



INFORMATION ABOUT

Oregon – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations.

Taxes	Oregon	Nevada	Taxes	Oregon	Nevada
State Corporate Income Tax ¹	6.6%-7.9%	No	Excise Tax	\$150-\$100K	No
Personal Income Tax ²	5%-11%	No	Capital Gains Tax ⁵	5%-11%	No
Payroll Tax ³	.9%-5.4%	0.5%	Unemployment Ins Tax ⁶	.9%-5.4%	.25%-5.4%
Property Tax ⁴	\$15.69/\$1000 of Net Assessed Value (Avg)	3.15% on Assessed Value	Unitary Tax ⁷	No	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 www.taxfoundation.org/taxdata/show/22661.html)

Business Costs	Oregon	Nevada
Annual Lease Rates ⁸	Portland - \$1,140,000	Reno - \$1,020,000
Payroll Tax costs ⁹	\$3,600	\$3,005
Property Tax Cost ¹⁰	\$78,450	\$55,125
Utility Costs ¹¹	\$20,195 PacifiCorp (Portland)	\$46,835 NV Energy (Reno)

Workman's Compensation Costs

Description	Oregon Rate	Nevada Rate
Class 2915 – Veneer Products Mfg	\$5.48	\$5.97
Class 3632 - Machine Shop NOC	\$3.77	\$5.87
Class 8017 – Store: Retail NOC	\$1.75	\$1.90
Class 8810 - Clerical Office Employees NOC	\$0.19	\$0.64

NOC = Not Otherwise Classified

Source: Department of Consumer and Business Services: Comp Premium Rate Rankings by Class & State - 2008
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.

1. A company with net profits below \$250,000 (assuming \$240,000) will pay 6.6% or \$15,840 per year in Oregon corporate income tax, those with net profits above \$250,000 (assuming \$260,000) will pay 7.9% or \$20,540. (Source: *The Oregonian*, June 11, 2009
http://www.oregonlive.com/politics/index.ssf/2009/06/apparent_deal_made_to_approve.html **Nevada has no corporate income tax.**
2. Source: Oregon Legislature http://www.leg.state.or.us/09reg/measpdf/hb2600_dir/hb2649_a.pdf; Tax Foundation <http://www.taxfoundation.org/publications/show/24834.html> **Nevada has no personal income tax.**
3. **Special Payroll Tax Offsets** are authorized by the Oregon Legislature and collected using the unemployment insurance tax system. They are included as part of the UI Tax rate, but the money is not deposited in the Unemployment Insurance Trust Fund. Special Payroll Tax Offsets are used to fund various state programs. (Source: www.oregon.gov/EMPLOY/TAX/FAQs.shtml) **In Nevada** - 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. Average business property tax rates in Oregon are **\$15.69/\$1000 of net assessed value**. Average rates in Nevada are **3.15%* on assessed value** (Assessed value is equal to **35%** of the taxable value, which is new replacement cost, less depreciation) *No distinction between residential & business (Sources: Oregon Business Development Dept <http://www.oregon4biz.com/costs.htm>; 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. (Source: Small Business Survival Index 2008) **Nevada has no capital gains tax.**
6. **Oregon has eight UI tax schedules**. Schedule 8 collects the most tax revenue, Schedule 1 the least. Each year the Employment Department analyzes the Unemployment Insurance Trust Fund and using mathematical formulas written into Oregon law, determines the tax rate for the coming year. In 2007 Oregon employers paid taxes using Schedule 3. (Source: State of Oregon: <http://www.oregon.gov/EMPLOY/TAX/docs/2009TaxRates.pdf>)
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 average industrial rates for Reno/Sparks, Nevada (\$0.34 per sf per mo.*) and Portland, Oregon (\$0.38 per sf per mo.*) for 250,000 sf of industrial warehouse space. (Sources: Miller Industrial Properties 2009 Q1 <http://millerindustrial.wordpress.com>; Western Real Estate Business www.westernrealestate.com/articles/OCT08/snapshot1.html) *Taxes, Insurance and maintenance charges are not included in the rates.
Portland also adds \$0.75 per sf for office surcharge rates.
9. **Nevada 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 NV formula) **Oregon example** is assuming \$400,000 in annual payroll taxes x 0.9% (.009) = \$3,600
10. Business property in Oregon with a **net assessed value** of \$5M would pay an average of \$15.69/\$1000 (\$78,450) and 3.15% on **assessed value** (\$55,125*) in Nevada. * \$5M X .35% = \$1,750,000 assessed value X 3.15% (See #4 above 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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<http://www.nvenergy.com/economicdevelopment>

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