

90 Reasons We Need State Corporate Tax Reform

State Corporate Tax Avoidance in the Fortune 500, 2008 to 2012

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Citizens for Tax Justice (CTJ) is a nonpartisan research and advocacy group that fights for tax fairness—at the federal, state and local levels. Widely respected on Capitol Hill as “the average taxpayer’s voice in Washington,” CTJ ranked at the top of the *Washington Monthly’s* list of America’s “best public interest groups.”

The **Institute on Taxation and Economic Policy (ITEP)** has engaged in research on tax policy since 1980. ITEP is best known for its unique microsimulation tax model, an important tool that helps the public and federal, state and local lawmakers understand how current and proposed tax laws affect taxpayers at different income levels.

In the 1980s, CTJ & ITEP collaborated on a series of studies about the taxes paid or not paid by America’s largest and most profitable corporations. Those eye-opening reports played an important role in educating lawmakers about the tax issues that were ultimately addressed in the Tax Reform Act of 1986. That path-breaking federal legislation curbed tax shelters for corporations and the well-off and cut taxes on low- and middle-income families. *The Washington Post* called the reports a “key turning point” in the tax reform debate that “had the effect of touching a spark to kindling” and “helped to raise public ire against corporate tax evaders.” *The Wall Street Journal* said that the studies “helped propel the tax-overhaul effort,” and the Associated Press reported that they “assured that something would be done . . . to make profitable companies pay their share.”

This new report provides a detailed examination of what has happened to corporate taxation in recent years. We hope that it will prove as useful to policymakers and the public as our corporate tax studies in the 1980s.

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INTRODUCTION

In December of 2013, Oregon Governor John Kitzhaber announced that he had negotiated a deal with the computer-chip-maker Intel that would guarantee the company access to a valuable income tax break, the “single sales factor,” for the next thirty years—even if the legislature repealed it for every other company. What makes this decision remarkable is that Kitzhaber was so eager to slash Intel’s taxes in the future without knowing whether Intel actually pays a meaningful amount of corporate income tax to begin with. But Kitzhaber’s move, sadly, reflects the dilemma facing many state policymakers today: lawmakers nationwide are being asked to cut corporate taxes, either through rate cuts or company-specific tax breaks, for firms that may be paying very little in income taxes to begin with. Was Governor Kitzhaber taken for a ride? Are other big corporations paying state income taxes on their unprecedented profits? 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 these questions—and to identify strategies for ensuring that state corporate income taxes will continue to play an important role in state tax systems going forward.

This report is the second in a series of two new comprehensive studies jointly authored by Citizens for Tax Justice and the Institute on Taxation and Economic Policy that look at the taxes paid by the most consistently profitable Fortune 500 corporations over the past five years. In February of 2014, we released *The Sorry State of Corporate Taxes*, showing that many Fortune 500 corporations have been able to sharply reduce their federal income tax bills, often reducing them to zero—or less—in years when they were quite profitable. Here, we take a hard look at what many of these same corporations paid in state income taxes nationwide over those five years.

Of the 288 profitable Fortune 500 corporations included in our federal study, 269 fully disclosed their state and local income tax payments.¹ Here are some of the key facts that these companies’ annual reports reveal:

- Between 2008 and 2012, these 269 companies paid state income taxes equal to less than 3.1 percent of their U.S. profits. Since the average statutory state corporate tax rate is about 6.25 percent (weighted by gross state product), that means that over this period, more than half of their profits escaped state taxes entirely.

State Corporate Income Taxes Paid and Avoided by 269 Major Corporations, 2008–2012

\$-billions	Pretax Profits	Tax Due at 6.25%	Actual Tax Paid	Taxes Avoided
2008	\$ 415.4	\$ 26.0	\$ 12.7	\$ 13.2
2009	395.3	24.7	11.6	13.1
2010	452.8	28.3	14.3	14.0
2011	504.2	31.5	14.6	16.9
2012	525.6	32.9	17.0	15.9
Five years	\$ 2,293.3	\$ 143.3	\$ 70.2	\$ 73.1

¹A full methodology for the report is on page 46.

- If these 269 corporations had paid the 6.25 percent average state corporate tax rate on the \$2.3 trillion in U.S. profits that they reported to their shareholders, they would have paid \$143 billion in state corporate income taxes over the 2008-12 period. Instead, they paid only \$70.2 billion. Thus, these 269 companies avoided a total of \$73.1 billion in state corporate income taxes over the five years.
- 90 of the 269 companies managed to pay no state income tax at all in at least one year from 2008 through 2012, despite telling their shareholders they made \$169 billion in pretax U.S. profits in those no-tax years. Thirty-seven of these companies enjoyed multiple no-tax years.
- Eight companies, including Dupont, International Paper, and Tenet Healthcare, paid no net state income tax in at least three years during this five-year period.
- And ten companies, including Boeing, Merck, and Rockwell Automation, managed to pay zero or less in state income tax during the five-year period taken as a whole.
- In 2012 alone, 25 companies paid no state income tax. Another 127 of the companies paid less than half the weighted-average statutory state corporate tax rate that year, meaning that more than half of the companies in our sample paid less than half the average legal state tax rate in that year.

This report comes at a time when lawmakers in a number of states (including Louisiana, Nebraska, and North Carolina) have seriously considered outright repeal of the state corporate income tax, and when several other states (including Idaho, Indiana, New York, and North Dakota) have moved to cut their corporate tax rates. But the report's findings suggest that the first step in true corporate tax reform should be ensuring that the very biggest and most profitable corporations are paying something resembling the legal tax rate. When these large companies are able to dodge all state income taxes on their U.S. profits, the inevitable impact is a tax shift away from big corporations and onto everyone else, including small businesses and middle-income families. Creating a level playing field between large businesses and “mom and pop” businesses should be a priority for state policymakers—but that is best done by repealing harmful tax giveaways, not by repealing the corporate tax outright.

Note on interpreting the findings of this report

The companies in our survey typically 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. Instead, what we know is how much these companies have paid to all states in which they do business. The tables at the end of this report sort the tax data for all 269 companies not only alphabetically and by tax rates, but also by the location of each company's headquarters. On the pages that follow, we give details about the 90 firms that paid no state income tax in at least one year from 2008 through 2012.

90 Companies Paying No State Income Tax in at Least One Year, 2008-2012

Company (\$-millions)	In No-State Income Tax Years			# of No-Tax Years	Company (\$-millions)	In No-State Income Tax Years			# of No-Tax Years
	Profit	Tax	Rate			Profit	Tax	Rate	
Apache	\$ 7,578	\$ -2	-0.0%	5	Core-Mark Holding	69	-2	-2.8%	1
Pepco Holdings	1,220	-142	-11.6%	4	CenturyLink	557	-15	-2.7%	1
Rockwell Automation	1,044	-19	-1.8%	4	Kindred Healthcare	43	-1	-2.4%	1
DuPont	2,972	-23	-0.8%	4	PG&E Corp.	1,694	-41	-2.4%	1
Tenet Healthcare	345	-15	-4.3%	3	Telephone & Data Systems	236	-5	-2.3%	1
International Paper	1,425	-40	-2.8%	3	Southern	3,066	-54	-1.8%	1
American Electric Power	5,802	-97	-1.7%	3	Insight Enterprises	15	-0	-1.6%	1
Sempra Energy	1,834	-12	-0.7%	3	Wells Fargo	21,460	-337	-1.6%	1
Levi Strauss	197	-35	-17.6%	2	Darden Restaurants	508	-8	-1.5%	1
R.R. Donnelley & Sons	279	-21	-7.5%	2	Scana	522	-6	-1.1%	1
Paccar	175	-12	-7.0%	2	Andersons	43	-0	-1.1%	1
Merck	6,190	-324	-5.2%	2	DISH Network	964	-10	-1.0%	1
Allegheny Technologies	145	-7	-5.0%	2	American Express	3,204	-32	-1.0%	1
Entergy	3,137	-150	-4.8%	2	PNC Financial Services Group	3,529	-33	-0.9%	1
MetroPCS Communications	871	-26	-2.9%	2	Progress Energy	1,406	-13	-0.9%	1
Health Management Associates	595	-17	-2.8%	2	Consolidated Edison	1,319	-12	-0.9%	1
Northeast Utilities	1,176	-33	-2.8%	2	AT&T	5,663	-51	-0.9%	1
Integrus Energy Group	511	-14	-2.7%	2	Verizon Communications	4,853	-42	-0.9%	1
Eli Lilly	2,621	-68	-2.6%	2	Qualcomm	3,525	-28	-0.8%	1
NiSource	863	-17	-1.9%	2	Best Buy	410	-3	-0.7%	1
Boeing	9,393	-159	-1.7%	2	Monsanto	1,203	-8	-0.7%	1
Health Net	179	-2	-1.4%	2	Texas Instruments	319	-2	-0.6%	1
Dover	1,283	-18	-1.4%	2	Southwest Airlines	164	-1	-0.6%	1
Yahoo	981	-11	-1.1%	2	Ameren	829	-5	-0.6%	1
Frontier Communications	403	-4	-0.9%	2	Mattel	233	-1	-0.6%	1
PPL	2,709	-22	-0.8%	2	Kimberly-Clark	1,643	-7	-0.4%	1
Baxter International	734	-4	-0.5%	2	HCA Holdings	3,183	-12	-0.4%	1
Exelon	5,750	-29	-0.5%	2	H.J. Heinz	499	-1	-0.2%	1
Intel	9,346	-40	-0.4%	2	Devon Energy	1,598	-4	-0.2%	1
Yum Brands	696	-1	-0.1%	2	Windstream	505	-1	-0.2%	1
Rockwell Collins	1,627	-2	-0.1%	2	CVR Energy	271	-0	-0.2%	1
EOG Resources	1,628	-2	-0.1%	2	Public Service Enterprise Group	2,011	-2	-0.1%	1
Air Products & Chemicals	944	—	—	2	MDU Resources	572	-0	-0.0%	1
Corning	1,003	—	—	2	General Electric	4,247	-1	-0.0%	1
Facebook	2,881	—	—	2	Cigna	983	-0	-0.0%	1
FMC Technologies	189	—	—	2	Cameron International	334	—	—	1
Peabody Energy	721	—	—	2	Campbell Soup	912	—	—	1
Centene	17	-8	-45.2%	1	Con-way	165	—	—	1
NYSE Euronext	52	-15	-28.8%	1	Dominion Resources	2,153	—	—	1
HollyFrontier	10	-2	-20.4%	1	Flowserve	202	—	—	1
McKesson	766	-111	-14.5%	1	Goldman Sachs Group	4,894	—	—	1
Eastman Chemical	193	-11	-5.7%	1	Ingram Micro	13	—	—	1
Interpublic Group	130	-6	-4.7%	1	Priceline.com	86	—	—	1
Molina Healthcare	38	-2	-4.1%	1	United Technologies	2,595	—	—	1
Fluor	280	-9	-3.1%	1	Totals	\$ 168,737	\$ -2,424	-1.4%	
Comcast	5,106	-156	-3.1%	1					

THE LONG-TERM DECLINE OF STATE CORPORATE INCOME TAXES

Few state tax trends are as striking as the rapid decline of state corporate income tax revenues. As recently as 1986, state corporate income taxes equaled 0.5 percent of nationwide Gross State Product (GSP) (a measure of statewide economic activity). But in fiscal year 2011 (the last year for which data are available), state and local corporate income taxes were just 0.33 percent of nationwide GSP. Even more worrisome is that as corporate profits have rebounded (and boomed) in recent years, state and local corporate taxes have not kept pace: corporate taxes as a share of nationwide corporate profits remain near the lowest point in the past quarter century.

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.

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 costly change in the for-

mula that states use to divide the profits of multistate corporations among themselves for tax purposes.² 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 seven 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.

More than half the states continue to offer investment tax credits against their corporate tax, even thirty-plus years after the federal government abandoned its investment credit because Congress and President Reagan concluded that it was ineffective in stimulating investment. 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 1990.³ 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.

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² 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.

³ See Peter Fisher, “Tax Incentives and the Disappearing State Corporate Income Tax,” State Tax Notes, Mar. 4, 2002, pp. 767-774.

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 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.⁴

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 received a lot of attention in Wisconsin.⁵ 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.

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⁴ 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.

⁵ See Paul Gores, “State Reaches 87 Deals with Banks on Tax Shelters,” Milwaukee Journal Sentinel, Dec. 1, 2004.

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 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, on pages 16-17, 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, 2010 and 2013 (the latest extension expired at the end of 2013). 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 signed by President Bush in 2008 and extended by President Barack Obama in 2009, 2010 and 2013, but fifteen states lost corporate income tax revenue due to the federal bonus depreciation laws during the years covered in this report.

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 manufac-

urers 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. Twenty-two states are now losing substantial amounts of corporate tax revenue due to this misguided federal tax break.⁶

The QPAI deduction is one major factor reducing state corporate tax rates over the past five 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 three of the five 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 carry-back**” 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, in accordance with 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.⁷

Of course, if the perpetual rumblings about federal corporate tax reform develop into viable legislation in Congress, 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 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.

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⁶See Institute on Taxation and Economic Policy, “*The QPAI Corporate Tax Break: How it Works and How States can Respond*,” 2001, <http://www.itep.org/pdf/pb33qpai.pdf>

⁷See 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.

Combined Reporting

The single most important corporate tax reform available to states is to adopt a practice used by 24 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.⁸ As the visibility of corporate “income shifting” scams has increased in recent years, support for this reform has grown nationwide: in the past decade, seven states have enacted combined reporting.

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 Oregon, 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. Almost all of the other states with combined reporting could productively enact a similar change.

“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.⁹

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⁸ 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.

⁹ 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.

Alternative Corporate Taxes

States can consider adopting some form of alternative minimum tax (AMT) 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 beyond the state's \$10 minimum tax.¹⁰ (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.

REPEAL CORPORATE INCOME TAXES?

Policymakers in a number of states have contemplated repealing state corporate income taxes in recent years. The governors of Louisiana and Nebraska made repeal the centerpiece of their (largely unsuccessful) tax agendas in 2013. But the recent experience of Michigan, which repealed its corporate tax decades ago and recently re-introduced a corporate income tax, suggests that states will find it difficult to structure a sustainable replacement for the corporate tax. Our 2011 *ITEP Guide to Fair State and Local Taxes* discusses the strong arguments for preserving, rather than repealing the corporate tax.

Another state that repealed its limited corporate tax in the last decade, Texas, has found that neither the revenue yield nor the popularity of its new gross receipts tax have lived up to expectations. The result has been a series of funding crises for vital Texas public investments.

¹⁰ See "New Data Show Thousands of Profitable Corporations Pay No Oregon Income Taxes Except the \$10 Minimum," Oregon Center for Public Policy, February 23, 2009. <http://www.ocpp.org/2009/02/23/new-data-show-thousands-profitable-corporations/>

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. Each of these six states could make their tax systems fairer and more sustainable by enacting a general tax on corporate profits.

Stop Providing State Corporate Tax Subsidies

When you find yourself in a hole, the first thing you need to do is stop 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 coordinate 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 return to a more 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 comprehensive company-specific information on the wide array of corporate tax breaks allowed by the tax laws.

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 financial reports that all publicly traded companies must file with the Securities and Exchange Commission (SEC) each year include information on the nationwide 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 and the major factors determining that liability (or lack thereof). Studies 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 in determining 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.

Happily, as the tax-subsidy watchdog group Good Jobs First has documented, a number of states have opened the door to corporate tax disclosure by requiring disclosure of a limited number of tax breaks

claimed by specific companies. In dozens of states, companies claiming specific tax breaks must disclose how much they received, and how many jobs they have created in exchange for these tax breaks. 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.

