in Pennsylvania cities on real estate developers. This is particularly the case in Pittsburgh, Harrisburg, and Scranton, which impose separate tax rates on land and improvements. Philadelphia's high effective property tax rate is due to the Use and Occupancy tax levied by the school district, a type of tax not found in the other cities compared. Only Boston and Baltimore have high tax burdens on developers compared to most Pennsylvania cities, because they are the only locations that tax personal property.

Utilities

Regulated utilities, such as the telecommunications industry, deliver services crucial to operations of modern industry. Although captive in the sense that they will not move operations to another state because of the business tax burden, taxing these industries increases the cost of doing business in Pennsylvania in general. Business taxes for regulated industries are passed

along to consumers. As business taxes increase for the telecommunications industry, the cost of operating an unregulated business in Pennsylvania increases.

Figure 8

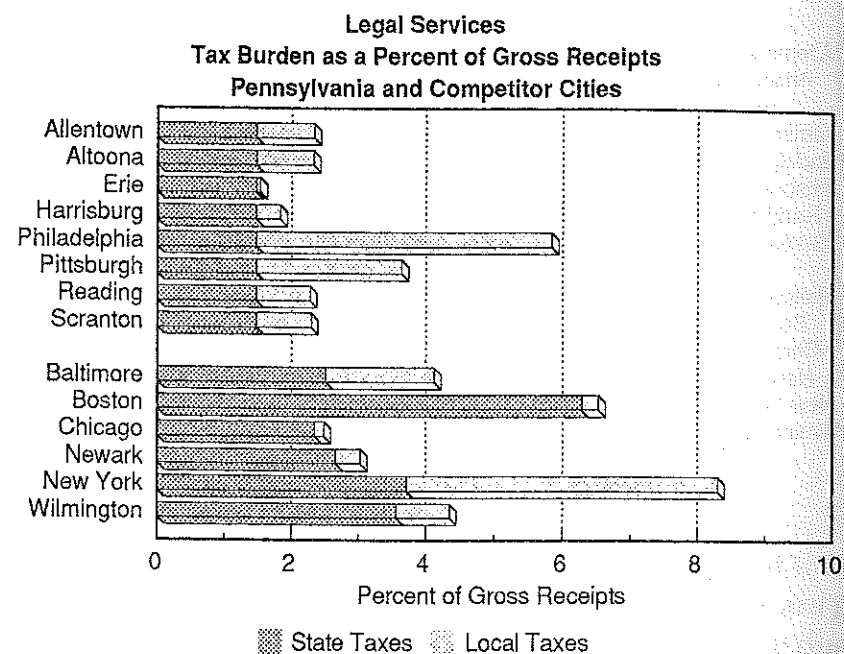


State taxation of long-distance telecommunications firms is responsible for the high overall tax burden faced by these firms in Pennsylvania cities. The Pennsylvania state public utility realty tax and public utility gross receipts tax together impose a burden of over 10 percent of gross receipts. Other states do not generally impose comparable taxes. Local taxes on telecommunications in Pennsylvania cities are small because the state public utility realty tax preempts local property taxation of utilities, while in other states, localities tax utility property directly.

Professional Partnerships

The one sector where Pennsylvania's cities appear competitive is in the taxation of professional partnerships, represented in our study by law firms.

Figure 9



The legal service model is an unincorporated partnership, and is subject to individual income taxes rather than corporate income taxes. Due to Pennsylvania's low state taxation of individual income, the state tax burden for legal services is lower in Pennsylvania cities than in other cities. Local tax burdens in Pennsylvania are generally small enough so that overall tax burdens remain below most out-of-state locations. One exception is Philadelphia, where the local net profits tax and net income portion of the business privilege tax make up a substantial portion of the overall tax burden.

Conclusion

The tax burden in any particular locality is the combined effect of various state and local policies, including: state and local reliance on business taxes and other forms of revenue; decisions to finance services at the state or local level; and state aid to local governments. In Pennsylvania's cities, the business tax

burden that results from these policies is an obstacle to economic vitality and development.

In the appendix tables that follow, details are provided on the characteristics of the model businesses and their tax liabilities in different cities. Appendix Table 1 provides the characteristics of the model firms in nine industries. Appendix tables 2 through 15 provide the tax burden as a percent of gross receipts, presented in detail for each city, by type of firm, and by tax.

