



## INFORMATION ABOUT

# Utah – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations.

Taxes	Utah	Nevada	Taxes	Utah	Nevada
State Corporate Income Tax <sup>1</sup>	5%	No	Franchise Tax <sup>5</sup>	5%	No
Personal Income Tax <sup>2</sup>	2.3%-6.98%	No	Capital Gains Tax <sup>6</sup>	No	No
Payroll Tax <sup>3</sup>	No	.63%	Unemployment Insurance Tax	.43%-9.4%	.25%-5.4%
Property Tax <sup>4</sup>	1.2% of Fair Market Value	3.15% of Assessed Value	Unitary Tax <sup>7</sup>	Yes	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) and Arizona (25th). (Source: Tax Foundation <http://www.taxfoundation.org/research/topic/42.html>)

Business Costs	Utah	Nevada
Annual Lease Rates <sup>8</sup>	SLC - \$1,110,000	Reno - \$1,020,000
Payroll Tax costs	No	\$26,933 <sup>9</sup>
Property Tax Cost <sup>10</sup>	\$60,000	\$55,125
Utility Costs <sup>11</sup>	\$26,363 PacifiCorp (SLC)	\$46,184 Sierra Pacific (Reno)

### Workman's Compensation Costs

Description	Utah Rate	Nevada Rate
Class 2915 – Veneer Products Mfg	\$3.54	\$6.53
Class 3632 - Machine Shop NOC	\$3.66	\$4.78
Class 8018 – Store: Wholesale NOC	\$3.70	\$3.97
Class 8810 - Clerical Office Employees NOC	\$0.30	\$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 5% or \$250,000 per year in Utah 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). **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 (.63 minus the cost of health benefits paid by employers). (Source: State of Nevada Legislation Bill SB523 effective June 30, 2007)
4. Average business properties rates in Utah are **1.2% of 100% of fair market value**. Average property tax 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: Utah State Tax Commission, 2006 Approved Tax Area Rates; Nevada Dept of Taxation [http://tax.state.nv.us/property\\_tax.htm](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. "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)
7. 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.
8. Based on standard industrial rates for Reno/Sparks, Nevada (\$0.34 per sf per mo.\*) and Salt Lake City, Utah (\$0.37 per sf per mo.\*) for 250,000 square feet of industrial warehouse space. (Nevada Source: Miller Industrial Properties <http://millerindustrial.wordpress.com/>) (Utah Source: Commerce CRG/Cushman Wakefield 2006 Year-End Market Review <http://www.upgrade.slco.org/realEstate/industrial.html>)
9. 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)
10. Business property with a **fair market value** of \$5M would pay 1.2% (\$60,000) in Utah and 3.15% (\$55,125\*) on **assessed value** in Nevada. \* \$5M X .35% = \$1,750,000 assessed value X 3.15% (See #4 above 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, 2007)

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