

# Corporate Tax Dodging In the Fifty States, 2008–2010

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## **About ITEP**

Founded in 1980, the Institute on Taxation and Economic Policy (ITEP) is a non-profit, non-partisan research organization, based in Washington, DC, that focuses on federal and state tax policy. ITEP's mission is to inform policymakers and the public of the effects of current and proposed tax policies on tax fairness, government budgets, and sound economic policy. Among its many publications on state and local tax policy are *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States* and *The ITEP Guide to Fair State and Local Taxes*. ITEP's full body of research is available at [www.itepnet.org](http://www.itepnet.org).

## **About CTJ**

Founded in 1979, Citizens for Tax Justice (CTJ) is a 501 (c)(4) public interest research and advocacy organization, based in Washington DC, focusing on federal, state and local tax policies and their impact upon our nation. CTJ staff hold briefings with lawmakers, testify before legislative committees, and explain their work and the implications of tax policy issues directly to policymakers and policy advocates across the nation. CTJ's full body of work can be found here: [www.ctj.org](http://www.ctj.org).

## Introduction

In October, South Carolina Governor Nikki Haley suggested that gradually repealing the state's corporate income tax should be a priority for lawmakers in 2012. Haley's idea was alarming, but hardly surprising: in the past year, governors in Arizona and Florida have proposed similar plans, and lawmakers in a number of other states have moved to enact expensive new corporate tax breaks or reduce the corporate tax rate. Noticeably absent from the policy debates in these states, however, has been any discussion of whether businesses in each of these states are currently paying the corporate income tax to begin with.

This report uses data from the annual financial reports filed by some of the biggest and most profitable Fortune 500 corporations to shed light on this question—and to identify strategies for ensuring that state corporate income taxes will continue to play an important role in state tax systems going forward.

A November 2011 study by Citizens for Tax Justice and the Institute on Taxation and Economic Policy, *Corporate Taxpayers and Corporate Tax Dodgers*, showed that at the federal level, many profitable Fortune 500 corporations have been able to sharply reduce their corporate income tax bills, often reducing them to zero—or less—in years when they were quite profitable. Since then, we've taken a hard look at what many of these same corporations paid in *state* income taxes nationwide over those three years, which we report here.

Of the 280 profitable Fortune 500 corporations included in our November federal study, 265 fully disclosed their state and local income tax payments.<sup>1</sup> Here are some of the key facts that these companies' annual reports reveal:

- Between 2008 and 2010, these 265 companies paid state income taxes equal to only 3.0 percent of their U.S. profits. Since the average statutory state corporate tax rate is about 6.2 percent (weighted by gross state product), that means that over this period, fully half of their profits escaped state taxes entirely.
- 68 of the 265 companies managed to pay no state income tax at all in at least one year from 2008 through 2010, despite telling their shareholders they made almost \$117 billion in pretax U.S. profits in those no-tax years. 16 of these companies enjoyed multiple no-tax years.
- Some companies, such as DuPont, Goodrich, International Paper and Intel, paid no net state income tax over the full three-year period.
- In 2009 alone, 32 companies paid no state income tax. Another 105 of the companies paid less than half the weighted-average statutory state corporate tax rate that year, meaning that fully one half of the companies in our sample paid less than half the average state tax rate.
- Perhaps most striking, if these 265 corporations had paid the 6.2 percent average state corporate tax rate on the \$1.33 trillion in U.S. profits that they reported to their shareholders, they would have paid \$82.6 billion in state corporate income taxes over the 2008-10 period. Instead, they paid only \$39.9 billion. Thus, these 265 companies avoided a total of \$42.7 billion in state corporate income taxes over the three years.

The companies in our survey operate all over the country. But they don't disclose their profits and taxes on a state-by-state basis—so the findings of this report don't tell us conclusively whether specific companies paid any income tax in specific states. Tables at the end of this report sort the tax data for all 265 companies not only alphabetically and by tax rates, but also by the location of each company's headquarters. On the next page, we give details about the 68 firms that paid no state income tax in at least one year from 2008 through 2010.

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<sup>1</sup> A full methodology is provided at the end of the report.

## 68 Corporations Paying No State Income Tax in at Least One Year, 2008–2010 (\$-million)

Company	In No-State-Income-Tax Years			No-Tax Years				Company	In No-State-Income-Tax Years			No-Tax Years			
	Profit	Tax	Rate	2008	2009	2010	#		Profit	Tax	Rate	2008	2009	2010	#
Pepco Holdings	\$ 779	\$ -103	-13.2%	✓	✓	✓	3	PG&E Corp.	\$ 1,694	\$ -41	-2.4%		✓		1
American Electric Power	5,802	-97	-1.7%	✓	✓	✓	3	El Paso	\$ 1,631	\$ -38	-2.3%	✓			1
DuPont	2,112	-12	-0.6%	✓	✓	✓	3	Yum Brands	\$ 430	\$ -9	-2.0%	✓			1
Computer Sciences	939	-167	-17.8%	✓	✓		2	Southern	\$ 3,066	\$ -54	-1.8%			✓	1
Rockwell Automation	210	-20	-9.6%		✓	✓	2	Insight Enterprises	\$ 15	\$ -0	-1.6%		✓		1
Paccar	175	-12	-7.0%	✓	✓		2	Wells Fargo	\$ 21,460	\$ -337	-1.6%		✓		1
Baxter International	707	-38	-5.4%	✓	✓		2	ConAgra Foods	\$ 632	\$ -8	-1.3%	✓			1
Tenet Healthcare	212	-9	-4.2%	✓		✓	2	Scana	\$ 522	\$ -6	-1.1%		✓		1
International Paper	551	-21	-3.8%	✓		✓	2	Ashland	\$ 165	\$ -2	-1.1%			✓	1
Integrus Energy Group	511	-14	-2.7%	✓		✓	2	Yahoo	\$ 448	\$ -5	-1.1%	✓			1
Peabody Energy	721	-8	-1.1%	✓		✓	2	Northeast Utilities	\$ 605	\$ -7	-1.1%			✓	1
Air Products & Chemicals	944	-8	-0.8%	✓		✓	2	Progress Energy	\$ 1,406	\$ -13	-0.9%			✓	1
Intel	9,346	-40	-0.4%	✓	✓		2	Consolidated Edison	\$ 1,319	\$ -12	-0.9%		✓		1
Rockwell Collins	1,627	-6	-0.4%	✓		✓	2	American Express	\$ 3,322	\$ -28	-0.8%	✓			1
EOG Resources	1,628	-6	-0.4%		✓	✓	2	J.C. Penney	\$ 581	\$ -4	-0.7%			✓	1
Corning	1,003	—	—	✓	✓		2	Monsanto	\$ 1,203	\$ -8	-0.7%			✓	1
NYSE Euronext	52	-15	-28.8%		✓		1	Sempra Energy	\$ 447	\$ -3	-0.7%			✓	1
Eli Lilly	157	-45	-28.4%	✓			1	Cameron International	\$ 334	\$ -2	-0.7%	✓			1
McKesson	623	-111	-17.8%	✓			1	Southwest Airlines	\$ 164	\$ -1	-0.6%		✓		1
Chesapeake Energy	1,712	-275	-16.1%		✓		1	Mattel	\$ 233	\$ -1	-0.6%	✓			1
Marathon Oil	494	-77	-15.5%		✓		1	R.R. Donnelley & Sons	\$ 232	\$ -1	-0.6%			✓	1
Merck	956	-82	-8.6%			✓	1	Apache	\$ 437	\$ -2	-0.4%		✓		1
Goodrich	592	-42	-7.1%			✓	1	Kimberly-Clark	\$ 1,643	\$ -7	-0.4%		✓		1
Entergy	1,883	-109	-5.8%		✓		1	Verizon Communications	\$ 11,921	\$ -42	-0.4%			✓	1
Eastman Chemical	193	-11	-5.7%		✓		1	Goldman Sachs Group	\$ 4,894	\$ -15	-0.3%	✓			1
FMC Technologies	63	-3	-5.3%	✓			1	Hewlett-Packard	\$ 2,232	\$ -7	-0.3%	✓			1
Ingram Micro	13	-1	-5.0%		✓		1	Health Management Associat	\$ 244	\$ -1	-0.3%		✓		1
Holly	44	-2	-4.7%		✓		1	H.J. Heinz	\$ 499	\$ -1	-0.2%		✓		1
Interpublic Group	142	-6	-4.3%		✓		1	Travelers Cos.	\$ 4,411	\$ -8	-0.2%		✓		1
NiSource	396	-16	-4.0%		✓		1	MDU Resources	\$ 572	\$ -1	-0.2%	✓			1
Boeing	4,310	-140	-3.3%			✓	1	Health Net	\$ 147	\$ -0	-0.2%	✓			1
Comcast	5,106	-156	-3.1%		✓		1	Flowserve	\$ 202	\$ -0	-0.1%			✓	1
Core-Mark Holding	69	-2	-2.8%		✓		1	Campbell Soup	\$ 912	\$ -0	-0.0%	✓			1
CenturyLink	561	-15	-2.7%	✓			1	General Electric	\$ 4,247	\$ -1	-0.0%			✓	1
								<b>Totals</b>	<b>\$ 116,902</b>	<b>\$ -2,335</b>	<b>-2.0%</b>				<b>87</b>

## The Long-Term Decline of State Corporate Income Taxes

As recently as 1986, state corporate income taxes equaled 0.5 percent of nationwide Gross State Product (a measure of nationwide economic activity). But in fiscal year 2010, state and local corporate income taxes were just 0.28 percent of nationwide GSP, equaling the low-water mark set in 2002. For the three years between fiscal 2009 and 2011, in fact, state corporate income taxes were at their lowest sustained level, as a share of the U.S. economy, since World War Two.

This long-term decline in the state corporate income tax has three broad causes: the trickle-down impact of federal corporate tax cuts, ill-advised tax “incentives” intentionally enacted by state lawmakers, and unintended tax shelters created by companies armed with creative accounting staffs. earned income such as salaries and wages.

### ***Linkage to federal tax laws means a steady stream of federally-imposed tax cuts***

States levying a corporate income tax generally use federal income definitions as a starting point in calculating their own corporate tax base, so that the first line on state corporate tax forms is typically “taxable income” as previously calculated on federal tax forms. This makes state tax compliance and enforcement easier—but also means that in many states, every new corporate loophole that gets tucked into the federal code will also erode the state tax base. Even if these federal tax breaks, many of which are ostensibly designed to encourage business investment, are having an effect nationally, it makes little sense for any state to piggyback on a tax cut that could encourage investment anywhere in the United States.

Fortunately, every state has the option of “decoupling” from specific federal corporate giveaways—and many have chosen to disallow some of the costly tax deductions enacted by Congress in the last decade. But dozens of states have seen their tax bases shrink due to federal base narrowing measures, often simply because they cannot marshal the legislative votes to decouple in a timely way.

### ***State tax “incentives”***

State elected officials often find it difficult to resist entreaties from corporations for tax breaks justified on the dubious grounds that they will stimulate “economic development.” Hardly a week goes by without

a state contemplating some kind of new corporate tax break, either as an across-the-board entitlement for all corporations or to attract a high priority target.

In the past two decades, business lobbyists have prioritized one particular tax break, the “single sales factor,” in their state tax lobbying efforts. The single sales factor is an arcane, but vital change in the formula that states use to divide the profits of multistate corporations among themselves for tax purposes.<sup>2</sup> Historically, many states taxed multistate businesses using a “three factor” formula that took into account the proportion of a company’s property, payroll and sales that were made in each state. But in the name of economic development, these corporations are now pressuring states to tax them only in proportion to the sales they make in a state. Among the problems with this approach, however, is the fact that federal law says that merely making sales into a state doesn’t necessarily make a corporation taxable. So if a state adopts the sales-only formula, then a resident corporation whose sales are entirely out of state won’t pay anything to its home state, and it may not be taxable in any of its customers’ states, either. This could lead to no corporate income tax liability to any state—what is often called “100 percent nowhere income.”

The single sales factor is a classic example of the “race to the bottom” in state corporate tax policy. When only a few states offered this giveaway, it may have helped to convince some companies to relocate or expand. But when a majority of states have abandoned the traditional “three-factor” formula in favor of heavily weighting sales, it’s likely that companies will be rewarded with tax cuts no matter where they invest—which means that this incentive has no incentive effect at all in any particular state. As Appendix A shows, all but eight of the states with corporate income taxes have increased the weight of their sales factor. Under these circumstances, the only winners from the single sales factor are the companies that are able to pay less in taxes.<sup>3</sup>

More than half the states continue to offer investment tax credits against their corporate tax more than thirty years after the federal government abandoned its investment credit because Congress and President Reagan concluded that it was ineffective in stimulating investment.

<sup>2</sup> See Michael Mazerov, *The “Single Sales Factor” Formula for State Corporate Taxes: A Boon to Economic Development or a Costly Giveaway?*, Center on Budget and Policy Priorities, revised Sept. 2005.

<sup>3</sup> This trend did not stop lawmakers in Alabama, California and South Carolina from increasing their sales factors in recent legislative sessions, however.

According to a study by University of Iowa economist Peter Fisher, the effective corporate tax rate on manufacturing companies in the 20 states he studied fell by 30 percent between 1990 and 1998 alone. Tax incentives, most of them corporate tax credits, offset 30 percent of corporate tax liability in these states in 1998—up from 10 percent in 1990.<sup>4</sup> State corporate tax credits for everything from providing child care to employees, to conducting product research and development, to cleaning up polluted “brownfields” continue to proliferate.

In the short run, it may be too much to ask for states to stop offering company-specific tax breaks. But as the work of the nonprofit watchdog group Good Jobs First has documented, states can at least adopt straightforward job-creation requirements and “clawback rules” designed to ensure that states get their money’s worth when they offer companies tax breaks to expand, relocate or simply stay where they are.

### **Corporate tax sheltering through profit-shifting among states**

Besides extorting new tax incentives from state officials, big corporations have become increasingly adept at taking advantage of loopholes in state corporate tax systems—loopholes over and above the ones that plague the federal corporate income tax and flow down to the state level. Most of these loopholes allow corporations to artificially shift their profits (on paper) from the states in which they are actually earned into states that tax them at lower rates or not at all.

Profit shifting among states is enabled by a provision of most states’ corporate tax laws that treats every individual corporation in a multi-corporate group (that is, the parent and potentially dozens or even hundreds of subsidiaries) as a separate corporation for tax purposes. This practice—known as “separate-entity taxation”—enables a number of tax avoidance techniques.

### **The Toys “R” Us Shelter:**

The most notorious tax shelter that separate-entity taxation facilitates is the “Delaware Holding Company,” used most famously by Toys “R” Us. In the most common scenario, a corporation that operates retail stores transfers its logos and other trademarks to a subsidiary corporation it has created in a tax-haven state such as Delaware or Nevada. The stores then

<sup>4</sup> Peter Fisher, “Tax Incentives and the Disappearing State Corporate Income Tax,” *State Tax Notes*, Mar. 4, 2002, pp. 767-774.

pay royalties to this subsidiary for the right to display the trademarks. These royalties are tax-deductible (as a cost of doing business) and hence can be used to largely or entirely eliminate corporate income tax liability in the states in which the corporation is actually operating stores and earning its profits. Meanwhile, the royalty payments are not taxed by the tax-haven state.<sup>5</sup>

### **Asset-Transfer Shelters:**

A second tax-avoidance strategy exploiting state corporate income taxes that treat parents and subsidiaries as separate taxpaying entities involves spinning off income generating assets into subsidiaries in tax haven states. This technique has recently received a lot of attention in Wisconsin.<sup>6</sup> There, state auditors discovered that the vast majority of banks in the state had set up subsidiaries in corporate-income-tax-free Nevada, to which they had transferred the ownership of loans, mortgage-backed securities, and “other intangible assets” in a tax-free transaction involving taking back an equal amount of stock. Even though the intangible assets had been purchased with deposits from Wisconsin households and businesses, and even though the interest paid to those depositors was presumably being deducted by the banks (not to mention the depreciation on the bank branches and the wages paid to the bank employees), the interest and capital gains generated by the Nevada-based intangibles had been placed beyond the tax reach of Wisconsin. If small-town banks in Wisconsin had discovered how to use Nevada subsidiaries to cut their taxes, it’s a safe bet that big multistate banks have figured it out too.

### **Transfer-Pricing Shelters:**

Finally, most state corporate income taxes are vulnerable to serious erosion through what is called “transfer pricing.” If a widget manufacturer in Georgia (with a top corporate income tax rate of 6 percent) has a warehouse in South Carolina (top rate of 5 percent), it can reduce its total taxes due to the two states by incorporating the warehouse as a “wholesaling subsidiary.” The plant then charges the subsidiary an artificially-low price for the widgets, which reduces its taxable income in Georgia and shifts it into South Carolina, where it will be taxed at a lower rate. This same transfer-pricing game, played internationally, is widely understood to be a major source of the recent erosion of the federal

<sup>5</sup> See Michael Mazerov, “Closing Three Common Corporate Income Tax Loopholes Could Raise Additional Revenue for Many States”, Center on Budget and Policy Priorities, Revised May 21, 2003, pp. 6-9.

<sup>6</sup> See Paul Gores, “State Reaches 87 Deals with Banks on Tax Shelters,” *Milwaukee Journal Sentinel*, Dec. 1, 2004.

corporate income tax. The IRS, with all of its tax lawyers and economists, has had a poor track record in proving that multinational corporations' international transfer prices are resulting in an abusive shifting of income beyond U.S. borders. State revenue officials are well aware of this, and some make no more than a token effort to police interstate transfer prices—opening the door to significant revenue losses.

