



INFORMATION ABOUT

New Mexico – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations.

Taxes	New Mexico	Nevada	Taxes	New Mexico	Nevada
State Corporate Income Tax ¹	4.8%-7.6%	No	Franchise Tax	\$50 per year	No
Personal Income Tax ²	1.7%-4.9%	No	Capital Gains Tax ⁵	Yes	No
Payroll Tax ³	No	0.5%	Unemployment Ins Tax	.018%-5.4%	.25%-5.4%
Property Tax ⁴	0.8% of the Assessed Value	3.15% of the Assessed Value	Gross Receipts Tax ⁶	5.5%-8.3%	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 <http://www.taxfoundation.org/taxdata/show/22661.html>)

Business Costs	New Mexico	Nevada
Annual Lease Rates ⁷	Albuquerque - \$1,620,000	Reno - \$1,020,000
Payroll Tax costs ⁸	No	\$3,005
Property Tax Cost ⁹	\$40,000	\$55,125
Utility Costs ¹⁰	\$30,276 PNM (Albuquerque)	\$46,835 NV Energy (Reno)

Workman's Compensation Costs

Description	New Mexico Rate	Nevada Rate
Class 2915 – Veneer Products Mfg	\$5.13	\$5.97
Class 3632 - Machine Shop NOC	\$4.08	\$5.87
Class 8017 – Store: Retail NOC	\$2.54	\$1.90
Class 8810 - Clerical Office Employees NOC	\$0.52	\$0.64

NOC = Not Otherwise Classified

Source: Oregon Department of Consumer and Business Services: Comp Premium Rate Rankings by Class/State – 2008

(http://www.cbs.state.or.us/fmd/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 a maximum of 7.6% or \$380,000 per year in New Mexico 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). (Source: U.S. Small Business Administration Office 2003; The Tax Foundation <http://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** business property tax rates in New Mexico are **0.8% of the assessed value** (Taxes are imposed on 1/3 of assessed value, which is typically 80%-100% of market value). **Average** rates in Nevada are **3.15%* of assessed value**. (Assessed value is equal to 35% of the taxable value, which is new replacement cost, less depreciation) *No distinction between personal & business property tax. (Sources: NM Economic Devel <http://www.edd.state.nm.us/businessAssistance/incentives/index.html>; Nevada Dept of Taxation)
- "...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. (Sources: Small Business Survival Index 2008 ; State of New Mexico <http://www.tax.state.nm.us/forms/year07/2007pitpcover.pdf>) **Nevada has no capital gains tax.**
- The gross receipts tax, very different from a sales tax, is a tax on the privilege of doing business in this state. It applies to the total amount of money or other considerations (barter, for instance) that a business receives for its transactions here in New Mexico. The taxable amount is the gross amount – not net after business expenses – and the tax liability belongs to the business instead of the customer. (Sources: Rio Grande Foundation Policy Brief January 29, 2007; State of New Mexico Taxation and Revenue <http://www.tax.state.nm.us/oos/GrossReceiptsTaxFAQ.pdf>) **Nevada has no gross receipts tax.**
- Based on average industrial rates for Reno/Sparks, Nevada (\$0.34* per sf per month) and Albuquerque, New Mexico (\$0.54* per sf per month) for 250,000 square feet of industrial warehouse space. (Sources: Miller Industrial Properties 2009 Q1 <http://millerindustrial.wordpress.com/>; Western Real Estate Business <http://www.westernrebusiness.com/articles/JAN09/cover2.html>) *Taxes, Insurance and maintenance charges are not included in the rates.
- 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 0.8% (0.008) of the market value (\$40,000) in New Mexico 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)
- 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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