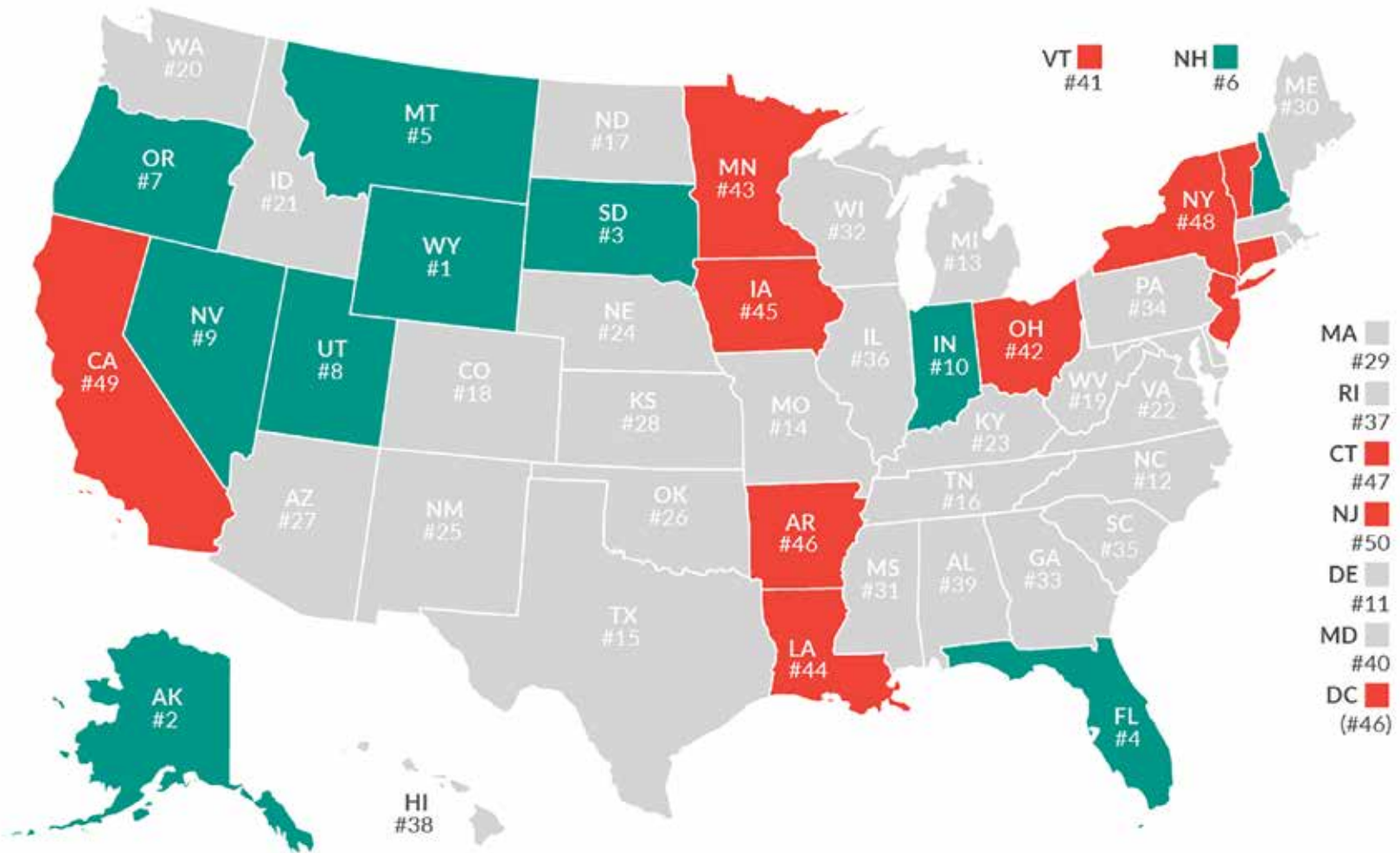


COST OF DOING BUSINESS: West Virginia and Surrounding States



2019 State Business Tax Climate Index



Note: A rank of 1 is best, 50 is worst. Rankings do not average to the total. States without a tax rank equally as 1. D.C.'s score and rank do not affect other states. The report shows tax systems as of July 1, 2018 (the beginning of Fiscal Year 2019).

