



The Fiscal and Economic Impacts of  
**Nevada Ballot Question #3**  
A Preliminary Review and Analysis

February 2014

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## **INTRODUCTION AND OVERVIEW**

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Applied Analysis was retained by the Coalition to Defeat the Margin Tax to review and analyze selected fiscal and economic impacts of Nevada Ballot Question #3,<sup>1</sup> commonly referred to as The Education Initiative or the Margin Tax Initiative and referred to herein as “the Initiative.” Slated for the November 2014 ballot, the Initiative would impose a margin tax of 2.0 percent on entities engaged in business in the state of Nevada.

Importantly, Applied Analysis offers no opinion as to the policy merits of the proposed margin tax. Our task was not to determine whether the levy is “good” or “bad” or whether it is “needed” from a revenue sufficiency standpoint; rather, our sole focus is to estimate the approximate yield of the proposed margin tax and to evaluate its expected incidence on various sectors of the economy as well as various types of businesses.

Our approach to this analysis is relatively straightforward, respecting the inherent challenges in estimating the revenue generated by a margin tax where each business’s tax calculation is unique. Similarly situated businesses in the same industry may very well bear very different tax liabilities, depending on their respective revenue and expenditure structures. We have also used our best efforts to reflect the Initiative’s intent, remaining ever mindful that some provisions may be subject to alternative interpretations, including judicial review, with the potential to materially impact the proposed levy’s revenue-generating capacity.

A stepwise approach was used in developing the yield estimates provided herein. This analysis begins with a relatively simple comparative analysis to Texas’ Franchise Tax, relying on data obtained from the State of Texas’ Comptroller of Public Accounts.<sup>2</sup> The Texas Franchise Tax is the most comparable state levy to the proposed Nevada margin tax and is used as a point of reference throughout this analysis. Subsequent analyses apply more complicated techniques to estimate the total yield at the industry level as well as for large and small businesses, capital and labor-intensive businesses and high and low-margin businesses.

The analyses rely on information obtained from the United States Internal Revenue Service; the United States Bureau of Economic Analysis; the United States Census Bureau; the Nevada Department of Employment, Training and Rehabilitation; the Nevada Department of Taxation; and other similar third-party data providers. Finally, financial and/or operating statements provided by a number of Nevada businesses were obtained to evaluate the Initiative’s impacts on a company-by-company basis. In a number of cases, these analyses rely on information provided by finance, legal and tax professionals. Results of these company-specific analyses

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<sup>1</sup> The final version of Initiative Petition 1 is available from the Nevada Secretary of State’s website at <https://nvsos.gov/index.aspx?page=1309>.

<sup>2</sup> Applied Analysis had a number of discussions with representatives of the Texas Comptroller of Public Accounts office. Significant information is available at the Texas Comptroller’s website, <http://www.window.state.tx.us/taxinfo/franchise/>.

were generally consistent with the other estimates included in this report; however, the detailed results of these analyses have been omitted from this report due to the confidential nature of provided information.

What follows is an executive-level summary of the salient findings of our review and analysis. While we believe these estimates provide a reasonable approximation using the best available information, this should be considered a draft document and the provided values preliminary, order-of-magnitude estimates.

## **FINDINGS IN SUMMARY**

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- ❖ **Estimated Yield.** The Initiative, if approved, is expected to generate between \$650 million and \$750 million annually in net new business tax receipts. This would bring Nevada's total business tax liability – inclusive of the existing Modified Business (payroll) Tax and the proposed margin tax – to between \$950 million and \$1.1 billion annually.
- ❖ **Comparability to Texas Franchise Tax.** The proposed margin tax is commonly compared to the Texas Franchise (margin) Tax; however, there are some important differences between what currently exists in Texas and what is being proposed in Nevada. Perhaps most notable is a substantially higher tax rate. At 2.0 percent, the Nevada margin tax will be two times that imposed on business generally in Texas. For retailers, wholesalers and restaurant operators the proposed rate is four times the rate imposed in Texas.
- ❖ **Nevada Business Tax Including Margin Tax and Modified Business (Payroll) Tax.** The Initiative provides a one-for-one credit for Modified Business (payroll) Tax paid; it does not eliminate payroll tax liability. Taken together with the Modified Business Tax, the Initiative is most appropriately viewed as an alternative minimum tax where businesses with \$1 million or more in total revenue will pay 1.17 percent of taxable wages, but not less than 2.0 percent of its annual taxable margin. If the current Modified Business Tax were repealed upon passage of the Initiative or allowed to sunset, the impact of the margin tax on most affected businesses would be unchanged.
- ❖ **Effective Tax Rate.** In a detailed analysis of aggregated corporate and partnership income tax returns by industry classification, nearly every business analyzed bore significantly higher business tax liability under the proposed margin tax. On average, this differential was approximately 4.5 times the rate currently borne under Nevada's payroll tax, respecting that this number varied considerably depending on the type and structure of business. With an effective tax rate approaching 15 percent, Nevada's effective business tax rate would be materially higher than any other Western state, including, without limitation, California. Respecting that there were both higher and lower effective tax rate outcomes depending on the type and structure of company analyzed, the results of aggregated income statement

analysis were consistent with company-specific analyses of margin tax liability.

- ❖ **Businesses Subject to the Tax.** A majority of businesses in Nevada would not pay the margin tax as imposed by the Initiative. This is due to the fact that a majority of Nevada businesses report less than \$1 million in gross revenue and are specifically excluded from the margin tax by the Initiative. Those businesses that employ the majority of Nevada's workers and who account for the majority of the state's economic activity, however, would bear significant increased liability. Material from an impact assessment standpoint is that the Initiative includes a no-tax threshold of \$1 million as opposed to a standard exemption of \$1 million. Businesses earning less than \$1 million per year are assumed to incur no margin tax liability, while businesses earning \$1 more are assumed to calculate the margin tax based on 100 percent of their taxable revenue. Finally, while there is no uniform definition of small business the vast majority of business subject to the tax would be "small employers" as defined by the Small Business Administration.<sup>3</sup>
- ❖ **Relative Tax Burden.** The proposed margin tax distributes Nevada's business tax burden throughout the state's economy more efficiently than the existing Modified Business Tax. That said, it will have some pyramiding effects (where a tax is paid on a tax) and some businesses will continue to have tax liability even when reported negative profit margins. There has been some discussion as it relates to the offsetting effects resulting from reduced Federal corporate income tax liability. Generally speaking, state and local taxes paid by a business are treated as a cost of doing business for federal corporate income tax purposes. While it can certainly be concluded that Nevada's margin tax will result in less federal income tax liability, this is only because imposition of the tax itself decreases the amount of profit Nevada businesses earn, in some cases eliminating profit altogether. Respecting that additional research may be warranted in this area, no adjustment was made to the impact assessment to reflect changes in federal tax liability.
- ❖ **Competitiveness and Potential Impacts on Economic Development.** The proposed margin tax would take Nevada from below the national average in terms of businesses taxes paid per employee, per \$1,000 of personal income and per \$1 million of gross state product to among the top five states in the country in each of those categories. It is unclear, and beyond the scope of this review, to determine the extent to which the imposition of a tax at this level would disrupt existing business patterns or other Nevada economic development and diversification efforts. Should either of these conditions occur, it would materially affect the potential yield of the tax and the state's economic and fiscal system more broadly.

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<sup>3</sup> See, United States Small Business Administration. *What is SBA's definition of a small business concern?* Available at: <http://www.sba.gov/content/what-sbas-definition-small-business-concern>.

## MARGIN TAX ANALYSES

### A. Comparable Jurisdiction Analysis

The first analysis undertaken simply compares the proposed Nevada margin tax to the Texas Franchise Tax by comparing the relative size of the two economies. This comparatively simplistic approach notwithstanding, there are some distinguishing factors between the franchise tax imposed by Texas and the margin tax proposed in Nevada that must be considered. A number of significant examples are outlined in the table below.

**Table 1 | Selected Differences between the Texas Franchise Tax and Nevada Margin Tax**  
(Differences Materially Affecting the Effective Tax Rate)

Issue	Existing Texas Franchise Tax	Proposed Nevada Margin Tax
Effective Tax Rate	Generally, imposes a general tax rate of 1.0 percent, with a lower rate of 0.5 percent applied for qualifying wholesalers and retailers (including food service); 0.575 percent gross receipts alternative for business entities with \$10 million or less in total revenue <sup>4</sup>	Generally imposes a general tax rate of 2.0 percent on all businesses
Modified Business (Payroll) Tax Credit	Texas does not impose a modified business tax and therefore does not provide a credit for payment of the tax	Provides a one-for-one credit for Modified Business (payroll) Tax paid up to the total amount of margin tax liability

<sup>4</sup> Note that on June 14, 2013, Governor Perry signed HB 500 into law, which reduced the effective Texas Franchise (margin) Tax in Texas to .4875 percent for retailers/wholesalers; .975 percent for all other businesses after January 1, 2014 and .475 percent on retailers/wholesalers and .95 percent for all businesses after January 1, 2015. These and other recent changes are material; however, the purpose of this analysis is to estimate the incremental revenue Nevada might expect to generate as a result of the proposed margin tax. While these and other changes to Texas' margin tax may be important from a policy perspective, the analysis contained herein is more concerned with the tax yield given the historical structure of both Texas' economy and its margin tax. As such, this report will tend to reflect the legacy structure of the Texas' margin tax to facilitate the necessary comparative analysis.

**Table 1 | Selected Differences between the Texas Franchise Tax and Nevada Margin Tax**  
(Differences Materially Affecting the Effective Tax Rate)

<b>Issue</b>	<b>Existing Texas Franchise Tax</b>	<b>Proposed Nevada Margin Tax</b>
Standard Exemptions and the Treatment of Smaller Tax Filers	A taxable entity owes no tax if the total tax due is less than \$1,000, or the entity's annualized total revenue is less than the no-tax-due threshold amount (\$1,030,000) <sup>5</sup>	Tax liability is incurred if total revenue for the business is greater than \$1 million annually
Special Treatment for Gaming Percentage Fees	No special treatment for taxes paid on casino gaming revenue	Casino gaming revenue upon which Nevada's gross gaming percentage fees are paid are exempt from the margin tax calculation
Treatment of Insurance Companies	An insurance organization, title insurance company, or title insurance agent that is authorized to engage in insurance business in Texas and required to pay an annual premium tax levied under the Insurance Code is exempt from Texas' Franchise Tax. Farm mutuals, local mutual aid associations, and burial associations also are not subject to the franchise tax	No exemption for insurance companies or other similar or related entities
Treatment of Health Care Providers	Texas explicitly excludes, for health care providers, revenues from Medicaid, Medicare, Children's Health Insurance Program (CHIP), workers' compensation claims, TRICARE and actual costs of uncompensated care; and, for health care institutions, 50 percent of revenues from Medicaid, Medicare, CHIP, workers' compensation claims, TRICARE and actual costs for uncompensated care	No exemption for health care providers and related entities

<sup>5</sup> For tax reports after 2014, a taxable entity that has total revenue of less than \$900,000 from its entire business is entitled to a discount in the Texas Franchise Tax owed. The discount is 40 percent of the calculated tax if total revenue is greater than \$600,000 but less than \$700,000. The discount is 20 percent of the calculated tax if total revenue is greater than \$700,000 but less than \$900,000. If the amount of tax owed after application of the allowable discount is less than \$1,000, the taxable entity owes no tax.

When rate differentials, standard deductions, exemptions and credits are taken into account, Texas reports an effective tax rate of approximately 0.194 percent of total revenue. As proposed, the Nevada margin tax is expected to have an effective tax rate roughly 2.5 times that imposed in Texas prior to accounting for the payroll credit.<sup>6</sup> Table 2 on the following page estimates the total yield using per capita, per \$1,000 of personal income and per \$1 million of gross state product multipliers and adjusting for Nevada’s higher anticipated tax rate. The result is an estimated incremental tax liability of nearly \$758 million annually.

**Table 2 | Ratio-Based Estimate of Annual Nevada Margin Tax Revenue**

**Texas Franchise Tax**

Population Base (2012)	26,059,203
Personal Income (2012)	\$1,111,110,166,000
Gross State Product (2012)	\$1,397,369,000,000
Franchise Tax Collections (2012)	\$4,565,000,000
Per Capita	\$175.18
Per \$1,000 Personal Income	\$4.11
Per \$1 Million Gross State Product	\$3,267

**Nevada Margin Tax**

Population Base (2012)	2,758,931
Personal Income (2012)	\$105,449,888,000
Gross State Product (2012)	\$133,584,000,000

**Assuming Consistent Rates and Application**

	<u>Gross Revenue</u>	<u>Less: MBT</u>	<u>Net Revenue</u>
Per Capita	\$483,304,114	\$369,660,633	\$113,643,481
Per \$1,000 Personal Income	\$433,241,233	\$369,660,633	\$63,580,600
Per \$1 Million Gross State Product	\$436,399,376	\$369,660,633	\$66,738,743
Average	\$450,981,575	\$369,660,633	\$81,320,942

**Assuming 1.5X Higher Effective Tax Rate**

	<u>Gross Revenue</u>	<u>Less: MBT</u>	<u>Net Revenue</u>
Per Capita	\$724,956,171	\$369,660,633	\$355,295,538
Per \$1,000 Personal Income	\$649,861,850	\$369,660,633	\$280,201,217
Per \$1 Million Gross State Product	\$654,599,064	\$369,660,633	\$284,938,431
Average	\$676,472,362	\$369,660,633	\$306,811,729

**Assuming 2.0X Higher Effective Tax Rate**

	<u>Gross Revenue</u>	<u>Less: MBT</u>	<u>Net Revenue</u>
Per Capita	\$966,608,228	\$369,660,633	\$596,947,595
Per \$1,000 Personal Income	\$866,482,467	\$369,660,633	\$496,821,834
Per \$1 Million Gross State Product	\$872,798,753	\$369,660,633	\$503,138,120
Average	\$901,963,149	\$369,660,633	\$532,302,516

<sup>6</sup> Note that rate is also consistent with the weighted industry-level estimates generated in the *Industry-Level Impact Assessment* provided in the following section.



**Table 2 | Ratio-Based Estimate of Annual Nevada Margin Tax Revenue**

<b><u>Assuming 2.5X Higher Effective Tax Rate</u></b>	<b><u>Gross Revenue</u></b>	<b><u>Less: MBT</u></b>	<b><u>Net Revenue</u></b>
Per Capita	\$1,208,260,285	\$369,660,633	\$838,599,652
Per \$1,000 Personal Income	\$1,083,103,083	\$369,660,633	\$713,442,450
Per \$1 Million Gross State Product	\$1,090,998,441	\$369,660,633	\$721,337,808
Average	\$1,127,453,936	\$369,660,633	\$757,793,303

  

<b><u>Assuming 3.0X Higher Effective Tax Rate</u></b>	<b><u>Gross Revenue</u></b>	<b><u>Less: MBT</u></b>	<b><u>Net Revenue</u></b>
Per Capita	\$1,449,912,342	\$369,660,633	\$1,080,251,709
Per \$1,000 Personal Income	\$1,299,723,700	\$369,660,633	\$930,063,067
Per \$1 Million Gross State Product	\$1,309,198,129	\$369,660,633	\$939,537,496
Average	\$1,352,944,724	\$369,660,633	\$983,284,091

  

<b><u>Assuming 3.5X Higher Effective Tax Rate</u></b>	<b><u>Gross Revenue</u></b>	<b><u>Less: MBT</u></b>	<b><u>Net Revenue</u></b>
Per Capita	\$1,691,564,399	\$369,660,633	\$1,321,903,766
Per \$1,000 Personal Income	\$1,516,344,317	\$369,660,633	\$1,146,683,684
Per \$1 Million Gross State Product	\$1,527,397,817	\$369,660,633	\$1,157,737,184
Average	\$1,578,435,511	\$369,660,633	\$1,208,774,878

## **B. Industry-Level Impact Assessment**

The comparable jurisdiction analysis provided above assumes the structure of Texas' economy is similar to that of Nevada's economy. While there are a number of similarities between Nevada and Texas, there are also many important differences. Texas reports an effective tax rate of 0.194 percent of total revenue; however, this rate ranges from a high of 0.664 percent for "rail transportation" businesses to a low of 0.101 percent for "wholesale trade" businesses.<sup>7</sup> When applied to Nevada's economic structure, higher concentrations in higher effective tax rate industrial sectors (e.g., accommodation) or higher concentrations in wholesale and retail sectors taxed at the lower 0.5 percent rate in Texas would increase the anticipated margin tax yield in Nevada where the proposed tax rate is a uniform 2.0 percent.

Tables 3 and 4 on the pages that follow provide margin tax impact estimates, by industry. They provide both an estimate of total yield as well as how the incremental and total liability will be allocated. Not surprisingly, capital intensive industries (e.g., retail) and other sectors with lower labor cost (e.g., real estate) bear a higher share of the anticipated increase.

The analysis summarized in Table 3 on page 10 adjusts for differences in the economic structure as well as effective tax rates between Texas and Nevada. The result is an estimated incremental tax yield of approximately \$616 million annually, lower than the \$758 million annual estimate generated by the more simplistic 2.5 times rate analysis provided in the previous section. The effective gross receipts tax rate is estimated at 0.56 percent of gross taxable revenue; this declines to an effective tax rate of 0.35 percent after the Modified Business Tax credit is applied to the estimated gross tax liability.

In reviewing this analysis, it is important to keep in mind that the Modified Business Tax credit is for payroll taxes already paid. The reason for the comparably lower value between the immediate and previous assessment is that, when combined, some sectors of the economy report a higher Modified Business Tax liability as compared to the estimated margin tax liability. Table 4 on page 11 combines both calculations and reflects a combined Nevada business tax liability of approximately \$985 million annually. The resulting effective gross receipts tax rate of the combined taxes is approximately 0.56 percent.

This analysis attempts to correct for differences in both the margin tax rate and the structure of Nevada's economy. What is omitted, however, are other structural differences with the potential to materially impact tax revenue generating capacity. This is particularly material for industries such as insurance organizations and certain health care providers. In Texas, for example, health care providers, hospitals and assisted living facilities can exempt some or all of their revenue sourced to Medicaid, Medicare and the Children's Health Insurance Program (CHIP). In addition,

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<sup>7</sup> Susan Combs Texas Comptroller of Public Accounts, The Business Tax Advisory Committee Report to The 83rd Texas Legislature (January 7, 2013). Available at: <http://www.window.state.tx.us/taxinfo/btac/96-1364 BTAC Report 2013.pdf>.

the cost of uncompensated services, at rates set by the Comptroller, can be excluded from total revenue as long as audit requirements are met. Similarly, insurance organizations are exempt from Texas' margin tax, with no similar provision in the Initiative. While additional, industry-specific analyses would be required to determine the total impact of these differences, our preliminary assessment suggests the impact could easily increase the estimates noted above and tabled below by \$100 million annually.

The implications of the results of the analyses contained in Tables 3 and 4 are relatively straightforward.

**Table 3 | Summary of Estimated Adjusted Annual Incremental Margin Tax Liability by Industrial Sector**  
(Dollar Values Expressed in Millions)

Industrial Sector	Gross Taxable Business Receipts		Less: Exempt Revenue	Net Taxable Business Receipts		Effective Rate as a % of Receipts	Estimated Gross Tax Yield		Less: MBT Liability	% of Total	Incremental Margin Tax Liability	
		% of Total			% of Total			% of Total				% of Total
Agriculture	\$313.4	0.2%	\$0	\$313.4	0.2%	0.25%	\$0.8	0.1%	\$0.2	0.0%	\$0.6	0.1%
Mining	\$17,637.0	9.4%	\$0	\$17,637.0	9.9%	0.20%	\$36.0	3.7%	\$10.0	2.7%	\$26.0	4.2%
Utilities	\$4,724.7	2.5%	\$0	\$4,724.7	2.7%	0.54%	\$25.7	2.6%	\$3.0	0.8%	\$22.7	3.7%
Construction	\$7,132.2	3.8%	\$0	\$7,132.2	4.0%	0.33%	\$23.8	2.4%	\$21.9	5.9%	\$1.9	0.3%
Manufacturing	\$10,100.0	5.4%	\$0	\$10,100.0	5.7%	0.36%	\$36.9	3.8%	\$16.3	4.4%	\$20.6	3.3%
Wholesale Trade	\$15,025.2	8.0%	\$0	\$15,025.2	8.5%	0.40%	\$60.4	6.2%	\$16.9	4.6%	\$43.6	7.1%
Retail Trade	\$36,234.4	19.3%	\$0	\$36,234.4	20.4%	0.45%	\$161.6	16.6%	\$30.0	8.1%	\$131.5	21.4%
Air Transportation	\$1,492.5	0.8%	\$0	\$1,492.5	0.8%	0.23%	\$3.5	0.4%	\$3.3	0.9%	\$0.2	0.0%
Truck Transportation	\$391.4	0.2%	\$0	\$391.4	0.2%	0.81%	\$3.2	0.3%	\$2.5	0.7%	\$0.7	0.1%
Rail Transportation	\$26.5	0.0%	\$0	\$26.5	0.0%	1.33%	\$0.4	0.0%	\$0.4	0.1%	\$0.0	0.0%
Water, Other Trans.	\$3,329.7	1.8%	\$0	\$3,329.7	1.9%	0.52%	\$17.3	1.8%	\$10.2	2.8%	\$7.1	1.1%
Warehousing/Storage	\$587.8	0.3%	\$0	\$587.8	0.3%	0.51%	\$3.0	0.3%	\$3.0	0.8%	\$0.0	0.0%
Pub., Software, Data	\$981.5	0.5%	\$0	\$981.5	0.6%	1.01%	\$9.9	1.0%	\$2.7	0.7%	\$7.3	1.2%
Telecommunications	\$1,481.0	0.8%	\$0	\$1,481.0	0.8%	1.21%	\$17.9	1.8%	\$3.2	0.9%	\$14.7	2.4%
Financial Activities	\$14,561.6	7.8%	\$0	\$14,561.6	8.2%	0.45%	\$64.8	6.7%	\$36.4	9.9%	\$28.4	4.6%
Real Estate	\$6,963.0	3.7%	\$0	\$6,963.0	3.9%	1.00%	\$69.7	7.2%	\$7.1	1.9%	\$62.5	10.2%
Professional Services	\$7,312.9	3.9%	\$0	\$7,312.9	4.1%	0.72%	\$52.9	5.4%	\$26.3	7.1%	\$26.6	4.3%
Mgmt. of Companies	\$18,687.2	10.0%	\$0	\$18,687.2	10.5%	0.55%	\$102.5	10.5%	\$17.9	4.8%	\$84.6	13.7%
Admin/Support Serv.	\$2,233.9	1.2%	\$0	\$2,233.9	1.3%	0.62%	\$13.8	1.4%	\$16.9	4.6%	\$0.0	0.0%
Waste Mgmt. Services	\$343.9	0.2%	\$0	\$343.9	0.2%	1.05%	\$3.6	0.4%	\$1.4	0.4%	\$2.3	0.4%
Educational Services	\$196.2	0.1%	\$0	\$196.2	0.1%	1.13%	\$2.2	0.2%	\$2.7	0.7%	\$0.0	0.0%
Health Services	\$3,921.3	2.1%	\$0	\$3,921.3	2.2%	0.76%	\$29.9	3.1%	\$38.5	10.4%	\$0.0	0.0%
Arts, Ent. and Recreation	\$1,965.5	1.0%	\$0	\$1,965.5	1.1%	0.96%	\$18.9	1.9%	\$7.3	2.0%	\$11.6	1.9%
Accommodation	\$22,976.6	12.2%	\$10,283.8	\$12,692.8	7.2%	1.19%	\$151.0	15.5%	\$62.5	16.9%	\$88.5	14.4%
Food Services	\$5,742.4	3.1%	\$0	\$5,742.4	3.2%	0.77%	\$44.5	4.6%	\$17.7	4.8%	\$26.8	4.4%
Other Services	\$1,836.1	1.0%	\$0	\$1,836.1	1.0%	0.57%	\$10.4	1.1%	\$11.0	3.0%	\$0.0	0.0%
Unclassified	<u>\$1,546.1</u>	<u>0.8%</u>	<u>\$0</u>	<u>\$1,546.1</u>	<u>0.9%</u>	<u>0.51%</u>	<u>\$7.9</u>	<u>0.8%</u>	<u>\$0.3</u>	<u>0.1%</u>	<u>\$7.6</u>	<u>1.2%</u>
<b>Total</b>	<b>\$187,744.0</b>	<b>100%</b>	<b>\$10,283.8</b>	<b>\$177,460.3</b>	<b>100%</b>	<b>0.52%</b>	<b>\$972.4</b>	<b>100%</b>	<b>\$369.7</b>	<b>100%</b>	<b>\$615.7</b>	<b>100%</b>

Source: Applied Analysis based on data obtained from State of Texas' Comptroller of Public Accounts, the United States Bureau of Economic Analysis; the Nevada Department of Taxation, and the Nevada Gaming Control Board.

**Table 4 | Summary of Estimated Adjusted Annual Combined Business Tax Liability by Industrial Sector**  
(Dollar Values Expressed in Millions)

Industrial Sector	Gross Taxable Business Receipts		Less: Exempt Revenue	Net Taxable Business Receipts		Effective Rate as a % of Receipts	Estimated Gross Tax Yield		Less: MBT Liability	Combined Business Tax Liability (MBT+Margin)		
		% of Total			% of Total			% of Total			% of Total	
Agriculture	\$313.4	0.2%	\$0	\$313.4	0.2%	0.25%	\$0.8	0.1%	\$0.2	0.0%	\$0.8	0.1%
Mining	\$17,637.0	9.4%	\$0	\$17,637.0	9.9%	0.20%	\$36.0	3.7%	\$10.0	2.7%	\$36.0	3.7%
Utilities	\$4,724.7	2.5%	\$0	\$4,724.7	2.7%	0.54%	\$25.7	2.6%	\$3.0	0.8%	\$25.7	2.6%
Construction	\$7,132.2	3.8%	\$0	\$7,132.2	4.0%	0.33%	\$23.8	2.4%	\$21.9	5.9%	\$23.8	2.4%
Manufacturing	\$10,100.0	5.4%	\$0	\$10,100.0	5.7%	0.36%	\$36.9	3.8%	\$16.3	4.4%	\$36.9	3.7%
Wholesale Trade	\$15,025.2	8.0%	\$0	\$15,025.2	8.5%	0.40%	\$60.4	6.2%	\$16.9	4.6%	\$60.4	6.1%
Retail Trade	\$36,234.4	19.3%	\$0	\$36,234.4	20.4%	0.45%	\$161.6	16.6%	\$30.0	8.1%	\$161.6	16.4%
Air Transportation	\$1,492.5	0.8%	\$0	\$1,492.5	0.8%	0.23%	\$3.5	0.4%	\$3.3	0.9%	\$3.5	0.4%
Truck Transportation	\$391.4	0.2%	\$0	\$391.4	0.2%	0.81%	\$3.2	0.3%	\$2.5	0.7%	\$3.2	0.3%
Rail Transportation	\$26.5	0.0%	\$0	\$26.5	0.0%	1.33%	\$0.4	0.0%	\$0.4	0.1%	\$0.4	0.0%
Water, Other Trans.	\$3,329.7	1.8%	\$0	\$3,329.7	1.9%	0.52%	\$17.3	1.8%	\$10.2	2.8%	\$17.3	1.8%
Warehousing/Storage	\$587.8	0.3%	\$0	\$587.8	0.3%	0.51%	\$3.0	0.3%	\$3.0	0.8%	\$3.0	0.3%
Pub., Software, Data	\$981.5	0.5%	\$0	\$981.5	0.6%	1.01%	\$9.9	1.0%	\$2.7	0.7%	\$9.9	1.0%
Telecommunications	\$1,481.0	0.8%	\$0	\$1,481.0	0.8%	1.21%	\$17.9	1.8%	\$3.2	0.9%	\$17.9	1.8%
Financial Activities	\$14,561.6	7.8%	\$0	\$14,561.6	8.2%	0.45%	\$64.8	6.7%	\$36.4	9.9%	\$64.8	6.6%
Real Estate	\$6,963.0	3.7%	\$0	\$6,963.0	3.9%	1.00%	\$69.7	7.2%	\$7.1	1.9%	\$69.7	7.1%
Professional Services	\$7,312.9	3.9%	\$0	\$7,312.9	4.1%	0.72%	\$52.9	5.4%	\$26.3	7.1%	\$52.9	5.4%
Mgmt. of Companies	\$18,687.2	10.0%	\$0	\$18,687.2	10.5%	0.55%	\$102.5	10.5%	\$17.9	4.8%	\$102.5	10.4%
Admin/Support Serv.	\$2,233.9	1.2%	\$0	\$2,233.9	1.3%	0.62%	\$13.8	1.4%	\$16.9	4.6%	\$16.9	1.7%
Waste Mgmt. Services	\$343.9	0.2%	\$0	\$343.9	0.2%	1.05%	\$3.6	0.4%	\$1.4	0.4%	\$3.6	0.4%
Educational Services	\$196.2	0.1%	\$0	\$196.2	0.1%	1.13%	\$2.2	0.2%	\$2.7	0.7%	\$2.7	0.3%
Health Services	\$3,921.3	2.1%	\$0	\$3,921.3	2.2%	0.76%	\$29.9	3.1%	\$38.5	10.4%	\$38.5	3.9%
Arts, Ent. and Recreation	\$1,965.5	1.0%	\$0	\$1,965.5	1.1%	0.96%	\$18.9	1.9%	\$7.3	2.0%	\$18.9	1.9%
Accommodation	\$22,976.6	12.2%	\$10,283.8	\$12,692.8	7.2%	1.19%	\$151.0	15.5%	\$62.5	16.9%	\$151.0	15.3%
Food Services	\$5,742.4	3.1%	\$0	\$5,742.4	3.2%	0.77%	\$44.5	4.6%	\$17.7	4.8%	\$44.5	4.5%
Other Services	\$1,836.1	1.0%	\$0	\$1,836.1	1.0%	0.57%	\$10.4	1.1%	\$11.0	3.0%	\$11.0	1.1%
Unclassified	<u>\$1,546.1</u>	<u>0.8%</u>	<u>\$0</u>	<u>\$1,546.1</u>	<u>0.9%</u>	<u>0.51%</u>	<u>\$7.9</u>	<u>0.8%</u>	<u>\$0.3</u>	<u>0.1%</u>	<u>\$7.9</u>	<u>0.8%</u>
<b>Total</b>	<b>\$187,744.0</b>	<b>100%</b>	<b>\$10,283.8</b>	<b>\$177,460.3</b>	<b>100%</b>	<b>0.52%</b>	<b>\$972.4</b>	<b>100%</b>	<b>\$369.7</b>	<b>100%</b>	<b>\$985.4</b>	<b>100%</b>

Source: Applied Analysis based on data obtained from State of Texas' Comptroller of Public Accounts, the United States Bureau of Economic Analysis; the Nevada Department of Taxation and the Nevada Gaming Control Board.

