



**For Immediate Release**  
(July 28, 2008)

**Contact:** Deborah Primiano / Ichiro Kawasaki  
KPMG LLP  
201-307-8495 / 201-307-8640  
dprimiano@kpmg.com /  
ikawasaki@kpmg.com

**UNITED STATES AND CITIES FARE WELL  
IN A KPMG REPORT ON BUSINESS TAX COSTS**

*San Juan, Puerto Rico, Baltimore, and Atlanta Have Most Cost-Competitive  
Tax Structure in the U.S. Large City Category*

**NEW YORK, JULY 28** – San Juan, Puerto Rico, Baltimore and Atlanta have the most favorable tax structures for businesses among U.S. cities/locations with populations exceeding 2 million, according to a study released today by KPMG International (KPMG).

Of the 35 large international cities highlighted in the study, San Juan, Baltimore and Atlanta all rank in the top ten – first, eighth and ninth, respectively. And among the 10 countries in the study, the U.S. ranked fifth in terms of the favorability of its overall tax structure for business.

KPMG’s 2008 *Competitive Alternatives: Focus on Tax* study is a global comparison of the total tax burden that may be faced by companies in 102 cities throughout 10 countries including corporate income taxes, capital taxes, sales taxes, property taxes, miscellaneous local business taxes and statutory labor costs. The study is intended to provide a guide for companies wanting to compare the tax burden they may incur in different cities around the world.

“Cities across the United States recognize that attracting and retaining businesses of all sizes is important for a vibrant local economy,” said Hartley Powell, national leader of the Strategic Relocation and Expansion Services practice at KPMG LLP, the U.S. member firm of KPMG International. “As the survey results indicate, certain cities are leaders in developing a tax environment that encourages business development, and tax costs are a key consideration in the site selection process.”

- more -



## KPMG's 2008 Competitive Alternatives Focus on Tax Study -- 2

According to the study, San Juan had a total tax index of 46.6 representing tax costs 53.4 percent below the U.S. national average of 100.0. San Juan was followed by Baltimore and Atlanta at 92.1 and 95.1, respectively.

Other high-ranking large U.S. cities included Tampa, Fla. (98.1), Detroit (98.6), and Phoenix (98.8).

### **Industry Classifications**

The results of the study also vary depending on the type of business. As a location for R&D operations, the three cities with the most cost effective tax structure in the large-sized city category were San Juan (61.8), Baltimore (88.4), and Portland, Ore. (88.5).

For manufacturing operations, where property taxes and taxes on equipment and capital are of interest, the three, large-sized U.S. cities with the most cost-effective tax structure were San Juan (42.4), Baltimore (91.3), and Atlanta (95.3).

The services industry, on the other hand, tends to be most affected by statutory labor costs. The top three, large-sized U.S. cities with the most favorable tax structure for services included San Juan (65.5), Atlanta (92.7) and Baltimore (94.2).

### **Mid-sized Cities**

In the mid-sized city category (populations between 500,000 and 2 million), the top cities included Omaha, Neb. (94.2), Greenville-Spartanburg, S.C. (95.2), Little Rock, Ark. (95.7), Milwaukee, Wis. (96.0), Youngstown, Ohio (97.1), Raleigh, N.C. (98.1), McAllen, Texas (98.5), Buffalo, N.Y. (98.9), and Salt Lake City, Utah (99.1).



KPMG’s 2008 Competitive Alternatives Focus on Tax Study -- 3

**Small-Sized Cities**

In the small-sized city category (populations between 100,000 and 500,000), the top cities included Saginaw, Mich. (92.0), Cheyenne, Wyo. (92.1), Cedar Rapids, Iowa (92.1), Sioux Falls, S.D. (92.8), Shreveport, La. (92.9), Lexington, Ky. (93.0), and Montgomery, Ala. (95.2).

The full text of the 2008 study by KPMG International is available online at [www.CompetitiveAlternatives.com](http://www.CompetitiveAlternatives.com).

Total tax indexes for all large-sized U.S. and affiliated cities studied follow.

*KPMG’s 2008 COMPETITIVE ALTERNATIVES FOCUS ON TAX STUDY*  
**(U.S. cities with populations of more than 2 million)**

City	Total Tax Index	Rank
San Juan, PR	46.6	1
Baltimore, MD	92.1	2
Atlanta, GA	95.1	3
Tampa, FL	98.1	4
Detroit, MI	98.6	5
Phoenix, AZ	98.8	6
Minneapolis, MN	101.5	7
North Virginia (Metro DC)	101.6	8
Denver, CO	101.8	9
Philadelphia, PA	101.9	10
Boston, MA	102.1	11
Dallas-Fort Worth, TX	103.2	12
Houston, TX	104.1	13
Portland, OR	104.5	14
Metro Los Angeles	105.1	15

City	Total Tax Index	Rank
Chicago, IL	105.3	16
St. Louis, MO	106.5	17
Seattle, WA	107.1	18
San Diego, CA	107.7	19
New York, NY	109.2	20
San Jose, CA	112.2	21

The total tax index is a measure of the total taxes paid by corporations in a particular location and industry, expressed as a percentage of total taxes paid by similar corporations in the United States. Thus the United States has a total tax index of 100.0, which represents the benchmark against which the other countries and cities are scored.



## KPMG's 2008 Competitive Alternatives Focus on Tax Study -- 4

KPMG LLP's Strategic Relocation and Expansion Services practice, with more than 50 U.S. professionals, offers a comprehensive range of services that can help companies identify potential tax and other efficiencies when expanding, relocating or consolidating their facilities. The practice operates domestically and globally -- through KPMG International member firms -- and is part of the Global Location and Expansion Services group.

KPMG LLP, the audit, tax and advisory firm ([www.us.kpmg.com](http://www.us.kpmg.com)), is the U.S. member firm of KPMG International. KPMG International's member firms have 123,000 professionals, including 7,100 partners, in 145 countries.