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COMMERCE TAX NEWS RELEASE

October 11, 2018

**Commerce Tax generates nearly \$202 million in revenue in fiscal year 2018,  
8.5 percent above forecast**

*Combined Commerce Tax, Modified Business Tax, and Bank Branch Excise Tax revenues exceed fiscal year 2018 projections by 10.1 percent, triggering reduction in Modified Business Tax rates*

Statement from Bill Anderson, Executive Director, Nevada Department of Taxation

The Commerce Tax generated \$201.93 million during fiscal year 2018, Nevada's third year of collections. This is 8.5 percent above the year's forecast of \$186.05 million, and about 2.1 percent above collections in fiscal year 2017. Roughly half of all Commerce Tax revenue in fiscal year 2018 came from three of Nevada's largest industries: retail trade, wholesale trade, and accommodations. Collectively, these industries contributed around \$95.8 million to this fiscal year's total. For the year, about 133,000 taxpayers filed Commerce Tax returns and, of those, approximately 6,500 owed tax. Currently, all businesses in Nevada are required to file returns, but tax is only owed if the business has gross revenue in the year that is more than \$4 million.

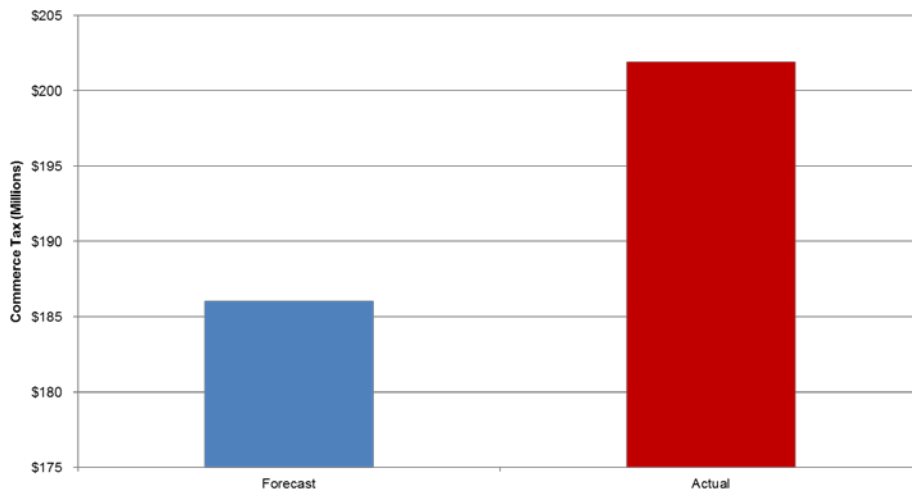
Because this fiscal year's Commerce Tax collections—combined with Modified Business Tax and Bank Branch Excise Tax collections—brought in more revenue than forecasted, the state's businesses will see lower Modified Business Tax rates in fiscal year 2020. By law, in even-numbered years, the Department looks at combined collections from the three taxes. If combined collections exceed the Economic Forum's forecast amounts by more than four percent, the Department must lower the Modified Business Tax rates to a level that would have resulted in combined collections of only four percent above forecast. Combined collections in fiscal year 2018 came in 10.1 percent above forecast, triggering the Department to lower the Modified Business Tax rates for fiscal year 2020, which begins July 1, 2019. The new rates are calculated to hypothetically decrease total fiscal year 2018 Modified Business Tax collections by nearly \$43.5M. Rates for Commerce Tax—which vary by industry—and the Bank Branch Excise Tax are not affected.

Highlights

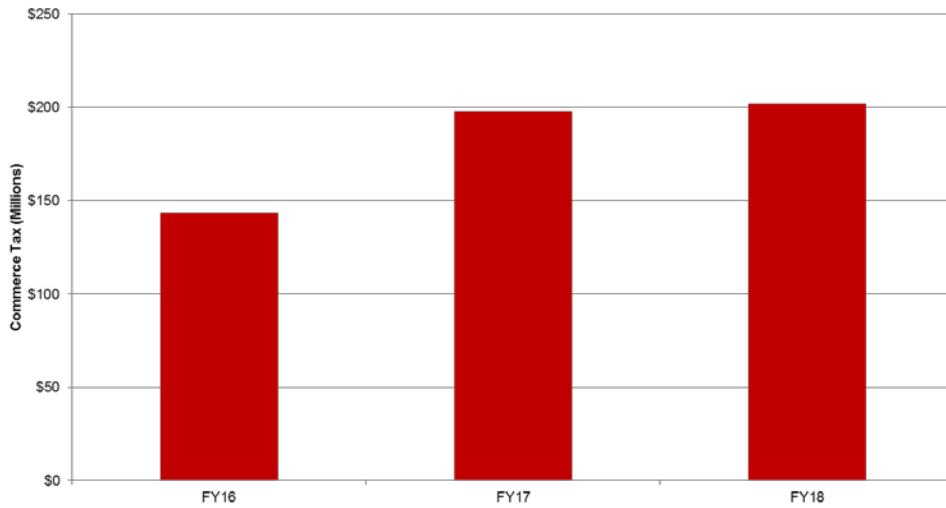
- Fiscal year 2018 Commerce Tax revenue totals \$201.93 million, 8.5 percent over forecast
  - Fiscal year 2017 Commerce Tax revenue was \$197.83 million; Fiscal year 2016 was \$143.51 million
- Three industries made up around half of all collections: \$42.5 million for retail trade, \$31.1 million for wholesale trade, and \$22.2 million for accommodations

