

# SAN DIEGO

## ILLUSTRATED



A VISUAL GUIDE TO  
TAXES & THE ECONOMY



# San Diego Illustrated

**A VISUAL GUIDE TO TAXES & THE ECONOMY**



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# Introduction

**Taxes are complicated. Every city and state's tax code is a multifaceted system with many moving parts, and San Diego is no exception. This chart book, the result of collaboration between the San Diego Regional Chamber of Commerce and the Tax Foundation, aims to help readers understand San Diego's overall economy and tax system from a broad perspective. It also provides detailed information about San Diego's public finances as compared to other cities in order to ease the complicated task of understanding the city's tax climate.**

Over the past forty years, San Diego's population has doubled. Although employment growth has been weaker over the same period, wages have risen above the national average for more than a decade. Furthermore, San Diego is a destination city for highly skilled labor.

In terms of government finance, San Diego performs well. Not only does the city have a smaller government than those of competitor cities, it also has low spending and very low debt. Taxes per capita have also decreased in recent years. However, San Diego relies less on local property and sales taxes, which means it must lean more on distortionary business and excise taxes.

Despite these local successes, California continues to be a drag on San Diego's economic performance. Taxes in the state are high and poorly structured. Tax burdens and rates alike have risen over time. The general tax climate is a deterrent for businesses. In sum, California's tax code makes it hard for San Diego to compete.

Each piece of San Diego's economic climate tells a story. While taxes are complicated, we hope this book will help put those dynamic pieces together to provide an in-depth picture of San Diego's tax climate. Our hope is that this resource for Chamber members, business owners, policymakers, and the general public will inform ways to improve the tax system and improve San Diego's business climate.

These charts were developed by San Diego Regional Chamber and Tax Foundation staff and edited by economist Lyman Stone. We thank the County of San Diego for their investment in this invaluable resource for San Diego job creators.

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# Table of Contents

Chapter 1: An Overview of San Diego's Economy.....	1
San Diego and Its Six Competitor Cities.....	2
San Diego's Population Has Doubled Since 1970.....	3
San Diego Is Home to a Young Workforce and Many Retirees.....	4
San Diego's Economy Relies More on Government and Real Estate Than Most Metro Areas.....	5
74 Percent of San Diego Employers Have Less Than Ten Employees.....	6
San Diego Has Low Employment Compared to Population.....	7
Wages in San Diego Have Risen Above U.S. Metro Average.....	8
San Diego Attracts Highly Skilled Labor.....	9
Energy Prices in San Diego Are Much Higher Than Competitor Cities.....	10
 Chapter 2: San Diego's Tax Climate.....	 11
San Diego Has a Small City Government.....	12
San Diego Relies the Most on Taxes.....	13
San Diego Relies More on Business and Excise Taxes.....	14
Taxes in San Diego Are Starting to Return to Historic Averages.....	15
San Diego's Property Taxes Are Lower Than Competitor Cities.....	16
San Diego Benefits Little from Sales Tax.....	17
San Diego Spends Less Than Other Competitor Cities.....	18
San Diego Has the Least Debt Among Competitor Cities.....	19

Chapter 3: California's Tax Code: The Basics.....	20
California Taxes at a Glance.....	21
How Does California Score?.....	22
California Has One of the Worst Business Tax Climates in the Nation.....	23
California Business Tax Climate Falls Behind All Neighboring States.....	24
State Tax Collections Have Grown Faster Than Local Tax Collections.....	25
California's Tax Burden Is Higher Than U.S. Average.....	26
California's Business Taxes Are Uncompetitive.....	27
Effective Tax Rates in California Vary Widely Across Industries.....	28
California's Top Income Tax Rate Is Near Historic Highs.....	29





# Chapter 1

## An Overview of San Diego's Economy

Cities and metro areas form the basic building blocks for modern economies, and their success (or failure) drives national economic performance.

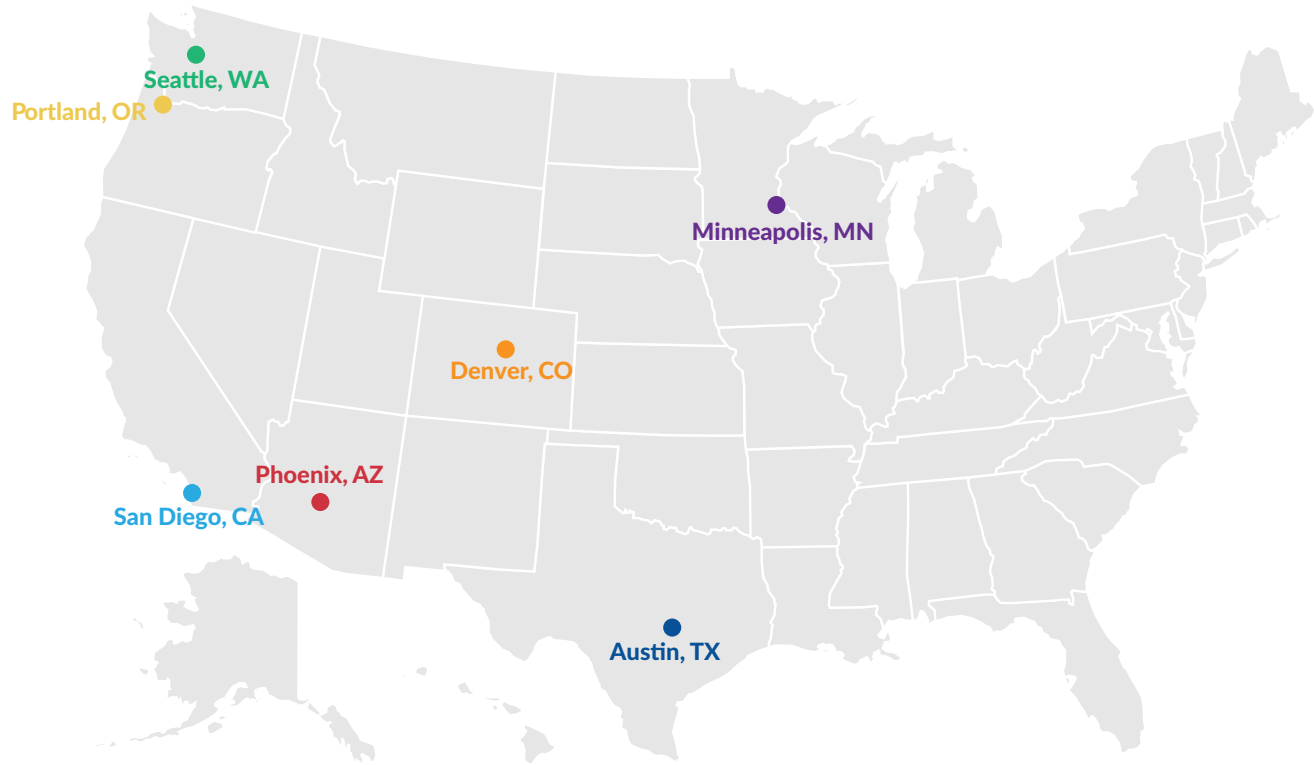
Overall, San Diego's economy has high wages, attracts highly skilled workers from abroad, and has seen healthy population growth. However, San Diego also faces its share of challenges in the form of high energy prices and slow employment growth.

San Diego's economy relies heavily on government employment (especially the military) and real estate, while high energy prices have contributed to a smaller manufacturing base.



# San Diego and Its Six Competitor Cities

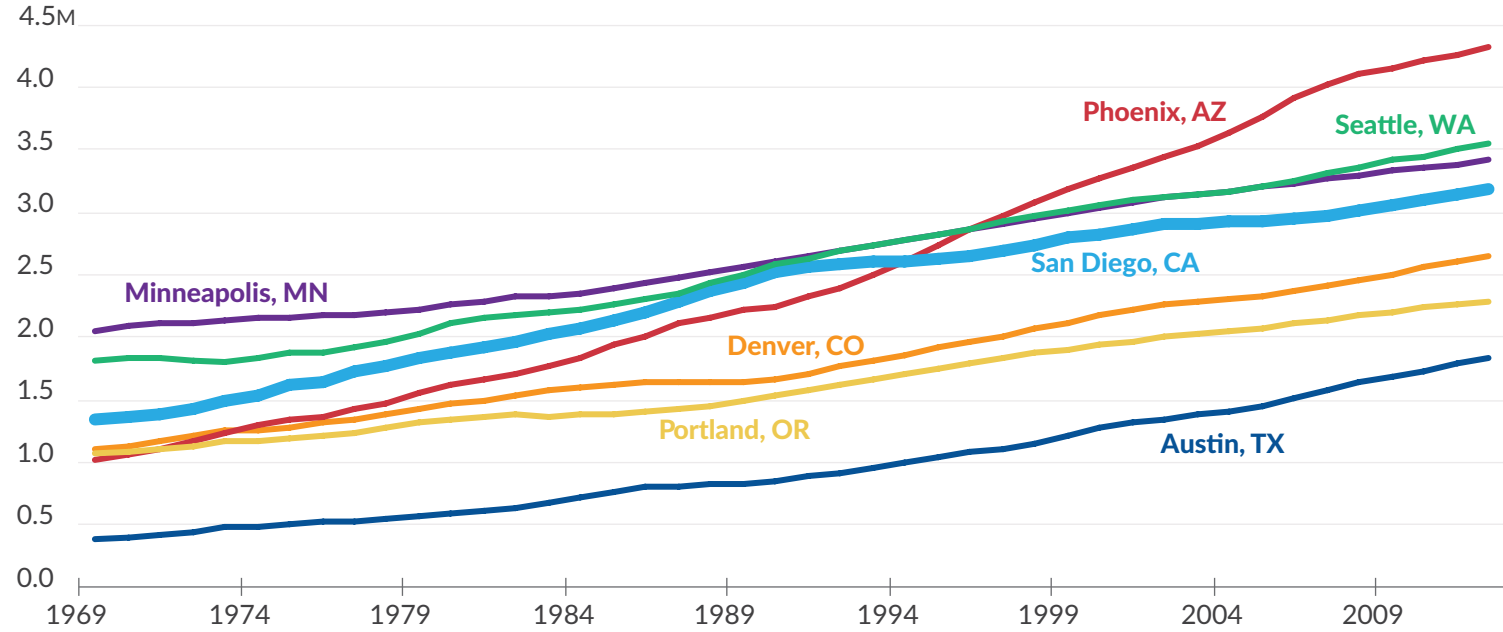
Metro areas are the building blocks of national economic success, but they also compete with each other. For this chart book, we've selected six competitor cities to compare to San Diego. They are roughly comparable in population and economic activity, competing in many similar industries for similar workers, but offer diversity in geographies and policies.



Note: Colors are based on closest NFL team jersey.

# San Diego's Population Has Doubled Since 1970

Population in Millions for San Diego and Competitor Metro Areas (1969-2012)

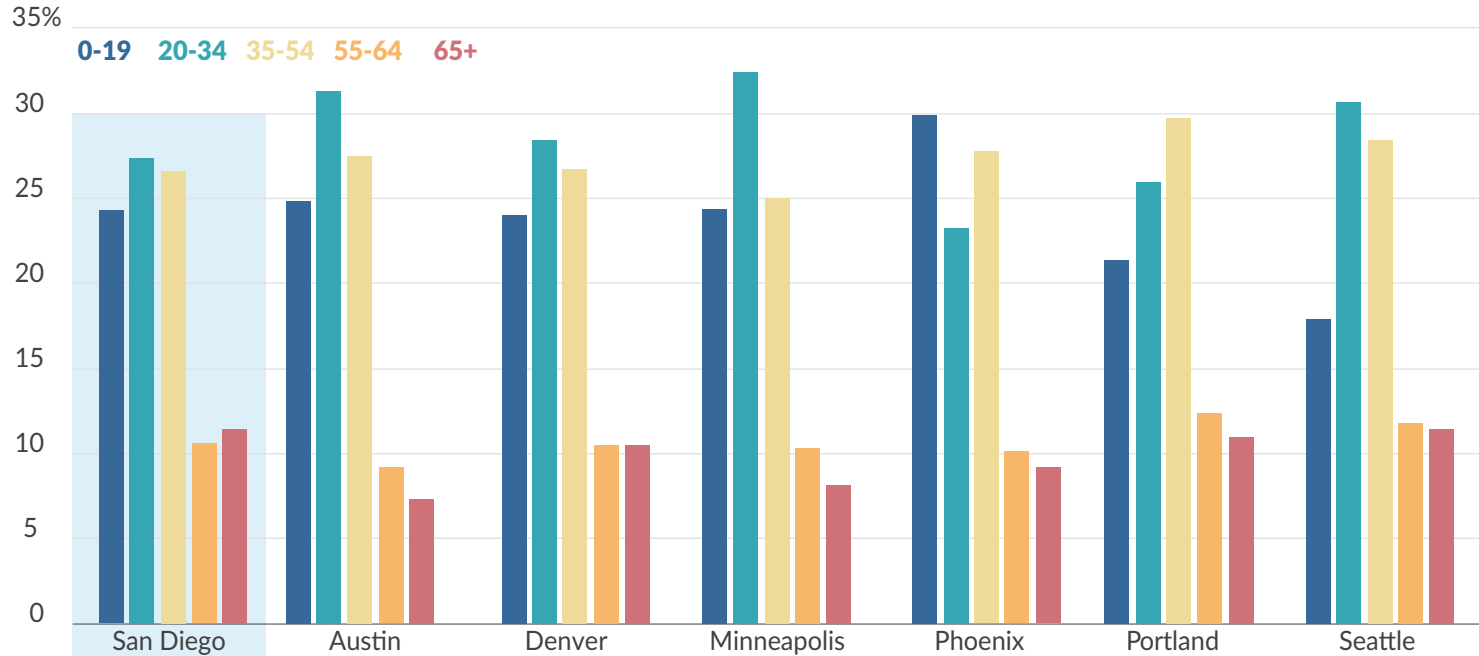


In 2012, the San Diego metro area had 3.17 million people (the fourth largest among peer cities), growing from only 1.34 million people in 1969. However, slower growth since 1991 has led to a narrowing of San Diego's size advantage over competitor metro areas. Despite having nearly equal populations in 1989, Seattle has edged out San Diego, while Phoenix has grown to the largest of any competitor metro area.