### C. Hypothetical Business Impact Assessment

The third analysis undertaken evaluates the potential tax liability for a typical business in each sector of the economy. The United States Internal Revenue Service reports summary financial data for roughly 5.8 million corporate tax filers and 3.3 million partnership tax filers.<sup>8</sup> These data include both balance sheet and income statement line items, including total business receipts and other income as well as business expenses such as cost of goods sold, wages and salaries and compensation paid to officers and partners. While not perfect, these data do provide a reasonable baseline to compare tax liability for an average business in various sectors of the economy.

It is important to keep in mind that this analysis does not reflect the average tax liability by industry. If Nevada's economy was made up of 10 construction companies, 9 of which reported revenues of \$1 million and one of which reported revenues of \$100 million, the average company would reflect annual revenues of \$10.9 million and would likely bear some margin tax liability. In reality only 1 of the 10 companies in the provided example would have incremental liability under the proposed Nevada margin tax as the other 9 would fall below its \$1 million no-tax threshold.

This analysis includes estimates by sector as well as by the total business receipts range for corporations and total assets range for partnerships. The most recent corporate summary reflects 2010 data; for partnerships the data are for 2011. Summary schedules are provided on pages 15 through 26 and detailed schedules are provided in Appendices A through D.

Table 5 on following page provides an example of how these analyses are structured, using the overall average for all corporate tax filers reported nationally as an example. In this case, a hypothetical firm with \$4.5 million in total business receipts would have a \$1.9 million taxable margin after taking a \$2.5 million deduction (55.4 percent) for its cost of goods sold. Because that same company reports \$660,000 in compensation (14.6 percent), it would be able to take a one-for-one credit for \$3,130 in paid Modified Business (payroll) Tax. Thus, at the proposed 2.0 percent margin tax rate, the business would have total business tax liability of \$38,700 and net incremental margin tax liability of \$35,500. This translates into roughly 0.86 percent of the business' gross receipts and just under 18 percent of the business' net income. Again, this is an aggregation of 5.8 million corporate tax files, respecting that individual industries and businesses may have more or less liability depending on their respective revenue and expenditure profiles. Notably there are some sectors that report infinite effective corporate income tax rates (e.g., where the margin tax is greater than reported net income), and there are sectors which report no tax liability (e.g., where the average business reports \$1 million or less in total revenue).

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<sup>8</sup> See, Internal Revenue Service, Tax Statistics (<http://www.irs.gov/uac/Tax-Stats-2>).

As expected, the results of this analysis reflect a significant increase in tax liability under the proposed Nevada margin tax. While this analysis admittedly provides a somewhat skewed view in terms of a hypothetical average taxpayer, the proposed 2.0-percent rate substantially increases the tax liability for the vast majority of the hypothetical businesses analyzed. Additionally, the business receipt and asset range analysis for corporate and partnership filers, respectively, provides a helpful balance in terms of how entities of different sizes may potentially be affected.

The results of this analysis are generally consistent with the previous analysis of tax burden by industry in terms of which businesses bear the largest liabilities. That said, at the proposed 2.0-percent tax rate, nearly every analyzed corporate and partnership taxpayer would realize increased tax liability, with the average hypothetical business analyzed estimated to bear a tax burden roughly 4.5 times their existing liability under the current Modified Business (payroll) Tax.

**Table 5 | Analysis of Hypothetical Sector Level Liability Calculation**  
Average of Reporting Corporate Income Tax Filers

	<b>Average of All Corporate Income Tax Filers</b>	<b>% of Total Income</b>
<b>Total income sources (receipts)</b>		
Business receipts	\$ 3,966,172	88.0%
Interest	\$ 224,682	5.0%
Interest on Government obligations: State and Local	\$ 10,211	0.2%
Rents	\$ 22,322	0.5%
Royalties	\$ 30,517	0.7%
Net short-term capital gain reduced by net long-term capital loss	\$ 6,607	0.1%
Net long-term capital gain reduced by net short-term capital loss	\$ 18,714	0.4%
Net gain, noncapital assets	\$ 13,541	0.3%
Dividends received from domestic corporations	\$ 5,305	0.1%
Dividends received from foreign corporations	\$ 24,867	0.6%
Other receipts	<u>\$ 183,384</u>	<u>4.1%</u>
<b>Total income (receipts)</b>	<b>\$ 4,506,323</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>		
Cost of goods sold	\$ 2,494,364	55.4%
Compensation of officers	\$ 74,894	1.7%
Salaries and wages	\$ 435,906	9.7%
Repairs	\$ 29,659	0.7%
Bad debts	\$ 54,409	1.2%
Rent paid on business property	\$ 80,341	1.8%
Taxes paid	\$ 84,843	1.9%
Interest paid	\$ 152,777	3.4%
Charitable contributions	\$ 2,808	0.1%
Amortization	\$ 33,102	0.7%

**Table 5 | Analysis of Hypothetical Sector Level Liability Calculation**  
Average of Reporting Corporate Income Tax Filers

	Average of All Corporate Income Tax Filers	% of Total Income
<b>Business expenses (deductions) – cont.</b>		
Depreciation	\$ 125,186	2.8%
Depletion	\$ 4,002	0.1%
Advertising	\$ 43,978	1.0%
Pension, profit-sharing, stock, annuity	\$ 28,731	0.6%
Employee benefit programs	\$ 56,548	1.3%
Domestic production activities deduction	\$ 4,200	0.1%
Net loss, noncapital assets	\$ 11,534	0.3%
Other deductions	<u>\$ 573,307</u>	<u>12.7%</u>
<b>Total business expenses (deductions)</b>	<b>\$ 4,290,590</b>	<b>95.2%</b>
<b>Net Income</b>	<b>\$ 215,733</b>	<b>4.8%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>		
Total Compensation	\$ 659,935	14.6%
Less: Standard Exemption	\$ 340,000	7.5%
Less: Employer Paid Health Care Deduction	\$ 52,336.71	1.2%
Net Taxable Compensation	\$ 267,598	5.9%
Tax Rate	1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 3,131</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>		
Adjusted Total Revenue	\$ 4,427,047	98.2%
Margin Calculation #1, 30% Standard Deduction	\$ 1,328,114	29.5%
Margin Calculation #2, Cost of Compensation	\$ 659,935	14.6%
Margin Calculation #3, Cost of Goods Sold	\$ 2,494,364	55.4%
Gross Taxable Margin	\$ 1,932,683	42.9%
Tax Rate	2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 38,654</b>	<b>0.9%</b>
Less: Modified Business Tax Liability	\$ 3,131	0.1%
<b>Net Tax Margin Liability</b>	<b>\$ 35,523</b>	<b>0.8%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 38,654</b>	<b>0.9%</b>



**Table 6 | Estimated Margin Tax Liability for Hypothetical Corporate Taxpayers in Selected Industrial Sectors**  
(Dollar Values Expressed in Thousands)

Industry Averages	Total Income	Business Receipts	Total Net Income	Total Net Income Margin	Adj. Total Revenue for Margin Tax Calc.	Gross Taxable Margin	Gross Taxable Margin Percent	Estimated MBT Liability	Estimated Margin Tax Liability	Combined Business Tax Liability (MBT+ Margin)
<b>All Industries</b>	<b>\$4,506</b>	<b>\$3,966</b>	<b>\$216</b>	<b>4.79%</b>	<b>\$4,427</b>	<b>\$1,933</b>	<b>42.9%</b>	<b>\$3.1</b>	<b>\$35.5</b>	<b>\$38.7</b>
<b>Agriculture, Forestry, Fishing, And Hunting</b>	<b>\$1,226</b>	<b>\$1,073</b>	<b>\$32</b>	<b>2.63%</b>	<b>\$1,225</b>	<b>\$652</b>	<b>53.1%</b>	<b>\$0.0</b>	<b>\$13.0</b>	<b>\$13.0</b>
<b>Mining</b>	<b>\$10,673</b>	<b>\$9,421</b>	<b>\$763</b>	<b>7.15%</b>	<b>\$10,457</b>	<b>\$5,417</b>	<b>50.8%</b>	<b>\$7.5</b>	<b>\$100.8</b>	<b>\$108.3</b>
<b>Utilities</b>	<b>\$93,146</b>	<b>\$87,856</b>	<b>\$80</b>	<b>0.09%</b>	<b>\$92,555</b>	<b>\$42,497</b>	<b>45.6%</b>	<b>\$50.8</b>	<b>\$799.2</b>	<b>\$849.9</b>
<b>Total Construction</b>	<b>\$1,509</b>	<b>\$1,484</b>	<b>\$24</b>	<b>1.60%</b>	<b>\$1,505</b>	<b>\$387</b>	<b>25.6%</b>	<b>\$0.0</b>	<b>\$7.7</b>	<b>\$7.7</b>
Construction Of Buildings	\$1,940	\$1,908	-\$4	-0.22%	\$1,937	\$300	15.5%	\$0.0	\$6.0	\$6.0
Heavy And Civil Engineering, Construction And Land Subdivision	\$3,432	\$3,329	\$73	2.14%	\$3,422	\$828	24.1%	\$2.9	\$13.6	\$16.6
Specialty Trade Contractors	\$1,052	\$1,042	\$31	2.94%	\$1,050	\$369	35.1%	\$0.0	\$7.4	\$7.4
<b>Total Manufacturing</b>	<b>\$29,397</b>	<b>\$27,311</b>	<b>\$1,390</b>	<b>4.73%</b>	<b>\$28,977</b>	<b>\$8,806</b>	<b>30.0%</b>	<b>\$31.7</b>	<b>\$144.4</b>	<b>\$176.1</b>
Food Manufacturing	\$37,928	\$36,466	\$1,620	4.27%	\$37,770	\$10,959	28.9%	\$36.1	\$183.1	\$219.2
Beverage And Tobacco Product Manufacturing	\$51,819	\$47,885	\$5,398	10.42%	\$50,856	\$28,787	55.6%	\$67.9	\$507.9	\$575.7
Textile Mills And Textile Product Mills Manufacturing	\$8,205	\$8,068	\$119	1.45%	\$8,168	\$2,461	30.0%	\$9.3	\$39.9	\$49.2
Apparel Manufacturing	\$4,545	\$4,429	\$157	3.46%	\$4,520	\$1,763	38.8%	\$4.0	\$31.2	\$35.3
Leather And Allied Product Manufacturing	\$4,510	\$4,342	\$319	7.08%	\$4,489	\$1,778	39.4%	\$4.8	\$30.8	\$35.6
Wood Product Manufacturing	\$5,919	\$5,814	\$4	0.07%	\$5,907	\$1,547	26.1%	\$4.3	\$26.7	\$30.9
Paper Manufacturing	\$67,373	\$64,747	\$2,376	3.53%	\$66,780	\$20,077	29.8%	\$81.6	\$320.0	\$401.5
Printing And Related Support Activities	\$2,799	\$2,751	\$93	3.34%	\$2,789	\$1,126	40.2%	\$1.5	\$21.0	\$22.5
Petroleum And Coal Products Manufacturing	\$2,351,848	\$2,226,527	\$121,871	5.18%	\$2,300,431	\$289,375	12.3%	\$1,563.6	\$4,223.8	\$5,787.5
Chemical Manufacturing	\$106,257	\$93,768	\$8,385	7.89%	\$104,419	\$47,966	45.1%	\$157.3	\$802.0	\$959.3
Plastics And Rubber Products Manufacturing	\$17,606	\$17,281	\$423	2.40%	\$17,522	\$5,085	28.9%	\$18.4	\$83.3	\$101.7
Nonmetallic Mineral Product Manufacturing	\$10,670	\$10,120	-\$221	-2.08%	\$10,533	\$3,463	32.5%	\$10.1	\$59.1	\$69.3
Primary Metal Manufacturing	\$46,036	\$44,800	\$398	0.87%	\$45,930	\$8,044	17.5%	\$36.7	\$124.1	\$160.9
Fabricated Metal Product Manufacturing	\$5,687	\$5,520	\$240	4.23%	\$5,668	\$1,895	33.3%	\$4.5	\$33.4	\$37.9
Machinery Manufacturing	\$17,117	\$16,207	\$755	4.41%	\$16,928	\$6,205	36.2%	\$24.1	\$100.0	\$124.1
Computer And Electronic Product Manufacturing	\$58,723	\$52,760	\$5,215	8.88%	\$57,857	\$25,451	43.3%	\$107.9	\$401.1	\$509.0
Electrical Equipment, Appliance, And Component Manufacturing	\$47,354	\$34,572	\$840	1.77%	\$46,151	\$22,959	48.5%	\$62.9	\$396.3	\$459.2

**Table 6 | Estimated Margin Tax Liability for Hypothetical Corporate Taxpayers in Selected Industrial Sectors**  
(Dollar Values Expressed in Thousands)

Industry Averages	Total Income	Business Receipts	Total Net Income	Total Net Income Margin	Adj. Total Revenue for Margin Tax Calc.	Gross Taxable Margin	Gross Taxable Margin Percent	Estimated MBT Liability	Estimated Margin Tax Liability	Combined Business Tax Liability (MBT+ Margin)
Transportation Equipment Manufacturing	\$103,169	\$97,087	\$1,439	1.40%	\$101,837	\$26,751	25.9%	\$93.6	\$441.4	\$535.0
Furniture And Related Product Manufacturing	\$4,111	\$4,045	\$99	2.40%	\$4,080	\$1,405	34.2%	\$2.8	\$25.3	\$28.1
Miscellaneous Manufacturing	\$8,463	\$7,919	\$485	5.73%	\$8,392	\$3,929	46.4%	\$14.5	\$64.1	\$78.6
<b>Wholesale And Retail Trade, Total</b>	<b>\$7,581</b>	<b>\$7,427</b>	<b>\$186</b>	<b>2.46%</b>	<b>\$7,561</b>	<b>\$1,767</b>	<b>23.3%</b>	<b>\$3.2</b>	<b>\$32.1</b>	<b>\$35.3</b>
<b>Total Wholesale Trade</b>	<b>\$10,388</b>	<b>\$10,194</b>	<b>\$254</b>	<b>2.45%</b>	<b>\$10,360</b>	<b>\$2,049</b>	<b>19.7%</b>	<b>\$4.2</b>	<b>\$36.8</b>	<b>\$41.0</b>
Durable Goods	\$6,890	\$6,780	\$154	2.24%	\$6,867	\$1,519	22.0%	\$2.8	\$27.6	\$30.4
Nondurable Goods	\$18,096	\$17,724	\$465	2.57%	\$18,054	\$3,229	17.8%	\$7.5	\$57.1	\$64.6
Electronic Markets And Agents And Brokers	\$443	\$430	\$54	12.20%	\$443	\$0	0.0%	\$0.0	\$0.0	\$0.0
<b>Total Retail Trade</b>	<b>\$5,807</b>	<b>\$5,678</b>	<b>\$143</b>	<b>2.47%</b>	<b>\$5,792</b>	<b>\$1,590</b>	<b>27.4%</b>	<b>\$2.6</b>	<b>\$29.2</b>	<b>\$31.8</b>
Motor Vehicle Dealers And Parts Dealers	\$7,913	\$7,742	\$113	1.43%	\$7,903	\$1,417	17.9%	\$2.6	\$25.7	\$28.3
Furniture And Home Furnishings Stores	\$2,276	\$2,249	\$54	2.39%	\$2,269	\$981	43.1%	\$0.0	\$19.6	\$19.6
Electronics And Appliance Stores	\$3,619	\$3,563	\$48	1.33%	\$3,613	\$1,109	30.6%	\$0.8	\$21.4	\$22.2
Building Material And Garden Equipment And Supplies Dealers	\$5,681	\$5,557	\$220	3.88%	\$5,659	\$1,917	33.7%	\$4.5	\$33.8	\$38.3
Food, Beverage And Liquor Stores	\$5,598	\$5,502	\$95	1.70%	\$5,597	\$1,530	27.3%	\$2.5	\$28.1	\$30.6
Health And Personal Care Stores	\$6,906	\$6,766	\$239	3.46%	\$6,893	\$2,026	29.3%	\$4.7	\$35.8	\$40.5
Gasoline Stations	\$6,633	\$6,584	\$18	0.27%	\$6,630	\$728	11.0%	\$0.0	\$14.6	\$14.6
Clothing And Clothing Accessories Stores	\$3,606	\$3,525	\$181	5.02%	\$3,585	\$1,722	47.8%	\$2.2	\$32.2	\$34.4
Sporting Goods, Hobby, Book, And Music Stores	\$3,076	\$3,002	\$45	1.45%	\$3,068	\$1,255	40.8%	\$0.7	\$24.4	\$25.1
General Merchandise Stores	\$56,236	\$54,408	\$2,237	3.98%	\$56,028	\$16,197	28.8%	\$65.6	\$258.3	\$323.9
Miscellaneous Store Retailers	\$1,295	\$1,266	\$26	2.01%	\$1,291	\$508	39.2%	\$0.0	\$10.2	\$10.2
Nonstore Retailers	\$3,866	\$3,732	\$88	2.29%	\$3,829	\$1,205	31.2%	\$0.1	\$24.0	\$24.1
<b>Total Transportation And Warehousing</b>	<b>\$3,727</b>	<b>\$3,612</b>	<b>\$98</b>	<b>2.62%</b>	<b>\$3,717</b>	<b>\$2,513</b>	<b>67.4%</b>	<b>\$4.7</b>	<b>\$45.5</b>	<b>\$50.3</b>
Air, Rail, And Water Transportation	\$19,728	\$19,113	\$604	3.06%	\$19,698	\$13,789	69.9%	\$38.9	\$236.9	\$275.8
Truck Transportation	\$1,997	\$1,948	\$35	1.75%	\$1,994	\$1,362	68.2%	\$1.1	\$26.1	\$27.2
Transit And Ground Passenger Transportation	\$775	\$754	\$25	3.29%	\$773	\$0	0.0%	\$0.0	\$0.0	\$0.0
Pipeline Transportation	\$67,340	\$58,269	\$5,137	7.63%	\$66,723	\$39,215	58.2%	\$61.5	\$722.8	\$784.3

**Table 6 | Estimated Margin Tax Liability for Hypothetical Corporate Taxpayers in Selected Industrial Sectors**  
(Dollar Values Expressed in Thousands)

Industry Averages	Total Income	Business Receipts	Total Net Income	Total Net Income Margin	Adj. Total Revenue for Margin Tax Calc.	Gross Taxable Margin	Gross Taxable Margin Percent	Estimated MBT Liability	Estimated Margin Tax Liability	Combined Business Tax Liability (MBT+ Margin)
Other Transportation And Support Activities	\$5,304	\$5,149	\$130	2.45%	\$5,278	\$3,217	60.7%	\$8.2	\$56.1	\$64.3
Warehousing And Storage	\$4,619	\$4,464	\$164	3.55%	\$4,599	\$2,852	61.7%	\$6.9	\$50.1	\$57.0
<b>Total Information</b>	<b>\$8,616</b>	<b>\$7,515</b>	<b>\$495</b>	<b>5.74%</b>	<b>\$8,498</b>	<b>\$5,948</b>	<b>69.0%</b>	<b>\$13.3</b>	<b>\$105.7</b>	<b>\$119.0</b>
Publishing Industries (Except Internet)	\$8,892	\$7,428	\$732	8.23%	\$8,695	\$6,087	68.4%	\$21.7	\$100.0	\$121.7
Motion Picture And Sound Recording Industries	\$3,110	\$2,795	\$198	6.37%	\$3,067	\$2,147	69.0%	\$0.9	\$42.0	\$42.9
Broadcasting (Except Internet)	\$16,529	\$14,508	\$752	4.55%	\$16,382	\$11,467	69.4%	\$25.1	\$204.2	\$229.3
Telecommunications (Including Paging, Cellular, Satellite, Cable, Etc.)	\$25,841	\$22,542	\$1,209	4.68%	\$25,539	\$17,878	69.2%	\$34.4	\$323.1	\$357.6
Internet Service Providers, Web Search Portals, And Data	\$3,476	\$3,373	-\$42	-1.21%	\$3,456	\$2,419	69.6%	\$6.6	\$41.7	\$48.4
Other Information Services	\$3,100	\$2,843	\$224	7.24%	\$3,082	\$2,157	69.6%	\$4.3	\$38.8	\$43.1
<b>Total Finance And Insurance</b>	<b>\$13,286</b>	<b>\$7,904</b>	<b>\$1,590</b>	<b>11.96%</b>	<b>\$12,797</b>	<b>\$8,172</b>	<b>61.5%</b>	<b>\$10.1</b>	<b>\$153.3</b>	<b>\$163.4</b>
Credit Intermediation	\$10,794	\$3,292	-\$609	-5.64%	\$8,974	\$6,282	58.2%	\$7.3	\$118.4	\$125.6
Securities, Commodity Contracts, Other Financial Investments, Related	\$5,438	\$3,159	\$564	10.37%	\$5,354	\$3,748	68.9%	\$12.7	\$62.3	\$75.0
Insurance Carriers And Related Activities	\$17,390	\$13,510	\$783	4.50%	\$17,182	\$7,759	44.6%	\$12.5	\$142.6	\$155.2
Funds, Trusts, And Other Financial Vehicles	\$17,391	\$31	\$12,750	73.31%	\$16,924	\$11,847	68.1%	\$0.0	\$236.9	\$236.9
<b>Total Real Estate Rental And Leasing</b>	<b>\$517</b>	<b>\$336</b>	<b>\$48</b>	<b>9.21%</b>	<b>\$512</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Real Estate	\$359	\$190	\$53	14.65%	\$355	\$0	0.0%	\$0.0	\$0.0	\$0.0
Rental And Leasing Services	\$2,585	\$2,299	-\$61	-2.35%	\$2,569	\$1,798	69.6%	\$0.5	\$35.5	\$36.0
Lessors Of Nonfinancial Intangible Assets (Except Copyrighted Works)	\$2,446	\$1,370	\$631	25.81%	\$2,424	\$1,697	69.4%	\$1.7	\$32.2	\$33.9
<b>Professional, Scientific, And Technical Services</b>	<b>\$1,231</b>	<b>\$1,188</b>	<b>\$56</b>	<b>4.52%</b>	<b>\$1,226</b>	<b>\$762</b>	<b>61.9%</b>	<b>\$1.0</b>	<b>\$14.2</b>	<b>\$15.2</b>
<b>Management Of Companies (Holding Companies)</b>	<b>\$16,352</b>	<b>\$3,670</b>	<b>\$990</b>	<b>6.05%</b>	<b>\$13,144</b>	<b>\$9,201</b>	<b>56.3%</b>	<b>\$26.2</b>	<b>\$157.8</b>	<b>\$184.0</b>
<b>Total Administrative And Support And Waste Mgmt. Services</b>	<b>\$1,739</b>	<b>\$1,693</b>	<b>\$68</b>	<b>3.89%</b>	<b>\$1,733</b>	<b>\$970</b>	<b>55.8%</b>	<b>\$4.2</b>	<b>\$15.2</b>	<b>\$19.4</b>
Administrative And Support Services	\$1,540	\$1,499	\$53	3.41%	\$1,534	\$838	54.4%	\$3.5	\$13.2	\$16.8
Waste Management And Remediation Services	\$4,855	\$4,727	\$304	6.26%	\$4,839	\$2,979	61.4%	\$15.4	\$44.2	\$59.6
<b>Educational Services</b>	<b>\$1,089</b>	<b>\$1,069</b>	<b>\$111</b>	<b>10.16%</b>	<b>\$1,066</b>	<b>\$688</b>	<b>63.2%</b>	<b>\$0.1</b>	<b>\$13.7</b>	<b>\$13.8</b>
<b>Total Health Care And Social Assistance</b>	<b>\$1,595</b>	<b>\$1,524</b>	<b>\$86</b>	<b>5.37%</b>	<b>\$1,573</b>	<b>\$877</b>	<b>55.0%</b>	<b>\$3.5</b>	<b>\$14.0</b>	<b>\$17.5</b>
Offices Of Health Practitioners And Outpatient Care Centers	\$1,234	\$1,192	\$78	6.34%	\$1,226	\$670	54.3%	\$2.0	\$11.4	\$13.4

**Table 6 | Estimated Margin Tax Liability for Hypothetical Corporate Taxpayers in Selected Industrial Sectors**  
(Dollar Values Expressed in Thousands)

Industry Averages	Total Income	Business Receipts	Total Net Income	Total Net Income Margin	Adj. Total Revenue for Margin Tax Calc.	Gross Taxable Margin	Gross Taxable Margin Percent	Estimated MBT Liability	Estimated Margin Tax Liability	Combined Business Tax Liability (MBT+ Margin)
Miscellaneous Health Care And Social Assistance	\$1,679	\$1,635	\$83	4.93%	\$1,638	\$962	57.3%	\$3.3	\$15.9	\$19.2
Hospitals, Nursing, And Residential Care Facilities	\$7,436	\$6,791	\$221	2.97%	\$7,268	\$4,114	55.3%	\$30.0	\$52.3	\$82.3
<b>Total Arts, Entertainment And Recreation</b>	<b>\$804</b>	<b>\$746</b>	<b>\$15</b>	<b>1.90%</b>	<b>\$799</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Other Arts, Entertainment, And Recreation	\$618	\$581	\$28	4.50%	\$615	\$0	0.0%	\$0.0	\$0.0	\$0.0
Amusement, Gambling, And Recreation Industries	\$1,096	\$1,006	-\$4	-0.41%	\$1,089	\$762	69.6%	\$0.0	\$15.2	\$15.2
<b>Total Accommodation And Food Services</b>	<b>\$1,532</b>	<b>\$1,423</b>	<b>\$29</b>	<b>1.89%</b>	<b>\$1,519</b>	<b>\$1,001</b>	<b>65.3%</b>	<b>\$0.5</b>	<b>\$19.5</b>	<b>\$20.0</b>
Accommodation	\$2,969	\$2,466	-\$159	-5.37%	\$2,899	\$2,011	67.7%	\$5.6	\$34.6	\$40.2
Food Services And Drinking Places	\$1,357	\$1,296	\$52	3.82%	\$1,351	\$816	60.1%	\$0.0	\$16.3	\$16.3
<b>Total Other Services</b>	<b>\$530</b>	<b>\$510</b>	<b>\$17</b>	<b>3.19%</b>	<b>\$529</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Repair And Maintenance	\$634	\$626	\$19	3.07%	\$633	\$0	0.0%	\$0.0	\$0.0	\$0.0
Personal And Laundry Services	\$484	\$470	\$18	3.66%	\$483	\$0	0.0%	\$0.0	\$0.0	\$0.0
Religious, Grantmaking, Civic, Professional, And Similar Org.	\$302	\$213	\$4	1.43%	\$300	\$0	0.0%	\$0.0	\$0.0	\$0.0

Source: Applied Analysis based on 2010 corporate tax return data obtained from the United States Internal Revenue Service.

**Table 7 | Estimated Margin Tax Liability for Hypothetical Corporate Taxpayers by Annual Business Receipts Range**  
(Dollar Values Expressed in Thousands)

<b>Averages by Group</b>	<b>Total Income (1)</b>	<b>Business Receipts</b>	<b>Total Net Income</b>	<b>Total Net Income Margin</b>	<b>Adj. Total Revenue for Margin Tax (1)</b>	<b>Gross Taxable Margin</b>	<b>Gross Taxable Margin Percent</b>	<b>Estimated MBT Liability</b>	<b>Estimated Margin Tax Liability</b>	<b>Combined Business Tax Liability (MBT+Margin)</b>
All Returns	\$4,506	\$3,966	\$216	4.79%	\$4,425	\$1,931	42.8%	\$3.1	\$35.5	\$38.6
Under \$25,000	\$97	\$5	\$1	1.03%	\$95	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$25,000 under \$100,000	\$65	\$59	\$0	0.07%	\$64	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$100,000 under \$250,000	\$170	\$164	\$9	5.49%	\$167	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$250,000 under \$500,000	\$366	\$356	\$16	4.46%	\$360	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$500,000 under \$1 million	\$720	\$702	\$26	3.60%	\$707	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$1 million under \$2.5 million	\$1,605	\$1,556	\$54	3.38%	\$1,576	\$915	57.0%	\$0.7	\$17.6	\$18.3
\$2.5 million under \$5 million	\$3,541	\$3,435	\$117	3.32%	\$3,477	\$1,730	48.9%	\$5.1	\$29.5	\$34.6
\$5 million under \$10 million	\$7,053	\$6,729	\$250	3.54%	\$6,926	\$3,081	43.7%	\$11.5	\$50.2	\$61.6
\$10 million under \$50 million	\$20,742	\$19,282	\$921	4.44%	\$20,369	\$8,063	38.9%	\$36.0	\$125.2	\$161.3
\$50 million under \$100 million	\$70,253	\$63,804	\$3,609	5.14%	\$68,989	\$25,186	35.9%	\$108.0	\$395.7	\$503.7
\$100 million under \$250 million	\$157,709	\$139,936	\$10,533	6.68%	\$154,870	\$62,267	39.5%	\$242.0	\$1,003.3	\$1,245.3
\$250 million or more	\$2,576,693	\$2,219,954	\$127,055	4.93%	\$2,530,313	\$1,064,443	41.3%	\$3,387.0	\$17,901.9	\$21,288.9

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

Notes:

(1) The Internal Revenue Service does not break out dividends from foreign corporations or bad debts in its corporate business receipts summary schedule; as such, these figures were omitted in both total income and adjusted total income for the margin tax. In total, dividends received from foreign corporations total 0.6 percent of total reported income and bad debts account for 1.2 percent of total income. Adjusted revenue for the margin tax has been reduced by 1.8 percent in all categories to reflect these items.

