



INFORMATION ABOUT

New Mexico – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations. Based on \$50 million in net profit.

| Taxes | New Mexico | Nevada |
|--|---|---|
| State Corporate Income Tax ¹ | 4.8%-7.6% x \$50M 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

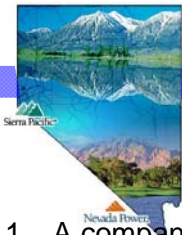
| Description | New Mexico Rate | Nevada Rate - *See note below |
|----------------------------------|-----------------|-------------------------------|
| Class 2915 - Veneer Products Mfg | \$3.29 | \$5.21 |
| Class 3632 - Machine Shop NOC | \$3.17 | \$3.63 |
| Class 8017 - Store: Retail NOC | \$1.55 | \$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.



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1. A company with net profits of \$50,000,000 will pay a maximum of 7.6% or \$3,800,000 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 33% 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 Rate:** \$3.66 per \$100 of assessed value. Nevada Taxpayers Association www.nevadataxpayers.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)



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