

Comparative Analysis of Revenue Alternatives

Comparative Analysis of Hypothetical Firms Generating Between \$250,000 and \$100 Million in Total Revenue and Earning Similar Profit Margins
(Small Business versus Big Business)

	Micro Business	% of T.R.	Small Business	% of T.R.	Medium Business	% of T.R.	Large Business	% of T.R.
REVENUES								
Business Receipts	\$ 225,000	90.0%	\$ 900,000	90.0%	\$ 9,000,000	90.0%	\$ 90,000,000	90.0%
Interest	\$ 12,500	5.0%	\$ 50,000	5.0%	\$ 500,000	5.0%	\$ 5,000,000	5.0%
Rents	\$ 5,000	2.0%	\$ 20,000	2.0%	\$ 200,000	2.0%	\$ 2,000,000	2.0%
Royalties	\$ 5,000	2.0%	\$ 20,000	2.0%	\$ 200,000	2.0%	\$ 2,000,000	2.0%
Other Receipts	\$ <u>2,500</u>	<u>1.0%</u>	\$ <u>10,000</u>	<u>1.0%</u>	\$ <u>100,000</u>	<u>1.0%</u>	\$ <u>1,000,000</u>	<u>1.0%</u>
TOTAL REVENUE ("T.R.")	\$ 250,000	100.0%	\$1,000,000	100.0%	\$ 10,000,000	100.0%	\$ 100,000,000	100.0%
EXPENSES								
Costs of Goods Sold	\$ 88,500	35.4%	\$ 354,000	35.4%	\$ 3,540,000	35.4%	\$ 35,400,000	35.4%
Compensation of Officers	\$ 7,500	3.0%	\$ 30,000	3.0%	\$ 300,000	3.0%	\$ 3,000,000	3.0%
Salaries and Wages	\$ 88,500	35.4%	\$ 354,000	35.4%	\$ 3,540,000	35.4%	\$ 35,400,000	35.4%
Repairs	\$ 2,500	1.0%	\$ 10,000	1.0%	\$ 100,000	1.0%	\$ 1,000,000	1.0%
Bad Debts	\$ 1,250	0.5%	\$ 5,000	0.5%	\$ 50,000	0.5%	\$ 500,000	0.5%
Rent Paid on Business Property	\$ 5,000	2.0%	\$ 20,000	2.0%	\$ 200,000	2.0%	\$ 2,000,000	2.0%
Taxes Paid	\$ 5,000	2.0%	\$ 20,000	2.0%	\$ 200,000	2.0%	\$ 2,000,000	2.0%
Interest Paid	\$ 7,500	3.0%	\$ 30,000	3.0%	\$ 300,000	3.0%	\$ 3,000,000	3.0%
Contributions or Gifts	\$ 2,500	1.0%	\$ 10,000	1.0%	\$ 100,000	1.0%	\$ 1,000,000	1.0%
Amortization	\$ 2,500	1.0%	\$ 10,000	1.0%	\$ 100,000	1.0%	\$ 1,000,000	1.0%
Depreciation	\$ 7,500	3.0%	\$ 30,000	3.0%	\$ 300,000	3.0%	\$ 3,000,000	3.0%
Depletion	\$ 250	0.1%	\$ 1,000	0.1%	\$ 10,000	0.1%	\$ 100,000	0.1%
Advertising	\$ 1,250	0.5%	\$ 5,000	0.5%	\$ 50,000	0.5%	\$ 500,000	0.5%
Pension, Profit-Sharing, Stock Bonuses, Annuity Plans	\$ 1,250	0.5%	\$ 5,000	0.5%	\$ 50,000	0.5%	\$ 500,000	0.5%
Employee Benefit Programs	\$ 7,680	3.1%	\$ 30,720	3.1%	\$ 307,200	3.1%	\$ 3,072,000	3.1%
Net Loss, Non-Capital Assets (e.g., Inventory)	\$ 2,500	1.0%	\$ 10,000	1.0%	\$ 100,000	1.0%	\$ 1,000,000	1.0%
Other Expenses	\$ <u>5,000</u>	<u>2.0%</u>	\$ <u>20,000</u>	<u>2.0%</u>	\$ <u>200,000</u>	<u>2.0%</u>	\$ <u>2,000,000</u>	<u>2.0%</u>

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TOTAL EXPENSES	\$ 236,180	94.5%	\$ 944,720	94.5%	\$ 9,447,200	94.5%	\$ 94,472,000	94.5%
NET INCOME	\$ 13,820	5.5%	\$ 55,280	5.5%	\$ 552,800	5.5%	\$ 5,528,000	5.5%
ESTIMATED EMPLOYMENT	3		11		107		1,067	

Status Quo: Modified Business Tax (1.17%; \$340,000 Standard Exemption; Healthcare Deduction) + Business License Fee (\$200 All Businesses)

Modified Business Tax (1.17%, \$340,000 Standard Exemption; Healthcare Deduction)