Source: Bureau of Economic Analysis, *Regional Economic Accounts (Local Area Personal Income and Employment)*.  
Note: "Metro areas" are defined as the Census Bureau's Metropolitan Statistical Areas.

# San Diego Is Home to a Young Workforce and Many Retirees

Age Groups as a Percent of Total Population for San Diego and Competitor Metro Areas (2012)

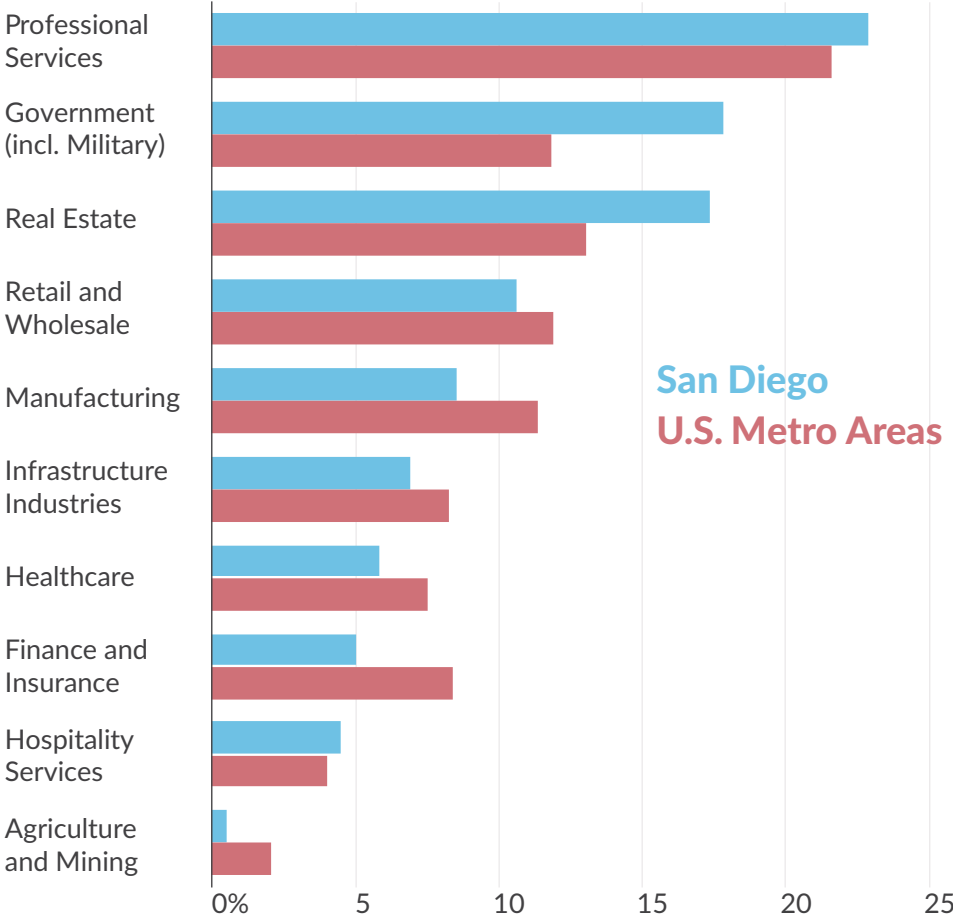


Over half of all San Diego residents are under 34 years old, similar to most of its competitor cities. But one area where San Diego stands out is in its large share of retirees (65+). San Diego and Seattle have the highest share of retirees among competitor metro areas at 11.4 percent.

Source: Census Bureau, 2012 American Community Survey 1-Year Estimates.

# San Diego's Economy Relies More on Government and Real Estate than Most Metro Areas

Sector GDP as Percent of San Diego Total Metropolitan Area GDP Compared to U.S. Metro Area Average (2012)



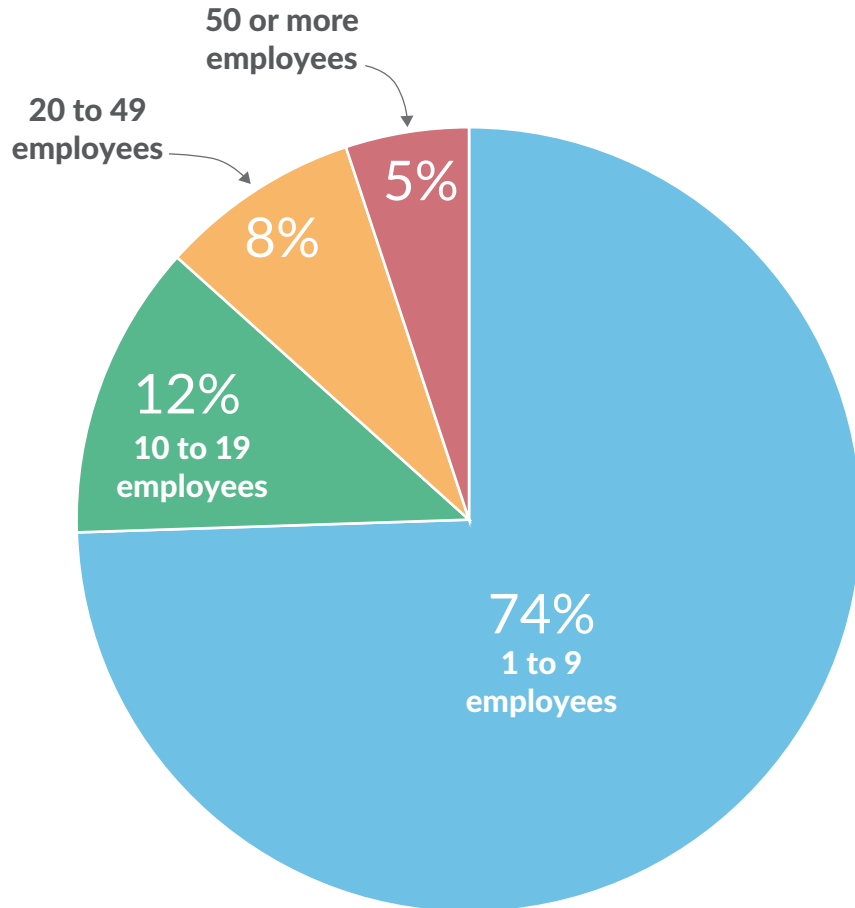
The San Diego metropolitan area's economy relies much more on government and real estate than the U.S. metro average. At 18 percent of San Diego's economy, government is about 50 percent more prominent than in most metro areas. This is largely a reflection of sizable military and other federal employment. San Diego, like many Californian cities, also has a large real estate sector. On the other hand, San Diego relies much less on manufacturing and finance.

While combined professional services comprise 23 percent of San Diego's economic output, this is typical for U.S. metro areas.

Source: Bureau of Economic Analysis, *Regional Economic Accounts (GDP by Metropolitan Area)*.  
 Note: Several industry categories have been combined for simplicity. "Infrastructure industries" includes construction, transportation, and utilities. "Professional services" includes education, management, administration, information, legal, accounting, scientific, and many other services.

# 74 Percent of San Diego Employers Have Less Than Ten Employees

Percent of Total Employers by Number of Employees for San Diego Metro Area (2011)



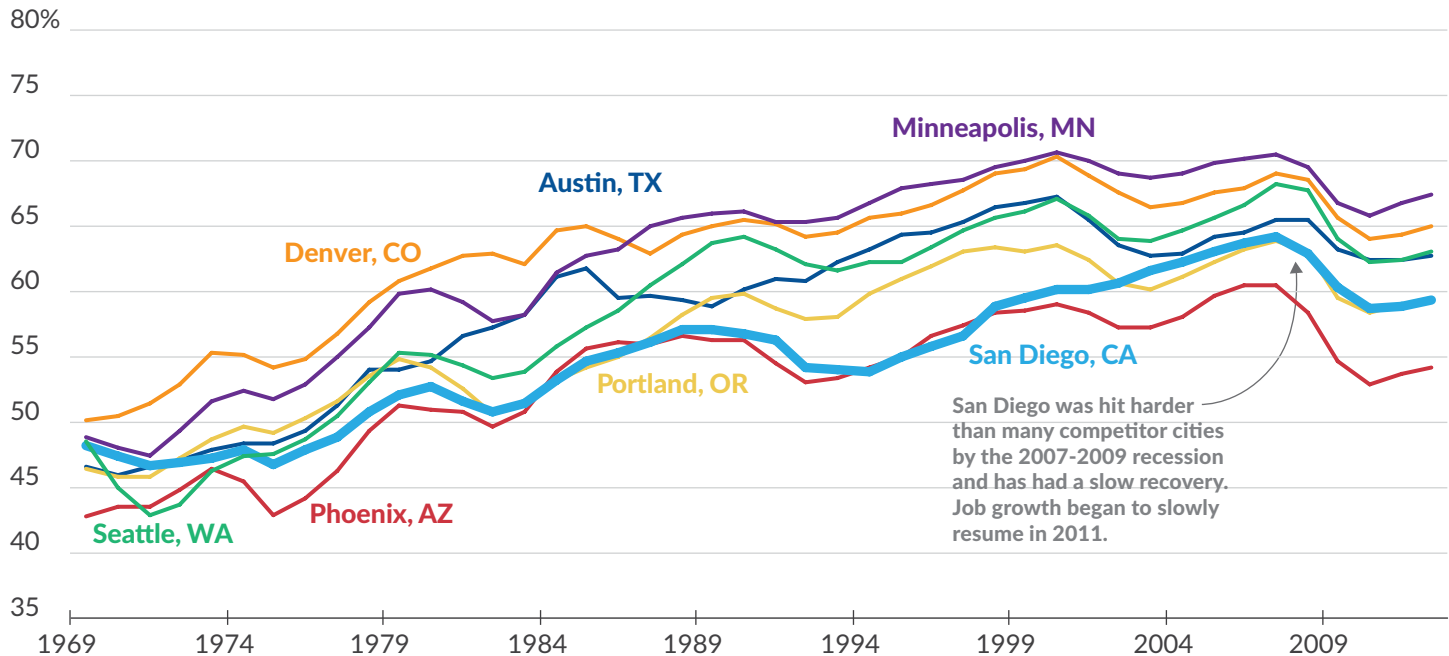
San Diego employers tend to be on the smaller side, which is true for most areas. 74 percent of San Diegan employers have fewer than 10 employees. Although only 5 percent of employers have more than 50 employees, these large firms employ a significant portion of San Diego's workforce.

Even though firms employing hundreds of people are very prominent, such as major manufacturers, they often rely on many smaller suppliers in the local economy to provide intermediate goods and services.

Source: Census Bureau, *County Business Patterns* (Geographic Area Series).

