

The welcome sign is out in Oregon for business. And that's certainly true in Eastern Oregon. We believe our region is a good place to open a business.

A recent study by the non-partisan Tax Foundation is a strong argument against the inaccurately spewed political rhetoric that describes Oregon's business climate as unfriendly.

Now we're not being a Pollyanna. There certainly are areas of rules and regulations that could improve our state's business environment — especially for small businesses.

Still, there's good news for Oregon in the study.

The Tax Foundation, in its 2012 State Business Tax Climate Index, ranks Oregon 13th out of the 50 states — and that's up two places since the 2011 study. Oregon holds that lofty place because of two main factors: it has no sales tax and a No. 10 ranking in property tax.

The study is an interesting analysis, using 118 different variables in corporate tax, individual income tax, sales tax, unemployment insurance tax and property tax to come up with a score.

Interestingly, eight of the top 10 business climate states are in the west if you include Texas. In the ranking, the top dog is Wyoming, followed by South Dakota, Nevada, Alaska, Florida, New Hampshire, Washington, Montana, Texas and Utah.

By contrast, the lowest ranking, or worst states, for business climate are: Iowa, Maryland, Wisconsin, North Carolina, Minnesota, Rhode Island, Vermont, California, New York and New Jersey. Just one state of those is in the west.

The study's introduction begins with a short, interesting sentence — “While taxes are a fact of life, not all tax systems are created equal.”

That truth is followed by a more in-depth explanation of the complexity of a business climate.

“The modern market is characterized by mobile capital and labor, with all types of business, small and large, tending to locate where they have the greatest competitive advantage. ... Other concerns, such as raw materials or infrastructure or a skilled labor pool, matter, but a simple sensible tax system can positively or negatively impact business ... Furthermore, unlike changes to a state's health care, transportation or education system — which can take decades to implement — changes to the tax code can quickly improve a state's business climate.”

Perhaps the most important statement comes later in the introduction — and one those of us in Oregon must seriously consider.

“... state lawmakers must be aware of how their states’ business climates match up to their immediate neighbors and to other states within their regions.”

That’s an important consideration. Washington, you remember, ranks seventh in the nation in this study. Obviously, it is probably our more serious competitor for business. Our neighbors to the north get a sizeable boost because it does not have a state income tax. A side note: in 2010, Oregon brought in \$5.6 billion in various business taxes; Washington cashed in \$15.3 billion, California, \$85.4 billion and Idaho, \$2 billion.

In other categories, there’s less of a difference. For example, Oregon ranks 31st in corporate tax and 33rd in unemployment insurance. Washington ranks 30th in corporate tax and 18th in unemployment insurance. Among other neighbors, California ranks 48th and Idaho ranks 21st. So, Oregon has the second-best business climate in the Pacific Northwest (excluding Alaska’s fourth-place ranking).

The report does note some recent developments that were not included in its latest study. Oregon’s top individual income tax rate will fall from 11 percent to 9.9 percent for 2012 and thereafter. Also, the threshold level for the top corporate income tax rate will increase in 2013 (Both are results of voter-approved measures 66 and 67).

Why spout all this economic data? Because our legislators are in session for roughly three more weeks. The actions they take — or don’t take — matter. It’s not all on the shoulders of our lawmakers, however.

Cities and counties need to evaluate their business environment. The permits, services and infrastructure matter when it comes to attracting new business or encouraging existing businesses to expand.

Financial institutions also matter. They have an opportunity to become more business-friendly, by enabling loans with reasonable interest rates for entrepreneurs and small business. Finally, private businesses should evaluate their current status and make positive changes to grow and expand.

Working together, we want to keep a welcome sign out. Working together we can help keep Oregon — and especially Eastern Oregon — a great place to live and work.