Appendix Tables

Appendix Table 1
Characteristics of Model Businesses, in Thousands of Dollars

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
Cash	4,609	6,836	29,073	3,070	71	37	36	889	49
Receivables	14,282	47,891	162,478	12,977	155	82	6	4,394	172
Inventories	8,029	26,418	35	469	310	18	0	702	273
Short-term investments	588	8,820	35,922	52,982	6	3	0	37	18
Other current assets	6,389	18,003	9,630	28,277	112	31	13	860	51
Land	615	1,675	481	300	213	5	1	175	29
Deprec. assets less deprec.	15,631	46,131	4,193	3,675	220	90	28	22,230	210
Bldgs. & structs. less deprec.	5,415	12,639	1,023	897	54	16	7	6,090	95
Value of real estate	6,030	14,314	1,504	1,196	267	21	8	6,265	123
Mach. and equip. less deprec.	10,216	33,493	3,170	2,778	166	74	21	16,140	116
Other non-current assets	29,387	44,103	61,848	349,323	440	107	35	11,628	181
Total assets	79,531	199,879	303,660	451,071	1,528	374	120	40,915	983
Accounts payable	7,767	15,259	4,321	4,340	69	38	2	2,803	139
Short-term debt	6,863	12,180	21,100	9,658	294	42	14	1,502	140
Other current liabilities	9,212	36,339	227,234	18,779	94	50	29	2,155	122
Loans from stockholders	777	682	673	1,191	129	21	6	124	36
Long-term debt	9,547	35,354	12,555	5,491	609	101	16	10,932	233
Other liabilities	7,159	18,833	13,256	361,891	140	31	13	5,473	42
Capital stock	3,846	18,655	4,619	3,513	81	24	5	4,387	44
Paid-in or capital surplus	11,135	25,485	9,962	18,568	139	58	6	9,213	76
Ret. earnings, appropriated	22	1,937	342	10,061	1	1	0	39	1
Ret. earnings, unappropriated	26,588	38,861	9,791	18,173	(42)	14	27	4,525	150
Other retained earnings	91	365	(0)	0	26	2	3	(9)	15
Cost of treasury stock	3,478	4,072	192	592	12	7	2	229	15
Net worth	38,204	81,232	24,522	49,723	194	92	40	17,926	271
Total liab. & stockholder eq.	79,531	199,879	303,660	451,071	1,528	374	120	40,915	983

Appendix Table 1 (continued)
 Characteristics of Model Businesses, in Thousands of Dollars

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
Business receipts (includes interest in case of banking)	57,667	140,664	28,299	97,400	585	567	401	18,164	2,123
Net gain, non-capital assets	67	145	234	174	2	2	0	20	2
Gross receipts	57,734	140,809	28,534	97,574	587	568	401	18,184	2,125
Rents	0	0	0	0	0	0	1	0	0
Cost of sales and operations	25,504	80,437	63	63,504	417	254	26	6,334	1,517
Compensation of officers	405	820	871	252	21	43	121	57	34
Pens./prof. shar./stock/annu.	413	935	134	496	2	5	14	165	6
Employee benefit programs	778	3,510	313	240	2	7	5	488	12
Cost of goods sold	27,101	85,701	1,382	64,492	440	308	166	7,045	1,569
Rent paid on business property	645	3,402	569	934	7	21	25	584	54
Net income (net profits in case of law firm)	9,753	15,345	1,162	171	14	7	211	1,424	31
Payroll	7,790	24,751	10,234	35,221	212	201	145	6,569	252
Number of employees	253	761	464	1,384	9	14	4	205	25

Appendix Table 2
 Business Tax Burden as a Percent of Gross Receipts
 Allentown, Lehigh Cty, PA

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes							1.47%		
Personal Income									
Corporate Net Income	2.07%	1.33%			0.29%	0.15%		0.96%	0.18%
Financial Institutions			1.07%						
Capital Stock and Franchise	0.00%	0.00%			0.21%	0.05%		0.99%	0.13%
Public Utility Realty								5.17%	
Public Utility Gross Receipts								4.99%	
Insurance				2.00%					
Local Taxes									
Earned Income							0.52%		
Business Privilege					0.30%	0.30%	0.30%		0.15%
Property	0.24%	0.23%	0.12%	0.03%	1.04%	0.08%	0.05%		0.13%
State Total	2.07%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%	0.31%
Local Total	0.24%	0.23%	0.12%	0.03%	1.34%	0.38%	0.87%		0.28%
Total	2.31%	1.57%	1.20%	2.03%	1.85%	0.58%	2.34%	12.12%	0.59%