**Table 8 | Estimated Margin Tax Liability for Hypothetical Partnership Taxpayers in Selected Industry Sectors**  
(Dollar Values Expressed in Thousands)

Industry Averages	Total Income	Business Receipts	Total Net Income	Total Net Income Margin	Adj. Total Revenue for Margin Tax	Gross Taxable Margin	Gross Taxable Margin Percent	Estimated MBT Liability	Estimated Margin Tax Liability	Combined Business Tax Liability (MBT+Margin)
<b>All Industries</b>	<b>\$1,457</b>	<b>\$1,356</b>	<b>\$78</b>	<b>5.3%</b>	<b>\$1,453</b>	<b>\$621</b>	<b>42.6%</b>	<b>\$0.0</b>	<b>\$12.4</b>	<b>\$12.4</b>
<b>Total Agriculture, Forestry, Fishing, And Hunting</b>	<b>\$331</b>	<b>\$239</b>	<b>\$5</b>	<b>1.5%</b>	<b>\$330</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Crop Production	\$214	\$87	\$43	20.3%	\$214	\$0	0.0%	\$0.0	\$0.0	\$0.0
Animal Production	\$247	\$173	-\$35	-14.1%	\$247	\$0	0.0%	\$0.0	\$0.0	\$0.0
Forestry And Logging	\$505	\$493	-\$160	-31.6%	\$505	\$0	0.0%	\$0.0	\$0.0	\$0.0
Fishing, Hunting, And Trapping	\$563	\$553	-\$27	-4.8%	\$563	\$0	0.0%	\$0.0	\$0.0	\$0.0
Support Activities For Agriculture And Forestry	\$1,016	\$962	\$47	4.7%	\$1,014	\$308	30.3%	\$0.0	\$6.2	\$6.2
<b>Total Mining</b>	<b>\$5,175</b>	<b>\$4,697</b>	<b>\$1,551</b>	<b>30.0%</b>	<b>\$5,173</b>	<b>\$3,482</b>	<b>67.3%</b>	<b>\$0.0</b>	<b>\$69.6</b>	<b>\$69.6</b>
Oil And Gas Extraction	\$4,713	\$4,208	\$1,771	37.6%	\$4,712	\$2,850	60.5%	\$0.0	\$57.0	\$57.0
Other Mining	\$10,491	\$10,009	\$711	6.8%	\$10,483	\$2,472	23.6%	\$0.0	\$49.4	\$49.4
Support Activities For Mining	\$5,203	\$4,997	\$94	1.8%	\$5,195	\$2,654	51.0%	\$2.3	\$50.8	\$53.1
<b>Utilities</b>	<b>\$57,792</b>	<b>\$56,632</b>	<b>-\$2,320</b>	<b>-4.0%</b>	<b>\$57,715</b>	<b>\$9,549</b>	<b>16.5%</b>	<b>\$3.7</b>	<b>\$187.3</b>	<b>\$191.0</b>
<b>Total Construction</b>	<b>\$1,264</b>	<b>\$1,218</b>	<b>\$1</b>	<b>0.1%</b>	<b>\$1,261</b>	<b>\$223</b>	<b>17.7%</b>	<b>\$0.0</b>	<b>\$4.5</b>	<b>\$4.5</b>
Construction of Buildings	\$1,392	\$1,323	-\$28	-2.0%	\$1,388	\$144	10.4%	\$0.0	\$2.9	\$2.9
Total Heavy And Civil Engineering Construction	\$2,179	\$2,116	\$11	0.5%	\$2,178	\$447	20.5%	\$0.0	\$8.9	\$8.9
Utility System Construction	\$6,799	\$6,587	-\$470	-6.9%	\$6,795	\$2,122	31.2%	\$2.6	\$39.9	\$42.4
Land Subdivision	\$476	\$428	-\$97	-20.4%	\$476	\$0	0.0%	\$0.0	\$0.0	\$0.0
Other Heavy And Civil Engineering Construction	\$7,687	\$7,601	\$584	7.6%	\$7,682	\$1,618	21.1%	\$1.8	\$30.6	\$32.4
Total Special Trade Contractors	\$866	\$850	\$31	3.5%	\$863	\$0	0.0%	\$0.0	\$0.0	\$0.0
Foundation, Structure, and Building Exterior Contractors	\$814	\$804	\$68	8.4%	\$810	\$0	0.0%	\$0.0	\$0.0	\$0.0
Electrical Contractors	\$680	\$671	\$6	0.8%	\$679	\$0	0.0%	\$0.0	\$0.0	\$0.0
Plumbing, Heating And Air Conditioning Contractors	\$1,128	\$1,119	\$39	3.5%	\$1,125	\$354	31.4%	\$0.0	\$7.1	\$7.1
Building Finishing Contractors	\$488	\$487	\$24	4.8%	\$487	\$0	0.0%	\$0.0	\$0.0	\$0.0
Other Specialty Trade Contractors	\$1,156	\$1,119	\$24	2.1%	\$1,151	\$316	27.3%	\$0.0	\$6.3	\$6.3
<b>Total Manufacturing</b>	<b>\$16,375</b>	<b>\$16,092</b>	<b>\$627</b>	<b>3.8%</b>	<b>\$16,369</b>	<b>\$2,958</b>	<b>18.1%</b>	<b>\$1.2</b>	<b>\$57.9</b>	<b>\$59.2</b>

**Table 8 | Estimated Margin Tax Liability for Hypothetical Partnership Taxpayers in Selected Industry Sectors**  
(Dollar Values Expressed in Thousands)

Industry Averages	Total Income	Business Receipts	Total Net Income	Total Net Income Margin	Adj. Total Revenue for Margin Tax	Gross Taxable Margin	Gross Taxable Margin Percent	Estimated MBT Liability	Estimated Margin Tax Liability	Combined Business Tax Liability (MBT+ Margin)
Food Manufacturing	\$8,465	\$8,400	\$249	2.9%	\$8,461	\$1,492	17.6%	\$0.0	\$29.8	\$29.8
Beverage And Tobacco Product Manufacturing	\$11,155	\$10,731	\$312	2.8%	\$11,134	\$4,141	37.1%	\$5.8	\$77.0	\$82.8
Textile Mills and Textile Product Mills	\$14,843	\$14,699	-\$195	-1.3%	\$14,822	\$1,918	12.9%	\$6.7	\$31.7	\$38.4
Apparel Manufacturing	\$2,299	\$2,270	\$41	1.8%	\$2,298	\$795	34.6%	\$0.0	\$15.9	\$15.9
Leather And Allied Product Manufacturing	\$1,123	\$1,114	-\$13	-1.2%	\$1,115	\$331	29.4%	\$0.0	\$6.6	\$6.6
Wood Product Manufacturing	\$5,311	\$5,277	-\$152	-2.9%	\$5,305	\$1,003	18.9%	\$1.3	\$18.7	\$20.1
Paper Manufacturing	\$64,238	\$63,685	-\$213	-0.3%	\$64,212	\$8,576	13.4%	\$38.0	\$133.5	\$171.5
Printing And Related Support Activities	\$1,214	\$1,198	-\$2	-0.2%	\$1,211	\$425	35.0%	\$0.0	\$8.5	\$8.5
Petroleum And Coal Products Manufacturing	\$1,807,025	\$1,796,113	\$42,810	2.4%	\$1,806,929	\$172,649	9.6%	\$77.3	\$3,375.6	\$3,453.0
Chemical Manufacturing	\$94,829	\$90,335	\$13,126	13.8%	\$94,809	\$30,263	31.9%	\$31.0	\$574.3	\$605.3
Plastics And Rubber Products Manufacturing	\$28,990	\$28,716	\$138	0.5%	\$28,970	\$5,853	20.2%	\$17.5	\$99.6	\$117.1
Nonmetallic Mineral Products Manufacturing	\$6,613	\$6,492	-\$6	-0.1%	\$6,598	\$1,679	25.4%	\$4.0	\$29.5	\$33.6
Primary Metal Manufacturing	\$22,929	\$22,814	\$878	3.8%	\$22,925	\$2,627	11.5%	\$6.0	\$46.6	\$52.5
Fabricated Metal Products Manufacturing	\$5,968	\$5,876	\$330	5.5%	\$5,963	\$1,497	25.1%	\$2.4	\$27.5	\$29.9
Machinery Manufacturing	\$6,437	\$6,303	\$37	0.6%	\$6,430	\$1,725	26.8%	\$1.3	\$33.1	\$34.5
Computer And Electrical Product Manufacturing	\$3,138	\$2,941	-\$343	-10.9%	\$3,136	\$754	24.0%	\$0.0	\$15.1	\$15.1
Electrical Equipment, Appliance And Comp. Manufacturing	\$3,982	\$3,822	\$349	8.8%	\$3,977	\$1,330	33.4%	\$0.0	\$26.6	\$26.6
Transportation Equipment Manufacturing	\$18,991	\$18,577	\$272	1.4%	\$18,988	\$3,451	18.2%	\$5.0	\$64.0	\$69.0
Furniture And Related Product Manufacturing	\$2,709	\$2,699	-\$132	-4.9%	\$2,706	\$656	24.2%	\$0.4	\$12.7	\$13.1
Miscellaneous Manufacturing	\$2,040	\$1,984	\$206	10.1%	\$2,037	\$882	43.2%	\$0.0	\$17.6	\$17.6
<b>Total Wholesale Trade</b>	<b>\$9,576</b>	<b>\$9,454</b>	<b>\$199</b>	<b>2.1%</b>	<b>\$9,570</b>	<b>\$1,149</b>	<b>12.0%</b>	<b>\$0.0</b>	<b>\$23.0</b>	<b>\$23.0</b>
Merchant Wholesalers, Durable Goods	\$4,284	\$4,210	\$133	3.1%	\$4,280	\$832	19.4%	\$0.0	\$16.6	\$16.6
Merchant Wholesalers, Nondurable Goods	\$26,676	\$26,409	\$432	1.6%	\$26,667	\$2,415	9.1%	\$2.5	\$45.8	\$48.3
Wholesale Electronic Markets And Agents And Brokers	\$1,153	\$1,091	\$65	5.6%	\$1,148	\$257	22.3%	\$0.0	\$5.1	\$5.1
<b>Total Retail Trade</b>	<b>\$2,737</b>	<b>\$2,679</b>	<b>\$33</b>	<b>1.2%</b>	<b>\$2,734</b>	<b>\$594</b>	<b>21.7%</b>	<b>\$0.0</b>	<b>\$11.9</b>	<b>\$11.9</b>

**Table 8 | Estimated Margin Tax Liability for Hypothetical Partnership Taxpayers in Selected Industry Sectors**  
(Dollar Values Expressed in Thousands)

Industry Averages	Total Income	Business Receipts	Total Net Income	Total Net Income Margin	Adj. Total Revenue for Margin Tax	Gross Taxable Margin	Gross Taxable Margin Percent	Estimated MBT Liability	Estimated Margin Tax Liability	Combined Business Tax Liability (MBT+ Margin)
Motor Vehicle and Parts Dealers	\$9,311	\$9,053	\$130	1.4%	\$9,304	\$1,431	15.4%	\$1.9	\$26.7	\$28.6
Furniture and Home Furnishing Stores	\$2,103	\$2,050	\$95	4.5%	\$2,099	\$883	42.0%	\$0.0	\$17.7	\$17.7
Electronics and Appliance Stores	\$1,454	\$1,445	\$14	0.9%	\$1,450	\$448	30.8%	\$0.0	\$9.0	\$9.0
Building Materials And Garden Equip. and Supplies Dealers	\$2,115	\$2,096	\$11	0.5%	\$2,111	\$602	28.5%	\$0.0	\$12.0	\$12.0
Food And Beverage Stores	\$3,755	\$3,644	\$5	0.1%	\$3,754	\$949	25.3%	\$0.0	\$19.0	\$19.0
Health And Personal Care Stores	\$2,478	\$2,459	\$59	2.4%	\$2,467	\$906	36.6%	\$0.0	\$18.1	\$18.1
Gasoline Stations	\$10,956	\$10,890	\$47	0.4%	\$10,954	\$915	8.3%	\$0.0	\$18.3	\$18.3
Clothing And Clothing Accessories Stores	\$570	\$558	\$16	2.8%	\$568	\$0	0.0%	\$0.0	\$0.0	\$0.0
Sporting Goods, Hobby, Book, And Music Stores	\$614	\$603	-\$10	-1.7%	\$614	\$0	0.0%	\$0.0	\$0.0	\$0.0
General Merchandise Stores	\$4,483	\$4,409	\$151	3.4%	\$4,474	\$1,558	34.8%	\$1.5	\$29.7	\$31.2
Miscellaneous Store Retailers	\$624	\$612	\$24	3.9%	\$624	\$0	0.0%	\$0.0	\$0.0	\$0.0
Nonstore Retailers	\$1,417	\$1,381	\$21	1.5%	\$1,408	\$425	30.0%	\$0.0	\$8.5	\$8.5
<b>Total Transportation And Warehousing</b>	<b>\$4,292</b>	<b>\$4,167</b>	<b>\$27</b>	<b>0.6%</b>	<b>\$4,289</b>	<b>\$1,753</b>	<b>40.8%</b>	<b>\$0.0</b>	<b>\$35.1</b>	<b>\$35.1</b>
Air And Rail Transportation	\$2,825	\$2,702	-\$82	-2.9%	\$2,823	\$822	29.1%	\$0.0	\$16.4	\$16.4
Water Transportation	\$7,100	\$6,483	-\$338	-4.8%	\$7,097	\$4,440	62.5%	\$1.0	\$87.8	\$88.8
Truck Transportation	\$1,255	\$1,230	\$16	1.3%	\$1,253	\$605	48.2%	\$0.0	\$12.1	\$12.1
Other Transit And Ground Passenger Transportation	\$1,060	\$1,056	\$43	4.1%	\$1,060	\$729	68.7%	\$0.0	\$14.6	\$14.6
Pipeline Transportation	\$70,975	\$68,831	-\$257	-0.4%	\$70,970	\$26,181	36.9%	\$5.9	\$517.8	\$523.6
Scenic And Sightseeing Transportation	\$1,193	\$1,156	\$19	1.6%	\$1,193	\$812	68.0%	\$0.0	\$16.2	\$16.2
Support Activities For Transportation	\$3,317	\$3,256	\$88	2.6%	\$3,312	\$1,330	40.1%	\$0.0	\$26.6	\$26.6
Couriers And Messengers	\$7,876	\$7,854	\$167	2.1%	\$7,875	\$2,865	36.4%	\$4.3	\$53.0	\$57.3
Warehousing And Storage	\$7,734	\$7,568	\$577	7.5%	\$7,732	\$3,100	40.1%	\$2.2	\$59.8	\$62.0
<b>Total Information</b>	<b>\$7,063</b>	<b>\$6,634</b>	<b>\$309</b>	<b>4.4%</b>	<b>\$7,006</b>	<b>\$4,904</b>	<b>69.4%</b>	<b>\$2.9</b>	<b>\$95.1</b>	<b>\$98.1</b>
Publishing Industries (Except Internet)	\$1,486	\$1,429	\$6	0.4%	\$1,478	\$1,035	69.6%	\$0.1	\$20.6	\$20.7
Motion Picture And Sound Recording Industries	\$1,220	\$1,158	-\$240	-19.7%	\$1,219	\$636	52.2%	\$0.0	\$12.7	\$12.7



**Table 8 | Estimated Margin Tax Liability for Hypothetical Partnership Taxpayers in Selected Industry Sectors**  
(Dollar Values Expressed in Thousands)

Industry Averages	Total Income	Business Receipts	Total Net Income	Total Net Income Margin	Adj. Total Revenue for Margin Tax	Gross Taxable Margin	Gross Taxable Margin Percent	Estimated MBT Liability	Estimated Margin Tax Liability	Combined Business Tax Liability (MBT+ Margin)
Broadcasting (Except Internet)	\$17,772	\$16,538	\$2,098	11.8%	\$17,639	\$12,347	69.5%	\$15.4	\$231.5	\$246.9
Tele-Communications	\$37,964	\$35,546	\$1,467	3.9%	\$37,608	\$26,325	69.3%	\$19.9	\$506.6	\$526.5
Data Processing Services	\$1,239	\$1,138	\$19	1.6%	\$1,221	\$816	65.9%	\$0.2	\$16.2	\$16.3
Other Information Services	\$1,839	\$1,820	\$311	16.9%	\$1,837	\$1,084	58.9%	\$0.8	\$20.9	\$21.7
<b>Total Finance And Insurance</b>	<b>\$1,112</b>	<b>\$652</b>	<b>\$120</b>	<b>10.8%</b>	<b>\$1,102</b>	<b>\$730</b>	<b>65.6%</b>	<b>\$0.0</b>	<b>\$14.6</b>	<b>\$14.6</b>
Depository Credit Intermediation	\$303,792	\$294,813	\$34,838	11.5%	\$303,792	\$178,519	58.8%	\$680.7	\$2,889.7	\$3,570.4
Nondepository Credit Intermediation	\$1,326	\$864	\$208	15.7%	\$1,224	\$817	61.6%	\$0.0	\$16.3	\$16.3
Activities Related To Credit Intermediation	\$4,063	\$3,697	\$773	19.0%	\$4,044	\$2,569	63.2%	\$3.6	\$47.8	\$51.4
Total Securities, Commodity Contracts, Other Financial Investments	\$1,234	\$669	\$139	11.3%	\$1,229	\$796	64.5%	\$0.0	\$15.9	\$15.9
Securities And Commodity Contracts And Exchanges	\$9,934	\$5,873	-\$434	-4.4%	\$9,921	\$5,473	55.1%	\$24.4	\$85.1	\$109.5
Other Financial Investment Activities	\$827	\$425	\$166	20.1%	\$822	\$0	0.0%	\$0.0	\$0.0	\$0.0
Insurance Carriers And Related Activities	\$1,082	\$1,029	\$96	8.9%	\$1,081	\$756	69.9%	\$0.0	\$15.1	\$15.1
Funds, Trusts, And Other Financial Vehicles	\$211	\$103	-\$40	-18.7%	\$205	\$0	0.0%	\$0.0	\$0.0	\$0.0
<b>Total Real Estate And Rental And Leasing</b>	<b>\$93</b>	<b>\$76</b>	<b>-\$9</b>	<b>-9.3%</b>	<b>\$92</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Total Real Estate	\$74	\$59	-\$10	-13.3%	\$73	\$0	0.0%	\$0.0	\$0.0	\$0.0
Lessors Of Residential Buildings, Dwellings, Cooperative Housing	\$16	\$10	\$2	10.6%	\$16	\$0	0.0%	\$0.0	\$0.0	\$0.0
Lessors Of Nonresidential Buildings	\$22	\$16	-\$4	-18.8%	\$22	\$0	0.0%	\$0.0	\$0.0	\$0.0
Lessors Of Miniwarehouses And Self-Storage Units	\$50	\$41	-\$2	-5.0%	\$50	\$0	0.0%	\$0.0	\$0.0	\$0.0
Lessors Of Other Real Estate Property	\$29	\$22	-\$5	-16.1%	\$29	\$0	0.0%	\$0.0	\$0.0	\$0.0
Other Real Estate Activities	\$281	\$231	-\$41	-14.6%	\$279	\$0	0.0%	\$0.0	\$0.0	\$0.0
Rental And Leasing Services	\$762	\$655	-\$131	-17.2%	\$759	\$0	0.0%	\$0.0	\$0.0	\$0.0
Lessors Of Nonfinancial Intangible Assets	\$1,581	\$1,385	\$1,352	85.5%	\$1,581	\$201	12.7%	\$0.0	\$4.0	\$4.0
<b>Total Professional, Scientific, And Technical Services</b>	<b>\$1,774</b>	<b>\$1,699</b>	<b>\$367</b>	<b>20.7%</b>	<b>\$1,772</b>	<b>\$882</b>	<b>49.7%</b>	<b>\$1.7</b>	<b>\$16.0</b>	<b>\$17.6</b>
Legal Services	\$4,123	\$4,070	\$1,453	35.2%	\$4,119	\$1,225	29.7%	\$11.5	\$13.0	\$24.5
Accounting, Tax Preparation, Bookkeeping, Payroll Services	\$2,610	\$2,560	\$552	21.2%	\$2,609	\$1,073	41.1%	\$6.6	\$14.8	\$21.5

**Table 8 | Estimated Margin Tax Liability for Hypothetical Partnership Taxpayers in Selected Industry Sectors**  
(Dollar Values Expressed in Thousands)

Industry Averages	Total Income	Business Receipts	Total Net Income	Total Net Income Margin	Adj. Total Revenue for Margin Tax	Gross Taxable Margin	Gross Taxable Margin Percent	Estimated MBT Liability	Estimated Margin Tax Liability	Combined Business Tax Liability (MBT+ Margin)
Architectural, Engineering And Related Services	\$1,442	\$1,354	\$154	10.7%	\$1,441	\$829	57.5%	\$0.0	\$16.6	\$16.6
Specialized Design Services	\$184	\$182	\$19	10.1%	\$184	\$0	0.0%	\$0.0	\$0.0	\$0.0
Computer Systems Design And Related Services	\$1,043	\$1,035	\$102	9.7%	\$1,042	\$626	60.0%	\$0.0	\$12.5	\$12.5
Total Other Professional, Scientific, Technical Services	\$1,300	\$1,191	\$132	10.2%	\$1,298	\$878	67.5%	\$0.0	\$17.6	\$17.6
Management, Scientific, Technical Consulting Services	\$1,188	\$1,078	\$150	12.6%	\$1,185	\$709	59.7%	\$0.0	\$14.2	\$14.2
Advertising And Related Services	\$1,550	\$1,514	\$111	7.2%	\$1,544	\$888	57.3%	\$0.0	\$17.8	\$17.8
Other Miscellaneous Professional, Scientific, Technical Services	\$1,433	\$1,290	\$103	7.2%	\$1,432	\$791	55.2%	\$0.0	\$15.8	\$15.8
<b>Management Of Companies (Holding Companies)</b>	<b>\$1,078</b>	<b>\$532</b>	<b>-\$15</b>	<b>-1.4%</b>	<b>\$1,075</b>	<b>\$753</b>	<b>69.8%</b>	<b>\$0.0</b>	<b>\$15.1</b>	<b>\$15.1</b>
<b>Total Admin/Support And Waste Mgmt Services</b>	<b>\$1,287</b>	<b>\$1,211</b>	<b>\$52</b>	<b>4.1%</b>	<b>\$1,284</b>	<b>\$780</b>	<b>60.6%</b>	<b>\$0.2</b>	<b>\$15.4</b>	<b>\$15.6</b>
Administrative And Support Services	\$1,197	\$1,119	\$54	4.5%	\$1,194	\$743	62.1%	\$0.2	\$14.7	\$14.9
Waste Management And Remediation Services	\$2,815	\$2,786	\$28	1.0%	\$2,810	\$1,406	49.9%	\$0.3	\$27.8	\$28.1
<b>Educational Services</b>	<b>\$367</b>	<b>\$355</b>	<b>\$36</b>	<b>9.8%</b>	<b>\$364</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Health Care And Social Assistance</b>	<b>\$2,867</b>	<b>\$2,687</b>	<b>\$375</b>	<b>13.1%</b>	<b>\$2,807</b>	<b>\$1,589</b>	<b>55.4%</b>	<b>\$5.1</b>	<b>\$26.7</b>	<b>\$31.8</b>
Offices Of Physicians And Dentists	\$2,639	\$2,325	\$569	21.6%	\$2,629	\$1,180	44.7%	\$5.5	\$18.1	\$23.6
Offices Of Other Health Practitioners	\$697	\$672	\$120	17.3%	\$695	\$0	0.0%	\$0.0	\$0.0	\$0.0
Outpatient Care Centers	\$3,569	\$3,433	\$788	22.1%	\$3,510	\$2,074	58.1%	\$3.0	\$38.5	\$41.5
Medical And Diagnostic Laboratories	\$1,973	\$1,746	\$289	14.7%	\$1,922	\$1,204	61.0%	\$0.6	\$23.4	\$24.1
Home Health Care Services	\$3,655	\$3,219	\$227	6.2%	\$3,642	\$1,642	44.9%	\$15.1	\$17.7	\$32.8
Other Ambulatory Health Care Services	\$616	\$604	\$7	1.1%	\$582	\$0	0.0%	\$0.0	\$0.0	\$0.0
Hospitals	\$42,665	\$41,315	\$3,584	8.4%	\$39,757	\$26,762	62.7%	\$97.4	\$437.8	\$535.2
Nursing And Residential Care Facilities	\$5,227	\$5,140	\$60	1.2%	\$5,188	\$3,221	61.6%	\$16.6	\$47.8	\$64.4
Social Assistance	\$294	\$286	\$31	10.6%	\$294	\$0	0.0%	\$0.0	\$0.0	\$0.0
<b>Total Arts, Entertainment, And Recreation</b>	<b>\$895</b>	<b>\$779</b>	<b>-\$26</b>	<b>-2.9%</b>	<b>\$893</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Performing Arts, Spectator Sports And Related Industries	\$688	\$556	-\$38	-5.6%	\$687	\$0	0.0%	\$0.0	\$0.0	\$0.0
Museums, Historical Sites, And Similar Institutions	\$871	\$808	-\$128	-14.7%	\$870	\$0	0.0%	\$0.0	\$0.0	\$0.0

**Table 8 | Estimated Margin Tax Liability for Hypothetical Partnership Taxpayers in Selected Industry Sectors**  
(Dollar Values Expressed in Thousands)

<b>Industry Averages</b>	<b>Total Income</b>	<b>Business Receipts</b>	<b>Total Net Income</b>	<b>Total Net Income Margin</b>	<b>Adj. Total Revenue for Margin Tax</b>	<b>Gross Taxable Margin</b>	<b>Gross Taxable Margin Percent</b>	<b>Estimated MBT Liability</b>	<b>Estimated Margin Tax Liability</b>	<b>Combined Business Tax Liability (MBT+Margin)</b>
Amusement, Gambling, And Recreation Industries	\$1,379	\$1,296	\$5	0.3%	\$1,374	\$962	69.7%	\$0.0	\$19.2	\$19.2
<b>Total Accommodation And Food Services</b>	<b>\$1,336</b>	<b>\$1,305</b>	<b>-\$33</b>	<b>-2.5%</b>	<b>\$1,335</b>	<b>\$935</b>	<b>69.9%</b>	<b>\$0.0</b>	<b>\$18.7</b>	<b>\$18.7</b>
Accommodation	\$2,031	\$1,966	-\$157	-7.7%	\$2,027	\$1,419	69.9%	\$0.0	\$28.4	\$28.4
Food Services And Drinking Places	\$1,090	\$1,070	\$11	1.0%	\$1,090	\$662	60.7%	\$0.0	\$13.2	\$13.2
<b>Total Other Services</b>	<b>\$382</b>	<b>\$336</b>	<b>\$9</b>	<b>2.4%</b>	<b>\$381</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Total Repair And Maintenance	\$403	\$399	\$6	1.5%	\$402	\$0	0.0%	\$0.0	\$0.0	\$0.0
Automotive Repair And Maintenance	\$303	\$302	\$2	0.7%	\$303	\$0	0.0%	\$0.0	\$0.0	\$0.0
Other Repair And Maintenance	\$902	\$890	\$25	2.8%	\$901	\$0	0.0%	\$0.0	\$0.0	\$0.0
Personal And Laundry Services	\$383	\$288	\$14	3.7%	\$382	\$0	0.0%	\$0.0	\$0.0	\$0.0
Religious, Grantmaking, Civic, Professional, And Similar Org.	\$11	\$11	-\$7	-66.5%	\$11	\$0	0.0%	\$0.0	\$0.0	\$0.0
<b>Nature Of Business Not Allocable</b>	<b>\$35</b>	<b>\$35</b>	<b>\$1</b>	<b>3.5%</b>	<b>\$35</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

Source: Applied Analysis based on 2011 partnership tax return data obtained from the United States Internal Revenue Service.

**Table 9 | Estimated Margin Tax Liability for Hypothetical Partnership Taxpayers by Total Assets Range**  
(Dollar Values Expressed in Thousands)

<b>Averages Per Group</b>	<b>Total Income</b>	<b>Business Receipts</b>	<b>Total Net Income</b>	<b>Total Net Income Margin</b>	<b>Adj. Total Revenue for Margin Tax</b>	<b>Gross Taxable Margin</b>	<b>Gross Taxable Margin Percent</b>	<b>Estimated MBT Liability</b>	<b>Estimated Margin Tax Liability</b>	<b>Combined Business Tax Liability (MBT+Margin)</b>
All Returns	\$1,457	\$1,356	\$78	5.3%	\$1,453	\$621	42.6%	\$0.0	\$12.4	\$12.4
Under Zero Assets	\$337	\$269	-\$6	-1.7%	\$337	\$0	0.0%	\$0.0	\$0.0	\$0.0
Zero Assets	\$177	\$157	\$3	1.8%	\$176	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$1 under \$50,000	\$174	\$165	\$16	9.4%	\$173	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$50,000 under \$100,000	\$289	\$280	\$31	10.8%	\$289	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$100,000 under \$500,000	\$331	\$315	\$27	8.1%	\$330	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$500,000 under \$1 million	\$392	\$367	\$30	7.6%	\$392	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$1 million under \$5 million	\$895	\$850	\$34	3.8%	\$892	\$0	0.0%	\$0.0	\$0.0	\$0.0
\$5 million under \$10 million	\$1,928	\$1,824	\$98	5.1%	\$1,921	\$866	44.9%	\$0.0	\$17.3	\$17.3
\$10 million under \$25 million	\$4,513	\$4,205	\$226	5.0%	\$4,499	\$1,942	43.0%	\$3.6	\$35.3	\$38.8
\$25 million under \$50 million	\$9,936	\$9,108	\$624	6.3%	\$9,902	\$4,232	42.6%	\$11.7	\$72.9	\$84.6
\$50 million under \$100 million	\$18,221	\$16,783	\$1,243	6.8%	\$18,123	\$7,916	43.4%	\$24.2	\$134.1	\$158.3
\$100 million or More	\$124,871	\$115,781	\$6,391	5.1%	\$124,527	\$47,686	38.2%	\$115.5	\$838.2	\$953.7

Source: Applied Analysis based on 2011 partnership tax return data obtained from the United States Internal Revenue Service.

#### D. Impact of Different Business Structures

A common criticism of Nevada's existing Modified Business Tax is that it is inequitable, imposing a higher relative burden on labor-intensive businesses (e.g., health care providers and hotel operators) as compared to capital-intensive businesses (e.g., retailers, manufacturers and warehousing companies). This analysis was undertaken to compare the relative impact of the proposed tax on these types of businesses, as well as large and small businesses and businesses with high and low profit margins.

Table 10 on page 28 suggests that the Nevada margin tax addresses the inequity concerns between labor-intensive and capital-intensive businesses. Where under the Modified Business (payroll) Tax scenario, a labor-intensive business has an estimated tax liability roughly six times that of a similar situated capital-intensive business, under the margin tax scenario, the two companies' aggregate tax burdens are nearly even. What is also evident from this analysis is that businesses that have a balanced mix of capital and labor run the greatest risk for higher tax liability, where the 30-percent standard deduction tends to fall below potential deductions for similarly situated labor or capital-intensive businesses.<sup>9</sup>

Table 11 on page 30 compares Modified Business (payroll) Tax and margin tax liability for a small business (i.e., a business with \$500,000 in gross revenue) and a large business (i.e., a business with \$100 million in gross revenue). Under both tax alternatives, the small business bears no tax liability as it is assumed to have total payroll below the Modified Business Tax annual standard exemption of \$340,000 (\$85,000 per quarter), and its total revenue is below the margin tax minimum threshold of \$1 million. Notably, margin tax liability and Modified Business (payroll) Tax liability remain proportionate as a percentage of both revenue and income as the businesses share similar operating margins and expense distributions.

Finally, Table 12 on page 32 considers the impact on a high-margin (i.e., 10 percent) and low-margin (i.e., 1 percent) business. While the resulting tax liabilities are similar overall as a percentage of gross revenue, they are dramatically different as a percentage of net income. For the high-margin business earning an estimated \$1 million on \$10 million in revenue, the effective business income tax rate is roughly 12.2 percent. In contrast, for the business earning \$100,000 on the same \$10 million in revenue (i.e., a 1 percent profit margin), the effective income tax rate is 116 percent (i.e., the amount of tax owed is greater than the combined profit). Because the margin tax, like the Modified Business (payroll) Tax, is imposed irrespective of profitability, lower margin businesses will be expected to bear lower tax burdens generally but higher tax burdens as a percentage of annual income.

