* Variables
  + **State Business Tax Climate Index**

Description: The Tax Foundation’s *State Business Tax Climate Index* is a hierarchical structure built from five components:

**·**Individual Income Taxes

**·**Sales Taxes

**·**Corporate Taxes

**·**Property Taxes

**·**Unemployment Insurance Taxes

Using the economic literature as our guide, we designed these five components to score each state’s business tax climate on a scale of 0 (worst) to 10 (best). Each component is devoted to a major area of state taxa on and includes numerous variables. Overall, there are 114 measured in this report.

The five components are not weighted equally, as they are in some indices. Rather, each component is weighted based on the variability of the 50 states’ scores from the mean. The standard deviation on of each component is calculated and a weight for each component is created from that measure. The result is a heavier weighting of those components with greater variability. The weighting of each of the five major components is:

33.2% — Individual Income Taxes

22.3% — Sales Taxes  
18.5% — Corporate Taxes  
14.8% — Property Taxes

11.3% — Unemployment Insurance Taxes

* + **State**

Description: All U.S. states plus the District of Columbia

* + **Year**

Description: Record year

* Source of Data
  + Tax Foundation
  + http://taxfoundation.org/article/2016-state-business-tax-climate-index
* Notes on how to update
  + Update annually