



INFORMATION ABOUT

Idaho – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations.

Taxes	Idaho	Nevada	Taxes	Idaho	Nevada
State Corporate Income Tax ¹	7.6%	No	Franchise Tax	Yes	No
Personal Income Tax ²	1.6%-7.8%	No	Capital Gains Tax ⁵	7.8%	No
Payroll Tax ³	No	0.5%	Unemployment Ins Tax	.45%-5.4%	.25%-5.4%
Property Tax ⁴	Avg 1.5% of the Market Value	3.15% of the Assessed Value	Unitary Tax ⁶	Yes	No

Nevada's 2009 Business Tax Climate Ranks 3rd - The Index compares the states in five areas of taxation that impact business: corporate taxes, individual income taxes, sales taxes, unemployment insurance taxes, and property taxes. Neighboring states ranked as follows: California (48th), Oregon (9th), Idaho (29th), Utah (11th), Arizona (22nd), Washington (12th), Colorado (13th) & New Mexico (26th) (Source: Tax Foundation www.taxfoundation.org/taxdata/show/22661.html)

Business Costs	Idaho	Nevada
Annual Lease Rates ⁷	Boise - \$1,200,000	Reno - \$1,020,000
Payroll Tax costs ⁸	No	\$3,005
Property Tax Cost ⁹	\$75,000	\$55,125
Utility Costs ¹⁰	\$21,378 Idaho Power (Boise)	\$46,835 NV Energy (Reno)

Workman's Compensation Costs

Description	Idaho Rate	Nevada Rate
Class 2915 – Veneer Products Mfg	\$4.94	\$5.97
Class 3632 - Machine Shop NOC	\$5.18	\$5.87
Class 8017 – Store: Retail NOC	\$2.51	\$1.90
Class 8810 - Clerical Office Employees NOC	\$0.39	\$0.64

NOC = Not Otherwise Classified

Source: Department of Consumer and Business Services, Comp Premium Rate Rankings by Class & State 2008

www.cbs.state.or.us/imd/rasums/2083/08web/08_2083.pdf

The rates listed for each state are calculated manual rates and may include loss cost multipliers and assessments.

*Note: Nevada also has a payroll cap: \$36,000 of reportable payroll per employee, per employer, per year. However, no adjustment was made to Nevada's rates to compensate for its payroll limitation on workers' compensation premium.

- A company with net profits of \$5,000,000 will pay 7.6% or \$380,000 per year in Idaho corporate income tax. (Source: Tax Administration 2008 www.taxadmin.org/fta/rate/corp_inc.html) **Nevada has no corporate income tax.**
- Personal income taxes affect businesses significantly because roughly 90% of businesses file taxes as individuals (e.g. sole proprietorships and partnerships)..(Sources: U.S. Small Business Administration; Tax Foundation 2008 www.taxfoundation.org/taxdata/show/228.html) **Nevada has no personal income tax.**
- Nevada's Payroll Tax:** If the sum of all taxable wages, **after health care deductions**, paid by the employer doesn't exceed \$62,500 for the calendar quarter, the amount of tax is 0.5% of the sum of those wages (0.005) If the sum of all wages exceeds \$62,500, the tax is \$312.50 plus 1.17% of the amount the wage exceeds \$62,500. (Source: State of Nevada Legislation Bill SB429 effective July 1, 2009)
- Average rates in Idaho are **1.5%* of the market value** of the property. Average rates in Nevada are **3.15%* of the assessed value** of the property. *No distinction between residential & business. (Sources: Idaho State Dept of Commerce http://commerce.idaho.gov/assets/content/docs/Idaho_Tax_Structure_16_April_2007.pdf; Nevada Dept of Taxation http://tax.state.nv.us/property_tax.htm)
- "...access to capital is an enormous obstacle for businesses, and state capital gains taxes affect the economy by directly reducing the rate of return on investment and entrepreneurship.(Source: Small Business Survival Index 2008) **Nevada has no capital gains tax.**
- A unitary tax is a state corporate income tax on worldwide income. Although they are unpopular with corporations, unitary taxes are instituted by governments to foil firms that use creative accounting techniques to transfer their income to states or countries with low income-tax rates. **Nevada has no unitary tax.**
- Based on average industrial rates for Reno/Sparks, Nevada (\$0.34 per sf per mo.*) and Boise, Idaho (\$0.40 per sf per mo* *) for 250,000 sf of industrial warehouse space. (Sources: Miller Industrial Properties – 2009 Q1 <http://millerindustrial.wordpress.com/>; Market Connect by Coldwell Banker <http://cbcmarketconnect.com/2009/01/21/canyon-county-idaho-industrial-market-update-2008-2009/>) *Taxes, Insurance and maintenance charges not included. *** In the Boise area, add up to \$95 per sf per mo for office surcharge rate**
- Nevada's Payroll Tax Example:** This is assuming \$100,000 in wages **per quarter** - \$312.50 plus \$438.75 (1.17% x \$37,500, the amt exceeding \$62,500) = \$751.25 per quarter X 4 = \$3,005 (See #3 above for complete formula)
- Business property valued at \$5M would pay **1.5% of the market value** (\$75,000) in Idaho and **3.15% of the assessed value** (\$55,125*) in Nevada. * \$5M X .35% = \$1,750,000 assessed value X 3.15% (See #4 above for Sources) **Note:** Idaho also levies an **occupancy tax** on properties that have not been previously occupied. The amount is the value of the building prorated for the part of the year after 1st occupancy, multiplied by the property tax rate.
- Based on an industrial user of 400,000 kWh per month and average rates taking into account summer and winter usage. (Source: Edison Electric Institute – Industrial Rates in effect July 1, 2008)

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<http://www.nvenergy.com/economicdevelopment>

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