

Attempting to understand all cost factors in different states and how those impact your specific business can be a daunting task. The table below provides typical business cost scenarios for a manufacturing firm with 20 and 200 employees.

Cost Factor	20-Employee Firm			200-Employee Firm		
	Oregon	California	Washington	Oregon	California	Washington
Energy costs	\$149,760	\$194,820	\$140,015	\$1,497,600	\$1,948,200	\$1,400,160
Employee gross payroll	\$903,900	\$879,680	\$1,007,720	\$9,039,000	\$8,796,800	\$10,077,200
Social insurance	\$27,669	\$29,142	\$33,399	\$276,694	\$291,417	\$333,986
Corporate income/other taxes*	\$2,000	\$1,658	\$36,300	\$59,950	\$212,160	\$363,000
Annual property tax	\$125,600	\$85,600	\$72,000	\$1,256,000	\$856,000	\$720,000
Annual tax on current purchases	\$0	\$33,975	\$32,438	\$0	\$339,750	\$324,375
Tax on capital purchases	\$0	\$543,600	\$1,305	\$0	\$5,436,000	\$13,050
Total operating costs, initial capital taxes	\$1,208,929	\$1,768,474	\$1,323,177	\$12,129,244	\$17,880,327	\$13,231,771
Difference from Oregon		+ \$559,545	+\$114,248		+ \$5,751,093	+1,102,527

*"Other taxes" includes any relevant business taxes that states would apply to the business used in the example such as gross receipts taxes. Table source: [Business Oregon website](#).

Comparing Business Costs and Taxes

The table below outlines a more complete breakdown of specific costs, focusing on the major contributors to business costs. Colors on the table roughly group together similar costs starting with utilities (green), worker costs (orange), business taxes (blue), transportation (white,) and property taxes (grey).

Additional reading that may be helpful in understanding tax structures among different states is the annual [State Business Tax Climate Index](#) produced and published by the Tax Foundation.

BUSINESS COST COMPARISON – U.S. West Coast				
Business Factor		Oregon	California	Washington
Average Industrial Electricity Rate (Feb. 2014; ¢/kWh)		6.22¢	10.73¢	4.64¢
Average Industrial Rate for Natural Gas (Feb. 2014, \$/kcf)		\$6.04	\$7.71	\$8.28
Average Annual Wage for Production Occupations (May 2013)		\$35,820	\$34,580	\$41,020
Base Unemployment Insurance, range of rates (2014)		1.8 – 5.4%	1.5 – 6.2%	0.17 – 5.84%
Average Annual Family Premium for Health Insurance (2012)		\$15,487	\$15,898	\$16,291
Workers' Comp (pure premium rate per \$100 payroll (2014))		\$1.52	\$2.70	\$2.17
State Unemployment Insurance Tax Rates (2013)	Minimum	(base: \$34,000) 2.2%	(base: \$7,000) 1.5%	(base: \$39,800) .17%
	Maximum	5.4%	6.2%	5.84%
State Individual Income Tax Rates (2014)	Lowest	5.0% (\$0)	1.0% (\$0)	None
	Highest	9.9% (\$125,000)	13.3% (\$1,000,000)	None
State Corporate Income Tax Rates (2014)	Lowest	6.6% (\$0)	8.84%	0.13% to 3.3% ¹
	Highest	7.6% (\$1,000,000)		
State & Local Sales Tax Rates (2014)	State	None	7.50%	6.5%
	Local	None	(Average) 0.91%	(Average) 2.38%
	Combined	None	8.41%	8.88%
Sales or Use Taxes on Construction Costs		None	7.95%	8.87%
State & Local Excise/ Sales Tax Collections Per Capita (2011)		\$379	\$509	\$682
State Gasoline Tax Rates (cents per gallon) effective Jan 2014	Excise tax	30.0¢	39.5¢	37.5¢
	Other taxes	1.07¢	12.97¢	0.0¢
	Total	31.07¢	52.47¢	37.5¢
Ave. Total Annual State Vehicle Registration Fees (Oct. 2011)		\$62.00	\$1,255.00	\$104.25
State & Local Tax Burden Per Capita (2011; US Average = \$4,217)		\$3,861	\$5,136	\$4,366
Effective Property Tax Rates	Real Property	0.95% ²	1.10%	2.30%
	Personal Property	1.52%	1.10%	NA
Real Estate Transfer Tax		0.00%	0.11%	1.28% (up to 2.78% w/ local option)

¹ Washington does not have a corporate income tax but does have a gross receipts tax (Business & Occupancy Tax). While not strictly comparable to corporate income tax rates, it is imposed on revenues, not profits, resulting in noteworthy effective tax rates, particularly for small businesses and startups. ² Average rate for industrial property in Deschutes County.