## Potential Paths to State Corporate Tax Reform

Some people have looked at the wide variety of corporate state-tax-avoidance strategies and concluded that the state corporate income tax is beyond repair. But the truth is that states have lots of tools in their arsenals to revitalize this still-important—and progressive—source of revenue. Appendix A provides a state-by-state matrix showing which of these options are currently available to each state. Here are some of the most promising possibilities:

### *Decoupling from federal tax giveaways*

The focal point of state “decoupling” efforts has been the so-called “bonus depreciation” measures enacted by Congress in 2002, 2003, 2004, 2008, 2009 and 2010. These measures generally allow companies to deduct the cost of investments in machinery and equipment faster than they would otherwise be able to. When President George W. Bush pushed through a 2002 plan to allow companies to immediately write off 30 percent of the cost of eligible investments in the first year, more than 30 states decoupled from this measure by requiring companies to add back the bonus depreciation deduction to their taxable income. Similar numbers of states have decoupled from the more generous 50 percent bonus depreciation measures pushed through by President Bush in 2008 and extended by President Barack Obama in 2009 and 2010, but fifteen states are currently losing corporate income tax revenue due to the currently-effective bonus depreciation law. In 2011, the impact of bonus depreciation will likely be even larger than in 2010 for affected states, since President Obama's most recent extension of bonus depreciation allowed companies to write off 100 percent of eligible investments during 2011. The President's proposed “jobs bill” would extend this lucrative tax break through the end of 2012.

States have been less successful in decoupling from the so-called deduction for “qualified production activities income (QPAI).” This

deduction was enacted in October of 2004 to compensate manufacturers for the loss of an unjustified and illegal (under World Trade Organization law) export subsidy. It is bad enough that Congress decided to hold manufacturers harmless for the loss of a tax break they didn't need or deserve to begin with. But more than half of the states with corporate income taxes have compounded this error by conforming to a tax break that in no way is tied to the creation of manufacturing jobs in any particular state. 22 states are now losing substantial amounts of corporate tax revenue due to this misguided federal tax break.<sup>7</sup>

The QPAI deduction is one major factor reducing state corporate tax rates over the past three years—but its effect on state revenues in the future will likely be worse. This is because the deduction only took full effect at the beginning of 2010: from 2004 to 2006, the deduction was equal to 3 percent of qualifying income, increasing to 6 percent in 2007 and its permanent 9 percent rate at the beginning of 2010. This means that the full effect of this tax break on states was only felt for one of the three years studied in this report.

A third type of federal tax break that has a pass-through effect on states is the “net operating loss carryback” provision, which allows companies to use current-year income losses to offset income from earlier years. While virtually every state allows companies to carry losses forward, also following federal rules, many states have decoupled from the federal provision that allows companies to rewrite history by carrying their losses back two years. Seventeen states, however, have not done so, and face continued revenue losses from their inaction on this tax break.<sup>8</sup>

Of course, if recent rumblings about federal corporate tax reform develop into viable legislation, decoupling from at least some of these federal tax breaks may become a moot point: if federal law no longer allows these tax breaks, then neither will the states. Unfortunately, all current indicators are that Congress plans to continue on its path of offering more and more corporate tax breaks, and the Obama administration has shown little interest in reversing this trend. If this worrisome trend continues, states should consider much broader decoupling from the federal corporate tax. California is an example of a state that has rejected

<sup>7</sup> See Institute on Taxation and Economic Policy, “*The QPAI Corporate Tax Break: How it Works and How States can Respond*,” 2011.

<sup>8</sup> See Michael Mazerov, “*Minority of States Still Granting Net Operating Loss ‘Carryback’ Deductions Should Eliminate Them Now*,” Center on Budget and Policy Priorities, May 11, 2009.



a wide array of federal loopholes, and instead insists on rules that more fairly measure corporations' actual profits.

Apart from decoupling their corporate income taxes from unwise federal corporate tax provisions, there are many other useful steps states can take on their own to revitalize their corporate income taxes.

### **Combined Reporting**

The single most important corporate tax reform available to states is to adopt a practice used by 23 states called "combined reporting," which effectively treats a parent and its subsidiaries as one corporation for state tax purposes. Combined reporting eliminates most of the tax benefits of shifting profits into Delaware or Nevada by adding them back to the profits of the corporation that *is* taxable in the state and then taxing a share of the combined profit.<sup>9</sup> As the visibility of corporate "income shifting" scams has increased in recent years, support for this reform has grown nationwide: since 2004 alone, seven states have enacted combined reporting. And the pace of legislative activity is not slowing: in 2011, bills were introduced in Alabama, Arkansas, Connecticut, Maryland, Missouri, New Mexico, Rhode Island and Tennessee to require mandatory combined reporting in these states.

It is likely that the spread of combined reporting has helped to keep the state income tax from experiencing a much more serious decline, and it is a tremendous accomplishment that more than half of the states with broad-based corporate income taxes now require combined reporting. Yet every one of the combined-reporting states could make their reporting regime even more leakproof by adopting "worldwide" combined reporting. Combined reporting is usually limited to the "water's edge"—that is, to U.S. based parents and subsidiaries. About a half-dozen states, most notably California, have adopted worldwide combined reporting, but each of these states allow companies to elect to use water's edge rules—which any company engaged in international tax avoidance would presumably choose to do. Several states, most recently Montana, have taken a valuable half-step toward worldwide combined reporting by including in the combined report subsidiaries set up in a number of foreign tax havens—eliminating the state corporate income tax benefits of artificially shifting income into those countries. Most of the other states with combined reporting could productively enact a similar change.

<sup>9</sup> See Michael Mazerov, "A Majority of States have Now Adopted A Key Corporate Tax Reform—Combined Reporting," Center on Budget and Policy Priorities, April 3, 2009.

### **"Nowhere Income"**

Another key reform is a rule implemented by about half the corporate income tax states that eliminates "nowhere income" arising from the mismatch between the laws that establish when a corporation has crossed the taxability or "nexus" threshold in a state and the rules that divide a corporation's profit for tax purposes among the states. As noted above, federal law prevents a state from automatically being allowed to tax any corporation that makes sales to its residents. At the same time, the income-division rules always take sales into account to some extent in assigning income for tax purposes—meaning that income can be assigned to states that don't have the authority to tax it. "Nowhere income" can be eliminated by a so-called "throw-back rule" that effectively assigns any corporate profit that cannot be taxed in the states where a corporation's customers are located back to the state(s) where the goods are produced. About half the states lack this rule at present.<sup>10</sup>

### **Alternative Corporate Taxes**

States can consider adopting some form of alternative minimum tax to ensure that corporations pay some tax no matter how many loopholes they are able to take advantage of. A number of states piggyback on the federal corporate AMT, but this has become much less useful because the federal AMT has been seriously watered-down over time by Congress. States could consider rejuvenating the older federal AMT rules as an alternative, less loophole-prone tax regime. If this seems too complicated, states could also consider using the pretax profits that companies report to their shareholders as the basis for an alternative tax. Since companies are usually reluctant to tell their shareholders they aren't making healthy profits, this approach provides a built-in check against corporate tax avoidance. Corporations are required to show their profits reported to shareholders on their federal tax returns, and this could prove helpful to states in obtaining the necessary data.

A second-best approach to alternative corporate taxes is a flat-dollar minimum tax, which half a dozen states currently require. These taxes can act as a vital backstop to ensure that large corporations have some "skin in the game"—although these flat-dollar taxes are often set perilously close to zero. For example, a 2009 report from the Oregon Center for Public Policy found that more than 5,000 profitable corporations operating in Oregon had paid no income taxes in 2006

<sup>10</sup> See Michael Mazerov, "Closing Three Common Corporate Income Tax Loopholes Could Raise Additional Revenue for Many States," Center on Budget and Policy Priorities, Revised May 21, 2003.

beyond the state's \$10 minimum tax.<sup>11</sup> (While Oregon lawmakers have not responded to this finding by eliminating corporate tax loopholes, they did subsequently increase the minimum tax for large corporations substantially.) Flat-dollar minimum taxes are typically between \$100 (as is the case in Utah) and \$250 (Vermont). Appendix A shows the states that have not yet adopted a meaningful corporate minimum tax. A majority of states now offer something resembling a circuit breaker to older adults, but relatively few have allowed the credit to non-elderly homeowners—despite the fact that low-income non-elderly families can feel the pinch from high property taxes just as much as older adults.

### **Enacting an Income Tax**

Six states currently do not levy a broad-based corporate income tax at all. Three of these (Ohio, Texas and Washington) have chosen to levy a tax that falls primarily on a company's gross receipts in lieu of a corporate income tax, usually on the theory that such a tax will be less volatile than a tax on profits. The other three states (Nevada, South Dakota and Wyoming) have neither a broad profits tax nor a meaningful gross receipts tax, although South Dakota does tax the income of certain financial corporations.

### **Michigan Joins the Income Tax Club**

Earlier this year, Michigan lawmakers enacted a new corporate income tax, ending several tumultuous decades of reliance on a series of taxes based primarily on gross receipts. The enduring unpopularity of the state's various receipts-based taxes is an important reminder of why a corporate income tax is used in so many states: when properly designed, it falls only on those corporations that can afford to pay it.

Meanwhile, at least one other state that has recently repealed its income taxes in favor of a broad-based tax on gross receipts, Texas, has found that neither the revenue yield nor the popularity of their new tax have lived up to expectations.

### **Stop Providing Foolish State Corporate Tax Subsidies**

When you find yourself in a hole, the first thing you need to do is stop

<sup>11</sup> "New Data Show Thousands of Profitable Corporations Pay No Oregon Income Taxes Except the \$10 Minimum," Oregon Center for Public Policy, February 23, 2009.

digging. States need to stop giving away corporate taxes in the name of economic development. Chasing after businesses by fighting over who can give the largest tax concessions is a zero-sum game. States should get together and agree to stop this futile, destructive competition. They should sunset ineffective tax credits and enter into pacts with each other not to use tax giveaways to compete for jobs. A good place to start would be to renounce the single-sales factor interstate income division formula that threatens to eviscerate what is left of the state corporate tax and renegotiate a balanced formula that all states can follow.

## **Corporate Tax Disclosure: A Vital First Step Toward Corporate Tax Fairness**

While closing the corporate tax loopholes described above should be the immediate goal of any state policymakers who seek a sustainable corporate income tax, wishing cannot make it so. An important first step toward achieving these reforms is to build awareness among policymakers of the need for loophole-closing measures. Unfortunately, the deck is stacked against those who would create a more level playing field for business taxation at the state level, because typically no one—from lawmakers to the media to the general public—knows how their corporate tax system actually works. The vast majority of states now require "tax expenditure reports," which provide a complete list of the corporate tax breaks allowed under state law along with an annual cost estimate for each tax provision. (Amazingly, more than half a dozen states don't provide even this basic information; these states are listed in Appendix A.) But virtually none of the states provide company-specific information on corporate tax breaks.

This harsh reality affects the implications of this report as well: our finding that many companies are paying zero or less in state income taxes nationwide does not tell us whether they paid—or did not pay—the tax in any specific state. This is because the annual financial reports that all publicly traded companies must file with the Securities and Exchange Commission (SEC) each year include information on the total amount of state corporate income taxes paid by each company in a given year, but do not provide similar numbers for each state in which the companies do business.

For this reason, a vital starting point for state corporate tax reform is a procedural move: states need to require corporations to disclose publicly, on a state-by-state basis, the amount of corporate income tax they pay



like the present one can show that there's a serious problem with the state corporate tax on a national basis. However, without some clearer sense of the specific states in which tax payments are low—or nonexistent—and whether the low payments are due to “nexus” thresholds, income-division rules, the definition of taxable profits, and/or tax credits, policymakers cannot readily identify what they can do to rectify the situation, or even how serious the problems of their particular state's corporate tax are.

Sensible goals for corporate tax disclosure efforts include:

- Identifying all the substantial tax deductions, exemptions and credits claimed by each large corporation in a state.
- Evaluating the net impact of these tax breaks on the bottom-line income tax payments of each corporation.
- Assessing the effectiveness of these tax breaks in creating jobs and growing the state's economy.

While the measures listed above can help identify prominent “zero-tax” corporations, they are insufficient to whether corporations are paying their “fair share” of corporate taxes. Only disclosure of a company's in-state profits can allow an accurate analysis of whether specific companies are paying anywhere close to the statutory tax rate in their state.

Efforts to publicly “name names” of corporate tax avoiders, or even to publish statistics showing the aggregate number of profitable companies avoiding tax liability, have played a key role in encouraging meaningful loophole-closing reforms. A series of reports from CTJ and ITEP in the mid-1980s are widely understood to have lit a fire underneath Congressional efforts to eliminate corporate tax giveaways, and efforts by tax administrators in Maryland and New Jersey have helped to build support for sensible reforms in those states in recent years.

The policy path to a more sustainable state corporate income tax is clear. But absent detailed information about the extent of corporate tax avoidance and the effectiveness of the tax breaks lawmakers have chosen to allow, policymakers will likely never see corporate tax reform as a goal worth pursuing. Disclosure of company-specific tax breaks can help lawmakers to see the light.

## Economic Nexus: A Sensible Standard for Defining Corporate Taxability

Even as some corporate lobbyists are encouraging Congress to adopt a “physical presence” standard that would sharply curtail the ability of states to tax at least some of the income of multi-state corporations, a number of states are taking aggressive—but sensible—steps to tax some of the income of companies that clearly benefit from using their infrastructure to sell into a state, yet don't satisfy the “physical presence” standard because they don't have property or employees based in the state. The common-sense observation behind this alternative “economic presence” standard is that in the Internet age, multi-state companies can routinely do millions of dollars in business in a given state without ever setting foot there—and that there needs to be a way to define the threshold level of business activity above which these companies should be taxed by each state. Economic nexus has been upheld by a number of courts. Most recently, the U.S. Supreme Court declined to consider overturning a decision by the Iowa Supreme Court that allowed the state of Iowa to tax fast-food giant KFC, which avoids having a traditional “physical presence” in Iowa by leasing its secret recipe (and logo) to independent franchisees based in the state. This series of court decisions clearly indicates that many states could (and should) do more to prevent companies like KFC from using the physical presence standard to avoid paying their fair share of state corporate income taxes. While almost every state asserts nexus over at least some corporations based on economic activities (with California, Colorado, Connecticut, New Hampshire, Oregon and Wisconsin each adopting an economic nexus standard in the last five years), virtually none of the states have fully exercised this ability.

## **Congressional Actions Threaten to Further Weaken the Corporate Tax**

Tax breaks enacted by the federal government are at least partly to blame for the long, slow decline of the state corporate income tax—and Congress has shown remarkably little interest in minimizing the damage its enacted tax breaks do to state finances.

From this perspective, the good news is that in 2011 Congress has engaged in a serious debate over how federal laws should affect state corporate taxes. The bad news is that leading tax writers in the U.S. House of Representatives appear to believe it's their duty to further hamstring the state corporate tax. Earlier this year, the House Judiciary Committee approved H.R. 1439, the so-called "Business Activity Tax Simplification Act" (BATSA), which would make it substantially more difficult for states to effectively tax the income earned by corporations from activities within their borders.

The bill's sponsors—and the corporate lobbyists pushing this plan—say that the goal of the bill is to limit state and local governments to taxing only those businesses with a "physical presence" in a state. But this argument is misleading in two important ways.

First, the "physical presence" standard may have made sense in an earlier era, but doesn't make any sense in the internet age. We all buy many goods and services from companies that do not have physical facilities in our state, and these companies clearly benefit from the state and local services that make these purchases possible.

Second, even if physical presence were a sensible standard, the current BATSA legislation's definition of physical presence is so loophole-ridden as to be meaningless. The bill has a variety of loopholes that allow large corporations with lobbying clout to avoid state and local taxes even though they have what any rational person would call a "physical presence" in the jurisdiction. For example, under BATSA, a company that sends a full-time worker into another state each day to install equipment could be subject to that state's taxes. But if the company simply created two subsidiaries which each provided half of the equipment and which each hired the worker to perform the installations, the state would not be able to tax the business under BATSA.

Under H.R. 1439, the state would also be able to tax a business if the employee was only sent into the state for 14 days each year, or if the company created several subsidiaries that each hired the employee and sent him or her into the state for 14 days each year. Even warehousing items in a state before shipping them to customers could easily be done in a way that avoided the "physical presence" standard, if a company hired a second company to warehouse the goods before shipping them to in-state customers.

Put another way, the BATSA legislation currently before Congress would greatly increase the complexity of tax administration while providing clear incentives for companies to "game the system" in an effort to avoid paying any state corporate taxes on their income.

## **Conclusion**

The data in this report show in stark terms just how successful large, multistate corporations have become at shirking their tax responsibilities to state and local governments. They have been abetted in this effort by America's major accounting firms, used heavy lobbying and even threats, and often persuaded state elected officials to become their facilitators,

But the report is as notable for what it does not tell us—and for what state policymakers are simply not equipped to know—about how businesses in each state are paying taxes.

State taxpayers can continue to tolerate this situation, or they can call on their elected representatives to take steps to address it. This report outlines some pathways to state corporate tax reform. If adopted, they would help restore state corporate income taxes as the progressive—and popular—way to pay for needed state programs that they used to be.

