

Two winning policies for job growth

Low income taxes and labor freedom are attractive to both workers and businesses, providing states that embrace those policies with greater job growth. When the two are combined, the results can be particularly effective. But as shown below, low income taxes by themselves are not enough to counter the effects of Forced Unionization laws. Right-to-Work states, however, perform well even with higher income taxes.

	Highest Income Tax Rate	Change in Employment, 1990–Today	Right-to-Work State?	
		Rank		
			%	
Of the 15 states with the highest job growth rates since 1990, seven have NO INCOME TAX and six others have TOP INCOME TAX RATES LOWER THAN THE STATE AVERAGE of 5.6 percent.	0.0%	1 Nevada	98.5%	Yes
	5.0%	2 Utah	96.0%	Yes
	3.2%	3 North Dakota	95.4%	Yes
	4.5%	4 Arizona	77.1%	Yes
	7.4%	5 Idaho	76.5%	Yes
	0.0%	6 Texas	68.7%	Yes
	4.6%	7 Colorado	65.7%	No
	6.9%	8 Montana	62.6%	No
	0.0%	9 Alaska	59.3%	No
	0.0%	10 Wyoming	56.8%	Yes
	0.0%	11 South Dakota	54.7%	Yes
	0.0%	12 Florida	47.9%	Yes
	4.9%	13 New Mexico	46.2%	No
	0.0%	14 Washington	44.2%	No
	5.3%	15 Oklahoma	41.6%	Yes
Only one state in the middle-third of job creators, Kansas, has a top rate below the state average ...	6.8%	16 Nebraska	41.2%	Yes
	9.9%	17 Oregon	40.5%	No
	6.0%	18 Georgia	38.9%	Yes
	9.9%	19 Minnesota	34.6%	No
	5.8%	20 Virginia	31.8%	Yes
	6.0%	21 Louisiana	31.0%	Yes
	5.8%	22 North Carolina	29.3%	Yes
	6.0%	23 Tennessee	29.3%	Yes
	4.8%	24 Kansas	29.3%	Yes
	9.0%	25 Iowa	28.9%	Yes
... while nine of the 19 worst-performing states have top rates below the state average.	7.0%	26 Arkansas	28.8%	Yes
	7.7%	27 Wisconsin	26.4%	No
	7.0%	28 South Carolina	26.2%	Yes
	6.0%	29 Kentucky	25.7%	No
	9.0%	30 District of Columbia	25.4%	—
	6.6%	31 Delaware	25.2%	No
	13.3%	32 California	25.1%	No
	5.0%	33 New Hampshire	25.0%	No
	6.5%	34 West Virginia	24.2%	No
	5.0%	35 Mississippi	20.4%	Yes
	5.8%	36 Maryland	20.3%	No
	11.0%	37 Hawaii	20.2%	No
	3.4%	38 Indiana	19.0%	Yes
	5.0%	39 Alabama	18.3%	Yes
	6.0%	40 Missouri	16.9%	No
	9.0%	41 Vermont	15.3%	No
	8.0%	42 Maine	13.8%	No
	3.1%	43 Pennsylvania	13.0%	No
	5.2%	44 Massachusetts	12.6%	No
8.8%	45 New York	11.2%	No	
5.0%	46 Illinois	10.2%	No	
5.4%	47 Ohio	10.0%	No	
4.3%	48 Michigan	7.4%	Yes	
Two of the four lowest-performing RTW states, Indiana and Michigan, only became Right-to-Work in 2012.	9.0%	49 New Jersey	6.6%	No
	6.0%	50 Rhode Island	4.9%	No
	6.7%	51 Connecticut	-0.2%	No

Notes: Some state top income tax rates have been rounded. Employment figures are for the private sector. Tennessee and New Hampshire tax dividends but not income.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, and Tax Foundation.