

# California Defies High Business Tax Rates with Boost in Job Creation

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California, which sent a delegation to Austin, Texas last year to find out how the Lone Star State had beat it in [employment](#) growth, surged ahead of Texas to lead the nation in job creation for the last two consecutive months.

Texas led California in job creation in 18 of the last 24 months, since August 2010, the first month both states posted employment gains following the longest recession since the 1930s.

Texas's economic performance impressed California Assemblyman Dan Logue enough that the Republican from Linda organized a delegation of California lawmakers and Lieutenant Governor Gavin Newsom, a Democrat who was San Francisco mayor, to Austin in April 2011.

California added 365,100 nonfarm [jobs in](#) the year ending in July, a 2.6 percent increase and the state's largest 12-month gain since 2000. Texas picked up 222,500, or 2.1 percent, according to U.S. Labor Department statistics. California also outpaced Texas the prior month.

California's job picture reflects the depth of the recession in the state, where the economy relies more on housing and construction than energy-dependent Texas, said Christopher Thornberg, principal of Beacon Economics LLC in Los Angeles. "California got hit a lot harder than Texas during the downturn," Thornberg said. "We hit the ground pretty hard, so you'd expect more of a bounce back."

The increase runs counter to the notion that growth favors states with lower taxes. California, the world's ninth-biggest economy, has the highest statewide sales tax in the U.S., at 7.25 percent. That would rise to 7.5 percent if voters approve a November ballot initiative. The income tax rate for those making \$1 million or more a year, now 10.3 percent, would rise to 13.3 percent, the most of any state.

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About Wade Law Group

For information on California Business Law, contact a professional [California Business Attorney](#). In the San Jose area or within California, call Amiel Wade at [Wade Law Group](#) at [\(888\) 909-9430](tel:8889099430).