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<sup>9</sup> Susan Combs Texas Comptroller of Public Accounts, The Business Tax Advisory Committee Report to The 83rd Texas Legislature (January 7, 2013). Available at: <http://www.window.state.tx.us/taxinfo/btac/96-1364 BTAC Report 2013.pdf>. (Noting on a typical cost of goods sold deduction in Texas of 83 percent of total revenue and a compensation deduction of 54 percent of total revenue).

**Table 10 | Estimated Margin Tax Liability for Hypothetical Labor-Intensive and Capital-Intensive Businesses**

	<b>Labor- Intensive Business</b>	<b>% of T.R.</b>	<b>Capital- Intensive Business</b>	<b>% of T.R.</b>	<b>Average</b>	<b>% of T.R.</b>
<b>Revenues</b>						
Business Receipts	\$9,000,000	90.0%	\$9,000,000	90.0%	\$9,000,000	90.0%
Interest	\$500,000	5.0%	\$500,000	5.0%	\$500,000	5.0%
Rents	\$200,000	2.0%	\$200,000	2.0%	\$200,000	2.0%
Royalties	\$200,000	2.0%	\$200,000	2.0%	\$200,000	2.0%
Other Receipts	\$100,000	1.0%	\$100,000	1.0%	\$100,000	1.0%
<b>Total Revenues ("T.R.")</b>	<b>\$10,000,000</b>	<b>100.0%</b>	<b>\$10,000,000</b>	<b>100.0%</b>	<b>\$10,000,000</b>	<b>100.0%</b>
<b>Expenses</b>						
Costs of Goods Sold	\$1,000,000	10.0%	\$6,000,000	60.0%	\$3,500,000	35.0%
Compensation of Officers	\$300,000	3.0%	\$300,000	3.0%	\$300,000	3.0%
Salaries and Wages	\$6,000,000	60.0%	\$1,000,000	10.0%	\$3,500,000	35.0%
Repairs	\$100,000	1.0%	\$100,000	1.0%	\$100,000	1.0%
Bad Debts	\$50,000	0.5%	\$50,000	0.5%	\$50,000	0.5%
Rent Paid on Business Property	\$200,000	2.0%	\$200,000	2.0%	\$200,000	2.0%
Taxes Paid	\$200,000	2.0%	\$200,000	2.0%	\$200,000	2.0%
Interest Paid	\$300,000	3.0%	\$300,000	3.0%	\$300,000	3.0%
Contributions or Gifts	\$100,000	1.0%	\$100,000	1.0%	\$100,000	1.0%
Amortization	\$100,000	1.0%	\$100,000	1.0%	\$100,000	1.0%
Depreciation	\$300,000	3.0%	\$300,000	3.0%	\$300,000	3.0%
Depletion	\$300,000	3.0%	\$300,000	3.0%	\$300,000	3.0%
Advertising	\$50,000	0.5%	\$50,000	0.5%	\$50,000	0.5%
Pension, Profit-Sharing, Stock Bonuses, Annuity	\$50,000	0.5%	\$50,000	0.5%	\$50,000	0.5%
Employee Benefit Programs	\$150,000	1.5%	\$150,000	1.5%	\$150,000	1.5%
Net Loss, Non-Capital Assets	\$100,000	1.0%	\$100,000	1.0%	\$100,000	1.0%
Other Expenses	\$200,000	2.0%	\$200,000	2.0%	\$200,000	2.0%
<b>Total Expenses</b>	<b>\$9,500,000</b>	<b>95.0%</b>	<b>\$9,500,000</b>	<b>95.0%</b>	<b>\$9,500,000</b>	<b>95.0%</b>
<b>Net Income</b>	<b>\$500,000</b>	<b>5.0%</b>	<b>\$500,000</b>	<b>5.0%</b>	<b>\$500,000</b>	<b>5.0%</b>

**Table 10 | Estimated Margin Tax Liability for Hypothetical Labor-Intensive and Capital-Intensive Businesses**

	<b>Labor- Intensive Business</b>	<b>% of T.R.</b>	<b>Capital- Intensive Business</b>	<b>% of T.R.</b>	<b>Average</b>	<b>% of T.R.</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>						
Total Compensation	\$6,300,000	63.0%	\$1,300,000	13.0%	\$3,800,000	38.0%
Less: Standard Exemption	\$340,000	3.4%	\$340,000	3.4%	\$340,000	3.4%
Less: Employer Paid Health Care Deduction	\$499,627	5.0%	\$103,098	1.0%	\$301,362	3.0%
Net Taxable Compensation	\$5,460,373	54.6%	\$856,902	8.6%	\$3,158,638	31.6%
Tax Rate	1.17%		1.17%		1.17%	
<b>Estimated Tax Liability</b>	<b>\$63,886</b>	<b>0.6%</b>	<b>\$10,026</b>	<b>0.1%</b>	<b>\$36,956</b>	<b>0.4%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>						
Adjusted Total Revenue	\$9,950,000	99.5%	\$9,950,000	99.5%	\$9,950,000	99.5%
Margin Calculation #1, 30% Standard Deduction	\$2,985,000	29.9%	\$2,985,000	29.9%	\$2,985,000	29.9%
Margin Calculation #2, Cost of Compensation	\$6,400,000	64.0%	\$1,900,000	19.0%	\$4,150,000	41.5%
Margin Calculation #3, Cost of Goods Sold	\$1,000,000	10.0%	\$6,000,000	60.0%	\$3,500,000	35.0%
Gross Taxable Margin	\$3,550,000	35.5%	\$3,950,000	39.5%	\$5,800,000	58.0%
Tax Rate	2.00%		2.00%		2.00%	
<b>Gross Margin Tax Liability</b>	<b>\$71,000</b>	<b>0.7%</b>	<b>\$79,000</b>	<b>0.8%</b>	<b>\$116,000</b>	<b>1.2%</b>
Less: Modified Business Tax Liability	\$63,886	0.6%	\$10,026	0.1%	\$36,956	0.4%
<b>Net Margin Tax Liability</b>	<b>\$7,114</b>	<b>0.1%</b>	<b>\$68,974</b>	<b>0.7%</b>	<b>\$79,044</b>	<b>0.8%</b>
<b>Total Nevada Business Tax Liability (MBT+Margin Tax)</b>	<b>\$71,000</b>	<b>0.7%</b>	<b>\$79,000</b>	<b>0.8%</b>	<b>\$116,000</b>	<b>1.2%</b>

**Table 11 | Estimated Margin Tax Liability for Hypothetical Large and Small Businesses**

	<b>Small Business</b>	<b>% of T.R.</b>	<b>Large Business</b>	<b>% of T.R.</b>	<b>Average</b>	<b>% of T.R.</b>
<b>Revenues</b>						
Business Receipts	\$450,000	90.0%	\$90,000,000	90.0%	\$45,225,000	90.0%
Interest	\$25,000	5.0%	\$5,000,000	5.0%	\$2,512,500	5.0%
Rents	\$10,000	2.0%	\$2,000,000	2.0%	\$1,005,000	2.0%
Royalties	\$10,000	2.0%	\$2,000,000	2.0%	\$1,005,000	2.0%
Other Receipts	\$5,000	1.0%	\$1,000,000	1.0%	\$502,500	1.0%
<b>Total Revenues ("T.R.")</b>	<b>\$500,000</b>	<b>100.0%</b>	<b>\$100,000,000</b>	<b>100.0%</b>	<b>\$50,250,000</b>	<b>100.0%</b>
<b>Expenses</b>						
Costs of Goods Sold	\$175,000	35.0%	\$35,000,000	35.0%	\$17,587,500	35.0%
Compensation of Officers	\$15,000	3.0%	\$3,000,000	3.0%	\$1,507,500	3.0%
Salaries and Wages	\$175,000	35.0%	\$35,000,000	35.0%	\$17,587,500	35.0%
Repairs	\$5,000	1.0%	\$1,000,000	1.0%	\$502,500	1.0%
Bad Debts	\$2,500	0.5%	\$500,000	0.5%	\$251,250	0.5%
Rent Paid on Business Property	\$10,000	2.0%	\$2,000,000	2.0%	\$1,005,000	2.0%
Taxes Paid	\$10,000	2.0%	\$2,000,000	2.0%	\$1,005,000	2.0%
Interest Paid	\$15,000	3.0%	\$3,000,000	3.0%	\$1,507,500	3.0%
Contributions or Gifts	\$5,000	1.0%	\$1,000,000	1.0%	\$502,500	1.0%
Amortization	\$5,000	1.0%	\$1,000,000	1.0%	\$502,500	1.0%
Depreciation	\$15,000	3.0%	\$3,000,000	3.0%	\$1,507,500	3.0%
Depletion	\$15,000	3.0%	\$3,000,000	3.0%	\$1,507,500	3.0%
Advertising	\$2,500	0.5%	\$500,000	0.5%	\$251,250	0.5%
Pension, Profit-Sharing, Stock Bonuses, Annuities	\$2,500	0.5%	\$500,000	0.5%	\$251,250	0.5%
Employee Benefit Programs	\$7,500	1.5%	\$1,500,000	1.5%	\$753,750	1.5%
Net Loss, Non-Capital Assets	\$5,000	1.0%	\$1,000,000	1.0%	\$502,500	1.0%
Other Expenses	\$10,000	2.0%	\$2,000,000	2.0%	\$1,005,000	2.0%
<b>Total Expenses</b>	<b>\$475,000</b>	<b>95.0%</b>	<b>\$95,000,000</b>	<b>95.0%</b>	<b>\$47,737,500</b>	<b>95.0%</b>
<b>Net Income</b>	<b>\$25,000</b>	<b>5.0%</b>	<b>\$5,000,000</b>	<b>5.0%</b>	<b>\$2,512,500</b>	<b>5.0%</b>



**Table 11 | Estimated Margin Tax Liability for Hypothetical Large and Small Businesses**

	<b>Small Business</b>	<b>% of T.R.</b>	<b>Large Business</b>	<b>% of T.R.</b>	<b>Average</b>	<b>% of T.R.</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>						
Total Compensation	\$190,000	38.0%	\$38,000,000	38.0%	\$19,095,000	38.0%
Less: Standard Exemption	\$340,000	68.0%	\$340,000	0.3%	\$340,000	0.7%
Less: Employer Paid Health Care Deduction	\$15,068	3.0%	\$3,013,624	3.0%	\$1,514,346	3.0%
Net Taxable Compensation	\$-	0.0%	\$34,646,376	34.6%	\$17,240,654	34.3%
Tax Rate	1.17%		1.17%		1.17%	
<b>Estimated Tax Liability</b>	<b>\$-</b>	<b>0.0%</b>	<b>\$405,363</b>	<b>0.4%</b>	<b>\$201,716</b>	<b>0.4%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>						
Adjusted Total Revenue	\$497,500	99.5%	\$99,500,000	99.5%	\$49,998,750	99.5%
Margin Calculation #1, 30% Standard Deduction	\$149,250	29.9%	\$29,850,000	29.9%	\$14,999,625	29.9%
Margin Calculation #2, Cost of Compensation	\$207,500	41.5%	\$41,500,000	41.5%	\$20,853,750	41.5%
Margin Calculation #3, Cost of Goods Sold	\$175,000	35.0%	\$35,000,000	35.0%	\$17,587,500	35.0%
Gross Taxable Margin	\$290,000	58.0%	\$58,000,000	58.0%	\$29,145,000	58.0%
Tax Rate	2.00%		2.00%		2.00%	
<b>Gross Margin Tax Liability</b>	<b>\$-</b>	<b>0.0%</b>	<b>\$1,160,000</b>	<b>1.2%</b>	<b>\$582,900</b>	<b>1.2%</b>
Less: Modified Business Tax Liability	\$-	0.0%	\$405,363	0.4%	\$201,716	0.4%
<b>Net Margin Tax Liability</b>	<b>\$-</b>	<b>0.0%</b>	<b>\$754,637</b>	<b>0.8%</b>	<b>\$381,184</b>	<b>0.8%</b>
<b>Total Nevada Business Tax Liability (MBT+Margin Tax)</b>	<b>\$-</b>	<b>0.0%</b>	<b>\$1,160,000</b>	<b>1.2%</b>	<b>\$582,900</b>	<b>1.2%</b>

**Table 12 | Estimated Margin Tax Liability for Hypothetical High-Margin and Low-Margin Businesses**

	<b>High-Margin Business</b>	<b>% of T.R.</b>	<b>Low-Margin Business</b>	<b>% of T.R.</b>	<b>Average</b>	<b>% of T.R.</b>
<b>Revenues</b>						
Business Receipts	\$9,000,000	90.0%	\$9,000,000	90.0%	\$9,000,000	90.0%
Interest	\$500,000	5.0%	\$500,000	5.0%	\$500,000	5.0%
Rents	\$200,000	2.0%	\$200,000	2.0%	\$200,000	2.0%
Royalties	\$200,000	2.0%	\$200,000	2.0%	\$200,000	2.0%
Other Receipts	<u>\$100,000</u>	<u>1.0%</u>	<u>\$100,000</u>	<u>1.0%</u>	<u>\$100,000</u>	<u>1.0%</u>
<b>Total Revenues ("T.R.")</b>	<b>\$10,000,000</b>	<b>100.0%</b>	<b>\$10,000,000</b>	<b>100.0%</b>	<b>\$10,000,000</b>	<b>100.0%</b>
<b>Expenses</b>						
Costs of Goods Sold	\$3,250,000	32.5%	\$4,150,000	41.5%	\$3,700,000	37.0%
Compensation of Officers	\$300,000	3.0%	\$300,000	3.0%	\$300,000	3.0%
Salaries and Wages	\$3,250,000	32.5%	\$3,250,000	32.5%	\$3,250,000	32.5%
Repairs	\$100,000	1.0%	\$100,000	1.0%	\$100,000	1.0%
Bad Debts	\$50,000	0.5%	\$50,000	0.5%	\$50,000	0.5%
Rent Paid on Business Property	\$200,000	2.0%	\$200,000	2.0%	\$200,000	2.0%
Taxes Paid	\$200,000	2.0%	\$200,000	2.0%	\$200,000	2.0%
Interest Paid	\$300,000	3.0%	\$300,000	3.0%	\$300,000	3.0%
Contributions or Gifts	\$100,000	1.0%	\$100,000	1.0%	\$100,000	1.0%
Amortization	\$100,000	1.0%	\$100,000	1.0%	\$100,000	1.0%
Depreciation	\$300,000	3.0%	\$300,000	3.0%	\$300,000	3.0%
Depletion	\$300,000	3.0%	\$300,000	3.0%	\$300,000	3.0%
Advertising	\$50,000	0.5%	\$50,000	0.5%	\$50,000	0.5%
Pension, Profit-Sharing, Stock Bonuses, Annuity Plans	\$50,000	0.5%	\$50,000	0.5%	\$50,000	0.5%
Employee Benefit Programs	\$150,000	1.5%	\$150,000	1.5%	\$150,000	1.5%
Net Loss, Non-Capital Assets	\$100,000	1.0%	\$100,000	1.0%	\$100,000	1.0%
Other Expenses	<u>\$200,000</u>	<u>2.0%</u>	<u>\$200,000</u>	<u>2.0%</u>	<u>\$200,000</u>	<u>2.0%</u>
<b>Total Expenses</b>	<b>\$9,000,000</b>	<b>90.0%</b>	<b>\$9,900,000</b>	<b>99.0%</b>	<b>\$9,450,000</b>	<b>94.5%</b>
<b>Net Income</b>	<b>\$1,000,000</b>	<b>10.0%</b>	<b>\$100,000</b>	<b>1.0%</b>	<b>\$550,000</b>	<b>5.5%</b>

**Table 12 | Estimated Margin Tax Liability for Hypothetical High-Margin and Low-Margin Businesses**

	<b>High-Margin Business</b>	<b>% of T.R.</b>	<b>Low-Margin Business</b>	<b>% of T.R.</b>	<b>Average</b>	<b>% of T.R.</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>						
Total Compensation	\$3,550,000	35.5%	\$3,550,000	35.5%	\$3,550,000	35.5%
Less: Standard Exemption	\$340,000	3.4%	\$340,000	3.4%	\$340,000	3.4%
Less: Employer Paid Health Care Deduction	\$281,536	2.8%	\$281,536	2.8%	\$281,536	2.8%
Net Taxable Compensation	\$2,928,464	29.3%	\$2,928,464	29.3%	\$2,928,464	29.3%
Tax Rate	1.17%		1.17%		1.17%	
<b>Estimated Tax Liability</b>	<b>\$34,263</b>	<b>0.3%</b>	<b>\$34,263</b>	<b>0.3%</b>	<b>\$34,263</b>	<b>0.3%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>						
Adjusted Total Revenue	\$9,950,000	99.5%	\$9,950,000	99.5%	\$9,950,000	99.5%
Margin Calculation #1, 30% Standard Deduction	\$2,985,000	29.9%	\$2,985,000	29.9%	\$2,985,000	29.9%
Margin Calculation #2, Cost of Compensation	\$3,875,000	38.8%	\$3,965,000	39.7%	\$3,920,000	39.2%
Margin Calculation #3, Cost of Goods Sold	\$3,250,000	32.5%	\$4,150,000	41.5%	\$3,700,000	37.0%
Gross Taxable Margin	\$6,075,000	60.8%	\$5,800,000	58.0%	\$6,030,000	60.3%
Tax Rate	2.00%		2.00%		2.00%	
<b>Gross Margin Tax Liability</b>	<b>\$121,500</b>	<b>1.2%</b>	<b>\$116,000</b>	<b>1.2%</b>	<b>\$120,600</b>	<b>1.2%</b>
Less: Modified Business Tax Liability	\$34,263	0.3%	\$34,263	0.3%	\$34,263	0.3%
<b>Net Margin Tax Liability</b>	<b>\$87,237</b>	<b>0.9%</b>	<b>\$81,737</b>	<b>0.8%</b>	<b>\$86,337</b>	<b>0.9%</b>
<b>Total Nevada Business Tax Liability (MBT+Margin Tax)</b>	<b>\$121,500</b>	<b>1.2%</b>	<b>\$116,000</b>	<b>1.2%</b>	<b>\$120,600</b>	<b>\$121,500</b>

## E. Company-Specific Analysis

Applied Analysis reviewed, and continues to review, the potential impacts of the Initiative on various Nevada businesses. The results of these company-specific analyses have been generally consistent with the other estimates included throughout this report; however, the detailed results are omitted due to the confidential nature of provided information.

## F. Competitive Positioning Implications for the State of Nevada

This analysis considers Nevada's competitive positioning from a business taxation standpoint,<sup>10</sup> with and without the proposed Nevada margin tax. Assuming the margin tax is imposed, incremental state tax revenue is estimated at between \$650 million and \$750 million annually, bringing the state's combined business tax liability, exclusive of industry-specific taxes imposed on industries such as gaming and mining, to between \$950 million and \$1.1 billion annually.

During FY 2012, Nevada generated approximately \$370 million in Modified Business Tax receipts, including both the non-financial business and financial business levies.<sup>11</sup> This placed the state below the national average in terms of business taxes collected per employee (\$319), per \$1,000 of personal income (\$3.43) and per \$1 million of gross state product (\$2,767). In 2012, Nevada ranked near the middle of the states in all three comparison categories. Assuming this total business liability increases to \$985 million annually,<sup>12</sup> including existing Modified Business (payroll) Tax payments and the incremental margin tax yield, Nevada would more than double the national average in all three comparative statistics, ranking at or above the top 5 states in each category. Table 13 on page 36 provides a summary of these calculations and the referenced comparative analysis.

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<sup>10</sup> Note that this analysis is specific to broad-based business taxes, including corporate income taxes and other general business-related levies (e.g., Nevada's Modified Business Tax; Washington's Business & Occupation Tax; and Texas Franchise (margin) Tax). It is important to keep in mind that business expansion and relocation decisions are complex and may also consider other taxes (e.g., property taxes, sales taxes or unemployment insurance taxes) as well as other location-related factors such as the quality of the workforce or availability of water in their decisions. These additional factors may be equally or even more important in some cases.

<sup>11</sup> See State of Nevada Economic Forum, May 1, 2013 report to the 77<sup>th</sup> Nevada State Legislature. Available at: ([http://leg.state.nv.us/Division/Fiscal/Economic%20Forum/EF\\_Letter\\_and\\_Forecast\\_May\\_2013.pdf](http://leg.state.nv.us/Division/Fiscal/Economic%20Forum/EF_Letter_and_Forecast_May_2013.pdf)).

<sup>12</sup> To be conservative, the net impact estimates included here are consistent with the total business tax estimates provided on Table 4 of this report. Importantly, these estimates exclude the effect on industries for which detailed comparisons are not immediately available (e.g., insurance). Inclusion of those values would not only increase the economic impacts of the margin tax generally, but may have more far-reaching implications on those industries specifically. Because more study is required in those sectors, they have been intentionally omitted from this analysis.

Notably, at \$319 per employee, Nevada's current Modified Business (payroll) Tax generates more revenue per employee than the corporate income taxes imposed in Arizona (\$260), Colorado (\$210), Hawaii (\$131), Montana (\$297), Oregon (\$262) and Utah (\$203). There is little doubt that the proposed Nevada margin tax would make the state of Nevada significantly less competitive from a general business tax standpoint. It is unclear, and beyond the scope of this review, to determine the extent to which the imposition of a tax at this level would disrupt existing business patterns or other Nevada economic development and diversification efforts. Should either of these conditions occur, it would materially affect the potential yield of the tax and the state's economic and fiscal system more broadly.

**Table 12 | Comparative Analysis of Business Tax Liability**  
With and Without the Nevada Margin Tax

State	State Corporate Net Income Tax (in millions)	Other Selected Major Business Taxes (in millions)	Business Taxes Per Employee		Business Taxes Per \$1,000 of Personal Income		Business Taxes Per \$1 Million of GSP	
			Total	Ranking (1=Highest)	Total	Ranking (1=Highest)	Total	Ranking (1=Highest)
United States	\$41,741	\$10,136	\$386		\$3.72		\$3,356	
Alabama	\$413	\$-	\$219	41	\$2.35	42	\$2,251	40
Alaska	\$663	\$-	\$1,986	1	\$18.10	1	\$12,787	1
Arizona	\$648	\$-	\$260	37	\$2.66	36	\$2,427	35
Arkansas	\$404	\$-	\$342	20	\$3.80	17	\$3,688	15
California	\$7,949	\$-	\$546	8	\$4.43	10	\$3,968	11
Colorado	\$492	\$-	\$210	42	\$2.03	43	\$1,796	43
Connecticut	\$625	\$-	\$380	16	\$2.87	31	\$2,727	32
Delaware	\$262	\$233 [1]	\$1,171	2	\$11.96	2	\$7,513	4
Florida	\$2,003	\$-	\$268	34	\$2.47	41	\$2,578	34
Georgia	\$591	\$-	\$147	46	\$1.56	45	\$1,362	47
Hawaii	\$80	\$-	\$131	49	\$1.26	49	\$1,108	50
Idaho	\$189	\$-	\$298	29	\$3.34	25	\$3,238	24
Illinois	\$3,495	\$-	\$604	7	\$5.80	6	\$5,026	6
Indiana	\$959	\$-	\$327	22	\$3.75	18	\$3,211	25
Iowa	\$426	\$-	\$280	31	\$3.06	29	\$2,793	27
Kansas	\$318	\$-	\$232	40	\$2.51	38	\$2,286	39
Kentucky	\$575	\$-	\$313	27	\$3.62	21	\$3,316	21
Louisiana	\$290	\$-	\$149	45	\$1.55	46	\$1,194	48
Maine	\$232	\$-	\$388	14	\$4.28	12	\$4,326	10
Maryland	\$880	\$-	\$339	21	\$2.74	35	\$2,771	29
Massachusetts	\$2,002	\$-	\$605	6	\$5.28	8	\$4,957	7
Michigan	\$609	\$-	\$150	44	\$1.57	44	\$1,520	44

**Table 12 | Comparative Analysis of Business Tax Liability**  
With and Without the Nevada Margin Tax

State	State Corporate Net Income Tax (in millions)	Other Selected Major Business Taxes (in millions)	Business Taxes Per Employee		Business Taxes Per \$1,000 of Personal Income		Business Taxes Per \$1 Million of GSP	
			Total	Ranking (1=Highest)	Total	Ranking (1=Highest)	Total	Ranking (1=Highest)
Minnesota	\$1,066	\$-	\$386	15	\$4.15	13	\$3,617	16
Mississippi	\$396	\$-	\$355	17	\$3.87	16	\$3,899	12
Missouri	\$302	\$-	\$112	50	\$1.25	50	\$1,166	49
Montana	\$132	\$-	\$297	30	\$3.34	26	\$3,274	22
Nebraska	\$234	\$-	\$243	39	\$2.75	34	\$2,353	37
<b>Nevada (Status Quo)</b>	<b>\$0</b>	<b>\$370 [2]</b>	<b>\$319</b>	<b>24</b>	<b>\$3.43</b>	<b>23</b>	<b>\$2,767</b>	<b>31</b>
<b>Nevada (W/ Margin Tax)</b>	<b>\$0</b>	<b>\$985</b>	<b>\$851</b>	<b>4</b>	<b>\$9.14</b>	<b>4</b>	<b>\$7,377</b>	<b>5</b>
New Hampshire	\$521	\$-	\$817	5	\$7.86	5	\$8,058	3
New Jersey	\$1,929	\$-	\$490	10	\$3.88	15	\$3,797	13
New Mexico	\$281	\$-	\$348	18	\$3.71	20	\$3,487	18
New York	\$4,568	\$-	\$515	9	\$4.33	11	\$3,788	14
North Carolina	\$1,220	\$-	\$302	28	\$3.24	27	\$2,676	33
North Dakota	\$216	\$-	\$489	11	\$5.43	7	\$4,686	8
Ohio	\$117	\$1,656 [3]	\$342	19	\$3.75	19	\$3,482	19
Oklahoma	\$446	\$-	\$276	32	\$2.80	32	\$2,771	30
Oregon	\$433	\$-	\$262	36	\$2.78	33	\$2,180	41
Pennsylvania	\$1,837	\$-	\$320	23	\$3.15	28	\$3,058	26
Rhode Island	\$122	\$-	\$262	35	\$2.48	39	\$2,398	36
South Carolina	\$253	\$-	\$135	48	\$1.50	48	\$1,435	45
South Dakota	\$60	\$-	\$143	47	\$1.52	47	\$1,409	46
Tennessee	\$1,226	\$-	\$447	12	\$4.79	9	\$4,425	9
Texas	\$0	\$4,544 [4]	\$410	13	\$3.97	14	\$3,252	23
Utah	\$259	\$-	\$203	43	\$2.48	40	\$1,982	42
Vermont	\$97	\$-	\$316	26	\$3.37	24	\$3,538	17

**Table 12 | Comparative Analysis of Business Tax Liability**  
With and Without the Nevada Margin Tax

State	State Corporate Net Income Tax (in millions)	Other Selected Major Business Taxes (in millions)	Business Taxes Per Employee		Business Taxes Per \$1,000 of Personal Income		Business Taxes Per \$1 Million of GSP	
			Total	Ranking (1=Highest)	Total	Ranking (1=Highest)	Total	Ranking (1=Highest)
Virginia	\$839	\$184 [5]	\$272	33	\$2.54	37	\$2,294	38
Washington	\$0	\$3,149 [6]	\$1,082	3	\$9.68	3	\$8,382	2
West Virginia	\$192	\$-	\$250	38	\$2.92	30	\$2,773	28
Wisconsin	\$890	\$-	\$318	25	\$3.61	22	\$3,401	20
Wyoming	\$0	\$-	\$0	51	\$0.00	51	\$0	51

Sources: Tax Foundation, the United States Census Bureau, the Delaware Department of Finance and Office of Management and Budget, the Washington 2012 Comprehensive Annual Financial Report.

Notes:

[1] Delaware Manufacturers' & Merchants' License Tax (also known as the Business and Occupational Gross Receipts Tax), a gross receipts tax.

[2] Nevada Modified Business Tax.

[3] Ohio Commercial Activities Tax (CAT), a gross receipts tax.

[4] Texas Margin Tax, a gross receipts tax.

[5] Virginia Business/Professional/Occupational License Tax (BPOL), a gross receipts tax, locally levied/rates vary by business and jurisdiction.

[6] Washington Business & Occupation Tax (B&O), a gross receipts tax.