Source: Tax Foundation.

- 10 Best Business Tax Climates
- 10 Worst Business Tax Climates



TAX FOUNDATION

2019 STATE BUSINESS TAX CLIMATE INDEX

#19 WEST VIRGINIA

West Virginia		
	Rank	Score
Overall Rank	19 (+0)	5.18
Corporate Taxes	13 (+0)	5.57
Individual Taxes	28 (+0)	4.92
Sales Taxes	17 (+0)	5.17
Property Taxes	18 (+0)	5.44
Unemp. Insur. Taxes	30 (+0)	4.83

Neighboring States
#19 West Virginia
#22 Virginia
#23 Kentucky
#34 Pennsylvania
#40 Maryland
#42 Ohio

Top States
#1 Wyoming
#2 Alaska
#3 South Dakota
#4 Florida
#5 Montana

Bottom States
#50 New Jersey
#49 California
#48 New York
#47 Connecticut
#46 District of Columbia



Cost of Doing Business National Ranking

CNBC’s 2019 “Top States for Business” report ranks West Virginia’s cost of doing business at 6th best, a 5-point improvement over the state’s 2018 rank of 11th. CNBC analyzes the tax burden in each state (individual income and property taxes, business taxes, and gasoline taxes); utility costs, the cost of wages, and rental costs for office, commercial and industrial space.

CNBC Top States for Business	Business Costs Rank
Kentucky	1
West Virginia	6
Ohio	8
Pennsylvania	30
Virginia	35
Maryland	46

Wages

West Virginia’s median hourly wages (expressed in U.S. dollars (\$)) for select occupations important to the Petrochemical and other manufacturing industries are typically lower than those in surrounding states – a significant point since wages and salaries account for about 70 percent of a company’s expenses.

Median Hourly Wages (\$) for Select Occupations

Arranged in alphabetical order by occupational title

Occupational Title	U.S.	WV	OH	PA
Production Workers, All Other	\$14.46	\$12.94	\$15.54	\$14.86
Chemists	\$36.97	\$27.87	\$32.45	\$34.42
Chemical Plant and System Operators	\$29.84	\$31.72	\$29.59	\$29.08
Chemical Engineers	\$50.44	\$45.08	\$45.19	\$44.18
Maintenance and Repair Workers, General	\$18.39	\$14.80	\$19.12	\$18.45
Laborers and Freight, Stock, and Material Movers, Hand	\$13.58	\$12.57	\$13.65	\$14.11
Heavy and Tractor-Trailer Truck Drivers	\$20.92	\$18.08	\$20.52	\$21.84
General and Operations Managers	\$48.32	\$34.31	\$45.97	\$53.92
Separating, Filtering, Clarifying, Precipitating, and Still Machine Setters, Operators, and Tenders	\$19.62	\$19.29	\$19.94	\$19.81
Industrial Machinery Mechanics	\$25.09	\$24.89	\$24.78	\$24.89

Workers' Compensation

West Virginia employers pay, on average, the 4th lowest workers' compensation premium rates in the nation.

Workers' Compensation Premium Rate Ranking Summary

State	Index Rate	% of Study Median	Effective Date
Kentucky	1.51	89%	October 1, 2017
Maryland	1.33	78%	January 1, 2018
Ohio	1.40	82%	July 1, 2017
Pennsylvania	1.85	109%	April 1, 2017
Virginia	1.28	75%	April 1, 2017
West Virginia	1.01	59%	November 1, 2017

Source: Oregon Department of Consumer & Business Services "2018 Oregon Workers' Compensation Premium Rate Ranking Summary" July 2019.

Unemployment Compensation

The Unemployment Compensation system in the United States is designed to provide temporary and partial wage replacement to recently unemployed workers, as well as help stabilize the national economy during recessions. The United States Department of Labor oversees the system, but each State administers its own program.