## Appendix A: Corporate Income Tax Reform Options Available to States in 2012

	State Can Decouple from Federal Tax Breaks:			State Loophole-closing Strategies Available:			
	Qualified Production Activities (QPAI)	Bonus Depreciation	NOL Carryback	Combined Reporting	Throwback Rule	Three-factor formula	Economic Nexus
Alabama	✓	✓		✓		✓	✓
Alaska	✓		✓				✓
Arizona	✓				✓	✓	✓
Arkansas				✓		✓	✓
California						✓	✓
Colorado	✓	✓				✓	✓
Connecticut				✓	✓	✓	✓
Delaware	✓	✓	✓	✓	✓		✓
Dist. of Col.							✓
Florida	✓			✓	✓	✓	✓
Georgia			✓	✓	✓	✓	✓
Hawaii			✓				✓
Idaho	✓		✓			✓	✓
Illinois		✓				✓	✓
Indiana			✓	✓		✓	✓
Iowa	✓			✓	✓	✓	✓
Kansas	✓	✓	✓				✓
Kentucky	✓			✓	✓	✓	✓
Louisiana	✓	✓	✓	✓	✓	✓	✓
Maine						✓	✓
Maryland			✓	✓	✓	✓	✓
Massachusetts					✓	✓	✓
Michigan					✓	✓	✓
Minnesota					✓	✓	✓
Mississippi			✓	✓		✓	✓
Missouri	✓	✓	✓	✓		✓	✓
Montana	✓	✓	✓				✓
Nebraska	✓				✓	✓	✓
Nevada							
New Hampshire						✓	✓
New Jersey	✓			✓	✓	✓	✓
New Mexico	✓	✓		✓		✓	✓
New York			✓		✓	✓	✓
North Carolina				✓	✓	✓	✓
North Dakota		✓					✓
Ohio							
Oklahoma	✓	✓	✓	✓			✓
Oregon		✓				✓	✓
Pennsylvania	✓	✓		✓	✓	✓	✓
Rhode Island	✓			✓		✓	✓
South Carolina				✓	✓	✓	✓
South Dakota							
Tennessee				✓	✓	✓	✓
Texas							
Utah	✓	✓	✓			✓	✓
Vermont	✓					✓	✓
Virginia	✓		✓	✓	✓	✓	✓
Washington							
West Virginia		✓	✓			✓	✓
Wisconsin						✓	✓
Wyoming							
<b>Total # of states</b>	<b>22</b>	<b>15</b>	<b>17</b>	<b>22</b>	<b>20</b>	<b>37</b>	<b>45</b>

Sources: Center on Budget and Policy Priorities (QPAI, combined reporting, throwback rule), Commerce Clearinghouse State Tax Guide (bonus depreciation, NOL carrybacks), RIA All States Tax Handbook 2011 (three factor formula, minimum tax), Virginia Joint Legislative Audit and Review Commission (economic nexus), ITEP tabulation (tax expenditure reporting)

## Appendix A: Corporate Income Tax Reform Options Available to States in 2012

### Other Available Reforms:

	Substantial Minimum Tax	Corporate Disclosure	Tax Expenditure Estimates	Enact Corporate Income Tax
Alabama	✓	✓	✓	
Alaska		✓	✓	
Arizona	✓	✓		
Arkansas	✓	✓		
California		✓		
Colorado	✓	✓		
Connecticut		✓		
Delaware	✓	✓		
Dist. of Col.	✓	✓		
Florida		✓		
Georgia	✓	✓		
Hawaii	✓	✓	✓	
Idaho	✓	✓		
Illinois	✓	✓		
Indiana	✓	✓	✓	
Iowa		✓		
Kansas	✓	✓		
Kentucky		✓		
Louisiana	✓	✓		
Maine		✓		
Maryland	✓	✓		
Massachusetts				
Michigan	✓	✓		
Minnesota		✓		
Mississippi	✓	✓		
Missouri	✓	✓		
Montana	✓	✓		
Nebraska	✓	✓		
Nevada				✓
New Hampshire	✓	✓		
New Jersey		✓		
New Mexico	✓	✓		
New York		✓		
North Carolina	✓	✓		
North Dakota	✓	✓	✓	
Ohio				✓
Oklahoma	✓	✓		
Oregon		✓		
Pennsylvania	✓	✓		
Rhode Island		✓	✓	
South Carolina	✓	✓	✓	
South Dakota				✓
Tennessee	✓	✓		
Texas				✓
Utah	✓	✓	✓	
Vermont		✓		
Virginia	✓	✓	✓	
Washington				✓
West Virginia	✓	✓		
Wisconsin	✓			
Wyoming				✓
<b>Total # of states</b>	<b>31</b>	<b>43</b>	<b>9</b>	<b>6</b>

### State Income Taxes for 265 Major Corporations, 2008–2010, by 3-Year Tax Rate (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Pepco Holdings	179	-50	-27.9%	327	-32	-9.8%	273	-21	-7.7%	779	-103	-13.2%
Computer Sciences	582	22	3.8%	447	-33	-7.3%	492	-134	-27.3%	1,521	-145	-9.5%
Baxter International	191	10	5.2%	445	-21	-4.6%	262	-17	-6.6%	898	-28	-3.1%
Rockwell Automation	145	-3	-2.0%	65	-17	-26.6%	460	3	0.7%	670	-17	-2.5%
Chesapeake Energy	2,884	78	2.7%	1,712	-275	-16.1%	3,791	24	0.6%	8,387	-173	-2.1%
American Electric Power	1,849	-20	-1.1%	1,938	-76	-3.9%	2,015	-1	-0.0%	5,802	-97	-1.7%
McKesson	1,161	40	3.4%	1,340	25	1.9%	623	-111	-17.8%	3,124	-46	-1.5%
Paccar	186	8	4.4%	79	-4	-4.7%	96	-9	-8.9%	361	-4	-1.1%
Core-Mark Holding	32	0	0.5%	69	-2	-2.8%	29	0	1.7%	131	-1	-1.0%
Goodrich	592	-42	-7.1%	552	6	1.1%	738	17	2.4%	1,883	-19	-1.0%
International Paper	198	-19	-9.6%	905	7	0.8%	353	-2	-0.6%	1,456	-14	-1.0%
FMC Technologies	65	0	0.1%	70	2	2.2%	63	-3	-5.3%	198	-2	-0.9%
Peabody Energy	536	-8	-1.5%	281	2	0.6%	185	—	—	1,002	-6	-0.6%
DuPont	949	—	—	171	-9	-5.3%	992	-3	-0.3%	2,112	-12	-0.6%
Yum Brands	345	3	0.9%	295	1	0.3%	430	-9	-2.0%	1,070	-5	-0.4%
El Paso	1,236	5	0.4%	1,229	24	2.0%	1,631	-38	-2.3%	4,096	-9	-0.2%
Rockwell Collins	729	-5	-0.7%	799	4	0.5%	898	-1	-0.2%	2,426	-3	-0.1%
EOG Resources	753	-1	-0.2%	874	-4	-0.5%	3,196	5	0.1%	4,824	-1	-0.0%
Intel	13,926	40	0.3%	3,229	-2	-0.1%	6,117	-38	-0.6%	23,272	-0	-0.0%
Integrus Energy Group	342	-11	-3.2%	307	14	4.6%	169	-3	-1.8%	819	0	0.0%
Corning	975	1	0.1%	202	—	—	801	—	—	1,978	1	0.1%
Scana	534	1	0.2%	522	-6	-1.1%	534	6	1.1%	1,590	1	0.1%
Boeing	4,310	-140	-3.3%	1,638	144	8.8%	3,794	3	0.1%	9,742	7	0.1%
Apache	1,328	4	0.3%	437	-2	-0.4%	1,835	1	0.1%	3,600	3	0.1%
Travelers Cos.	3,994	10	0.3%	4,411	-8	-0.2%	3,444	10	0.3%	11,849	12	0.1%
General Dynamics	3,150	4	0.1%	2,940	13	0.4%	3,080	6	0.2%	9,170	23	0.2%
NiSource	436	3	0.7%	396	-16	-4.0%	557	17	3.0%	1,389	4	0.3%
EMC	1,408	1	0.1%	475	5	1.1%	500	1	0.3%	2,383	7	0.3%
Texas Instruments	3,769	16	0.4%	1,375	4	0.3%	1,749	5	0.3%	6,893	24	0.4%
Merck	956	-82	-8.6%	5,773	7	0.1%	5,485	123	2.2%	12,215	48	0.4%
Monsanto	1,203	-8	-0.7%	2,340	7	0.3%	1,419	23	1.6%	4,962	21	0.4%
Tenet Healthcare	158	—	—	205	11	5.4%	54	-9	-16.7%	417	2	0.5%
Eli Lilly	3,136	23	0.7%	1,801	49	2.7%	157	-45	-28.4%	5,094	28	0.5%
Devon Energy	2,943	13	0.4%	1,447	17	1.1%	4,348	21	0.5%	8,738	50	0.6%
Cliffs Natural Resources	597	2	0.3%	131	3	2.1%	567	3	0.5%	1,295	8	0.6%
Cameron International	366	6	1.6%	224	2	1.0%	334	-2	-0.7%	924	6	0.6%
Wells Fargo	17,017	531	3.1%	21,460	-337	-1.6%	11,236	150	1.3%	49,714	344	0.7%
American Financial Group	701	4	0.6%	883	6	0.7%	290	4	1.4%	1,874	14	0.7%
H.J. Heinz	566	13	2.3%	499	-1	-0.2%	534	1	0.2%	1,599	13	0.8%
Ameren	896	10	1.1%	956	3	0.3%	971	10	1.0%	2,823	23	0.8%
Tech Data	135	1	0.5%	93	1	0.8%	88	1	1.4%	316	3	0.9%
Loews	2,236	21	0.9%	2,025	7	0.3%	1,202	21	1.8%	5,463	49	0.9%
Insight Enterprises	71	1	1.5%	15	-0	-1.6%	40	0	0.8%	126	1	0.9%
Mattel	437	7	1.7%	359	4	1.0%	233	-1	-0.6%	1,029	10	0.9%
General Electric	4,247	-1	-0.0%	1,667	93	5.6%	4,646	8	0.2%	10,560	100	0.9%
Praxair	643	9	1.4%	577	5	0.9%	532	3	0.5%	1,752	17	1.0%
Ashland	165	-2	-1.1%	49	3	5.7%	179	3	1.6%	393	4	1.0%
American Express	6,112	110	1.8%	3,131	40	1.3%	3,322	-28	-0.8%	12,565	122	1.0%
Entergy	1,887	19	1.0%	1,883	-109	-5.8%	1,843	146	7.9%	5,613	57	1.0%
Williams	562	2	0.4%	999	12	1.2%	2,148	24	1.1%	3,709	38	1.0%
Progress Energy	1,406	-13	-0.9%	1,237	41	3.3%	1,173	12	1.0%	3,816	40	1.0%



### State Income Taxes for 265 Major Corporations, 2008–2010, by 3-Year Tax Rate (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Duke Energy	2,189	39	1.8%	1,771	3	0.2%	1,575	17	1.1%	5,534	59	1.1%
Alliant Techsystems	436	6	1.4%	433	7	1.6%	407	1	0.2%	1,276	14	1.1%
Becton Dickinson	889	19	2.2%	891	7	0.8%	802	2	0.2%	2,582	28	1.1%
Oneok	755	13	1.7%	699	2	0.3%	795	10	1.3%	2,248	25	1.1%
3M	2,759	64	2.3%	2,297	11	0.5%	2,312	10	0.4%	7,368	85	1.2%
Archer Daniels Midland	2,035	10	0.5%	1,453	18	1.2%	1,332	28	2.1%	4,820	56	1.2%
Macy's	1,320	12	0.9%	507	9	1.8%	444	8	1.8%	2,271	29	1.3%
Eastman Chemical	507	18	3.6%	193	-11	-5.7%	387	7	1.8%	1,087	14	1.3%
Holly	192	5	2.4%	44	-2	-4.7%	188	3	1.7%	424	6	1.3%
MDU Resources	336	10	3.1%	393	8	2.1%	572	-1	-0.2%	1,301	18	1.4%
Kellogg	1,271	9	0.7%	1,207	38	3.2%	1,030	1	0.1%	3,508	48	1.4%
ITT	737	17	2.3%	670	7	1.1%	665	4	0.6%	2,072	28	1.4%
ConAgra Foods	1,040	28	2.7%	872	16	1.8%	632	-8	-1.3%	2,544	35	1.4%
Southern	3,066	-54	-1.8%	2,604	100	3.8%	2,722	72	2.6%	8,392	118	1.4%
Navistar International	166	4	2.4%	441	6	1.4%	302	3	1.0%	909	13	1.4%
Express Scripts	1,918	30	1.6%	1,312	23	1.8%	1,216	10	0.8%	4,446	64	1.4%
PNC Financial Services Group	3,627	43	1.2%	4,444	46	1.0%	2,072	59	2.8%	10,143	147	1.5%
Airgas	400	6	1.4%	307	3	1.0%	419	8	1.8%	1,126	17	1.5%
Consolidated Edison	1,551	23	1.5%	1,319	-12	-0.9%	1,457	53	3.6%	4,327	64	1.5%
Spectra Energy	899	22	2.4%	807	1	0.1%	1,128	19	1.7%	2,834	42	1.5%
Xcel Energy	1,189	13	1.1%	1,057	9	0.8%	984	27	2.7%	3,230	48	1.5%
Omnicom Group	573	4	0.7%	599	12	2.0%	752	14	1.8%	1,924	30	1.5%
Aetna	2,644	23	0.9%	1,901	61	3.2%	2,174	26	1.2%	6,720	110	1.6%
CenturyLink	1,532	65	4.2%	815	2	0.2%	561	-15	-2.7%	2,908	51	1.8%
Campbell Soup	1,051	44	4.2%	976	9	0.9%	912	-0	-0.0%	2,939	53	1.8%
BB&T Corp.	1,071	18	1.7%	2,066	15	0.7%	3,673	89	2.4%	6,810	122	1.8%
NextEra Energy	2,489	11	0.4%	1,942	77	4.0%	2,089	29	1.4%	6,520	117	1.8%
Marathon Oil	982	32	3.3%	494	-77	-15.5%	3,989	143	3.6%	5,465	98	1.8%
Honeywell International	1,249	6	0.5%	1,744	21	1.2%	2,003	66	3.3%	4,996	93	1.9%
Ingram Micro	86	3	3.7%	13	-1	-5.0%	92	1	1.2%	192	4	1.9%
Flowserve	202	-0	-0.1%	143	6	4.5%	129	3	2.3%	474	9	1.9%
Air Products & Chemicals	465	-1	-0.3%	374	33	8.8%	480	-6	-1.3%	1,318	25	1.9%
Coca-Cola	7,224	85	1.2%	2,691	79	2.9%	2,119	70	3.3%	12,034	234	1.9%
Union Pacific	4,433	110	2.5%	2,974	48	1.6%	3,651	64	1.7%	11,058	222	2.0%
Harley-Davidson	357	6	1.8%	252	5	2.1%	994	21	2.1%	1,603	33	2.0%
Community Health Systems	508	9	1.8%	446	14	3.2%	359	3	0.9%	1,314	27	2.0%
AT&T	17,496	137	0.8%	18,293	950	5.2%	19,090	37	0.2%	54,879	1,124	2.0%
J.M. Smucker	730	20	2.8%	712	12	1.7%	378	5	1.4%	1,820	38	2.1%
Ryder System	156	4	2.8%	132	6	4.5%	352	3	0.9%	641	14	2.1%
UnitedHealth Group	7,555	175	2.3%	5,808	71	1.2%	4,624	134	2.9%	17,987	381	2.1%
Norfolk Southern	2,367	61	2.6%	1,622	8	0.5%	2,750	74	2.7%	6,739	144	2.1%
Deere	2,063	42	2.1%	918	11	1.2%	1,730	47	2.7%	4,711	101	2.1%
Con-way	46	0	0.2%	33	1	1.8%	214	6	2.6%	293	6	2.2%
Arrow Electronics	313	13	4.2%	108	1	0.9%	473	5	1.2%	895	20	2.2%
GameStop	554	10	1.8%	509	12	2.4%	533	13	2.4%	1,596	35	2.2%
NRG Energy	691	35	5.1%	1,508	20	1.3%	1,681	31	1.8%	3,880	86	2.2%
Occidental Petroleum	3,295	75	2.3%	2,091	23	1.1%	5,923	153	2.6%	11,309	251	2.2%
CSX	2,546	51	2.0%	1,746	35	2.0%	2,332	61	2.6%	6,624	147	2.2%
Halliburton	1,918	42	2.2%	589	24	4.1%	2,674	50	1.9%	5,181	116	2.2%
Kimberly-Clark	1,609	94	5.8%	1,643	-7	-0.4%	1,261	15	1.2%	4,513	102	2.3%
International Business Machines	9,140	279	3.1%	9,524	120	1.3%	8,424	216	2.6%	27,088	615	2.3%

