

INFORMATION ABOUT

Oregon– Nevada Business Cost Comparison

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

Taxes	Oregon	Nevada
State Corporate Income Tax ¹	6.6% - below \$250K 7.9% - above \$250K	No
Personal Income Tax ²	5%-11%	No
Payroll Tax ³	.9%-5.4%	0.5%
Property Tax - *Real & ^Personal ⁴	*\$15.69/\$1000 Net Assessed Value ^Personal – See # 4	*3.15% of Assessed Value ^Personal – See # 4
Excise Tax ⁵	\$150-\$100K	No
Capital Gains Tax ⁶	5%-11%	No
Unemployment Ins Tax	.9%-5.4%	.25%-5.4%
Unitary Tax ⁷	No	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	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	\$392,250	\$275,625
Utility Costs ¹¹	\$20,195 PacifiCorp (Portland)	\$46,835 NV Energy (Reno)

Workman's Compensation Costs

Description	Oregon Rate	Nevada Rate - *See note below
Class 2915 - Veneer Products Mfg	\$7.69	\$5.21
Class 3632 - Machine Shop NOC	\$4.89	\$3.63
Class 8017 - Store: Retail NOC	\$2.59	\$2.06
Class 8810 – Clerical NOC	\$0.26	\$0.60

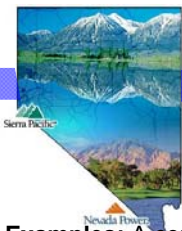
NOC = Not Otherwise Classified

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.

<http://www.nvenergy.com/economicdevelopment>



INFORMATION ABOUT

- Examples:** 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 \$25,000,000) will pay \$16,500 plus 7.9% of the amount over \$250,000, this equals **\$1,971,750** per year in Oregon corporate income tax. (Source: http://www.oregon.gov/DOR/BUS/corp_tax_changes_2009.shtml; **1/26/2010 - Special Ballot Measure 67 in Oregon:** Increased the \$10 minimum corporate tax to \$150; some corporations with over \$500,000 in Oregon revenues will pay minimum tax of approximately 0.1% of Oregon revenues. It also limits tax to \$150 for S corporations and partnerships. Sole proprietors are not impacted by this measure. *It raised the tax rate some corporations pay on profits by 1.3 percentage points until 2011; the increase then drops to 1 percentage point and as of 2013, applies only to profits over \$10 million. **Corporations pay minimum tax or profits tax, not both.*** The ballot measure also increased filing fees by \$50 for Oregon businesses and by \$225 for out of state businesses. **Nevada has no corporate income tax.**
- 1/26/2010 - Special Ballot Measure 66 in Oregon:** Raised the personal income tax levels as follows: The tax rate increased 1.8 percentage points on the amount of taxable income between \$250,000 and \$500,000 and 2 percentage points on the amount above \$500,000 for couples filing a joint return. For individual filers, the rate increases begin at \$125,000 and \$250,000 respectively. (Sources: Oregon Dept of Revenue http://www.oregon.gov/DOR/measures_66_67_pass.shtml; Tax Foundation <http://www.taxfoundation.org/publications/show/24834.html>) **Nevada has no personal income tax.**
- Special Payroll Tax Offsets authorized by Oregon Legislature:** 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)
Payroll Taxes 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)
- Oregon Business Real Property Tax Rate:** Average \$15.69/\$1000* of net assessed value.
Oregon Business Personal Property Tax Rate: 100% of Real Market Value
(Sources: Oregon Dept of Revenue www.oregon.gov/DOR/PTD/property.shtml#Tax_Rates;
Oregon Legislature www.leg.state.or.us/comm/lro/2009_oregon_property_tax.pdf;) **Nevada Business Real Property Tax Rate:** Average 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
(Source: Nevada Dept of Taxation http://tax.state.nv.us/property_tax.htm) See # 10 below for examples.
Nevada Business Personal Property Tax: \$3.66 per \$100 of assessed value.
(Sources: Nevada Taxpayers Association www.nevadataxpayers.org/pdf/property-tax-2009-10.pdf
Nevada Dept of Taxation http://tax.state.nv.us/property_tax.htm)
- "...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.
- 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>)
- 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.**
- Based on average industrial rates for Reno/Sparks, Nevada (\$0.34* per square foot per month) and Portland, Oregon (\$0.38* per square foot per month *) for 250,000 sf of industrial warehouse space. (Sources: Miller Industrial Properties 2009 Q1 <http://millerindustrial.wordpress.com>; Western Real Estate Business www.westernrebusiness.com/articles/OCT08/snapshot1.html) *Taxes, Insurance and maintenance charges are not included in the rates. (^ **Portland also adds \$0.75 per square foot for office surcharge rates.**)
- 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 for complete formula.
Oregon Payroll Tax Example: This is assuming \$400,000 in annual payroll x 0.9% (.009) = \$3,600
- Nevada Business Property Tax Example:** Assuming an assessed value of \$25,000,000 x .35 = \$8,750,000 assessed value x .0315 = \$275,625
Oregon Business Property Tax Example: Assuming a net assessed value of \$25,000,000 ÷ \$1,000 x \$15.69 = \$392,250.
See # 4 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)

Rev 4/10