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 Congress seems at least somewhat aware of the impact federal laws can have on state corporate taxes. The bad news is that leading tax writers in the U.S. House of Representatives appear ready to use this knowledge to hamstring state corporate taxes rather than enabling them. In August of 2013, Representative James Sensenbrenner re-introduced 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. An earlier version of this bill was approved by the House Judiciary Committee in 2011.

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 problematic 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 be unable to tax the business under BATSA.

Under BATSA, 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.

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 decade), virtually none of the states have fully exercised this ability.

CONCLUSION

The data in this report show in stark terms just how successful large, multistate and multinational 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, have used heavy lobbying and even threats to extract further tax breaks, and have often persuaded state elected officials to become their facilitators, too. As a result, individual taxpayers and purely in-state (usually smaller) businesses are paying a heavy price, in the form of higher taxes, reduced public services and unfair competition.

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 2014

✓ Reform Option Available in State	Decouple from Federal Tax Breaks		State Loophole-Closing Strategies					Other Available Reforms				✓ Reform Option Available in State	
	Qualified Production (QPAI)	NOL Carryback	Combined Reporting	Tax Havens in Combined Report	Throwback Rule	Three-factor formula	Economic Nexus	Substantial Minimum Tax	Corporate Disclosure	Tax Expenditure Estimates	Enact Corporate Income Tax		
Alabama	✓	Enacted	Enacted	✓	Enacted	✓	✓	✓	✓	✓			Alabama
Alaska	✓	✓	Enacted	Enacted	Enacted	Enacted	✓	Enacted	✓	✓	Enacted		Alaska
Arizona	✓	Enacted	Enacted	✓	✓	✓	✓	✓	✓	Enacted	Enacted		Arizona
Arkansas	Enacted	Enacted	✓	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted		Arkansas
California	Enacted	Enacted	Enacted	✓	Enacted	✓	✓	Enacted	✓	Enacted	Enacted		California
Colorado	✓	Enacted	Enacted	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted		Colorado
Connecticut	Enacted	Enacted	✓	✓	✓	✓	✓	Enacted	✓	Enacted	Enacted		Connecticut
Delaware	✓	✓	✓	✓	✓	Enacted	✓	✓	✓	Enacted	Enacted		Delaware
Dist. of Col.	Enacted	Enacted	Enacted	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted		Dist. of Col.
Florida	✓	Enacted	✓	✓	✓	✓	✓	Enacted	✓	Enacted	Enacted		Florida
Georgia	Enacted	✓	✓	✓	✓	✓	✓	✓	✓	Enacted	Enacted		Georgia
Hawaii	Enacted	✓	Enacted	✓	Enacted	Enacted	✓	✓	✓	✓	Enacted		Hawaii
Idaho	✓	✓	Enacted	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted		Idaho
Illinois	Enacted	Enacted	Enacted	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted		Illinois
Indiana	Enacted	✓	✓	✓	Enacted	✓	✓	✓	✓	✓	Enacted		Indiana
Iowa	✓	Enacted	✓	✓	✓	✓	✓	Enacted	✓	Enacted	Enacted		Iowa
Kansas	✓	✓	Enacted	✓	Enacted	Enacted	✓	✓	✓	Enacted	Enacted		Kansas
Kentucky	✓	Enacted	✓	✓	✓	✓	✓	Enacted	✓	Enacted	Enacted		Kentucky
Louisiana	✓	✓	✓	✓	✓	✓	✓	✓	✓	Enacted	Enacted		Louisiana
Maine	Enacted	Enacted	Enacted	✓	Enacted	✓	✓	Enacted	✓	Enacted	Enacted		Maine
Maryland	Enacted	✓	✓	✓	✓	✓	✓	✓	✓	Enacted	Enacted		Maryland
Massachusetts	Enacted	Enacted	Enacted	✓	✓	✓	✓	Enacted	✓	Enacted	Enacted		Massachusetts
Michigan	Enacted	Enacted	Enacted	✓	✓	✓	✓	✓	✓	Enacted	Enacted		Michigan
Minnesota	Enacted	Enacted	Enacted	✓	✓	✓	✓	Enacted	✓	Enacted	Enacted		Minnesota
Mississippi	Enacted	✓	✓	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted		Mississippi
Missouri	✓	✓	✓	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted		Missouri
Montana	✓	✓	Enacted		Enacted		✓	✓	✓	Enacted	Enacted		Montana

✓ Reform Option Available in State	Decouple from Federal Tax Breaks		State Loophole-Closing Strategies					Other Available Reforms				✓ Reform Option Available in State
	Qualified Production (QPAI)	NOL Carryback	Combined Reporting	Tax Havens in Combined Report	Throwback Rule	Three-factor formula	Economic Nexus	Substantial Minimum Tax	Corporate Disclosure	Tax Expenditure Estimates	Enact Corporate Income Tax	
	✓	Enacted	Enacted	✓	✓	✓	✓	✓	✓	Enacted	Enacted	Nebraska
			No Corporate Income Tax				No Corporate Income Tax				✓	Nevada
	Enacted	Enacted	Enacted	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted	New Hampshire
	✓	Enacted	✓	✓	✓	✓	✓	Enacted	✓	Enacted	Enacted	New Jersey
	✓	Enacted	Partially Enacted	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted	New Mexico
	Enacted	✓	Enacted	✓	✓	✓	✓	Enacted	✓	Enacted	Enacted	New York
	Enacted	Enacted	✓	✓	✓	✓	✓	✓	✓	Enacted	Enacted	North Carolina
	Enacted	Enacted	Enacted	✓	Enacted	Enacted	✓	✓	✓	✓	Enacted	North Dakota
			No Corporate Income Tax				No Corporate Income Tax				✓	Ohio
	✓	✓	✓	✓	Enacted	Enacted	✓	✓	✓	Enacted	Enacted	Oklahoma
	Enacted	Enacted	Enacted		Enacted	✓	✓	Enacted	✓	Enacted	Enacted	Oregon
	✓	Enacted	✓	✓	✓	✓	✓	✓	✓	Enacted	Enacted	Pennsylvania
	✓	Enacted	✓	✓	Enacted	✓	✓	Enacted	✓	✓	Enacted	Rhode Island
	Enacted	Enacted	✓	✓	✓	✓	✓	✓	✓	✓	Enacted	South Carolina
			No Corporate Income Tax				No Corporate Income Tax				✓	South Dakota
	Enacted	Enacted	✓	✓	✓	✓	✓	✓	✓	Enacted	Enacted	Tennessee
			No Corporate Income Tax				No Corporate Income Tax				✓	Texas
	✓	✓	Enacted	✓	Enacted	✓	✓	✓	✓	✓	Enacted	Utah
	✓	Enacted	Enacted	✓	Enacted	✓	✓	Enacted	✓	Enacted	Enacted	Vermont
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Enacted	Virginia
			No Corporate Income Tax				No Corporate Income Tax				✓	Washington
	Enacted	✓	Enacted	Enacted	Enacted	✓	✓	✓	✓	Enacted	Enacted	West Virginia
	Enacted	Enacted	Enacted	✓	Enacted	✓	✓	✓	✓	Enacted	Enacted	Wisconsin
			No Corporate Income Tax				No Corporate Income Tax				✓	Wyoming
Total # of states	22	17	20	41	20	38	45	31	45	9	6	Total # of states

Sources: Center on Budget and Policy Priorities (QPAI, Throwback rule), Commerce Clearinghouse State Tax Guide (NOL carrybacks), RIA All States Tax Handbook 2012 (Three factor formula, Minimum tax), Virginia Joint Legislative Audit and Review Commission (Economic Nexus), ITEP tabulation and tracking (Combined Reporting and Tax Expenditure Reporting)

State Income Taxes for 269 Major Corporations, 2008–2012, by 5-Year Tax Rate (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Pepco Holdings	441	-39	-8.8%	385	4	1.0%	779	-103	-13.2%	1,605	-138	-8.6%
Levi Strauss	83	-35	-41.8%	114	-0	-0.0%	409	11	2.6%	607	-24	-4.0%
Rockwell Automation	470	—	—	364	-2	-0.5%	670	-14	-2.0%	1,503	-16	-1.0%
International Paper	478	11	2.3%	874	-19	-2.2%	1,456	-14	-1.0%	2,808	-22	-0.8%
Merck	4,486	-242	-5.4%	2,712	52	1.9%	12,962	48	0.4%	20,160	-142	-0.7%
MetroPCS Communications	607	-4	-0.6%	480	4	0.8%	855	-13	-1.5%	1,943	-13	-0.7%
American Electric Power	1,822	35	1.9%	2,367	37	1.6%	5,802	-97	-1.7%	9,991	-25	-0.3%
DuPont	652	16	2.5%	860	-11	-1.3%	2,112	-12	-0.6%	3,624	-7	-0.2%
Apache	1,605	—	—	2,373	—	—	3,600	-2	-0.1%	7,578	-2	-0.0%
Boeing	5,647	11	0.2%	5,083	-22	-0.4%	9,742	10	0.1%	20,472	-1	-0.0%
Rockwell Collins	793	1	0.2%	778	2	0.2%	2,426	2	0.1%	3,997	5	0.1%
EOG Resources	2,159	11	0.5%	2,559	1	0.0%	4,824	3	0.1%	9,542	15	0.2%
Intel	10,042	27	0.3%	14,659	98	0.7%	23,272	-0	-0.0%	47,973	125	0.3%
Texas Instruments	319	-2	-0.6%	1,791	3	0.1%	6,893	24	0.4%	9,003	25	0.3%
Corning	498	3	0.6%	972	6	0.6%	1,978	1	0.1%	3,448	10	0.3%
McKesson	1,167	14	1.2%	1,439	52	3.6%	3,454	-46	-1.3%	6,060	20	0.3%
NiSource	626	6	0.9%	467	-1	-0.2%	1,389	4	0.3%	2,482	9	0.4%
Integrys Energy Group	444	0	0.1%	367	6	1.6%	819	0	0.0%	1,629	6	0.4%
Cliffs Natural Resources	839	5	0.6%	1,370	2	0.1%	1,295	8	0.6%	3,503	15	0.4%
Ameren	924	3	0.3%	829	-5	-0.6%	2,760	23	0.8%	4,513	21	0.5%
Devon Energy	1,598	-4	-0.2%	3,477	18	0.5%	8,738	50	0.6%	13,813	64	0.5%
Eli Lilly	2,540	56	2.2%	2,464	-23	-0.9%	5,094	28	0.5%	10,098	61	0.6%
Mattel	468	2	0.5%	473	1	0.2%	1,029	10	0.9%	1,970	13	0.7%
Dover	701	-4	-0.6%	583	-14	-2.3%	1,256	35	2.8%	2,539	17	0.7%
FMC Technologies	126	—	—	133	2	1.4%	198	2	0.8%	457	3	0.7%
PPL	994	-2	-0.2%	1,715	-20	-1.2%	2,169	59	2.7%	4,878	37	0.8%
Scana	602	10	1.7%	555	10	1.8%	1,590	1	0.1%	2,747	21	0.8%
Peabody Energy	1,049	11	1.0%	816	11	1.3%	1,002	2	0.2%	2,867	23	0.8%
Tenet Healthcare	321	11	3.4%	150	-6	-4.0%	390	2	0.5%	861	7	0.8%
PNC Financial Services Group	3,677	29	0.8%	3,529	-33	-0.9%	10,143	147	1.5%	17,349	143	0.8%
American Financial Group	456	6	1.3%	568	4	0.7%	1,833	14	0.8%	2,857	24	0.8%
Cameron International	746	7	1.0%	590	4	0.6%	924	8	0.9%	2,260	19	0.9%
MasterCard	2,484	16	0.6%	1,882	28	1.5%	2,794	18	0.7%	7,160	62	0.9%

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Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Facebook	1,062	—	—	1,819	—	—	1,027	37	3.6%	3,908	37	0.9%
Darden Restaurants	509	9	1.8%	621	11	1.8%	1,674	7	0.4%	2,805	27	1.0%
MDU Resources	345	1	0.2%	333	1	0.2%	1,301	18	1.4%	1,979	20	1.0%
Loews	1,406	19	1.4%	1,317	10	0.8%	4,988	49	1.0%	7,711	78	1.0%
Tech Data	109	2	1.6%	133	1	1.0%	316	3	0.9%	558	6	1.0%
Oneok	572	2	0.3%	584	2	0.3%	1,567	25	1.6%	2,723	28	1.0%
Yum Brands	504	18	3.6%	266	—	—	1,070	3	0.3%	1,840	21	1.1%
Monsanto	1,947	40	2.1%	1,540	37	2.4%	4,962	21	0.4%	8,449	98	1.2%
Cigna	2,194	40	1.8%	1,706	18	1.1%	3,869	34	0.9%	7,769	93	1.2%
Southern	3,749	61	1.6%	3,487	8	0.2%	8,392	118	1.4%	15,628	187	1.2%
Molina Healthcare	19	1	3.5%	123	1	1.1%	222	2	1.1%	364	4	1.2%
NextEra Energy	2,603	14	0.5%	2,452	11	0.4%	6,520	117	1.8%	11,575	142	1.2%
Duke Energy	1,827	35	1.9%	1,780	21	1.2%	5,534	59	1.1%	9,141	115	1.3%
Biogen Idec	1,397	26	1.9%	1,376	6	0.5%	2,897	39	1.4%	5,670	72	1.3%
Spectra Energy	805	5	0.6%	951	9	0.9%	2,614	42	1.6%	4,370	56	1.3%
Becton Dickinson	605	7	1.2%	908	17	1.9%	2,582	28	1.1%	4,095	53	1.3%
Insight Enterprises	100	2	2.1%	87	1	0.9%	126	1	0.9%	314	4	1.3%
Archer Daniels Midland	611	9	1.5%	1,035	21	2.0%	4,820	56	1.2%	6,466	86	1.3%
Sempra Energy	398	−6	−1.5%	975	−3	−0.3%	2,724	65	2.4%	4,097	56	1.4%
Harley-Davidson	935	2	0.2%	789	11	1.4%	1,600	33	2.0%	3,324	46	1.4%
Williams	891	17	1.9%	751	13	1.7%	3,294	38	1.2%	4,937	68	1.4%
Alliant Techsystems	392	8	2.0%	403	7	1.8%	1,276	14	1.1%	2,071	29	1.4%
Praxair	880	10	1.1%	762	21	2.7%	1,752	17	1.0%	3,394	47	1.4%
Honeywell International	1,761	0	0.0%	318	6	1.8%	4,996	93	1.9%	7,075	99	1.4%
Progress Energy	264	1	0.4%	910	29	3.2%	3,816	40	1.0%	4,990	70	1.4%
WellPoint	3,941	91	2.3%	4,047	14	0.4%	14,879	232	1.6%	22,867	337	1.5%
3M	2,902	64	2.2%	2,511	42	1.7%	7,368	85	1.2%	12,781	191	1.5%
Xcel Energy	1,355	31	2.3%	1,310	10	0.8%	3,230	48	1.5%	5,895	90	1.5%
Airgas	520	7	1.4%	483	10	2.0%	1,126	17	1.5%	2,129	34	1.6%
H.J. Heinz	378	13	3.4%	312	11	3.4%	1,599	13	0.8%	2,290	36	1.6%
Allegheny Technologies	189	9	4.9%	281	8	2.9%	960	7	0.7%	1,429	24	1.7%
General Electric	8,032	129	1.6%	9,402	246	2.6%	10,560	100	0.9%	27,993	475	1.7%
Occidental Petroleum	3,848	7	0.2%	4,806	86	1.8%	11,309	251	2.2%	19,963	343	1.7%

