

INFORMATION ABOUT

New Mexico – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations. Based on \$100 million in net profit.

Taxes	New Mexico	Nevada
State Corporate Income Tax ¹	4.8%-7.6% x \$100M in net profit	No
Personal Income Tax ²	1.7%-5.3%	No
Payroll Tax ³	No	0.5%
Property Tax - *Real & ^Personal ⁴	*33% of Assessed Value ^Personal – See # 4	*3.15% of Assessed Value - ^Personal – See # 4
Franchise Tax	\$50 per year	No
Capital Gains Tax ⁵	Yes	No
Unemployment Ins Tax	.018%-5.4%	.25%-5.4%
Gross Receipts Tax ⁶	5.5%-8.3%	No

Nevada's 2010 Business Tax Climate Ranks 4th

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), and New Mexico (26th)

Source: Tax Foundation

www.taxfoundation.org/taxdata/show/22661.html

Business Costs	New Mexico	Nevada
Annual Lease Rates- 250K sf Industrial ⁷	Albuquerque - \$1,620,000	Reno - \$1,020,000
Payroll Tax Costs - \$400K Annual Payroll	No	\$3,005 ⁸
Property Tax Cost on \$25M Property ⁹	\$245,850	\$275,625
Utility Costs ¹⁰	\$30,276 PNM (Albuquerque)	\$46,835 NV Energy (Reno)

Workman's Compensation Costs

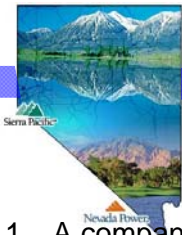
Description	New Mexico Rate	Nevada Rate - *See note below
Class 2915 - Veneer Products Mfg	\$3.29	\$5.21
Class 3632 - Machine Shop NOC	\$3.17	\$3.63
Class 8017 - Store: Retail NOC	\$1.55	\$2.06
Class 8810 – Clerical NOC	\$0.27	\$0.60

NOC = Not Otherwise Classified

Source: National Council on Compensation Insurance (NCCI) – 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.



INFORMATION ABOUT

1. A company with net profits of \$100,000,000 will pay a maximum of 7.6% or \$7,600,000 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.**
2. Personal income taxes affect businesses significantly because roughly 90% of businesses file taxes as individuals – examples: 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.**
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 NV Legislation Bill SB429 effective 7/1/09)
4. **New Mexico Business Real Property Tax:** Rates vary substantially and depend on property type and location. The *statewide weighted average* tax rates, i.e., total obligations/total net taxable value, are about \$29.80 per \$1,000 for non-residential property. Taxable value is 1/3 of assessed value. **New Mexico Business Personal Property Tax Rate:** Business personal property for which the owner has claimed depreciation is taxable. (**Source:** <http://www.tax.state.nm.us/oos/PropertyTaxFAQ.pdf>) **Nevada Business Real Property Tax Rate:** Average is 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:** www.tax.state.nm.us/oos/PropertyTaxFAQ.pdf; Nevada Dept of Taxation) See # 9 for examples. **Nevada Business Personal Property Tax:** \$3.66 per \$100 of assessed value. Nevada Taxpayers Association www.nevadatxpayers.org/pdf/property-tax-2009-10.pdf Nevada Dept of Taxation http://tax.state.nv.us/property_tax.htm
5. "...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/year07/2007pittfcover.pdf>) **Nevada has no capital gains tax.**
6. **The gross receipts tax:** Very different from a sales tax, is a tax on the privilege of doing business in New Mexico. It applies to the total amount of money or other considerations (barter, for instance) that a business receives for its transactions 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.**
7. Based on average industrial rates for Reno/Sparks, Nevada (\$0.34* per square foot per month) and Albuquerque, New Mexico (\$0.54* per square foot 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.
8. **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 complete formula.
9. **New Mexico Real Property Tax Example:** Assuming \$25M is 100% of market value x .33 (33%) = \$8,250,000 assessed value ÷ \$1,000 x \$29.80 = \$245,850.
Nevada Real Property Tax Example: \$25M taxable value x .35 = \$8,750,000 assessed value X .0315 = \$275,625
See # 4 for sources.
10. 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) (Rev. 4/10)