# San Diego Has Low Employment Compared to Population

Employment-to-Population Ratio for San Diego and Competitor Metro Areas (1969-2012)



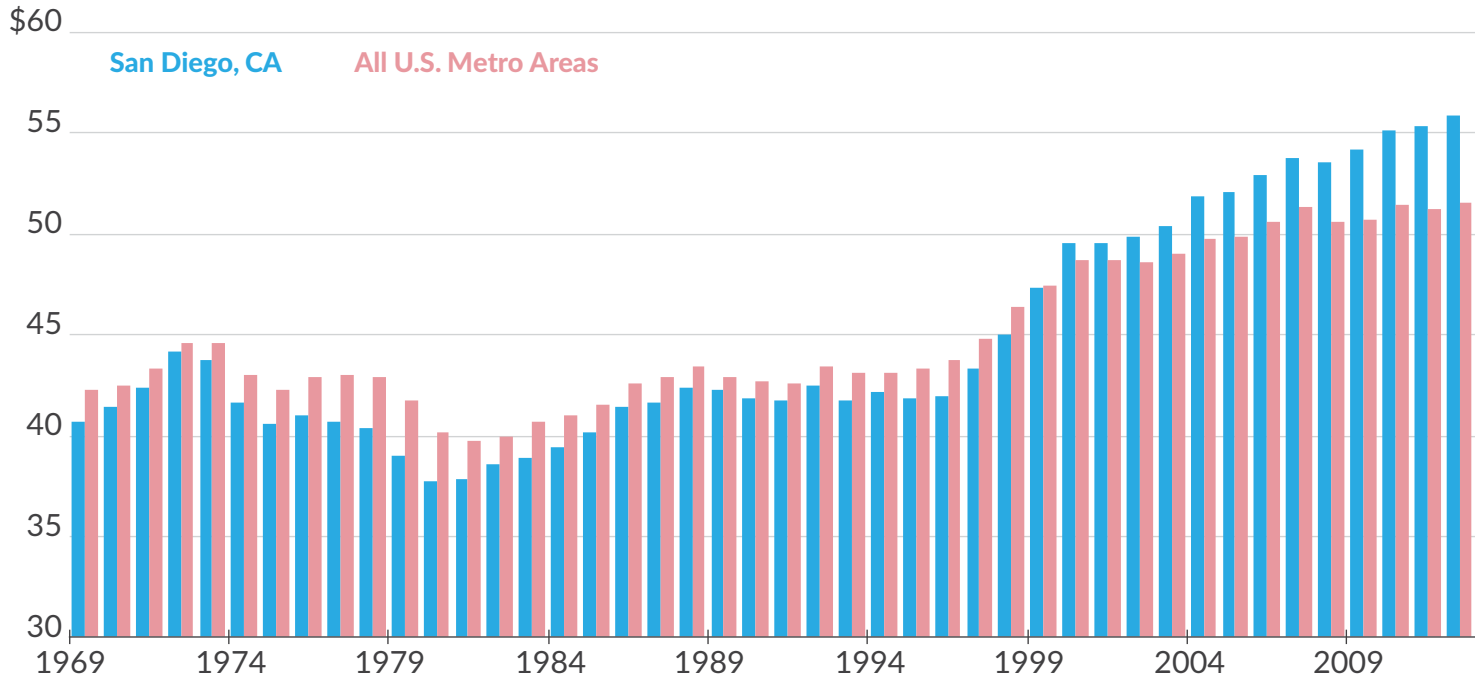
The employment-to-population ratio shows the percent of an area's population that is employed. When this value rises, jobs are being created faster than the population is growing. From 1969 to 1991, the employment-to-population ratio rose just 8 percentage points in San Diego, by far the least of any competitor metro area, suggesting that job growth was fairly sluggish. But from 1991 to 2007, San Diego's employment share rose another 8 percentage points, the most of any competitor metro area during that period. Notably, San Diego's economy proved resilient during and after the 2001 recession.

Source: Bureau of Economic Analysis, *Regional Economic Accounts (Local Area Personal Income and Employment)*.



# Wages in San Diego Have Risen Above U.S. Metro Average

Average Wage per Job in Thousands for San Diego Metro Area Compared to U.S. Metro Average (1969-2012, in 2012 Dollars)



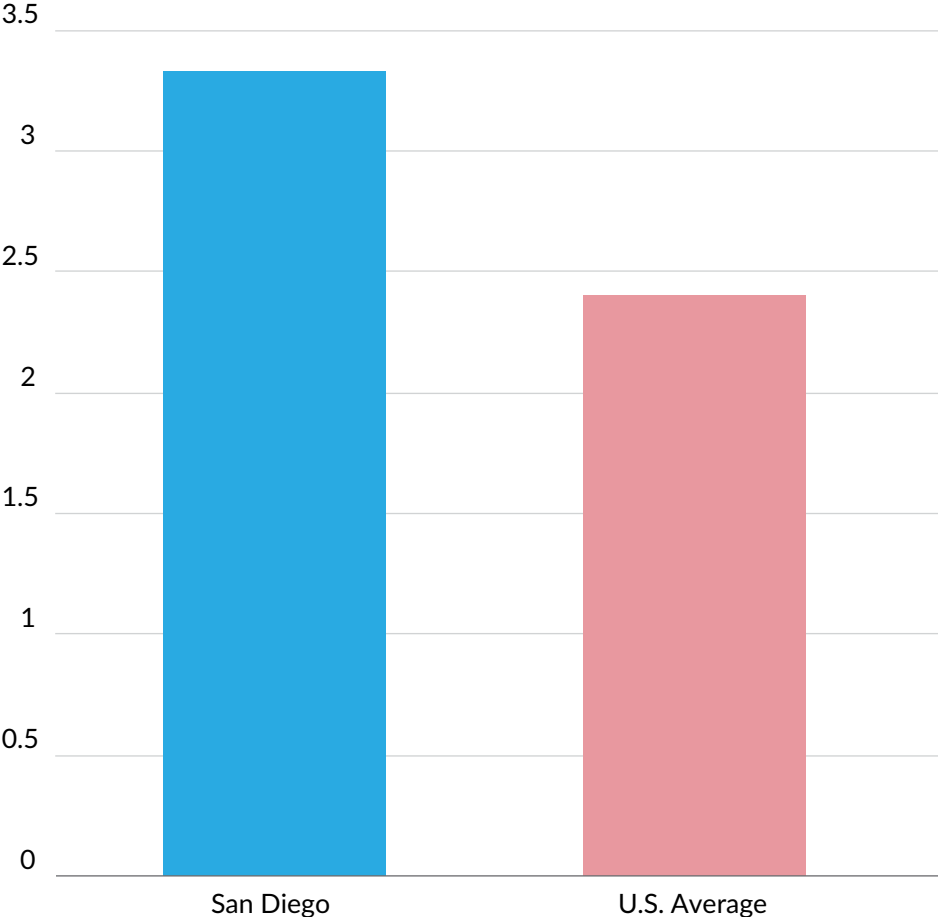
When compared to other metropolitan areas in the country, San Diego is a high-wage city. From 1969 to 2000, wages in San Diego were typically about 3 percent lower than the U.S. metro average. In 2000, San Diego's wages surpassed the U.S. metro average and are now over 8 percent higher.

Source: Bureau of Economic Analysis, *Regional Economic Accounts (Local Area Personal Income and Employment)*; Bureau of Labor Statistics, *Consumer Price Indexes*.

Note: "Wage per job" is defined as total wages and salaries divided by wage and salary employment. Dollar amounts are inflation adjusted based on the annual average Consumer Price Index for All Urban Consumers (CPI-U) with a 2012 base year.

# San Diego Attracts Highly Skilled Labor

H-1B Foreign Highly Skilled Worker Visa Applications per 1,000 Workers  
(average over 2011-2012)

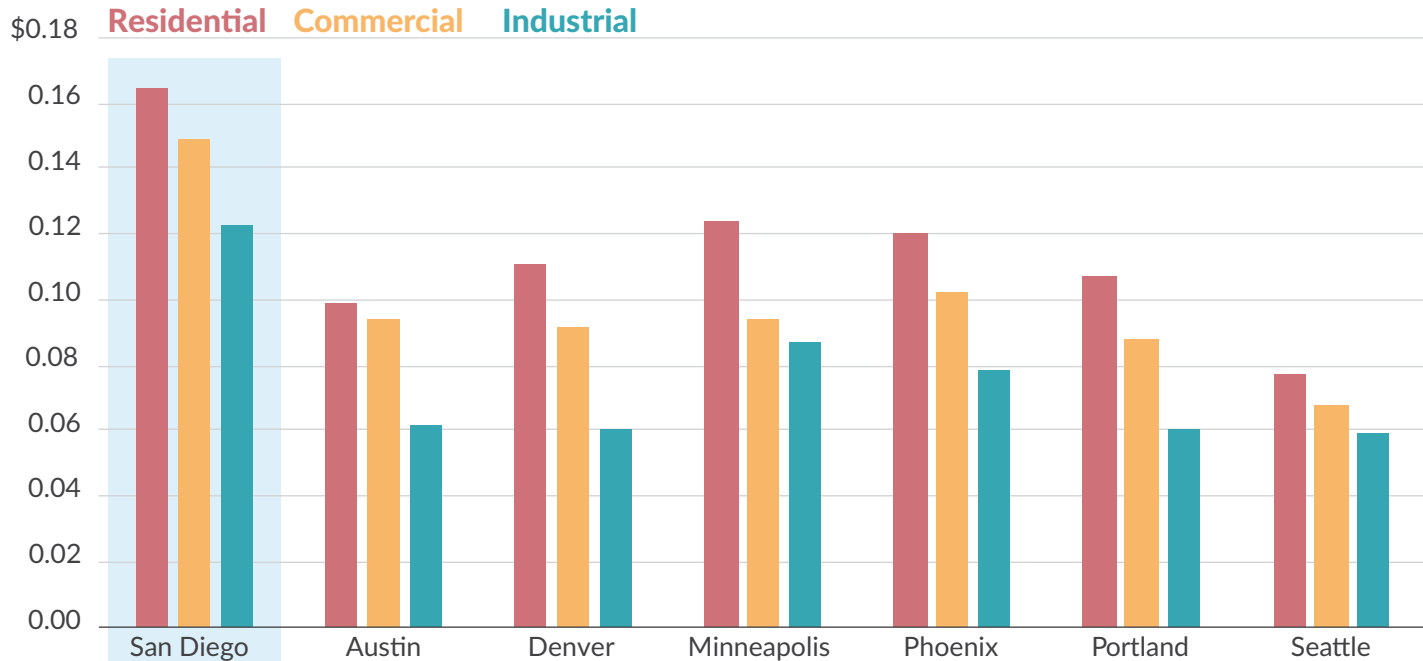


Cities compete to attract highly skilled workers. One measure of their demand for such workers is in applications by companies for foreign highly skilled worker visas, or H-1Bs. In 2011 and 2012, there was an average of 4,529 applications in San Diego, or 3.33 per thousand workers. This is noticeably higher than the national average of 2.4 applications per thousand workers, indicating that San Diego has a stronger market for highly skilled workers than many other cities.

Source: Neil G. Ruiz, Jill H. Wilson, & Shyamali Choudhur, *The Search for Skills: Demand for H-1B Immigrant Workers in U.S. Metropolitan Areas*, Brookings Institution (2012).

# Energy Prices in San Diego Are Much Higher Than Competitor Cities

Average Electricity Prices per Kilowatt Hour by Use in San Diego and Competitor Cities (2012)



Cities like Seattle and Austin enjoy robust energy resources (hydroelectric, oil, and natural gas) that reduce local electricity prices. But in San Diego, electricity prices can be up to twice as expensive as prices in competitor cities. These high energy prices are common to many California cities, not just San Diego, and are influenced by state-level energy and environmental policies.

Source: Energy Information Administration, 861 Survey Database (2012 Retail Sales).

Note: Prices cited are for the largest electricity provider in each city, according to Energy Information Administration data.