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Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Eastman Chemical	651	14	2.2%	816	16	2.0%	1,087	14	1.3%	2,554	44	1.7%
Con-way	165	—	—	140	4	2.9%	293	6	2.2%	597	10	1.7%
Flowserve	221	2	0.7%	248	6	2.3%	474	9	2.0%	942	16	1.7%
Rock-Tenn	375	6	1.5%	164	1	0.3%	669	15	2.2%	1,208	21	1.8%
CenturyLink	1,235	15	1.2%	1,017	25	2.5%	2,947	51	1.7%	5,199	91	1.8%
Group 1 Automotive	153	3	2.3%	128	3	2.0%	197	2	1.3%	478	8	1.8%
Coca-Cola	3,526	49	1.4%	3,010	52	1.7%	12,034	227	1.9%	18,570	328	1.8%
Health Management Associates	359	14	3.8%	371	−16	−4.4%	806	30	3.7%	1,536	28	1.8%
Northeast Utilities	808	16	2.0%	571	−26	−4.6%	1,492	62	4.1%	2,872	52	1.8%
Kellogg	1,008	33	3.3%	1,267	24	1.9%	3,508	48	1.4%	5,783	105	1.8%
Core-Mark Holding	53	2	4.4%	45	3	7.3%	131	−1	−1.0%	229	4	1.9%
DISH Network	964	−10	−1.0%	2,439	28	1.1%	4,710	135	2.9%	8,112	153	1.9%
Aetna	2,545	40	1.6%	3,078	94	3.1%	6,720	100	1.5%	12,343	234	1.9%
HCA Holdings	3,047	58	1.9%	3,183	−12	−0.4%	4,453	157	3.5%	10,683	203	1.9%
Consolidated Edison	1,741	29	1.7%	1,662	56	3.4%	4,327	64	1.5%	7,730	149	1.9%
Ingram Micro	156	1	0.9%	129	3	2.6%	192	4	2.3%	477	9	1.9%
CenterPoint Energy	1,009	12	1.2%	1,174	24	2.0%	1,976	45	2.3%	4,159	81	1.9%
Telephone & Data Systems	155	6	3.6%	314	6	1.8%	1,103	19	1.8%	1,572	31	2.0%
UnitedHealth Group	8,622	150	1.7%	7,959	150	1.9%	17,987	381	2.1%	34,568	681	2.0%
Entergy	1,254	−42	−3.3%	1,653	153	9.2%	5,613	57	1.0%	8,520	168	2.0%
Norfolk Southern	2,758	67	2.4%	2,918	35	1.2%	6,739	144	2.1%	12,415	245	2.0%
Air Products & Chemicals	519	4	0.8%	626	12	1.9%	1,318	33	2.5%	2,462	49	2.0%
R.R. Donnelley & Sons	184	10	5.7%	111	−20	−17.6%	1,045	36	3.4%	1,341	27	2.0%
American Express	5,549	181	3.3%	5,798	146	2.5%	10,432	112	1.1%	21,779	439	2.0%
Fifth Third Bancorp	1,809	38	2.1%	1,082	14	1.3%	2,012	47	2.3%	4,903	99	2.0%
Raytheon	2,705	75	2.8%	2,614	10	0.4%	8,051	186	2.3%	13,369	270	2.0%
Wells Fargo	26,670	1,159	4.3%	20,242	454	2.2%	49,714	344	0.7%	96,626	1,957	2.0%
BB&T Corp.	2,547	67	2.6%	1,150	26	2.3%	6,810	122	1.8%	10,507	215	2.0%
United Technologies	2,595	—	—	3,293	85	2.6%	8,138	203	2.5%	14,026	288	2.1%
Wesco International	256	4	1.6%	261	5	1.8%	661	15	2.3%	1,178	24	2.1%
Twenty-First Century Fox	7,988	93	1.2%	5,274	36	0.7%	8,475	318	3.8%	21,737	447	2.1%
Union Pacific	6,318	136	2.1%	5,264	110	2.1%	11,058	222	2.0%	22,640	467	2.1%
Macy's	2,102	64	3.0%	1,968	40	2.0%	2,271	28	1.2%	6,341	132	2.1%

State Income Taxes for 269 Major Corporations, 2008–2012, by 5-Year Tax Rate (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Kimberly-Clark	1,415	21	1.5%	1,317	29	2.2%	4,513	102	2.3%	7,245	153	2.1%
Frontier Communications	212	-1	-0.5%	238	14	6.0%	748	12	1.6%	1,198	25	2.1%
Time Warner	4,435	109	2.4%	4,270	59	1.4%	8,822	212	2.4%	17,528	380	2.2%
Community Health Systems	424	9	2.2%	398	7	1.7%	1,147	27	2.3%	1,969	43	2.2%
Joy Global	724	13	1.8%	532	5	0.9%	1,144	35	3.0%	2,400	52	2.2%
Casey's General Stores	175	4	2.4%	184	2	1.2%	472	12	2.5%	831	18	2.2%
Omnicom Group	622	25	4.1%	526	9	1.7%	1,773	30	1.7%	2,921	64	2.2%
Campbell Soup	922	28	3.0%	944	25	2.7%	2,939	53	1.8%	4,805	106	2.2%
Qualcomm	3,525	-28	-0.8%	2,984	25	0.8%	4,341	247	5.7%	10,850	244	2.3%
Halliburton	2,826	47	1.7%	4,040	109	2.7%	5,181	116	2.2%	12,047	272	2.3%
J.B. Hunt Transport Services	505	18	3.5%	416	5	1.3%	866	18	2.0%	1,786	41	2.3%
Atmos Energy	290	7	2.4%	313	7	2.1%	919	22	2.4%	1,522	35	2.3%
CVR Energy	604	25	4.2%	555	8	1.4%	397	4	0.9%	1,557	37	2.4%
ConAgra Foods	1,071	25	2.4%	493	22	4.5%	3,089	64	2.1%	4,652	112	2.4%
AutoZone	1,453	36	2.5%	1,324	33	2.5%	3,202	74	2.3%	5,979	144	2.4%
Precision Castparts	1,816	36	2.0%	1,583	44	2.8%	3,920	97	2.5%	7,319	177	2.4%
Southwest Airlines	685	12	1.8%	323	13	4.0%	1,187	28	2.4%	2,195	53	2.4%
J.M. Smucker	792	20	2.5%	706	23	3.2%	1,820	38	2.1%	3,318	81	2.4%
CSX	2,964	60	2.0%	2,888	98	3.4%	6,624	147	2.2%	12,476	305	2.4%
FirstEnergy	1,323	28	2.1%	1,459	19	1.3%	4,636	135	2.9%	7,418	182	2.5%
Exelon	1,798	-25	-1.4%	3,952	-3	-0.1%	12,674	482	3.8%	18,424	454	2.5%
AT&T	9,348	640	6.8%	5,663	-51	-0.9%	53,994	1,124	2.1%	69,005	1,712	2.5%
Ross Stores	1,265	26	2.1%	1,053	28	2.6%	2,111	56	2.7%	4,429	110	2.5%
Centene	17	-8	-45.2%	178	4	2.5%	422	18	4.4%	617	15	2.5%
Paccar	787	31	3.9%	607	20	3.2%	361	-6	-1.6%	1,755	44	2.5%
International Business Machines	9,668	134	1.4%	9,716	429	4.4%	27,088	615	2.3%	46,472	1,178	2.5%
Emerson Electric	1,985	61	3.1%	1,899	37	1.9%	4,228	108	2.6%	8,112	206	2.5%
Capital One Financial	5,528	154	2.8%	3,382	89	2.6%	5,072	119	2.3%	13,982	362	2.6%
Automatic Data Processing	1,792	51	2.8%	1,889	67	3.5%	5,222	114	2.2%	8,902	231	2.6%
AmerisourceBergen	1,193	28	2.3%	1,122	20	1.8%	2,571	81	3.1%	4,886	129	2.6%
Andersons	119	3	2.9%	146	6	3.8%	214	4	1.7%	479	13	2.7%
United Parcel Service	5,302	181	3.4%	5,309	120	2.3%	12,764	320	2.5%	23,376	622	2.7%
Phillips-Van Heusen	229	2	0.9%	196	7	3.6%	381	12	3.2%	806	21	2.7%

State Income Taxes for 269 Major Corporations, 2008–2012, by 5-Year Tax Rate (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Nash-Finch	45	1	2.9%	58	1	2.5%	201	6	2.8%	304	8	2.8%
Actavis	731	16	2.1%	731	8	1.1%	1,111	48	4.3%	2,573	72	2.8%
FedEx	2,510	82	3.3%	2,783	77	2.8%	4,358	111	2.5%	9,651	270	2.8%
Target	4,609	135	2.9%	4,456	74	1.7%	11,903	378	3.2%	20,968	587	2.8%
Danaher	1,341	39	2.9%	1,220	42	3.4%	2,408	60	2.5%	4,970	140	2.8%
DirecTV	3,442	108	3.1%	3,044	103	3.4%	6,236	151	2.4%	12,722	361	2.8%
Time Warner Cable	3,332	106	3.2%	2,460	80	3.2%	6,450	166	2.6%	12,242	351	2.9%
DTE Energy	960	49	5.1%	987	22	2.2%	2,551	60	2.4%	4,498	131	2.9%
PepsiCo	3,117	132	4.2%	4,052	112	2.8%	11,599	304	2.6%	18,768	547	2.9%
Ryder System	242	11	4.7%	223	7	3.4%	641	14	2.1%	1,105	32	2.9%
Advance Auto Parts	609	16	2.6%	630	21	3.3%	1,367	39	2.9%	2,605	76	2.9%
GameStop	547	24	4.4%	552	21	3.7%	1,596	35	2.2%	2,695	80	3.0%
Bemis	230	5	2.3%	189	1	0.3%	551	23	4.2%	969	29	3.0%
General Mills	2,004	40	2.0%	1,875	52	2.8%	5,922	202	3.4%	9,801	293	3.0%
St. Jude Medical	341	16	4.6%	536	12	2.2%	1,644	49	3.0%	2,520	76	3.0%
Limited Brands	1,280	47	3.7%	1,264	38	3.0%	2,314	64	2.8%	4,858	149	3.1%
AECOM Technology	92	2	2.1%	148	2	1.0%	426	17	4.0%	666	21	3.1%
Harris	658	21	3.2%	827	28	3.3%	2,260	68	3.0%	3,744	116	3.1%
Thermo Fisher Scientific	909	13	1.4%	806	12	1.5%	2,073	92	4.5%	3,787	117	3.1%
Procter & Gamble	8,462	279	3.3%	8,139	246	3.0%	25,760	790	3.1%	42,361	1,315	3.1%
Humana	1,911	57	3.0%	2,235	59	2.7%	4,344	147	3.4%	8,490	264	3.1%
Kroger	2,302	46	2.0%	844	42	5.0%	5,421	179	3.3%	8,567	267	3.1%
Parker Hannifin	654	8	1.2%	810	28	3.4%	1,427	55	3.8%	2,891	90	3.1%
O'Reilly Automotive	942	29	3.1%	816	22	2.6%	1,489	51	3.4%	3,246	102	3.1%
Deere	3,600	114	3.2%	2,618	132	5.0%	4,711	101	2.1%	10,929	347	3.2%
Clorox	731	21	2.9%	655	10	1.6%	1,887	73	3.9%	3,273	104	3.2%
Priceline.com	95	11	11.9%	145	6	4.2%	336	1	0.4%	576	19	3.2%
CBS	2,236	58	2.6%	1,875	40	2.1%	2,947	131	4.5%	7,058	229	3.2%
Sherwin-Williams	907	28	3.0%	742	28	3.8%	2,015	63	3.1%	3,664	119	3.2%
United Stationers	178	7	3.7%	166	2	0.9%	507	20	3.9%	851	28	3.3%
Walgreen	3,376	120	3.6%	4,294	147	3.4%	9,967	314	3.2%	17,637	581	3.3%
Verizon Communications	4,934	114	2.3%	6,930	290	4.2%	26,316	866	3.3%	38,180	1,270	3.3%
Windstream	269	13	4.9%	274	23	8.6%	1,769	40	2.3%	2,311	77	3.3%

State Income Taxes for 269 Major Corporations, 2008–2012, by 5-Year Tax Rate (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Consol Energy	407	7	1.8%	783	33	4.2%	1,900	63	3.3%	3,090	103	3.3%
Health Net	32	-2	-7.1%	179	14	8.1%	596	15	2.5%	806	27	3.3%
Viacom	2,984	111	3.7%	2,749	51	1.8%	5,051	201	4.0%	10,784	362	3.4%
Arrow Electronics	442	21	4.8%	406	18	4.4%	895	20	2.2%	1,742	59	3.4%
Fluor	280	-9	-3.1%	346	25	7.2%	1,707	64	3.8%	2,333	81	3.5%
Cardinal Health	1,480	62	4.2%	1,514	27	1.8%	3,238	129	4.0%	6,232	218	3.5%
Anixter International	161	8	4.9%	205	7	3.4%	407	12	3.0%	773	27	3.5%
Wal-Mart Stores	19,352	622	3.2%	18,685	743	4.0%	52,315	1,800	3.4%	90,352	3,165	3.5%
VF	663	16	2.5%	582	28	4.9%	1,710	59	3.4%	2,956	104	3.5%
Express Scripts	2,276	209	9.2%	2,018	38	1.9%	4,436	64	1.4%	8,729	310	3.6%
Kohl's	1,561	59	3.8%	1,859	60	3.2%	4,795	174	3.6%	8,215	293	3.6%
Hershey	980	30	3.1%	904	30	3.3%	2,078	83	4.0%	3,963	143	3.6%
Dollar General	1,493	63	4.2%	1,219	51	4.1%	1,716	47	2.7%	4,428	160	3.6%
Hormel Foods	735	25	3.4%	704	24	3.5%	1,591	63	4.0%	3,029	112	3.7%
L-3 Communications	927	20	2.2%	1,064	39	3.6%	3,740	154	4.1%	5,731	214	3.7%
Principal Financial	934	38	4.0%	921	47	5.1%	2,113	63	3.0%	3,967	148	3.7%
Mosaic	1,158	43	3.7%	1,413	61	4.3%	3,268	115	3.5%	5,839	218	3.7%
Gap	1,692	50	3.0%	1,253	35	2.8%	4,406	192	4.4%	7,351	277	3.8%
CMS Energy	620	21	3.4%	604	24	4.0%	1,344	52	3.9%	2,568	97	3.8%
Walt Disney	7,736	206	2.7%	6,990	251	3.6%	17,521	775	4.4%	32,246	1,231	3.8%
Publix Super Markets	2,303	89	3.8%	2,262	82	3.6%	5,466	215	3.9%	10,030	385	3.8%
Coventry Health Care	785	16	2.1%	699	20	2.8%	2,041	102	5.0%	3,524	138	3.9%
Interpublic Group	377	15	3.9%	418	11	2.6%	563	28	4.9%	1,358	53	3.9%
CA	924	38	4.1%	830	36	4.4%	2,083	77	3.7%	3,837	151	3.9%
Comcast	9,759	409	4.2%	7,000	351	5.0%	15,268	513	3.4%	32,027	1,273	4.0%
Big Lots	294	12	4.0%	342	16	4.8%	928	36	3.8%	1,565	64	4.1%
C.H. Robinson Worldwide	905	37	4.1%	655	26	3.9%	1,664	69	4.2%	3,224	132	4.1%
PPG Industries	662	28	4.2%	606	20	3.3%	1,339	59	4.4%	2,607	107	4.1%
Kindred Healthcare	114	9	8.0%	43	-1	-2.4%	290	10	3.6%	447	18	4.1%
Family Dollar Stores	660	35	5.2%	617	25	4.1%	1,377	51	3.7%	2,653	110	4.2%
PetSmart	581	18	3.2%	434	20	4.7%	972	44	4.5%	1,986	83	4.2%
Ball	296	11	3.8%	314	14	4.5%	855	36	4.2%	1,464	61	4.2%
Exxon Mobil	11,222	571	5.1%	11,511	445	3.9%	20,439	784	3.8%	43,172	1,800	4.2%