### State Income Taxes for 265 Major Corporations, 2008–2010, by 3-Year Tax Rate (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
CenterPoint Energy	705	24	3.4%	548	10	1.8%	723	11	1.5%	1,976	45	2.3%
Domtar	177	15	8.5%	560	4	0.7%	268	4	1.5%	1,005	23	2.3%
Raytheon	2,749	50	1.8%	2,826	20	0.7%	2,476	116	4.7%	8,051	186	2.3%
Wesco International	166	1	0.9%	172	2	1.2%	323	12	3.6%	661	15	2.3%
Automatic Data Processing	1,638	54	3.3%	1,909	35	1.8%	1,619	31	1.9%	5,165	120	2.3%
Capital One Financial	1,290	31	2.4%	911	35	3.8%	2,871	53	1.9%	5,072	119	2.3%
J.C. Penney	581	-4	-0.7%	403	24	6.0%	910	25	2.7%	1,894	44	2.3%
DTE Energy	950	26	2.7%	782	17	2.2%	819	17	2.1%	2,551	60	2.4%
Southwest Airlines	745	19	2.6%	164	-1	-0.6%	278	10	3.6%	1,187	28	2.4%
Atmos Energy	335	6	1.8%	291	8	2.7%	293	8	2.6%	919	22	2.4%
Time Warner	3,518	119	3.4%	3,231	51	1.6%	2,073	42	2.0%	8,822	212	2.4%
DirecTV	2,809	18	0.6%	1,446	62	4.3%	1,981	71	3.6%	6,236	151	2.4%
Sempra Energy	447	-3	-0.7%	1,007	40	4.0%	1,199	28	2.3%	2,653	65	2.5%
PG&E Corp.	1,660	130	7.8%	1,694	-41	-2.4%	1,623	33	2.0%	4,977	122	2.5%
Health Net	337	12	3.7%	112	2	2.2%	147	-0	-0.2%	596	15	2.5%
Precision Castparts	1,335	33	2.4%	1,239	31	2.5%	1,347	33	2.5%	3,921	97	2.5%
United Technologies	2,655	112	4.2%	2,584	45	1.8%	2,899	45	1.6%	8,138	203	2.5%
United Parcel Service	4,780	118	2.5%	3,027	30	1.0%	4,957	172	3.5%	12,764	320	2.5%
Casey's General Stores	151	2	1.2%	182	5	2.6%	139	5	3.9%	472	12	2.5%
AutoZone	1,161	34	2.9%	1,034	26	2.6%	1,007	21	2.0%	3,202	81	2.5%
FedEx	1,793	44	2.5%	1,339	50	3.7%	1,226	17	1.4%	4,358	111	2.5%
Emerson Electric	1,303	33	2.5%	1,169	25	2.1%	1,756	50	2.8%	4,228	108	2.6%
Levi Strauss	165	3	1.7%	46	5	11.7%	198	2	1.2%	409	11	2.6%
Verizon Communications	11,921	-42	-0.4%	12,625	364	2.9%	8,838	544	6.2%	33,384	866	2.6%
Yahoo	872	17	1.9%	387	33	8.5%	448	-5	-1.1%	1,707	44	2.6%
PepsiCo	4,008	118	3.0%	4,209	117	2.8%	3,274	68	2.1%	11,491	304	2.6%
Ross Stores	897	28	3.1%	719	16	2.3%	495	12	2.5%	2,111	56	2.7%
PPL	978	43	4.4%	248	14	5.6%	943	2	0.2%	2,169	59	2.7%
Dollar General	980	26	2.6%	546	20	3.7%	190	1	0.6%	1,716	47	2.7%
Dover	470	7	1.5%	258	5	2.0%	528	23	4.3%	1,256	35	2.8%
Limited Brands	1,209	51	4.2%	566	1	0.2%	539	13	2.3%	2,314	64	2.8%
Nash-Finch	72	1	1.1%	75	3	4.4%	54	2	2.9%	201	6	2.8%
Harris	845	17	2.1%	697	20	2.9%	638	24	3.7%	2,180	61	2.8%
Advance Auto Parts	557	18	3.2%	432	7	1.6%	381	15	3.9%	1,369	39	2.9%
FirstEnergy	1,242	35	2.8%	1,235	44	3.6%	2,116	56	2.6%	4,593	135	2.9%
St. Jude Medical	553	12	2.1%	560	19	3.3%	531	18	3.5%	1,644	49	3.0%
Anixter International	115	3	2.7%	96	0	0.3%	196	9	4.5%	407	12	3.0%
Principal Financial	841	34	4.1%	744	19	2.5%	503	10	2.0%	2,088	63	3.0%
Procter & Gamble	8,983	266	3.0%	8,368	295	3.5%	8,409	229	2.7%	25,760	790	3.1%
Hewlett-Packard	4,027	136	3.4%	2,569	145	5.6%	2,232	-7	-0.3%	8,828	274	3.1%
AmerisourceBergen	1,023	31	3.0%	818	25	3.0%	747	25	3.3%	2,588	81	3.1%
Sherwin-Williams	678	17	2.5%	623	18	2.9%	714	28	3.9%	2,015	63	3.1%
Walgreen	3,373	90	2.7%	3,164	91	2.9%	3,430	133	3.9%	9,967	314	3.2%
Phillips-Van Heusen	22	1	5.3%	210	7	3.5%	149	4	2.5%	381	12	3.2%
Supervalu	347	0	0.1%	632	9	1.5%	745	46	6.2%	1,724	55	3.2%
Target	4,495	44	1.0%	3,872	143	3.7%	3,536	197	5.6%	11,903	384	3.2%
Amgen	2,217	52	2.3%	2,104	85	4.0%	2,415	82	3.4%	6,736	219	3.3%
Kroger	1,752	95	5.4%	1,702	40	2.4%	1,967	43	2.2%	5,421	179	3.3%
Dean Foods	128	2	1.3%	371	15	4.1%	293	10	3.3%	792	26	3.3%
Comcast	6,104	384	6.3%	5,106	-156	-3.1%	4,058	284	7.0%	15,268	513	3.4%
Humana	1,750	63	3.6%	1,602	55	3.4%	993	29	2.9%	4,344	147	3.4%

### State Income Taxes for 265 Major Corporations, 2008–2010, by 3-Year Tax Rate (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
General Mills	2,145	77	3.6%	2,060	87	4.2%	1,718	37	2.2%	5,923	202	3.4%
O'Reilly Automotive	689	21	3.1%	497	15	3.1%	303	14	4.7%	1,489	51	3.4%
Wal-Mart Stores	18,398	637	3.5%	17,705	599	3.4%	16,212	564	3.5%	52,315	1,800	3.4%
VF	613	26	4.2%	504	15	2.9%	593	18	3.1%	1,710	59	3.4%
R.R. Donnelley & Sons	232	-1	-0.6%	218	21	9.7%	577	16	2.8%	1,027	36	3.5%
Health Management Associates	287	26	9.1%	244	-1	-0.3%	329	5	1.4%	860	30	3.5%
Mosaic	1,478	50	3.4%	598	15	2.5%	1,193	50	4.2%	3,268	115	3.5%
DISH Network	1,712	69	4.0%	1,337	44	3.3%	1,789	57	3.2%	4,839	170	3.5%
Goldman Sachs Group	7,353	264	3.6%	10,915	571	5.2%	4,894	-15	-0.3%	23,162	820	3.5%
Kindred Healthcare	90	2	2.6%	102	4	4.3%	99	4	3.6%	290	10	3.6%
Celanese	214	11	4.9%	294	2	0.6%	135	11	7.8%	643	23	3.6%
Consol Energy	427	11	2.6%	704	41	5.8%	621	11	1.7%	1,752	63	3.6%
Kohl's	1,782	70	3.9%	1,588	60	3.7%	1,425	45	3.2%	4,795	174	3.6%
RadioShack	334	14	4.1%	326	7	2.2%	290	14	4.8%	950	35	3.7%
Family Dollar Stores	564	23	4.1%	451	18	3.9%	362	10	2.8%	1,377	51	3.7%
News Corp.	3,259	77	2.4%	2,889	114	3.9%	2,502	127	5.1%	8,650	318	3.7%
Murphy Oil	214	15	6.9%	308	9	2.9%	477	13	2.8%	999	37	3.7%
CA	751	48	6.4%	699	15	2.1%	633	14	2.2%	2,083	77	3.7%
Exelon	4,221	170	4.0%	4,419	153	3.5%	4,034	159	3.9%	12,674	482	3.8%
Big Lots	355	15	4.2%	323	12	3.6%	250	9	3.6%	928	36	3.8%
DaVita	744	30	4.1%	758	33	4.4%	657	19	2.9%	2,159	83	3.8%
Exxon Mobil	7,711	292	3.8%	2,576	86	3.3%	10,152	407	4.0%	20,439	784	3.8%
Clorox	650	17	2.7%	664	21	3.2%	573	34	5.9%	1,887	73	3.9%
CMS Energy	587	26	4.4%	324	17	5.2%	433	9	2.1%	1,344	52	3.9%
United Stationers	192	6	3.2%	160	7	4.6%	157	6	4.0%	509	20	3.9%
Darden Restaurants	535	29	5.4%	508	11	2.1%	510	21	4.1%	1,552	60	3.9%
Reliance Steel & Aluminum	283	12	4.1%	200	3	1.3%	740	34	4.5%	1,223	48	3.9%
Lockheed Martin	3,962	168	4.2%	4,390	140	3.2%	4,743	205	4.3%	13,095	513	3.9%
Publix Super Markets	2,039	79	3.9%	1,775	68	3.8%	1,651	67	4.1%	5,466	215	3.9%
Fluor	454	27	6.0%	734	21	2.9%	519	19	3.7%	1,707	68	4.0%
Cardinal Health	1,300	20	1.5%	980	63	6.5%	959	46	4.8%	3,238	129	4.0%
Hormel Foods	616	21	3.4%	523	22	4.2%	451	20	4.5%	1,591	63	4.0%
Viacom	1,579	67	4.2%	1,982	38	1.9%	1,490	96	6.4%	5,051	201	4.0%
Hershey	839	28	3.4%	671	41	6.2%	568	14	2.4%	2,078	83	4.0%
PPG Industries	502	15	3.0%	275	15	5.5%	689	29	4.2%	1,466	59	4.0%
Graybar Electric	69	2	3.2%	63	3	4.0%	140	6	4.5%	272	11	4.0%
AECOM Technology	164	4	2.6%	168	3	1.6%	91	10	11.2%	424	17	4.1%
L-3 Communications	1,258	52	4.1%	1,210	57	4.7%	1,272	45	3.6%	3,740	154	4.1%
Northeast Utilities	605	-7	-1.1%	516	53	10.2%	372	16	4.3%	1,492	62	4.1%
C.H. Robinson Worldwide	591	23	3.9%	546	24	4.3%	527	22	4.2%	1,664	69	4.2%
Kraft Foods	1,085	47	4.3%	1,936	82	4.2%	1,295	52	4.0%	4,316	181	4.2%
Bemis	222	9	4.2%	148	5	3.2%	181	9	5.0%	551	23	4.2%
Walt Disney	6,074	223	3.7%	5,472	194	3.6%	6,692	358	5.3%	18,238	775	4.2%
Centene	154	7	4.3%	138	6	4.0%	137	6	4.5%	428	18	4.3%
Ball	319	10	3.2%	309	15	5.0%	227	11	5.0%	855	37	4.3%
Gap	1,686	73	4.3%	1,511	77	5.1%	1,209	42	3.5%	4,406	192	4.4%
Pantry	30	1	3.5%	87	5	5.2%	49	2	3.4%	167	7	4.4%
Thermo Fisher Scientific	789	35	4.4%	579	24	4.2%	705	32	4.6%	2,073	92	4.4%
Gilead Sciences	2,544	126	4.9%	2,172	140	6.4%	1,773	23	1.3%	6,488	288	4.4%
Medco Health Solutions	2,323	93	4.0%	2,093	117	5.6%	1,782	68	3.8%	6,197	278	4.5%
PetSmart	361	16	4.6%	302	19	6.2%	309	8	2.7%	972	44	4.5%

### State Income Taxes for 265 Major Corporations, 2008–2010, by 3-Year Tax Rate (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Owens & Minor	182	10	5.4%	188	9	4.5%	165	6	3.5%	535	24	4.5%
Genuine Parts	764	36	4.7%	516	29	5.6%	1,123	45	4.0%	2,404	110	4.6%
Ruddick	170	6	3.3%	148	7	4.6%	153	9	6.1%	472	22	4.6%
Tutor Perini	159	9	6.0%	196	10	5.0%	213	7	3.3%	569	26	4.6%
CarMax	613	27	4.4%	452	17	3.8%	97	10	10.3%	1,163	54	4.6%
Staples	878	50	5.7%	729	41	5.6%	923	27	2.9%	2,530	118	4.7%
Altria Group	5,709	258	4.5%	4,868	111	2.3%	4,789	351	7.3%	15,366	720	4.7%
H&R Block	639	45	7.0%	755	23	3.1%	853	37	4.3%	2,246	105	4.7%
ConocoPhillips	6,291	320	5.1%	2,524	82	3.2%	11,209	543	4.8%	20,024	945	4.7%
McDonald's	2,763	139	5.0%	2,700	139	5.2%	2,769	113	4.1%	8,233	391	4.8%
Interpublic Group	216	17	7.8%	142	-6	-4.3%	241	18	7.4%	599	29	4.8%
U.S. Bancorp	4,375	200	4.6%	4,321	175	4.0%	5,376	300	5.6%	14,072	675	4.8%
Parker Hannifin	355	23	6.4%	391	18	4.6%	510	20	3.9%	1,255	60	4.8%
Waste Management	1,517	97	6.4%	1,396	73	5.3%	1,693	51	3.0%	4,606	222	4.8%
Safeway	550	44	7.9%	659	34	5.2%	1,241	40	3.2%	2,449	118	4.8%
Nike	1,084	46	4.2%	699	40	5.7%	846	42	4.9%	2,629	128	4.9%
Pitney Bowes	419	27	6.3%	530	31	5.8%	587	17	2.9%	1,535	75	4.9%
Home Depot	4,854	181	3.7%	3,586	184	5.1%	3,136	198	6.3%	11,576	563	4.9%
Universal Health Services	428	18	4.2%	475	21	4.5%	357	22	6.2%	1,260	62	4.9%
Fiserv	761	32	4.2%	718	29	4.0%	628	43	6.8%	2,107	104	4.9%
SAIC	874	46	5.3%	781	42	5.3%	696	28	4.1%	2,351	116	4.9%
Best Buy	1,622	65	4.0%	1,822	112	6.1%	1,660	77	4.6%	5,104	254	5.0%
Coventry Health Care	965	28	2.9%	505	42	8.3%	572	32	5.6%	2,041	102	5.0%
Lowe's	3,228	188	5.8%	2,825	123	4.4%	3,506	166	4.7%	9,559	477	5.0%
Costco Wholesale	1,426	77	5.4%	1,426	66	4.6%	1,542	77	5.0%	4,394	220	5.0%
Cognizant Technology Solutions	220	9	3.9%	152	8	5.2%	136	9	6.6%	508	25	5.0%
Henry Schein	344	20	5.9%	308	16	5.1%	300	12	4.1%	952	49	5.1%
TJX	1,810	109	6.0%	1,609	102	6.3%	1,158	24	2.1%	4,577	234	5.1%
W.W. Grainger	802	44	5.5%	680	33	4.8%	731	37	5.1%	2,213	114	5.1%
URS	437	22	5.1%	339	18	5.4%	374	19	5.0%	1,150	59	5.2%
Laboratory Corp. of America	876	50	5.7%	848	41	4.8%	748	37	4.9%	2,472	127	5.2%
Charles Schwab	1,099	49	4.5%	1,276	72	5.6%	2,028	108	5.3%	4,403	229	5.2%
UGI	449	20	4.4%	432	21	4.9%	381	26	6.7%	1,261	66	5.3%
Polo Ralph Lauren	578	37	6.4%	448	12	2.7%	351	24	6.7%	1,378	72	5.3%
Dollar Tree	630	31	5.0%	508	28	5.4%	359	21	5.8%	1,497	80	5.3%
Nordstrom	991	49	5.0%	696	37	5.3%	648	38	5.9%	2,335	124	5.3%
Dick's Sporting Goods	298	14	4.6%	223	10	4.7%	178	13	7.4%	699	37	5.3%
Dominion Resources	5,287	306	5.8%	2,329	128	5.5%	2,613	114	4.4%	10,229	548	5.4%
Jacobs Engineering Group	295	23	7.8%	449	30	6.6%	394	9	2.3%	1,138	62	5.4%
Sealed Air	79	6	7.1%	108	7	6.6%	96	3	2.7%	282	15	5.4%
NYSE Euronext	166	17	10.2%	52	-15	-28.8%	181	20	11.0%	399	22	5.5%
Washington Post	529	28	5.2%	229	16	7.1%	287	14	5.0%	1,044	58	5.6%
Illinois Tool Works	1,242	51	4.1%	545	41	7.6%	1,198	78	6.5%	2,985	170	5.7%
Oracle	6,378	226	3.5%	4,282	280	6.5%	3,745	327	8.7%	14,405	833	5.8%
Franklin Resources	1,168	70	6.0%	694	42	6.1%	1,050	57	5.4%	2,912	169	5.8%
Chevron	6,528	364	5.6%	1,310	212	16.2%	10,765	510	4.7%	18,603	1,086	5.8%
Synnex	143	8	5.7%	96	5	5.6%	91	6	6.6%	330	20	5.9%
McGraw-Hill	1,064	54	5.1%	879	46	5.2%	981	78	8.0%	2,923	178	6.1%
Visa	3,973	258	6.5%	3,807	225	5.9%	1,245	82	6.6%	9,025	564	6.3%
CVS Caremark	5,629	340	6.0%	5,913	394	6.7%	5,537	356	6.4%	17,079	1,090	6.4%
Reynolds American	2,175	136	6.2%	2,041	134	6.5%	2,129	142	6.7%	6,345	411	6.5%

**State Income Taxes for 265 Major Corporations, 2008–2010, by 3-Year Tax Rate (\$-millions)**

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Bed Bath & Beyond	1,293	90	7.0%	985	60	6.1%	683	47	6.8%	2,962	197	6.6%
Quest Diagnostics	1,182	93	7.9%	1,226	80	6.6%	1,052	57	5.5%	3,460	231	6.7%
Emcor Group	200	14	6.9%	249	17	6.9%	271	22	8.1%	720	53	7.3%
Wisconsin Energy	704	51	7.3%	591	48	8.1%	574	46	8.0%	1,870	145	7.7%
BJ's Wholesale Club	207	17	8.1%	227	22	9.7%	226	14	6.2%	660	53	8.0%
Apple	5,540	527	9.5%	5,466	481	8.8%	4,347	226	5.2%	15,353	1,234	8.0%
Apollo Group	1,399	130	9.3%	1,086	90	8.3%	808	50	6.2%	3,293	270	8.2%
State Street Corp.	746	15	2.0%	1,724	39	2.3%	1,732	299	17.3%	4,202	353	8.4%
J.P. Morgan Chase & Co.	10,226	1,740	17.0%	14,526	968	6.7%	7,924	281	3.6%	32,676	2,989	9.1%
Whole Foods Market	400	40	10.1%	247	24	9.7%	187	22	11.7%	834	86	10.3%
<b>All 265 Companies</b>	<b>479,077</b>	<b>15,051</b>	<b>3.1%</b>	<b>412,762</b>	<b>11,862</b>	<b>2.9%</b>	<b>438,140</b>	<b>12,971</b>	<b>3.0%</b>	<b>1,329,979</b>	<b>39,885</b>	<b>3.0%</b>



