

INFORMATION ABOUT

Washington – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations.

Taxes	Washington	Nevada
State Corporate Income Tax ¹	No	No
Personal Income Tax ²	No	No
Payroll Tax ³	No	0.5%
Property Tax – *Real & ^Personal ⁴	*1.0% of True & Fair Value ^Personal – See # 4	*3.15% of Assessed Value ^Personal – See # 4
Franchise Tax ⁵	No	No
Capital Gains Tax ⁶	No	No
Unemployment Ins Tax	.13%-5.4%	.25%-5.4%
Gross Receipts Tax ⁷	0.47%-1.5%	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	Washington	Nevada
Annual Lease Rates ⁸	Seattle - \$1,800,000	Reno - \$1,020,000
Payroll Tax costs ⁹	No	\$3,005
Property Tax Cost ¹⁰	\$250,000	\$275,625
Utility Costs ¹¹	\$28,437 Avista (Spokane)	\$46,835 NV Energy (Reno)

Workman's Compensation Costs

Description	Washington Rate	Nevada Rate - *See note below
Veneer Products Mfg	\$1.60 (**Class 2904)	\$5.21 (Class 2915)
Machine Shop NOC	\$1.28 (**Class 3402)	\$3.63 (Class 3632)
Store: Retail NOC	\$0.38 (**Class 6406)	\$2.06 (Class 8017)
Clerical NOC	\$0.17 (**Class 4904)	\$0.60 (Class 8810)

NOC = Not Otherwise Classified

Washington Source: Washington State Dept of Labor & Industries – 2011 Hourly Base Rates by BusinessType & Class Codes <http://www.lni.wa.gov/ClaimsIns/Insurance/RatesRisk/Check/RatesHistory/> - **Washington uses their own Rating Bureau, not NCCI.
Nevada 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.

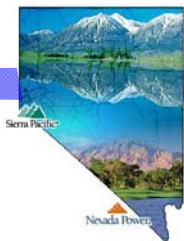
***Note:** Nevada also has a payroll cap: \$36,000 of reportable payroll per employee, per employer, per year. However, no adjustment was made to Nevada's rates to compensate for its payroll limitation on workers' compensation premium.

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



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1. **Source:** Tax Administration 2008 www.taxadmin.org/fta/rate/corp_inc.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)
4. **Washington Business Real Property Tax Rate:** Average 1%* of true and fair market value.
(**Source:** 2009 Legislative Guide to Washington State Property Taxes <http://www.leg.wa.gov/documents/Senate/SCS/WM/SwmWebsite/Publications/BudgetGuides/2009/TaxGuide09.pdf>)
Washington Business Personal Property Tax Rate: The county assessor values the property at 100% of its current market value. Market, or true and fair value, is the amount that a willing and unobligated buyer will pay a willing and unobligated seller. (Source: Dept of Revenue Washington State http://dor.wa.gov/Content/FindTaxesAndRates/PropertyTax/prop_BusPropertyValue.aspx)
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
Nevada Dept of Taxation http://tax.state.nv.us/property_tax.htm) See #10 below for examples.
Nevada Business Personal Property Tax Rate: \$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)
5. The corporate franchise tax is a tax on the privilege or right to do business in a state based on net income.
Nevada has no franchise tax.
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. Called a "Business & Occupation" tax in Washington, it's based on gross receipts. There are several classifications for businesses, each with their own rate. (**Source:** The Tax Foundation <http://www.taxfoundation.org/publications/show/230.html>) **Nevada has no gross receipts tax.**
8. Based on standard industrial rates for Reno/Sparks, Nevada (\$0.34* per square foot per month) and Seattle, Washington (\$0.60* per square foot per month) for 250,000 square feet of industrial warehouse space. (**Sources:** Miller Industrial Properties 2009 Q1 <http://millerindustrial.wordpress.com/>;
Seattle Office of Economic Development 2008 4Q http://www.enterpriseseattle.org/index.php?option=com_content&task=view&id=17&Itemid=46)
*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. **Washington Business Property Tax Example:** Assuming true and fair market value of \$25,000,000 x .01 = \$250,000.
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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