



INFORMATION ABOUT

Washington – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations.

Taxes	Washington	Nevada	Taxes	Washington	Nevada
State Corporate Income Tax ¹	No	No	Franchise Tax ⁵	No	No
Personal Income Tax ²	No	No	Capital Gains Tax ⁶	No	No
Payroll Tax ³	No	0.5%	Unemployment Ins Tax	.13%-5.4%	.25%-5.4%
Property Tax ⁴	1.0% of True & Fair Value	3.15% of Assessed Value	Gross Receipts Tax ⁷	0.47%-1.5%	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	Washington	Nevada
Annual Lease Rates ⁸	Seattle - \$1,800,000	Reno - \$1,020,000
Payroll Tax costs ⁹	No	\$3,005
Property Tax Cost ¹⁰	\$50,000	\$55,125
Utility Costs ¹¹	\$28,437 Avista (Spokane)	\$46,835 NV Energy (Reno)

Workman's Compensation Costs

Description	Washington Rate	Nevada Rate
Class 2915 – Veneer Products Mfg	\$6.95	\$5.97
Class 3632 - Machine Shop NOC	\$4.84	\$5.87
Class 8017 – Store: Retail NOC	\$1.82	\$1.90
Class 8810 - Clerical Office Employees NOC	\$0.20	\$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/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.

- Source: Tax Administration 2008 www.taxadmin.org/fta/rate/corp_inc.html
- 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 Office 2003; Tax Foundation 2009 <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 properties rates in Washington are **1% of true and fair market value**. Average property tax 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: 2009 Legislative Guide to Washington State Property Taxes <http://www.leg.wa.gov/documents/Senate/SCS/W/M/SwmWebsite/Publications/BudgetGuides/2009/TaxGuide09.pdf> ; Nevada Dept of Taxation http://tax.state.nv.us/property_tax.htm)
- The corporate franchise tax is a tax on the privilege or right to do business in a state based on net income. **Nevada has no franchise tax.**
- "...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.**
- Called a "Business & Occupation" tax in Washington, it's based on gross receipts. There are several classifications for businesses, each with their own rate. (Source: The Tax Foundation <http://www.taxfoundation.org/publications/show/230.html>) **Nevada has no gross receipts tax.**
- Based on standard industrial rates for Reno/Sparks, Nevada (\$0.34 per sf per mo.*) and Seattle, Washington (\$0.60 per sf per mo.*) for 250,000 square feet of industrial warehouse space. (Sources: Miller Industrial Properties 2009 Q1 <http://millerindustrial.wordpress.com/> ; Seattle Office of Economic Development 2008 4Q http://www.enterpriseseattle.org/index.php?option=com_content&task=view&id=17&Itemid=46)
*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 with a **true and fair market value** of \$5M would pay 1.0% (\$50,000) in Washington and 3.15% (\$55,125*) on **assessed value** 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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