### State Income Taxes for 265 Major Corporations, 2008–2010, Alphabetical (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
3M	2,759	64	2.3%	2,297	11	0.5%	2,312	10	0.4%	7,368	85	1.2%
Advance Auto Parts	557	18	3.2%	432	7	1.6%	381	15	3.9%	1,369	39	2.9%
AECOM Technology	164	4	2.6%	168	3	1.6%	91	10	11.2%	424	17	4.1%
Aetna	2,644	23	0.9%	1,901	61	3.2%	2,174	26	1.2%	6,720	110	1.6%
Air Products & Chemicals	465	-1	-0.3%	374	33	8.8%	480	-6	-1.3%	1,318	25	1.9%
Airgas	400	6	1.4%	307	3	1.0%	419	8	1.8%	1,126	17	1.5%
Alliant Techsystems	436	6	1.4%	433	7	1.6%	407	1	0.2%	1,276	14	1.1%
Altria Group	5,709	258	4.5%	4,868	111	2.3%	4,789	351	7.3%	15,366	720	4.7%
Ameren	896	10	1.1%	956	3	0.3%	971	10	1.0%	2,823	23	0.8%
American Electric Power	1,849	-20	-1.1%	1,938	-76	-3.9%	2,015	-1	-0.0%	5,802	-97	-1.7%
American Express	6,112	110	1.8%	3,131	40	1.3%	3,322	-28	-0.8%	12,565	122	1.0%
American Financial Group	701	4	0.6%	883	6	0.7%	290	4	1.4%	1,874	14	0.7%
AmerisourceBergen	1,023	31	3.0%	818	25	3.0%	747	25	3.3%	2,588	81	3.1%
Amgen	2,217	52	2.3%	2,104	85	4.0%	2,415	82	3.4%	6,736	219	3.3%
Anixter International	115	3	2.7%	96	0	0.3%	196	9	4.5%	407	12	3.0%
Apache	1,328	4	0.3%	437	-2	-0.4%	1,835	1	0.1%	3,600	3	0.1%
Apollo Group	1,399	130	9.3%	1,086	90	8.3%	808	50	6.2%	3,293	270	8.2%
Apple	5,540	527	9.5%	5,466	481	8.8%	4,347	226	5.2%	15,353	1,234	8.0%
Archer Daniels Midland	2,035	10	0.5%	1,453	18	1.2%	1,332	28	2.1%	4,820	56	1.2%
Arrow Electronics	313	13	4.2%	108	1	0.9%	473	5	1.2%	895	20	2.2%
Ashland	165	-2	-1.1%	49	3	5.7%	179	3	1.6%	393	4	1.0%
AT&T	17,496	137	0.8%	18,293	950	5.2%	19,090	37	0.2%	54,879	1,124	2.0%
Atmos Energy	335	6	1.8%	291	8	2.7%	293	8	2.6%	919	22	2.4%
Automatic Data Processing	1,638	54	3.3%	1,909	35	1.8%	1,619	31	1.9%	5,165	120	2.3%
AutoZone	1,161	34	2.9%	1,034	26	2.6%	1,007	21	2.0%	3,202	81	2.5%
Ball	319	10	3.2%	309	15	5.0%	227	11	5.0%	855	37	4.3%
Baxter International	191	10	5.2%	445	-21	-4.6%	262	-17	-6.6%	898	-28	-3.1%
BB&T Corp.	1,071	18	1.7%	2,066	15	0.7%	3,673	89	2.4%	6,810	122	1.8%
Becton Dickinson	889	19	2.2%	891	7	0.8%	802	2	0.2%	2,582	28	1.1%
Bed Bath & Beyond	1,293	90	7.0%	985	60	6.1%	683	47	6.8%	2,962	197	6.6%
Bemis	222	9	4.2%	148	5	3.2%	181	9	5.0%	551	23	4.2%
Best Buy	1,622	65	4.0%	1,822	112	6.1%	1,660	77	4.6%	5,104	254	5.0%
Big Lots	355	15	4.2%	323	12	3.6%	250	9	3.6%	928	36	3.8%
BJ's Wholesale Club	207	17	8.1%	227	22	9.7%	226	14	6.2%	660	53	8.0%
Boeing	4,310	-140	-3.3%	1,638	144	8.8%	3,794	3	0.1%	9,742	7	0.1%
C.H. Robinson Worldwide	591	23	3.9%	546	24	4.3%	527	22	4.2%	1,664	69	4.2%
CA	751	48	6.4%	699	15	2.1%	633	14	2.2%	2,083	77	3.7%
Cameron International	366	6	1.6%	224	2	1.0%	334	-2	-0.7%	924	6	0.6%
Campbell Soup	1,051	44	4.2%	976	9	0.9%	912	-0	-0.0%	2,939	53	1.8%
Capital One Financial	1,290	31	2.4%	911	35	3.8%	2,871	53	1.9%	5,072	119	2.3%
Cardinal Health	1,300	20	1.5%	980	63	6.5%	959	46	4.8%	3,238	129	4.0%
CarMax	613	27	4.4%	452	17	3.8%	97	10	10.3%	1,163	54	4.6%
Casey's General Stores	151	2	1.2%	182	5	2.6%	139	5	3.9%	472	12	2.5%
Celanese	214	11	4.9%	294	2	0.6%	135	11	7.8%	643	23	3.6%
Centene	154	7	4.3%	138	6	4.0%	137	6	4.5%	428	18	4.3%
CenterPoint Energy	705	24	3.4%	548	10	1.8%	723	11	1.5%	1,976	45	2.3%
CenturyLink	1,532	65	4.2%	815	2	0.2%	561	-15	-2.7%	2,908	51	1.8%
Charles Schwab	1,099	49	4.5%	1,276	72	5.6%	2,028	108	5.3%	4,403	229	5.2%
Chesapeake Energy	2,884	78	2.7%	1,712	-275	-16.1%	3,791	24	0.6%	8,387	-173	-2.1%
Chevron	6,528	364	5.6%	1,310	212	16.2%	10,765	510	4.7%	18,603	1,086	5.8%
Cliffs Natural Resources	597	2	0.3%	131	3	2.1%	567	3	0.5%	1,295	8	0.6%

### State Income Taxes for 265 Major Corporations, 2008–2010, Alphabetical (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Clorox	650	17	2.7%	664	21	3.2%	573	34	5.9%	1,887	73	3.9%
CMS Energy	587	26	4.4%	324	17	5.2%	433	9	2.1%	1,344	52	3.9%
Coca-Cola	7,224	85	1.2%	2,691	79	2.9%	2,119	70	3.3%	12,034	234	1.9%
Cognizant Technology Solutions	220	9	3.9%	152	8	5.2%	136	9	6.6%	508	25	5.0%
Comcast	6,104	384	6.3%	5,106	-156	-3.1%	4,058	284	7.0%	15,268	513	3.4%
Community Health Systems	508	9	1.8%	446	14	3.2%	359	3	0.9%	1,314	27	2.0%
Computer Sciences	582	22	3.8%	447	-33	-7.3%	492	-134	-27.3%	1,521	-145	-9.5%
ConAgra Foods	1,040	28	2.7%	872	16	1.8%	632	-8	-1.3%	2,544	35	1.4%
ConocoPhillips	6,291	320	5.1%	2,524	82	3.2%	11,209	543	4.8%	20,024	945	4.7%
Consol Energy	427	11	2.6%	704	41	5.8%	621	11	1.7%	1,752	63	3.6%
Consolidated Edison	1,551	23	1.5%	1,319	-12	-0.9%	1,457	53	3.6%	4,327	64	1.5%
Con-way	46	0	0.3%	33	1	-0.6%	214	6	3.1%	293	6	5.3%
Core-Mark Holding	32	0	0.5%	69	-2	-2.8%	29	0	1.7%	131	-1	-1.0%
Corning	975	1	0.1%	202	—	—	801	—	—	1,978	1	0.1%
Costco Wholesale	1,426	77	5.4%	1,426	66	4.6%	1,542	77	5.0%	4,394	220	5.0%
Coventry Health Care	965	28	2.9%	505	42	8.3%	572	32	5.6%	2,041	102	5.0%
CSX	2,546	51	2.0%	1,746	35	2.0%	2,332	61	2.6%	6,624	147	2.2%
CVS Caremark	5,629	340	6.0%	5,913	394	6.7%	5,537	356	6.4%	17,079	1,090	6.4%
Darden Restaurants	535	29	5.4%	508	11	2.1%	510	21	4.1%	1,552	60	3.9%
DaVita	744	30	4.1%	758	33	4.4%	657	19	2.9%	2,159	83	3.8%
Dean Foods	128	2	1.3%	371	15	4.1%	293	10	3.3%	792	26	3.3%
Deere	2,063	42	2.1%	918	11	1.2%	1,730	47	2.7%	4,711	101	2.1%
Devon Energy	2,943	13	0.4%	1,447	17	1.1%	4,348	21	0.5%	8,738	50	0.6%
Dick's Sporting Goods	298	14	4.6%	223	10	4.7%	178	13	7.4%	699	37	5.3%
DirectTV	2,809	18	0.6%	1,446	62	4.3%	1,981	71	3.6%	6,236	151	2.4%
DISH Network	1,712	69	4.0%	1,337	44	3.3%	1,789	57	3.2%	4,839	170	3.5%
Dollar General	980	26	2.6%	546	20	3.7%	190	1	0.6%	1,716	47	2.7%
Dollar Tree	630	31	5.0%	508	28	5.4%	359	21	5.8%	1,497	80	5.3%
Dominion Resources	5,287	306	5.8%	2,329	128	5.5%	2,613	114	4.4%	10,229	548	5.4%
Domtar	177	15	8.5%	560	4	0.7%	268	4	1.5%	1,005	23	2.3%
Dover	470	7	1.5%	258	5	2.0%	528	23	4.3%	1,256	35	2.8%
DTE Energy	950	26	2.7%	782	17	2.2%	819	17	2.1%	2,551	60	2.4%
Duke Energy	2,189	39	1.8%	1,771	3	0.2%	1,575	17	1.1%	5,534	59	1.1%
DuPont	949	—	—	171	-9	-5.3%	992	-3	-0.3%	2,112	-12	-0.6%
Eastman Chemical	507	18	3.6%	193	-11	-5.7%	387	7	1.8%	1,087	14	1.3%
El Paso	1,236	5	0.4%	1,229	24	2.0%	1,631	-38	-2.3%	4,096	-9	-0.2%
Eli Lilly	3,136	23	0.7%	1,801	49	2.7%	157	-45	-28.4%	5,094	28	0.5%
EMC	1,408	1	0.1%	475	5	1.1%	500	1	0.3%	2,383	7	0.3%
Emcor Group	200	14	6.9%	249	17	6.9%	271	22	8.1%	720	53	7.3%
Emerson Electric	1,303	33	2.5%	1,169	25	2.1%	1,756	50	2.8%	4,228	108	2.6%
Entergy	1,887	19	1.0%	1,883	-109	-5.8%	1,843	146	7.9%	5,613	57	1.0%
EOG Resources	753	-1	-0.2%	874	-4	-0.5%	3,196	5	0.1%	4,824	-1	-0.0%
Exelon	4,221	170	4.0%	4,419	153	3.5%	4,034	159	3.9%	12,674	482	3.8%
Express Scripts	1,918	30	1.6%	1,312	23	1.8%	1,216	10	0.8%	4,446	64	1.4%
Exxon Mobil	7,711	292	3.8%	2,576	86	3.3%	10,152	407	4.0%	20,439	784	3.8%
Family Dollar Stores	564	23	4.1%	451	18	3.9%	362	10	2.8%	1,377	51	3.7%
FedEx	1,793	44	2.5%	1,339	50	3.7%	1,226	17	1.4%	4,358	111	2.5%
FirstEnergy	1,242	35	2.8%	1,235	44	3.6%	2,116	56	2.6%	4,593	135	2.9%
Fiserv	761	32	4.2%	718	29	4.0%	628	43	6.8%	2,107	104	4.9%
Flowserve	202	-0	-0.1%	143	6	4.5%	129	3	2.3%	474	9	1.9%
Fluor	454	27	6.0%	734	21	2.9%	519	19	3.7%	1,707	68	4.0%

### State Income Taxes for 265 Major Corporations, 2008–2010, Alphabetical (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
FMC Technologies	65	0	0.1%	70	2	2.2%	63	-3	-5.3%	198	-2	-0.9%
Franklin Resources	1,168	70	6.0%	694	42	6.1%	1,050	57	5.4%	2,912	169	5.8%
GameStop	554	10	1.8%	509	12	2.4%	533	13	2.4%	1,596	35	2.2%
Gap	1,686	73	4.3%	1,511	77	5.1%	1,209	42	3.5%	4,406	192	4.4%
General Dynamics	3,150	4	0.1%	2,940	13	0.4%	3,080	6	0.2%	9,170	23	0.2%
General Electric	4,247	-1	-0.0%	1,667	93	5.6%	4,646	8	0.2%	10,560	100	0.9%
General Mills	2,145	77	3.6%	2,060	87	4.2%	1,718	37	2.2%	5,923	202	3.4%
Genuine Parts	764	36	4.7%	516	29	5.6%	1,123	45	4.0%	2,404	110	4.6%
Gilead Sciences	2,544	126	4.9%	2,172	140	6.4%	1,773	23	1.3%	6,488	288	4.4%
Goldman Sachs Group	7,353	264	3.6%	10,915	571	5.2%	4,894	-15	-0.3%	23,162	820	3.5%
Goodrich	592	-42	-7.1%	552	6	1.1%	738	17	2.4%	1,883	-19	-1.0%
Graybar Electric	69	2	3.2%	63	3	4.0%	140	6	4.5%	272	11	4.0%
H&R Block	639	45	7.0%	755	23	3.1%	853	37	4.3%	2,246	105	4.7%
H.J. Heinz	566	13	2.3%	499	-1	-0.2%	534	1	0.2%	1,599	13	0.8%
Halliburton	1,918	42	2.2%	589	24	4.1%	2,674	50	1.9%	5,181	116	2.2%
Harley-Davidson	357	6	1.8%	252	5	2.1%	994	21	2.1%	1,603	33	2.0%
Harris	845	17	2.1%	697	20	2.9%	638	24	3.7%	2,180	61	2.8%
Health Management Associates	287	26	9.1%	244	-1	-0.3%	329	5	1.4%	860	30	3.5%
Health Net	337	12	3.7%	112	2	2.2%	147	-0	-0.2%	596	15	2.5%
Henry Schein	344	20	5.9%	308	16	5.1%	300	12	4.1%	952	49	5.1%
Hershey	839	28	3.4%	671	41	6.2%	568	14	2.4%	2,078	83	4.0%
Hewlett-Packard	4,027	136	3.4%	2,569	145	5.6%	2,232	-7	-0.3%	8,828	274	3.1%
Holly	192	5	2.4%	44	-2	-4.7%	188	3	1.7%	424	6	1.3%
Home Depot	4,854	181	3.7%	3,586	184	5.1%	3,136	198	6.3%	11,576	563	4.9%
Honeywell International	1,249	6	0.5%	1,744	21	1.2%	2,003	66	3.3%	4,996	93	1.9%
Hormel Foods	616	21	3.4%	523	22	4.2%	451	20	4.5%	1,591	63	4.0%
Humana	1,750	63	3.6%	1,602	55	3.4%	993	29	2.9%	4,344	147	3.4%
Illinois Tool Works	1,242	51	4.1%	545	41	7.6%	1,198	78	6.5%	2,985	170	5.7%
Ingram Micro	86	3	3.7%	13	-1	-5.0%	92	1	1.2%	192	4	1.9%
Insight Enterprises	71	1	1.5%	15	-0	-1.6%	40	0	0.8%	126	1	0.9%
Integrus Energy Group	342	-11	-3.2%	307	14	4.6%	169	-3	-1.8%	819	0	0.0%
Intel	13,926	40	0.3%	3,229	-2	-0.1%	6,117	-38	-0.6%	23,272	-0	-0.0%
International Business Machines	9,140	279	3.1%	9,524	120	1.3%	8,424	216	2.6%	27,088	615	2.3%
International Paper	198	-19	-9.6%	905	7	0.8%	353	-2	-0.6%	1,456	-14	-1.0%
Interpublic Group	216	17	7.8%	142	-6	-4.3%	241	18	7.4%	599	29	4.8%
ITT	737	17	2.3%	670	7	1.1%	665	4	0.6%	2,072	28	1.4%
J.C. Penney	581	-4	-0.7%	403	24	6.0%	910	25	2.7%	1,894	44	2.3%
J.M. Smucker	730	20	2.8%	712	12	1.7%	378	5	1.4%	1,820	38	2.1%
J.P. Morgan Chase & Co.	10,226	1,740	17.0%	14,526	968	6.7%	7,924	281	3.6%	32,676	2,989	9.1%
Jacobs Engineering Group	295	23	7.8%	449	30	6.6%	394	9	2.3%	1,138	62	5.4%
Kellogg	1,271	9	0.7%	1,207	38	3.2%	1,030	1	0.1%	3,508	48	1.4%
Kimberly-Clark	1,609	94	5.8%	1,643	-7	-0.4%	1,261	15	1.2%	4,513	102	2.3%
Kindred Healthcare	90	2	2.6%	102	4	4.3%	99	4	3.6%	290	10	3.6%
Kohl's	1,782	70	3.9%	1,588	60	3.7%	1,425	45	3.2%	4,795	174	3.6%
Kraft Foods	1,085	47	4.3%	1,936	82	4.2%	1,295	52	4.0%	4,316	181	4.2%
Kroger	1,752	95	5.4%	1,702	40	2.4%	1,967	43	2.2%	5,421	179	3.3%
L-3 Communications	1,258	52	4.1%	1,210	57	4.7%	1,272	45	3.6%	3,740	154	4.1%
Laboratory Corp. of America	876	50	5.7%	848	41	4.8%	748	37	4.9%	2,472	127	5.2%
Levi Strauss	165	3	1.7%	46	5	11.7%	198	2	1.2%	409	11	2.6%
Limited Brands	1,209	51	4.2%	566	1	0.2%	539	13	2.3%	2,314	64	2.8%
Lockheed Martin	3,962	168	4.2%	4,390	140	3.2%	4,743	205	4.3%	13,095	513	3.9%