## Chapter 2

### San Diego's Tax Climate

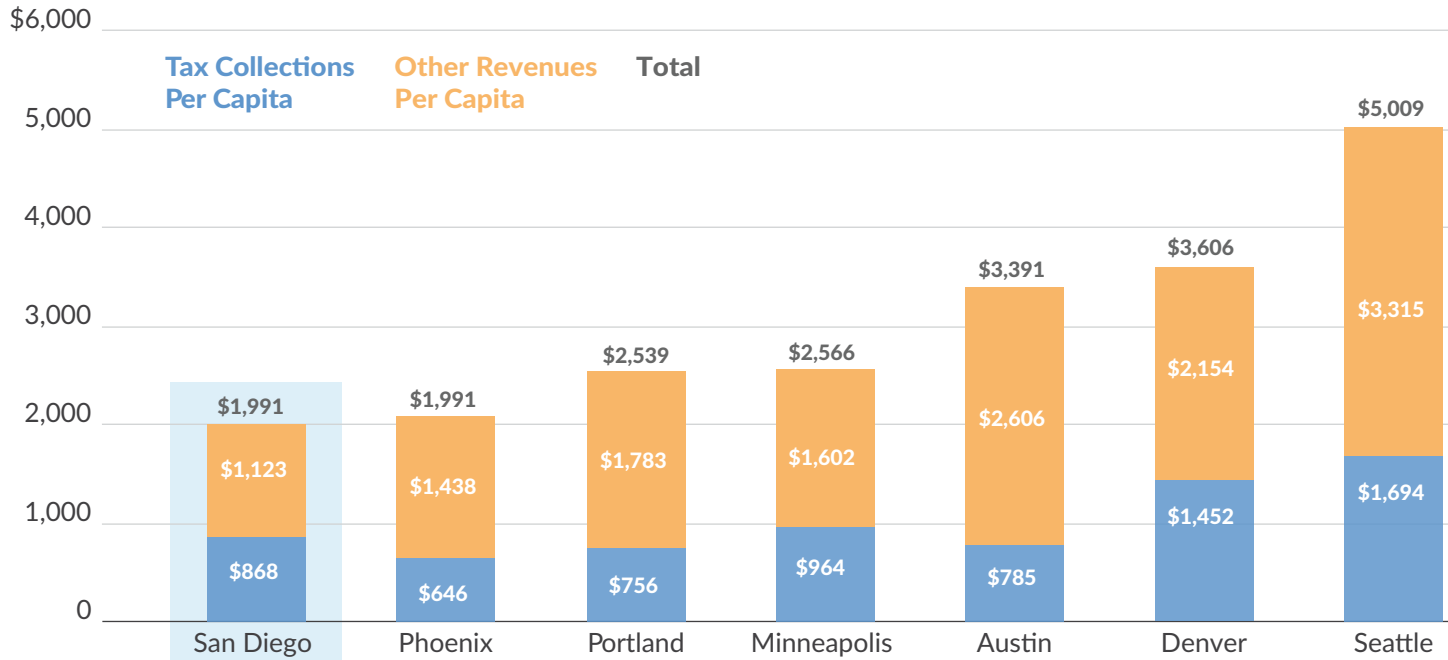
San Diego has a relatively small city government compared to competitor cities and is more dependent on tax collections rather than other sources of revenue. Those collections come disproportionately from hidden taxes on businesses like the franchise tax and the hefty hotel excise tax. Other cities rely more on property taxes and sales taxes. By contrast, San Diego has the lowest city property tax rate of any competitor city and among the lowest local add-on sales tax rate.

San Diego also has lower municipal government spending than competitor cities and has managed to reform its city debt such that it is the least indebted of any competitor city.



# San Diego Has a Small City Government

Taxes and Other Revenues Per Capita for San Diego and Competitor Cities (2012)

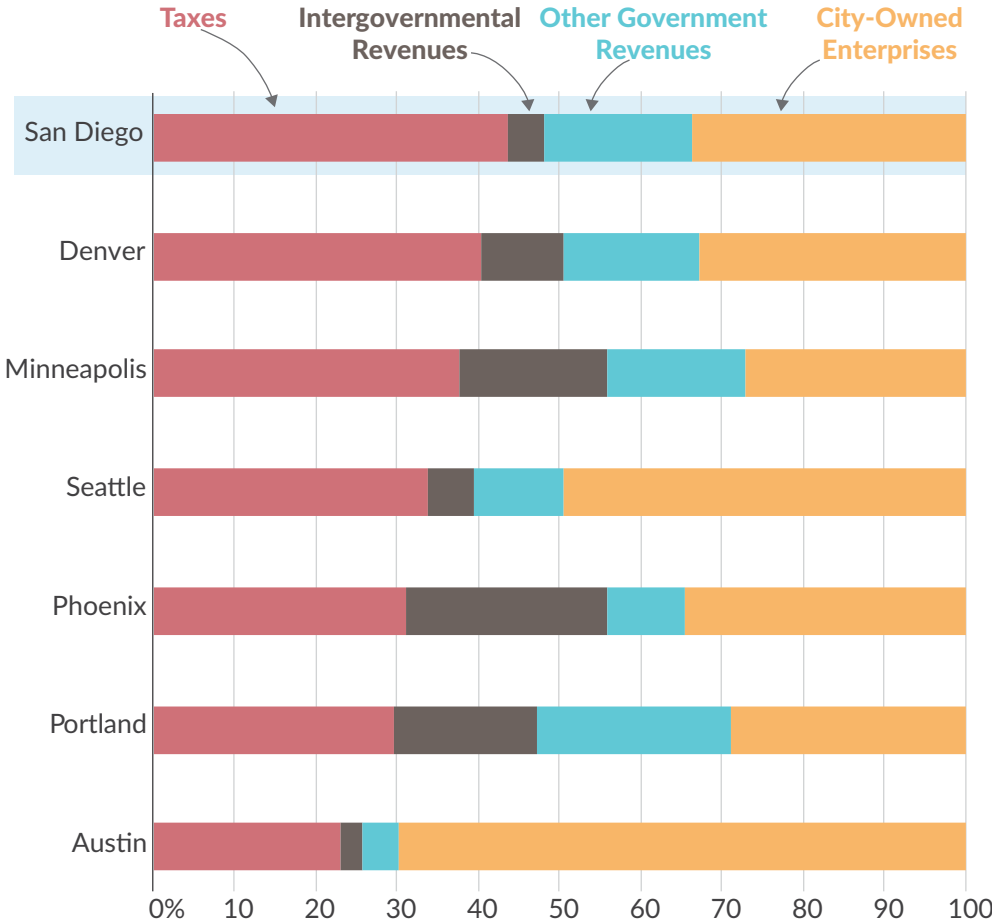


The amount of revenue cities raise varies widely. In 2012, San Diego collected \$868 in taxes per capita, compared to a high of \$1,694 in Seattle and a low of \$646 in Phoenix. But cities also have other revenue sources such as charges for services provided, fines, and intergovernmental revenues. San Diego had the lowest non-tax revenues of any competitor city, at \$1,123 per capita. Altogether, San Diego has a smaller city government in terms of total revenues raised than other competitor cities, at \$1,991 per capita.

Source: 2012 Comprehensive Annual Financial Reports, San Diego and other competitor city governments.  
 Note: Seattle and Austin have municipally-owned utilities that boost non-tax revenues relative to other cities. Denver has a municipally-owned airport.

# San Diego Relies the Most on Taxes

Percent of Total City Government General and Proprietary Fund Revenues by Revenue Source (2012)



Cities have four major tools in their revenue toolkit: taxes, intergovernmental revenues, revenues from city-owned business activities like utilities, and other general revenues (such as service charges, fines, or fees). Among competitor cities, San Diego is the most reliant on taxes and is among the least reliant on intergovernmental revenue.

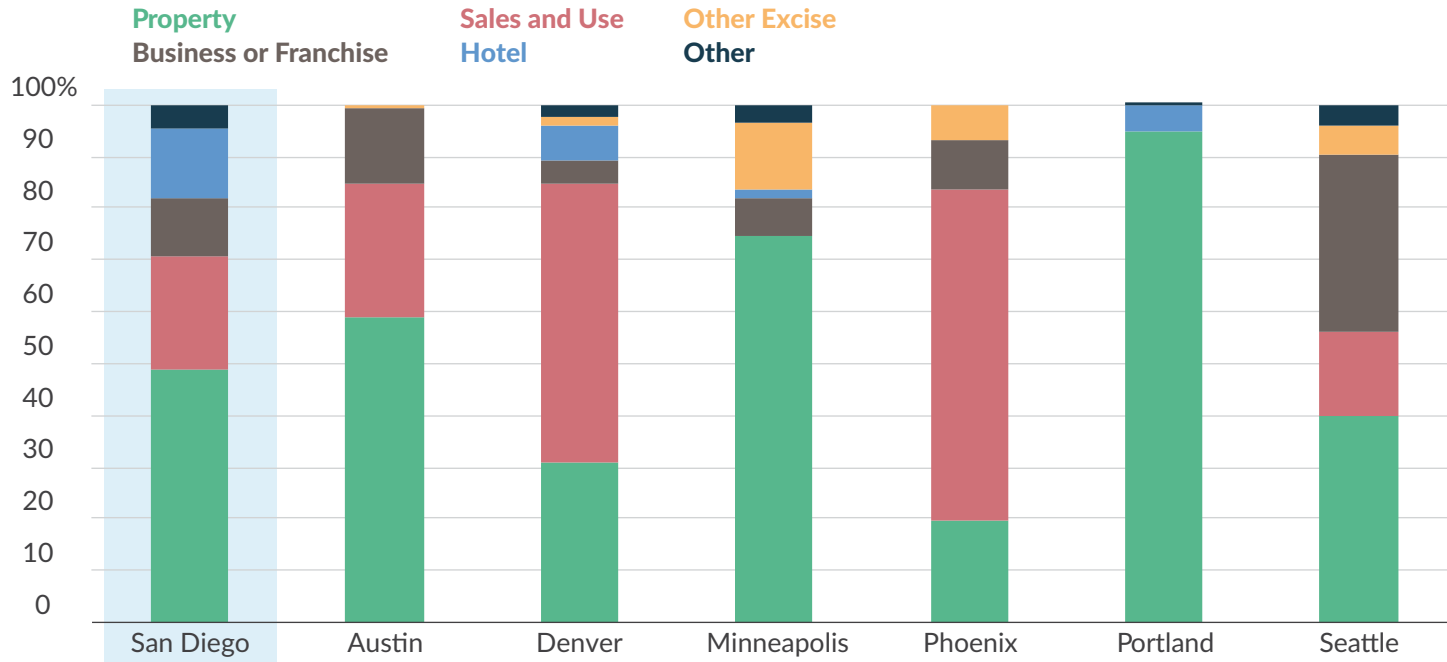
While they are distinct entities, city governments (and thus taxpayers) are ultimately responsible for the financing and fiscal health of city-owned enterprises.

Other general revenues include things like parking tickets, health clinic charges, investment returns, and other non-tax revenues.

Source: 2012 Comprehensive Annual Financial Reports, San Diego and other competitor city governments. Note: Proprietary funds are separately managed, but still ultimately government-owned, funds. They are usually city-owned businesses like utilities.

# San Diego Relies More on Business and Excise Taxes

Percent of Total Tax Collections by Tax Type for San Diego and Competitor Cities (2012)

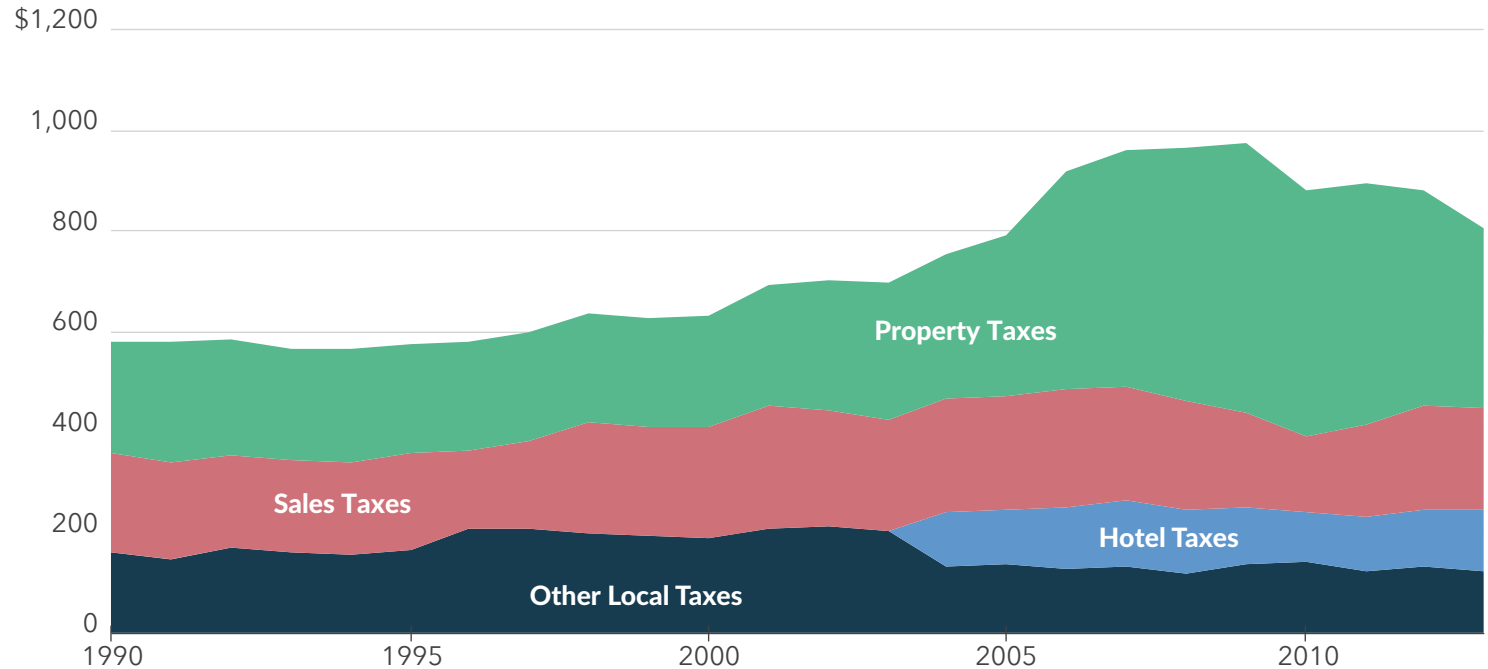


Cities differ not only in how much of their funding comes from taxes, but also by which taxes they rely on. Portland, for example, gets almost 95 percent of its tax collections from property taxes, while Phoenix gets just 19 percent. San Diego has a relatively high dependence on franchise taxes and hotel taxes, which do not effectively tie locally-provided services to local taxpayers.