	WV	KY	MD	OH	PA	VA
Taxable wage base (\$)	\$12,000	\$9,600	\$8,500	\$9,500	\$10,000	\$8,000
New employer tax rate (%)	2.7	2.7	2.6	2.7	3.5	2.5
Estimated employer contribution	\$374	\$209	\$217	\$247	\$610	\$134
Statutory tax rate (minimum/maximum) %	1.50/7.50	0.40/9.25	0.30/7.50	0.30/9.00	2.39/11.03	0.10/6.20

Source: U.S. Department of Labor, "Significant Measures of State Unemployment Insurance Tax Systems," May 2019.

Taxes

West Virginia's property taxes are significantly lower than four of the surrounding states:

	Property Tax Collections Per Capita	Property Tax Collections as a Percentage of Income
Kentucky	\$775	1.67%
Maryland	\$1,547	1.96%
Ohio	\$1,264	2.41%
Pennsylvania	\$1,478	2.60%
Virginia	\$1,545	2.25%
West Virginia	\$915	2.08%

Electricity

West Virginia's industrial electricity rates are very competitive. Additionally, West Virginia may establish special rates for energy-intensive industrial customers (see below). Rates below are year-to-date May 2019.

Average Retail Price of Electricity by Industrial Rate

(Cents per kilowatt-hour)

State	Rate
United States Average	6.71
Kentucky	5.43
Maryland	7.67
Ohio	6.35
Pennsylvania	6.31
Virginia	7.15
West Virginia	5.96

Source: US Energy Information Administration.

Natural Gas

West Virginia sits atop the second largest gas field in the world. According to the U.S. Energy Information Administration, West Virginia's average price of natural gas sold to industrial consumers is below the national average, and is significantly lower than in surrounding states.

- General Service (GS) Rate \$7.162 per Mcf
- Large General Service (LGS) Rate \$5.005 per Mcf

Average Price of Natural Gas Sold to Industrial Consumers, May 2019

(Dollars per thousand cubic feet)

State	Rate
United States Average	4.20
Kentucky	4.46
Maryland	9.84
Ohio	6.71
Pennsylvania	8.38
Virginia	5.14
West Virginia	3.51

Cost of Living

West Virginia is an excellent place to live, work and play.

- According to Sperling's Best Places, the cost of living in surrounding states is higher than in West Virginia. The cost of living rates are as follows:
 - o Kentucky – 10.5% below the national average (Index rate of 89.5)
 - o Maryland – 24.6% above the national average (Index rate of 124.6)
 - o Ohio – 12.3% below the national average (Index rate of 87.8)
 - o Pennsylvania – 0.30% above the national average (Index rate of 100.3)
 - o Virginia – 13.8% above the national average (Index rate of 113.8)
 - o West Virginia – **16.4% below** the national average (Index rate of 86)

Corporate Net Income Tax or Equivalent

The primary corporate tax among the surrounding states is as follows:

State	Tax Rate
Kentucky	5.00%
Maryland	8.25%
Pennsylvania	9.99%
Virginia	6.00%
West Virginia	6.50%
Ohio	*

*Commercial Activity Tax (CAT) equal to \$150 for gross receipts to Ohio of between \$150,000 and \$1 million, plus 0.26% of gross receipts over \$1 million.

Sales Tax

Sales tax rates in the target states are as follows:

State	State Rate	Average Local Rate	Total State and Local Tax Rate
Kentucky	6.00%	----	6.00%
Maryland	6.00%	----	6.00%
Ohio	5.75%	1.42%	7.17%
Pennsylvania	6.00%	2.00%	8.00%
Virginia	5.30%	0.35%	5.65%
West Virginia	6.00%	0.39%	6.39%

Property Taxes

Property taxes include both real property (land and buildings) and personal property (assets such as cars, machinery, equipment, office furniture and fixtures). Capital stock, intangible property, and inventory are also included in property taxes.



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