# APPENDICES

# **Appendix A**

## **Estimated Margin Tax Liability for Corporate Taxpayers by Industrial Sector**

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	All Industries	% of Total Income	Agriculture, Forestry, Fishing, And Hunting	% of Total Income	Mining	% of Total Income	Utilities	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 3,966,172	88.0%	\$ 1,073,422	87.5%	\$ 9,421,131	88.3%	\$ 87,856,077	94.3%
Interest	\$ 224,682	5.0%	\$ 2,061	0.2%	\$ 86,997	0.8%	\$ 730,769	0.8%
Interest on Government obligations: State and Local	\$ 10,211	0.2%	\$ 260	0.0%	\$ 1,192	0.0%	\$ 12,063	0.0%
Rents	\$ 22,322	0.5%	\$ 7,720	0.6%	\$ 51,721	0.5%	\$ 335,664	0.4%
Royalties	\$ 30,517	0.7%	\$ 977	0.1%	\$ 45,337	0.4%	\$ 5,218	0.0%
Net short-term capital gain reduced by net long-term capital loss	\$ 6,607	0.1%	\$ 91	0.0%	\$ 4,364	0.0%	\$ 11,971	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 18,714	0.4%	\$ 5,229	0.4%	\$ 194,524	1.8%	\$ 760,852	0.8%
Net gain, noncapital assets	\$ 13,541	0.3%	\$ 6,766	0.6%	\$ 164,098	1.5%	\$ 663,612	0.7%
Dividends received from domestic corporations	\$ 5,305	0.1%	\$ 278	0.0%	\$ 31,379	0.3%	\$ 12,449	0.0%
Dividends received from foreign corporations	\$ 24,867	0.6%	\$ 57	0.0%	\$ 207,722	1.9%	\$ 172,454	0.2%
Other receipts	\$ 183,384	4.1%	\$ 129,446	10.6%	\$ 464,645	4.4%	\$ 2,584,530	2.8%
<b>Total income (receipts)</b>	<b>\$ 4,506,323</b>	<b>100.0%</b>	<b>\$ 1,226,307</b>	<b>100.0%</b>	<b>\$ 10,673,111</b>	<b>100.0%</b>	<b>\$ 93,145,660</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 2,494,364	55.4%	\$ 573,387	46.8%	\$ 5,040,032	47.2%	\$ 50,057,992	53.7%
Cost of Labor	\$ 149,135	3.3%	\$ 56,709	4.6%	\$ 441,374	4.1%	\$ 890,318	1.0%
Compensation of officers	\$ 74,894	1.7%	\$ 22,429	1.8%	\$ 97,618	0.9%	\$ 304,521	0.3%
Salaries and wages	\$ 435,906	9.7%	\$ 87,378	7.1%	\$ 528,516	5.0%	\$ 3,888,332	4.2%
Repairs	\$ 29,659	0.7%	\$ 28,420	2.3%	\$ 57,202	0.5%	\$ 2,547,928	2.7%
Bad debts	\$ 54,409	1.2%	\$ 1,260	0.1%	\$ 8,380	0.1%	\$ 418,166	0.4%
Rent paid on business property	\$ 80,341	1.8%	\$ 62,152	5.1%	\$ 170,856	1.6%	\$ 673,647	0.7%
Taxes paid	\$ 84,843	1.9%	\$ 24,396	2.0%	\$ 262,949	2.5%	\$ 3,411,963	3.7%
Interest paid	\$ 152,777	3.4%	\$ 21,705	1.8%	\$ 410,767	3.8%	\$ 5,138,719	5.5%
Charitable contributions	\$ 2,808	0.1%	\$ 338	0.0%	\$ 7,237	0.1%	\$ 46,982	0.1%
Amortization	\$ 33,102	0.7%	\$ 2,486	0.2%	\$ 193,367	1.8%	\$ 914,544	1.0%
Depreciation	\$ 125,186	2.8%	\$ 62,299	5.1%	\$ 828,345	7.8%	\$ 10,626,283	11.4%
Depletion	\$ 4,002	0.1%	\$ 831	0.1%	\$ 382,587	3.6%	\$ 59,698	0.1%
Advertising	\$ 43,978	1.0%	\$ 3,192	0.3%	\$ 7,916	0.1%	\$ 101,758	0.1%
Pension, profit-sharing, stock, annuity	\$ 28,731	0.6%	\$ 1,898	0.2%	\$ 56,718	0.5%	\$ 1,658,101	1.8%
Employee benefit programs	\$ 56,548	1.3%	\$ 10,106	0.8%	\$ 134,004	1.3%	\$ 1,176,370	1.3%
Domestic production activities deduction	\$ 4,200	0.1%	\$ 1,232	0.1%	\$ 23,444	0.2%	\$ 65,067	0.1%
Net loss, noncapital assets	\$ 11,534	0.3%	\$ 854	0.1%	\$ 38,858	0.4%	\$ 321,166	0.3%
Other deductions	\$ 573,307	12.7%	\$ 289,667	23.6%	\$ 1,661,054	15.6%	\$ 11,654,665	12.5%
<b>Total business expenses (deductions)</b>	<b>\$ 4,290,590</b>	<b>95.2%</b>	<b>\$ 1,194,029</b>	<b>97.4%</b>	<b>\$ 9,909,849</b>	<b>92.8%</b>	<b>\$ 93,065,901</b>	<b>99.9%</b>
<b>Net Income</b>	<b>\$ 215,733</b>	<b>4.8%</b>	<b>\$ 32,278</b>	<b>2.6%</b>	<b>\$ 763,261</b>	<b>7.2%</b>	<b>\$ 79,759</b>	<b>0.1%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 659,935	14.6%	\$ 166,515	13.6%	\$ 1,067,507	10.0%	\$ 5,083,171	5.5%
Less: Standard Exemption	\$ 340,000	7.5%	\$ 340,000	27.7%	\$ 340,000	3.2%	\$ 340,000	0.4%
Less: Employer Paid Health Care Deduction	\$ 52,337	1.2%	\$ 13,206	1.1%	\$ 84,660	0.8%	\$ 403,125	0.4%
Net Taxable Compensation	\$ 267,598	5.9%	\$ -	0.0%	\$ 642,848	6.0%	\$ 4,340,046	4.7%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 3,131</b>	<b>0.1%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 7,521</b>	<b>0.1%</b>	<b>\$ 50,779</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 4,427,047	98.2%	\$ 1,224,990	99.9%	\$ 10,457,008	98.0%	\$ 92,555,040	99.4%
Margin Calculation #1, 30% Standard Deduction	\$ 1,328,114	29.5%	\$ 367,497	30.0%	\$ 3,137,103	29.4%	\$ 27,766,512	29.8%
Margin Calculation #2, Cost of Compensation	\$ 659,935	14.6%	\$ 166,515	13.6%	\$ 1,067,507	10.0%	\$ 5,083,171	5.5%
Margin Calculation #3, Cost of Goods Sold	\$ 2,494,364	55.4%	\$ 573,387	46.8%	\$ 5,040,032	47.2%	\$ 50,057,992	53.7%
Gross Taxable Margin	\$ 1,932,683	42.9%	\$ 651,603	53.1%	\$ 5,416,977	50.8%	\$ 42,497,047	45.6%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 38,654</b>	<b>0.9%</b>	<b>\$ 13,032</b>	<b>1.1%</b>	<b>\$ 108,340</b>	<b>1.0%</b>	<b>\$ 849,941</b>	<b>0.9%</b>
Less: Modified Business Tax Liability	\$ 3,131	0.1%	\$ -	0.0%	\$ 7,521	0.1%	\$ 50,779	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 35,523</b>	<b>0.8%</b>	<b>\$ 13,032</b>	<b>1.1%</b>	<b>\$ 100,818</b>	<b>0.9%</b>	<b>\$ 799,162</b>	<b>0.9%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 38,654</b>	<b>0.9%</b>	<b>\$ 13,032</b>	<b>1.1%</b>	<b>\$ 108,340</b>	<b>1.0%</b>	<b>\$ 849,941</b>	<b>0.9%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Total Construction	% of Total Income	Construction Of Buildings	% of Total Income	Heavy And Civil Engineering, Construction And Land Subdivision	% of Total Income	Specialty Trade Contractors	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,484,424	98.4%	\$ 1,908,130	98.3%	\$ 3,328,853	97.0%	\$ 1,041,633	99.0%
Interest	\$ 1,776	0.1%	\$ 3,735	0.2%	\$ 5,424	0.2%	\$ 374	0.0%
Interest on Government obligations: State and Local	\$ 484	0.0%	\$ 472	0.0%	\$ 2,846	0.1%	\$ 178	0.0%
Rents	\$ 1,668	0.1%	\$ 2,069	0.1%	\$ 6,847	0.2%	\$ 795	0.1%
Royalties	\$ 190	0.0%	\$ 119	0.0%	\$ 1,737	0.1%	\$ 18	0.0%
Net short-term capital gain reduced by net long-term capital loss	\$ 77	0.0%	\$ 103	0.0%	\$ 145	0.0%	\$ 55	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 828	0.1%	\$ 893	0.0%	\$ 4,137	0.1%	\$ 360	0.0%
Net gain, noncapital assets	\$ 3,512	0.2%	\$ 2,898	0.1%	\$ 14,924	0.4%	\$ 2,289	0.2%
Dividends received from domestic corporations	\$ 51	0.0%	\$ 78	0.0%	\$ 169	0.0%	\$ 23	0.0%
Dividends received from foreign corporations	\$ 108	0.0%	\$ 34	0.0%	\$ 948	0.0%	\$ 31	0.0%
Other receipts	\$ 15,846	1.1%	\$ 21,943	1.1%	\$ 65,486	1.9%	\$ 6,417	0.6%
<b>Total income (receipts)</b>	<b>\$ 1,508,964</b>	<b>100.0%</b>	<b>\$ 1,940,474</b>	<b>100.0%</b>	<b>\$ 3,431,516</b>	<b>100.0%</b>	<b>\$ 1,052,172</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 1,118,596	74.1%	\$ 1,636,450	84.3%	\$ 2,593,660	75.6%	\$ 680,560	64.7%
Cost of Labor	\$ 186,681	12.4%	\$ 240,065	12.4%	\$ 424,529	12.4%	\$ 130,169	12.4%
Compensation of officers	\$ 48,070	3.2%	\$ 40,026	2.1%	\$ 71,423	2.1%	\$ 48,749	4.6%
Salaries and wages	\$ 84,510	5.6%	\$ 74,946	3.9%	\$ 145,775	4.2%	\$ 80,884	7.7%
Repairs	\$ 6,293	0.4%	\$ 4,321	0.2%	\$ 18,981	0.6%	\$ 5,538	0.5%
Bad debts	\$ 3,358	0.2%	\$ 3,591	0.2%	\$ 8,608	0.3%	\$ 2,553	0.2%
Rent paid on business property	\$ 27,003	1.8%	\$ 18,891	1.0%	\$ 72,977	2.1%	\$ 24,720	2.3%
Taxes paid	\$ 27,914	1.8%	\$ 20,746	1.1%	\$ 61,877	1.8%	\$ 26,779	2.5%
Interest paid	\$ 11,102	0.7%	\$ 15,685	0.8%	\$ 34,345	1.0%	\$ 5,877	0.6%
Charitable contributions	\$ 228	0.0%	\$ 214	0.0%	\$ 796	0.0%	\$ 159	0.0%
Amortization	\$ 1,711	0.1%	\$ 1,705	0.1%	\$ 5,640	0.2%	\$ 1,194	0.1%
Depreciation	\$ 23,898	1.6%	\$ 12,743	0.7%	\$ 106,401	3.1%	\$ 18,207	1.7%
Depletion	\$ 188	0.0%	\$ 16	0.0%	\$ 1,946	0.1%	\$ 36	0.0%
Advertising	\$ 5,206	0.3%	\$ 5,111	0.3%	\$ 5,903	0.2%	\$ 5,157	0.5%
Pension, profit-sharing, stock, annuity	\$ 4,586	0.3%	\$ 3,797	0.2%	\$ 10,797	0.3%	\$ 4,134	0.4%
Employee benefit programs	\$ 19,449	1.3%	\$ 12,413	0.6%	\$ 38,640	1.1%	\$ 20,208	1.9%
Domestic production activities deduction	\$ 535	0.0%	\$ 509	0.0%	\$ 2,589	0.1%	\$ 276	0.0%
Net loss, noncapital assets	\$ 981	0.1%	\$ 1,371	0.1%	\$ 4,652	0.1%	\$ 312	0.0%
Other deductions	\$ 101,191	6.7%	\$ 92,158	4.7%	\$ 173,080	5.0%	\$ 95,909	9.1%
<b>Total business expenses (deductions)</b>	<b>\$ 1,484,818</b>	<b>98.4%</b>	<b>\$ 1,944,693</b>	<b>100.2%</b>	<b>\$ 3,358,093</b>	<b>97.9%</b>	<b>\$ 1,021,251</b>	<b>97.1%</b>
<b>Net Income</b>	<b>\$ 24,146</b>	<b>1.6%</b>	<b>\$ (4,220)</b>	<b>-0.2%</b>	<b>\$ 73,423</b>	<b>2.1%</b>	<b>\$ 30,921</b>	<b>2.9%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 319,261	21.2%	\$ 355,037	18.3%	\$ 641,728	18.7%	\$ 259,803	24.7%
Less: Standard Exemption	\$ 340,000	22.5%	\$ 340,000	17.5%	\$ 340,000	9.9%	\$ 340,000	32.3%
Less: Employer Paid Health Care Deduction	\$ 25,319	1.7%	\$ 28,157	1.5%	\$ 50,893	1.5%	\$ 20,604	2.0%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ 250,835	7.3%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 2,935</b>	<b>0.1%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,505,499	99.8%	\$ 1,936,848	99.8%	\$ 3,421,960	99.7%	\$ 1,049,588	99.8%
Margin Calculation #1, 30% Standard Deduction	\$ 451,650	29.9%	\$ 581,054	29.9%	\$ 1,026,588	29.9%	\$ 314,876	29.9%
Margin Calculation #2, Cost of Compensation	\$ 319,261	21.2%	\$ 355,037	18.3%	\$ 641,728	18.7%	\$ 259,803	24.7%
Margin Calculation #3, Cost of Goods Sold	\$ 1,118,596	74.1%	\$ 1,636,450	84.3%	\$ 2,593,660	75.6%	\$ 680,560	64.7%
Gross Taxable Margin	\$ 386,903	25.6%	\$ 300,399	15.5%	\$ 828,300	24.1%	\$ 369,028	35.1%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 7,738</b>	<b>0.5%</b>	<b>\$ 6,008</b>	<b>0.3%</b>	<b>\$ 16,566</b>	<b>0.5%</b>	<b>\$ 7,381</b>	<b>0.7%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ 2,935	0.1%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 7,738</b>	<b>0.5%</b>	<b>\$ 6,008</b>	<b>0.3%</b>	<b>\$ 13,631</b>	<b>0.4%</b>	<b>\$ 7,381</b>	<b>0.7%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 7,738</b>	<b>0.5%</b>	<b>\$ 6,008</b>	<b>0.3%</b>	<b>\$ 16,566</b>	<b>0.5%</b>	<b>\$ 7,381</b>	<b>0.7%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Total % of Total		Food % of Total		Beverage And Tobacco % of Total		Textile Mills And Textile	
	Manufacturing	Income	Manufacturing	Income	Product Manufacturing	Income	Manufacturing	Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 27,310,581	92.9%	\$ 36,466,248	96.1%	\$ 47,885,150	92.4%	\$ 8,067,629	98.3%
Interest	\$ 358,673	1.2%	\$ 222,053	0.6%	\$ 166,290	0.3%	\$ 13,088	0.2%
Interest on Government obligations: State and Local	\$ 2,237	0.0%	\$ 3,243	0.0%	\$ 3,473	0.0%	\$ 3,250	0.0%
Rents	\$ 99,409	0.3%	\$ 34,805	0.1%	\$ 326,396	0.6%	\$ 3,584	0.0%
Royalties	\$ 453,049	1.5%	\$ 145,504	0.4%	\$ 809,101	1.6%	\$ 15,316	0.2%
Net short-term capital gain reduced by net long-term capital loss	\$ 2,685	0.0%	\$ 2,873	0.0%	\$ 23	0.0%	\$ 4	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 83,196	0.3%	\$ 240,263	0.6%	\$ 35,175	0.1%	\$ 3,456	0.0%
Net gain, noncapital assets	\$ 79,229	0.3%	\$ 37,696	0.1%	\$ 205,821	0.4%	\$ 3,750	0.0%
Dividends received from domestic corporations	\$ 9,210	0.0%	\$ 3,311	0.0%	\$ 70,481	0.1%	\$ 441	0.0%
Dividends received from foreign corporations	\$ 347,958	1.2%	\$ 141,516	0.4%	\$ 900,898	1.7%	\$ 16,675	0.2%
Other receipts	\$ 650,296	2.2%	\$ 630,866	1.7%	\$ 1,415,812	2.7%	\$ 77,679	0.9%
<b>Total income (receipts)</b>	<b>\$ 29,396,524</b>	<b>100.0%</b>	<b>\$ 37,928,378</b>	<b>100.0%</b>	<b>\$ 51,818,621</b>	<b>100.0%</b>	<b>\$ 8,204,871</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 20,170,642	68.6%	\$ 26,810,666	70.7%	\$ 22,068,566	42.6%	\$ 5,706,876	69.6%
Cost of Labor	\$ 1,428,426	4.9%	\$ 1,843,003	4.9%	\$ 2,517,953	4.9%	\$ 398,688	4.9%
Compensation of officers	\$ 194,893	0.7%	\$ 238,765	0.6%	\$ 299,973	0.6%	\$ 142,180	1.7%
Salaries and wages	\$ 1,692,859	5.8%	\$ 1,639,759	4.3%	\$ 3,851,849	7.4%	\$ 689,535	8.4%
Repairs	\$ 114,907	0.4%	\$ 186,953	0.5%	\$ 264,508	0.5%	\$ 46,937	0.6%
Bad debts	\$ 71,707	0.2%	\$ 16,746	0.0%	\$ 61,920	0.1%	\$ 20,491	0.2%
Rent paid on business property	\$ 239,724	0.8%	\$ 298,390	0.8%	\$ 382,613	0.7%	\$ 143,255	1.7%
Taxes paid	\$ 450,054	1.5%	\$ 388,099	1.0%	\$ 7,009,097	13.5%	\$ 132,400	1.6%
Interest paid	\$ 785,251	2.7%	\$ 872,410	2.3%	\$ 2,551,666	4.9%	\$ 159,961	1.9%
Charitable contributions	\$ 29,381	0.1%	\$ 32,932	0.1%	\$ 130,569	0.3%	\$ 2,065	0.0%
Amortization	\$ 216,356	0.7%	\$ 190,702	0.5%	\$ 555,878	1.1%	\$ 46,027	0.6%
Depreciation	\$ 782,584	2.7%	\$ 935,115	2.5%	\$ 1,465,422	2.8%	\$ 198,154	2.4%
Depletion	\$ 18,991	0.1%	\$ 1,722	0.0%	\$ 12,638	0.0%	\$ -	0.0%
Advertising	\$ 321,909	1.1%	\$ 1,118,529	2.9%	\$ 1,576,609	3.0%	\$ 44,750	0.5%
Pension, profit-sharing, stock, annuity	\$ 242,236	0.8%	\$ 239,477	0.6%	\$ 552,392	1.1%	\$ 35,073	0.4%
Employee benefit programs	\$ 382,806	1.3%	\$ 443,394	1.2%	\$ 761,241	1.5%	\$ 113,536	1.4%
Domestic production activities deduction	\$ 64,393	0.2%	\$ 97,373	0.3%	\$ 353,926	0.7%	\$ 6,530	0.1%
Net loss, noncapital assets	\$ 41,287	0.1%	\$ 42,957	0.1%	\$ 185,732	0.4%	\$ 6,842	0.1%
Other deductions	\$ 2,186,495	7.4%	\$ 2,754,457	7.3%	\$ 4,336,293	8.4%	\$ 590,926	7.2%
<b>Total business expenses (deductions)</b>	<b>\$ 28,006,473</b>	<b>95.3%</b>	<b>\$ 36,308,445</b>	<b>95.7%</b>	<b>\$ 46,420,893</b>	<b>89.6%</b>	<b>\$ 8,085,538</b>	<b>98.5%</b>
<b>Net Income</b>	<b>\$ 1,390,050</b>	<b>4.7%</b>	<b>\$ 1,619,933</b>	<b>4.3%</b>	<b>\$ 5,397,728</b>	<b>10.4%</b>	<b>\$ 119,333</b>	<b>1.5%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 3,316,178	11.3%	\$ 3,721,527	9.8%	\$ 6,669,776	12.9%	\$ 1,230,403	15.0%
Less: Standard Exemption	\$ 340,000	1.2%	\$ 340,000	0.9%	\$ 340,000	0.7%	\$ 340,000	4.1%
Less: Employer Paid Health Care Deduction	\$ 262,993	0.9%	\$ 295,139	0.8%	\$ 528,953	1.0%	\$ 97,578	1.2%
Net Taxable Compensation	\$ 2,713,186	9.2%	\$ 3,086,388	8.1%	\$ 5,800,823	11.2%	\$ 792,825	9.7%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 31,744</b>	<b>0.1%</b>	<b>\$ 36,111</b>	<b>0.1%</b>	<b>\$ 67,870</b>	<b>0.1%</b>	<b>\$ 9,276</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 28,976,859	98.6%	\$ 37,770,116	99.6%	\$ 50,855,802	98.1%	\$ 8,167,705	99.5%
Margin Calculation #1, 30% Standard Deduction	\$ 8,693,058	29.6%	\$ 11,331,035	29.9%	\$ 15,256,741	29.4%	\$ 2,450,312	29.9%
Margin Calculation #2, Cost of Compensation	\$ 3,316,178	11.3%	\$ 3,721,527	9.8%	\$ 6,669,776	12.9%	\$ 1,230,403	15.0%
Margin Calculation #3, Cost of Goods Sold	\$ 20,170,642	68.6%	\$ 26,810,666	70.7%	\$ 22,068,566	42.6%	\$ 5,706,876	69.6%
Gross Taxable Margin	\$ 8,806,217	30.0%	\$ 10,959,449	28.9%	\$ 28,787,236	55.6%	\$ 2,460,829	30.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 176,124</b>	<b>0.6%</b>	<b>\$ 219,189</b>	<b>0.6%</b>	<b>\$ 575,745</b>	<b>1.1%</b>	<b>\$ 49,217</b>	<b>0.6%</b>
Less: Modified Business Tax Liability	\$ 31,744	0.1%	\$ 36,111	0.1%	\$ 67,870	0.1%	\$ 9,276	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 144,380</b>	<b>0.5%</b>	<b>\$ 183,078</b>	<b>0.5%</b>	<b>\$ 507,875</b>	<b>1.0%</b>	<b>\$ 39,941</b>	<b>0.5%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 176,124</b>	<b>0.6%</b>	<b>\$ 219,189</b>	<b>0.6%</b>	<b>\$ 575,745</b>	<b>1.1%</b>	<b>\$ 49,217</b>	<b>0.6%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Apparel % of Total Manufacturing Income		Leather And Allied % of Total Product Manufacturing Income		Wood Product % of Total Manufacturing Income		Paper % of Total Manufacturing Income	
<b>Total income sources (receipts)</b>								
Business receipts	\$ 4,429,025	97.5%	\$ 4,341,998	96.3%	\$ 5,813,875	98.2%	\$ 64,747,087	96.1%
Interest	\$ 2,773	0.1%	\$ 2,725	0.1%	\$ 15,910	0.3%	\$ 411,240	0.6%
Interest on Government obligations: State and Local	\$ 162	0.0%	\$ 603	0.0%	\$ 307	0.0%	\$ 690	0.0%
Rents	\$ 1,028	0.0%	\$ 289	0.0%	\$ 3,010	0.1%	\$ 22,235	0.0%
Royalties	\$ 61,010	1.3%	\$ 88,202	2.0%	\$ 2,725	0.0%	\$ 791,176	1.2%
Net short-term capital gain reduced by net long-term capital loss	\$ 90	0.0%	\$ 225	0.0%	\$ 352	0.0%	\$ 1,239	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 346	0.0%	\$ 1,035	0.0%	\$ 24,016	0.4%	\$ 175,560	0.3%
Net gain, noncapital assets	\$ 1,327	0.0%	\$ 187	0.0%	\$ 8,719	0.1%	\$ 226,360	0.3%
Dividends received from domestic corporations	\$ 206	0.0%	\$ 574	0.0%	\$ 643	0.0%	\$ 5,028	0.0%
Dividends received from foreign corporations	\$ 18,432	0.4%	\$ 14,638	0.3%	\$ 169	0.0%	\$ 409,031	0.6%
Other receipts	\$ 30,110	0.7%	\$ 59,180	1.3%	\$ 49,018	0.8%	\$ 583,151	0.9%
<b>Total income (receipts)</b>	<b>\$ 4,544,509</b>	<b>100.0%</b>	<b>\$ 4,509,655</b>	<b>100.0%</b>	<b>\$ 5,918,743</b>	<b>100.0%</b>	<b>\$ 67,372,797</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 2,756,288	60.7%	\$ 2,710,970	60.1%	\$ 4,359,808	73.7%	\$ 46,703,581	69.3%
Cost of Labor	\$ 220,825	4.9%	\$ 219,132	4.9%	\$ 287,602	4.9%	\$ 3,273,757	4.9%
Compensation of officers	\$ 90,773	2.0%	\$ 82,569	1.8%	\$ 94,449	1.6%	\$ 396,436	0.6%
Salaries and wages	\$ 430,593	9.5%	\$ 511,428	11.3%	\$ 385,051	6.5%	\$ 4,270,414	6.3%
Repairs	\$ 18,054	0.4%	\$ 15,757	0.3%	\$ 32,871	0.6%	\$ 390,157	0.6%
Bad debts	\$ 6,538	0.1%	\$ 6,249	0.1%	\$ 11,288	0.2%	\$ 183,496	0.3%
Rent paid on business property	\$ 122,366	2.7%	\$ 81,060	1.8%	\$ 81,078	1.4%	\$ 760,066	1.1%
Taxes paid	\$ 91,570	2.0%	\$ 80,319	1.8%	\$ 105,892	1.8%	\$ 780,501	1.2%
Interest paid	\$ 70,597	1.6%	\$ 25,478	0.6%	\$ 116,233	2.0%	\$ 2,048,978	3.0%
Charitable contributions	\$ 3,035	0.1%	\$ 2,550	0.1%	\$ 941	0.0%	\$ 28,816	0.0%
Amortization	\$ 24,129	0.5%	\$ 18,980	0.4%	\$ 18,859	0.3%	\$ 412,001	0.6%
Depreciation	\$ 57,112	1.3%	\$ 66,662	1.5%	\$ 201,560	3.4%	\$ 2,792,423	4.1%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ 2,898	0.0%	\$ 11,020	0.0%
Advertising	\$ 105,811	2.3%	\$ 156,030	3.5%	\$ 34,018	0.6%	\$ 340,120	0.5%
Pension, profit-sharing, stock, annuity	\$ 36,746	0.8%	\$ 24,706	0.5%	\$ 22,143	0.4%	\$ 800,245	1.2%
Employee benefit programs	\$ 43,937	1.0%	\$ 52,335	1.2%	\$ 82,631	1.4%	\$ 1,198,547	1.8%
Domestic production activities deduction	\$ 572	0.0%	\$ 1,160	0.0%	\$ 2,099	0.0%	\$ 187,863	0.3%
Net loss, noncapital assets	\$ 3,684	0.1%	\$ 10,083	0.2%	\$ 25,147	0.4%	\$ 125,820	0.2%
Other deductions	\$ 525,257	11.6%	\$ 343,825	7.6%	\$ 337,512	5.7%	\$ 3,565,858	5.3%
<b>Total business expenses (deductions)</b>	<b>\$ 4,387,060</b>	<b>96.5%</b>	<b>\$ 4,190,160</b>	<b>92.9%</b>	<b>\$ 5,914,477</b>	<b>99.9%</b>	<b>\$ 64,996,341</b>	<b>96.5%</b>
<b>Net Income</b>	<b>\$ 157,449</b>	<b>3.5%</b>	<b>\$ 319,495</b>	<b>7.1%</b>	<b>\$ 4,266</b>	<b>0.1%</b>	<b>\$ 2,376,456</b>	<b>3.5%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 742,191	16.3%	\$ 813,129	18.0%	\$ 767,102	13.0%	\$ 7,940,607	11.8%
Less: Standard Exemption	\$ 340,000	7.5%	\$ 340,000	7.5%	\$ 340,000	5.7%	\$ 340,000	0.5%
Less: Employer Paid Health Care Deduction	\$ 58,860	1.3%	\$ 64,486	1.4%	\$ 60,836	1.0%	\$ 629,737	0.9%
Net Taxable Compensation	\$ 343,331	7.6%	\$ 408,643	9.1%	\$ 366,266	6.2%	\$ 6,970,870	10.3%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 4,017</b>	<b>0.1%</b>	<b>\$ 4,781</b>	<b>0.1%</b>	<b>\$ 4,285</b>	<b>0.1%</b>	<b>\$ 81,559</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 4,519,539	99.5%	\$ 4,488,768	99.5%	\$ 5,907,286	99.8%	\$ 66,780,269	99.1%
Margin Calculation #1, 30% Standard Deduction	\$ 1,355,862	29.8%	\$ 1,346,630	29.9%	\$ 1,772,186	29.9%	\$ 20,034,081	29.7%
Margin Calculation #2, Cost of Compensation	\$ 742,191	16.3%	\$ 813,129	18.0%	\$ 767,102	13.0%	\$ 7,940,607	11.8%
Margin Calculation #3, Cost of Goods Sold	\$ 2,756,288	60.7%	\$ 2,710,970	60.1%	\$ 4,359,808	73.7%	\$ 46,703,581	69.3%
Gross Taxable Margin	\$ 1,763,251	38.8%	\$ 1,777,798	39.4%	\$ 1,547,478	26.1%	\$ 20,076,689	29.8%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 35,265</b>	<b>0.8%</b>	<b>\$ 35,556</b>	<b>0.8%</b>	<b>\$ 30,950</b>	<b>0.5%</b>	<b>\$ 401,534</b>	<b>0.6%</b>
Less: Modified Business Tax Liability	\$ 4,017	0.1%	\$ 4,781	0.1%	\$ 4,285	0.1%	\$ 81,559	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 31,248</b>	<b>0.7%</b>	<b>\$ 30,775</b>	<b>0.7%</b>	<b>\$ 26,664</b>	<b>0.5%</b>	<b>\$ 319,975</b>	<b>0.5%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 35,265</b>	<b>0.8%</b>	<b>\$ 35,556</b>	<b>0.8%</b>	<b>\$ 30,950</b>	<b>0.5%</b>	<b>\$ 401,534</b>	<b>0.6%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Printing And Related Support Activities	% of Total Income	Petroleum And Coal Products Manufacturing	% of Total Income	Chemical Manufacturing	% of Total Income	Plastics And Rubber Products Manufacturing	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 2,751,280	98.3%	\$ 2,226,527,330	94.7%	\$ 93,768,210	88.2%	\$ 17,280,958	98.2%
Interest	\$ 3,375	0.1%	\$ 13,348,851	0.6%	\$ 906,526	0.9%	\$ 42,923	0.2%
Interest on Government obligations: State and Local	\$ 138	0.0%	\$ 27,911	0.0%	\$ 2,959	0.0%	\$ 1,223	0.0%
Rents	\$ 828	0.0%	\$ 1,584,322	0.1%	\$ 58,737	0.1%	\$ 4,561	0.0%
Royalties	\$ 2,487	0.1%	\$ 1,411,666	0.1%	\$ 4,316,686	4.1%	\$ 71,089	0.4%
Net short-term capital gain reduced by net long-term capital loss	\$ 16	0.0%	\$ 251,082	0.0%	\$ 16,959	0.0%	\$ 1,146	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 2,029	0.1%	\$ 7,426,187	0.3%	\$ 543,699	0.5%	\$ 17,407	0.1%
Net gain, noncapital assets	\$ 3,495	0.1%	\$ 5,118,381	0.2%	\$ 146,890	0.1%	\$ 22,204	0.1%
Dividends received from domestic corporations	\$ 50	0.0%	\$ 534,759	0.0%	\$ 76,478	0.1%	\$ 1,674	0.0%
Dividends received from foreign corporations	\$ 1,888	0.1%	\$ 51,098,083	2.2%	\$ 1,753,940	1.7%	\$ 40,346	0.2%
Other receipts	\$ 32,981	1.2%	\$ 44,519,295	1.9%	\$ 4,665,756	4.4%	\$ 122,888	0.7%
<b>Total income (receipts)</b>	<b>\$ 2,798,567</b>	<b>100.0%</b>	<b>\$ 2,351,847,866</b>	<b>100.0%</b>	<b>\$ 106,256,840</b>	<b>100.0%</b>	<b>\$ 17,606,420</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 1,662,962	59.4%	\$ 2,011,056,240	85.5%	\$ 56,453,298	53.1%	\$ 12,436,796	70.6%
Cost of Labor	\$ 135,987	4.9%	\$ 114,280,223	4.9%	\$ 5,163,198	4.9%	\$ 855,525	4.9%
Compensation of officers	\$ 79,607	2.8%	\$ 1,273,507	0.1%	\$ 630,584	0.6%	\$ 242,271	1.4%
Salaries and wages	\$ 297,032	10.6%	\$ 29,972,526	1.3%	\$ 9,177,677	8.6%	\$ 984,159	5.6%
Repairs	\$ 17,277	0.6%	\$ 2,591,220	0.1%	\$ 676,316	0.6%	\$ 100,692	0.6%
Bad debts	\$ 7,463	0.3%	\$ 318,734	0.0%	\$ 83,974	0.1%	\$ 44,175	0.3%
Rent paid on business property	\$ 83,836	3.0%	\$ 6,855,802	0.3%	\$ 823,603	0.8%	\$ 267,960	1.5%
Taxes paid	\$ 65,112	2.3%	\$ 29,917,194	1.3%	\$ 1,306,317	1.2%	\$ 263,141	1.5%
Interest paid	\$ 56,639	2.0%	\$ 23,704,375	1.0%	\$ 3,746,427	3.5%	\$ 382,623	2.2%
Charitable contributions	\$ 741	0.0%	\$ 1,103,149	0.0%	\$ 467,766	0.4%	\$ 2,879	0.0%
Amortization	\$ 20,973	0.7%	\$ 5,249,394	0.2%	\$ 1,222,569	1.2%	\$ 113,665	0.6%
Depreciation	\$ 98,735	3.5%	\$ 25,321,676	1.1%	\$ 3,165,959	3.0%	\$ 613,395	3.5%
Depletion	\$ 0	0.0%	\$ 4,384,656	0.2%	\$ 31,097	0.0%	\$ 1	0.0%
Advertising	\$ 22,790	0.8%	\$ 1,357,050	0.1%	\$ 2,569,958	2.4%	\$ 112,126	0.6%
Pension, profit-sharing, stock, annuity	\$ 13,745	0.5%	\$ 7,051,349	0.3%	\$ 1,219,121	1.1%	\$ 152,663	0.9%
Employee benefit programs	\$ 45,266	1.6%	\$ 5,816,140	0.2%	\$ 1,776,833	1.7%	\$ 344,508	2.0%
Domestic production activities deduction	\$ 3,117	0.1%	\$ 1,515,125	0.1%	\$ 413,383	0.4%	\$ 18,253	0.1%
Net loss, noncapital assets	\$ 4,816	0.2%	\$ 238,239	0.0%	\$ 267,657	0.3%	\$ 14,492	0.1%
Other deductions	\$ 224,986	8.0%	\$ 72,250,303	3.1%	\$ 13,839,801	13.0%	\$ 1,089,594	6.2%
<b>Total business expenses (deductions)</b>	<b>\$ 2,705,097</b>	<b>96.7%</b>	<b>\$ 2,229,976,678</b>	<b>94.8%</b>	<b>\$ 97,872,340</b>	<b>92.1%</b>	<b>\$ 17,183,394</b>	<b>97.6%</b>
<b>Net Income</b>	<b>\$ 93,470</b>	<b>3.3%</b>	<b>\$ 121,871,188</b>	<b>5.2%</b>	<b>\$ 8,384,500</b>	<b>7.9%</b>	<b>\$ 423,026</b>	<b>2.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 512,627	18.3%	\$ 145,526,256	6.2%	\$ 14,971,459	14.1%	\$ 2,081,955	11.8%
Less: Standard Exemption	\$ 340,000	12.1%	\$ 340,000	0.0%	\$ 340,000	0.3%	\$ 340,000	1.9%
Less: Employer Paid Health Care Deduction	\$ 40,654	1.5%	\$ 11,541,091	0.5%	\$ 1,187,325	1.1%	\$ 165,111	0.9%
Net Taxable Compensation	\$ 131,972	4.7%	\$ 133,645,165	5.7%	\$ 13,444,134	12.7%	\$ 1,576,844	9.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 1,544</b>	<b>0.1%</b>	<b>\$ 1,563,648</b>	<b>0.1%</b>	<b>\$ 157,296</b>	<b>0.1%</b>	<b>\$ 18,449</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 2,789,216	99.7%	\$ 2,300,431,050	97.8%	\$ 104,418,925	98.3%	\$ 17,521,899	99.5%
Margin Calculation #1, 30% Standard Deduction	\$ 836,765	29.9%	\$ 690,129,315	29.3%	\$ 31,325,678	29.5%	\$ 5,256,570	29.9%
Margin Calculation #2, Cost of Compensation	\$ 512,627	18.3%	\$ 145,526,256	6.2%	\$ 14,971,459	14.1%	\$ 2,081,955	11.8%
Margin Calculation #3, Cost of Goods Sold	\$ 1,662,962	59.4%	\$ 2,011,056,240	85.5%	\$ 56,453,298	53.1%	\$ 12,436,796	70.6%
Gross Taxable Margin	\$ 1,126,254	40.2%	\$ 289,374,809	12.3%	\$ 47,965,628	45.1%	\$ 5,085,102	28.9%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 22,525</b>	<b>0.8%</b>	<b>\$ 5,787,496</b>	<b>0.2%</b>	<b>\$ 959,313</b>	<b>0.9%</b>	<b>\$ 101,702</b>	<b>0.6%</b>
Less: Modified Business Tax Liability	\$ 1,544	0.1%	\$ 1,563,648	0.1%	\$ 157,296	0.1%	\$ 18,449	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 20,981</b>	<b>0.7%</b>	<b>\$ 4,223,848</b>	<b>0.2%</b>	<b>\$ 802,016</b>	<b>0.8%</b>	<b>\$ 83,253</b>	<b>0.5%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 22,525</b>	<b>0.8%</b>	<b>\$ 5,787,496</b>	<b>0.2%</b>	<b>\$ 959,313</b>	<b>0.9%</b>	<b>\$ 101,702</b>	<b>0.6%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Nonmetallic Mineral Product % of Total Manufacturing Income		Primary Metal % of Total Manufacturing Income		Fabricated Metal % of Total Product Manufacturing Income		Machinery % of Total Manufacturing Income	
<b>Total income sources (receipts)</b>								
Business receipts	\$ 10,119,754	94.8%	\$ 44,800,266	97.3%	\$ 5,519,638	97.1%	\$ 16,206,892	94.7%
Interest	\$ 46,930	0.4%	\$ 367,128	0.8%	\$ 30,903	0.5%	\$ 189,961	1.1%
Interest on Government obligations: State and Local	\$ 741	0.0%	\$ 1,421	0.0%	\$ 949	0.0%	\$ 2,573	0.0%
Rents	\$ 8,127	0.1%	\$ 20,116	0.0%	\$ 1,744	0.0%	\$ 72,775	0.4%
Royalties	\$ 138,624	1.3%	\$ 23,630	0.1%	\$ 35,580	0.6%	\$ 157,667	0.9%
Net short-term capital gain reduced by net long-term capital loss	\$ 83	0.0%	\$ 1,743	0.0%	\$ 801	0.0%	\$ 274	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 41,691	0.4%	\$ 65,353	0.1%	\$ 5,835	0.1%	\$ 21,120	0.1%
Net gain, noncapital assets	\$ 38,401	0.4%	\$ 101,357	0.2%	\$ 20,967	0.4%	\$ 45,859	0.3%
Dividends received from domestic corporations	\$ 27,862	0.3%	\$ 3,808	0.0%	\$ 301	0.0%	\$ 1,712	0.0%
Dividends received from foreign corporations	\$ 104,327	1.0%	\$ 77,615	0.2%	\$ 8,762	0.2%	\$ 145,588	0.9%
Other receipts	\$ 143,736	1.3%	\$ 573,202	1.2%	\$ 61,381	1.1%	\$ 272,949	1.6%
<b>Total income (receipts)</b>	<b>\$ 10,670,275</b>	<b>100.0%</b>	<b>\$ 46,035,640</b>	<b>100.0%</b>	<b>\$ 5,686,862</b>	<b>100.0%</b>	<b>\$ 17,117,372</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 7,069,218	66.3%	\$ 37,885,801	82.3%	\$ 3,773,581	66.4%	\$ 10,723,639	62.6%
Cost of Labor	\$ 518,487	4.9%	\$ 2,236,949	4.9%	\$ 276,334	4.9%	\$ 831,762	4.9%
Compensation of officers	\$ 152,913	1.4%	\$ 286,709	0.6%	\$ 132,841	2.3%	\$ 192,377	1.1%
Salaries and wages	\$ 638,911	6.0%	\$ 1,255,829	2.7%	\$ 381,805	6.7%	\$ 1,582,282	9.2%
Repairs	\$ 80,246	0.8%	\$ 406,286	0.9%	\$ 25,037	0.4%	\$ 65,056	0.4%
Bad debts	\$ 33,407	0.3%	\$ 28,083	0.1%	\$ 9,610	0.2%	\$ 43,427	0.3%
Rent paid on business property	\$ 218,325	2.0%	\$ 274,268	0.6%	\$ 91,564	1.6%	\$ 206,581	1.2%
Taxes paid	\$ 210,400	2.0%	\$ 344,252	0.7%	\$ 108,736	1.9%	\$ 244,006	1.4%
Interest paid	\$ 379,045	3.6%	\$ 1,084,855	2.4%	\$ 138,113	2.4%	\$ 433,622	2.5%
Charitable contributions	\$ 6,456	0.1%	\$ 8,697	0.0%	\$ 1,600	0.0%	\$ 11,993	0.1%
Amortization	\$ 91,181	0.9%	\$ 144,464	0.3%	\$ 49,019	0.9%	\$ 130,555	0.8%
Depreciation	\$ 634,267	5.9%	\$ 1,287,256	2.8%	\$ 149,955	2.6%	\$ 562,525	3.3%
Depletion	\$ 31,117	0.3%	\$ 96,118	0.2%	\$ 296	0.0%	\$ 1,087	0.0%
Advertising	\$ 46,239	0.4%	\$ 31,323	0.1%	\$ 34,035	0.6%	\$ 89,093	0.5%
Pension, profit-sharing, stock, annuity	\$ 108,230	1.0%	\$ 205,180	0.4%	\$ 55,231	1.0%	\$ 189,372	1.1%
Employee benefit programs	\$ 214,163	2.0%	\$ 544,755	1.2%	\$ 109,086	1.9%	\$ 358,878	2.1%
Domestic production activities deduction	\$ 10,736	0.1%	\$ 58,855	0.1%	\$ 10,351	0.2%	\$ 43,963	0.3%
Net loss, noncapital assets	\$ 7,748	0.1%	\$ 114,826	0.2%	\$ 5,083	0.1%	\$ 24,081	0.1%
Other deductions	\$ 959,136	9.0%	\$ 1,579,789	3.4%	\$ 370,625	6.5%	\$ 1,459,923	8.5%
<b>Total business expenses (deductions)</b>	<b>\$ 10,891,739</b>	<b>102.1%</b>	<b>\$ 45,637,346</b>	<b>99.1%</b>	<b>\$ 5,446,570</b>	<b>95.8%</b>	<b>\$ 16,362,462</b>	<b>95.6%</b>
<b>Net Income</b>	<b>\$ (221,464)</b>	<b>-2.1%</b>	<b>\$ 398,294</b>	<b>0.9%</b>	<b>\$ 240,292</b>	<b>4.2%</b>	<b>\$ 754,910</b>	<b>4.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 1,310,311	12.3%	\$ 3,779,487	8.2%	\$ 790,981	13.9%	\$ 2,606,420	15.2%
Less: Standard Exemption	\$ 340,000	3.2%	\$ 340,000	0.7%	\$ 340,000	6.0%	\$ 340,000	2.0%
Less: Employer Paid Health Care Deduction	\$ 103,915	1.0%	\$ 299,736	0.7%	\$ 62,729	1.1%	\$ 206,704	1.2%
Net Taxable Compensation	\$ 866,396	8.1%	\$ 3,139,751	6.8%	\$ 388,251	6.8%	\$ 2,059,716	12.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 10,137</b>	<b>0.1%</b>	<b>\$ 36,735</b>	<b>0.1%</b>	<b>\$ 4,543</b>	<b>0.1%</b>	<b>\$ 24,099</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 10,532,541	98.7%	\$ 45,929,942	99.8%	\$ 5,668,490	99.7%	\$ 16,928,357	98.9%
Margin Calculation #1, 30% Standard Deduction	\$ 3,159,762	29.6%	\$ 13,778,983	29.9%	\$ 1,700,547	29.9%	\$ 5,078,507	29.7%
Margin Calculation #2, Cost of Compensation	\$ 1,310,311	12.3%	\$ 3,779,487	8.2%	\$ 790,981	13.9%	\$ 2,606,420	15.2%
Margin Calculation #3, Cost of Goods Sold	\$ 7,069,218	66.3%	\$ 37,885,801	82.3%	\$ 3,773,581	66.4%	\$ 10,723,639	62.6%
Gross Taxable Margin	\$ 3,463,323	32.5%	\$ 8,044,141	17.5%	\$ 1,894,908	33.3%	\$ 6,204,718	36.2%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 69,266</b>	<b>0.6%</b>	<b>\$ 160,883</b>	<b>0.3%</b>	<b>\$ 37,898</b>	<b>0.7%</b>	<b>\$ 124,094</b>	<b>0.7%</b>
Less: Modified Business Tax Liability	\$ 10,137	0.1%	\$ 36,735	0.1%	\$ 4,543	0.1%	\$ 24,099	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 59,130</b>	<b>0.6%</b>	<b>\$ 124,148</b>	<b>0.3%</b>	<b>\$ 33,356</b>	<b>0.6%</b>	<b>\$ 99,996</b>	<b>0.6%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 69,266</b>	<b>0.6%</b>	<b>\$ 160,883</b>	<b>0.3%</b>	<b>\$ 37,898</b>	<b>0.7%</b>	<b>\$ 124,094</b>	<b>0.7%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.



