



INFORMATION ABOUT

Oregon – Nevada Business Cost Comparison

Business costs and taxes will vary based on specific locations.

Taxes	Oregon	Nevada	Taxes	Oregon	Nevada
State Corporate Income Tax ¹	6.6%	No	Franchise Tax	No	No
Personal Income Tax ²	5%-9%	No	Capital Gains Tax ⁵	9%	No
Payroll Tax ³	.07%-5.4%	.63%	Unemployment Insurance Tax ⁶	.07%-5.4%	.25%-5.4%
Property Tax ⁴	1.14% of Market Value	3.15% on Assessed Value	Unitary Tax ⁷	No	No

Nevada's 2007 Business Tax Climate Ranks 3rd - 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	Oregon	Nevada
Annual Lease Rates ⁸	Portland - \$1,140,000	Reno - \$1,020,000
Payroll Tax costs	\$243,000 ⁹	\$26,933 ¹⁰
Property Tax Cost ¹¹	\$57,000	\$55,125
Utility Costs ¹²	\$19,015 PacifiCorp (Portland)	\$46,184 Sierra Pacific (Reno)

Workman's Compensation Costs

Description	Oregon Rate	Nevada Rate
Class 2915 – Veneer Products Mfg	\$5.12	\$6.53
Class 3632 - Machine Shop NOC	\$3.40	\$4.78
Class 8018 – Store: Wholesale NOC	\$3.17	\$3.97
Class 8810 - Clerical Office Employees NOC	\$0.22	\$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 6.6% or \$330,000 per year in Oregon corporate income tax. **Nevada has no corporate income tax.** (Source: Tax Foundation 2006 <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)..(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. Special Payroll Tax Offsets are authorized by the Oregon Legislature and collected using the unemployment insurance tax system. They are included as part of the UI Tax rate, but the money is **not** deposited in the Unemployment Insurance Trust Fund. Special Payroll Tax Offsets are used to fund various state programs. (Source: <http://www.oregon.gov/EMPLOY/TAX/FAQs.shtml>) Payroll taxes for 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 Oregon are **1.14% of market value**. Average rates in Nevada are **3.15%* on assessed value** (Assessed value is equal to **35%** of the taxable value, which is new replacement cost, less depreciation) *No distinction between residential & business (Source:Econ Development/Central Oregon http://www.edcoinfo.com/doing_business/CostComparison/ Nevada Dept of Taxation 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) **Nevada has no capital gains tax.**
6. Oregon has eight tax schedules. Schedule 8 collects the most tax revenue, Schedule 1 the least. Each year the Employment Department analyzes the Unemployment Insurance Trust Fund and using mathematical formulas written into Oregon law, determines the tax rate for the coming year. In 2007 Oregon employers paid taxes using Schedule 3. (Source: Oregon Employment Department – 2008)
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 average industrial rates for Reno/Sparks,Nevada (\$0.34 per sf per mo.*) and Portland,Oregon (\$0.38 per sf per mo*) for 250,000 sf of industrial warehouse space.(Oregon Source: Western Real Estate Business <http://www.westernrebusines.com/articles/JUL07/highlight2.html>) (Nevada Source: Miller Industrial Properties/2007 Q4 <http://millerindustrial.wordpress.com/>) *Taxes, Insurance and maintenance charges are not included in the rates.
9. Oregon payroll tax ranges from .07% to 5.4%. **Example:** Company payroll of \$4.5M X 5.4% = \$243,000 **maximum** payroll tax annually.
10. 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)
11. Business property with a **market value** of \$5M would pay 1.14% (\$57,000) in Oregon and 3.15% on **assessed value** (\$55,125*) in Nevada. * \$5M X .35% = \$1,750,000 assessed value X 3.15% (See #4 above for Sources)
12. 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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