### State Income Taxes for 265 Major Corporations, 2008–2010, Alphabetical (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Loews	2,236	21	0.9%	2,025	7	0.7%	1,202	21	74.1%	5,463	49	1.5%
Lowe's	3,228	188	5.8%	2,825	123	4.4%	3,506	166	4.7%	9,559	477	5.0%
Macy's	1,320	12	0.9%	507	9	1.8%	444	8	1.8%	2,271	29	1.3%
Marathon Oil	982	32	3.3%	494	-77	-15.5%	3,989	143	3.6%	5,465	98	1.8%
Mattel	437	7	5.9%	359	4	3.4%	233	-1	3.7%	1,029	10	5.0%
McDonald's	2,763	139	5.0%	2,700	139	5.2%	2,769	113	4.1%	8,233	391	4.8%
McGraw-Hill	1,064	54	5.1%	879	46	5.2%	981	78	8.0%	2,923	178	6.1%
McKesson	1,161	40	3.4%	1,340	25	1.9%	623	-111	-17.8%	3,124	-46	-1.5%
MDU Resources	336	10	3.1%	393	8	2.1%	572	-1	-0.2%	1,301	18	1.4%
Medco Health Solutions	2,323	93	4.0%	2,093	117	5.6%	1,782	68	3.8%	6,197	278	4.5%
Merck	956	-82	-7.1%	5,773	7	0.1%	5,485	123	2.4%	12,215	48	0.4%
Monsanto	1,203	-8	-0.7%	2,340	7	0.3%	1,419	23	1.6%	4,962	21	0.4%
Mosaic	1,478	50	3.4%	598	15	2.5%	1,193	50	4.2%	3,268	115	3.5%
Murphy Oil	214	15	6.9%	308	9	2.9%	477	13	2.8%	999	37	3.7%
Nash-Finch	72	1	1.1%	75	3	4.4%	54	2	2.9%	201	6	2.8%
Navistar International	166	4	2.4%	441	6	1.4%	302	3	1.0%	909	13	1.4%
News Corp.	3,259	77	2.4%	2,889	114	3.9%	2,502	127	5.1%	8,650	318	3.7%
NextEra Energy	2,489	11	0.4%	1,942	77	4.0%	2,089	29	1.4%	6,520	117	1.8%
Nike	1,084	46	4.2%	699	40	5.7%	846	42	4.9%	2,629	128	4.9%
NiSource	436	3	0.7%	396	-16	-4.0%	557	17	3.0%	1,389	4	0.3%
Nordstrom	991	49	5.0%	696	37	5.3%	648	38	5.9%	2,335	124	5.3%
Norfolk Southern	2,367	61	2.6%	1,622	8	0.5%	2,750	74	2.7%	6,739	144	2.1%
Northeast Utilities	605	-7	-1.1%	516	53	10.2%	372	16	4.3%	1,492	62	4.1%
NRG Energy	691	35	5.1%	1,508	20	1.3%	1,681	31	1.8%	3,880	86	2.2%
NYSE Euronext	166	17	10.2%	52	-15	-28.8%	181	20	11.0%	399	22	5.5%
Occidental Petroleum	3,295	75	2.3%	2,091	23	1.1%	5,923	153	2.6%	11,309	251	2.2%
Omnicom Group	573	4	0.7%	599	12	2.0%	752	14	1.8%	1,924	30	1.5%
Oneok	755	13	—	699	2	0.3%	795	10	1.3%	2,248	25	1.1%
Oracle	6,378	226	3.5%	4,282	280	6.5%	3,745	327	8.7%	14,405	833	5.8%
O'Reilly Automotive	689	21	3.1%	497	15	3.1%	303	14	4.7%	1,489	51	3.4%
Owens & Minor	182	10	5.4%	188	9	4.5%	165	6	3.5%	535	24	4.5%
Paccar	186	8	4.4%	79	-4	-4.7%	96	-9	-8.9%	361	-4	-1.1%
Pantry	30	1	3.5%	87	5	5.2%	49	2	3.4%	167	7	4.4%
Parker Hannifin	355	23	6.4%	391	18	4.6%	510	20	3.9%	1,255	60	4.8%
Peabody Energy	536	-8	-1.5%	281	2	0.6%	185	—	—	1,002	-6	-0.6%
Pepco Holdings	179	-50	-33.3%	327	-32	-9.8%	273	-21	-7.7%	779	-103	-13.7%
PepsiCo	4,008	118	3.0%	4,209	117	2.8%	3,274	68	2.1%	11,491	304	2.6%
PetSmart	361	16	4.6%	302	19	6.2%	309	8	2.7%	972	44	4.5%
PG&E Corp.	1,660	130	7.8%	1,694	-41	-2.4%	1,623	33	2.0%	4,977	122	2.5%
Phillips-Van Heusen	22	1	5.3%	210	7	3.5%	149	4	2.5%	381	12	3.2%
Pitney Bowes	419	27	6.3%	530	31	5.8%	587	17	2.9%	1,535	75	4.9%
PNC Financial Services Group	3,627	43	1.2%	4,444	46	1.0%	2,072	59	2.8%	10,143	147	1.5%
Polo Ralph Lauren	578	37	6.4%	448	12	2.7%	351	24	6.7%	1,378	72	5.3%
PPG Industries	502	15	3.0%	275	15	5.5%	689	29	4.2%	1,466	59	4.0%
PPL	978	43	4.4%	248	14	5.6%	943	2	0.2%	2,169	59	2.7%
Praxair	643	9	1.4%	577	5	0.9%	532	3	0.5%	1,752	17	1.0%
Precision Castparts	1,335	33	2.4%	1,239	31	2.5%	1,347	33	2.5%	3,921	97	2.5%
Principal Financial	841	34	4.1%	744	19	2.5%	503	10	2.0%	2,088	63	3.0%
Procter & Gamble	8,983	266	3.0%	8,368	295	3.5%	8,409	229	2.7%	25,760	790	3.1%
Progress Energy	1,406	-13	-0.9%	1,237	41	3.3%	1,173	12	1.0%	3,816	40	1.0%
Publix Super Markets	2,039	79	3.9%	1,775	68	3.8%	1,651	67	4.1%	5,466	215	3.9%



### State Income Taxes for 265 Major Corporations, 2008–2010, Alphabetical (\$-millions)

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Quest Diagnostics	1,182	93	7.9%	1,226	80	6.6%	1,052	57	5.5%	3,460	231	6.7%
R.R. Donnelley & Sons	232	-1	-0.6%	218	21	9.7%	577	16	2.8%	1,027	36	3.5%
RadioShack	334	14	4.1%	326	7	2.2%	290	14	4.8%	950	35	3.7%
Raytheon	2,749	50	1.8%	2,826	20	0.7%	2,476	116	4.7%	8,051	186	2.3%
Reliance Steel & Aluminum	283	12	4.1%	200	3	1.3%	740	34	4.5%	1,223	48	3.9%
Reynolds American	2,175	136	6.2%	2,041	134	6.5%	2,129	142	6.7%	6,345	411	6.5%
Rockwell Automation	145	-3	-2.0%	65	-17	-26.6%	460	3	0.7%	670	-17	-2.5%
Rockwell Collins	729	-5	-0.7%	799	4	0.5%	898	-1	-0.2%	2,426	-3	-0.1%
Ross Stores	897	28	3.1%	719	16	2.3%	495	12	2.5%	2,111	56	2.7%
Ruddick	170	6	3.3%	148	7	4.6%	153	9	6.1%	472	22	4.6%
Ryder System	156	4	2.8%	132	6	4.5%	352	3	0.9%	641	14	2.1%
Safeway	550	44	7.9%	659	34	5.2%	1,241	40	3.2%	2,449	118	4.8%
SAIC	874	46	5.3%	781	42	5.3%	696	28	4.1%	2,351	116	4.9%
Scana	534	1	0.2%	522	-6	-1.1%	534	6	1.1%	1,590	1	0.1%
Sealed Air	79	6	7.1%	108	7	6.6%	96	3	2.7%	282	15	5.4%
Sempra Energy	447	-3	-0.7%	1,007	40	4.0%	1,199	28	2.3%	2,653	65	2.5%
Sherwin-Williams	678	17	2.5%	623	18	2.9%	714	28	3.9%	2,015	63	3.1%
Southern	3,066	-54	-1.8%	2,604	100	3.8%	2,722	72	2.6%	8,392	118	1.4%
Southwest Airlines	745	19	2.6%	164	-1	-0.6%	278	10	3.6%	1,187	28	2.4%
Spectra Energy	899	22	2.4%	807	1	0.1%	1,128	19	1.7%	2,834	42	1.5%
St. Jude Medical	553	12	2.1%	560	19	3.3%	531	18	3.5%	1,644	49	3.0%
Staples	878	50	5.7%	729	41	5.6%	923	27	2.9%	2,530	118	4.7%
State Street Corp.	746	15	2.0%	1,724	39	2.3%	1,732	299	17.3%	4,202	353	8.4%
Supervalu	347	0	0.1%	632	9	1.5%	745	46	6.2%	1,724	55	3.2%
Synnex	143	8	5.7%	96	5	5.6%	91	6	6.6%	330	20	5.9%
Target	4,495	44	1.0%	3,872	143	3.7%	3,536	197	5.6%	11,903	384	3.2%
Tech Data	135	1	0.5%	93	1	0.8%	88	1	1.4%	316	3	0.9%
Tenet Healthcare	158	—	—	205	11	5.4%	54	-9	-16.7%	417	2	0.5%
Texas Instruments	3,769	16	0.4%	1,375	4	0.3%	1,749	5	0.3%	6,893	24	0.4%
Thermo Fisher Scientific	789	35	4.4%	579	24	4.2%	705	32	4.6%	2,073	92	4.4%
Time Warner	3,518	119	3.4%	3,231	51	1.6%	2,073	42	2.0%	8,822	212	2.4%
TJX	1,810	109	6.0%	1,609	102	6.3%	1,158	24	2.1%	4,577	234	5.1%
Travelers Cos.	3,994	10	0.3%	4,411	-8	-0.2%	3,444	10	0.3%	11,849	12	0.1%
Tutor Perini	159	9	6.0%	196	10	5.0%	213	7	3.3%	569	26	4.6%
U.S. Bancorp	4,375	200	4.6%	4,321	175	4.0%	5,376	300	5.6%	14,072	675	4.8%
UGI	449	20	4.4%	432	21	4.9%	381	26	6.7%	1,261	66	5.3%
Union Pacific	4,433	110	2.5%	2,974	48	1.6%	3,651	64	1.7%	11,058	222	2.0%
United Parcel Service	4,780	118	2.5%	3,027	30	1.0%	4,957	172	3.5%	12,764	320	2.5%
United Stationers	192	6	3.2%	160	7	4.6%	157	6	4.0%	509	20	3.9%
United Technologies	2,655	112	4.2%	2,584	45	1.8%	2,899	45	1.6%	8,138	203	2.5%
UnitedHealth Group	7,555	175	2.3%	5,808	71	1.2%	4,624	134	2.9%	17,987	381	2.1%
Universal Health Services	428	18	4.2%	475	21	4.5%	357	22	6.2%	1,260	62	4.9%
URS	437	22	5.1%	339	18	5.4%	374	19	5.0%	1,150	59	5.2%
Verizon Communications	11,921	-42	-0.4%	12,625	364	2.9%	8,838	544	6.2%	33,384	866	2.6%
VF	613	26	4.2%	504	15	2.9%	593	18	3.1%	1,710	59	3.4%
Viacom	1,579	67	4.2%	1,982	38	1.9%	1,490	96	6.4%	5,051	201	4.0%
Visa	3,973	258	6.5%	3,807	225	5.9%	1,245	82	6.6%	9,025	564	6.3%
W.W. Grainger	802	44	5.5%	680	33	4.8%	731	37	5.1%	2,213	114	5.1%
Walgreen	3,373	90	2.7%	3,164	91	2.9%	3,430	133	3.9%	9,967	314	3.2%
Wal-Mart Stores	18,398	637	3.5%	17,705	599	3.4%	16,212	564	3.5%	52,315	1,800	3.4%
Walt Disney	6,074	223	3.7%	5,472	194	3.6%	6,692	358	5.3%	18,238	775	4.2%



**State Income Taxes for 265 Major Corporations, 2008–2010, Alphabetical (\$-millions)**

Company	2010			2009			2008			All 3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Washington Post	529	28	5.2%	229	16	7.1%	287	14	5.0%	1,044	58	5.6%
Waste Management	1,517	97	6.4%	1,396	73	5.3%	1,693	51	3.0%	4,606	222	4.8%
Wells Fargo	17,017	531	3.1%	21,460	-337	-1.6%	11,236	150	1.3%	49,714	344	0.7%
Wesco International	166	1	0.9%	172	2	1.2%	323	12	3.6%	661	15	2.3%
Whole Foods Market	400	40	10.1%	247	24	9.7%	187	22	11.7%	834	86	10.3%
Williams	562	2	-0.2%	999	12	1.2%	2,148	24	1.2%	3,709	38	2.0%
Wisconsin Energy	704	51	7.3%	591	48	8.1%	574	46	8.0%	1,870	145	7.7%
Xcel Energy	1,189	13	1.1%	1,057	9	0.8%	984	27	2.7%	3,230	48	1.5%
Yahoo	872	17	1.9%	387	33	8.5%	448	-5	-1.1%	1,707	44	2.6%
Yum Brands	345	3	0.9%	295	1	0.3%	430	-9	-2.0%	1,070	-5	-0.4%
<b>All 265 Companies</b>	<b>479,077</b>	<b>15,051</b>	<b>3.1%</b>	<b>412,762</b>	<b>11,862</b>	<b>2.9%</b>	<b>438,140</b>	<b>12,971</b>	<b>3.0%</b>	<b>1,329,979</b>	<b>39,885</b>	<b>3.0%</b>

**State Income Taxes for 265 Major Corporations, 2008–2010, by Location of Headquarters (\$-millions)**

Companies by headquarters	10Profit	10Tax	10Rate	09Profit	09Tax	09Rate	08Profit	08Tax	08Rate	3yr Profit	3yr Tax	3yr Rate
<b>Arizona</b>												
Insight Enterprises	71	1	1.5%	15	–0	–1.6%	40	0	0.8%	126	1	0.9%
PetSmart	361	16	4.6%	302	19	6.2%	309	8	2.7%	972	44	4.5%
Apollo Group	1,399	130	9.3%	1,086	90	8.3%	808	50	6.2%	3,293	270	8.2%
<b>Arkansas</b>												
Wal-Mart Stores	18,398	637	3.5%	17,705	599	3.4%	16,212	564	3.5%	52,315	1,800	3.4%
Murphy Oil	214	15	6.9%	308	9	2.9%	477	13	2.8%	999	37	3.7%
<b>California</b>												
McKesson	1,161	40	3.4%	1,340	25	1.9%	623	–111	–17.8%	3,124	–46	–1.5%
Core-Mark Holding	32	0	0.5%	69	–2	–2.8%	29	0	1.7%	131	–1	–1.0%
Intel	13,926	40	0.3%	3,229	–2	–0.1%	6,117	–38	–0.6%	23,272	–0	–0.0%
Wells Fargo	17,017	531	3.1%	21,460	–337	–1.6%	11,236	150	1.3%	49,714	344	0.7%
Mattel	437	7	1.7%	359	4	1.0%	233	–1	–0.6%	1,029	10	0.9%
Ingram Micro	86	3	3.7%	13	–1	–5.0%	92	1	1.2%	192	4	1.9%
Occidental Petroleum	3,295	75	2.3%	2,091	23	1.1%	5,923	153	2.6%	11,309	251	2.2%
DirecTV	2,809	18	0.6%	1,446	62	4.3%	1,981	71	3.6%	6,236	151	2.4%
Sempra Energy	447	–3	–0.7%	1,007	40	4.0%	1,199	28	2.3%	2,653	65	2.5%
PG&E Corp.	1,660	130	7.8%	1,694	–41	–2.4%	1,623	33	2.0%	4,977	122	2.5%
Health Net	337	12	3.7%	112	2	2.2%	147	–0	–0.2%	596	15	2.5%
Levi Strauss	165	3	1.7%	46	5	11.7%	198	2	1.2%	409	11	2.6%
Yahoo	872	17	1.9%	387	33	8.5%	448	–5	–1.1%	1,707	44	2.6%
Ross Stores	897	28	3.1%	719	16	2.3%	495	12	2.5%	2,111	56	2.7%
Hewlett-Packard	4,027	136	3.4%	2,569	145	5.6%	2,232	–7	–0.3%	8,828	274	3.1%
Amgen	2,217	52	2.3%	2,104	85	4.0%	2,415	82	3.4%	6,736	219	3.3%
Clorox	650	17	2.7%	664	21	3.2%	573	34	5.9%	1,887	73	3.9%
Reliance Steel & Aluminum	283	12	4.1%	200	3	1.3%	740	34	4.5%	1,223	48	3.9%
AECOM Technology	164	4	2.6%	168	3	1.6%	91	10	11.2%	424	17	4.1%
Walt Disney	6,074	223	3.7%	5,472	194	3.6%	6,692	358	5.3%	18,238	775	4.2%
Gap	1,686	73	4.3%	1,511	77	5.1%	1,209	42	3.5%	4,406	192	4.4%
Gilead Sciences	2,544	126	4.9%	2,172	140	6.4%	1,773	23	1.3%	6,488	288	4.4%
Tutor Perini	159	9	6.0%	196	10	5.0%	213	7	3.3%	569	26	4.6%
Safeway	550	44	7.9%	659	34	5.2%	1,241	40	3.2%	2,449	118	4.8%
URS	437	22	5.1%	339	18	5.4%	374	19	5.0%	1,150	59	5.2%
Charles Schwab	1,099	49	4.5%	1,276	72	5.6%	2,028	108	5.3%	4,403	229	5.2%
Jacobs Engineering Group	295	23	7.8%	449	30	6.6%	394	9	2.3%	1,138	62	5.4%
Oracle	6,378	226	3.5%	4,282	280	6.5%	3,745	327	8.7%	14,405	833	5.8%
Franklin Resources	1,168	70	6.0%	694	42	6.1%	1,050	57	5.4%	2,912	169	5.8%
Chevron	6,528	364	5.6%	1,310	212	16.2%	10,765	510	4.7%	18,603	1,086	5.8%
Synnex	143	8	5.7%	96	5	5.6%	91	6	6.6%	330	20	5.9%
Visa	3,973	258	6.5%	3,807	225	5.9%	1,245	82	6.6%	9,025	564	6.3%
Apple	5,540	527	9.5%	5,466	481	8.8%	4,347	226	5.2%	15,353	1,234	8.0%
<b>Colorado</b>												
DISH Network	1,712	69	4.0%	1,337	44	3.3%	1,789	57	3.2%	4,839	170	3.5%
DaVita	744	30	4.1%	758	33	4.4%	657	19	2.9%	2,159	83	3.8%
Ball	319	10	3.2%	309	15	5.0%	227	11	5.0%	855	37	4.3%
<b>Connecticut</b>												
General Electric	4,247	–1	–0.0%	1,667	93	5.6%	4,646	8	0.2%	10,560	100	0.9%
Praxair	643	9	1.4%	577	5	0.9%	532	3	0.5%	1,752	17	1.0%
Aetna	2,644	23	0.9%	1,901	61	3.2%	2,174	26	1.2%	6,720	110	1.6%
United Technologies	2,655	112	4.2%	2,584	45	1.8%	2,899	45	1.6%	8,138	203	2.5%
Northeast Utilities	605	–7	–1.1%	516	53	10.2%	372	16	4.3%	1,492	62	4.1%
Pitney Bowes	419	27	6.3%	530	31	5.8%	587	17	2.9%	1,535	75	4.9%
Emcor Group	200	14	6.9%	249	17	6.9%	271	22	8.1%	720	53	7.3%
<b>Delaware</b>												
DuPont	949	—	—	171	–9	–5.3%	992	–3	–0.3%	2,112	–12	–0.6%
<b>District of Columbia</b>												
Peppco Holdings	179	–50	–27.9%	327	–32	–9.8%	273	–21	–7.7%	779	–103	–13.2%
Washington Post	529	28	5.2%	229	16	7.1%	287	14	5.0%	1,044	58	5.6%