Source: 2012 Comprehensive Annual Financial Reports, San Diego and other competitor city governments.

# Taxes in San Diego Are Starting to Return to Historic Averages

San Diego Tax Collections Per Capita by Tax Type (1990-2013, in 2013 Dollars)



From 1990 until 2002, San Diego's taxes per capita rose very slowly in real terms to around \$650 per capita. But during the 2000s, rising property values led to a dramatic increase in property tax collections. Since a peak in 2009 of \$976 in taxes per capita, taxes have fallen to \$806 per capita and are now starting to move closer to their historical norm. This shift is almost entirely due to property tax collections falling after the real estate bubble burst.

Source: San Diego Comprehensive Annual Financial Reports, 1990-2013; Bureau of Labor Statistics, *Consumer Price Indexes*.

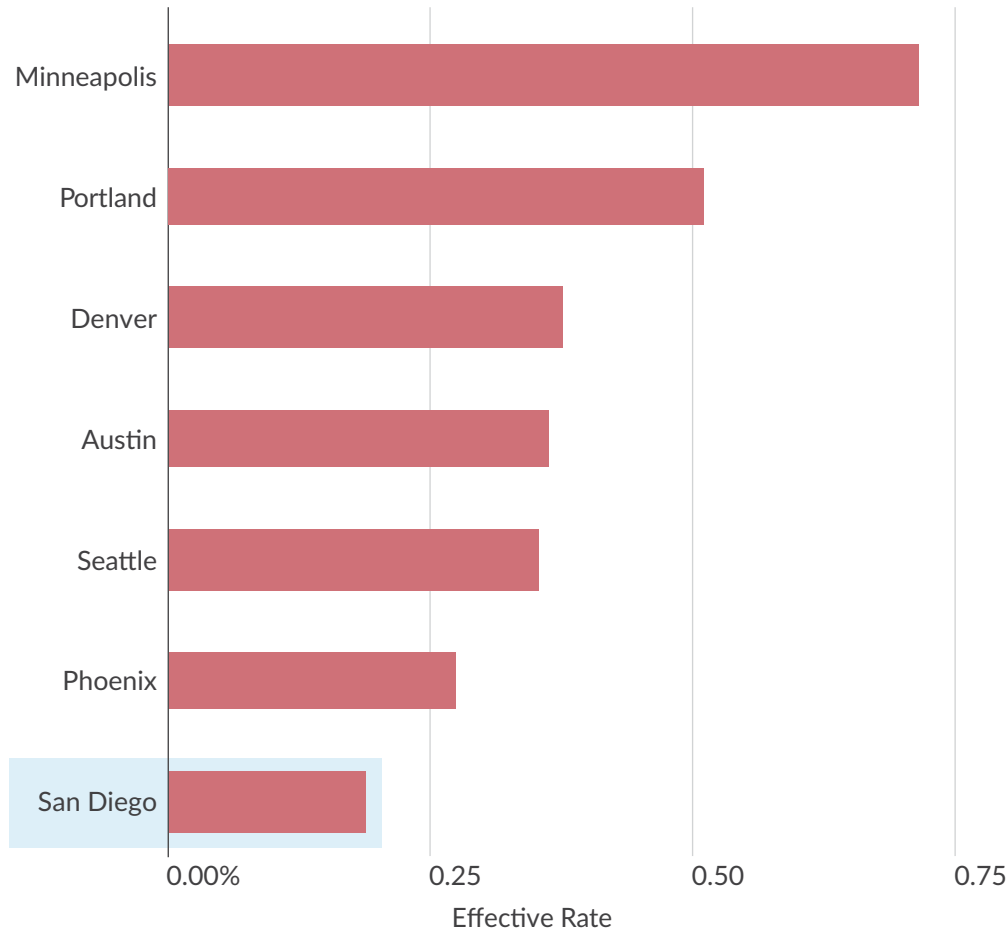
Note: Dollar amounts are inflation adjusted based on annual average Consumer Price Index for All Urban Consumers (CPI-U) with a 2013 base year.

Prior to 2004, hotel taxes were reported as a component of "Other Local Taxes." The largest share of the Other Local Taxes category is currently the franchise tax.



# San Diego's Property Taxes Are Lower Than Competitor Cities

Effective Property Tax Rates for San Diego and Competitor Cities (2012)



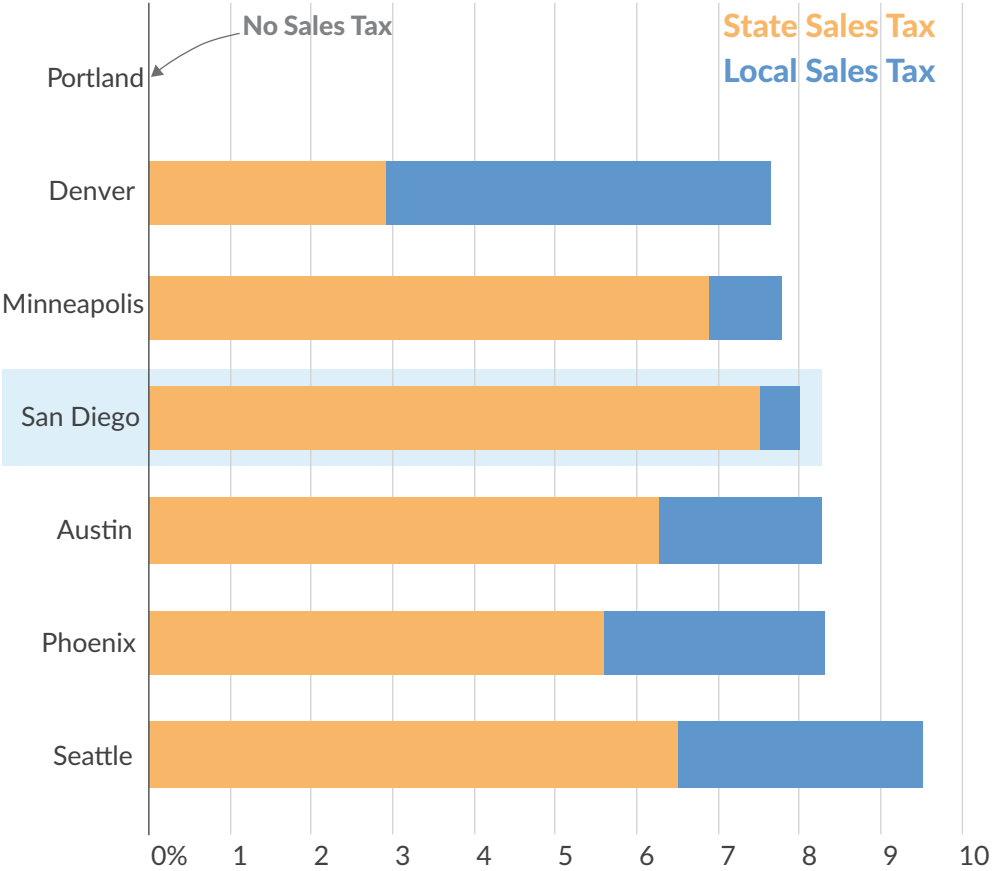
San Diego has the lowest effective city property tax rate of any competitor city. While property tax collections grew in the mid-2000s, the effective tax rates remained constant at levels near San Diego's current low effective rates. Portland and Minneapolis, on the other hand, charge much higher rates, which explains their higher reliance on property tax collections.

Even smaller local government units, like school or sewer districts, can add substantial property tax burdens on top of city property taxes. These effective tax rates do not include such sub-municipal property tax levies.

Source: 2012 Comprehensive Annual Financial Reports, San Diego and other competitor city governments  
Note: "Effective property tax rates" are defined as tax levies divided by full assessed or market value, as reported by the cities. Rates listed here reflect effective rates on 100 percent of assessed value. Some cities levy property taxes based on a less than 100 percent assessed value, often charging higher statutory rates in those circumstances.

# San Diego Benefits Little from Sales Tax

State and Local Sales Tax Rates in San Diego and Competitor Cities (as of Jan. 1, 2014)



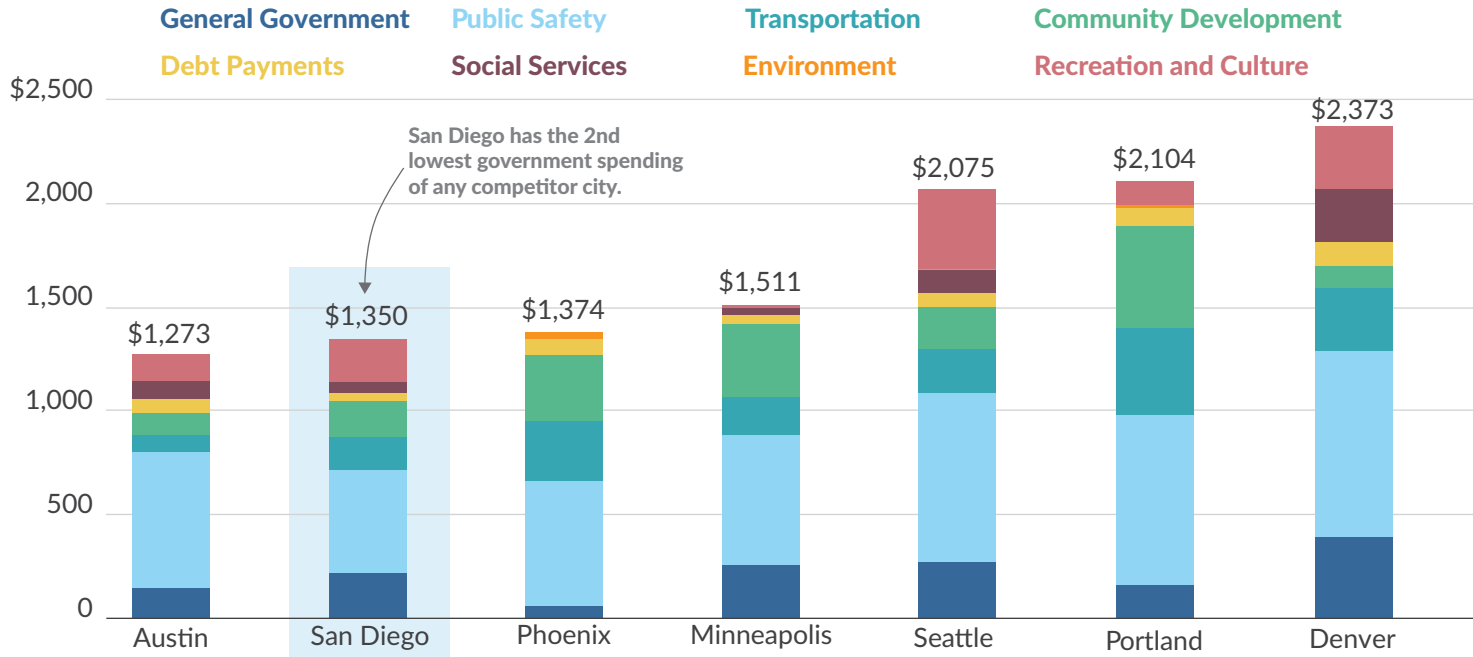
Total sales taxes in San Diego are comparable to other competitor cities, but the city does not levy large local option taxes on top of the statewide rate as some other cities do. Despite having similar combined rates, Denver, Phoenix, and Austin all capture much more sales tax revenue than in San Diego. Portland, Oregon, meanwhile, has no sales tax.

