

Cincinnati, Cleveland, Atlanta Score High Marks As Most Tax-Friendly Large Cities For Business: KPMG Report

New Orleans Has Most Cost-Competitive Tax Structure Among U.S. Mid-Market Cities;

Baton Rouge Fares Best in Small-Market Category

Cincinnati, Cleveland, Atlanta, Baltimore and Pittsburgh offer the most favorable tax structures for businesses among U.S. cities/locations with populations exceeding 2 million, according to a study released today by KPMG International (KPMG).

Of the 51 large international cities highlighted in the study, Cincinnati, Cleveland, Atlanta, Baltimore and Pittsburgh all placed in the top 20 – ranking seventh, 11th, 12th, 13th and 14th, respectively. Among the 10 countries in the study, the U.S. ranked fifth in terms of favorability of its overall tax structure for business.

KPMG's [2014 Competitive Alternatives: Focus on Tax](#) study is a global comparison of the total tax burden that companies in 107 cities throughout 10 countries may face, including corporate income taxes, capital taxes, sales taxes, property taxes, miscellaneous local business taxes and statutory labor costs.

"While a number of large U.S. cities rank favorably internationally, Cincinnati and Cleveland, in particular, fared well because of Ohio's business tax structure," said Hartley Powell, principal in the Global Location and Expansion Services practice of KPMG LLP, the U.S. member firm of KPMG International. "The Buckeye State has no state corporate income tax, low statutory labor costs, and exemptions of personal property and inventory from property tax, providing both of these Ohio cities with relatively low corporate tax burdens."

According to the study, Cincinnati had a total tax index of 73.5, representing tax costs 26.5 percent below the U.S. baseline of 100.0, followed by Cleveland (80.2), Atlanta (81.1), Baltimore (81.2) and Pittsburgh (81.9), rounding out the top-five favorable large U.S. cities.

Other U.S. cities that ranked in the top 20 among international cities for most cost-competitive tax structure included:

- Philadelphia (15th/ 84.1)
- Charlotte, N.C. (16th/ 84.5)
- Minneapolis (17th/ 88.1)
- Orlando, Fla. (18th / 88.2)
- Tampa, Fla. (19th/ 89.1)
- North Virginia/Metro D.C. (20th/ 89.9)

Of particular interest, the study also showed that Louisiana continues to be the leading state with the most cost-competitive tax structure among locations in the study's mid- and small-sized city categories, as Baton Rouge, New Orleans and Shreveport ranked first, second and third, respectively, in the overall results of U.S. cities.

Sector Classifications

The 2014 *Competitive Alternatives: Focus on Tax* report also highlights which cities offer the lowest tax burdens for business based on industry sectors, including digital services, research and development (R&D), corporate services and manufacturing.

As a location for digital services, Cincinnati (60.9), Cleveland (62.2), Atlanta (75.1), San Antonio (90.0) and Orlando, Fla. (90.1) topped U.S. cities in the large-city category for most cost-effective tax structures.

Atlanta (83.0), Minneapolis (83.6), Cincinnati (86.4), Pittsburgh (88.0) and Detroit (89.0) were the top-five large cities in the R&D sector for most favorable tax structures.

The large-sized cities with the most cost-effective tax structures for the corporate services sector included Atlanta (87.5), Cincinnati (88.9), Pittsburgh (89.5), Orlando, Fla. (90.2) and Phoenix (90.7).

For manufacturing operations, where property taxes and taxes on equipment and capital are of greater importance, the five large U.S. cities providing the most cost-effective tax structures for business were Baltimore (71.7), Cincinnati (72.3), Pittsburgh (75.9), Charlotte, N.C. (77.7) and Philadelphia (77.8).

"Corporate services operations usually most closely reflect a location's corporate income tax system, as fewer special tax incentives apply to these activities," said KPMG's Powell. "Digital services operations tend to bear a lower burden from other corporate taxes than in other sectors, given their limited costs for property and sales tax, while results for R&D operations are heavily influenced by tax incentives provided for R&D-related activities."

Mid-sized Cities

In the mid-sized city category (populations between 1 million to 2 million), cities offering the most favorable tax climate for business were New Orleans (61.0), Trenton, N.J. (80.9), Raleigh, N.C. (82.2), Wilmington, Del. (82.3), and Indianapolis (86.7).

Small-sized Cities

Cities offering the most favorable tax-structure for business in the small-sized city category (populations under 1 million) were Baton Rouge, La. (60.7), Shreveport, La. (61.1), Omaha, Neb. (70.1), Youngstown, Ohio (72.9), and Bangor, Maine (79.9).

The full text of the 2014 study by KPMG International is available online at: <http://www.competitivealternatives.com/tax>.

(U.S. cities with populations of more than 2 million)

City	Total Tax Index	Rank
Cincinnati, OH	73.5	1
Cleveland, OH	80.2	2
Atlanta, GA	81.1	3
Baltimore, MD	81.2	4
Pittsburgh, PA	81.9	5
Philadelphia, PA	84.1	6
Charlotte, NC	84.5	7
Minneapolis, MN	88.1	8
Orlando, FL	88.2	9
Tampa, FL	89.1	10
North Virginia, Metro DC	89.9	11
Detroit, MI	90.0	12
Boston, MA	90.0	13
Miami, FL	91.7	14
Portland, OR	92.5	15
Houston, TX	93.2	16
Denver, CO	93.4	17
Chicago, IL	93.9	18
Dallas-Fort Worth, TX	94.1	19
Seattle, WA	95.4	20
Riverside-San Bernardino, CA	95.4	21
Phoenix, AZ	95.6	22
San Antonio, TX	95.9	23
San Diego, CA	96.3	24
Sacramento, CA	96.6	25
Las Vegas, NV	97.1	26
Los Angeles, CA	100.1	27
St. Louis, MO	100.7	28
Kansas City, MO	101.4	29
San Francisco, CA	102.1	30
New York City	111.8	31

The total tax index is a measure of the total taxes paid by corporations in a particular location and industry, expressed as a percentage of total taxes paid by similar corporations in the United States baseline cities (New York City, Los Angeles,

Chicago and Dallas-Fort Worth). Thus the United States has a total tax index of 100.0, which represents the benchmark against which the other countries and cities are scored.

About KPMG LLP

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