**State Income Taxes for 265 Major Corporations, 2008–2010, by Location of Headquarters (\$-millions)**

Companies by headquarters	10Profit	10Tax	10Rate	09Profit	09Tax	09Rate	08Profit	08Tax	08Rate	3yr Profit	3yr Tax	3yr Rate
<b>Florida</b>												
Tech Data	135	1	0.5%	93	1	0.8%	88	1	1.4%	316	3	0.9%
NextEra Energy	2,489	11	0.4%	1,942	77	4.0%	2,089	29	1.4%	6,520	117	1.8%
Ryder System	156	4	2.8%	132	6	4.5%	352	3	0.9%	641	14	2.1%
CSX	2,546	51	2.0%	1,746	35	2.0%	2,332	61	2.6%	6,624	147	2.2%
Harris	845	17	2.1%	697	20	2.9%	638	24	3.7%	2,180	61	2.8%
Health Management Associates	287	26	9.1%	244	-1	-0.3%	329	5	1.4%	860	30	3.5%
Darden Restaurants	535	29	5.4%	508	11	2.1%	510	21	4.1%	1,552	60	3.9%
Publix Super Markets	2,039	79	3.9%	1,775	68	3.8%	1,651	67	4.1%	5,466	215	3.9%
<b>Georgia</b>												
Southern	3,066	-54	-1.8%	2,604	100	3.8%	2,722	72	2.6%	8,392	118	1.4%
Coca-Cola	7,224	85	1.2%	2,691	79	2.9%	2,119	70	3.3%	12,034	234	1.9%
United Parcel Service	4,780	118	2.5%	3,027	30	1.0%	4,957	172	3.5%	12,764	320	2.5%
Genuine Parts	764	36	4.7%	516	29	5.6%	1,123	45	4.0%	2,404	110	4.6%
Home Depot	4,854	181	3.7%	3,586	184	5.1%	3,136	198	6.3%	11,576	563	4.9%
<b>Illinois</b>												
Baxter International	191	10	5.2%	445	-21	-4.6%	262	-17	-6.6%	898	-28	-3.1%
Integrus Energy Group	342	-11	-3.2%	307	14	4.6%	169	-3	-1.8%	819	0	0.0%
Boeing	4,310	-140	-3.3%	1,638	144	8.8%	3,794	3	0.1%	9,742	7	0.1%
Archer Daniels Midland	2,035	10	0.5%	1,453	18	1.2%	1,332	28	2.1%	4,820	56	1.2%
Navistar International	166	4	2.4%	441	6	1.4%	302	3	1.0%	909	13	1.4%
Deere	2,063	42	2.1%	918	11	1.2%	1,730	47	2.7%	4,711	101	2.1%
Dover	470	7	1.5%	258	5	2.0%	528	23	4.3%	1,256	35	2.8%
Anixter International	115	3	2.7%	96	0	0.3%	196	9	4.5%	407	12	3.0%
Walgreen	3,373	90	2.7%	3,164	91	2.9%	3,430	133	3.9%	9,967	314	3.2%
R.R. Donnelley & Sons	232	-1	-0.6%	218	21	9.7%	577	16	2.8%	1,027	36	3.5%
Exelon	4,221	170	4.0%	4,419	153	3.5%	4,034	159	3.9%	12,674	482	3.8%
United Stationers	192	6	3.2%	160	7	4.6%	157	6	4.0%	509	20	3.9%
Kraft Foods	1,085	47	4.3%	1,936	82	4.2%	1,295	52	4.0%	4,316	181	4.2%
McDonald's	2,763	139	5.0%	2,700	139	5.2%	2,769	113	4.1%	8,233	391	4.8%
W.W. Grainger	802	44	5.5%	680	33	4.8%	731	37	5.1%	2,213	114	5.1%
Illinois Tool Works	1,242	51	4.1%	545	41	7.6%	1,198	78	6.5%	2,985	170	5.7%
<b>Indiana</b>												
NiSource	436	3	0.7%	396	-16	-4.0%	557	17	3.0%	1,389	4	0.3%
Eli Lilly	3,136	23	0.7%	1,801	49	2.7%	157	-45	-28.4%	5,094	28	0.5%
<b>Iowa</b>												
Rockwell Collins	729	-5	-0.7%	799	4	0.5%	898	-1	-0.2%	2,426	-3	-0.1%
Casey's General Stores	151	2	1.2%	182	5	2.6%	139	5	3.9%	472	12	2.5%
Principal Financial	841	34	4.1%	744	19	2.5%	503	10	2.0%	2,088	63	3.0%
<b>Kentucky</b>												
Yum Brands	345	3	0.9%	295	1	0.3%	430	-9	-2.0%	1,070	-5	-0.4%
Ashland	165	-2	-1.1%	49	3	5.7%	179	3	1.6%	393	4	1.0%
Humana	1,750	63	3.6%	1,602	55	3.4%	993	29	2.9%	4,344	147	3.4%
Kindred Healthcare	90	2	2.6%	102	4	4.3%	99	4	3.6%	290	10	3.6%
<b>Louisiana</b>												
Entergy	1,887	19	1.0%	1,883	-109	-5.8%	1,843	146	7.9%	5,613	57	1.0%
CenturyLink	1,532	65	4.2%	815	2	0.2%	561	-15	-2.7%	2,908	51	1.8%
<b>Maryland</b>												
Lockheed Martin	3,962	168	4.2%	4,390	140	3.2%	4,743	205	4.3%	13,095	513	3.9%
Coventry Health Care	965	28	2.9%	505	42	8.3%	572	32	5.6%	2,041	102	5.0%
<b>Massachusetts</b>												
EMC	1,408	1	0.1%	475	5	1.1%	500	1	0.3%	2,383	7	0.3%
Raytheon	2,749	50	1.8%	2,826	20	0.7%	2,476	116	4.7%	8,051	186	2.3%
Thermo Fisher Scientific	789	35	4.4%	579	24	4.2%	705	32	4.6%	2,073	92	4.4%
Staples	878	50	5.7%	729	41	5.6%	923	27	2.9%	2,530	118	4.7%
TJX	1,810	109	6.0%	1,609	102	6.3%	1,158	24	2.1%	4,577	234	5.1%
BJ's Wholesale Club	207	17	8.1%	227	22	9.7%	226	14	6.2%	660	53	8.0%
State Street Corp.	746	15	2.0%	1,724	39	2.3%	1,732	299	17.3%	4,202	353	8.4%

## State Income Taxes for 265 Major Corporations, 2008–2010, by Location of Headquarters (\$-millions)

Companies by headquarters	10Profit	10Tax	10Rate	09Profit	09Tax	09Rate	08Profit	08Tax	08Rate	3yr Profit	3yr Tax	3yr Rate
<b>Michigan</b>												
Kellogg	1,271	9	0.7%	1,207	38	3.2%	1,030	1	0.1%	3,508	48	1.4%
Con-way	46	0	0.2%	33	1	1.8%	214	6	2.6%	293	6	2.2%
DTE Energy	950	26	2.7%	782	17	2.2%	819	17	2.1%	2,551	60	2.4%
CMS Energy	587	26	4.4%	324	17	5.2%	433	9	2.1%	1,344	52	3.9%
<b>Minnesota</b>												
Alliant Techsystems	436	6	1.4%	433	7	1.6%	407	1	0.2%	1,276	14	1.1%
3M	2,759	64	2.3%	2,297	11	0.5%	2,312	10	0.4%	7,368	85	1.2%
Xcel Energy	1,189	13	1.1%	1,057	9	0.8%	984	27	2.7%	3,230	48	1.5%
UnitedHealth Group	7,555	175	2.3%	5,808	71	1.2%	4,624	134	2.9%	17,987	381	2.1%
Nash-Finch	72	1	1.1%	75	3	4.4%	54	2	2.9%	201	6	2.8%
St. Jude Medical	553	12	2.1%	560	19	3.3%	531	18	3.5%	1,644	49	3.0%
Supervalu	347	0	0.1%	632	9	1.5%	745	46	6.2%	1,724	55	3.2%
Target	4,495	44	1.0%	3,872	143	3.7%	3,536	197	5.6%	11,903	384	3.2%
General Mills	2,145	77	3.6%	2,060	87	4.2%	1,718	37	2.2%	5,923	202	3.4%
Mosaic	1,478	50	3.4%	598	15	2.5%	1,193	50	4.2%	3,268	115	3.5%
Hormel Foods	616	21	3.4%	523	22	4.2%	451	20	4.5%	1,591	63	4.0%
C.H. Robinson Worldwide	591	23	3.9%	546	24	4.3%	527	22	4.2%	1,664	69	4.2%
U.S. Bancorp	4,375	200	4.6%	4,321	175	4.0%	5,376	300	5.6%	14,072	675	4.8%
Best Buy	1,622	65	4.0%	1,822	112	6.1%	1,660	77	4.6%	5,104	254	5.0%
<b>Missouri</b>												
Peabody Energy	536	-8	-1.5%	281	2	0.6%	185	—	—	1,002	-6	-0.6%
Monsanto	1,203	-8	-0.7%	2,340	7	0.3%	1,419	23	1.6%	4,962	21	0.4%
Ameren	896	10	1.1%	956	3	0.3%	971	10	1.0%	2,823	23	0.8%
Express Scripts	1,918	30	1.6%	1,312	23	1.8%	1,216	10	0.8%	4,446	64	1.4%
Emerson Electric	1,303	33	2.5%	1,169	25	2.1%	1,756	50	2.8%	4,228	108	2.6%
O'Reilly Automotive	689	21	3.1%	497	15	3.1%	303	14	4.7%	1,489	51	3.4%
Graybar Electric	69	2	3.2%	63	3	4.0%	140	6	4.5%	272	11	4.0%
Centene	154	7	4.3%	138	6	4.0%	137	6	4.5%	428	18	4.3%
H&R Block	639	45	7.0%	755	23	3.1%	853	37	4.3%	2,246	105	4.7%
<b>Nebraska</b>												
ConAgra Foods	1,040	28	2.7%	872	16	1.8%	632	-8	-1.3%	2,544	35	1.4%
Union Pacific	4,433	110	2.5%	2,974	48	1.6%	3,651	64	1.7%	11,058	222	2.0%
<b>New Jersey</b>												
Merck	956	-82	-8.6%	5,773	7	0.1%	5,485	123	2.2%	12,215	48	0.4%
Becton Dickinson	889	19	2.2%	891	7	0.8%	802	2	0.2%	2,582	28	1.1%
Campbell Soup	1,051	44	4.2%	976	9	0.9%	912	-0	-0.0%	2,939	53	1.8%
Honeywell International	1,249	6	0.5%	1,744	21	1.2%	2,003	66	3.3%	4,996	93	1.9%
NRG Energy	691	35	5.1%	1,508	20	1.3%	1,681	31	1.8%	3,880	86	2.2%
Automatic Data Processing	1,638	54	3.3%	1,909	35	1.8%	1,619	31	1.9%	5,165	120	2.3%
Medco Health Solutions	2,323	93	4.0%	2,093	117	5.6%	1,782	68	3.8%	6,197	278	4.5%
Cognizant Technology Solutions	220	9	3.9%	152	8	5.2%	136	9	6.6%	508	25	5.0%
Sealed Air	79	6	7.1%	108	7	6.6%	96	3	2.7%	282	15	5.4%
Bed Bath & Beyond	1,293	90	7.0%	985	60	6.1%	683	47	6.8%	2,962	197	6.6%
Quest Diagnostics	1,182	93	7.9%	1,226	80	6.6%	1,052	57	5.5%	3,460	231	6.7%
<b>New York</b>												
Corning	975	1	0.1%	202	—	—	801	—	—	1,978	1	0.1%
Travelers Cos.	3,994	10	0.3%	4,411	-8	-0.2%	3,444	10	0.3%	11,849	12	0.1%
Loews	2,236	21	0.9%	2,025	7	0.3%	1,202	21	1.8%	5,463	49	0.9%
American Express	6,112	110	1.8%	3,131	40	1.3%	3,322	-28	-0.8%	12,565	122	1.0%
ITT	737	17	2.3%	670	7	1.1%	665	4	0.6%	2,072	28	1.4%
Consolidated Edison	1,551	23	1.5%	1,319	-12	-0.9%	1,457	53	3.6%	4,327	64	1.5%
Omnicom Group	573	4	0.7%	599	12	2.0%	752	14	1.8%	1,924	30	1.5%
Arrow Electronics	313	13	4.2%	108	1	0.9%	473	5	1.2%	895	20	2.2%
International Business Machines	9,140	279	3.1%	9,524	120	1.3%	8,424	216	2.6%	27,088	615	2.3%
Time Warner	3,518	119	3.4%	3,231	51	1.6%	2,073	42	2.0%	8,822	212	2.4%
Verizon Communications	11,921	-42	-0.4%	12,625	364	2.9%	8,838	544	6.2%	33,384	866	2.6%
PepsiCo	4,008	118	3.0%	4,209	117	2.8%	3,274	68	2.1%	11,491	304	2.6%

## State Income Taxes for 265 Major Corporations, 2008–2010, by Location of Headquarters (\$-millions)

Companies by headquarters	10Profit	10Tax	10Rate	09Profit	09Tax	09Rate	08Profit	08Tax	08Rate	3yr Profit	3yr Tax	3yr Rate
Phillips-Van Heusen	22	1	5.3%	210	7	3.5%	149	4	2.5%	381	12	3.2%
Goldman Sachs Group	7,353	264	3.6%	10,915	571	5.2%	4,894	-15	-0.3%	23,162	820	3.5%
News Corp.	3,259	77	2.4%	2,889	114	3.9%	2,502	127	5.1%	8,650	318	3.7%
CA	751	48	6.4%	699	15	2.1%	633	14	2.2%	2,083	77	3.7%
Viacom	1,579	67	4.2%	1,982	38	1.9%	1,490	96	6.4%	5,051	201	4.0%
L-3 Communications	1,258	52	4.1%	1,210	57	4.7%	1,272	45	3.6%	3,740	154	4.1%
Interpublic Group	216	17	7.8%	142	-6	-4.3%	241	18	7.4%	599	29	4.8%
Henry Schein	344	20	5.9%	308	16	5.1%	300	12	4.1%	952	49	5.1%
Polo Ralph Lauren	578	37	6.4%	448	12	2.7%	351	24	6.7%	1,378	72	5.3%
NYSE Euronext	166	17	10.2%	52	-15	-28.8%	181	20	11.0%	399	22	5.5%
McGraw-Hill	1,064	54	5.1%	879	46	5.2%	981	78	8.0%	2,923	178	6.1%
J.P. Morgan Chase & Co.	10,226	1,740	17.0%	14,526	968	6.7%	7,924	281	3.6%	32,676	2,989	9.1%
<b>North Carolina</b>												
Goodrich	592	-42	-7.1%	552	6	1.1%	738	17	2.4%	1,883	-19	-1.0%
Progress Energy	1,406	-13	-0.9%	1,237	41	3.3%	1,173	12	1.0%	3,816	40	1.0%
Duke Energy	2,189	39	1.8%	1,771	3	0.2%	1,575	17	1.1%	5,534	59	1.1%
BB&T Corp.	1,071	18	1.7%	2,066	15	0.7%	3,673	89	2.4%	6,810	122	1.8%
VF	613	26	4.2%	504	15	2.9%	593	18	3.1%	1,710	59	3.4%
Family Dollar Stores	564	23	4.1%	451	18	3.9%	362	10	2.8%	1,377	51	3.7%
Pantry	30	1	3.5%	87	5	5.2%	49	2	3.4%	167	7	4.4%
Ruddick	170	6	3.3%	148	7	4.6%	153	9	6.1%	472	22	4.6%
Lowe's	3,228	188	5.8%	2,825	123	4.4%	3,506	166	4.7%	9,559	477	5.0%
Laboratory Corp. of America	876	50	5.7%	848	41	4.8%	748	37	4.9%	2,472	127	5.2%
Reynolds American	2,175	136	6.2%	2,041	134	6.5%	2,129	142	6.7%	6,345	411	6.5%
<b>North Dakota</b>												
MDU Resources	336	10	3.1%	393	8	2.1%	572	-1	-0.2%	1,301	18	1.4%
<b>Ohio</b>												
American Electric Power	1,849	-20	-1.1%	1,938	-76	-3.9%	2,015	-1	-0.0%	5,802	-97	-1.7%
Cliffs Natural Resources	597	2	0.3%	131	3	2.1%	567	3	0.5%	1,295	8	0.6%
American Financial Group	701	4	0.6%	883	6	0.7%	290	4	1.4%	1,874	14	0.7%
Macy's	1,320	12	0.9%	507	9	1.8%	444	8	1.8%	2,271	29	1.3%
J.M. Smucker	730	20	2.8%	712	12	1.7%	378	5	1.4%	1,820	38	2.1%
Limited Brands	1,209	51	4.2%	566	1	0.2%	539	13	2.3%	2,314	64	2.8%
FirstEnergy	1,242	35	2.8%	1,235	44	3.6%	2,116	56	2.6%	4,593	135	2.9%
Procter & Gamble	8,983	266	3.0%	8,368	295	3.5%	8,409	229	2.7%	25,760	790	3.1%
Sherwin-Williams	678	17	2.5%	623	18	2.9%	714	28	3.9%	2,015	63	3.1%
Kroger	1,752	95	5.4%	1,702	40	2.4%	1,967	43	2.2%	5,421	179	3.3%
Big Lots	355	15	4.2%	323	12	3.6%	250	9	3.6%	928	36	3.8%
Cardinal Health	1,300	20	1.5%	980	63	6.5%	959	46	4.8%	3,238	129	4.0%
Parker Hannifin	355	23	6.4%	391	18	4.6%	510	20	3.9%	1,255	60	4.8%
<b>Oklahoma</b>												
Chesapeake Energy	2,884	78	2.7%	1,712	-275	-16.1%	3,791	24	0.6%	8,387	-173	-2.1%
Devon Energy	2,943	13	0.4%	1,447	17	1.1%	4,348	21	0.5%	8,738	50	0.6%
Williams	562	2	0.4%	999	12	1.2%	2,148	24	1.1%	3,709	38	1.0%
Oneok	755	13	1.7%	699	2	0.3%	795	10	1.3%	2,248	25	1.1%
<b>Oregon</b>												
Precision Castparts	1,335	33	2.4%	1,239	31	2.5%	1,347	33	2.5%	3,921	97	2.5%
Nike	1,084	46	4.2%	699	40	5.7%	846	42	4.9%	2,629	128	4.9%
<b>Pennsylvania</b>												
H.J. Heinz	566	13	2.3%	499	-1	-0.2%	534	1	0.2%	1,599	13	0.8%
PNC Financial Services Group	3,627	43	1.2%	4,444	46	1.0%	2,072	59	2.8%	10,143	147	1.5%
Airgas	400	6	1.4%	307	3	1.0%	419	8	1.8%	1,126	17	1.5%
Air Products & Chemicals	465	-1	-0.3%	374	33	8.8%	480	-6	-1.3%	1,318	25	1.9%
Wesco International	166	1	0.9%	172	2	1.2%	323	12	3.6%	661	15	2.3%
PPL	978	43	4.4%	248	14	5.6%	943	2	0.2%	2,169	59	2.7%
AmerisourceBergen	1,023	31	3.0%	818	25	3.0%	747	25	3.3%	2,588	81	3.1%
Comcast	6,104	384	6.3%	5,106	-156	-3.1%	4,058	284	7.0%	15,268	513	3.4%
Consol Energy	427	11	2.6%	704	41	5.8%	621	11	1.7%	1,752	63	3.6%