Appendix Table 3

Business Tax Burden as a Percent of Gross Receipts
Altoona, Blair Cty, PA

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							1.47%		
Corporate Net Income	2.07%	1.33%			0.29%	0.15%		0.96%	0.18%
Financial Institutions			1.07%						
Capital Stock and Franchise	0.00%	0.00%			0.21%	0.05%		0.99%	0.13%
Public Utility Realty								5.17%	
Public Utility Gross Receipts								4.99%	
Insurance				2.00%					
Local Taxes									
Earned Income							0.52%		
Business Privilege					0.30%	0.30%	0.30%		0.15%
Property	0.20%	0.20%	0.10%	0.02%	0.88%	0.07%	0.04%		0.11%
State Total	2.07%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%	0.31%
Local Total	0.20%	0.20%	0.10%	0.02%	1.18%	0.37%	0.86%		0.26%
Total	2.27%	1.53%	1.18%	2.02%	1.69%	0.57%	2.33%	12.12%	0.57%

Appendix Table 4

Business Tax Burden as a Percent of Gross Receipts
Erie, Erie Cty, PA

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							1.47%		
Corporate Net Income	2.07%	1.33%			0.29%	0.15%		0.96%	0.18%
Financial Institutions			1.07%						
Capital Stock and Franchise	0.00%	0.00%			0.21%	0.05%		0.99%	0.13%
Public Utility Realty								5.17%	
Public Utility Gross Receipts								4.99%	
Insurance				2.00%					
Local Taxes									
Real Estate									
City	0.12%	0.11%	0.06%	0.01%	0.51%	0.04%	0.02%		0.07%
Erie City SD	0.14%	0.14%	0.07%	0.02%	0.61%	0.05%	0.03%		0.08%
County	0.05%	0.05%	0.02%	0.01%	0.20%	0.02%	0.01%		0.03%
State Total	2.07%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%	0.31%
Local Total	0.30%	0.30%	0.15%	0.04%	1.32%	0.11%	0.06%		0.17%
Total	2.37%	1.63%	1.23%	2.04%	1.82%	0.31%	1.52%	12.12%	0.48%

Appendix Table 5

Business Tax Burden as a Percent of Gross Receipts
Harrisburg, Dauphin Cty, PA

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							1.47%		
Corporate Net Income	2.07%	1.33%			0.29%	0.15%		0.96%	0.18%
Financial Institutions			1.07%						
Capital Stock and Franchise	0.00%	0.00%			0.21%	0.05%		0.99%	0.13%
Public Utility Realty								5.17%	
Public Utility Gross Receipts								4.99%	
Insurance				2.00%					
Local Taxes									
Earned Income									
Business Privilege					0.30%	0.30%	0.30%		0.30%
Real Property									
Harrisburg City									
Land	0.02%	0.03%	0.04%	0.01%	0.79%	0.02%	0.01%		0.03%
Improvements	0.07%	0.07%	0.03%	0.01%	0.07%	0.02%	0.01%		0.03%
Dauphin Cty	0.04%	0.04%	0.02%	0.00%	0.18%	0.01%	0.01%		0.02%
Harrisburg SD	0.19%	0.18%	0.09%	0.02%	0.81%	0.07%	0.03%		0.10%
State Total	2.07%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%	0.31%
Local Total	0.32%	0.31%	0.18%	0.04%	2.16%	0.42%	0.36%		0.49%
Total	2.39%	1.65%	1.25%	2.04%	2.66%	0.62%	1.82%	12.12%	0.80%

Appendix Table 6
Business Tax Burden as a Percent of Gross Receipts
Philadelphia, PA

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							1.47%		
Corporate Net Income	2.07%	1.33%			0.29%	0.15%		0.96%	0.18%
Financial Institutions			1.07%						
Capital Stock and Franchise	0.00%	0.00%			0.21%	0.05%		0.99%	0.13%
Public Utility Realty								5.17%	
Public Utility Gross Receipts								4.99%	
Insurance				2.00%					
Local Taxes									
Business Privilege									
Net Income Portion	0.72%	0.47%			0.16%	0.08%	3.42%		0.09%
Gross Receipts Portion					0.33%	0.32%	0.33%	0.32%	0.33%
Total	0.72%	0.47%	0.26%	0.01%	0.48%	0.40%	3.75%	0.32%	0.42%
Net Profits							0.56%		
Property, Use and Occupancy	0.37%	0.36%	0.19%	0.04%	1.63%	0.13%	0.07%		0.21%
State Total	2.07%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%	0.31%
Local Total	1.10%	0.83%	0.45%	0.06%	2.11%	0.54%	4.37%	0.32%	0.63%
Total	3.17%	2.17%	1.53%	2.06%	2.61%	0.74%	5.84%	12.45%	0.93%