California's statewide rate includes the 1 percent Bradley-Burns mandatory local add-on tax.

Source: Sales Tax Clearinghouse.

# San Diego Spends Less Than Other Competitor Cities

Government Expenses Per Capita for San Diego and Competitor Cities (2012)

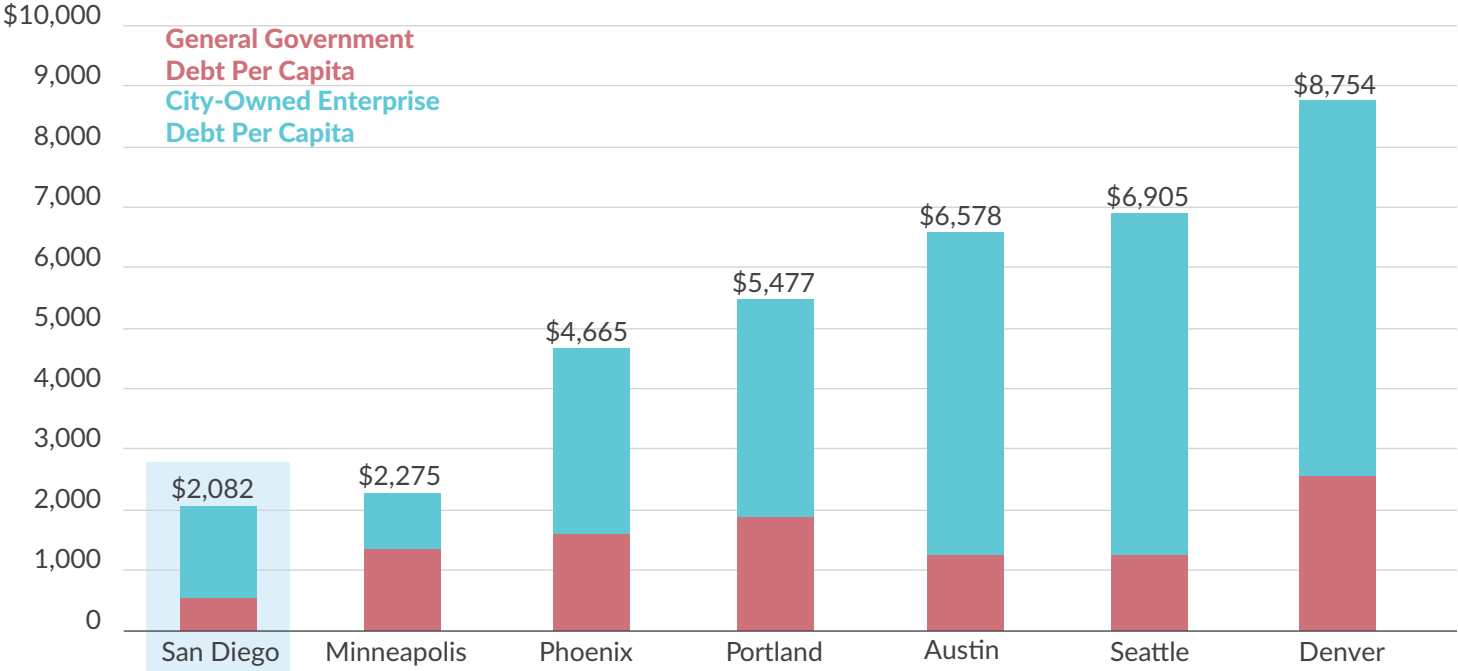


San Diego spends \$1,350 per citizen in direct government spending (excluding expenditures by city-owned enterprises). This makes San Diego one of the lowest-spending city governments among competitor cities, with only Austin spending less, at \$1,273 per capita. San Diego spends somewhat more heavily on recreation and general government activities than other cities but has the lowest per capita spending on public safety by a significant margin.

Source: 2012 Comprehensive Annual Financial Reports, San Diego and other competitor city governments.

# San Diego Has the Least Debt Among Competitor Cities

Government Debt Per Capita (2012)



Compared to its competitor cities, San Diego has very low debt. Its general government debt per capita is less than half that of the next lowest city (Austin). Even when including all debt from city-owned enterprises (primarily utilities), San Diego is still the least indebted. San Diego’s debt has dropped dramatically in recent years thanks to a series of successful debt reforms.

Source: 2012 Comprehensive Annual Financial Reports, San Diego and other competitor city governments.

## Chapter 3

### California's Tax Code: The Basics

California relies on several types of taxes to raise revenue, including individual income, corporate income, sales, and excise taxes. Tax burdens and collections alike are high compared to other states, poorly structured, and generally serve as a deterrent to business.

Despite San Diego's low taxes, low spending, and comparatively healthy economy, California's overall burdensome tax climate makes it difficult for San Diego to compete. Because of these growing state tax burdens, San Diego is left with relatively little space to pursue its own priorities.



# California Taxes at a Glance

## California State Taxes Are Among the Highest in Many Categories

When measured against other states, California has very high taxes in several categories. California's top individual income tax rate is the highest in the nation, its corporate rate is the 6th highest, and its combined sales tax rate the 8th highest. The income tax is also steeply graduated, taxing different income levels at different rates. However, California's property taxes are not generally as burdensome, and the state doesn't have some of the damaging taxes that other states have, such as gross receipts, capital stock, or inheritance taxes.

For all rankings on this page, 1 indicates highest among the 50 states.

General Info	Rank	Nat. Avg.
Income per capita	\$46,477 12	\$43,735
Federal aid as % of gen. revenue	29% 39	32.8%
State debt per capita	\$4,036 16	\$3,678

Individual Income Tax	Rank
Number of brackets	10
Top income tax rate	13.30%
Top bracket kick-in	\$1 mil
Bottom income bracket rate	1.00%
Bottom bracket kick-in	\$0
Collections per capita	\$1,347
Collections rank	8th

Excise Taxes	Rate	Rank
Gasoline taxes and fees	52.47¢ per gallon	1st
Cigarette taxes	\$0.87 per pack	32nd
Spirits taxes	\$3.30 per gallon	39th
Beer taxes	\$0.20 per gallon	29th
Cell phone taxes	10.05%	24th

Corporate Income Tax	Rank
Number of brackets	1
Top corporate tax rate	8.84%
Collections per capita	\$256
Collections rank	6th

Sales Tax	Rank
State rate	7.50%
State + average local rate	8.47%
State + average local rank	8th
Collections per person	\$1,069
Collections rank	16th

Property Tax	Rank
Collections per capita	\$1,426
Collections rank	19th
Property taxes paid as share of owner-occupied housing value	0.81%
Property taxes paid rank	33th

Source: Tax Foundation, *Facts & Figures 2014: How Does Your State Compare?*  
 Note: All collections listed on this page are combined state and local per capita collections.

# How Does California Score?

Poorly Structured, High Taxes Burden Californians



California ranks 48th out of the 50 states on the Tax Foundation's 2014 *State Business Tax Climate Index*, which annually compares the states' tax systems on over 100 variables that impact business. In other words, California has the 3rd worst business tax climate when compared to other states.

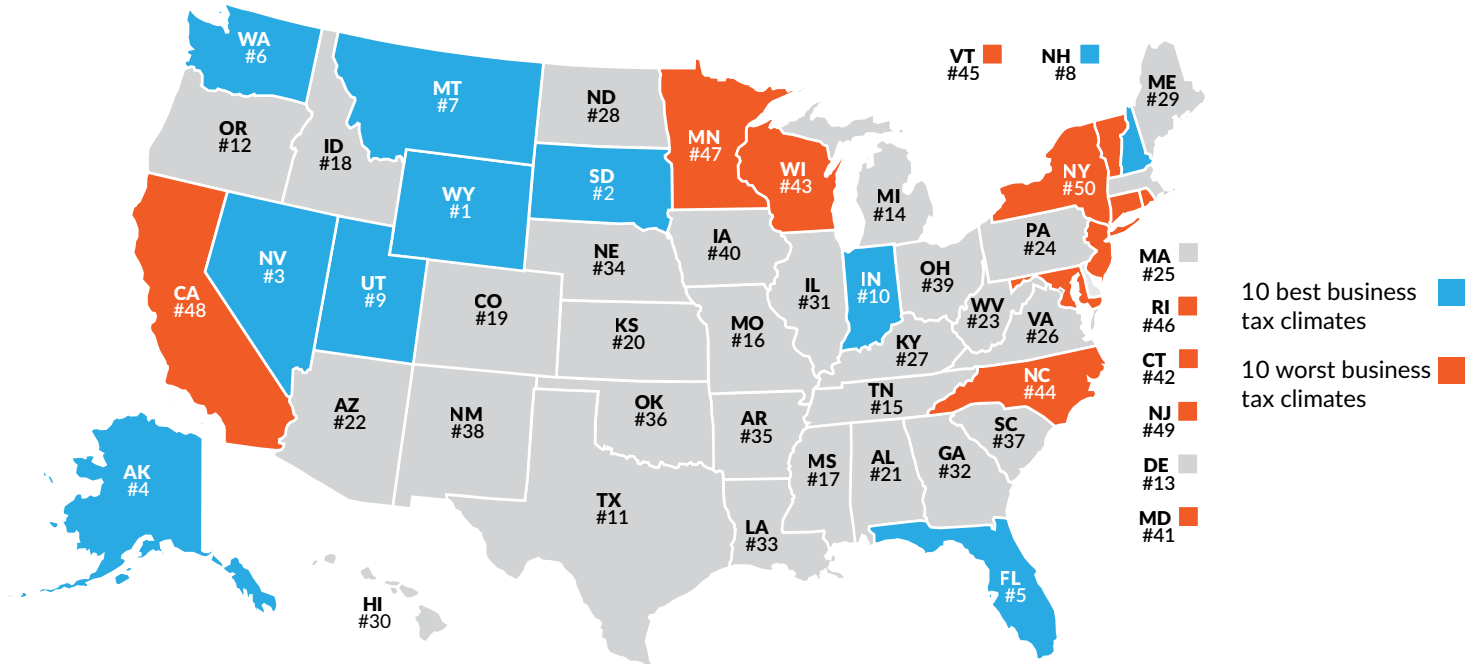


California ranks 4th highest on the *Annual State-Local Tax Burden* ranking, which estimates state and local taxes paid by taxpayers to their state of residence and other states. An estimated 11.4 percent of California's collective income goes toward state and local taxes (above the national average of 9.8 percent).



*Tax Freedom Day* is the day when taxpayers have earned enough to pay their total federal, state, and local tax bill for the year. In 2014, California taxpayers worked 120 days into the year (until April 30) to pay their total tax bill. Forty-five states celebrated Tax Freedom Day before California.

# California Has One of the Worst Business Tax Climates in the Nation



The *State Business Tax Climate Index* is a gauge of how well-structured a state’s tax code is. States that score well in the Index have broad bases and low rates, but California scores 48th for its narrow bases and high rates on many taxes. California is the only bottom-ten state on the West Coast, facing stiff competition from better-ranked states like Nevada, Utah, Washington, and Texas.

Unlike California, other states in the region are cutting taxes. In 2012, Arizona let a temporary sales tax increase expire, bringing the statewide rate down to 5.6 percent. In 2006, Utah reformed its tax code, cutting the income tax rate from 7 to 5 percent while broadening the base.

Source: Tax Foundation, 2014 *State Business Tax Climate Index*.



# California Business Tax Climate Falls Behind All Neighboring States

Tax Foundation *State Business Tax Climate Index* Rankings for California and Select States in the Region (2012)

	Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Unempl. Insurance Tax Rank	Property Tax Rank
Nevada	3	1	1	40	42	9
Washington	6	30	1	48	20	23
Utah	9	5	12	20	18	4
Texas	11	38	7	36	14	35
Oregon	12	32	31	4	34	15
Idaho	18	18	23	23	47	3
Arizona	22	26	18	49	1	6
California	48	31	50	41	16	14

Breaking the *State Business Tax Climate Index* up into its subcomponents allows for comparison of each major tax type. California's neighboring states offer more competitive tax climates in nearly all categories, though Texas notably has a worse corporate tax structure due to its problematic Margin Tax. Property taxes are California's strength, though deficiencies in the individual income tax and sales tax make the state score among the worst overall.

