

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 (.65 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, Nevada 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, .1057 per KWH for Sierra Pacific, and .0802 per KWH for Nevada Power. (Source: PG&E, SDG&E, Nevada Power and Sierra Pacific Power Company)

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