State Income Taxes for 269 Major Corporations, 2008–2012, by 5-Year Tax Rate (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
AutoNation	517	23	4.5%	461	17	3.8%	1,066	45	4.2%	2,045	85	4.2%
PG&E Corp.	1,067	33	3.1%	1,298	152	11.7%	4,977	122	2.5%	7,342	307	4.2%
Genuine Parts	1,023	43	4.2%	1,173	41	3.5%	2,400	110	4.6%	4,597	193	4.2%
Starbucks	1,680	51	3.0%	1,523	43	2.8%	2,219	137	6.2%	5,422	231	4.3%
Charles Schwab	1,450	28	1.9%	1,392	52	3.7%	4,403	229	5.2%	7,245	309	4.3%
U.S. Bancorp	7,668	334	4.4%	6,213	186	3.0%	14,026	675	4.8%	27,907	1,195	4.3%
CarMax	701	26	3.8%	667	29	4.3%	1,163	54	4.6%	2,531	109	4.3%
Fiserv	853	36	4.2%	697	18	2.6%	2,107	104	4.9%	3,657	158	4.3%
Reliance Steel & Aluminum	552	27	4.8%	452	22	4.9%	1,217	48	3.9%	2,221	96	4.3%
Illinois Tool Works	2,471	68	2.8%	1,452	64	4.4%	2,985	171	5.7%	6,908	303	4.4%
Best Buy	410	-3	-0.7%	1,565	61	3.9%	5,120	254	5.0%	7,095	312	4.4%
Quanta Services	377	12	3.3%	194	13	6.5%	703	31	4.4%	1,274	56	4.4%
Discover Financial Services	3,737	149	4.0%	3,499	118	3.4%	5,020	280	5.6%	12,256	547	4.5%
ConocoPhillips	4,265	231	5.4%	11,217	413	3.7%	20,024	945	4.7%	35,506	1,589	4.5%
DaVita	896	42	4.7%	821	41	5.0%	1,977	83	4.2%	3,694	166	4.5%
W.W. Grainger	982	30	3.1%	918	40	4.4%	2,213	114	5.1%	4,113	184	4.5%
Dick's Sporting Goods	490	16	3.3%	432	19	4.5%	699	37	5.3%	1,621	73	4.5%
Universal Health Services	740	39	5.3%	649	23	3.5%	1,247	58	4.6%	2,636	120	4.5%
CF Industries Holdings	2,565	125	4.9%	2,433	108	4.5%	2,116	90	4.2%	7,113	323	4.5%
Home Depot	6,677	288	4.3%	5,508	234	4.3%	11,576	562	4.9%	23,761	1,084	4.6%
Waste Management	1,175	70	6.0%	1,394	37	2.6%	4,606	222	4.8%	7,175	328	4.6%
Pitney Bowes	437	3	0.7%	418	32	7.6%	1,535	75	4.9%	2,390	109	4.6%
Nike	1,240	57	4.6%	792	31	3.9%	2,629	128	4.9%	4,661	215	4.6%
Graybar Electric	133	7	5.1%	122	6	5.2%	263	11	4.2%	519	24	4.7%
Dollar Tree	977	39	4.0%	778	37	4.8%	1,497	77	5.2%	3,252	153	4.7%
Oracle	6,614	212	3.2%	6,284	240	3.8%	14,405	833	5.8%	27,303	1,286	4.7%
Owens & Minor	193	10	5.3%	190	9	4.7%	535	24	4.5%	917	43	4.7%
Baxter International	384	51	13.2%	417	28	6.8%	973	6	0.6%	1,774	85	4.8%
Tutor Perini	51	4	6.9%	134	6	4.7%	569	26	4.6%	753	36	4.8%
HollyFrontier	2,755	131	4.8%	1,605	91	5.7%	355	6	1.6%	4,716	228	4.8%
Lowe's	3,137	155	4.9%	2,906	124	4.3%	9,559	477	5.0%	15,602	756	4.8%
Staples	1,028	44	4.2%	1,010	60	5.9%	2,530	118	4.7%	4,568	221	4.8%
Public Service Enterprise Group	2,011	-2	-0.1%	2,384	32	1.3%	7,166	536	7.5%	11,561	566	4.9%

State Income Taxes for 269 Major Corporations, 2008–2012, by 5-Year Tax Rate (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Dominion Resources	470	78	16.7%	2,153	—	—	10,179	548	5.4%	12,802	626	4.9%
Altria Group	6,461	348	5.4%	5,568	275	4.9%	15,366	720	4.7%	27,395	1,343	4.9%
Costco Wholesale	1,809	89	4.9%	1,526	70	4.6%	4,394	220	5.0%	7,729	379	4.9%
McDonald's	2,880	165	5.7%	3,203	146	4.6%	8,233	391	4.8%	14,315	702	4.9%
H&R Block	654	43	6.6%	489	21	4.4%	2,245	105	4.7%	3,387	170	5.0%
Goldman Sachs Group	6,850	606	8.8%	5,285	330	6.2%	23,162	835	3.6%	35,297	1,770	5.0%
Susser Holdings	80	2	2.9%	74	3	3.4%	37	5	13.0%	191	10	5.0%
Laboratory Corp. of America	909	34	3.7%	834	53	6.3%	2,472	127	5.2%	4,215	214	5.1%
Cablevision Systems	57	14	24.1%	423	22	5.3%	1,109	45	4.0%	1,589	81	5.1%
SAIC	159	24	15.1%	707	24	3.4%	2,351	116	4.9%	3,217	164	5.1%
Franklin Resources	1,712	53	3.1%	1,596	101	6.3%	2,912	169	5.8%	6,220	322	5.2%
McGraw-Hill	841	33	3.9%	985	38	3.8%	2,923	178	6.1%	4,749	249	5.2%
Bed Bath & Beyond	1,634	55	3.4%	1,569	74	4.7%	2,962	197	6.6%	6,165	325	5.3%
Nordstrom	1,185	62	5.2%	1,119	59	5.3%	2,335	124	5.3%	4,639	245	5.3%
Ruddick	155	12	7.9%	181	13	7.0%	472	19	3.9%	808	44	5.4%
Yahoo	5,057	356	7.0%	533	–11	–2.1%	1,707	49	2.9%	7,297	394	5.4%
Murphy Oil	230	24	10.6%	441	30	6.7%	999	37	3.7%	1,670	91	5.4%
Safeway	472	21	4.4%	500	48	9.5%	2,449	118	4.8%	3,421	186	5.4%
Sonic Automotive	141	1	0.8%	126	8	6.0%	137	13	9.8%	404	22	5.5%
TJX	2,518	151	6.0%	2,092	118	5.7%	4,577	234	5.1%	9,187	504	5.5%
Henry Schein	445	20	4.5%	381	29	7.6%	909	49	5.3%	1,734	98	5.6%
Polo Ralph Lauren	672	35	5.2%	618	44	7.1%	1,378	72	5.3%	2,668	151	5.7%
Washington Post	197	14	7.1%	208	12	5.8%	1,044	58	5.6%	1,448	84	5.8%
Synnex	189	11	5.9%	185	10	5.6%	330	20	5.9%	703	41	5.8%
UGI	240	11	4.5%	314	14	4.4%	953	66	7.0%	1,507	91	6.0%
Jacobs Engineering Group	287	23	7.9%	341	24	7.0%	1,138	62	5.4%	1,766	108	6.1%
Chevron	8,456	635	7.5%	10,222	575	5.6%	18,603	1,086	5.8%	37,281	2,296	6.2%
URS	442	36	8.1%	292	17	6.0%	1,007	54	5.4%	1,741	107	6.2%
United Natural Foods	142	9	6.0%	119	7	5.8%	290	19	6.5%	551	34	6.2%
CVS Caremark	6,323	405	6.4%	5,746	334	5.8%	17,079	1,090	6.4%	29,148	1,829	6.3%
Apollo Group	741	47	6.3%	1,231	11	0.9%	3,122	270	8.7%	5,093	328	6.4%
State Street Corp.	1,666	65	3.9%	1,306	54	4.1%	4,202	353	8.4%	7,174	472	6.6%
Visa	4,991	153	3.1%	4,378	308	7.0%	6,040	564	9.3%	15,409	1,025	6.7%

State Income Taxes for 269 Major Corporations, 2008–2012, by 5-Year Tax Rate (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Quest Diagnostics	1,014	60	5.9%	824	60	7.2%	3,355	231	6.9%	5,193	351	6.7%
Emcor Group	237	17	7.2%	195	14	7.2%	720	53	7.3%	1,152	84	7.3%
NYSE Euronext	144	8	5.6%	161	22	13.7%	399	22	5.5%	704	52	7.4%
Whole Foods Market	734	45	6.1%	531	35	6.6%	819	86	10.5%	2,085	166	8.0%
J.P. Morgan Chase & Co.	20,040	1,452	7.2%	12,291	1,028	8.4%	32,676	2,989	9.1%	65,007	5,469	8.4%
All 269 Companies	525,638	16,953	3.2%	504,186	14,646	2.9%	1,263,493	38,638	3.1%	2,293,317	70,237	3.1%

State Income Taxes for 269 Major Corporations, 2008–2012, Alphabetical (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
3M	2,902	64	2.2%	2,511	42	1.7%	7,368	85	1.2%	12,781	191	1.5%
Actavis	731	16	2.1%	731	8	1.1%	1,111	48	4.3%	2,573	72	2.8%
Advance Auto Parts	609	16	2.6%	630	21	3.3%	1,367	39	2.9%	2,605	76	2.9%
AECOM Technology	92	2	2.1%	148	2	1.0%	426	17	4.0%	666	21	3.1%
Aetna	2,545	40	1.6%	3,078	94	3.1%	6,720	100	1.5%	12,343	234	1.9%
Air Products & Chemicals	519	4	0.8%	626	12	1.9%	1,318	33	2.5%	2,462	49	2.0%
Airgas	520	7	1.4%	483	10	2.0%	1,126	17	1.5%	2,129	34	1.6%
Allegheny Technologies	189	9	4.9%	281	8	2.9%	960	7	0.7%	1,429	24	1.7%
Alliant Techsystems	392	8	2.0%	403	7	1.8%	1,276	14	1.1%	2,071	29	1.4%
Altria Group	6,461	348	5.4%	5,568	275	4.9%	15,366	720	4.7%	27,395	1,343	4.9%
Ameren	924	3	0.3%	829	-5	-0.6%	2,760	23	0.8%	4,513	21	0.5%
American Electric Power	1,822	35	1.9%	2,367	37	1.6%	5,802	-97	-1.7%	9,991	-25	-0.3%
American Express	5,549	181	3.3%	5,798	146	2.5%	10,432	112	1.1%	21,779	439	2.0%
American Financial Group	456	6	1.3%	568	4	0.7%	1,833	14	0.8%	2,857	24	0.8%
AmerisourceBergen	1,193	28	2.3%	1,122	20	1.8%	2,571	81	3.1%	4,886	129	2.6%
Andersons	119	3	2.9%	146	6	3.8%	214	4	1.7%	479	13	2.7%
Anixter International	161	8	4.9%	205	7	3.4%	407	12	3.0%	773	27	3.5%
Apache	1,605	—	—	2,373	—	—	3,600	-2	-0.1%	7,578	-2	-0.0%
Apollo Group	741	47	6.3%	1,231	11	0.9%	3,122	270	8.7%	5,093	328	6.4%
Archer Daniels Midland	611	9	1.5%	1,035	21	2.0%	4,820	56	1.2%	6,466	86	1.3%
Arrow Electronics	442	21	4.8%	406	18	4.4%	895	20	2.2%	1,742	59	3.4%
AT&T	9,348	640	6.8%	5,663	-51	-0.9%	53,994	1,124	2.1%	69,005	1,712	2.5%
Atmos Energy	290	7	2.4%	313	7	2.1%	919	22	2.4%	1,522	35	2.3%
Automatic Data Processing	1,792	51	2.8%	1,889	67	3.5%	5,222	114	2.2%	8,902	231	2.6%
AutoNation	517	23	4.5%	461	17	3.8%	1,066	45	4.2%	2,045	85	4.2%
AutoZone	1,453	36	2.5%	1,324	33	2.5%	3,202	74	2.3%	5,979	144	2.4%
Ball	296	11	3.8%	314	14	4.5%	855	36	4.2%	1,464	61	4.2%
Baxter International	384	51	13.2%	417	28	6.8%	973	6	0.6%	1,774	85	4.8%
BB&T Corp.	2,547	67	2.6%	1,150	26	2.3%	6,810	122	1.8%	10,507	215	2.0%
Becton Dickinson	605	7	1.2%	908	17	1.9%	2,582	28	1.1%	4,095	53	1.3%
Bed Bath & Beyond	1,634	55	3.4%	1,569	74	4.7%	2,962	197	6.6%	6,165	325	5.3%
Bemis	230	5	2.3%	189	1	0.3%	551	23	4.2%	969	29	3.0%
Best Buy	410	-3	-0.7%	1,565	61	3.9%	5,120	254	5.0%	7,095	312	4.4%