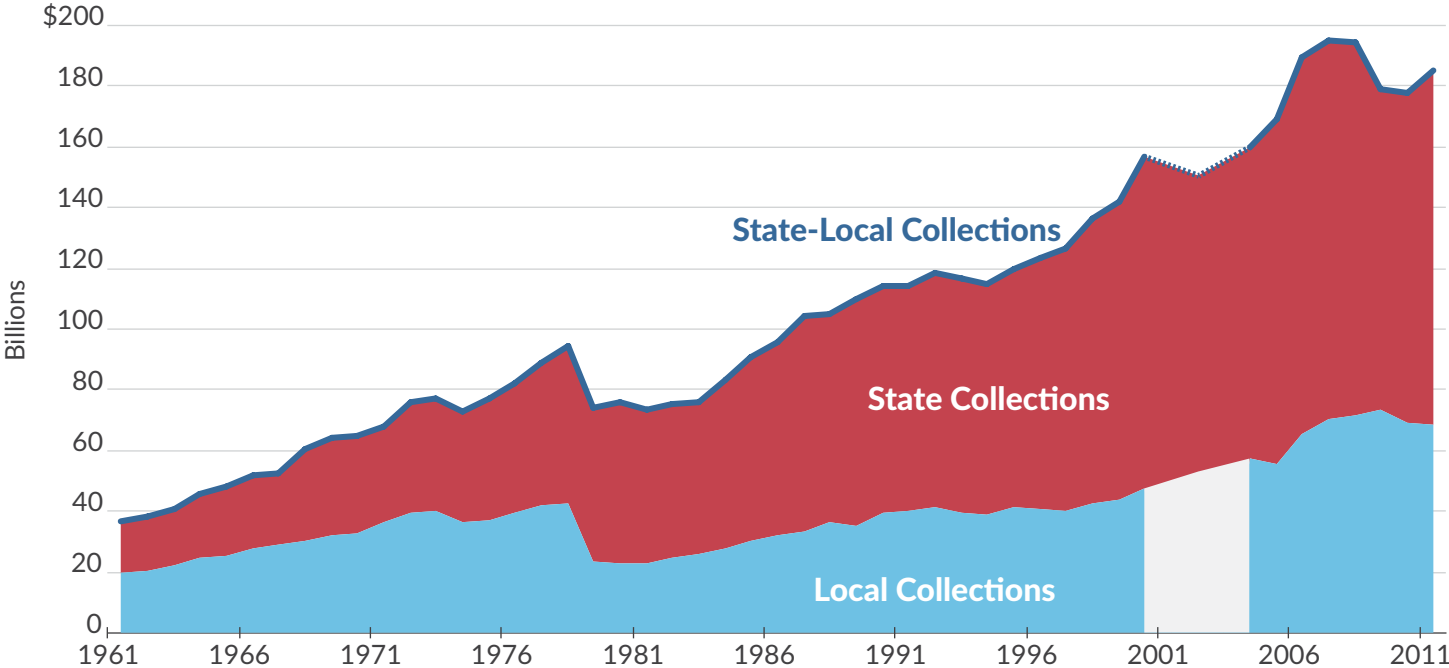
California has persistently ranked in the bottom five states and has ranked 48th overall for three years in a row.

California's top income tax rate of 13.3 percent is the highest in the country, contributing to its worst-in-the-country ranking on the individual income tax component.

Source: Tax Foundation, 2014 *State Business Tax Climate Index*.

# State Tax Collections Have Grown Faster Than Local Tax Collections

California Combined State and Local Tax Collections (1961-2011, in 2011 Dollars)



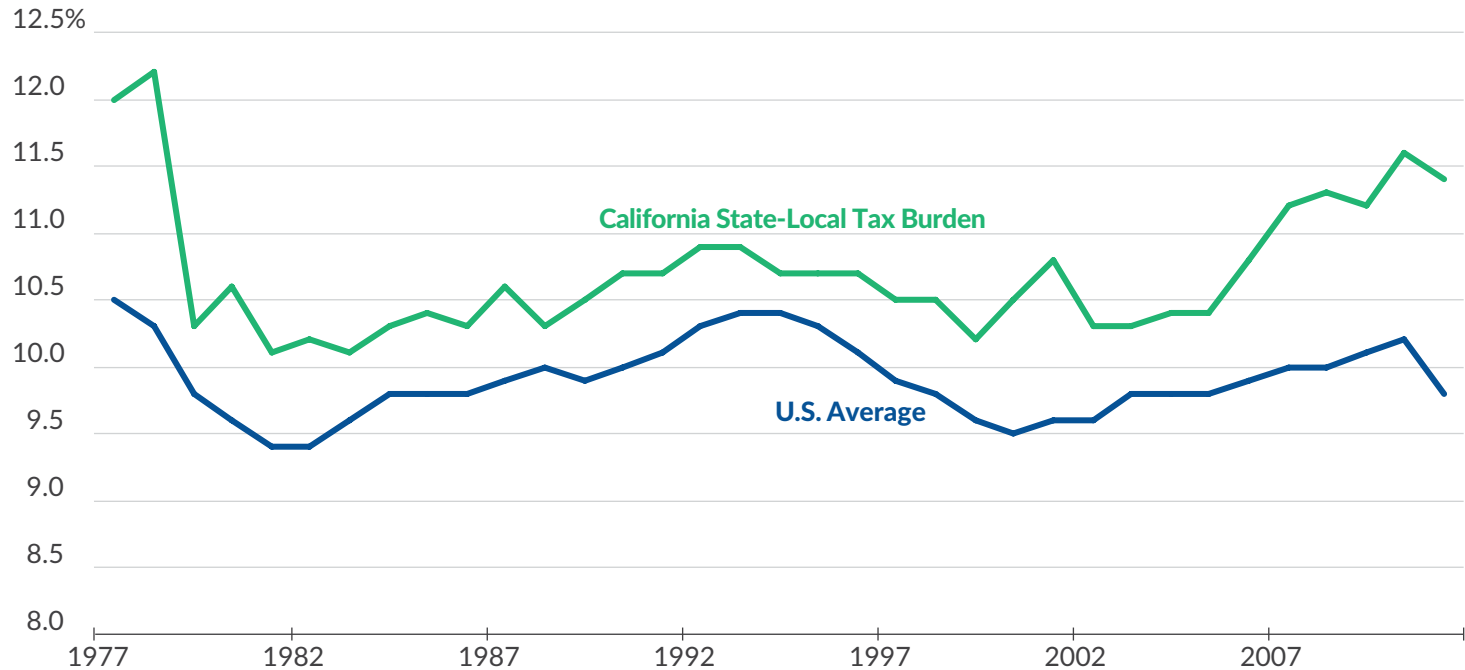
California’s inflation-adjusted, combined state-local tax collections have risen from approximately \$36.8 billion in 1961 to \$185.2 billion in 2011. Since 1961, state tax collections have grown from 46 percent of the combined total to 63 percent. Local tax collections have shrunk from 54 percent of the total to 37 percent.

Source: Census Bureau, *State and Local Government Finances*; Bureau of Labor Statistics, *Consumer Price Indexes*.

Note: Dollar amounts are inflation adjusted based on annual average Consumer Price Index for All Urban Consumers (CPI-U) with a 2011 base year. Because local data is unavailable for 2001 and 2003, local points for those years were excluded here.

# California's Tax Burden Is Higher Than U.S. Average

California State-Local Tax Burden as Percent of State Income Compared to U.S. Average (1977-2011)



Historically, California taxpayers have paid a larger share of their collective incomes to state and local taxes than the rest of the U.S. Currently, Californians pay 11.4 percent of their income to state and local taxes, while the rest of the U.S. on average only pays 9.8 percent.

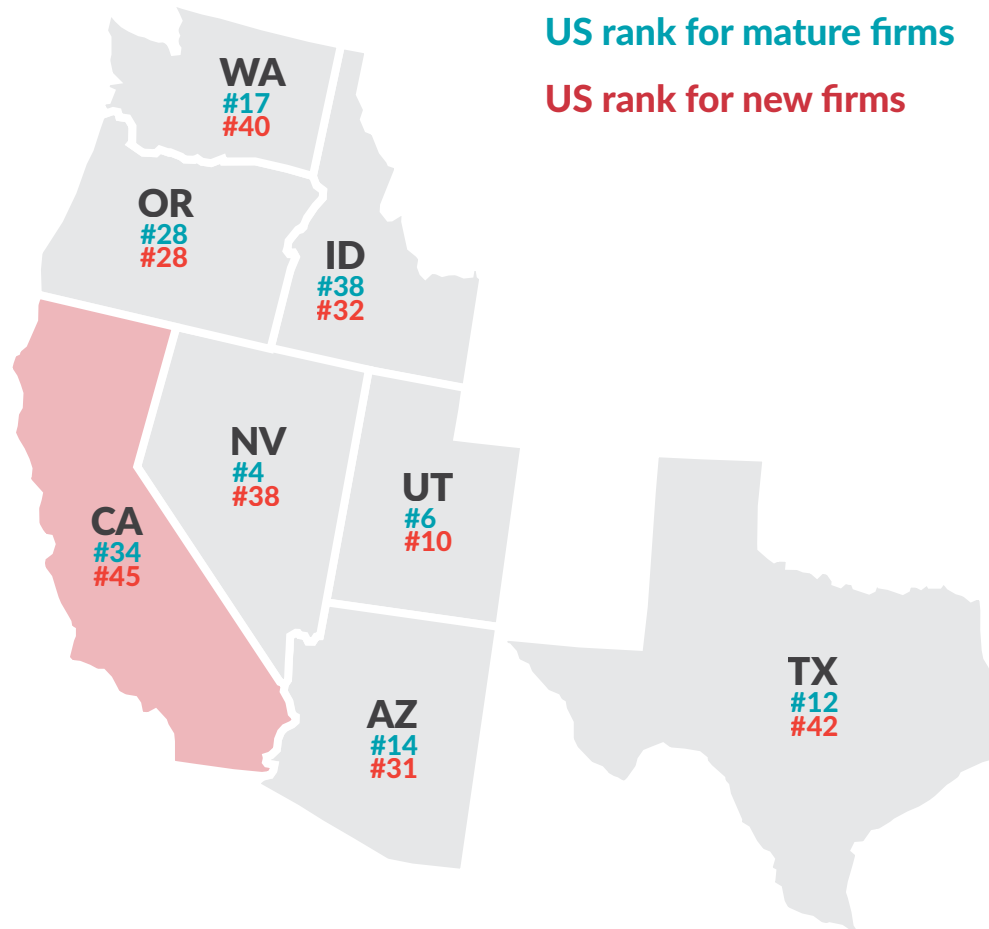
California taxpayers pay state and local taxes not only to California, but also to other state and local governments due to tax shifting across state lines. For example, a portion of sales and excise taxes in each state are paid by nonresident tourists when they travel.

Source: Tax Foundation, *Annual State-Local Tax Burden Ranking (FY 2011)*.

Total state-local tax burden includes all taxes levied by state and local governments. For a full list of taxes included, see Tax Foundation Working Paper 10.

# California's Business Taxes Are Uncompetitive

Total Business Effective Tax Rate Rankings for California and Select States in the Region (2011)



US rank for mature firms

US rank for new firms

The Tax Foundation's *Location Matters* study calculates the tax bills of seven hypothetical firms in each of the fifty states so that total effective business tax rates can be compared.