Appendix Table 7

Business Tax Burden as a Percent of Gross Receipts
Pittsburgh, Allegheny Cty, PA

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							1.47%		
Corporate Net Income	2.07%	1.33%			0.29%	0.15%		0.96%	0.18%
Financial Institutions			1.07%						
Capital Stock and Franchise	0.00%	0.00%			0.21%	0.05%		0.99%	0.13%
Public Utility Realty								5.17%	
Public Utility Gross Receipts								4.99%	
Insurance				2.00%					
Local Taxes									
Business Privilege					0.60%	0.60%	0.60%		0.30%
Net Profits							1.51%		
Real Property									
Allegheny County	0.08%	0.08%	0.04%	0.01%	0.36%	0.03%	0.02%		0.05%
City									
Land	0.04%	0.05%	0.07%	0.01%	1.45%	0.04%	0.01%		0.05%
Improvements	0.07%	0.06%	0.02%	0.01%	0.06%	0.02%	0.01%		0.03%
School District	0.10%	0.10%	0.05%	0.01%	0.45%	0.04%	0.02%		0.06%
State Total	2.07%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%	0.31%
Local Total	0.29%	0.29%	0.19%	0.04%	2.93%	0.72%	2.17%		0.49%
Total	2.36%	1.63%	1.26%	2.04%	3.43%	0.92%	3.64%	12.12%	0.80%

Appendix Table 8

Business Tax Burden as a Percent of Gross Receipts
Reading, Berks Cty, PA

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							1.47%		
Corporate Net Income	2.07%	1.33%			0.29%	0.15%		0.96%	0.18%
Financial Institutions			1.07%						
Capital Stock and Franchise	0.00%	0.00%			0.21%	0.05%		0.99%	0.13%
Public Utility Realty								5.17%	
Public Utility Gross Receipts								4.99%	
Insurance				2.00%					
Local Taxes									
Earned Income							0.52%		
Business Privilege					0.23%	0.23%	0.23%		0.15%
Property	0.30%	0.29%	0.15%	0.03%	1.29%	0.01%	0.06%		0.16%
State Total	2.07%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%	0.31%
Local Total	0.30%	0.29%	0.15%	0.03%	1.51%	0.24%	0.81%		0.31%
Total	2.37%	1.62%	1.22%	2.03%	2.01%	0.43%	2.27%	12.12%	0.62%

Appendix Table 9
Business Tax Burden as a Percent of Gross Receipts
Scranton, Lackawanna Cty, PA

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							1.47%		
Corporate Net Income	2.07%	1.33%			0.29%	0.15%		0.96%	0.18%
Financial Institutions			1.07%						
Capital Stock and Franchise	0.00%	0.00%			0.21%	0.05%		0.99%	0.13%
Public Utility Realty								5.17%	
Public Utility Gross Receipts								4.99%	
Insurance				2.00%					
Local Taxes									
Earned Income									
City							1.26%		
School District							0.52%		
Business Privilege									
Real Estate					0.79%	0.79%			0.79%
Scranton City SD	0.15%	0.14%	0.07%	0.02%	0.63%	0.05%	0.03%		0.08%
Lackawanna City	0.04%	0.04%	0.02%	0.00%	0.18%	0.01%	0.01%		0.02%
City									
Land	0.02%	0.02%	0.03%	0.01%	0.60%	0.01%	0.00%	0.02%	0.02%
Improvements	0.03%	0.03%	0.01%	0.00%	0.03%	0.01%	0.01%		0.01%
State Total	2.07%	1.34%	1.07%	2.00%	0.50%	0.20%	1.47%	12.12%	0.31%
Local Total	0.23%	0.23%	0.13%	0.03%	2.22%	0.88%	0.83%	0.02%	0.93%
Total	2.30%	1.56%	1.21%	2.03%	2.73%	1.08%	2.30%	12.14%	1.24%

