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**HEADLINE:** **Nine Orange County**, Calif., Cities Rated 'Low Cost' for Business

**BYLINE:** By James B. Kelleher

**BODY:**

A new survey comparing business taxes in more than 300 U.S. cities has some good news for Orange County.

Eight out of 10 cities in the region place only "low" or "moderate" tax burdens on local companies.

The city of Orange is the least expensive city in the county and the second-cheapest in the state of cities with over 100,000 population, according to the annual survey from the Rose Institute at Claremont McKenna College and the Kosmont Cos., a Los Angeles real-estate consulting firm.

In all, nine of the 22 O.C. communities examined by the survey, including Newport Beach, are ranked "low cost" places to do business.

Another nine, including Irvine, are ranked "moderate" by the survey, which looked at municipal-levied business, sales, utility and telephone taxes, as well as property taxes and state income taxes in 314 cities in 50 states and the District of Columbia. Any incentives to entice businesses were also considered.

Orange Mayor Mark Murphy welcomed news of his city's top local ranking.

Last year, the Rose-Kosmont study named Costa Mesa the cheapest city in Orange County and the state.

"We're fortunate to have a strong and prosperous business base," Murphy said, "and we really try to go out of our way to be business friendly and keep them here."

In this latest report, no O.C. community is ranked "very low cost," a top rating that 50 cities nationwide, four of them in California, won. But a handful of O.C. cities are singled out for their high taxes by the survey, now in its 10th year.

The county's most expensive place to do business, by Rose-Kosmont's estimates, is Seal Beach, rated "very high cost." That puts the tiny seaside town in the same category as Chicago, Los Angeles and New York.

Three other local cities, including Santa Ana, are rated "high cost," a rating they share with Beverly Hills, Miami and Phoenix.

Nationwide, Philadelphia is rated the most expensive city by Rose-Kosmont.

The cheapest is Cheyenne, Wyoming.

In California, San Francisco is rated the most expensive city with a population of 100,000 or more, followed by Los Angeles and Inglewood.

Moorpark in Ventura County is rated the least expensive city in the state with a population of more than 100,000, followed by the city of Orange and Rancho Cucamonga in San Bernardino County.

Larry Kosmont, a key author, acknowledged that companies consider many things, including labor costs, real estate prices and quality of life, when deciding whether they want to locate in a city or not. Rose-Kosmont chooses to focus on taxes, he said, because no other survey does and because it's often a "tie-breaker consideration" for executives.

"All other things -- real estate costs, employment base, quality of life -- being equal, what tends to happen is that companies then look at taxes," he said.

"Taxes are an issue for companies from two perspectives. One, there's just the raw cost of the taxes themselves. Two, they also serve as an indication of whether the community is business supportive or not."

Kosmont said the state's cities are drifting steadily lower in the survey's rankings with each passing year.

"California is inching up the cost ladder," he said.

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