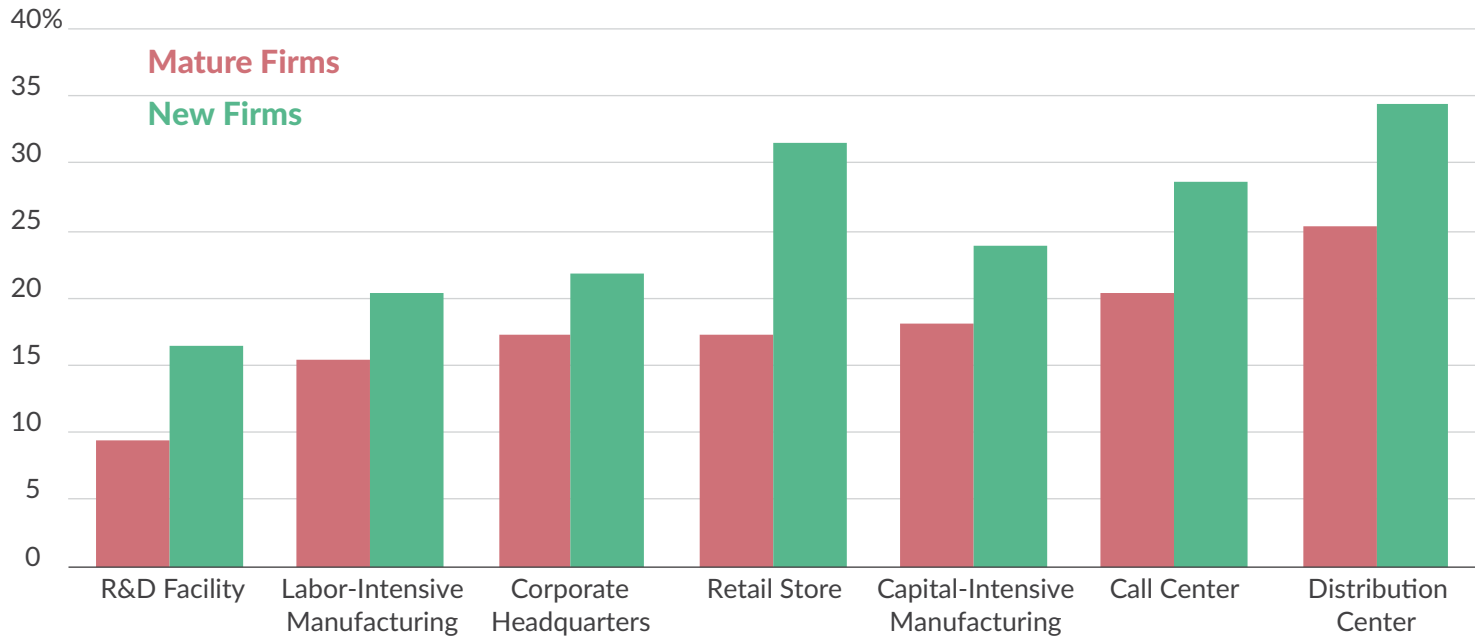
A ranking of 1 on this page indicates the lowest total effective tax rate among the states for that category (either mature or new firms), while a ranking of 50 indicates the highest total effective tax rate for that category. Thus, a lower ranking means firms in that state pay a lower effective tax rate.

California has higher effective business tax rates than virtually any other nearby state. For mature firms, only Idaho has higher tax rates. For new firms, California has higher rates than any other state in the region.

Source: Tax Foundation, *Location Matters: A Comparative Analysis of State Tax Costs to Business* (2011).

# Effective Tax Rates in California Vary Widely Across Industries

Total Effective Tax Rates for Select California Business Types (2011)

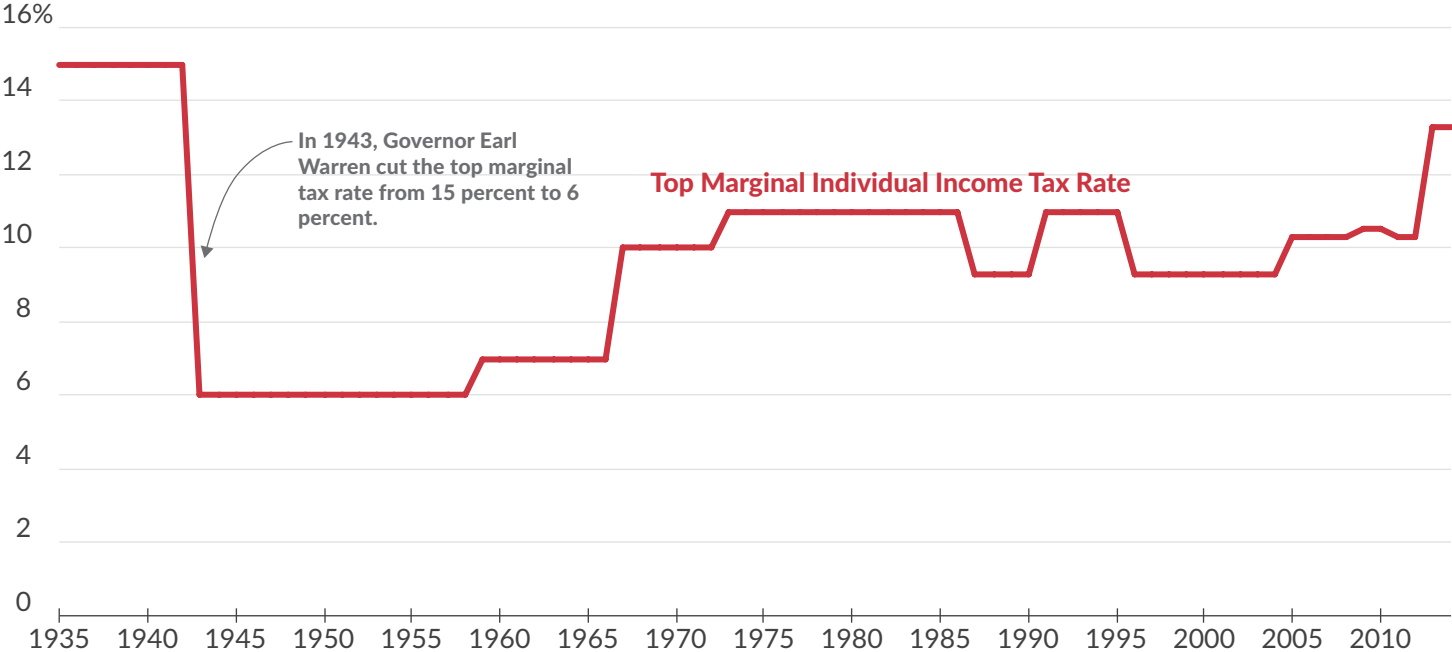


California's business taxes are high, with effective rates for mature firms ranking 34th lowest in the country and rates for new firms ranking 45th lowest. There is also sizable variation between industries, with tax rates ranging from a fairly low 9.5 percent rate for established R&D facilities to a high of 34.5 percent for a new distribution center. Much of California's high tax costs are due to taxes charged on business inputs, such as property taxes on equipment and sales taxes on machinery. Taxing these business inputs is economically damaging, giving some firms and industries higher tax rates than others.

Source: Tax Foundation, *Location Matters: A Comparative Analysis of State Tax Costs to Business* (2011).

# California's Top Income Tax Rate Is Near Historic Highs

California's Top Marginal Individual Income Tax Rates (1935-2014)



At 13.3 percent, California's top income tax rate is currently the highest in the country and the second highest it has ever been in the state's history. As recently as the early 2000s, income tax rates were substantially lower than current rates (though still above most other states).

Income tax increases that went into effect in 2013 gave California the highest top state income tax rate in the nation by a wide margin (the second highest is Hawaii at 11 percent).

Source: State of California Franchise Tax Board.



# Attributions

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## About the Tax Foundation

The Tax Foundation is the nation's leading independent tax policy research organization. Since 1937, our principled research, insightful analysis, and engaged experts have informed smarter tax policy at the federal, state, and local levels. Our Center for State Tax Policy is routinely relied upon for presentations, testimony, and media appearances on state tax and fiscal policy, and our website is a comprehensive resource for information on tax and spending policy in each U.S. state.

## San Diego Regional Chamber of Commerce

Serving the San Diego business community for more than 140 years, the Chamber is the largest nonprofit advocate for the San Diego regional business community. With nearly 3,000 members representing 400,000 employees, the Chamber is actively involved in local government, regional economic development and providing valuable resources to its members.



# About the Data

San Diego Illustrated was produced using data from the Bureau of Economic Analysis, U.S. Census Bureau, city government financial statements, Tax Foundation publications, and other sources.

Data sources were selected based on comparability between competitor cities, appropriateness, reliability, and consistency of analysis. We provide a brief summary of the data here in the interest of transparency and hope other researchers will find it useful.

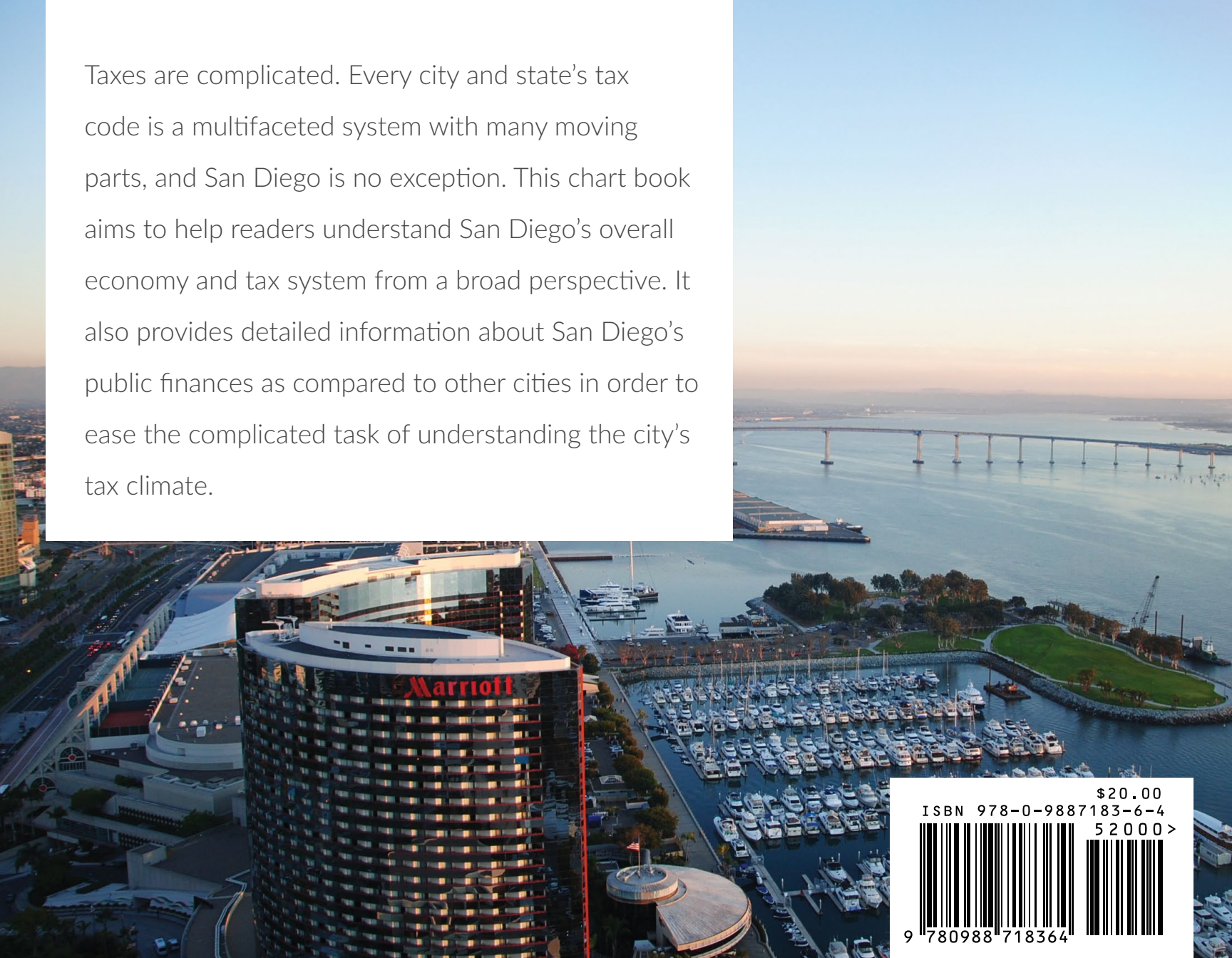
**U.S. Census Bureau** data used reflects Census-defined Metropolitan Statistical Areas (MSAs). MSAs are the most widely-accepted, statistically-standardized units of analysis for urban areas and reflect not only official municipal boundaries, but also surrounding counties highly integrated into urban labor markets. We used Census data from the 2012 American Community Survey and 2011 County Business Patterns. We also used state-level State and Local Finance statistics.

**Bureau of Economic Analysis (BEA)** data is also based on MSAs. Data is from the BEA's Regional Economic Accounts, in most cases Local Area Personal Income and Employment, and in one case Gross Domestic Product by MSA.

**Comprehensive Annual Financial Reports (CAFRs)** are generally standardized financial statements produced by municipal and other governments on an annual basis. They provide extensive data regarding city taxes and spending as well as debt and other statistics. CAFRs, however, do not reflect MSAs, which may include several counties and municipalities. CAFRs reflect exclusively the city government of a specific municipality and therefore reflect units smaller than MSAs.

**Energy Information Administration (EIA)** data regarding retail electricity consumption is used for each city in one chart. EIA survey data is reported by provider, with each provider associated with specific counties. Prices reported reflect the largest provider for each county associated with a competitor city.

Taxes are complicated. Every city and state's tax code is a multifaceted system with many moving parts, and San Diego is no exception. This chart book aims to help readers understand San Diego's overall economy and tax system from a broad perspective. It also provides detailed information about San Diego's public finances as compared to other cities in order to ease the complicated task of understanding the city's tax climate.



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