Appendix Table 10
Business Tax Burden as a Percent of Gross Receipts
Baltimore City, MD

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							2.51%		
Financial Institutions Franchise			0.29%						
Corporation Income	1.18%	0.76%			0.17%	0.09%			0.10%
Real Property	0.01%	0.01%	0.00%	0.00%	0.04%	0.00%	0.00%		0.00%
Gross Receipts (Utilities)								2.00%	
Insurance Companies				2.00%					
Local Taxes									
Personal Income							1.25%		
Real Property	0.23%	0.23%	0.12%	0.03%	1.02%	0.08%	0.04%	0.77%	0.13%
Tangible Personal Property				0.17%	1.67%	0.77%	0.31%	1.03%	0.32%
State Total	1.19%	0.77%	0.29%	2.00%	0.20%	0.09%	2.51%	2.00%	0.11%
Local Total	0.23%	0.23%	0.12%	0.20%	2.69%	0.85%	1.61%	1.80%	0.45%
Total	1.43%	1.00%	0.41%	2.20%	2.89%	0.94%	4.12%	3.80%	0.56%

Appendix Table 11
Business Tax Burden as a Percent of Gross Receipts
Boston, MA

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							6.28%		
Corporation Excise (Income)									
Banks, Financial Institutions			0.51%						
Tangible Property Corporations	1.65%	1.10%							
Intangible Property Corporations					0.23%	0.12%		0.51%	0.14%
Utilities Corporate Franchise									
Insurance				2.00%					
Regular				0.28%					
Surtax									
Local Taxes									
Real Property (Comm./Ind.)	0.36%	0.35%	0.18%	0.04%	1.56%	0.13%	0.07%	1.18%	0.20%
Personal Property	0.48%	0.64%	0.38%		2.78%	0.56%	0.18%		0.63%
State Total	1.65%	1.10%	0.51%	2.28%	0.23%	0.12%	6.28%	0.51%	0.14%
Local Total	0.83%	0.99%	0.57%	0.04%	4.34%	0.68%	0.25%	1.18%	0.83%
Total	2.49%	2.09%	1.08%	2.32%	4.56%	0.80%	6.53%	1.69%	0.96%

Appendix Table 12
Business Tax Burden as a Percent of Gross Receipts
Chicago, Cook Cty., IL

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income									
Corporation Franchise	0.02%	0.02%	0.03%	0.02%	0.02%	0.01%	1.56%	0.05%	0.00%
Corporation Income	0.81%	0.52%	0.20%	0.01%	0.11%	0.05%		0.38%	0.07%
Additional Personal Property Replac	0.42%	0.27%	0.10%	0.00%	0.06%	0.03%	0.79%	0.20%	0.04%
Public Utilities Gross Receipts								5.07%	
Public Utilities Invested Capital								1.27%	
Insurance--Annual Financial Regulation Fee				0.01%					
Local Taxes									
Real Property	0.37%	0.36%	0.20%	0.05%	1.72%	0.14%	0.08%	1.30%	0.22%
Per Employee	0.03%	0.03%	0.01%		0.09%	0.15%	0.06%	0.08%	0.07%
Local Telecomm								4.99%	
State Total	1.25%	0.81%	0.33%	0.05%	0.19%	0.09%	2.35%	6.97%	0.11%
Local Total	0.40%	0.40%	0.21%	0.05%	1.81%	0.29%	0.14%	6.38%	0.29%
Total	1.65%	1.21%	0.54%	0.09%	2.00%	0.38%	2.48%	13.35%	0.40%

Appendix Table 13

Business Tax Burden as a Percent of Gross Receipts
Newark, Essex Cty, NJ

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income							2.66%		
Corp. Business (Franchise)	1.58%	1.02%	0.38%		0.22%	0.12%		0.73%	0.14%
Business Personal Property				2.10%					
Insurance									
Local Taxes									
Payroll Tax	0.13%	0.18%	0.05%	0.36%	0.36%	0.35%	0.36%	0.36%	0.12%
Real Property	0.03%	0.03%	0.02%	0.00%	0.14%	0.01%	0.01%	0.10%	0.02%
State Total	1.58%	1.02%	0.38%	2.10%	0.22%	0.12%	2.66%	0.73%	0.14%
Local Total	0.17%	0.21%	0.06%	0.36%	0.50%	0.36%	0.37%	0.46%	0.14%
Total	1.75%	1.23%	0.45%	2.46%	0.72%	0.48%	3.03%	1.20%	0.27%