State Income Taxes for 269 Major Corporations, 2008–2012, Alphabetical (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Big Lots	294	12	4.0%	342	16	4.8%	928	36	3.8%	1,565	64	4.1%
Biogen Idec	1,397	26	1.9%	1,376	6	0.5%	2,897	39	1.4%	5,670	72	1.3%
Boeing	5,647	11	0.2%	5,083	-22	-0.4%	9,742	10	0.1%	20,472	-1	-0.0%
C.H. Robinson Worldwide	905	37	4.1%	655	26	3.9%	1,664	69	4.2%	3,224	132	4.1%
CA	924	38	4.1%	830	36	4.4%	2,083	77	3.7%	3,837	151	3.9%
Cablevision Systems	57	14	24.1%	423	22	5.3%	1,109	45	4.0%	1,589	81	5.1%
Cameron International	746	7	1.0%	590	4	0.6%	924	8	0.9%	2,260	19	0.9%
Campbell Soup	922	28	3.0%	944	25	2.7%	2,939	53	1.8%	4,805	106	2.2%
Capital One Financial	5,528	154	2.8%	3,382	89	2.6%	5,072	119	2.3%	13,982	362	2.6%
Cardinal Health	1,480	62	4.2%	1,514	27	1.8%	3,238	129	4.0%	6,232	218	3.5%
CarMax	701	26	3.8%	667	29	4.3%	1,163	54	4.6%	2,531	109	4.3%
Casey's General Stores	175	4	2.4%	184	2	1.2%	472	12	2.5%	831	18	2.2%
CBS	2,236	58	2.6%	1,875	40	2.1%	2,947	131	4.5%	7,058	229	3.2%
Centene	17	-8	-45.2%	178	4	2.5%	422	18	4.4%	617	15	2.5%
CenterPoint Energy	1,009	12	1.2%	1,174	24	2.0%	1,976	45	2.3%	4,159	81	1.9%
CenturyLink	1,235	15	1.2%	1,017	25	2.5%	2,947	51	1.7%	5,199	91	1.8%
CF Industries Holdings	2,565	125	4.9%	2,433	108	4.5%	2,116	90	4.2%	7,113	323	4.5%
Charles Schwab	1,450	28	1.9%	1,392	52	3.7%	4,403	229	5.2%	7,245	309	4.3%
Chevron	8,456	635	7.5%	10,222	575	5.6%	18,603	1,086	5.8%	37,281	2,296	6.2%
Cigna	2,194	40	1.8%	1,706	18	1.1%	3,869	34	0.9%	7,769	93	1.2%
Cliffs Natural Resources	839	5	0.6%	1,370	2	0.1%	1,295	8	0.6%	3,503	15	0.4%
Clorox	731	21	2.9%	655	10	1.6%	1,887	73	3.9%	3,273	104	3.2%
CMS Energy	620	21	3.4%	604	24	4.0%	1,344	52	3.9%	2,568	97	3.8%
Coca-Cola	3,526	49	1.4%	3,010	52	1.7%	12,034	227	1.9%	18,570	328	1.8%
Comcast	9,759	409	4.2%	7,000	351	5.0%	15,268	513	3.4%	32,027	1,273	4.0%
Community Health Systems	424	9	2.2%	398	7	1.7%	1,147	27	2.3%	1,969	43	2.2%
ConAgra Foods	1,071	25	2.4%	493	22	4.5%	3,089	64	2.1%	4,652	112	2.4%
ConocoPhillips	4,265	231	5.4%	11,217	413	3.7%	20,024	945	4.7%	35,506	1,589	4.5%
Consol Energy	407	7	1.8%	783	33	4.2%	1,900	63	3.3%	3,090	103	3.3%
Consolidated Edison	1,741	29	1.7%	1,662	56	3.4%	4,327	64	1.5%	7,730	149	1.9%
Con-way	165	—	—	140	4	2.9%	293	6	2.2%	597	10	1.7%
Core-Mark Holding	53	2	4.4%	45	3	7.3%	131	-1	-1.0%	229	4	1.9%
Corning	498	3	0.6%	972	6	0.6%	1,978	1	0.1%	3,448	10	0.3%

State Income Taxes for 269 Major Corporations, 2008–2012, Alphabetical (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Costco Wholesale	1,809	89	4.9%	1,526	70	4.6%	4,394	220	5.0%	7,729	379	4.9%
Coventry Health Care	785	16	2.1%	699	20	2.8%	2,041	102	5.0%	3,524	138	3.9%
CSX	2,964	60	2.0%	2,888	98	3.4%	6,624	147	2.2%	12,476	305	2.4%
CVR Energy	604	25	4.2%	555	8	1.4%	397	4	0.9%	1,557	37	2.4%
CVS Caremark	6,323	405	6.4%	5,746	334	5.8%	17,079	1,090	6.4%	29,148	1,829	6.3%
Danaher	1,341	39	2.9%	1,220	42	3.4%	2,408	60	2.5%	4,970	140	2.8%
Darden Restaurants	509	9	1.8%	621	11	1.8%	1,674	7	0.4%	2,805	27	1.0%
DaVita	896	42	4.7%	821	41	5.0%	1,977	83	4.2%	3,694	166	4.5%
Deere	3,600	114	3.2%	2,618	132	5.0%	4,711	101	2.1%	10,929	347	3.2%
Devon Energy	1,598	-4	-0.2%	3,477	18	0.5%	8,738	50	0.6%	13,813	64	0.5%
Dick's Sporting Goods	490	16	3.3%	432	19	4.5%	699	37	5.3%	1,621	73	4.5%
DirectTV	3,442	108	3.1%	3,044	103	3.4%	6,236	151	2.4%	12,722	361	2.8%
Discover Financial Services	3,737	149	4.0%	3,499	118	3.4%	5,020	280	5.6%	12,256	547	4.5%
DISH Network	964	-10	-1.0%	2,439	28	1.1%	4,710	135	2.9%	8,112	153	1.9%
Dollar General	1,493	63	4.2%	1,219	51	4.1%	1,716	47	2.7%	4,428	160	3.6%
Dollar Tree	977	39	4.0%	778	37	4.8%	1,497	77	5.2%	3,252	153	4.7%
Dominion Resources	470	78	16.7%	2,153	—	—	10,179	548	5.4%	12,802	626	4.9%
Dover	701	-4	-0.6%	583	-14	-2.3%	1,256	35	2.8%	2,539	17	0.7%
DTE Energy	960	49	5.1%	987	22	2.2%	2,551	60	2.4%	4,498	131	2.9%
Duke Energy	1,827	35	1.9%	1,780	21	1.2%	5,534	59	1.1%	9,141	115	1.3%
DuPont	652	16	2.5%	860	-11	-1.3%	2,112	-12	-0.6%	3,624	-7	-0.2%
Eastman Chemical	651	14	2.2%	816	16	2.0%	1,087	14	1.3%	2,554	44	1.7%
Eli Lilly	2,540	56	2.2%	2,464	-23	-0.9%	5,094	28	0.5%	10,098	61	0.6%
Emcor Group	237	17	7.2%	195	14	7.2%	720	53	7.3%	1,152	84	7.3%
Emerson Electric	1,985	61	3.1%	1,899	37	1.9%	4,228	108	2.6%	8,112	206	2.5%
Entergy	1,254	-42	-3.3%	1,653	153	9.2%	5,613	57	1.0%	8,520	168	2.0%
EOG Resources	2,159	11	0.5%	2,559	1	0.0%	4,824	3	0.1%	9,542	15	0.2%
Exelon	1,798	-25	-1.4%	3,952	-3	-0.1%	12,674	482	3.8%	18,424	454	2.5%
Express Scripts	2,276	209	9.2%	2,018	38	1.9%	4,436	64	1.4%	8,729	310	3.6%
Exxon Mobil	11,222	571	5.1%	11,511	445	3.9%	20,439	784	3.8%	43,172	1,800	4.2%
Facebook	1,062	—	—	1,819	—	—	1,027	37	3.6%	3,908	37	0.9%
Family Dollar Stores	660	35	5.2%	617	25	4.1%	1,377	51	3.7%	2,653	110	4.2%
FedEx	2,510	82	3.3%	2,783	77	2.8%	4,358	111	2.5%	9,651	270	2.8%

State Income Taxes for 269 Major Corporations, 2008–2012, Alphabetical (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Fifth Third Bancorp	1,809	38	2.1%	1,082	14	1.3%	2,012	47	2.3%	4,903	99	2.0%
FirstEnergy	1,323	28	2.1%	1,459	19	1.3%	4,636	135	2.9%	7,418	182	2.5%
Fiserv	853	36	4.2%	697	18	2.6%	2,107	104	4.9%	3,657	158	4.3%
Flowserve	221	2	0.7%	248	6	2.3%	474	9	2.0%	942	16	1.7%
Fluor	280	-9	-3.1%	346	25	7.2%	1,707	64	3.8%	2,333	81	3.5%
FMC Technologies	126	—	—	133	2	1.4%	198	2	0.8%	457	3	0.7%
Franklin Resources	1,712	53	3.1%	1,596	101	6.3%	2,912	169	5.8%	6,220	322	5.2%
Frontier Communications	212	-1	-0.5%	238	14	6.0%	748	12	1.6%	1,198	25	2.1%
GameStop	547	24	4.4%	552	21	3.7%	1,596	35	2.2%	2,695	80	3.0%
Gap	1,692	50	3.0%	1,253	35	2.8%	4,406	192	4.4%	7,351	277	3.8%
General Electric	8,032	129	1.6%	9,402	246	2.6%	10,560	100	0.9%	27,993	475	1.7%
General Mills	2,004	40	2.0%	1,875	52	2.8%	5,922	202	3.4%	9,801	293	3.0%
Genuine Parts	1,023	43	4.2%	1,173	41	3.5%	2,400	110	4.6%	4,597	193	4.2%
Goldman Sachs Group	6,850	606	8.8%	5,285	330	6.2%	23,162	835	3.6%	35,297	1,770	5.0%
Graybar Electric	133	7	5.1%	122	6	5.2%	263	11	4.2%	519	24	4.7%
Group 1 Automotive	153	3	2.3%	128	3	2.0%	197	2	1.3%	478	8	1.8%
H&R Block	654	43	6.6%	489	21	4.4%	2,245	105	4.7%	3,387	170	5.0%
H.J. Heinz	378	13	3.4%	312	11	3.4%	1,599	13	0.8%	2,290	36	1.6%
Halliburton	2,826	47	1.7%	4,040	109	2.7%	5,181	116	2.2%	12,047	272	2.3%
Harley-Davidson	935	2	0.2%	789	11	1.4%	1,600	33	2.0%	3,324	46	1.4%
Harris	658	21	3.2%	827	28	3.3%	2,260	68	3.0%	3,744	116	3.1%
HCA Holdings	3,047	58	1.9%	3,183	-12	-0.4%	4,453	157	3.5%	10,683	203	1.9%
Health Management Associates	359	14	3.8%	371	-16	-4.4%	806	30	3.7%	1,536	28	1.8%
Health Net	32	-2	-7.1%	179	14	8.1%	596	15	2.5%	806	27	3.3%
Henry Schein	445	20	4.5%	381	29	7.6%	909	49	5.3%	1,734	98	5.6%
Hershey	980	30	3.1%	904	30	3.3%	2,078	83	4.0%	3,963	143	3.6%
HollyFrontier	2,755	131	4.8%	1,605	91	5.7%	355	6	1.6%	4,716	228	4.8%
Home Depot	6,677	288	4.3%	5,508	234	4.3%	11,576	562	4.9%	23,761	1,084	4.6%
Honeywell International	1,761	0	0.0%	318	6	1.8%	4,996	93	1.9%	7,075	99	1.4%
Hormel Foods	735	25	3.4%	704	24	3.5%	1,591	63	4.0%	3,029	112	3.7%
Humana	1,911	57	3.0%	2,235	59	2.7%	4,344	147	3.4%	8,490	264	3.1%
Illinois Tool Works	2,471	68	2.8%	1,452	64	4.4%	2,985	171	5.7%	6,908	303	4.4%
Ingram Micro	156	1	0.9%	129	3	2.6%	192	4	2.3%	477	9	1.9%

State Income Taxes for 269 Major Corporations, 2008–2012, Alphabetical (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Insight Enterprises	100	2	2.1%	87	1	0.9%	126	1	0.9%	314	4	1.3%
Integrus Energy Group	444	0	0.1%	367	6	1.6%	819	0	0.0%	1,629	6	0.4%
Intel	10,042	27	0.3%	14,659	98	0.7%	23,272	–0	–0.0%	47,973	125	0.3%
International Business Machines	9,668	134	1.4%	9,716	429	4.4%	27,088	615	2.3%	46,472	1,178	2.5%
International Paper	478	11	2.3%	874	–19	–2.2%	1,456	–14	–1.0%	2,808	–22	–0.8%
Interpublic Group	377	15	3.9%	418	11	2.6%	563	28	4.9%	1,358	53	3.9%
J.B. Hunt Transport Services	505	18	3.5%	416	5	1.3%	866	18	2.0%	1,786	41	2.3%
J.M. Smucker	792	20	2.5%	706	23	3.2%	1,820	38	2.1%	3,318	81	2.4%
J.P. Morgan Chase & Co.	20,040	1,452	7.2%	12,291	1,028	8.4%	32,676	2,989	9.1%	65,007	5,469	8.4%
Jacobs Engineering Group	287	23	7.9%	341	24	7.0%	1,138	62	5.4%	1,766	108	6.1%
Joy Global	724	13	1.8%	532	5	0.9%	1,144	35	3.0%	2,400	52	2.2%
Kellogg	1,008	33	3.3%	1,267	24	1.9%	3,508	48	1.4%	5,783	105	1.8%
Kimberly-Clark	1,415	21	1.5%	1,317	29	2.2%	4,513	102	2.3%	7,245	153	2.1%
Kindred Healthcare	114	9	8.0%	43	–1	–2.4%	290	10	3.6%	447	18	4.1%
Kohl's	1,561	59	3.8%	1,859	60	3.2%	4,795	174	3.6%	8,215	293	3.6%
Kroger	2,302	46	2.0%	844	42	5.0%	5,421	179	3.3%	8,567	267	3.1%
L-3 Communications	927	20	2.2%	1,064	39	3.6%	3,740	154	4.1%	5,731	214	3.7%
Laboratory Corp. of America	909	34	3.7%	834	53	6.3%	2,472	127	5.2%	4,215	214	5.1%
Levi Strauss	83	–35	–41.8%	114	–0	–0.0%	409	11	2.6%	607	–24	–4.0%
Limited Brands	1,280	47	3.7%	1,264	38	3.0%	2,314	64	2.8%	4,858	149	3.1%
Loews	1,406	19	1.4%	1,317	10	0.8%	4,988	49	1.0%	7,711	78	1.0%
Lowe's	3,137	155	4.9%	2,906	124	4.3%	9,559	477	5.0%	15,602	756	4.8%
Macy's	2,102	64	3.0%	1,968	40	2.0%	2,271	28	1.2%	6,341	132	2.1%
MasterCard	2,484	16	0.6%	1,882	28	1.5%	2,794	18	0.7%	7,160	62	0.9%
Mattel	468	2	0.5%	473	1	0.2%	1,029	10	0.9%	1,970	13	0.7%
McDonald's	2,880	165	5.7%	3,203	146	4.6%	8,233	391	4.8%	14,315	702	4.9%
McGraw-Hill	841	33	3.9%	985	38	3.8%	2,923	178	6.1%	4,749	249	5.2%
McKesson	1,167	14	1.2%	1,439	52	3.6%	3,454	–46	–1.3%	6,060	20	0.3%
MDU Resources	345	1	0.2%	333	1	0.2%	1,301	18	1.4%	1,979	20	1.0%
Merck	4,486	–242	–5.4%	2,712	52	1.9%	12,962	48	0.4%	20,160	–142	–0.7%
MetroPCS Communications	607	–4	–0.6%	480	4	0.8%	855	–13	–1.5%	1,943	–13	–0.7%
Molina Healthcare	19	1	3.5%	123	1	1.1%	222	2	1.1%	364	4	1.2%
Monsanto	1,947	40	2.1%	1,540	37	2.4%	4,962	21	0.4%	8,449	98	1.2%