- This fiscal year, about 133,000 businesses filed Commerce Tax returns; Of those, about 6,500 owed tax
- Commerce Tax is imposed on each business entity engaged in business in Nevada whose gross revenue is more than \$4 million in a fiscal year; By law, all businesses must file a return, even if they do not owe any tax
  - Rates vary by industry and range from .051 percent to .331 percent
- Combined Commerce Tax, Modified Business Tax, and Bank Branch Excise Tax collections totaled \$786.5 million in fiscal year 2018; Combined forecast for the fiscal year was \$714.5 million; Combined collections were 10.1 percent above forecast
  - Based on combined collections, the Department will lower Modified Business Tax rates beginning in fiscal year 2020
  - General business MBT rate: current rate is 1.475 percent; new rate is 1.378 percent; General business makes up about 91 percent of all MBT payers
  - Mining and financial institutions MBT rates: current rates are 2 percent; new rates are 1.853 percent
- In fiscal year 2018, businesses claimed \$55.7 million in Modified Business Tax credits against Commerce Tax they paid in fiscal year 2017; Businesses can take a credit against their Modified Business Tax for up to 50 percent of the Commerce Tax amount they paid in the prior year
- Modified Business Tax is a tax on wages; For general businesses, the tax is imposed if wages in a calendar quarter are more than \$50,000 after health care deductions; For financial institutions and mining, the tax is imposed on gross wages, after health care deductions, paid by the employer during the calendar quarter
  - Fiscal year 2018 collections total \$581.8 million, 10.7 percent above forecast
- The Bank Branch Excise Tax is imposed on each bank at the rate of \$1,750 for each branch office in excess of one maintained by the bank in any county in the state
  - Fiscal year 2018 collections total \$2.7 million, 1.6 percent below forecast

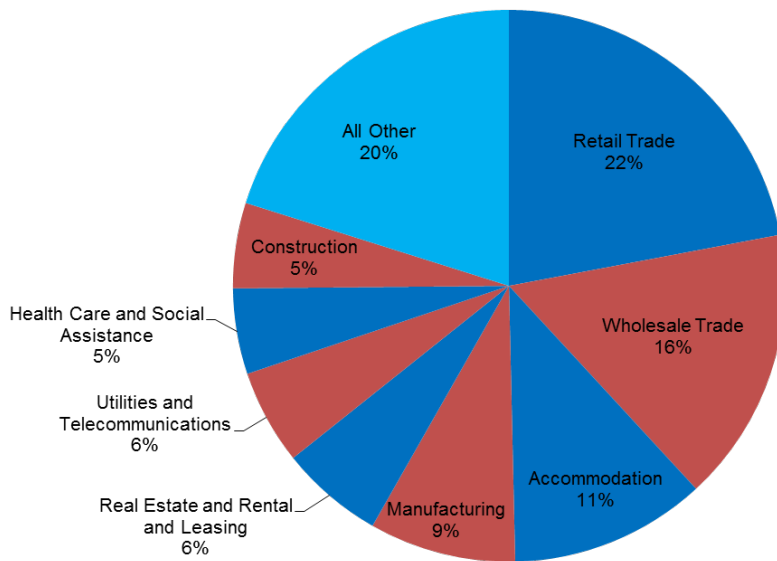
**Commerce Tax collections total \$201.93 million in fiscal year 2018;  
8.5 percent above forecast**



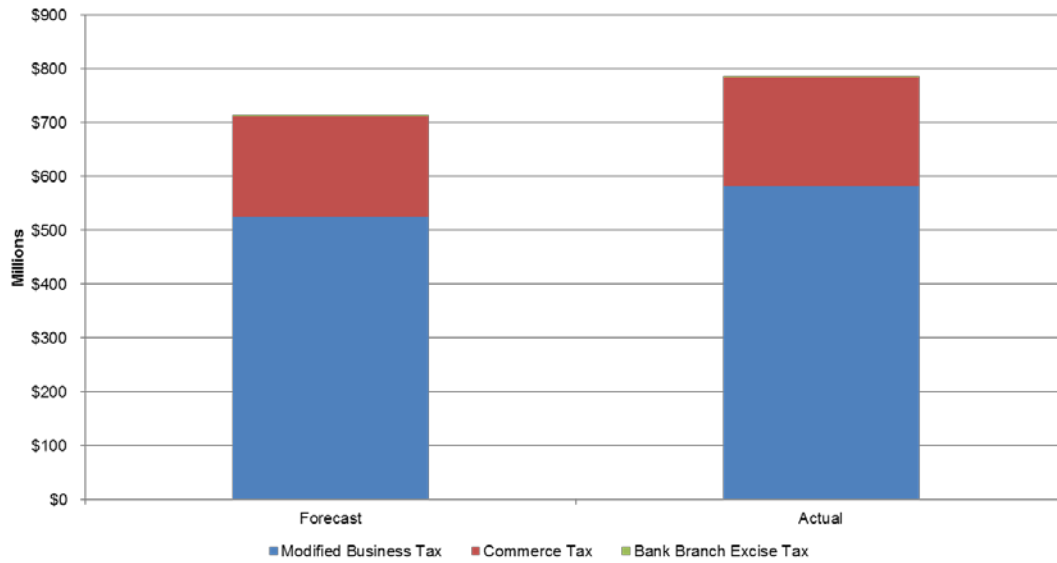
**Commerce tax collections have increased each year since beginning in fiscal year 2016**



**About half of all Commerce Tax revenue in fiscal year 2018 came from three of Nevada’s largest industries**



**Combined collections from Commerce Tax, Modified Business Tax, and Bank Branch Excise Tax come in 10.1 percent above forecast;  
*Triggers lower MBT rates***



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