Appendix Table 14
Business Tax Burden as a Percent of Gross Receipts
New York City, NY

	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
State Taxes									
Personal Income									
Franchise Tax on Business Corps.	1.52%	0.98%			0.21%	0.11%	3.71%		0.13%
Surcharge of 10 Percent	0.15%	0.10%			0.02%	0.01%			0.01%
Surcharge of 17 Percent	0.26%	0.17%			0.04%	0.02%			0.02%
Banking Corporations			0.37%						
Surcharge of 10 Percent			0.04%						
Surcharge of 17 Percent			0.06%						
Utility Services Gross Income									
Insurance Companies Franchise								3.50%	
Greater of:									
1				0.02%					
2				0.08%					
3				0.01%					
4				0.00%					
Result				0.08%					
Surcharge of 10 Percent				0.01%					
Surcharge of 17 Percent				0.01%					
Additional Insurance Franchise				0.80%					

Appendix Table 14 (continued)
Business Tax Burden as a Percent of Gross Receipts
New York City, NY

Local Taxes	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
Personal Income							2.07%		
General Corporation Tax									
Greater of:									
1	1.50%	0.96%	0.36%		0.21%	0.11%			0.13%
2	0.10%	0.09%	0.13%		0.05%	0.02%			0.02%
3	0.47%	0.30%	0.19%		0.09%	0.16%			0.06%
4		0.00%	0.00%		0.05%	0.05%			0.01%
Result	1.50%	0.96%	0.36%		0.21%	0.11%			0.13%
Unincorporated Business									
Tax on Public Utilities							2.10%		
Comm. Rent or Occupancy Tax	0.07%	0.14%	0.12%	0.06%	0.07%	0.22%	0.37%	2.35%	0.15%
Real Property	0.24%	0.23%	0.12%	0.03%	1.04%	0.08%	0.05%	0.97%	0.13%
State Total	1.93%	1.25%	0.47%	0.90%	0.27%	0.14%	3.71%	3.50%	0.17%
Local Total	1.80%	1.34%	0.60%	0.09%	1.33%	0.42%	4.59%	3.51%	0.41%
Total	3.73%	2.59%	1.07%	0.99%	1.60%	0.56%	8.30%	7.01%	0.58%

Appendix Table 15
Business Tax Burden as a Percent of Gross Receipts
Wilmington, New Castle Cty, DE

State Taxes	Pharma- ceuticals	Com- puters	Banking	Life Insur.	Devel- opers	Bus. Servs.	Legal Servs.	Tele- comm.	Retail
Personal Income									
Franchise	0.01%	0.01%	0.02%	0.01%	0.01%	0.00%	3.56%	0.02%	0.00%
Corporation Income	1.47%	0.95%			0.21%	0.11%		0.68%	0.13%
Banks, Trust and Loan Companies			0.20%						
Merchants and Manufacturers									
Regular	0.22%	0.24%							0.25%
Plus 10 Percent Surtax	0.02%	0.02%							0.03%
Less Monthly Credit of \$100	0.00%	0.00%							-0.06%
Utilities									
Insurance Companies								4.25%	
Gross Premiums				1.75%					
Annual Privilege				0.10%					
Local Taxes									
Wilmington Earned Income/Net Profits									
Wilmington Business License	0.00%	0.00%	0.00%	0.00%	0.03%	0.03%	0.66%	0.01%	
Wilmington Employee Head	0.03%	0.04%	0.02%	0.10%	0.11%	0.18%	0.07%	0.08%	0.08%
Real Property	0.08%	0.07%	0.04%	0.01%	0.33%	0.03%	0.01%	0.25%	0.04%
State Total	1.72%	1.22%	0.22%	1.86%	0.21%	0.11%	3.56%	4.95%	0.35%
Local Total	0.11%	0.11%	0.06%	0.11%	0.47%	0.23%	0.78%	0.34%	0.13%
Total	1.83%	1.33%	0.27%	1.97%	0.68%	0.34%	4.34%	5.29%	0.48%

**Pennsylvania Economy League
Board of Governors, Eastern Division, 1992**

Chairman: David C. Carney, CoreStates Financial Corp
Vice Chairman: Ms. Faye S. Olivieri, Agenda, Inc.
Finance Chairman: William Harral, Bell of Pennsylvania