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Companies by headquarters	10Profit	10Tax	10Rate	09Profit	09Tax	09Rate	08Profit	08Tax	08Rate	3yr Profit	3yr Tax	3yr Rate
Hershey	839	28	3.4%	671	41	6.2%	568	14	2.4%	2,078	83	4.0%
PPG Industries	502	15	3.0%	275	15	5.5%	689	29	4.2%	1,466	59	4.0%
Universal Health Services	428	18	4.2%	475	21	4.5%	357	22	6.2%	1,260	62	4.9%
UGI	449	20	4.4%	432	21	4.9%	381	26	6.7%	1,261	66	5.3%
Dick's Sporting Goods	298	14	4.6%	223	10	4.7%	178	13	7.4%	699	37	5.3%
<b>Rhode Island</b>												
CVS Caremark	5,629	340	6.0%	5,913	394	6.7%	5,537	356	6.4%	17,079	1,090	6.4%
<b>South Carolina</b>												
Scana	534	1	0.2%	522	-6	-1.1%	534	6	1.1%	1,590	1	0.1%
Domtar	177	15	8.5%	560	4	0.7%	268	4	1.5%	1,005	23	2.3%
<b>Tennessee</b>												
International Paper	198	-19	-9.6%	905	7	0.8%	353	-2	-0.6%	1,456	-14	-1.0%
Eastman Chemical	507	18	3.6%	193	-11	-5.7%	387	7	1.8%	1,087	14	1.3%
Community Health Systems	508	9	1.8%	446	14	3.2%	359	3	0.9%	1,314	27	2.0%
AutoZone	1,161	34	2.9%	1,034	26	2.6%	1,007	21	2.0%	3,202	81	2.5%
FedEx	1,793	44	2.5%	1,339	50	3.7%	1,226	17	1.4%	4,358	111	2.5%
Dollar General	980	26	2.6%	546	20	3.7%	190	1	0.6%	1,716	47	2.7%
<b>Texas</b>												
FMC Technologies	65	0	0.1%	70	2	2.2%	63	-3	-5.3%	198	-2	-0.9%
El Paso	1,236	5	0.4%	1,229	24	2.0%	1,631	-38	-2.3%	4,096	-9	-0.2%
EOG Resources	753	-1	-0.2%	874	-4	-0.5%	3,196	5	0.1%	4,824	-1	-0.0%
Apache	1,328	4	0.3%	437	-2	-0.4%	1,835	1	0.1%	3,600	3	0.1%
Texas Instruments	3,769	16	0.4%	1,375	4	0.3%	1,749	5	0.3%	6,893	24	0.4%
Tenet Healthcare	158	—	—	205	11	5.4%	54	-9	-16.7%	417	2	0.5%
Cameron International	366	6	1.6%	224	2	1.0%	334	-2	-0.7%	924	6	0.6%
Holly	192	5	2.4%	44	-2	-4.7%	188	3	1.7%	424	6	1.3%
Spectra Energy	899	22	2.4%	807	1	0.1%	1,128	19	1.7%	2,834	42	1.5%
Marathon Oil	982	32	3.3%	494	-77	-15.5%	3,989	143	3.6%	5,465	98	1.8%
Flowserve	202	-0	-0.1%	143	6	4.5%	129	3	2.3%	474	9	1.9%
AT&T	17,496	137	0.8%	18,293	950	5.2%	19,090	37	0.2%	54,879	1,124	2.0%
GameStop	554	10	1.8%	509	12	2.4%	533	13	2.4%	1,596	35	2.2%
Halliburton	1,918	42	2.2%	589	24	4.1%	2,674	50	1.9%	5,181	116	2.2%
Kimberly-Clark	1,609	94	5.8%	1,643	-7	-0.4%	1,261	15	1.2%	4,513	102	2.3%
CenterPoint Energy	705	24	3.4%	548	10	1.8%	723	11	1.5%	1,976	45	2.3%
J.C. Penney	581	-4	-0.7%	403	24	6.0%	910	25	2.7%	1,894	44	2.3%
Southwest Airlines	745	19	2.6%	164	-1	-0.6%	278	10	3.6%	1,187	28	2.4%
Atmos Energy	335	6	1.8%	291	8	2.7%	293	8	2.6%	919	22	2.4%
Dean Foods	128	2	1.3%	371	15	4.1%	293	10	3.3%	792	26	3.3%
Celanese	214	11	4.9%	294	2	0.6%	135	11	7.8%	643	23	3.6%
RadioShack	334	14	4.1%	326	7	2.2%	290	14	4.8%	950	35	3.7%
Exxon Mobil	7,711	292	3.8%	2,576	86	3.3%	10,152	407	4.0%	20,439	784	3.8%
Fluor	454	27	6.0%	734	21	2.9%	519	19	3.7%	1,707	68	4.0%
ConocoPhillips	6,291	320	5.1%	2,524	82	3.2%	11,209	543	4.8%	20,024	945	4.7%
Waste Management	1,517	97	6.4%	1,396	73	5.3%	1,693	51	3.0%	4,606	222	4.8%
Whole Foods Market	400	40	10.1%	247	24	9.7%	187	22	11.7%	834	86	10.3%
<b>Virginia</b>												
Computer Sciences	582	22	3.8%	447	-33	-7.3%	492	-134	-27.3%	1,521	-145	-9.5%
General Dynamics	3,150	4	0.1%	2,940	13	0.4%	3,080	6	0.2%	9,170	23	0.2%
Norfolk Southern	2,367	61	2.6%	1,622	8	0.5%	2,750	74	2.7%	6,739	144	2.1%
Capital One Financial	1,290	31	2.4%	911	35	3.8%	2,871	53	1.9%	5,072	119	2.3%
Advance Auto Parts	557	18	3.2%	432	7	1.6%	381	15	3.9%	1,369	39	2.9%
Owens & Minor	182	10	5.4%	188	9	4.5%	165	6	3.5%	535	24	4.5%
CarMax	613	27	4.4%	452	17	3.8%	97	10	10.3%	1,163	54	4.6%
Altria Group	5,709	258	4.5%	4,868	111	2.3%	4,789	351	7.3%	15,366	720	4.7%
SAIC	874	46	5.3%	781	42	5.3%	696	28	4.1%	2,351	116	4.9%
Dollar Tree	630	31	5.0%	508	28	5.4%	359	21	5.8%	1,497	80	5.3%
Dominion Resources	5,287	306	5.8%	2,329	128	5.5%	2,613	114	4.4%	10,229	548	5.4%

**State Income Taxes for 265 Major Corporations, 2008–2010, by Location of Headquarters (\$-millions)**

<b>Companies by headquarters</b>	<b>10Profit</b>	<b>10Tax</b>	<b>10Rate</b>	<b>09Profit</b>	<b>09Tax</b>	<b>09Rate</b>	<b>08Profit</b>	<b>08Tax</b>	<b>08Rate</b>	<b>3yr Profit</b>	<b>3yr Tax</b>	<b>3yr Rate</b>
<b>Washington</b>												
Paccar	186	8	4.4%	79	-4	-4.7%	96	-9	-8.9%	361	-4	-1.1%
Costco Wholesale	1,426	77	5.4%	1,426	66	4.6%	1,542	77	5.0%	4,394	220	5.0%
Nordstrom	991	49	5.0%	696	37	5.3%	648	38	5.9%	2,335	124	5.3%
<b>Wisconsin</b>												
Rockwell Automation	145	-3	-2.0%	65	-17	-26.6%	460	3	0.7%	670	-17	-2.5%
Harley-Davidson	357	6	1.8%	252	5	2.1%	994	21	2.1%	1,603	33	2.0%
Kohl's	1,782	70	3.9%	1,588	60	3.7%	1,425	45	3.2%	4,795	174	3.6%
Bemis	222	9	4.2%	148	5	3.2%	181	9	5.0%	551	23	4.2%
Fiserv	761	32	4.2%	718	29	4.0%	628	43	6.8%	2,107	104	4.9%
Wisconsin Energy	704	51	7.3%	591	48	8.1%	574	46	8.0%	1,870	145	7.7%

## Methodology:

This study represents an in-depth look at state (and local) corporate income taxes over the 2008-10 period. It is based on data collected for a November 2011 study of federal corporate tax payments published by Citizens for Tax Justice and the Institute on Taxation and Economic Policy, titled *Corporate Taxpayers and Corporate Tax Dodgers*. That report covered 280 large Fortune 500 corporations. This new state corporate report includes the 265 companies of those 280 that fully disclosed their state corporate income tax payments. Over the three-year period, these 265 companies reported \$1 trillion in pretax U.S. profits, and, on average, paid state taxes on about a third of that amount.

### 1. Choosing the Companies:

Our report is based on corporate annual reports to shareholders and the similar 10-K forms that corporations are required to file with the Securities and Exchange Commission. We relied on electronic versions of these reports from the companies' web sites or from the SEC web site.

As we pursued our analysis, we gradually eliminated companies from the study based on two criteria: either (1) a company lost money in any one of the three years; or (2) a company's report did not provide sufficient information for us to accurately calculate its domestic profits, current state income taxes, or both.

### 2. Method of Calculation:

Conceptually, our method for computing effective state corporate tax rates was straightforward. First, a company's domestic pretax profit was determined. (We excluded foreign profits since state income taxes do not apply to them.) We then determined a company's current state income taxes. Current taxes are those that a company is obligated to pay during the year; they do not include taxes "deferred" due to various "tax incentives." Finally, we divided current taxes by pretax profits to determine effective tax rates. similar change.

**A. Issues in measuring profits.** The pretax U.S. profits reported in the study are generally as the companies disclosed them.<sup>1</sup> In a few cases,

<sup>1</sup> For multinational companies, we are at the mercy of companies accurately allocating their pretax profits between U.S. and foreign in their annual reports. Hardly anyone but us cares about this geographic book allocation, yet fortunately for us, it appears that the great majority of companies were reasonably honest about it.

One company, Mattel, offered two versions of its geographic allocation of profits. We used the more plausible one.

if companies did not separate U.S. pretax profits from foreign, but foreign profits were obviously small, we made our own geographic allocation, based on a geographic breakdown of operating profits minus a prorated share of any expenses not included therein (e.g., overhead or interest), or we estimated foreign profits based on reported foreign taxes or reported foreign revenues as a share of total worldwide profits.

Where significant, we adjusted reported pretax profits for several items to reduce distortions. In the second half of 2008, the U.S. financial system imploded, taking our economy down with it. By the fourth quarter of 2008, no one knew for sure how the federal government's financial rescue plan would work. Many banks predicted big future loan losses, and took big book write-offs for these pessimistic estimates. Commodity prices for things like oil and gas and metals plummeted, and many companies that owned such assets booked "impairment charges" for their supposed long-term decline in value. Companies that had acquired "goodwill" and other "intangible assets" from mergers calculated the estimated future returns on these assets, and if these were lower than their "carrying value" on their books, took big book "impairment charges." All of these book write-offs were non-cash and had no effect on either current income taxes or a company's cash flow.

As it turned out, the financial rescue plan, supplemented by the best parts of the economic stimulus program adopted in early 2009, succeeded in averting the Depression that many economists had worried could have happened. Commodity prices recovered, the stock market boomed, and corporate profits zoomed upward. But in one of the oddities of book accounting, the impairment charges could not be reversed.

Here is how we dealt with these extraordinary noncash charges, plus "restructuring charges," that would profits were reported as foreign, even

We did have to leave out from the study companies whose geographic allocations were obviously ridiculous (e.g., almost all or even more than all of their pretax profits were reported as foreign, even though most of their revenues and assets were in the United States). Google and Microsoft are two examples of such apparently "liar companies" that we left out of the study. For such companies, it may be that they reported in their annual reports how they misallocated their profits on their tax returns, rather than where their profits were really earned.

For better or worse, we did, with grave reservations, include some potential "liar companies" that we highly suspect made a lot more in the U.S., and less overseas, than they reported to their shareholders (e.g., Apple, Amgen, Gilead Sciences, and EMC). We urge our readers to treat these companies' true "effective U.S. income tax rates" as possibly much lower than what we reluctantly report. We will be working more on this issue, and will report our findings in a later study.

accounting, the impairment charges could not be reversed.

Here is how we dealt with these extraordinary noncash charges, plus “restructuring charges,” that would profits were reported as foreign, even though most of their otherwise distort annual reported book profits and effective tax rates:

### 1. *Smoothing adjustments*

Some of our adjustments simply reassign booked expenses to the year’s that the expenses were actually incurred. These “smoothing” adjustments avoid aberrations in one year to the next.

a. “Provisions for loan losses” by financial companies: Rather than using estimates of future losses, we generally replaced companies’ projected future loan losses with actual loan charge-offs less recoveries. Over time, these two approaches converge, but using actual loan charge-offs is more accurate and avoids year-to-year distortions. Typically, financial companies provide sufficient information to allow this kind of adjustment to be allocated geographically.

b. “Restructuring charges”: Sometimes companies announce a plan for future spending (such as the cost of laying off employees over the next few years) and will book a charge for the total expected cost in the year of the announcement. In cases where these restructuring charges were significant and distorted year-by-year income, we reallocated the costs to year the money was actually spent (allocated geographically).

### 2. *“Impairments”*

Companies that booked “impairment” charges typically went to great lengths to assure investors and stock analysts that these charges had no real effect on the companies’ earnings. Some companies simply excluded impairment charges from the geographic allocation of their pretax income. For example, ConocoPhillips assigned its 2008 pretax profits to three geographic areas, “United States,” “Foreign,” and “Goodwill impairment,” implying that the goodwill impairment charge, if it had any real existence at all, was not related to anything on this planet. In addition, many analysts have criticized these non-cash impairment charges as misleading, and even “a charade.” Here is how we treated “impairment charges”:

(a) Impairment charges for goodwill (and intangible assets with indefinite lives) do not affect future book income, since they are not amortizable over time. We added these charges back to reported profits, allocating them geographically based on geographic information that companies supplied, or as a last resort by geographic revenue shares.

(b) Impairment charges to assets (tangible or intangible) that are depreciable or amortizable on the books will affect future book income somewhat (by reducing future book write-offs, and thus increasing future book profits). But big impairment charges still hugely distort current year book profit. So as a general rule, we also added these back to reported profits if the charges were significant.

(c) Caveat: Impairments of assets held for sale soon were not added back.

All significant adjustments to profits made in the study are reported in the company-by-company notes to Corporate Taxpayers and Corporate Tax Dodgers, which is available at [www.itepnet.org](http://www.itepnet.org).

**B. Issues in measuring state income taxes.** The primary source for current state income taxes was the companies’ income tax notes to their financial statements. From reported current taxes, we subtracted “excess tax benefits” from stock options (if any), which reduced companies’ tax payments but which are not reported as a reduction in current taxes, but are instead reported separately (typically in companies’ cash-flow statements). We divided the tax benefits from stock options between federal and state taxes based on the relative statutory tax rates (using a national average for the states).

### 3. **Negative tax rates.**

A “negative” effective tax rate means that a company enjoyed a tax rebate, usually obtained by carrying back excess tax deductions and/or credits to an earlier year and receiving a tax refund check.

**4. Note:** Companies do not provide information on their state income taxes on a state-by-state basis. As a result, the figures in our report show only the companies’ nationwide state income taxes.

Here is how we dealt with these extraordinary noncash charges, plus “restructuring charges,” that would profits were reported as foreign, even though most of their otherwise distort annual reported book profits and effective tax rates: