



5

Tennessee

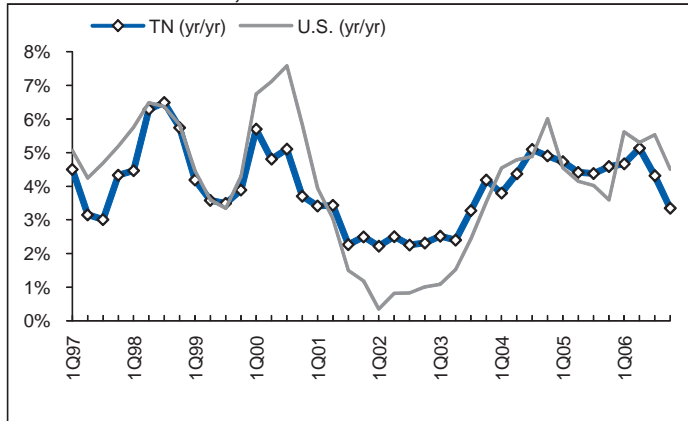
Economic Outlook Rank

Economic Performance Rank 27 (1=best; 50=worst): Based on the state's performance (equal-weighted average) in the three important performance variables shown below. These variables are highly influenced by state policy.

Economic Outlook Rank (1=best; 50=worst): A forward-looking forecast based on the state's standing (equal-weighted average) in the 16 important state policy variables shown below. Data reflect state+local rates and revenues and any effect of federal deductibility.

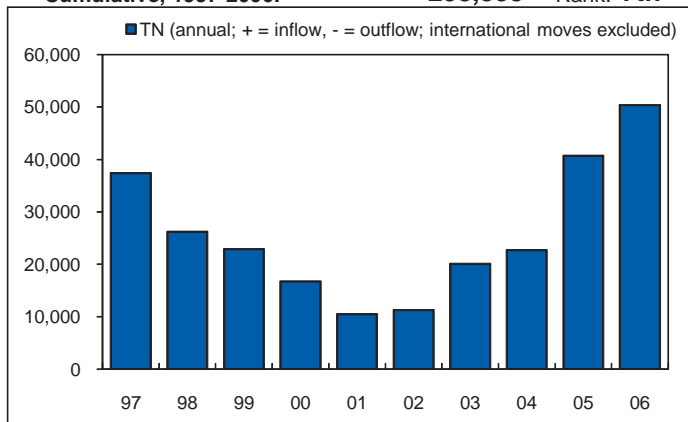
1) Personal Income Per Capita

Cumulative Growth, 1996-2006: **47.8%** Rank: **35th**



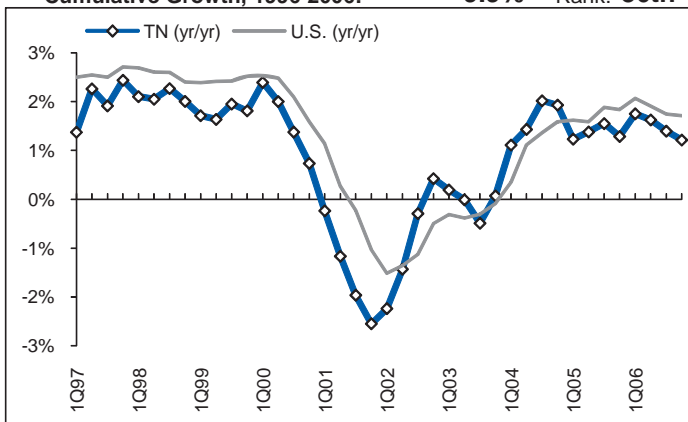
2) Absolute Domestic Migration,

Cumulative, 1997-2006: **258,838** Rank: **7th**



3) Non-farm Payroll Employment

Cumulative Growth, 1996-2006: **9.9%** Rank: **36th**



1) Top Marginal Personal Income

Tax Rate: **0.00%** Rank: **1st**

2) Top Marginal Corporate Income

Tax Rate: **6.50%** Rank: **19th**

3) Personal Income Tax Progressivity:

(change in tax liability per \$1,000 income) **\$0.00** Rank: **2nd**

4) Property Tax Burden:

(per \$1,000 of personal income) **\$21.13** Rank: **9th**

5) Sales Tax Burden:

(per \$1,000 of personal income) **\$41.72** Rank: **47th**

6) Remaining Tax Burden:

(per \$1,000 of personal income) **\$17.33** Rank: **15th**

7) Estate/Inheritance Tax

Levied?: **Yes** Rank: **28th**

8) Recent Legislated Tax Changes:

(2005 and 2006, per \$1,000 of personal income) **\$0.40** Rank: **33rd**

9) Debt Service as a % of

Total Tax Revenue: **7.1%** Rank: **12th**

10) Public Employees Per 10,000

of Population (full-time equivalent): **536.0** Rank: **19th**

11) State Liability System Survey:

(tort litigation treatment, judicial impartiality, etc.) **68.2** Rank: **6th**

12) State Minimum Wage:

(federal floor is \$5.85) **\$5.85** Rank: **1st**

13) Avg. Workers' Compensation Costs:

(per \$100 of payroll) **\$2.48** Rank: **26th**

14) Right-To-Work State?:

(optional joining or supporting of a union) **Yes** Rank: **1st**

15) Number of Tax Expenditure Limits:

(0=least/worst, 3=most/best) **1** Rank: **13th**

16) Education Freedom Index Score:

(vouchers, ease of private/home schooling, etc.) **1.53** Rank: **40th**