

The Small Business & Entrepreneurship Council’s “Business Tax Index 2010” ranks the states from best to worst in terms of the costs of their tax systems on entrepreneurship and small business. The Index pulls together 16 different tax measures, and combines those into one tax score that allows the 50 states and District of Columbia to be compared and ranked.

The 16 measures are: 1) state’s top personal income tax rate, 2) state’s top individual capital gains tax rate, 3) state’s top corporate income tax rate, 4) state’s top corporate capital gains tax rate, 5) any added income tax on S-Corporations, 6) whether or not the state imposes an alternative minimum tax on individuals, 7) whether or not the state imposes an alternative minimum tax on corporations, 8) whether or not the state’s personal income tax brackets are indexed for inflation, 9) property taxes, 10) consumption-based taxes (i.e., sales, gross receipts and excise taxes), 11) whether or not the state imposes a death tax, 12) unemployment taxes, 13) whether or not the state has a tax limitation mechanism, 14) whether or not the state imposes an Internet access tax, 15) gas tax, and 16) diesel tax.

Business Tax Index 2010: State Rankings

<i>Rank</i>	<i>State</i>	<i>Tax Index</i>	<i>Rank</i>	<i>State</i>	<i>Tax Index</i>
1	South Dakota	10.940	26	Pennsylvania	36.965
2	Texas	11.420	27	North Dakota	37.590
3	Nevada	12.257	28	Montana	37.724
4	Wyoming	14.630	29	Michigan	37.814
5	Washington	15.570	30	Delaware	38.120
6	Florida	23.010	31	Maryland	38.588
7	Alabama	24.808	32	Kansas	38.950
8	Alaska	25.160	33	Wisconsin	39.578
9	Ohio	25.520	34	New Hampshire	40.402
10	Colorado	26.855	35	West Virginia	40.823
11	Mississippi	29.566	36	Nebraska	41.934
12	South Carolina	29.646	37	North Carolina	42.473
13	Tennessee	30.858	38	Connecticut	42.627
14	Oklahoma	31.120	39	Idaho	42.710
15	Virginia	32.393	40	Hawaii	42.936
16	Missouri	32.448	41	Rhode Island	44.110
17	Arizona	33.286	42	Massachusetts	44.640
18	Illinois	33.661	43	Oregon	45.833
19	Indiana	33.805	44	Vermont	47.317
20	Arkansas	33.956	45	Iowa	48.905
21	Georgia	34.085	46	Maine	49.062
22	Kentucky	34.650	47	New York	49.442
23	Utah	35.330	48	California	50.126
24	Louisiana	35.390	49	Minnesota	51.844
25	New Mexico	35.846	50	New Jersey	54.970
			51	Dist. of Columbia	58.805

Data Source: CCH Incorporated, *2010 State Tax Handbook*, The Federal of Tax Administrators, and state specific sources