State Income Taxes for 269 Major Corporations, 2008–2012, Alphabetical (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Mosaic	1,158	43	3.7%	1,413	61	4.3%	3,268	115	3.5%	5,839	218	3.7%
Murphy Oil	230	24	10.6%	441	30	6.7%	999	37	3.7%	1,670	91	5.4%
Nash-Finch	45	1	2.9%	58	1	2.5%	201	6	2.8%	304	8	2.8%
NextEra Energy	2,603	14	0.5%	2,452	11	0.4%	6,520	117	1.8%	11,575	142	1.2%
Nike	1,240	57	4.6%	792	31	3.9%	2,629	128	4.9%	4,661	215	4.6%
NiSource	626	6	0.9%	467	-1	-0.2%	1,389	4	0.3%	2,482	9	0.4%
Nordstrom	1,185	62	5.2%	1,119	59	5.3%	2,335	124	5.3%	4,639	245	5.3%
Norfolk Southern	2,758	67	2.4%	2,918	35	1.2%	6,739	144	2.1%	12,415	245	2.0%
Northeast Utilities	808	16	2.0%	571	-26	-4.6%	1,492	62	4.1%	2,872	52	1.8%
NYSE Euronext	144	8	5.6%	161	22	13.7%	399	22	5.5%	704	52	7.4%
Occidental Petroleum	3,848	7	0.2%	4,806	86	1.8%	11,309	251	2.2%	19,963	343	1.7%
Omnicom Group	622	25	4.1%	526	9	1.7%	1,773	30	1.7%	2,921	64	2.2%
Oneok	572	2	0.3%	584	2	0.3%	1,567	25	1.6%	2,723	28	1.0%
Oracle	6,614	212	3.2%	6,284	240	3.8%	14,405	833	5.8%	27,303	1,286	4.7%
O'Reilly Automotive	942	29	3.1%	816	22	2.6%	1,489	51	3.4%	3,246	102	3.1%
Owens & Minor	193	10	5.3%	190	9	4.7%	535	24	4.5%	917	43	4.7%
Paccar	787	31	3.9%	607	20	3.2%	361	-6	-1.6%	1,755	44	2.5%
Parker Hannifin	654	8	1.2%	810	28	3.4%	1,427	55	3.8%	2,891	90	3.1%
Peabody Energy	1,049	11	1.0%	816	11	1.3%	1,002	2	0.2%	2,867	23	0.8%
Pepco Holdings	441	-39	-8.8%	385	4	1.0%	779	-103	-13.2%	1,605	-138	-8.6%
PepsiCo	3,117	132	4.2%	4,052	112	2.8%	11,599	304	2.6%	18,768	547	2.9%
PetSmart	581	18	3.2%	434	20	4.7%	972	44	4.5%	1,986	83	4.2%
PG&E Corp.	1,067	33	3.1%	1,298	152	11.7%	4,977	122	2.5%	7,342	307	4.2%
Phillips-Van Heusen	229	2	0.9%	196	7	3.6%	381	12	3.2%	806	21	2.7%
Pitney Bowes	437	3	0.7%	418	32	7.6%	1,535	75	4.9%	2,390	109	4.6%
PNC Financial Services Group	3,677	29	0.8%	3,529	-33	-0.9%	10,143	147	1.5%	17,349	143	0.8%
Polo Ralph Lauren	672	35	5.2%	618	44	7.1%	1,378	72	5.3%	2,668	151	5.7%
PPG Industries	662	28	4.2%	606	20	3.3%	1,339	59	4.4%	2,607	107	4.1%
PPL	994	-2	-0.2%	1,715	-20	-1.2%	2,169	59	2.7%	4,878	37	0.8%
Praxair	880	10	1.1%	762	21	2.7%	1,752	17	1.0%	3,394	47	1.4%
Precision Castparts	1,816	36	2.0%	1,583	44	2.8%	3,920	97	2.5%	7,319	177	2.4%
Priceline.com	95	11	11.9%	145	6	4.2%	336	1	0.4%	576	19	3.2%
Principal Financial	934	38	4.0%	921	47	5.1%	2,113	63	3.0%	3,967	148	3.7%

State Income Taxes for 269 Major Corporations, 2008–2012, Alphabetical (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Procter & Gamble	8,462	279	3.3%	8,139	246	3.0%	25,760	790	3.1%	42,361	1,315	3.1%
Progress Energy	264	1	0.4%	910	29	3.2%	3,816	40	1.0%	4,990	70	1.4%
Public Service Enterprise Group	2,011	-2	-0.1%	2,384	32	1.3%	7,166	536	7.5%	11,561	566	4.9%
Publix Super Markets	2,303	89	3.8%	2,262	82	3.6%	5,466	215	3.9%	10,030	385	3.8%
Qualcomm	3,525	-28	-0.8%	2,984	25	0.8%	4,341	247	5.7%	10,850	244	2.3%
Quanta Services	377	12	3.3%	194	13	6.5%	703	31	4.4%	1,274	56	4.4%
Quest Diagnostics	1,014	60	5.9%	824	60	7.2%	3,355	231	6.9%	5,193	351	6.7%
R.R. Donnelley & Sons	184	10	5.7%	111	-20	-17.6%	1,045	36	3.4%	1,341	27	2.0%
Raytheon	2,705	75	2.8%	2,614	10	0.4%	8,051	186	2.3%	13,369	270	2.0%
Reliance Steel & Aluminum	552	27	4.8%	452	22	4.9%	1,217	48	3.9%	2,221	96	4.3%
Rock-Tenn	375	6	1.5%	164	1	0.3%	669	15	2.2%	1,208	21	1.8%
Rockwell Automation	470	—	—	364	-2	-0.5%	670	-14	-2.0%	1,503	-16	-1.0%
Rockwell Collins	793	1	0.2%	778	2	0.2%	2,426	2	0.1%	3,997	5	0.1%
Ross Stores	1,265	26	2.1%	1,053	28	2.6%	2,111	56	2.7%	4,429	110	2.5%
Ruddick	155	12	7.9%	181	13	7.0%	472	19	3.9%	808	44	5.4%
Ryder System	242	11	4.7%	223	7	3.4%	641	14	2.1%	1,105	32	2.9%
Safeway	472	21	4.4%	500	48	9.5%	2,449	118	4.8%	3,421	186	5.4%
SAIC	159	24	15.1%	707	24	3.4%	2,351	116	4.9%	3,217	164	5.1%
Scana	602	10	1.7%	555	10	1.8%	1,590	1	0.1%	2,747	21	0.8%
Sempra Energy	398	-6	-1.5%	975	-3	-0.3%	2,724	65	2.4%	4,097	56	1.4%
Sherwin-Williams	907	28	3.0%	742	28	3.8%	2,015	63	3.1%	3,664	119	3.2%
Sonic Automotive	141	1	0.8%	126	8	6.0%	137	13	9.8%	404	22	5.5%
Southern	3,749	61	1.6%	3,487	8	0.2%	8,392	118	1.4%	15,628	187	1.2%
Southwest Airlines	685	12	1.8%	323	13	4.0%	1,187	28	2.4%	2,195	53	2.4%
Spectra Energy	805	5	0.6%	951	9	0.9%	2,614	42	1.6%	4,370	56	1.3%
St. Jude Medical	341	16	4.6%	536	12	2.2%	1,644	49	3.0%	2,520	76	3.0%
Staples	1,028	44	4.2%	1,010	60	5.9%	2,530	118	4.7%	4,568	221	4.8%
Starbucks	1,680	51	3.0%	1,523	43	2.8%	2,219	137	6.2%	5,422	231	4.3%
State Street Corp.	1,666	65	3.9%	1,306	54	4.1%	4,202	353	8.4%	7,174	472	6.6%
Susser Holdings	80	2	2.9%	74	3	3.4%	37	5	13.0%	191	10	5.0%
Synnex	189	11	5.9%	185	10	5.6%	330	20	5.9%	703	41	5.8%
Target	4,609	135	2.9%	4,456	74	1.7%	11,903	378	3.2%	20,968	587	2.8%
Tech Data	109	2	1.6%	133	1	1.0%	316	3	0.9%	558	6	1.0%

State Income Taxes for 269 Major Corporations, 2008–2012, Alphabetical (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Telephone & Data Systems	155	6	3.6%	314	6	1.8%	1,103	19	1.8%	1,572	31	2.0%
Tenet Healthcare	321	11	3.4%	150	-6	-4.0%	390	2	0.5%	861	7	0.8%
Texas Instruments	319	-2	-0.6%	1,791	3	0.1%	6,893	24	0.4%	9,003	25	0.3%
Thermo Fisher Scientific	909	13	1.4%	806	12	1.5%	2,073	92	4.5%	3,787	117	3.1%
Time Warner	4,435	109	2.4%	4,270	59	1.4%	8,822	212	2.4%	17,528	380	2.2%
Time Warner Cable	3,332	106	3.2%	2,460	80	3.2%	6,450	166	2.6%	12,242	351	2.9%
TJX	2,518	151	6.0%	2,092	118	5.7%	4,577	234	5.1%	9,187	504	5.5%
Tutor Perini	51	4	6.9%	134	6	4.7%	569	26	4.6%	753	36	4.8%
Twenty-First Century Fox	7,988	93	1.2%	5,274	36	0.7%	8,475	318	3.8%	21,737	447	2.1%
U.S. Bancorp	7,668	334	4.4%	6,213	186	3.0%	14,026	675	4.8%	27,907	1,195	4.3%
UGI	240	11	4.5%	314	14	4.4%	953	66	7.0%	1,507	91	6.0%
Union Pacific	6,318	136	2.1%	5,264	110	2.1%	11,058	222	2.0%	22,640	467	2.1%
United Natural Foods	142	9	6.0%	119	7	5.8%	290	19	6.5%	551	34	6.2%
United Parcel Service	5,302	181	3.4%	5,309	120	2.3%	12,764	320	2.5%	23,376	622	2.7%
United Stationers	178	7	3.7%	166	2	0.9%	507	20	3.9%	851	28	3.3%
United Technologies	2,595	—	—	3,293	85	2.6%	8,138	203	2.5%	14,026	288	2.1%
UnitedHealth Group	8,622	150	1.7%	7,959	150	1.9%	17,987	381	2.1%	34,568	681	2.0%
Universal Health Services	740	39	5.3%	649	23	3.5%	1,247	58	4.6%	2,636	120	4.5%
URS	442	36	8.1%	292	17	6.0%	1,007	54	5.4%	1,741	107	6.2%
Verizon Communications	4,934	114	2.3%	6,930	290	4.2%	26,316	866	3.3%	38,180	1,270	3.3%
VF	663	16	2.5%	582	28	4.9%	1,710	59	3.4%	2,956	104	3.5%
Viacom	2,984	111	3.7%	2,749	51	1.8%	5,051	201	4.0%	10,784	362	3.4%
Visa	4,991	153	3.1%	4,378	308	7.0%	6,040	564	9.3%	15,409	1,025	6.7%
W.W. Grainger	982	30	3.1%	918	40	4.4%	2,213	114	5.1%	4,113	184	4.5%
Walgreen	3,376	120	3.6%	4,294	147	3.4%	9,967	314	3.2%	17,637	581	3.3%
Wal-Mart Stores	19,352	622	3.2%	18,685	743	4.0%	52,315	1,800	3.4%	90,352	3,165	3.5%
Walt Disney	7,736	206	2.7%	6,990	251	3.6%	17,521	775	4.4%	32,246	1,231	3.8%
Washington Post	197	14	7.1%	208	12	5.8%	1,044	58	5.6%	1,448	84	5.8%
Waste Management	1,175	70	6.0%	1,394	37	2.6%	4,606	222	4.8%	7,175	328	4.6%
WellPoint	3,941	91	2.3%	4,047	14	0.4%	14,879	232	1.6%	22,867	337	1.5%
Wells Fargo	26,670	1,159	4.3%	20,242	454	2.2%	49,714	344	0.7%	96,626	1,957	2.0%
Wesco International	256	4	1.6%	261	5	1.8%	661	15	2.3%	1,178	24	2.1%
Whole Foods Market	734	45	6.1%	531	35	6.6%	819	86	10.5%	2,085	166	8.0%

State Income Taxes for 269 Major Corporations, 2008–2012, Alphabetical (\$-millions)

Company	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Williams	891	17	1.9%	751	13	1.7%	3,294	38	1.2%	4,937	68	1.4%
Windstream	269	13	4.9%	274	23	8.6%	1,769	40	2.3%	2,311	77	3.3%
Xcel Energy	1,355	31	2.3%	1,310	10	0.8%	3,230	48	1.5%	5,895	90	1.5%
Yahoo	5,057	356	7.0%	533	-11	-2.1%	1,707	49	2.9%	7,297	394	5.4%
Yum Brands	504	18	3.6%	266	—	—	1,070	3	0.3%	1,840	21	1.1%
All 269 Companies	525,638	16,953	3.2%	504,186	14,646	2.9%	1,263,493	38,638	3.1%	2,293,317	70,237	3.1%

State Income Taxes for 269 Major Corporations, 2008–2012, by Location of Headquarters (\$-millions)

Companies by State HQ	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Arizona												
Insight Enterprises	100	2	2.1%	87	1	0.9%	126	1	0.9%	314	4	1.3%
PetSmart	581	18	3.2%	434	20	4.7%	972	44	4.5%	1,986	83	4.2%
Apollo Group	741	47	6.3%	1,231	11	0.9%	3,122	270	8.7%	5,093	328	6.4%
Arkansas												
J.B. Hunt Transport Services	505	18	3.5%	416	5	1.3%	866	18	2.0%	1,786	41	2.3%
Windstream	269	13	4.9%	274	23	8.6%	1,769	40	2.3%	2,311	77	3.3%
Wal-Mart Stores	19,352	622	3.2%	18,685	743	4.0%	52,315	1,800	3.4%	90,352	3,165	3.5%
Murphy Oil	230	24	10.6%	441	30	6.7%	999	37	3.7%	1,670	91	5.4%
California												
Levi Strauss	83	-35	-41.8%	114	-0	-0.0%	409	11	2.6%	607	-24	-4.0%
Intel	10,042	27	0.3%	14,659	98	0.7%	23,272	-0	-0.0%	47,973	125	0.3%
McKesson	1,167	14	1.2%	1,439	52	3.6%	3,454	-46	-1.3%	6,060	20	0.3%
Mattel	468	2	0.5%	473	1	0.2%	1,029	10	0.9%	1,970	13	0.7%
Facebook	1,062	—	—	1,819	—	—	1,027	37	3.6%	3,908	37	0.9%
Molina Healthcare	19	1	3.5%	123	1	1.1%	222	2	1.1%	364	4	1.2%
Sempra Energy	398	-6	-1.5%	975	-3	-0.3%	2,724	65	2.4%	4,097	56	1.4%
Occidental Petroleum	3,848	7	0.2%	4,806	86	1.8%	11,309	251	2.2%	19,963	343	1.7%
Core-Mark Holding	53	2	4.4%	45	3	7.3%	131	-1	-1.0%	229	4	1.9%
Ingram Micro	156	1	0.9%	129	3	2.6%	192	4	2.3%	477	9	1.9%
Wells Fargo	26,670	1,159	4.3%	20,242	454	2.2%	49,714	344	0.7%	96,626	1,957	2.0%
Qualcomm	3,525	-28	-0.8%	2,984	25	0.8%	4,341	247	5.7%	10,850	244	2.3%
Ross Stores	1,265	26	2.1%	1,053	28	2.6%	2,111	56	2.7%	4,429	110	2.5%
DirectTV	3,442	108	3.1%	3,044	103	3.4%	6,236	151	2.4%	12,722	361	2.8%
AECOM Technology	92	2	2.1%	148	2	1.0%	426	17	4.0%	666	21	3.1%
Clorox	731	21	2.9%	655	10	1.6%	1,887	73	3.9%	3,273	104	3.2%
Health Net	32	-2	-7.1%	179	14	8.1%	596	15	2.5%	806	27	3.3%
Gap	1,692	50	3.0%	1,253	35	2.8%	4,406	192	4.4%	7,351	277	3.8%
Walt Disney	7,736	206	2.7%	6,990	251	3.6%	17,521	775	4.4%	32,246	1,231	3.8%
PG&E Corp.	1,067	33	3.1%	1,298	152	11.7%	4,977	122	2.5%	7,342	307	4.2%
Charles Schwab	1,450	28	1.9%	1,392	52	3.7%	4,403	229	5.2%	7,245	309	4.3%
Reliance Steel & Aluminum	552	27	4.8%	452	22	4.9%	1,217	48	3.9%	2,221	96	4.3%