Total Wages and Salaries Paid	\$ 96,000	38.40%	\$ 384,000	38.40%	\$ 3,840,000	38.40%	\$ 38,400,000	38.40%
Less: Standard Exemption	\$ 340,000	136.00%	\$ 340,000	34.00%	\$ 340,000	3.40%	\$ 340,000	0.34%
Less: Employer Paid Health Care Deduction	\$ 6,528	2.61%	\$ 26,112	2.61%	\$ 261,120	2.61%	\$ 2,611,200	2.61%
Net Taxable Wages	\$ -	0.00%	\$ 17,888	1.79%	\$ 3,238,880	32.39%	\$ 35,448,800	35.45%
Tax Rate	1.17%		1.17%		1.17%		1.17%	
Estimated Modified Business Tax Liability	\$ -	0.00%	\$ 209	0.02%	\$ 37,895	0.38%	\$ 414,751	0.41%
Business License Fee (\$200 All Businesses)	\$ 200	0.08%	\$ 200	0.02%	\$ 200	0.00%	\$ 200	0.00%
Status Quo Scenario Combined Tax Liability	\$ 200	0.08%	\$ 409	0.04%	\$ 38,095	0.38%	\$ 414,951	0.41%

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Alternative #1: Governor's Business License Fee Proposal (Graduated, Industry-Specific Payment Schedule; \$400 Minimum) + Existing Modified Business Tax (1.17%; \$340,000 Standard Exemption; Healthcare Deduction)								
Modified Business Tax (1.17%, \$340,000 Standard Exemption; Healthcare Deduction)								
Total Wages and Salaries Paid	\$ 96,000	38.40%	\$ 384,000	38.40%	\$ 3,840,000	38.40%	\$ 38,400,000	38.40%
Less: Standard Exemption	\$ 340,000	136.00%	\$ 340,000	34.00%	\$ 340,000	3.40%	\$ 340,000	0.34%
Less: Employer Paid Health Care Deduction	\$ 6,528	2.61%	\$ 26,112	2.61%	\$ 261,120	2.61%	\$ 2,611,200	2.61%
Net Taxable Wages	\$ -	0.00%	\$ 17,888	1.79%	\$ 3,238,880	32.39%	\$ 35,448,800	35.45%
Tax Rate	1.17%		1.17%		1.17%		1.17%	
Estimated Modified Business Tax Liability	\$ -	0.00%	\$ 209	0.02%	\$ 37,895	0.38%	\$ 414,751	0.41%
Modified Business License Fee (Graduated, Industry-Specific Payment Schedule; \$400 Minimum)								
Total Business Receipts	\$ 236,250	94.50%	\$ 945,000	94.50%	\$ 9,450,000	94.50%	\$ 94,500,000	94.50%
Business Licensee Fee Based on Revenue Range	\$ 493	0.20%	\$ 1,726	0.17%	\$ 16,150	0.16%	\$ 173,791	0.17%
Alternative #1 Combined Tax Liability	\$ 493	0.20%	\$ 1,935	0.19%	\$ 54,045	0.54%	\$ 588,542	0.59%

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Alternative #2: Armstrong-Anderson Tax Proposal Modified Business Tax (Increase Rate to 1.56%; \$50,000 Standard Exemption; Elimination of the Healthcare Deduction) +								
Business License Fee (\$500 for Corporations and \$300 for All Other Businesses)								
Modified Business Tax (1.56%, \$200,000 Standard Exemption; No Healthcare Deduction)								
Total Wages and Salaries Paid	\$ 96,000	38.40%	\$ 384,000	38.40%	\$ 3,840,000	38.40%	\$ 38,400,000	38.40%
Less: Standard Exemption	\$ 200,000	80.00%	\$ 200,000	20.00%	\$ 200,000	2.00%	\$ 200,000	0.20%
Less: Employer Paid Health Care Deduction	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Net Taxable Wages	\$ -	0.00%	\$ 184,000	18.40%	\$ 3,640,000	36.40%	\$ 38,200,000	38.20%
Tax Rate	1.56%		1.56%		1.56%		1.56%	
Estimated Modified Business Tax Liability	\$ -	0.00%	\$ 2,870	0.29%	\$ 56,784	0.57%	\$ 595,920	0.60%
Business License Fee (\$500 Corporation; \$300 All Others)	\$ 377	0.15%	\$ 377	0.04%	\$ 377	0.00%	\$ 377	0.00%
Alternative #2 Combined Tax Liability	\$ 377	0.15%	\$ 3,247	0.32%	\$ 57,161	0.57%	\$ 596,297	0.60%

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Alternative #3: Spearman Supplemental Business Fee (\$200 Plus 0.465% of Nevada Revenue in Excess of \$100,000) + Business License Fee (\$200 Per Instate Business)								
Supplemental Business Free								
Total Business Receipts	\$ 236,250	94.50%	\$ 945,000	94.50%	\$ 9,450,000	94.50%	\$ 94,500,000	94.50%
Less: Standard Exemption	\$ 100,000	40.00%	\$ 100,000	10.00%	\$ 100,000	1.00%	\$ 100,000	0.10%
Net Taxable Nevada Revenue	\$ 136,250	54.50%	\$ 845,000	84.50%	\$ 9,350,000	93.50%	\$ 94,400,000	94.40%
Effective Tax Rate, Element 1 (\$200)	\$ 200	0.08%	\$ 200	0.02%	\$ 200	0.00%	\$ 200	0.00%
Effective Rate, Element 2 (0.465% of Revenue)	0.465%		0.465%		0.465%		0.465%	
Estimated Tax Liability	\$ 834	0.33%	\$ 4,129	0.41%	\$ 43,678	0.44%	\$ 439,160	0.44%
Business License Fee (\$200 All Businesses)	\$ 200	0.08%	\$ 200	0.02%	\$ 200	0.00%	\$ 200	0.00%
Alternative #3 Combined Tax Liability	\$ 1,034	0.41%	\$ 4,329	0.43%	\$ 43,878	0.44%	\$ 439,360	0.44%