

STATE OF NEVADA GENERAL FUND PROJECTION MODEL | 2015-17 BIENNium  
 REVENUE ALTERNATIVES | BUSINESS LICENSE FEE, RATE CALCULATION SUMMARY  
 Preliminary Draft | For Discussion Purposes Only

A STEP 1	B STEP 2	C STEP 3	D STEP 4	E STEP 5	F STEP 6	G STEP 7	H STEP 8
<i>The State Of Texas reports economic and tax collection data for the industries outlined below.</i>	<i>The State Of Texas provides Gross State Product for each sector. This allows for a baseline comparison to Nevada both in terms of size and structure of the economy.</i>	<i>The State Of Texas also provides data for total Texas receipts. This value reflects revenue allocated to the State Of Texas after exclusions of selected revenues (e.g., uncompensated health care and flow through revenue). Notice that this value is larger than Gross State Product because Gross State Product is a value added concept and total revenue is a sales and income concept (items such as retail sales will be greater in this column reflecting transaction volumes and not value added by the retailer; this is sometimes referred to as margining).</i>	<i>The State Of Texas reports the total amount of franchise or margin taxes paid within each sector. Note that the liability is calculated by deducting the greater of the cost of goods sold, the cost of labor, or a 30 percent standard deduction from total revenue. This value also reflects the removal of excluded revenues noted in Step 3.</i>	<i>Dividing Column D By Column C generates an effective adjusted revenue tax rate. Note that this tax rate differs from a gross receipts tax rate in that it is adjusted for certain revenue exclusions and for the each industry's margin after each company within that industry has taken a deduction for the cost of goods sold, the cost of labor or a 30 percent deduction, whichever is greater.</i>	<i>Effective tax rates are then increased for retailers, wholesalers, and restaurant operators, all of which are taxed at a lower rate (0.5% versus 1.0%) in the State Of Texas. The objective of this step was to generate a uniform rate applied across all sectors of the economy.</i>	<i>The State of Texas does not have casino-hotels, which would be expected to have a higher relative cost of labor (and likely cost of goods) as compared to a traditional "accommodations" business. Thus, the Nevada Gaming Abstract was used to estimate the taxable margin for an average casino-hotel in Nevada. The resulting value was approximately 0.36%; this value was rounded up to 0.40% respecting that not all Nevada "accommodations" Taxpayers falling into this category would be casino-hotels.</i>	<i>When applying the effective tax rates in Column G to Nevada's estimated revenue by sector, plus an assumed minimum tax payment of \$400 for all businesses including without limitation foreign filers and non-employer businesses and assuming gaming revenue subject to the state's percentage fees where exempt, resulted in too much revenue. As such, a proportional reduction was made to every industry tax rate to generate the rate necessary to yield approximately \$250 million annually.</i>
Agriculture	\$ 9,763,000,000	\$ 9,489,000,000	\$ 11,989,000	0.126%	0.126%	0.126%	0.069%
Mining (Oil & Gas)	\$ 97,083,000,000	\$ 313,564,000,000	\$ 320,264,000	0.102%	0.102%	0.102%	0.056%
Utilities	\$ 25,627,000,000	\$ 60,809,000,000	\$ 165,371,000	0.272%	0.272%	0.272%	0.148%
Construction	\$ 55,956,000,000	\$ 86,324,000,000	\$ 143,825,000	0.167%	0.167%	0.167%	0.091%
Manufacturing	\$ 173,199,000,000	\$ 387,133,000,000	\$ 706,417,000	0.182%	0.182%	0.182%	0.099%
Wholesale Trade	\$ 78,620,000,000	\$ 293,751,000,000	\$ 295,273,000	0.101%	0.201%	0.402%	0.110%
Retail Trade	\$ 72,538,000,000	\$ 321,462,000,000	\$ 358,356,000	0.111%	0.223%	0.446%	0.121%
Air Transportation	\$ 7,840,000,000	\$ 8,331,000,000	\$ 9,706,000	0.117%	0.117%	0.117%	0.064%
Truck Transportation	\$ 10,912,000,000	\$ 7,576,000,000	\$ 30,681,000	0.405%	0.405%	0.405%	0.221%
Rail Transportation	\$ 2,990,000,000	\$ 444,000,000	\$ 2,948,000	0.664%	0.664%	0.664%	0.362%
Water and Other Transportation	\$ 15,880,000,000	\$ 29,882,000,000	\$ 77,512,000	0.259%	0.259%	0.259%	0.141%
Warehousing and Storage	\$ 3,264,000,000	\$ 3,692,000,000	\$ 9,443,000	0.256%	0.256%	0.256%	0.139%
Publishing, Software, Data Processing	\$ 14,663,000,000	\$ 18,312,000,000	\$ 92,759,000	0.507%	0.507%	0.507%	0.276%
Telecommunications	\$ 27,718,000,000	\$ 30,765,000,000	\$ 185,731,000	0.604%	0.604%	0.604%	0.329%
Financial Activities	\$ 62,886,000,000	\$ 86,802,000,000	\$ 193,262,000	0.223%	0.223%	0.223%	0.121%
Real Estate	\$ 105,616,000,000	\$ 50,833,000,000	\$ 254,276,000	0.500%	0.500%	0.500%	0.272%
Professional Services	\$ 84,956,000,000	\$ 102,639,000,000	\$ 371,569,000	0.362%	0.362%	0.362%	0.197%
Management of Companies	\$ 11,459,000,000	\$ 87,233,000,000	\$ 239,256,000	0.274%	0.274%	0.274%	0.149%
Administrative and Support Services	\$ 34,392,000,000	\$ 26,707,000,000	\$ 82,512,000	0.309%	0.309%	0.309%	0.168%
Waste Management Services	\$ 3,192,000,000	\$ 4,013,000,000	\$ 21,061,000	0.525%	0.525%	0.525%	0.286%
Educational Services	\$ 7,565,000,000	\$ 3,252,000,000	\$ 18,334,000	0.564%	0.564%	0.564%	0.307%
Health Services	\$ 77,843,000,000	\$ 45,330,000,000	\$ 172,632,000	0.381%	0.381%	0.381%	0.208%
Arts, Entertainment and Recreation	\$ 7,507,000,000	\$ 5,879,000,000	\$ 28,221,000	0.480%	0.480%	0.480%	0.261%
Accommodation	\$ 6,573,000,000	\$ 5,683,000,000	\$ 33,814,000	0.595%	0.595%	0.400%	0.218%
Food Services (includes restaurants)	\$ 26,696,000,000	\$ 31,848,000,000	\$ 61,686,000	0.194%	0.387%	0.775%	0.211%
Other Services	\$ 29,470,000,000	\$ 23,263,000,000	\$ 66,099,000	0.284%	0.284%	0.284%	0.155%
Unclassified	\$ -	\$ 16,124,000,000	\$ 41,212,000	0.256%	0.256%	0.256%	0.139%
<b>Total</b>	<b>\$ 1,054,208,000,000</b>	<b>\$ 2,061,140,000,000</b>	<b>\$ 3,994,209,000</b>	<b>0.194%</b>	<b>0.320%</b>	<b>0.300%</b>	<b>0.163%</b>

Effective tax rates are then applied to the midpoint revenue range for each industry in Nevada to determine the Business License Fee.

