



## INFORMATION ABOUT

# New Mexico – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations.

Taxes	New Mexico	Nevada	Taxes	New Mexico	Nevada
State Corporate Income Tax <sup>1</sup>	4.8%-7.6%	No	Franchise Tax	\$50 per year	No
Personal Income Tax <sup>2</sup>	1.7%-5.3%	No	Capital Gains Tax <sup>5</sup>	No	No
Payroll Tax <sup>3</sup>	No	.63%	Unemployment Insurance Tax	.05%-5.4%	.25%-5.4%
Property Tax <sup>4</sup>	0.8% of the Assessed Value	3.15% of the Assessed Value	Gross Receipts Tax <sup>6</sup>	5.13%-7.8%	No

**Nevada's 2007 Business Tax Climate Ranks 3<sup>rd</sup>** - The Index compares the states in five areas of taxation that impact business: corporate taxes; individual income taxes; sales taxes; unemployment insurance taxes; and taxes on property, including residential and commercial property. Neighboring states ranked as follows: California (47th), Oregon (10th), Idaho (31st), Utah (17th), Arizona (25th) and New Mexico (23<sup>rd</sup>) (Source: Tax Foundation <http://www.taxfoundation.org/research/topic42.html>)

Business Costs	New Mexico	Nevada
Annual Lease Rates <sup>7</sup>	Albuquerque - \$1,440,000	Reno - \$1,020,000
Payroll Tax costs	No	\$26,933 <sup>8</sup>
Property Tax Cost <sup>9</sup>	\$13,320	\$55,125
Utility Costs <sup>10</sup>	\$24,000 PNM (Albuquerque)	\$46,184 Sierra Pacific (Reno)

### Workman's Compensation Costs

Description	New Mexico Rate	Nevada Rate
Class 2915 – Veneer Products Mfg	\$6.42	\$6.53
Class 3632 - Machine Shop NOC	\$4.55	\$4.78
Class 8018 – Store: Wholesale NOC	\$4.80	\$3.97
Class 8810 - Clerical Office Employees NOC	\$0.52	\$0.44

NOC = Not Otherwise Classified

Source: Department of Consumer and Business Services, September 2006

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 of \$5,000,000 will pay up to 7.6% or \$380,000 per year in New Mexico corporate income tax. **Nevada has no corporate income tax.** (Source: Tax Foundation)
2. Personal income taxes affect businesses significantly because roughly 90% of businesses file taxes as individuals (e.g. sole proprietorships and partnerships). (Source: U.S. Small Business Administration Office 2003) **Nevada has no personal income tax.** (Source: Tax Foundation 2008 <http://www.taxfoundation.org/taxdata/show/228.html>)
3. Payroll taxes for the State of Nevada are .63% **minus** the cost of health benefits paid by employers. (Source: State of Nevada Legislation Bill SB523 effective June 30, 2007)
4. **Average** business property tax rates in New Mexico are **0.8% of the assessed value** (Taxes are imposed on 1/3 of assessed value, which is typically 80%-100% of market value). **Average** rates in Nevada are **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: New Mexico Economic Development <http://www.edd.state.nm.us/businessAssistance/incentives/index.html>; Nevada Dept of Taxation [http://tax.state.nv.us/property\\_tax.htm](http://tax.state.nv.us/property_tax.htm))
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. The gross receipts tax, very different from a sales tax, is a tax on the privilege of doing business in this state. It applies to the total amount of money or other considerations (barter, for instance) that a business receives for its transactions here in New Mexico. The taxable amount is the gross amount – not net after business expenses – and the tax liability belongs to the business instead of the customer. (Source: Rio Grande Foundation Policy Brief January 29, 2007)
7. Based on average industrial rates for Reno/Sparks, Nevada (\$0.34\* per sf per month) and Albuquerque, New Mexico (\$0.48\* per sf per month) for 250,000 square feet of industrial warehouse space. (Source: Miller Industrial Properties – 2007 Q4 <http://millerindustrial.wordpress.com/>; New Mexico Site Search 2006 [http://www.nmsitesearch.com/content/content\\_home\\_2\\_1.htm](http://www.nmsitesearch.com/content/content_home_2_1.htm)) \*Taxes, Insurance and maintenance charges are not included in the rates.
8. State of Nevada payroll tax of .63% **minus** the cost of health benefits paid by employers. **Example:** Company payroll of \$4.5M minus health insurance cost (\$225,000) X .63% = \$26,933 payroll tax annually. (Source: State of Nevada Department of Taxation)
9. Business property valued at \$5M would pay **0.8% of assessed value** (\$13,320\*) in New Mexico. \*\$5M X .333= \$1,665,000 assessed value X 0.8% In Nevada, business property valued at \$5M would pay **3.15% of assessed value** (\$55,125\*). \* \$5M X .35% = \$1,750,000 assessed value X 3.15% (See #4 above for Sources)
10. 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, 2007)

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