Jack F. Adler, Jr.	J.A.D. Enterprises, Inc.	Thomas M. Landin	SmithKline Beecham
George M. Aman, III, Esq.	Morgan, Lewis & Bockius	Jeffrey P. Lindtner	CIGNA
Gustave G. Amsterdam, Esq.		Herbert M. Linsenberg, Esq.	Eagle National Bank
Robert R. Batt, Esq.	Ballard, Spahr, Andrews & Ingersoll	Ms. Barbara Lukens	Comcast Cable Communications, Inc.
Edward L. Baxter, Esq.	Schnader, Harrison, Segal & Lewis	Joseph W. Lutes	Delaware Management Holdings, Inc.
Arthur B. Belden	SPS Technologies, Inc.	Dean J. Markezin	Price Waterhouse
Marshall E. Blume, Ph.D.	Wharton School, U. of Penna.	John Markle, Jr., Esq.	Drinker, Biddle & Reath
Leonard A. Boreski	IBM Corporation	Robert Mauch	UGI Corporation
Richard T. Brant	Andersen Consulting	Richard T. Nalle, Jr.	
David R. Bright	Meridian Bancorp, Inc.	Ronald J. Naples	Hunt Manufacturing Company
W. W. Keen Butcher		John J. Naughton	General Accident Insurance Company
D. Keith Cobb	KPMG Peat Marwick		Continental Bank
Douglas L. Cox	Atochem North America	Mr. Thomas J. Nowlan	Ford Electronics & Refrig. Corp
A. Bruce Crawley	Crawley, Haskins & Rodgers	Bernard A. O'Connor	Rohm and Haas Company
Warren W. Deakins	Fidelity Mutual Life Insurance Company	Richard G. Peterson, Ph.D.	Ballard, Spahr, Andrews & Ingersoll
Robert J. Dee	Dee Paper Company Inc.	H. David Prior, Esq.	
John Dennen	Philadelphia Inquirer & Daily News	Peter P. Quinn	Continental Bank
Edward J. Fitzsimmons	ARA Services, Inc.	Arthur F. Radman, III	Provident Mutual Life Insurance Company
David L. Gage	USX Corporation	Stanley R. Reber	Grubb & Ellis Company
John R. Galloway	Chevron, U.S.A.	Alfred W. Schwacke, Jr.	Fidelity Bank
Dr. Vail P. Garvin, FACHE	Independence Blue Cross	Daniel P. Sheerin	Arnelle & Hastie
James M. Gassaway	Strawbridge & Clothier	Stephen W. Simpson, Esq.	Reed, Smith, Shaw & McClay
Elizabeth H. Gemmill, Esq.	Tasty Baking Company	John F. Smith, III, Esq.	Mellon PSFS
Richard G. Gilmore		Paul H. Snyder	Boeing Helicopters
James B. Ginty	AT&T	David E. Sweet	Sun Refining & Marketing Company
Ms. Thelma Gray	Thelma Gray Public Relations, Inc.	Mr. Joseph C. Swift	Roy F. Weston, Inc.
Edward D. Griffith	ARCO Chemical Company	A. Frederick Thompson, Ph.D.	The Webster Group, Inc.
Richard A. Guttendorf	International Mobile Machines	Philip J. Webster	Henderson, Wetherill, O'Hay & Horsey
Rutherford C. Harris	Scott Paper Company	Elkins Wetherill, Esq.	We the People 2000
Michael B. High	Meritor Savings Bank		First Pennsylvania Bank
G. Robert Hoffman	Provident National Bank	Gilbert A. Wetzel	A. Foster Higgins & Co. Inc.
Ms. Suzanne V. Holloman	RM Communications Group, Inc.	Edward N. Williams	Wolf, Block, Schorr & Solis-Cohen
Robert B. Horne	Philadelphia Electric Company	Ms. Patricia L. Wilson	Coopers & Lybrand
Mr. Joseph J. Horvath	Penn Mutual Life Insurance Company	Robert B. Wolf, Esq.	Butcher & Singer, Inc.
John B. Huffaker, Esq.	Pepper, Hamilton & Scheetz	James H. Wolfe	
Michael J. Joyce	Deloitte & Touche	Thomas D. Zoidis	
Joseph R. Klinger			

Dianne E. Reed, Ph.D., Director