**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Computer And Electronic Product Manufacturing	% of Total Income	Electrical Equipment, Appliance, And Component Manufacturing	% of Total Income	Transportation Equipment Manufacturing	% of Total Income	Furniture And Related Product Manufacturing	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 52,760,336	89.8%	\$ 34,571,857	73.0%	\$ 97,086,925	94.1%	\$ 4,044,558	98.4%
Interest	\$ 387,343	0.7%	\$ 5,947,307	12.6%	\$ 1,170,172	1.1%	\$ 2,981	0.1%
Interest on Government obligations: State and Local	\$ 11,010	0.0%	\$ 16,982	0.0%	\$ 1,425	0.0%	\$ 276	0.0%
Rents	\$ 149,476	0.3%	\$ 1,454,233	3.1%	\$ 761,325	0.7%	\$ 2,155	0.1%
Royalties	\$ 3,897,002	6.6%	\$ 437,028	0.9%	\$ 948,830	0.9%	\$ 4,854	0.1%
Net short-term capital gain reduced by net long-term capital loss	\$ 13,192	0.0%	\$ 59	0.0%	\$ 533	0.0%	\$ 383	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 87,444	0.1%	\$ 49,710	0.1%	\$ 195,865	0.2%	\$ 2,290	0.1%
Net gain, noncapital assets	\$ 47,432	0.1%	\$ 408,284	0.9%	\$ 551,155	0.5%	\$ 3,596	0.1%
Dividends received from domestic corporations	\$ 28,555	0.0%	\$ 14,773	0.0%	\$ 16,065	0.0%	\$ 282	0.0%
Dividends received from foreign corporations	\$ 743,862	1.3%	\$ 390,059	0.8%	\$ 730,432	0.7%	\$ 12,614	0.3%
Other receipts	\$ 597,441	1.0%	\$ 4,063,419	8.6%	\$ 1,706,554	1.7%	\$ 37,409	0.9%
<b>Total income (receipts)</b>	<b>\$ 58,723,094</b>	<b>100.0%</b>	<b>\$ 47,353,712</b>	<b>100.0%</b>	<b>\$ 103,169,281</b>	<b>100.0%</b>	<b>\$ 4,111,400</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 32,405,999	55.2%	\$ 23,191,987	49.0%	\$ 75,086,664	72.8%	\$ 2,675,516	65.1%
Cost of Labor	\$ 2,853,453	4.9%	\$ 2,300,996	4.9%	\$ 5,013,168	4.9%	\$ 199,780	4.9%
Compensation of officers	\$ 512,757	0.9%	\$ 315,509	0.7%	\$ 292,459	0.3%	\$ 72,058	1.8%
Salaries and wages	\$ 7,023,589	12.0%	\$ 3,589,659	7.6%	\$ 3,756,400	3.6%	\$ 358,261	8.7%
Repairs	\$ 228,033	0.4%	\$ 231,075	0.5%	\$ 304,217	0.3%	\$ 17,432	0.4%
Bad debts	\$ 122,033	0.2%	\$ 812,250	1.7%	\$ 601,382	0.6%	\$ 18,390	0.4%
Rent paid on business property	\$ 465,499	0.8%	\$ 422,614	0.9%	\$ 668,639	0.6%	\$ 90,116	2.2%
Taxes paid	\$ 895,771	1.5%	\$ 409,464	0.9%	\$ 989,078	1.0%	\$ 85,189	2.1%
Interest paid	\$ 1,094,260	1.9%	\$ 6,647,321	14.0%	\$ 2,192,564	2.1%	\$ 49,259	1.2%
Charitable contributions	\$ 34,610	0.1%	\$ 27,952	0.1%	\$ 29,400	0.0%	\$ 1,483	0.0%
Amortization	\$ 673,940	1.1%	\$ 977,107	2.1%	\$ 804,943	0.8%	\$ 19,685	0.5%
Depreciation	\$ 1,680,967	2.9%	\$ 1,522,551	3.2%	\$ 4,287,254	4.2%	\$ 73,132	1.8%
Depletion	\$ 2	0.0%	\$ 446	0.0%	\$ 225	0.0%	\$ 6	0.0%
Advertising	\$ 626,724	1.1%	\$ 479,365	1.0%	\$ 1,353,392	1.3%	\$ 92,671	2.3%
Pension, profit-sharing, stock, annuity	\$ 423,883	0.7%	\$ 392,741	0.8%	\$ 1,685,724	1.6%	\$ 20,817	0.5%
Employee benefit programs	\$ 944,656	1.6%	\$ 697,323	1.5%	\$ 1,835,659	1.8%	\$ 79,480	1.9%
Domestic production activities deduction	\$ 294,545	0.5%	\$ 86,823	0.2%	\$ 157,236	0.2%	\$ 4,215	0.1%
Net loss, noncapital assets	\$ 184,592	0.3%	\$ 28,244	0.1%	\$ 170,769	0.2%	\$ 5,574	0.1%
Other deductions	\$ 5,896,467	10.0%	\$ 6,681,210	14.1%	\$ 7,513,959	7.3%	\$ 349,375	8.5%
<b>Total business expenses (deductions)</b>	<b>\$ 53,508,327</b>	<b>91.1%</b>	<b>\$ 46,513,640</b>	<b>98.2%</b>	<b>\$ 101,729,965</b>	<b>98.6%</b>	<b>\$ 4,012,661</b>	<b>97.6%</b>
<b>Net Income</b>	<b>\$ 5,214,767</b>	<b>8.9%</b>	<b>\$ 840,072</b>	<b>1.8%</b>	<b>\$ 1,439,316</b>	<b>1.4%</b>	<b>\$ 98,739</b>	<b>2.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 10,389,799	17.7%	\$ 6,206,164	13.1%	\$ 9,062,028	8.8%	\$ 630,100	15.3%
Less: Standard Exemption	\$ 340,000	0.6%	\$ 340,000	0.7%	\$ 340,000	0.3%	\$ 340,000	8.3%
Less: Employer Paid Health Care Deduction	\$ 823,972	1.4%	\$ 492,185	1.0%	\$ 718,672	0.7%	\$ 49,971	1.2%
Net Taxable Compensation	\$ 9,225,827	15.7%	\$ 5,373,979	11.3%	\$ 8,003,355	7.8%	\$ 240,129	5.8%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 107,942</b>	<b>0.2%</b>	<b>\$ 62,876</b>	<b>0.1%</b>	<b>\$ 93,639</b>	<b>0.1%</b>	<b>\$ 2,810</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 57,857,199	98.5%	\$ 46,151,402	97.5%	\$ 101,837,467	98.7%	\$ 4,080,396	99.2%
Margin Calculation #1, 30% Standard Deduction	\$ 17,357,160	29.6%	\$ 13,845,421	29.2%	\$ 30,551,240	29.6%	\$ 1,224,119	29.8%
Margin Calculation #2, Cost of Compensation	\$ 10,389,799	17.7%	\$ 6,206,164	13.1%	\$ 9,062,028	8.8%	\$ 630,100	15.3%
Margin Calculation #3, Cost of Goods Sold	\$ 32,405,999	55.2%	\$ 23,191,987	49.0%	\$ 75,086,664	72.8%	\$ 2,675,516	65.1%
Gross Taxable Margin	\$ 25,451,199	43.3%	\$ 22,959,415	48.5%	\$ 26,750,803	25.9%	\$ 1,404,880	34.2%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 509,024</b>	<b>0.9%</b>	<b>\$ 459,188</b>	<b>1.0%</b>	<b>\$ 535,016</b>	<b>0.5%</b>	<b>\$ 28,098</b>	<b>0.7%</b>
Less: Modified Business Tax Liability	\$ 107,942	0.2%	\$ 62,876	0.1%	\$ 93,639	0.1%	\$ 2,810	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 401,082</b>	<b>0.7%</b>	<b>\$ 396,313</b>	<b>0.8%</b>	<b>\$ 441,377</b>	<b>0.4%</b>	<b>\$ 25,288</b>	<b>0.6%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 509,024</b>	<b>0.9%</b>	<b>\$ 459,188</b>	<b>1.0%</b>	<b>\$ 535,016</b>	<b>0.5%</b>	<b>\$ 28,098</b>	<b>0.7%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Miscellaneous Manufacturing	% of Total Income	Wholesale And Retail Trade, Total	% of Total Income	Total Wholesale Trade	% of Total Income	Durable Goods	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 7,919,107	93.6%	\$ 7,426,808	98.0%	\$ 10,193,700	98.1%	\$ 6,779,612	98.4%
Interest	\$ 67,147	0.8%	\$ 17,077	0.2%	\$ 28,325	0.3%	\$ 15,623	0.2%
Interest on Government obligations: State and Local	\$ 1,300	0.0%	\$ 457	0.0%	\$ 592	0.0%	\$ 328	0.0%
Rents	\$ 32,019	0.4%	\$ 6,059	0.1%	\$ 7,825	0.1%	\$ 5,786	0.1%
Royalties	\$ 156,155	1.8%	\$ 17,144	0.2%	\$ 25,673	0.2%	\$ 11,421	0.2%
Net short-term capital gain reduced by net long-term capital loss	\$ 1,565	0.0%	\$ 330	0.0%	\$ 768	0.0%	\$ 256	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 27,951	0.3%	\$ 4,706	0.1%	\$ 9,007	0.1%	\$ 2,879	0.0%
Net gain, noncapital assets	\$ 29,637	0.4%	\$ 5,738	0.1%	\$ 10,648	0.1%	\$ 11,928	0.2%
Dividends received from domestic corporations	\$ 945	0.0%	\$ 3,621	0.0%	\$ 8,610	0.1%	\$ 1,005	0.0%
Dividends received from foreign corporations	\$ 52,312	0.6%	\$ 6,285	0.1%	\$ 9,578	0.1%	\$ 4,400	0.1%
Other receipts	\$ 175,166	2.1%	\$ 92,736	1.2%	\$ 93,218	0.9%	\$ 57,251	0.8%
<b>Total income (receipts)</b>	<b>\$ 8,463,306</b>	<b>100.0%</b>	<b>\$ 7,580,959</b>	<b>100.0%</b>	<b>\$ 10,387,944</b>	<b>100.0%</b>	<b>\$ 6,890,489</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 4,462,784	52.7%	\$ 5,793,857	76.4%	\$ 8,310,277	80.0%	\$ 5,348,217	77.6%
Cost of Labor	\$ 411,246	4.9%	\$ 63,091	0.8%	\$ 101,599	1.0%	\$ 67,392	1.0%
Compensation of officers	\$ 142,252	1.7%	\$ 71,846	0.9%	\$ 106,390	1.0%	\$ 98,326	1.4%
Salaries and wages	\$ 1,162,450	13.7%	\$ 534,639	7.1%	\$ 553,039	5.3%	\$ 465,585	6.8%
Repairs	\$ 44,377	0.5%	\$ 31,197	0.4%	\$ 29,875	0.3%	\$ 20,526	0.3%
Bad debts	\$ 18,764	0.2%	\$ 13,978	0.2%	\$ 18,776	0.2%	\$ 18,653	0.3%
Rent paid on business property	\$ 133,037	1.6%	\$ 121,213	1.6%	\$ 95,464	0.9%	\$ 81,822	1.2%
Taxes paid	\$ 139,099	1.6%	\$ 90,519	1.2%	\$ 94,831	0.9%	\$ 68,040	1.0%
Interest paid	\$ 258,938	3.1%	\$ 58,339	0.8%	\$ 78,370	0.8%	\$ 51,684	0.8%
Charitable contributions	\$ 5,781	0.1%	\$ 3,066	0.0%	\$ 2,808	0.0%	\$ 1,166	0.0%
Amortization	\$ 92,392	1.1%	\$ 20,282	0.3%	\$ 37,675	0.4%	\$ 28,246	0.4%
Depreciation	\$ 261,931	3.1%	\$ 106,931	1.4%	\$ 132,550	1.3%	\$ 107,031	1.6%
Depletion	\$ 24	0.0%	\$ 1,098	0.0%	\$ 2,814	0.0%	\$ 98	0.0%
Advertising	\$ 103,664	1.2%	\$ 70,441	0.9%	\$ 69,673	0.7%	\$ 53,191	0.8%
Pension, profit-sharing, stock, annuity	\$ 76,568	0.9%	\$ 19,312	0.3%	\$ 26,066	0.3%	\$ 17,389	0.3%
Employee benefit programs	\$ 195,751	2.3%	\$ 51,758	0.7%	\$ 60,946	0.6%	\$ 48,265	0.7%
Domestic production activities deduction	\$ 23,904	0.3%	\$ 1,574	0.0%	\$ 3,149	0.0%	\$ 1,719	0.0%
Net loss, noncapital assets	\$ 10,301	0.1%	\$ 5,938	0.1%	\$ 5,371	0.1%	\$ 3,931	0.1%
Other deductions	\$ 846,725	10.0%	\$ 398,617	5.3%	\$ 505,602	4.9%	\$ 322,276	4.7%
<b>Total business expenses (deductions)</b>	<b>\$ 7,978,743</b>	<b>94.3%</b>	<b>\$ 7,394,604</b>	<b>97.5%</b>	<b>\$ 10,133,676</b>	<b>97.6%</b>	<b>\$ 6,736,165</b>	<b>97.8%</b>
<b>Net Income</b>	<b>\$ 484,563</b>	<b>5.7%</b>	<b>\$ 186,355</b>	<b>2.5%</b>	<b>\$ 254,268</b>	<b>2.4%</b>	<b>\$ 154,324</b>	<b>2.2%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 1,715,948	20.3%	\$ 669,576	8.8%	\$ 761,027	7.3%	\$ 631,303	9.2%
Less: Standard Exemption	\$ 340,000	4.0%	\$ 340,000	4.5%	\$ 340,000	3.3%	\$ 340,000	4.9%
Less: Employer Paid Health Care Deduction	\$ 136,085	1.6%	\$ 53,101	0.7%	\$ 60,354	0.6%	\$ 50,066	0.7%
Net Taxable Compensation	\$ 1,239,863	14.6%	\$ 276,474	3.6%	\$ 360,673	3.5%	\$ 241,237	3.5%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 14,506</b>	<b>0.2%</b>	<b>\$ 3,235</b>	<b>0.0%</b>	<b>\$ 4,220</b>	<b>0.0%</b>	<b>\$ 2,822</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 8,392,229	99.2%	\$ 7,560,697	99.7%	\$ 10,359,590	99.7%	\$ 6,867,436	99.7%
Margin Calculation #1, 30% Standard Deduction	\$ 2,517,669	29.7%	\$ 2,268,209	29.9%	\$ 3,107,877	29.9%	\$ 2,060,231	29.9%
Margin Calculation #2, Cost of Compensation	\$ 1,715,948	20.3%	\$ 669,576	8.8%	\$ 761,027	7.3%	\$ 631,303	9.2%
Margin Calculation #3, Cost of Goods Sold	\$ 4,462,784	52.7%	\$ 5,793,857	76.4%	\$ 8,310,277	80.0%	\$ 5,348,217	77.6%
Gross Taxable Margin	\$ 3,929,445	46.4%	\$ 1,766,840	23.3%	\$ 2,049,313	19.7%	\$ 1,519,219	22.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 78,589</b>	<b>0.9%</b>	<b>\$ 35,337</b>	<b>0.5%</b>	<b>\$ 40,986</b>	<b>0.4%</b>	<b>\$ 30,384</b>	<b>0.4%</b>
Less: Modified Business Tax Liability	\$ 14,506	0.2%	\$ 3,235	0.0%	\$ 4,220	0.0%	\$ 2,822	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 64,083</b>	<b>0.8%</b>	<b>\$ 32,102</b>	<b>0.4%</b>	<b>\$ 36,766</b>	<b>0.4%</b>	<b>\$ 27,562</b>	<b>0.4%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 78,589</b>	<b>0.9%</b>	<b>\$ 35,337</b>	<b>0.5%</b>	<b>\$ 40,986</b>	<b>0.4%</b>	<b>\$ 30,384</b>	<b>0.4%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	% of Total		Electronic Markets And Agents And % of Total		% of Total		Motor Vehicle Dealers % of Total	
	Nondurable Goods	Income	Brokers	Income	Total Retail Trade	Income	And Parts Dealers	Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 17,724,121	97.9%	\$ 429,628	96.9%	\$ 5,678,000	97.8%	\$ 7,741,523	97.8%
Interest	\$ 55,407	0.3%	\$ 379	0.1%	\$ 9,950	0.2%	\$ 10,353	0.1%
Interest on Government obligations: State and Local	\$ 1,155	0.0%	\$ 0	0.0%	\$ 371	0.0%	\$ 68	0.0%
Rents	\$ 12,511	0.1%	\$ 322	0.1%	\$ 4,944	0.1%	\$ 4,044	0.1%
Royalties	\$ 55,379	0.3%	\$ 444	0.1%	\$ 11,745	0.2%	\$ 521	0.0%
Net short-term capital gain reduced by net long-term capital loss	\$ 1,820	0.0%	\$ -	0.0%	\$ 51	0.0%	\$ 178	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 21,572	0.1%	\$ 14	0.0%	\$ 1,978	0.0%	\$ 3,862	0.0%
Net gain, noncapital assets	\$ 9,313	0.1%	\$ 943	0.2%	\$ 2,625	0.0%	\$ 6,421	0.1%
Dividends received from domestic corporations	\$ 23,895	0.1%	\$ 213	0.0%	\$ 455	0.0%	\$ 74	0.0%
Dividends received from foreign corporations	\$ 20,415	0.1%	\$ -	0.0%	\$ 4,200	0.1%	\$ 7	0.0%
Other receipts	\$ 170,197	0.9%	\$ 11,467	2.6%	\$ 92,550	1.6%	\$ 145,837	1.8%
<b>Total income (receipts)</b>	<b>\$ 18,095,787</b>	<b>100.0%</b>	<b>\$ 443,410</b>	<b>100.0%</b>	<b>\$ 5,806,870</b>	<b>100.0%</b>	<b>\$ 7,912,888</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 14,825,603	81.9%	\$ 1,025	0.2%	\$ 4,202,083	72.4%	\$ 6,486,156	82.0%
Cost of Labor	\$ 176,985	1.0%	\$ 4,337	1.0%	\$ 38,698	0.7%	\$ 52,733	0.7%
Compensation of officers	\$ 123,085	0.7%	\$ 93,108	21.0%	\$ 49,978	0.9%	\$ 75,836	1.0%
Salaries and wages	\$ 766,176	4.2%	\$ 121,314	27.4%	\$ 523,660	9.0%	\$ 481,342	6.1%
Repairs	\$ 50,647	0.3%	\$ 1,792	0.4%	\$ 32,079	0.6%	\$ 22,247	0.3%
Bad debts	\$ 21,020	0.1%	\$ 735	0.2%	\$ 10,946	0.2%	\$ 9,942	0.1%
Rent paid on business property	\$ 130,343	0.7%	\$ 13,483	3.0%	\$ 137,734	2.4%	\$ 118,243	1.5%
Taxes paid	\$ 154,217	0.9%	\$ 15,583	3.5%	\$ 87,900	1.5%	\$ 87,098	1.1%
Interest paid	\$ 136,979	0.8%	\$ 4,318	1.0%	\$ 45,686	0.8%	\$ 46,415	0.6%
Charitable contributions	\$ 6,210	0.0%	\$ 71	0.0%	\$ 3,234	0.1%	\$ 362	0.0%
Amortization	\$ 59,375	0.3%	\$ 2,619	0.6%	\$ 9,252	0.2%	\$ 9,981	0.1%
Depreciation	\$ 194,838	1.1%	\$ 5,723	1.3%	\$ 90,789	1.6%	\$ 51,511	0.7%
Depletion	\$ 8,254	0.0%	\$ -	0.0%	\$ 8	0.0%	\$ 3	0.0%
Advertising	\$ 108,360	0.6%	\$ 1,615	0.4%	\$ 71,023	1.2%	\$ 78,014	1.0%
Pension, profit-sharing, stock, annuity	\$ 44,656	0.2%	\$ 6,178	1.4%	\$ 15,045	0.3%	\$ 5,374	0.1%
Employee benefit programs	\$ 90,719	0.5%	\$ 8,492	1.9%	\$ 45,987	0.8%	\$ 40,428	0.5%
Domestic production activities deduction	\$ 6,197	0.0%	\$ -	0.0%	\$ 575	0.0%	\$ 107	0.0%
Net loss, noncapital assets	\$ 8,685	0.0%	\$ 17	0.0%	\$ 6,307	0.1%	\$ 6,773	0.1%
Other deductions	\$ 895,259	4.9%	\$ 113,226	25.5%	\$ 331,146	5.7%	\$ 279,752	3.5%
<b>Total business expenses (deductions)</b>	<b>\$ 17,630,622</b>	<b>97.4%</b>	<b>\$ 389,300</b>	<b>87.8%</b>	<b>\$ 5,663,433</b>	<b>97.5%</b>	<b>\$ 7,799,586</b>	<b>98.6%</b>
<b>Net Income</b>	<b>\$ 465,165</b>	<b>2.6%</b>	<b>\$ 54,111</b>	<b>12.2%</b>	<b>\$ 143,437</b>	<b>2.5%</b>	<b>\$ 113,302</b>	<b>1.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 1,066,246	5.9%	\$ 218,759	49.3%	\$ 612,336	10.5%	\$ 609,911	7.7%
Less: Standard Exemption	\$ 340,000	1.9%	\$ 340,000	76.7%	\$ 340,000	5.9%	\$ 340,000	4.3%
Less: Employer Paid Health Care Deduction	\$ 84,560	0.5%	\$ 17,349	3.9%	\$ 48,562	0.8%	\$ 48,370	0.6%
Net Taxable Compensation	\$ 641,686	3.5%	\$ -	0.0%	\$ 223,774	3.9%	\$ 221,541	2.8%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 7,508</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 2,618</b>	<b>0.0%</b>	<b>\$ 2,592</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 18,054,352	99.8%	\$ 442,675	99.8%	\$ 5,791,724	99.7%	\$ 7,902,939	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 5,416,306	29.9%	\$ 132,802	30.0%	\$ 1,737,517	29.9%	\$ 2,370,882	30.0%
Margin Calculation #2, Cost of Compensation	\$ 1,066,246	5.9%	\$ 218,759	49.3%	\$ 612,336	10.5%	\$ 609,911	7.7%
Margin Calculation #3, Cost of Goods Sold	\$ 14,825,603	81.9%	\$ 1,025	0.2%	\$ 4,202,083	72.4%	\$ 6,486,156	82.0%
Gross Taxable Margin	\$ 3,228,749	17.8%	\$ -	0.0%	\$ 1,589,641	27.4%	\$ 1,416,782	17.9%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 64,575</b>	<b>0.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 31,793</b>	<b>0.5%</b>	<b>\$ 28,336</b>	<b>0.4%</b>
Less: Modified Business Tax Liability	\$ 7,508	0.0%	\$ -	0.0%	\$ 2,618	0.0%	\$ 2,592	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 57,067</b>	<b>0.3%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 29,175</b>	<b>0.5%</b>	<b>\$ 25,744</b>	<b>0.3%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 64,575</b>	<b>0.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 31,793</b>	<b>0.5%</b>	<b>\$ 28,336</b>	<b>0.4%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Furniture And Home Furnishings Stores		Electronics And Appliance Stores		Building Material And Garden Equipment And Supplies Dealers		Food, Beverage And Liquor Stores	
		% of Total Income		% of Total Income		% of Total Income		% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 2,249,172	98.8%	\$ 3,563,435	98.5%	\$ 5,556,763	97.8%	\$ 5,501,515	98.3%
Interest	\$ 6,837	0.3%	\$ 6,251	0.2%	\$ 12,997	0.2%	\$ 5,482	0.1%
Interest on Government obligations: State and Local	\$ 120	0.0%	\$ 3,502	0.1%	\$ 740	0.0%	\$ 392	0.0%
Rents	\$ 755	0.0%	\$ 615	0.0%	\$ 11,046	0.2%	\$ 6,003	0.1%
Royalties	\$ 184	0.0%	\$ 1,773	0.0%	\$ 7,435	0.1%	\$ 18,708	0.3%
Net short-term capital gain reduced by net long-term capital loss	\$ 0	0.0%	\$ 2	0.0%	\$ 18	0.0%	\$ 24	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 290	0.0%	\$ 820	0.0%	\$ 847	0.0%	\$ 1,955	0.0%
Net gain, noncapital assets	\$ 712	0.0%	\$ 514	0.0%	\$ 2,371	0.0%	\$ 1,481	0.0%
Dividends received from domestic corporations	\$ 39	0.0%	\$ 51	0.0%	\$ 1,167	0.0%	\$ 93	0.0%
Dividends received from foreign corporations	\$ -	0.0%	\$ 14	0.0%	\$ 227	0.0%	\$ 67	0.0%
Other receipts	\$ 17,856	0.8%	\$ 42,143	1.2%	\$ 87,290	1.5%	\$ 62,692	1.1%
<b>Total income (receipts)</b>	<b>\$ 2,275,966</b>	<b>100.0%</b>	<b>\$ 3,619,118</b>	<b>100.0%</b>	<b>\$ 5,680,901</b>	<b>100.0%</b>	<b>\$ 5,598,412</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 1,288,185	56.6%	\$ 2,503,919	69.2%	\$ 3,742,791	65.9%	\$ 4,066,547	72.6%
Cost of Labor	\$ 15,168	0.7%	\$ 24,119	0.7%	\$ 37,859	0.7%	\$ 37,309	0.7%
Compensation of officers	\$ 54,896	2.4%	\$ 54,026	1.5%	\$ 67,406	1.2%	\$ 33,391	0.6%
Salaries and wages	\$ 280,323	12.3%	\$ 365,039	10.1%	\$ 683,528	12.0%	\$ 528,140	9.4%
Repairs	\$ 17,409	0.8%	\$ 13,771	0.4%	\$ 33,711	0.6%	\$ 49,931	0.9%
Bad debts	\$ 7,082	0.3%	\$ 6,271	0.2%	\$ 21,282	0.4%	\$ 1,774	0.0%
Rent paid on business property	\$ 131,470	5.8%	\$ 98,811	2.7%	\$ 124,843	2.2%	\$ 124,286	2.2%
Taxes paid	\$ 56,332	2.5%	\$ 55,683	1.5%	\$ 128,470	2.3%	\$ 88,448	1.6%
Interest paid	\$ 16,040	0.7%	\$ 20,378	0.6%	\$ 59,781	1.1%	\$ 36,968	0.7%
Charitable contributions	\$ 3,212	0.1%	\$ 838	0.0%	\$ 1,954	0.0%	\$ 4,085	0.1%
Amortization	\$ 3,483	0.2%	\$ 5,899	0.2%	\$ 10,731	0.2%	\$ 8,363	0.1%
Depreciation	\$ 36,313	1.6%	\$ 41,574	1.1%	\$ 107,288	1.9%	\$ 105,783	1.9%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ 94	0.0%	\$ -	0.0%
Advertising	\$ 92,813	4.1%	\$ 62,015	1.7%	\$ 80,232	1.4%	\$ 37,538	0.7%
Pension, profit-sharing, stock, annuity	\$ 2,420	0.1%	\$ 5,674	0.2%	\$ 11,882	0.2%	\$ 20,777	0.4%
Employee benefit programs	\$ 21,509	0.9%	\$ 27,466	0.8%	\$ 69,615	1.2%	\$ 65,397	1.2%
Domestic production activities deduction	\$ 95	0.0%	\$ 319	0.0%	\$ 69	0.0%	\$ 816	0.0%
Net loss, noncapital assets	\$ 3,844	0.2%	\$ 25,521	0.7%	\$ 3,949	0.1%	\$ 2,663	0.0%
Other deductions	\$ 206,163	9.1%	\$ 283,912	7.8%	\$ 312,840	5.5%	\$ 328,315	5.9%
<b>Total business expenses (deductions)</b>	<b>\$ 2,221,589</b>	<b>97.6%</b>	<b>\$ 3,571,116</b>	<b>98.7%</b>	<b>\$ 5,460,466</b>	<b>96.1%</b>	<b>\$ 5,503,221</b>	<b>98.3%</b>
<b>Net Income</b>	<b>\$ 54,377</b>	<b>2.4%</b>	<b>\$ 48,003</b>	<b>1.3%</b>	<b>\$ 220,435</b>	<b>3.9%</b>	<b>\$ 95,191</b>	<b>1.7%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 350,386	15.4%	\$ 443,184	12.2%	\$ 788,793	13.9%	\$ 598,840	10.7%
Less: Standard Exemption	\$ 340,000	14.9%	\$ 340,000	9.4%	\$ 340,000	6.0%	\$ 340,000	6.1%
Less: Employer Paid Health Care Deduction	\$ 27,788	1.2%	\$ 35,147	1.0%	\$ 62,556	1.1%	\$ 47,492	0.8%
Net Taxable Compensation	\$ -	0.0%	\$ 68,037	1.9%	\$ 386,237	6.8%	\$ 211,349	3.8%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 796</b>	<b>0.0%</b>	<b>\$ 4,519</b>	<b>0.1%</b>	<b>\$ 2,473</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 2,268,884	99.7%	\$ 3,612,834	99.8%	\$ 5,659,392	99.6%	\$ 5,596,571	100.0%
Margin Calculation #1, 30% Standard Deduction	\$ 680,665	29.9%	\$ 1,083,850	29.9%	\$ 1,697,818	29.9%	\$ 1,678,971	30.0%
Margin Calculation #2, Cost of Compensation	\$ 350,386	15.4%	\$ 443,184	12.2%	\$ 788,793	13.9%	\$ 598,840	10.7%
Margin Calculation #3, Cost of Goods Sold	\$ 1,288,185	56.6%	\$ 2,503,919	69.2%	\$ 3,742,791	65.9%	\$ 4,066,547	72.6%
Gross Taxable Margin	\$ 980,699	43.1%	\$ 1,108,915	30.6%	\$ 1,916,601	33.7%	\$ 1,530,025	27.3%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 19,614</b>	<b>0.9%</b>	<b>\$ 22,178</b>	<b>0.6%</b>	<b>\$ 38,332</b>	<b>0.7%</b>	<b>\$ 30,600</b>	<b>0.5%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ 796	0.0%	\$ 4,519	0.1%	\$ 2,473	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 19,614</b>	<b>0.9%</b>	<b>\$ 21,382</b>	<b>0.6%</b>	<b>\$ 33,813</b>	<b>0.6%</b>	<b>\$ 28,128</b>	<b>0.5%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 19,614</b>	<b>0.9%</b>	<b>\$ 22,178</b>	<b>0.6%</b>	<b>\$ 38,332</b>	<b>0.7%</b>	<b>\$ 30,600</b>	<b>0.5%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**  
Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Health And Personal Care % of Total Stores Income		% of Total Gasoline Stations Income		Clothing And Clothing % of Total Accessories Stores Income		Sporting Goods, Hobby, % of Total Book, And Music Stores Income	
<b>Total income sources (receipts)</b>								
Business receipts	\$ 6,765,817	98.0%	\$ 6,584,142	99.3%	\$ 3,525,214	97.8%	\$ 3,002,026	97.6%
Interest	\$ 1,294	0.0%	\$ 1,023	0.0%	\$ 10,921	0.3%	\$ 11,833	0.4%
Interest on Government obligations: State and Local	\$ 122	0.0%	\$ 112	0.0%	\$ 303	0.0%	\$ 195	0.0%
Rents	\$ 3,279	0.0%	\$ 2,644	0.0%	\$ 2,079	0.1%	\$ 1,628	0.1%
Royalties	\$ 2,242	0.0%	\$ 383	0.0%	\$ 10,862	0.3%	\$ 3,457	0.1%
Net short-term capital gain reduced by net long-term capital loss	\$ 24	0.0%	\$ 30	0.0%	\$ 19	0.0%	\$ 39	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 1,606	0.0%	\$ 1,206	0.0%	\$ 1,552	0.0%	\$ 88	0.0%
Net gain, noncapital assets	\$ 1,011	0.0%	\$ 3,106	0.0%	\$ 531	0.0%	\$ 1,132	0.0%
Dividends received from domestic corporations	\$ 238	0.0%	\$ 140	0.0%	\$ 2,568	0.1%	\$ 18	0.0%
Dividends received from foreign corporations	\$ 2	0.0%	\$ 15	0.0%	\$ 9,852	0.3%	\$ 747	0.0%
Other receipts	\$ 130,648	1.9%	\$ 39,729	0.6%	\$ 42,266	1.2%	\$ 54,981	1.8%
<b>Total income (receipts)</b>	<b>\$ 6,906,283</b>	<b>100.0%</b>	<b>\$ 6,632,530</b>	<b>100.0%</b>	<b>\$ 3,606,167</b>	<b>100.0%</b>	<b>\$ 3,076,144</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 4,866,793	70.5%	\$ 5,901,380	89.0%	\$ 1,862,618	51.7%	\$ 1,812,473	58.9%
Cost of Labor	\$ 46,025	0.7%	\$ 44,201	0.7%	\$ 24,032	0.7%	\$ 20,500	0.7%
Compensation of officers	\$ 68,960	1.0%	\$ 29,175	0.4%	\$ 51,885	1.4%	\$ 40,761	1.3%
Salaries and wages	\$ 689,651	10.0%	\$ 201,793	3.0%	\$ 499,873	13.9%	\$ 373,323	12.1%
Repairs	\$ 22,216	0.3%	\$ 28,543	0.4%	\$ 26,540	0.7%	\$ 29,981	1.0%
Bad debts	\$ 13,311	0.2%	\$ 2,730	0.0%	\$ 11,616	0.3%	\$ 7,618	0.2%
Rent paid on business property	\$ 207,548	3.0%	\$ 84,490	1.3%	\$ 289,637	8.0%	\$ 199,574	6.5%
Taxes paid	\$ 82,619	1.2%	\$ 54,449	0.8%	\$ 80,575	2.2%	\$ 68,480	2.2%
Interest paid	\$ 43,190	0.6%	\$ 26,513	0.4%	\$ 29,484	0.8%	\$ 58,741	1.9%
Charitable contributions	\$ 726	0.0%	\$ 237	0.0%	\$ 2,279	0.1%	\$ 735	0.0%
Amortization	\$ 20,594	0.3%	\$ 5,544	0.1%	\$ 8,556	0.2%	\$ 6,871	0.2%
Depreciation	\$ 78,653	1.1%	\$ 67,226	1.0%	\$ 94,589	2.6%	\$ 64,530	2.1%
Depletion	\$ 0	0.0%	\$ 21	0.0%	\$ -	0.0%	\$ -	0.0%
Advertising	\$ 51,022	0.7%	\$ 6,771	0.1%	\$ 76,642	2.1%	\$ 76,762	2.5%
Pension, profit-sharing, stock, annuity	\$ 19,808	0.3%	\$ 2,563	0.0%	\$ 8,849	0.2%	\$ 4,519	0.1%
Employee benefit programs	\$ 38,524	0.6%	\$ 9,936	0.1%	\$ 43,173	1.2%	\$ 23,119	0.8%
Domestic production activities deduction	\$ 1,679	0.0%	\$ 23	0.0%	\$ 942	0.0%	\$ 266	0.0%
Net loss, noncapital assets	\$ 1,570	0.0%	\$ 4,459	0.1%	\$ 11,506	0.3%	\$ 4,966	0.2%
Other deductions	\$ 460,238	6.7%	\$ 188,708	2.8%	\$ 326,398	9.1%	\$ 258,794	8.4%
<b>Total business expenses (deductions)</b>	<b>\$ 6,667,102</b>	<b>96.5%</b>	<b>\$ 6,614,563</b>	<b>99.7%</b>	<b>\$ 3,425,161</b>	<b>95.0%</b>	<b>\$ 3,031,510</b>	<b>98.5%</b>
<b>Net Income</b>	<b>\$ 239,181</b>	<b>3.5%</b>	<b>\$ 17,967</b>	<b>0.3%</b>	<b>\$ 181,007</b>	<b>5.0%</b>	<b>\$ 44,634</b>	<b>1.5%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 804,635	11.7%	\$ 275,169	4.1%	\$ 575,791	16.0%	\$ 434,585	14.1%
Less: Standard Exemption	\$ 340,000	4.9%	\$ 340,000	5.1%	\$ 340,000	9.4%	\$ 340,000	11.1%
Less: Employer Paid Health Care Deduction	\$ 63,812	0.9%	\$ 21,823	0.3%	\$ 45,664	1.3%	\$ 34,465	1.1%
Net Taxable Compensation	\$ 400,823	5.8%	\$ -	0.0%	\$ 190,127	5.3%	\$ 60,119	2.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 4,690</b>	<b>0.1%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 2,224</b>	<b>0.1%</b>	<b>\$ 703</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 6,892,970	99.8%	\$ 6,629,785	100.0%	\$ 3,584,699	99.4%	\$ 3,067,779	99.7%
Margin Calculation #1, 30% Standard Deduction	\$ 2,067,891	29.9%	\$ 1,988,936	30.0%	\$ 1,075,410	29.8%	\$ 920,334	29.9%
Margin Calculation #2, Cost of Compensation	\$ 804,635	11.7%	\$ 275,169	4.1%	\$ 575,791	16.0%	\$ 434,585	14.1%
Margin Calculation #3, Cost of Goods Sold	\$ 4,866,793	70.5%	\$ 5,901,380	89.0%	\$ 1,862,618	51.7%	\$ 1,812,473	58.9%
Gross Taxable Margin	\$ 2,026,177	29.3%	\$ 728,405	11.0%	\$ 1,722,081	47.8%	\$ 1,255,306	40.8%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 40,524</b>	<b>0.6%</b>	<b>\$ 14,568</b>	<b>0.2%</b>	<b>\$ 34,442</b>	<b>1.0%</b>	<b>\$ 25,106</b>	<b>0.8%</b>
Less: Modified Business Tax Liability	\$ 4,690	0.1%	\$ -	0.0%	\$ 2,224	0.1%	\$ 703	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 35,834</b>	<b>0.5%</b>	<b>\$ 14,568</b>	<b>0.2%</b>	<b>\$ 32,217</b>	<b>0.9%</b>	<b>\$ 24,403</b>	<b>0.8%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 40,524</b>	<b>0.6%</b>	<b>\$ 14,568</b>	<b>0.2%</b>	<b>\$ 34,442</b>	<b>1.0%</b>	<b>\$ 25,106</b>	<b>0.8%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	General % of Total Merchandise Stores	Income	Miscellaneous Store % of Total Retailers	Income	Nonstore % of Total Retailers	Income	Total Transportation % of Total And Warehousing	Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 54,407,836	96.7%	\$ 1,265,810	97.7%	\$ 3,732,313	96.5%	\$ 3,611,511	96.9%
Interest	\$ 111,069	0.2%	\$ 2,917	0.2%	\$ 20,213	0.5%	\$ 10,944	0.3%
Interest on Government obligations: State and Local	\$ 838	0.0%	\$ 33	0.0%	\$ 31	0.0%	\$ 176	0.0%
Rents	\$ 82,589	0.1%	\$ 540	0.0%	\$ 2,446	0.1%	\$ 8,325	0.2%
Royalties	\$ 177,984	0.3%	\$ 2,857	0.2%	\$ 32,838	0.8%	\$ 10,259	0.3%
Net short-term capital gain reduced by net long-term capital loss	\$ 11	0.0%	\$ 33	0.0%	\$ 91	0.0%	\$ 257	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 1,611	0.0%	\$ 311	0.0%	\$ 6,464	0.2%	\$ 5,647	0.2%
Net gain, noncapital assets	\$ 3,611	0.0%	\$ 831	0.1%	\$ 7,337	0.2%	\$ 16,357	0.4%
Dividends received from domestic corporations	\$ 797	0.0%	\$ 25	0.0%	\$ 840	0.0%	\$ 530	0.0%
Dividends received from foreign corporations	\$ 76,013	0.1%	\$ 1,962	0.2%	\$ 17,073	0.4%	\$ 3,361	0.1%
Other receipts	\$ 1,373,164	2.4%	\$ 20,045	1.5%	\$ 46,123	1.2%	\$ 59,630	1.6%
<b>Total income (receipts)</b>	<b>\$ 56,235,524</b>	<b>100.0%</b>	<b>\$ 1,295,364</b>	<b>100.0%</b>	<b>\$ 3,865,770</b>	<b>100.0%</b>	<b>\$ 3,726,998</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 39,831,165	70.8%	\$ 783,394	60.5%	\$ 2,624,224	67.9%	\$ 1,203,679	32.3%
Cost of Labor	\$ 374,766	0.7%	\$ 8,633	0.7%	\$ 25,762	0.7%	\$ 132,902	3.6%
Compensation of officers	\$ 75,204	0.1%	\$ 28,245	2.2%	\$ 52,224	1.4%	\$ 67,175	1.8%
Salaries and wages	\$ 6,007,940	10.7%	\$ 149,119	11.5%	\$ 298,770	7.7%	\$ 608,629	16.3%
Repairs	\$ 359,939	0.6%	\$ 9,888	0.8%	\$ 11,994	0.3%	\$ 121,914	3.3%
Bad debts	\$ 131,659	0.2%	\$ 2,075	0.2%	\$ 19,826	0.5%	\$ 6,856	0.2%
Rent paid on business property	\$ 588,730	1.0%	\$ 69,445	5.4%	\$ 34,041	0.9%	\$ 181,407	4.9%
Taxes paid	\$ 983,360	1.7%	\$ 27,225	2.1%	\$ 39,001	1.0%	\$ 107,667	2.9%
Interest paid	\$ 486,398	0.9%	\$ 15,940	1.2%	\$ 58,404	1.5%	\$ 82,168	2.2%
Charitable contributions	\$ 86,456	0.2%	\$ 464	0.0%	\$ 1,098	0.0%	\$ 924	0.0%
Amortization	\$ 25,808	0.0%	\$ 2,911	0.2%	\$ 16,162	0.4%	\$ 12,589	0.3%
Depreciation	\$ 1,282,390	2.3%	\$ 21,396	1.7%	\$ 57,277	1.5%	\$ 192,127	5.2%
Depletion	\$ 0	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 383	0.0%
Advertising	\$ 748,560	1.3%	\$ 22,605	1.7%	\$ 89,712	2.3%	\$ 13,778	0.4%
Pension, profit-sharing, stock, annuity	\$ 318,959	0.6%	\$ 1,513	0.1%	\$ 7,205	0.2%	\$ 46,792	1.3%
Employee benefit programs	\$ 507,880	0.9%	\$ 12,296	0.9%	\$ 28,010	0.7%	\$ 109,874	2.9%
Domestic production activities deduction	\$ 6,975	0.0%	\$ 166	0.0%	\$ 281	0.0%	\$ 62	0.0%
Net loss, noncapital assets	\$ 52,422	0.1%	\$ 1,509	0.1%	\$ 2,839	0.1%	\$ 4,650	0.1%
Other deductions	\$ 2,504,460	4.5%	\$ 121,165	9.4%	\$ 436,259	11.3%	\$ 868,546	23.3%
<b>Total business expenses (deductions)</b>	<b>\$ 53,998,306</b>	<b>96.0%</b>	<b>\$ 1,269,356</b>	<b>98.0%</b>	<b>\$ 3,777,327</b>	<b>97.7%</b>	<b>\$ 3,629,220</b>	<b>97.4%</b>
<b>Net Income</b>	<b>\$ 2,237,218</b>	<b>4.0%</b>	<b>\$ 26,008</b>	<b>2.0%</b>	<b>\$ 88,443</b>	<b>2.3%</b>	<b>\$ 97,778</b>	<b>2.6%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 6,457,910	11.5%	\$ 185,997	14.4%	\$ 376,757	9.7%	\$ 808,706	21.7%
Less: Standard Exemption	\$ 340,000	0.6%	\$ 340,000	26.2%	\$ 340,000	8.8%	\$ 340,000	9.1%
Less: Employer Paid Health Care Deduction	\$ 512,150	0.9%	\$ 14,751	1.1%	\$ 29,879	0.8%	\$ 64,135	1.7%
Net Taxable Compensation	\$ 5,605,759	10.0%	\$ -	0.0%	\$ 6,878	0.2%	\$ 404,570	10.9%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 65,587</b>	<b>0.1%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 80</b>	<b>0.0%</b>	<b>\$ 4,733</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 56,027,851	99.6%	\$ 1,291,326	99.7%	\$ 3,828,871	99.0%	\$ 3,716,781	99.7%
Margin Calculation #1, 30% Standard Deduction	\$ 16,808,355	29.9%	\$ 387,398	29.9%	\$ 1,148,661	29.7%	\$ 1,115,034	29.9%
Margin Calculation #2, Cost of Compensation	\$ 6,457,910	11.5%	\$ 185,997	14.4%	\$ 376,757	9.7%	\$ 808,706	21.7%
Margin Calculation #3, Cost of Goods Sold	\$ 39,831,165	70.8%	\$ 783,394	60.5%	\$ 2,624,224	67.9%	\$ 1,203,679	32.3%
Gross Taxable Margin	\$ 16,196,686	28.8%	\$ 507,933	39.2%	\$ 1,204,646	31.2%	\$ 2,513,102	67.4%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 323,934</b>	<b>0.6%</b>	<b>\$ 10,159</b>	<b>0.8%</b>	<b>\$ 24,093</b>	<b>0.6%</b>	<b>\$ 50,262</b>	<b>1.3%</b>
Less: Modified Business Tax Liability	\$ 65,587	0.1%	\$ -	0.0%	\$ 80	0.0%	\$ 4,733	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 258,346</b>	<b>0.5%</b>	<b>\$ 10,159</b>	<b>0.8%</b>	<b>\$ 24,012</b>	<b>0.6%</b>	<b>\$ 45,529</b>	<b>1.2%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 323,934</b>	<b>0.6%</b>	<b>\$ 10,159</b>	<b>0.8%</b>	<b>\$ 24,093</b>	<b>0.6%</b>	<b>\$ 50,262</b>	<b>1.3%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Air, Rail, And Water % of Total Transportation Income		Truck % of Total Transportation Income		Transit And Ground % of Total Passenger Transportation Income		Pipeline % of Total Transportation Income	
<b>Total income sources (receipts)</b>								
Business receipts	\$ 19,113,101	96.9%	\$ 1,947,622	97.5%	\$ 753,925	97.3%	\$ 58,269,292	86.5%
Interest	\$ 49,542	0.3%	\$ 4,274	0.2%	\$ 4,689	0.6%	\$ 326,016	0.5%
Interest on Government obligations: State and Local	\$ 727	0.0%	\$ 72	0.0%	\$ 50	0.0%	\$ -	0.0%
Rents	\$ 81,156	0.4%	\$ 3,214	0.2%	\$ 490	0.1%	\$ 194,956	0.3%
Royalties	\$ 4,855	0.0%	\$ 115	0.0%	\$ 49	0.0%	\$ 1,284	0.0%
Net short-term capital gain reduced by net long-term capital loss	\$ 109	0.0%	\$ 3	0.0%	\$ 29	0.0%	\$ 3,868	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 15,922	0.1%	\$ 743	0.0%	\$ 1,363	0.2%	\$ 2,010,480	3.0%
Net gain, noncapital assets	\$ 65,133	0.3%	\$ 10,764	0.5%	\$ 4,175	0.5%	\$ 3,569,404	5.3%
Dividends received from domestic corporations	\$ 2,015	0.0%	\$ 21	0.0%	\$ 26	0.0%	\$ 215,268	0.3%
Dividends received from foreign corporations	\$ 14,097	0.1%	\$ 160	0.0%	\$ 111	0.0%	\$ 87,300	0.1%
Other receipts	\$ 381,305	1.9%	\$ 29,933	1.5%	\$ 9,869	1.3%	\$ 2,662,096	4.0%
<b>Total income (receipts)</b>	<b>\$ 19,727,962</b>	<b>100.0%</b>	<b>\$ 1,996,921</b>	<b>100.0%</b>	<b>\$ 774,776</b>	<b>100.0%</b>	<b>\$ 67,339,960</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 5,101,864	25.9%	\$ 632,132	31.7%	\$ 219,134	28.3%	\$ 27,508,620	40.9%
Cost of Labor	\$ 703,482	3.6%	\$ 71,209	3.6%	\$ 27,628	3.6%	\$ 2,401,286	3.6%
Compensation of officers	\$ 117,780	0.6%	\$ 75,329	3.8%	\$ 22,151	2.9%	\$ 263,948	0.4%
Salaries and wages	\$ 3,157,939	16.0%	\$ 326,593	16.4%	\$ 187,274	24.2%	\$ 3,413,824	5.1%
Repairs	\$ 996,085	5.0%	\$ 52,159	2.6%	\$ 14,019	1.8%	\$ 910,844	1.4%
Bad debts	\$ 15,939	0.1%	\$ 2,611	0.1%	\$ 1,379	0.2%	\$ 529,200	0.8%
Rent paid on business property	\$ 1,285,600	6.5%	\$ 98,489	4.9%	\$ 40,169	5.2%	\$ 487,624	0.7%
Taxes paid	\$ 498,173	2.5%	\$ 67,546	3.4%	\$ 34,283	4.4%	\$ 1,783,832	2.6%
Interest paid	\$ 660,929	3.4%	\$ 25,477	1.3%	\$ 21,973	2.8%	\$ 6,715,392	10.0%
Charitable contributions	\$ 5,318	0.0%	\$ 205	0.0%	\$ 112	0.0%	\$ 31,968	0.0%
Amortization	\$ 59,642	0.3%	\$ 3,023	0.2%	\$ 5,501	0.7%	\$ 1,204,808	1.8%
Depreciation	\$ 1,441,590	7.3%	\$ 87,899	4.4%	\$ 41,659	5.4%	\$ 6,563,648	9.7%
Depletion	\$ 793	0.0%	\$ 49	0.0%	\$ -	0.0%	\$ 243,348	0.4%
Advertising	\$ 104,140	0.5%	\$ 5,292	0.3%	\$ 4,132	0.5%	\$ 15,344	0.0%
Pension, profit-sharing, stock, annuity	\$ 269,653	1.4%	\$ 5,916	0.3%	\$ 2,813	0.4%	\$ 239,232	0.4%
Employee benefit programs	\$ 652,078	3.3%	\$ 44,973	2.3%	\$ 16,629	2.1%	\$ 559,416	0.8%
Domestic production activities deduction	\$ 141	0.0%	\$ 15	0.0%	\$ -	0.0%	\$ 576	0.0%
Net loss, noncapital assets	\$ 31,327	0.2%	\$ 503	0.0%	\$ 291	0.0%	\$ 73,644	0.1%
Other deductions	\$ 4,724,815	23.9%	\$ 533,851	26.7%	\$ 137,758	17.8%	\$ 11,657,528	17.3%
<b>Total business expenses (deductions)</b>	<b>\$ 19,123,806</b>	<b>96.9%</b>	<b>\$ 1,962,062</b>	<b>98.3%</b>	<b>\$ 749,277</b>	<b>96.7%</b>	<b>\$ 62,202,796</b>	<b>92.4%</b>
<b>Net Income</b>	<b>\$ 604,156</b>	<b>3.1%</b>	<b>\$ 34,859</b>	<b>1.7%</b>	<b>\$ 25,499</b>	<b>3.3%</b>	<b>\$ 5,137,164</b>	<b>7.6%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 3,979,202	20.2%	\$ 473,130	23.7%	\$ 237,053	30.6%	\$ 6,079,058	9.0%
Less: Standard Exemption	\$ 340,000	1.7%	\$ 340,000	17.0%	\$ 340,000	43.9%	\$ 340,000	0.5%
Less: Employer Paid Health Care Deduction	\$ 315,574	1.6%	\$ 37,522	1.9%	\$ 18,800	2.4%	\$ 482,105	0.7%
Net Taxable Compensation	\$ 3,323,628	16.8%	\$ 95,608	4.8%	\$ -	0.0%	\$ 5,256,953	7.8%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 38,886</b>	<b>0.2%</b>	<b>\$ 1,119</b>	<b>0.1%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 61,506</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 19,697,926	99.8%	\$ 1,994,150	99.9%	\$ 773,286	99.8%	\$ 66,723,460	99.1%
Margin Calculation #1, 30% Standard Deduction	\$ 5,909,378	30.0%	\$ 598,245	30.0%	\$ 231,986	29.9%	\$ 20,017,038	29.7%
Margin Calculation #2, Cost of Compensation	\$ 3,979,202	20.2%	\$ 473,130	23.7%	\$ 237,053	30.6%	\$ 6,079,058	9.0%
Margin Calculation #3, Cost of Goods Sold	\$ 5,101,864	25.9%	\$ 632,132	31.7%	\$ 219,134	28.3%	\$ 27,508,620	40.9%
Gross Taxable Margin	\$ 13,788,548	69.9%	\$ 1,362,017	68.2%	\$ -	0.0%	\$ 39,214,840	58.2%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 275,771</b>	<b>1.4%</b>	<b>\$ 27,240</b>	<b>1.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 784,297</b>	<b>1.2%</b>
Less: Modified Business Tax Liability	\$ 38,886	0.2%	\$ 1,119	0.1%	\$ -	0.0%	\$ 61,506	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 236,885</b>	<b>1.2%</b>	<b>\$ 26,122</b>	<b>1.3%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 722,790</b>	<b>1.1%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 275,771</b>	<b>1.4%</b>	<b>\$ 27,240</b>	<b>1.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 784,297</b>	<b>1.2%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Other Transportation And Support Activities	% of Total Income	Warehousing And Storage	% of Total Income	Total Information	% of Total Income	Publishing Industries (Except Internet)	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 5,148,968	97.1%	\$ 4,464,078	96.6%	\$ 7,514,816	87.2%	\$ 7,428,414	83.5%
Interest	\$ 19,340	0.4%	\$ 14,576	0.3%	\$ 131,980	1.5%	\$ 46,593	0.5%
Interest on Government obligations: State and Local	\$ 320	0.0%	\$ 645	0.0%	\$ 1,287	0.0%	\$ 2,042	0.0%
Rents	\$ 6,034	0.1%	\$ 3,589	0.1%	\$ 81,671	0.9%	\$ 16,059	0.2%
Royalties	\$ 45,989	0.9%	\$ 5,507	0.1%	\$ 205,963	2.4%	\$ 317,631	3.6%
Net short-term capital gain reduced by net long-term capital loss	\$ 214	0.0%	\$ 7,046	0.2%	\$ 2,166	0.0%	\$ 4,144	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 6,106	0.1%	\$ 8,645	0.2%	\$ 57,158	0.7%	\$ 61,902	0.7%
Net gain, noncapital assets	\$ 5,603	0.1%	\$ 9,079	0.2%	\$ 10,430	0.1%	\$ 9,590	0.1%
Dividends received from domestic corporations	\$ 537	0.0%	\$ 273	0.0%	\$ 65,514	0.8%	\$ 21,803	0.2%
Dividends received from foreign corporations	\$ 10,081	0.2%	\$ 5,906	0.1%	\$ 45,558	0.5%	\$ 88,238	1.0%
Other receipts	\$ 60,455	1.1%	\$ 99,596	2.2%	\$ 499,312	5.8%	\$ 895,677	10.1%
<b>Total income (receipts)</b>	<b>\$ 5,303,648</b>	<b>100.0%</b>	<b>\$ 4,618,940</b>	<b>100.0%</b>	<b>\$ 8,615,856</b>	<b>100.0%</b>	<b>\$ 8,892,094</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 2,061,445	38.9%	\$ 1,747,022	37.8%	\$ 1,770,735	20.6%	\$ 2,173,610	24.4%
Cost of Labor	\$ 189,124	3.6%	\$ 164,707	3.6%	\$ 109,174	1.3%	\$ 112,675	1.3%
Compensation of officers	\$ 64,809	1.2%	\$ 61,777	1.3%	\$ 121,275	1.4%	\$ 150,938	1.7%
Salaries and wages	\$ 879,435	16.6%	\$ 783,042	17.0%	\$ 1,370,579	15.9%	\$ 2,121,808	23.9%
Repairs	\$ 131,779	2.5%	\$ 89,000	1.9%	\$ 94,211	1.1%	\$ 57,777	0.6%
Bad debts	\$ 15,121	0.3%	\$ 14,255	0.3%	\$ 72,550	0.8%	\$ 108,755	1.2%
Rent paid on business property	\$ 161,423	3.0%	\$ 346,917	7.5%	\$ 214,486	2.5%	\$ 142,930	1.6%
Taxes paid	\$ 138,685	2.6%	\$ 147,367	3.2%	\$ 216,267	2.5%	\$ 227,913	2.6%
Interest paid	\$ 61,531	1.2%	\$ 131,812	2.9%	\$ 468,981	5.4%	\$ 316,692	3.6%
Charitable contributions	\$ 1,901	0.0%	\$ 1,160	0.0%	\$ 6,150	0.1%	\$ 9,989	0.1%
Amortization	\$ 19,194	0.4%	\$ 33,044	0.7%	\$ 320,981	3.7%	\$ 241,287	2.7%
Depreciation	\$ 176,102	3.3%	\$ 203,953	4.4%	\$ 637,436	7.4%	\$ 261,179	2.9%
Depletion	\$ 0	0.0%	\$ 31	0.0%	\$ 99	0.0%	\$ -	0.0%
Advertising	\$ 17,239	0.3%	\$ 11,804	0.3%	\$ 215,333	2.5%	\$ 250,921	2.8%
Pension, profit-sharing, stock, annuity	\$ 123,090	2.3%	\$ 19,719	0.4%	\$ 58,705	0.7%	\$ 62,618	0.7%
Employee benefit programs	\$ 190,644	3.6%	\$ 92,958	2.0%	\$ 213,454	2.5%	\$ 237,180	2.7%
Domestic production activities deduction	\$ 13	0.0%	\$ 1,519	0.0%	\$ 30,674	0.4%	\$ 71,310	0.8%
Net loss, noncapital assets	\$ 10,881	0.2%	\$ 1,765	0.0%	\$ 32,504	0.4%	\$ 47,524	0.5%
Other deductions	\$ 1,120,431	21.1%	\$ 767,794	16.6%	\$ 2,276,619	26.4%	\$ 1,677,877	18.9%
<b>Total business expenses (deductions)</b>	<b>\$ 5,173,723</b>	<b>97.6%</b>	<b>\$ 4,454,939</b>	<b>96.4%</b>	<b>\$ 8,121,040</b>	<b>94.3%</b>	<b>\$ 8,160,311</b>	<b>91.8%</b>
<b>Net Income</b>	<b>\$ 129,925</b>	<b>2.4%</b>	<b>\$ 164,001</b>	<b>3.6%</b>	<b>\$ 494,816</b>	<b>5.7%</b>	<b>\$ 731,783</b>	<b>8.2%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 1,133,368	21.4%	\$ 1,009,527	21.9%	\$ 1,601,029	18.6%	\$ 2,385,421	26.8%
Less: Standard Exemption	\$ 340,000	6.4%	\$ 340,000	7.4%	\$ 340,000	3.9%	\$ 340,000	3.8%
Less: Employer Paid Health Care Deduction	\$ 89,883	1.7%	\$ 80,061	1.7%	\$ 126,971	1.5%	\$ 189,178	2.1%
Net Taxable Compensation	\$ 703,485	13.3%	\$ 589,465	12.8%	\$ 1,134,058	13.2%	\$ 1,856,243	20.9%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 8,231</b>	<b>0.2%</b>	<b>\$ 6,897</b>	<b>0.1%</b>	<b>\$ 13,268</b>	<b>0.2%</b>	<b>\$ 21,718</b>	<b>0.2%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 5,278,446	99.5%	\$ 4,598,780	99.6%	\$ 8,497,748	98.6%	\$ 8,695,101	97.8%
Margin Calculation #1, 30% Standard Deduction	\$ 1,583,534	29.9%	\$ 1,379,634	29.9%	\$ 2,549,324	29.6%	\$ 2,608,530	29.3%
Margin Calculation #2, Cost of Compensation	\$ 1,133,368	21.4%	\$ 1,009,527	21.9%	\$ 1,601,029	18.6%	\$ 2,385,421	26.8%
Margin Calculation #3, Cost of Goods Sold	\$ 2,061,445	38.9%	\$ 1,747,022	37.8%	\$ 1,770,735	20.6%	\$ 2,173,610	24.4%
Gross Taxable Margin	\$ 3,217,002	60.7%	\$ 2,851,758	61.7%	\$ 5,948,423	69.0%	\$ 6,086,571	68.4%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 64,340</b>	<b>1.2%</b>	<b>\$ 57,035</b>	<b>1.2%</b>	<b>\$ 118,968</b>	<b>1.4%</b>	<b>\$ 121,731</b>	<b>1.4%</b>
Less: Modified Business Tax Liability	\$ 8,231	0.2%	\$ 6,897	0.1%	\$ 13,268	0.2%	\$ 21,718	0.2%
<b>Net Margin Tax Liability</b>	<b>\$ 56,109</b>	<b>1.1%</b>	<b>\$ 50,138</b>	<b>1.1%</b>	<b>\$ 105,700</b>	<b>1.2%</b>	<b>\$ 100,013</b>	<b>1.1%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 64,340</b>	<b>1.2%</b>	<b>\$ 57,035</b>	<b>1.2%</b>	<b>\$ 118,968</b>	<b>1.4%</b>	<b>\$ 121,731</b>	<b>1.4%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.