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	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Oracle	6,614	212	3.2%	6,284	240	3.8%	14,405	833	5.8%	27,303	1,286	4.7%
Tutor Perini	51	4	6.9%	134	6	4.7%	569	26	4.6%	753	36	4.8%
Franklin Resources	1,712	53	3.1%	1,596	101	6.3%	2,912	169	5.8%	6,220	322	5.2%
Yahoo	5,057	356	7.0%	533	-11	-2.1%	1,707	49	2.9%	7,297	394	5.4%
Safeway	472	21	4.4%	500	48	9.5%	2,449	118	4.8%	3,421	186	5.4%
Synnex	189	11	5.9%	185	10	5.6%	330	20	5.9%	703	41	5.8%
Jacobs Engineering Group	287	23	7.9%	341	24	7.0%	1,138	62	5.4%	1,766	108	6.1%
Chevron	8,456	635	7.5%	10,222	575	5.6%	18,603	1,086	5.8%	37,281	2,296	6.2%
URS	442	36	8.1%	292	17	6.0%	1,007	54	5.4%	1,741	107	6.2%
Visa	4,991	153	3.1%	4,378	308	7.0%	6,040	564	9.3%	15,409	1,025	6.7%
Colorado												
DISH Network	964	-10	-1.0%	2,439	28	1.1%	4,710	135	2.9%	8,112	153	1.9%
Ball	296	11	3.8%	314	14	4.5%	855	36	4.2%	1,464	61	4.2%
DaVita	896	42	4.7%	821	41	5.0%	1,977	83	4.2%	3,694	166	4.5%
Connecticut												
Praxair	880	10	1.1%	762	21	2.7%	1,752	17	1.0%	3,394	47	1.4%
General Electric	8,032	129	1.6%	9,402	246	2.6%	10,560	100	0.9%	27,993	475	1.7%
Northeast Utilities	808	16	2.0%	571	-26	-4.6%	1,492	62	4.1%	2,872	52	1.8%
Aetna	2,545	40	1.6%	3,078	94	3.1%	6,720	100	1.5%	12,343	234	1.9%
United Technologies	2,595	—	—	3,293	85	2.6%	8,138	203	2.5%	14,026	288	2.1%
Frontier Communications	212	-1	-0.5%	238	14	6.0%	748	12	1.6%	1,198	25	2.1%
Priceline.com	95	11	11.9%	145	6	4.2%	336	1	0.4%	576	19	3.2%
Pitney Bowes	437	3	0.7%	418	32	7.6%	1,535	75	4.9%	2,390	109	4.6%
United Natural Foods	142	9	6.0%	119	7	5.8%	290	19	6.5%	551	34	6.2%
Emcor Group	237	17	7.2%	195	14	7.2%	720	53	7.3%	1,152	84	7.3%
Delaware												
DuPont	652	16	2.5%	860	-11	-1.3%	2,112	-12	-0.6%	3,624	-7	-0.2%
District of Columbia												
Pepco Holdings	441	-39	-8.8%	385	4	1.0%	779	-103	-13.2%	1,605	-138	-8.6%
Danaher	1,341	39	2.9%	1,220	42	3.4%	2,408	60	2.5%	4,970	140	2.8%
Washington Post	197	14	7.1%	208	12	5.8%	1,044	58	5.6%	1,448	84	5.8%

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Florida												
Darden Restaurants	509	9	1.8%	621	11	1.8%	1,674	7	0.4%	2,805	27	1.0%
Tech Data	109	2	1.6%	133	1	1.0%	316	3	0.9%	558	6	1.0%
NextEra Energy	2,603	14	0.5%	2,452	11	0.4%	6,520	117	1.8%	11,575	142	1.2%
Health Management Associates	359	14	3.8%	371	-16	-4.4%	806	30	3.7%	1,536	28	1.8%
CSX	2,964	60	2.0%	2,888	98	3.4%	6,624	147	2.2%	12,476	305	2.4%
Ryder System	242	11	4.7%	223	7	3.4%	641	14	2.1%	1,105	32	2.9%
Harris	658	21	3.2%	827	28	3.3%	2,260	68	3.0%	3,744	116	3.1%
Publix Super Markets	2,303	89	3.8%	2,262	82	3.6%	5,466	215	3.9%	10,030	385	3.8%
AutoNation	517	23	4.5%	461	17	3.8%	1,066	45	4.2%	2,045	85	4.2%
Georgia												
Southern	3,749	61	1.6%	3,487	8	0.2%	8,392	118	1.4%	15,628	187	1.2%
Rock-Tenn	375	6	1.5%	164	1	0.3%	669	15	2.2%	1,208	21	1.8%
Coca-Cola	3,526	49	1.4%	3,010	52	1.7%	12,034	227	1.9%	18,570	328	1.8%
United Parcel Service	5,302	181	3.4%	5,309	120	2.3%	12,764	320	2.5%	23,376	622	2.7%
Genuine Parts	1,023	43	4.2%	1,173	41	3.5%	2,400	110	4.6%	4,597	193	4.2%
Home Depot	6,677	288	4.3%	5,508	234	4.3%	11,576	562	4.9%	23,761	1,084	4.6%
Illinois												
Boeing	5,647	11	0.2%	5,083	-22	-0.4%	9,742	10	0.1%	20,472	-1	-0.0%
Integrus Energy Group	444	0	0.1%	367	6	1.6%	819	0	0.0%	1,629	6	0.4%
Dover	701	-4	-0.6%	583	-14	-2.3%	1,256	35	2.8%	2,539	17	0.7%
Archer Daniels Midland	611	9	1.5%	1,035	21	2.0%	4,820	56	1.2%	6,466	86	1.3%
Telephone & Data Systems	155	6	3.6%	314	6	1.8%	1,103	19	1.8%	1,572	31	2.0%
R.R. Donnelley & Sons	184	10	5.7%	111	-20	-17.6%	1,045	36	3.4%	1,341	27	2.0%
Exelon	1,798	-25	-1.4%	3,952	-3	-0.1%	12,674	482	3.8%	18,424	454	2.5%
Deere	3,600	114	3.2%	2,618	132	5.0%	4,711	101	2.1%	10,929	347	3.2%
United Stationers	178	7	3.7%	166	2	0.9%	507	20	3.9%	851	28	3.3%
Walgreen	3,376	120	3.6%	4,294	147	3.4%	9,967	314	3.2%	17,637	581	3.3%
Anixter International	161	8	4.9%	205	7	3.4%	407	12	3.0%	773	27	3.5%
Illinois Tool Works	2,471	68	2.8%	1,452	64	4.4%	2,985	171	5.7%	6,908	303	4.4%
Discover Financial Services	3,737	149	4.0%	3,499	118	3.4%	5,020	280	5.6%	12,256	547	4.5%
W.W. Grainger	982	30	3.1%	918	40	4.4%	2,213	114	5.1%	4,113	184	4.5%

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CF Industries Holdings	2,565	125	4.9%	2,433	108	4.5%	2,116	90	4.2%	7,113	323	4.5%
Baxter International	384	51	13.2%	417	28	6.8%	973	6	0.6%	1,774	85	4.8%
McDonald's	2,880	165	5.7%	3,203	146	4.6%	8,233	391	4.8%	14,315	702	4.9%
Indiana												
NiSource	626	6	0.9%	467	-1	-0.2%	1,389	4	0.3%	2,482	9	0.4%
Eli Lilly	2,540	56	2.2%	2,464	-23	-0.9%	5,094	28	0.5%	10,098	61	0.6%
WellPoint	3,941	91	2.3%	4,047	14	0.4%	14,879	232	1.6%	22,867	337	1.5%
Iowa												
Rockwell Collins	793	1	0.2%	778	2	0.2%	2,426	2	0.1%	3,997	5	0.1%
Casey's General Stores	175	4	2.4%	184	2	1.2%	472	12	2.5%	831	18	2.2%
Principal Financial	934	38	4.0%	921	47	5.1%	2,113	63	3.0%	3,967	148	3.7%
Kentucky												
Yum Brands	504	18	3.6%	266	—	—	1,070	3	0.3%	1,840	21	1.1%
Humana	1,911	57	3.0%	2,235	59	2.7%	4,344	147	3.4%	8,490	264	3.1%
Kindred Healthcare	114	9	8.0%	43	-1	-2.4%	290	10	3.6%	447	18	4.1%
Louisiana												
CenturyLink	1,235	15	1.2%	1,017	25	2.5%	2,947	51	1.7%	5,199	91	1.8%
Entergy	1,254	-42	-3.3%	1,653	153	9.2%	5,613	57	1.0%	8,520	168	2.0%
Maryland												
Coventry Health Care	785	16	2.1%	699	20	2.8%	2,041	102	5.0%	3,524	138	3.9%
Massachusetts												
Biogen Idec	1,397	26	1.9%	1,376	6	0.5%	2,897	39	1.4%	5,670	72	1.3%
Raytheon	2,705	75	2.8%	2,614	10	0.4%	8,051	186	2.3%	13,369	270	2.0%
Thermo Fisher Scientific	909	13	1.4%	806	12	1.5%	2,073	92	4.5%	3,787	117	3.1%
Staples	1,028	44	4.2%	1,010	60	5.9%	2,530	118	4.7%	4,568	221	4.8%
TJX	2,518	151	6.0%	2,092	118	5.7%	4,577	234	5.1%	9,187	504	5.5%
State Street Corp.	1,666	65	3.9%	1,306	54	4.1%	4,202	353	8.4%	7,174	472	6.6%
Michigan												
Con-way	165	—	—	140	4	2.9%	293	6	2.2%	597	10	1.7%
Kellogg	1,008	33	3.3%	1,267	24	1.9%	3,508	48	1.4%	5,783	105	1.8%
DTE Energy	960	49	5.1%	987	22	2.2%	2,551	60	2.4%	4,498	131	2.9%
CMS Energy	620	21	3.4%	604	24	4.0%	1,344	52	3.9%	2,568	97	3.8%

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Minnesota												
Alliant Techsystems	392	8	2.0%	403	7	1.8%	1,276	14	1.1%	2,071	29	1.4%
3M	2,902	64	2.2%	2,511	42	1.7%	7,368	85	1.2%	12,781	191	1.5%
Xcel Energy	1,355	31	2.3%	1,310	10	0.8%	3,230	48	1.5%	5,895	90	1.5%
UnitedHealth Group	8,622	150	1.7%	7,959	150	1.9%	17,987	381	2.1%	34,568	681	2.0%
Nash-Finch	45	1	2.9%	58	1	2.5%	201	6	2.8%	304	8	2.8%
Target	4,609	135	2.9%	4,456	74	1.7%	11,903	378	3.2%	20,968	587	2.8%
General Mills	2,004	40	2.0%	1,875	52	2.8%	5,922	202	3.4%	9,801	293	3.0%
St. Jude Medical	341	16	4.6%	536	12	2.2%	1,644	49	3.0%	2,520	76	3.0%
Hormel Foods	735	25	3.4%	704	24	3.5%	1,591	63	4.0%	3,029	112	3.7%
Mosaic	1,158	43	3.7%	1,413	61	4.3%	3,268	115	3.5%	5,839	218	3.7%
C.H. Robinson Worldwide	905	37	4.1%	655	26	3.9%	1,664	69	4.2%	3,224	132	4.1%
U.S. Bancorp	7,668	334	4.4%	6,213	186	3.0%	14,026	675	4.8%	27,907	1,195	4.3%
Best Buy	410	-3	-0.7%	1,565	61	3.9%	5,120	254	5.0%	7,095	312	4.4%
Missouri												
Ameren	924	3	0.3%	829	-5	-0.6%	2,760	23	0.8%	4,513	21	0.5%
Peabody Energy	1,049	11	1.0%	816	11	1.3%	1,002	2	0.2%	2,867	23	0.8%
Monsanto	1,947	40	2.1%	1,540	37	2.4%	4,962	21	0.4%	8,449	98	1.2%
Centene	17	-8	-45.2%	178	4	2.5%	422	18	4.4%	617	15	2.5%
Emerson Electric	1,985	61	3.1%	1,899	37	1.9%	4,228	108	2.6%	8,112	206	2.5%
O'Reilly Automotive	942	29	3.1%	816	22	2.6%	1,489	51	3.4%	3,246	102	3.1%
Express Scripts	2,276	209	9.2%	2,018	38	1.9%	4,436	64	1.4%	8,729	310	3.6%
Graybar Electric	133	7	5.1%	122	6	5.2%	263	11	4.2%	519	24	4.7%
H&R Block	654	43	6.6%	489	21	4.4%	2,245	105	4.7%	3,387	170	5.0%
Nebraska												
Union Pacific	6,318	136	2.1%	5,264	110	2.1%	11,058	222	2.0%	22,640	467	2.1%
ConAgra Foods	1,071	25	2.4%	493	22	4.5%	3,089	64	2.1%	4,652	112	2.4%
New Jersey												
Merck	4,486	-242	-5.4%	2,712	52	1.9%	12,962	48	0.4%	20,160	-142	-0.7%
Becton Dickinson	605	7	1.2%	908	17	1.9%	2,582	28	1.1%	4,095	53	1.3%
Honeywell International	1,761	0	0.0%	318	6	1.8%	4,996	93	1.9%	7,075	99	1.4%
Campbell Soup	922	28	3.0%	944	25	2.7%	2,939	53	1.8%	4,805	106	2.2%

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Automatic Data Processing	1,792	51	2.8%	1,889	67	3.5%	5,222	114	2.2%	8,902	231	2.6%
Actavis	731	16	2.1%	731	8	1.1%	1,111	48	4.3%	2,573	72	2.8%
Public Service Enterprise Group	2,011	-2	-0.1%	2,384	32	1.3%	7,166	536	7.5%	11,561	566	4.9%
Bed Bath & Beyond	1,634	55	3.4%	1,569	74	4.7%	2,962	197	6.6%	6,165	325	5.3%
Quest Diagnostics	1,014	60	5.9%	824	60	7.2%	3,355	231	6.9%	5,193	351	6.7%
New York												
Corning	498	3	0.6%	972	6	0.6%	1,978	1	0.1%	3,448	10	0.3%
MasterCard	2,484	16	0.6%	1,882	28	1.5%	2,794	18	0.7%	7,160	62	0.9%
Loews	1,406	19	1.4%	1,317	10	0.8%	4,988	49	1.0%	7,711	78	1.0%
Consolidated Edison	1,741	29	1.7%	1,662	56	3.4%	4,327	64	1.5%	7,730	149	1.9%
American Express	5,549	181	3.3%	5,798	146	2.5%	10,432	112	1.1%	21,779	439	2.0%
Twenty-First Century Fox	7,988	93	1.2%	5,274	36	0.7%	8,475	318	3.8%	21,737	447	2.1%
Time Warner	4,435	109	2.4%	4,270	59	1.4%	8,822	212	2.4%	17,528	380	2.2%
Omnicom Group	622	25	4.1%	526	9	1.7%	1,773	30	1.7%	2,921	64	2.2%
International Business Machines	9,668	134	1.4%	9,716	429	4.4%	27,088	615	2.3%	46,472	1,178	2.5%
Phillips-Van Heusen	229	2	0.9%	196	7	3.6%	381	12	3.2%	806	21	2.7%
Time Warner Cable	3,332	106	3.2%	2,460	80	3.2%	6,450	166	2.6%	12,242	351	2.9%
PepsiCo	3,117	132	4.2%	4,052	112	2.8%	11,599	304	2.6%	18,768	547	2.9%
CBS	2,236	58	2.6%	1,875	40	2.1%	2,947	131	4.5%	7,058	229	3.2%
Verizon Communications	4,934	114	2.3%	6,930	290	4.2%	26,316	866	3.3%	38,180	1,270	3.3%
Viacom	2,984	111	3.7%	2,749	51	1.8%	5,051	201	4.0%	10,784	362	3.4%
Arrow Electronics	442	21	4.8%	406	18	4.4%	895	20	2.2%	1,742	59	3.4%
L-3 Communications	927	20	2.2%	1,064	39	3.6%	3,740	154	4.1%	5,731	214	3.7%
Interpublic Group	377	15	3.9%	418	11	2.6%	563	28	4.9%	1,358	53	3.9%
CA	924	38	4.1%	830	36	4.4%	2,083	77	3.7%	3,837	151	3.9%
Goldman Sachs Group	6,850	606	8.8%	5,285	330	6.2%	23,162	835	3.6%	35,297	1,770	5.0%
Cablevision Systems	57	14	24.1%	423	22	5.3%	1,109	45	4.0%	1,589	81	5.1%
McGraw-Hill	841	33	3.9%	985	38	3.8%	2,923	178	6.1%	4,749	249	5.2%
Henry Schein	445	20	4.5%	381	29	7.6%	909	49	5.3%	1,734	98	5.6%
Polo Ralph Lauren	672	35	5.2%	618	44	7.1%	1,378	72	5.3%	2,668	151	5.7%
NYSE Euronext	144	8	5.6%	161	22	13.7%	399	22	5.5%	704	52	7.4%
J.P. Morgan Chase & Co.	20,040	1,452	7.2%	12,291	1,028	8.4%	32,676	2,989	9.1%	65,007	5,469	8.4%

