



## INFORMATION ABOUT

# Colorado – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations. Based on \$25 million in net profit.

Taxes	Colorado	Nevada
State Corporate Income Tax <sup>1</sup>	4.63% x \$25M net profits	No
Personal Income Tax <sup>2</sup>	4.63%	No
Payroll Tax <sup>3</sup>	No	0.5%
Property Tax - *Real & ^Personal <sup>4</sup>	*^29% of Actual Market Value	*3.15% of Assessed Value ^Personal - see # 4
Franchise Tax <sup>5</sup>	No	No
Capital Gains Tax <sup>6</sup>	Yes	No
Unemployment Ins Tax	1.7%-5.4%	.25%-5.4%
Unitary Tax <sup>7</sup>	Yes	No

### **Nevada's 2010 Business Tax Climate Ranks 4<sup>th</sup>**

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 (48<sup>th</sup>), Oregon (9<sup>th</sup>), Idaho (29<sup>th</sup>), Utah (11<sup>th</sup>), Arizona (22<sup>nd</sup>), Washington (12<sup>th</sup>), Colorado (13<sup>th</sup>), and New Mexico (26<sup>th</sup>)

**Source:** Tax Foundation

[www.taxfoundation.org/taxdata/show/22661.html](http://www.taxfoundation.org/taxdata/show/22661.html)

Business Costs	Colorado	Nevada
Annual Lease Rates- 250K sf Industrial <sup>8</sup>	Denver - \$1,260,000	Reno - \$1,020,000
Payroll Tax Costs - \$400K Annual Payroll	No	\$3,005 <sup>9</sup>
Property Tax Cost on \$25M Property <sup>10</sup>	\$547,672	\$275,625
Utility Costs <sup>11</sup>	\$35,839 (Denver)	\$46,835 NV Energy (Reno)

## Workman's Compensation Costs

Description	Colorado Rate	Nevada Rate - *See note below
Class 2915 - Veneer Products Mfg	\$3.66	\$5.21
Class 3632 - Machine Shop NOC	\$3.03	\$3.63
Class 8017 - Store: Retail NOC	\$1.47	\$2.06
Class 8810 – Clerical NOC	\$0.16	\$0.60

**NOC = Not Otherwise Classified**

**Source:** National Council on Compensation Insurance (NCCI) – [www.ncci.com](http://www.ncci.com) – Rates effective 3/1/11

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.



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1. A company with net profits of \$25,000,000 will pay 4.63% or \$1,157,500 per year in Colorado corporate income tax (Source: Tax Administration 2008 [www.taxadmin.org/fta/rate/corp\\_inc.html](http://www.taxadmin.org/fta/rate/corp_inc.html) )  
**Nevada has no corporate income tax.**
2. 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; Tax Foundation 2009 [www.taxfoundation.org/taxdata/show/228.html](http://www.taxfoundation.org/taxdata/show/228.html) )  
**Nevada has no personal income tax.**
3. **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)
4. **Colorado Business Real and Personal Business Property Tax Rates:** Average \*29% of the actual market value. (Actual market value x 29% = assessed value x tax rates of various entities = taxes due.)  
**Nevada Business Real Property Tax Rate:** Average 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. **Nevada Business Personal Property Tax Rate:** \$3.66 per \$100 of assessed value. (Sources: Colorado, Division of Property Taxation [www.douglas.co.us/assessor/documents/2009BusinessandIndustry.pdf](http://www.douglas.co.us/assessor/documents/2009BusinessandIndustry.pdf); Nevada Taxpayers Association [www.nevadataxpayers.org/pdf/property-tax-2009-10.pdf](http://www.nevadataxpayers.org/pdf/property-tax-2009-10.pdf))  
See # 10 below for examples.
5. The corporate franchise tax is a tax on the privilege or right to do business in a state and is based on net income. **Nevada has no franchise tax.**
6. "...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.**
7. 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.**
8. Based on standard industrial rates for Reno/Sparks, Nevada (\$0.34 per square foot per month\*) and Denver, Colorado (\$0.42 per square foot per month\*) for 250,000 square feet of industrial warehouse space. (Sources: Miller Industrial Properties <http://millerindustrial.wordpress.com/> ; Denver Commercial.com [www.denvercommercial.com/pdf/2nd%20Quarter%20VP%20pages.pdf](http://www.denvercommercial.com/pdf/2nd%20Quarter%20VP%20pages.pdf))  
\*Taxes, Insurance and maintenance charges are not included in the rates.
9. **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 for formula.
10. **Colorado Real & Personal Property Tax Example:** Business property (real and personal) with an actual market value of \$25,000,000 x .29 = assessed value x combined county, city, school district & water/sanitation tax rates (assuming .075541) = \$547,672 in taxes due.  
**Nevada Real Property Tax Example:** \$25,000,000 x .35 = \$8,750,000 assessed value x .0315 = \$275,625 in taxes due. - See # 4 for sources.
11. 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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