What Others Have Written about the Tax Foundation’s Rankings

Tax Foundation’s State Business Tax Climate Index: Is the “Tax” Silent?

“...[T]he report has two major flaws: the Index itself is constructed in a way that is arbitrary at best, and, more vitally, it essentially pretends that tax revenues aren’t used for any public investment that businesses might find valuable.”
http://www.taxjusticeblog.org/archive/2014/10/tax_foundations_state_business.php

Concerns About the Tax Foundation’s State Business Tax Climate Index
Robert Tannenwald, Tax Analysts, February 25, 2013

“Despite the SBTCI’s influence, some elements of its method trouble me. Especially disconcerting is the high weight it places on the personal income tax. The property tax should be weighted more heavily because it is by far the largest tax that businesses pay. Furthermore, SBTCI’s policy implications seem to clash with those of the foundation’s other published indicators of state business tax competitiveness.”

Analysis: Do Business-Friendly Tax Climates Yield The Most Jobs?
Mike Maciag, Governing, October 10, 2013.

“[A] review of the most recent economic data shows no correlation between states rated higher and those with better employment indicators. In fact, some of the lowest-ranked states weathered the recession quite well.”

Debunking the Business Tax Climate Index
Samuel Bell, R.I. Future.org, October 15, 2013

“The Index supposedly measures how effective a state’s tax system is at promoting business. But it is actually just a fancy way of distorting tax data to favor conservative tax policies.”

Tax Foundation’s Business Climate Rankings a Poor Guide for Lawmakers
Wesley Tharpe, Georgia Budget and Policy Institute, January 10, 2012

“The Tax Foundation’s business climate rankings are not a meaningful measure of a state’s overall business friendliness. The rankings do not actually measure how much businesses pay; they reward and penalize states along arbitrary and subjective lines; and,
they rest upon an unproven foundation of economic assumptions. Perhaps most important, even if the rankings were devoid of flaws in their methodology, they would still reinforce the misguided view that small differences in state tax levels are the primary concern for businesses.”

http://gbpi.org/tax-foundation%e2%80%99s-business-climate-rankings-a-poor-guide-for-lawmakers

What Does the Tax Foundation Business Climate Index Really Tell Us?
Pennsylvania Budget and Policy Center, October 29, 2010.

“The COST study – which measures actual taxes paid by businesses, rather than tax rates – finds that in Pennsylvania corporate income taxes are 7.5% of total state and local business taxes, which is below the national average of 8.6%. On the other hand, by the Tax Foundation measure, Pennsylvania’s corporate taxes do not fare well, as the 9.9% Corporate Net Income (CNI) tax rate is high compared to other states – although, in fact, many corporations don’t pay that rate because they use tax loopholes to artificially lower their reported Pennsylvania profits.”


The Tax Foundation says Georgia’s got a Business Tax Problem. Do Not Pay Attention.
Wesley Tharpe, Georgia Budget and Policy Institute. Feb 10, 2012

“So if business taxes are low, why does Georgia’s “business tax climate” rank poorly in the Tax Foundation’s eyes? Essentially it’s because their ranking system employs an arbitrary formula of 118 tax variables that one economist calls a “mishmash of stuff the Tax Foundation doesn’t like.” Some of the variables are important to sound tax policy, but many others aren’t.”


Let’s Not Confuse ‘Business Tax Climate’ with ‘Business Climate’

“Just 19 Fortune 500 companies, 4 percent of the whole list, call the five states deemed the “best” by the Tax Foundation home – 15 in Florida and 4 in Nevada. That’s the same number of Fortune 500 companies that are headquartered in New Jersey alone. When counting all five “worst” Tax Foundation states, the number rises to 144 Fortune 500 companies – about one in three.”


Business climate rankings don’t give the full story
Minnesota Budget Bites, Minnesota Budget Project, October 10, 2013

“Despite its low ranking [on the Tax Foundation’s index], Minnesota’s economy was the fifth-fastest growing in the nation in 2012 and the unemployment rate in August was 5.1
percent, compared with a 7.3 percent U.S. jobless rate.”

http://minnesotabudgetbites.org/2013/10/10/business-climate-rankings-dont-give-the-full-story

**N.J. ranked dead last in a Small Business Tax Climate poll ... and why that shouldn’t bother you a bit**

NJBIZ, October 28, 2014

“New Jersey became an economic powerhouse because it has the assets to attract well-paying jobs and the people who come with them,” he said, citing examples such as transportation, good schools and an educated workforce. “... But like all assets, these require maintenance, modernization and new investment to retain their value. New Jersey’s policymakers need to focus on shoring up and building upon these competitive advantages, not on cutting tax rates and public services.”