State Income Taxes for 269 Major Corporations, 2008–2012, by Location of Headquarters (\$-millions)

Companies by State HQ	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
North Carolina												
Duke Energy	1,827	35	1.9%	1,780	21	1.2%	5,534	59	1.1%	9,141	115	1.3%
Progress Energy	264	1	0.4%	910	29	3.2%	3,816	40	1.0%	4,990	70	1.4%
BB&T Corp.	2,547	67	2.6%	1,150	26	2.3%	6,810	122	1.8%	10,507	215	2.0%
VF	663	16	2.5%	582	28	4.9%	1,710	59	3.4%	2,956	104	3.5%
Family Dollar Stores	660	35	5.2%	617	25	4.1%	1,377	51	3.7%	2,653	110	4.2%
Lowe's	3,137	155	4.9%	2,906	124	4.3%	9,559	477	5.0%	15,602	756	4.8%
Laboratory Corp. of America	909	34	3.7%	834	53	6.3%	2,472	127	5.2%	4,215	214	5.1%
Ruddick	155	12	7.9%	181	13	7.0%	472	19	3.9%	808	44	5.4%
Sonic Automotive	141	1	0.8%	126	8	6.0%	137	13	9.8%	404	22	5.5%
North Dakota												
MDU Resources	345	1	0.2%	333	1	0.2%	1,301	18	1.4%	1,979	20	1.0%
Ohio												
American Electric Power	1,822	35	1.9%	2,367	37	1.6%	5,802	-97	-1.7%	9,991	-25	-0.3%
Cliffs Natural Resources	839	5	0.6%	1,370	2	0.1%	1,295	8	0.6%	3,503	15	0.4%
American Financial Group	456	6	1.3%	568	4	0.7%	1,833	14	0.8%	2,857	24	0.8%
Fifth Third Bancorp	1,809	38	2.1%	1,082	14	1.3%	2,012	47	2.3%	4,903	99	2.0%
Macy's	2,102	64	3.0%	1,968	40	2.0%	2,271	28	1.2%	6,341	132	2.1%
J.M. Smucker	792	20	2.5%	706	23	3.2%	1,820	38	2.1%	3,318	81	2.4%
FirstEnergy	1,323	28	2.1%	1,459	19	1.3%	4,636	135	2.9%	7,418	182	2.5%
Andersons	119	3	2.9%	146	6	3.8%	214	4	1.7%	479	13	2.7%
Limited Brands	1,280	47	3.7%	1,264	38	3.0%	2,314	64	2.8%	4,858	149	3.1%
Procter & Gamble	8,462	279	3.3%	8,139	246	3.0%	25,760	790	3.1%	42,361	1,315	3.1%
Kroger	2,302	46	2.0%	844	42	5.0%	5,421	179	3.3%	8,567	267	3.1%
Parker Hannifin	654	8	1.2%	810	28	3.4%	1,427	55	3.8%	2,891	90	3.1%
Sherwin-Williams	907	28	3.0%	742	28	3.8%	2,015	63	3.1%	3,664	119	3.2%
Cardinal Health	1,480	62	4.2%	1,514	27	1.8%	3,238	129	4.0%	6,232	218	3.5%
Big Lots	294	12	4.0%	342	16	4.8%	928	36	3.8%	1,565	64	4.1%
Oklahoma												
Devon Energy	1,598	-4	-0.2%	3,477	18	0.5%	8,738	50	0.6%	13,813	64	0.5%
Oneok	572	2	0.3%	584	2	0.3%	1,567	25	1.6%	2,723	28	1.0%
Williams	891	17	1.9%	751	13	1.7%	3,294	38	1.2%	4,937	68	1.4%

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Companies by State HQ	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Oregon												
Precision Castparts	1,816	36	2.0%	1,583	44	2.8%	3,920	97	2.5%	7,319	177	2.4%
Nike	1,240	57	4.6%	792	31	3.9%	2,629	128	4.9%	4,661	215	4.6%
Pennsylvania												
PPL	994	-2	-0.2%	1,715	-20	-1.2%	2,169	59	2.7%	4,878	37	0.8%
PNC Financial Services Group	3,677	29	0.8%	3,529	-33	-0.9%	10,143	147	1.5%	17,349	143	0.8%
Cigna	2,194	40	1.8%	1,706	18	1.1%	3,869	34	0.9%	7,769	93	1.2%
Airgas	520	7	1.4%	483	10	2.0%	1,126	17	1.5%	2,129	34	1.6%
H.J. Heinz	378	13	3.4%	312	11	3.4%	1,599	13	0.8%	2,290	36	1.6%
Allegheny Technologies	189	9	4.9%	281	8	2.9%	960	7	0.7%	1,429	24	1.7%
Air Products & Chemicals	519	4	0.8%	626	12	1.9%	1,318	33	2.5%	2,462	49	2.0%
Wesco International	256	4	1.6%	261	5	1.8%	661	15	2.3%	1,178	24	2.1%
AmerisourceBergen	1,193	28	2.3%	1,122	20	1.8%	2,571	81	3.1%	4,886	129	2.6%
Consol Energy	407	7	1.8%	783	33	4.2%	1,900	63	3.3%	3,090	103	3.3%
Hershey	980	30	3.1%	904	30	3.3%	2,078	83	4.0%	3,963	143	3.6%
Comcast	9,759	409	4.2%	7,000	351	5.0%	15,268	513	3.4%	32,027	1,273	4.0%
PPG Industries	662	28	4.2%	606	20	3.3%	1,339	59	4.4%	2,607	107	4.1%
Dick's Sporting Goods	490	16	3.3%	432	19	4.5%	699	37	5.3%	1,621	73	4.5%
Universal Health Services	740	39	5.3%	649	23	3.5%	1,247	58	4.6%	2,636	120	4.5%
UGI	240	11	4.5%	314	14	4.4%	953	66	7.0%	1,507	91	6.0%
Rhode Island												
CVS Caremark	6,323	405	6.4%	5,746	334	5.8%	17,079	1,090	6.4%	29,148	1,829	6.3%
South Carolina												
Scana	602	10	1.7%	555	10	1.8%	1,590	1	0.1%	2,747	21	0.8%
Tennessee												
International Paper	478	11	2.3%	874	-19	-2.2%	1,456	-14	-1.0%	2,808	-22	-0.8%
Eastman Chemical	651	14	2.2%	816	16	2.0%	1,087	14	1.3%	2,554	44	1.7%
HCA Holdings	3,047	58	1.9%	3,183	-12	-0.4%	4,453	157	3.5%	10,683	203	1.9%
Community Health Systems	424	9	2.2%	398	7	1.7%	1,147	27	2.3%	1,969	43	2.2%
AutoZone	1,453	36	2.5%	1,324	33	2.5%	3,202	74	2.3%	5,979	144	2.4%
FedEx	2,510	82	3.3%	2,783	77	2.8%	4,358	111	2.5%	9,651	270	2.8%
Dollar General	1,493	63	4.2%	1,219	51	4.1%	1,716	47	2.7%	4,428	160	3.6%

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Companies by State HQ	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Texas												
MetroPCS Communications	607	-4	-0.6%	480	4	0.8%	855	-13	-1.5%	1,943	-13	-0.7%
Apache	1,605	—	—	2,373	—	—	3,600	-2	-0.1%	7,578	-2	-0.0%
EOG Resources	2,159	11	0.5%	2,559	1	0.0%	4,824	3	0.1%	9,542	15	0.2%
Texas Instruments	319	-2	-0.6%	1,791	3	0.1%	6,893	24	0.4%	9,003	25	0.3%
FMC Technologies	126	—	—	133	2	1.4%	198	2	0.8%	457	3	0.7%
Tenet Healthcare	321	11	3.4%	150	-6	-4.0%	390	2	0.5%	861	7	0.8%
Cameron International	746	7	1.0%	590	4	0.6%	924	8	0.9%	2,260	19	0.9%
Spectra Energy	805	5	0.6%	951	9	0.9%	2,614	42	1.6%	4,370	56	1.3%
Flowserve	221	2	0.7%	248	6	2.3%	474	9	2.0%	942	16	1.7%
Group 1 Automotive	153	3	2.3%	128	3	2.0%	197	2	1.3%	478	8	1.8%
CenterPoint Energy	1,009	12	1.2%	1,174	24	2.0%	1,976	45	2.3%	4,159	81	1.9%
Kimberly-Clark	1,415	21	1.5%	1,317	29	2.2%	4,513	102	2.3%	7,245	153	2.1%
Halliburton	2,826	47	1.7%	4,040	109	2.7%	5,181	116	2.2%	12,047	272	2.3%
Atmos Energy	290	7	2.4%	313	7	2.1%	919	22	2.4%	1,522	35	2.3%
CVR Energy	604	25	4.2%	555	8	1.4%	397	4	0.9%	1,557	37	2.4%
Southwest Airlines	685	12	1.8%	323	13	4.0%	1,187	28	2.4%	2,195	53	2.4%
AT&T	9,348	640	6.8%	5,663	-51	-0.9%	53,994	1,124	2.1%	69,005	1,712	2.5%
GameStop	547	24	4.4%	552	21	3.7%	1,596	35	2.2%	2,695	80	3.0%
Fluor	280	-9	-3.1%	346	25	7.2%	1,707	64	3.8%	2,333	81	3.5%
Exxon Mobil	11,222	571	5.1%	11,511	445	3.9%	20,439	784	3.8%	43,172	1,800	4.2%
Quanta Services	377	12	3.3%	194	13	6.5%	703	31	4.4%	1,274	56	4.4%
ConocoPhillips	4,265	231	5.4%	11,217	413	3.7%	20,024	945	4.7%	35,506	1,589	4.5%
Waste Management	1,175	70	6.0%	1,394	37	2.6%	4,606	222	4.8%	7,175	328	4.6%
HollyFrontier	2,755	131	4.8%	1,605	91	5.7%	355	6	1.6%	4,716	228	4.8%
Susser Holdings	80	2	2.9%	74	3	3.4%	37	5	13.0%	191	10	5.0%
Whole Foods Market	734	45	6.1%	531	35	6.6%	819	86	10.5%	2,085	166	8.0%
Virginia												
Norfolk Southern	2,758	67	2.4%	2,918	35	1.2%	6,739	144	2.1%	12,415	245	2.0%
Capital One Financial	5,528	154	2.8%	3,382	89	2.6%	5,072	119	2.3%	13,982	362	2.6%
Advance Auto Parts	609	16	2.6%	630	21	3.3%	1,367	39	2.9%	2,605	76	2.9%
CarMax	701	26	3.8%	667	29	4.3%	1,163	54	4.6%	2,531	109	4.3%

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Companies by State HQ	2012			2011			2008-10			Five-Year Totals		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Dollar Tree	977	39	4.0%	778	37	4.8%	1,497	77	5.2%	3,252	153	4.7%
Owens & Minor	193	10	5.3%	190	9	4.7%	535	24	4.5%	917	43	4.7%
Dominion Resources	470	78	16.7%	2,153	—	—	10,179	548	5.4%	12,802	626	4.9%
Altria Group	6,461	348	5.4%	5,568	275	4.9%	15,366	720	4.7%	27,395	1,343	4.9%
SAIC	159	24	15.1%	707	24	3.4%	2,351	116	4.9%	3,217	164	5.1%
Washington												
Paccar	787	31	3.9%	607	20	3.2%	361	–6	–1.6%	1,755	44	2.5%
Starbucks	1,680	51	3.0%	1,523	43	2.8%	2,219	137	6.2%	5,422	231	4.3%
Costco Wholesale	1,809	89	4.9%	1,526	70	4.6%	4,394	220	5.0%	7,729	379	4.9%
Nordstrom	1,185	62	5.2%	1,119	59	5.3%	2,335	124	5.3%	4,639	245	5.3%
Wisconsin												
Rockwell Automation	470	—	—	364	–2	–0.5%	670	–14	–2.0%	1,503	–16	–1.0%
Harley-Davidson	935	2	0.2%	789	11	1.4%	1,600	33	2.0%	3,324	46	1.4%
Joy Global	724	13	1.8%	532	5	0.9%	1,144	35	3.0%	2,400	52	2.2%
Bemis	230	5	2.3%	189	1	0.3%	551	23	4.2%	969	29	3.0%
Kohl's	1,561	59	3.8%	1,859	60	3.2%	4,795	174	3.6%	8,215	293	3.6%
Fiserv	853	36	4.2%	697	18	2.6%	2,107	104	4.9%	3,657	158	4.3%

METHODOLOGY

This study represents an in-depth look at state (and local) corporate income taxes over the 2008-12 period. It is based on data collected for a February 2014 study of federal corporate tax payments published by Citizens for Tax Justice and the Institute on Taxation and Economic Policy, titled *The Sorry State of Corporate Taxes*. That report covered 288 large Fortune 500 corporations. This new state corporate report includes the 269 companies of those 288 that fully disclosed their state corporate income tax payments. Over the five-year period, these 269 companies reported \$2.3 trillion in pretax U.S. profits, and, on average, paid state taxes on about half 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 (SEC). 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 five 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.

A. Issues in measuring profits

The pretax U.S. profits reported in the study are generally as the companies disclosed them.¹ In a few cases, 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

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¹ 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.

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 non-cash charges, plus "restructuring charges," that would 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, Conoco Phillips 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.”² 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: Impairment charges to asset 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 ***The Sorry State of Corporate Taxes***, which is available at www.ctj.org or www.itep.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.

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²One article describes goodwill impairment charges as “a ludicrous charade” “which everyone and their brothers and sisters dismiss as merely the result of an arbitrary recalculation of an arbitrary calculation.”

<http://accountingonion.typepad.com/theaccountingonion/2010/01/goodwill-impairment-i-love-a-charade-reposted.html>