

INFORMATION ABOUT

Utah – Nevada Business Cost Comparison

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

Taxes	Utah	Nevada
State Corporate Income Tax ¹	5% x \$100M Net Profits	No
Personal Income Tax ²	5%	No
Payroll Tax ³	*.63%-1.25%	0.5%
Property Tax – *Real & ^Personal ⁴	*1.1% of Fair Market Value ^Personal – See # 4	*3.15% of Assessed Value ^Personal – See # 4
Franchise Tax ⁵	5%	No
Capital Gains Tax ⁶	5%	No
Unemployment Ins Tax	.2%-9.2%	.25%-5.4%
Unitary Tax ⁷	Yes	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	Utah	Nevada
Annual Lease Rates ⁸	SLC - \$1,170,000	Reno - \$1,020,000
Payroll Tax costs ⁹	No	\$3,005
Property Tax Cost ¹⁰	\$300,000	\$275,625
Utility Costs ¹¹	\$26,363 PacifiCorp (SLC)	\$46,835 NV Energy (Reno)

Workman's Compensation Costs

Description	Utah Rate	Nevada Rate - *See note below
Class 2915 - Veneer Products Mfg	\$2.32	\$5.21
Class 3632 - Machine Shop NOC	\$1.95	\$3.63
Class 8017 - Store: Retail NOC	\$1.16	\$2.06
Class 8810 – Clerical NOC	\$0.13	\$0.60

NOC = Not Otherwise Classified

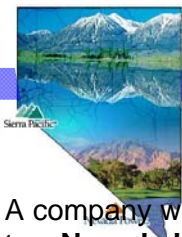
Source: National Council on Compensation Insurance (NCCI) – www.ncci.com – Rates effective 3/1/11

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>

Economic Development, NV Energy - 1.775.834.3636 or 1.800.824.8856



INFORMATION ABOUT

1. A company with net profits of \$100,000,000 will pay 5% or \$5,000,000 per year in Utah corporate income tax. Nevada has no corporate income tax. (Source: Tax Administration 2009 <http://www.taxfoundation.org/taxdata/show/230.html>)
2. Personal income taxes affect businesses significantly because roughly 90% of businesses file taxes as individuals (e.g. sole proprietorships and partnerships). (Sources: U.S. Small Business Administration Office 2003; Tax Foundation 2009 <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)
Utah's Payroll Tax: Utah imposes a gross receipts tax on corporations not subject to its corporate franchise or income taxes – *gross receipts from 10M+ to 1B+ (Source: Utah State Legislature <http://www.le.utah.gov/UtahCode/getCodeSection?code=59-8-104>)
4. **Utah Business Real Property Tax Rate:** Average 1.1%* of 100% of fair market value. (Source: http://www.edcutah.org/files/Section10_Taxes_09.pdf)
Utah Business Personal Property Tax Rate: Personal Property is taxed based on its taxable value as of January 1st of each year. In order to value personal property, the Utah State Tax Commission provides personal property classification schedules which are used by all county assessors in Utah. (Source: Utah Property Tax Division <http://propertytax.utah.gov/schedules/instructions.html>)
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. (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.nevadatxpayers.org/pdf/property-tax-2009-10.pdf; Nevada Dept of Taxation http://tax.state.nv.us/property_tax.htm)
5. The corporate franchise tax is a tax on the privilege or right to do business in Utah, and is based on net income. Every corporation must file a return and pay the tax each calendar or fiscal year, regardless of whether or not a profit was made or business was conducted. The tax rate is computed at 5% of net income with a \$100 minimum tax, whichever is greater. (Source: Utah State Tax Commission <http://tax.utah.gov/corporate/>)
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 Salt Lake City, Utah (\$0.39 per square foot per month*) for 250,000 square feet of industrial warehouse space. (Sources: Miller Industrial Properties <http://millerindustrial.wordpress.com/>; CB Richard Ellis, Salt Lake City Industrial Market, 4th Qtr 2008 Market View http://www.edcutah.org/files/Section9_RealEstate_09.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 complete formula.
10. **Utah Business Property Tax Example:** Assuming a fair market value of \$25,000,000 x .012 (1.2%) = \$300,000; **Nevada Business Property Tax Example:** \$25,000,000 X .35 = \$8,750,000 assessed value x .0315 = \$275,625 - 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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