



INFORMATION ABOUT

California – Nevada Business Cost Comparison

The chart is an *approximate* comparison for a small business (manufacturing company of 100 employees and 150,000 square feet). Business costs and taxes will vary based on specific locations.

Taxes	California	Nevada
State Corporate Income Tax ¹	8.84%	No
Personal Income Tax ²	1.0 to 9.3%	No
Payroll Tax ³	1.5%	.63%
Property Tax ⁴	1.1%	1.0%
Franchise Tax	Yes	No
Capital Gains Tax ⁵	Up to 9.3%	No

Business Costs	California	Nevada
Workers' Compensation Costs ⁶	\$6.39/100	\$5.00/100
Annual Lease Rates ⁷	San Jose - \$2,250,000	Las Vegas - \$1,050,000
Payroll Tax costs	\$67,500 ⁸	\$26,933 ⁹
Property Tax Cost ¹⁰	\$55,000	\$50,000
Utility Costs ¹¹	\$58,700 SDG&E \$57,500 PG&E	\$40,100 Nevada Power (Las Vegas)

1. A company with net profits of \$5,000,000 will pay 8.84% or \$442,000 per year in California corporate income tax. That same company in Nevada doesn't pay corporate income tax. (Source: State of California)
2. Personal income taxes affect businesses significantly because roughly 90% of businesses file taxes as individuals (e.g. sole proprietorships and partnerships). Nevada has no personal income tax. (Source: U.S. Small Business Administration Office 2003)
3. Payroll taxes for San Francisco (1.5%) vs. the State of Nevada (.63 minus cost of health benefits to employer). (Source: San Francisco Office of Business and Industry and State of Nevada Legislation Bill SB523 effective till June 30, 2007)
4. Average property tax rates in Contra Costa County, California (1.10%). Average rates in Nevada (1%). (Source: Contra Costa County Assessor's Office; average rates in Nevada are statewide)
5. "State capital gains taxes are a direct levy on investment and entrepreneurship the sources of growth in the economy. High capital gain taxes restrict access to capital." (Source: Small Business Survival Index 2004)
6. Based on an actual 100-employee industrial manufacturing company. $(\$50,000 \times \$5.00)/100 = \$2,500$ NV
 $(\$50,000 \times \$6.39)/100 = \$3,195$ (Source: ProGroup)
7. Based on standard rates for Las Vegas and San Jose, California. 250,000 square feet of state-of-the-art commercial warehouse space. (Source: Society of Office & Industrial Realtors)
8. San Francisco payroll tax of 1.5%*. Example: company payroll of \$4.5M X 1.5% = \$67,500 payroll tax annually. (Source: *State of California – each city has a different payroll tax vs. Nevada's statewide payroll tax)
9. State of Nevada payroll tax of .63% minus cost of health benefits paid by employers. Example: company payroll of \$4.5M - health insurance cost (\$225,000) X .63% = \$26,933 payroll tax annually. (Source: State of Nevada Department of Taxation)
10. Property valued at \$5M would pay 1.10% (\$55,000) in Contra Costa California and 1.0% (\$50,000) in Nevada. (Source: Contra Costa County Assessor's Office; average rates in Nevada are statewide)
11. Based on an industrial user of 500,000 kWh per month and average rates taking into account summer and winter usage: .1150 per kWh for PG&E, .1174 per kWh for SDG&E and .0802 per kWh for Nevada Power (Source: PG&E, SDG&E, and Nevada Power.)

(Rev. 01/06)

Source: EDAWN

<http://econdev.sierrapacific.com>