**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Motion Picture And Sound Recording Industries	% of Total Income	Broadcasting (Except Internet)	% of Total Income	Telecommunications (Including Paging, Cellular, Satellite, Cable, Etc.)	% of Total Income	Internet Service Providers, Web Search Portals, And Data Processing Services	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 2,795,282	89.9%	\$ 14,508,189	87.8%	\$ 22,542,138	87.2%	\$ 3,372,815	97.0%
Interest	\$ 15,053	0.5%	\$ 305,637	1.8%	\$ 649,886	2.5%	\$ 7,161	0.2%
Interest on Government obligations: State and Local	\$ 136	0.0%	\$ 1,823	0.0%	\$ 4,134	0.0%	\$ 216	0.0%
Rents	\$ 8,928	0.3%	\$ 57,592	0.3%	\$ 480,664	1.9%	\$ 4,209	0.1%
Royalties	\$ 112,458	3.6%	\$ 788,346	4.8%	\$ 257,839	1.0%	\$ 35,604	1.0%
Net short-term capital gain reduced by net long-term capital loss	\$ 117	0.0%	\$ 1,436	0.0%	\$ 4,295	0.0%	\$ 861	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 4,150	0.1%	\$ 57,880	0.4%	\$ 236,063	0.9%	\$ 6,391	0.2%
Net gain, noncapital assets	\$ 4,367	0.1%	\$ 6,128	0.0%	\$ 35,561	0.1%	\$ 1,240	0.0%
Dividends received from domestic corporations	\$ 4,052	0.1%	\$ 457	0.0%	\$ 399,239	1.5%	\$ 328	0.0%
Dividends received from foreign corporations	\$ 33,856	1.1%	\$ 95,663	0.6%	\$ 46,515	0.2%	\$ 5,486	0.2%
Other receipts	\$ 131,372	4.2%	\$ 705,832	4.3%	\$ 1,184,257	4.6%	\$ 42,028	1.2%
<b>Total income (receipts)</b>	<b>\$ 3,109,772</b>	<b>100.0%</b>	<b>\$ 16,528,984</b>	<b>100.0%</b>	<b>\$ 25,840,589</b>	<b>100.0%</b>	<b>\$ 3,476,339</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 634,888	20.4%	\$ 1,758,399	10.6%	\$ 5,144,815	19.9%	\$ 795,983	22.9%
Cost of Labor	\$ 39,405	1.3%	\$ 209,444	1.3%	\$ 327,435	1.3%	\$ 44,050	1.3%
Compensation of officers	\$ 104,922	3.4%	\$ 252,919	1.5%	\$ 124,203	0.5%	\$ 102,482	2.9%
Salaries and wages	\$ 308,378	9.9%	\$ 2,240,090	13.6%	\$ 3,115,542	12.1%	\$ 839,882	24.2%
Repairs	\$ 19,929	0.6%	\$ 89,253	0.5%	\$ 427,218	1.7%	\$ 46,260	1.3%
Bad debts	\$ 8,835	0.3%	\$ 51,372	0.3%	\$ 254,766	1.0%	\$ 14,948	0.4%
Rent paid on business property	\$ 161,972	5.2%	\$ 345,841	2.1%	\$ 631,351	2.4%	\$ 134,521	3.9%
Taxes paid	\$ 92,671	3.0%	\$ 349,950	2.1%	\$ 626,972	2.4%	\$ 90,344	2.6%
Interest paid	\$ 149,897	4.8%	\$ 1,140,752	6.9%	\$ 1,738,964	6.7%	\$ 192,336	5.5%
Charitable contributions	\$ 2,341	0.1%	\$ 10,138	0.1%	\$ 7,757	0.0%	\$ 823	0.0%
Amortization	\$ 350,332	11.3%	\$ 1,469,028	8.9%	\$ 431,940	1.7%	\$ 82,474	2.4%
Depreciation	\$ 177,250	5.7%	\$ 730,963	4.4%	\$ 2,955,541	11.4%	\$ 301,625	8.7%
Depletion	\$ -	0.0%	\$ 22	0.0%	\$ 659	0.0%	\$ 7	0.0%
Advertising	\$ 160,819	5.2%	\$ 475,891	2.9%	\$ 417,435	1.6%	\$ 57,125	1.6%
Pension, profit-sharing, stock, annuity	\$ 16,918	0.5%	\$ 185,727	1.1%	\$ 161,985	0.6%	\$ 15,874	0.5%
Employee benefit programs	\$ 38,337	1.2%	\$ 475,244	2.9%	\$ 701,442	2.7%	\$ 70,588	2.0%
Domestic production activities deduction	\$ 20,204	0.6%	\$ 63,666	0.4%	\$ 20,788	0.1%	\$ 6,101	0.2%
Net loss, noncapital assets	\$ 7,948	0.3%	\$ 57,363	0.3%	\$ 92,077	0.4%	\$ 7,390	0.2%
Other deductions	\$ 655,995	21.1%	\$ 6,080,563	36.8%	\$ 7,777,986	30.1%	\$ 759,793	21.9%
<b>Total business expenses (deductions)</b>	<b>\$ 2,911,636</b>	<b>93.6%</b>	<b>\$ 15,777,182</b>	<b>95.5%</b>	<b>\$ 24,631,442</b>	<b>95.3%</b>	<b>\$ 3,518,556</b>	<b>101.2%</b>
<b>Net Income</b>	<b>\$ 198,136</b>	<b>6.4%</b>	<b>\$ 751,801</b>	<b>4.5%</b>	<b>\$ 1,209,147</b>	<b>4.7%</b>	<b>\$ (42,217)</b>	<b>-1.2%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 452,706	14.6%	\$ 2,702,453	16.3%	\$ 3,567,179	13.8%	\$ 986,415	28.4%
Less: Standard Exemption	\$ 340,000	10.9%	\$ 340,000	2.1%	\$ 340,000	1.3%	\$ 340,000	9.8%
Less: Employer Paid Health Care Deduction	\$ 35,902	1.2%	\$ 214,320	1.3%	\$ 282,898	1.1%	\$ 78,229	2.3%
Net Taxable Compensation	\$ 76,803	2.5%	\$ 2,148,133	13.0%	\$ 2,944,281	11.4%	\$ 568,186	16.3%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 899</b>	<b>0.0%</b>	<b>\$ 25,133</b>	<b>0.2%</b>	<b>\$ 34,448</b>	<b>0.1%</b>	<b>\$ 6,648</b>	<b>0.2%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 3,067,082	98.6%	\$ 16,381,949	99.1%	\$ 25,539,308	98.8%	\$ 3,455,904	99.4%
Margin Calculation #1, 30% Standard Deduction	\$ 920,125	29.6%	\$ 4,914,585	29.7%	\$ 7,661,793	29.7%	\$ 1,036,771	29.8%
Margin Calculation #2, Cost of Compensation	\$ 452,706	14.6%	\$ 2,702,453	16.3%	\$ 3,567,179	13.8%	\$ 986,415	28.4%
Margin Calculation #3, Cost of Goods Sold	\$ 634,888	20.4%	\$ 1,758,399	10.6%	\$ 5,144,815	19.9%	\$ 795,983	22.9%
Gross Taxable Margin	\$ 2,146,957	69.0%	\$ 11,467,364	69.4%	\$ 17,877,516	69.2%	\$ 2,419,133	69.6%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 42,939</b>	<b>1.4%</b>	<b>\$ 229,347</b>	<b>1.4%</b>	<b>\$ 357,550</b>	<b>1.4%</b>	<b>\$ 48,383</b>	<b>1.4%</b>
Less: Modified Business Tax Liability	\$ 899	0.0%	\$ 25,133	0.2%	\$ 34,448	0.1%	\$ 6,648	0.2%
<b>Net Margin Tax Liability</b>	<b>\$ 42,041</b>	<b>1.4%</b>	<b>\$ 204,214</b>	<b>1.2%</b>	<b>\$ 323,102</b>	<b>1.3%</b>	<b>\$ 41,735</b>	<b>1.2%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 42,939</b>	<b>1.4%</b>	<b>\$ 229,347</b>	<b>1.4%</b>	<b>\$ 357,550</b>	<b>1.4%</b>	<b>\$ 48,383</b>	<b>1.4%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**  
Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Other Information	% of Total	Total Finance And	% of Total	Credit % of Total	Securities, Commodity	Contracts, Other	Financial Investments, % of Total	% of Total
	Services	Income	Insurance	Income	Intermediation	And Related Activities		And Related Activities	Income
<b>Total income sources (receipts)</b>									
Business receipts	\$ 2,843,097	91.7%	\$ 7,903,947	59.5%	\$ 3,292,171	30.5%	\$ 3,159,294	58.1%	
Interest	\$ 18,986	0.6%	\$ 3,020,605	22.7%	\$ 6,248,476	57.9%	\$ 1,310,152	24.1%	
Interest on Government obligations: State and Local	\$ 129	0.0%	\$ 197,232	1.5%	\$ 70,603	0.7%	\$ 6,566	0.1%	
Rents	\$ 4,309	0.1%	\$ 50,652	0.4%	\$ 22,874	0.2%	\$ 11,496	0.2%	
Royalties	\$ 65,906	2.1%	\$ 4,324	0.0%	\$ 17,831	0.2%	\$ 2,719	0.1%	
Net short-term capital gain reduced by net long-term capital loss	\$ 1,886	0.1%	\$ 143,909	1.1%	\$ 5,819	0.1%	\$ 8,041	0.1%	
Net long-term capital gain reduced by net short-term capital loss	\$ 13,124	0.4%	\$ 78,396	0.6%	\$ 14,516	0.1%	\$ 52,095	1.0%	
Net gain, noncapital assets	\$ 6,089	0.2%	\$ 52,812	0.4%	\$ 236,375	2.2%	\$ 26,603	0.5%	
Dividends received from domestic corporations	\$ 14	0.0%	\$ 45,301	0.3%	\$ 3,775	0.0%	\$ 14,201	0.3%	
Dividends received from foreign corporations	\$ 7,930	0.3%	\$ 90,612	0.7%	\$ 25,277	0.2%	\$ 52,636	1.0%	
Other receipts	\$ 138,707	4.5%	\$ 1,698,585	12.8%	\$ 856,106	7.9%	\$ 794,011	14.6%	
<b>Total income (receipts)</b>	<b>\$ 3,100,178</b>	<b>100.0%</b>	<b>\$ 13,286,375</b>	<b>100.0%</b>	<b>\$ 10,793,821</b>	<b>100.0%</b>	<b>\$ 5,437,816</b>	<b>100.0%</b>	
<b>Business expenses (deductions)</b>									
Cost of goods sold	\$ 757,227	24.4%	\$ 4,624,879	34.8%	\$ 56,977	0.5%	\$ 217,020	4.0%	
Cost of Labor	\$ 39,283	1.3%	\$ 1,917	0.0%	\$ 1,557	0.0%	\$ 785	0.0%	
Compensation of officers	\$ 75,074	2.4%	\$ 134,241	1.0%	\$ 123,151	1.1%	\$ 239,265	4.4%	
Salaries and wages	\$ 654,486	21.1%	\$ 1,174,228	8.8%	\$ 919,596	8.5%	\$ 1,303,873	24.0%	
Repairs	\$ 16,319	0.5%	\$ 21,169	0.2%	\$ 47,479	0.4%	\$ 19,056	0.4%	
Bad debts	\$ 10,214	0.3%	\$ 398,649	3.0%	\$ 1,794,564	16.6%	\$ 31,358	0.6%	
Rent paid on business property	\$ 52,978	1.7%	\$ 107,976	0.8%	\$ 115,178	1.1%	\$ 111,061	2.0%	
Taxes paid	\$ 82,592	2.7%	\$ 193,562	1.5%	\$ 154,859	1.4%	\$ 133,613	2.5%	
Interest paid	\$ 85,126	2.7%	\$ 1,180,455	8.9%	\$ 4,004,785	37.1%	\$ 960,681	17.7%	
Charitable contributions	\$ 6,916	0.2%	\$ 7,121	0.1%	\$ 5,949	0.1%	\$ 8,869	0.2%	
Amortization	\$ 50,327	1.6%	\$ 105,761	0.8%	\$ 106,003	1.0%	\$ 67,264	1.2%	
Depreciation	\$ 129,998	4.2%	\$ 161,973	1.2%	\$ 408,767	3.8%	\$ 76,021	1.4%	
Depletion	\$ -	0.0%	\$ 628	0.0%	\$ 18	0.0%	\$ 765	0.0%	
Advertising	\$ 80,428	2.6%	\$ 81,354	0.6%	\$ 158,277	1.5%	\$ 39,807	0.7%	
Pension, profit-sharing, stock, annuity	\$ 18,675	0.6%	\$ 68,527	0.5%	\$ 44,445	0.4%	\$ 51,340	0.9%	
Employee benefit programs	\$ 55,311	1.8%	\$ 103,136	0.8%	\$ 100,219	0.9%	\$ 69,460	1.3%	
Domestic production activities deduction	\$ 1,388	0.0%	\$ 749	0.0%	\$ 2,649	0.0%	\$ 508	0.0%	
Net loss, noncapital assets	\$ 7,228	0.2%	\$ 71,051	0.5%	\$ 287,278	2.7%	\$ 58,877	1.1%	
Other deductions	\$ 791,471	25.5%	\$ 3,261,341	24.5%	\$ 3,072,262	28.5%	\$ 1,485,086	27.3%	
<b>Total business expenses (deductions)</b>	<b>\$ 2,875,758</b>	<b>92.8%</b>	<b>\$ 11,696,800</b>	<b>88.0%</b>	<b>\$ 11,402,457</b>	<b>105.6%</b>	<b>\$ 4,873,923</b>	<b>89.6%</b>	
<b>Net Income</b>	<b>\$ 224,420</b>	<b>7.2%</b>	<b>\$ 1,589,574</b>	<b>12.0%</b>	<b>\$ (608,636)</b>	<b>-5.6%</b>	<b>\$ 563,893</b>	<b>10.4%</b>	
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>									
Total Compensation	\$ 768,843	24.8%	\$ 1,310,386	9.9%	\$ 1,044,304	9.7%	\$ 1,543,923	28.4%	
Less: Standard Exemption	\$ 340,000	11.0%	\$ 340,000	2.6%	\$ 340,000	3.1%	\$ 340,000	6.3%	
Less: Employer Paid Health Care Deduction	\$ 60,974	2.0%	\$ 103,921	0.8%	\$ 82,819	0.8%	\$ 122,442	2.3%	
Net Taxable Compensation	\$ 367,869	11.9%	\$ 866,465	6.5%	\$ 621,484	5.8%	\$ 1,081,481	19.9%	
Tax Rate	1.170%		1.170%		1.170%		1.170%		
<b>Estimated Tax Liability</b>	<b>\$ 4,304</b>	<b>0.1%</b>	<b>\$ 10,138</b>	<b>0.1%</b>	<b>\$ 7,271</b>	<b>0.1%</b>	<b>\$ 12,653</b>	<b>0.2%</b>	
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>									
Adjusted Total Revenue	\$ 3,082,034	99.4%	\$ 12,797,113	96.3%	\$ 8,973,980	83.1%	\$ 5,353,822	98.5%	
Margin Calculation #1, 30% Standard Deduction	\$ 924,610	29.8%	\$ 3,839,134	28.9%	\$ 2,692,194	24.9%	\$ 1,606,147	29.5%	
Margin Calculation #2, Cost of Compensation	\$ 768,843	24.8%	\$ 1,310,386	9.9%	\$ 1,044,304	9.7%	\$ 1,543,923	28.4%	
Margin Calculation #3, Cost of Goods Sold	\$ 757,227	24.4%	\$ 4,624,879	34.8%	\$ 56,977	0.5%	\$ 217,020	4.0%	
Gross Taxable Margin	\$ 2,157,424	69.6%	\$ 8,172,235	61.5%	\$ 6,281,786	58.2%	\$ 3,747,676	68.9%	
Tax Rate	2.000%		2.000%		2.000%		2.000%		
<b>Gross Margin Tax Liability</b>	<b>\$ 43,148</b>	<b>1.4%</b>	<b>\$ 163,445</b>	<b>1.2%</b>	<b>\$ 125,636</b>	<b>1.2%</b>	<b>\$ 74,954</b>	<b>1.4%</b>	
Less: Modified Business Tax Liability	\$ 4,304	0.1%	\$ 10,138	0.1%	\$ 7,271	0.1%	\$ 12,653	0.2%	
<b>Net Margin Tax Liability</b>	<b>\$ 38,844</b>	<b>1.3%</b>	<b>\$ 153,307</b>	<b>1.2%</b>	<b>\$ 118,364</b>	<b>1.1%</b>	<b>\$ 62,300</b>	<b>1.1%</b>	
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 43,148</b>	<b>1.4%</b>	<b>\$ 163,445</b>	<b>1.2%</b>	<b>\$ 125,636</b>	<b>1.2%</b>	<b>\$ 74,954</b>	<b>1.4%</b>	

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Insurance Carriers And Related Activities	% of Total Income	Funds, Trusts, And Other Financial Vehicles	% of Total Income	Total Real Estate Rental And Leasing	% of Total Income	% of Total Real Estate Income
<b>Total income sources (receipts)</b>							
Business receipts	\$ 13,510,368	77.7%	\$ 30,815	0.2%	\$ 336,188	65.0%	\$ 189,609 52.8%
Interest	\$ 1,867,080	10.7%	\$ 7,355,536	42.3%	\$ 10,975	2.1%	\$ 9,455 2.6%
Interest on Government obligations: State and Local	\$ 126,455	0.7%	\$ 1,314,989	7.6%	\$ 216	0.0%	\$ 176 0.0%
Rents	\$ 79,267	0.5%	\$ 58,130	0.3%	\$ 74,298	14.4%	\$ 79,536 22.2%
Royalties	\$ 782	0.0%	\$ 1,065	0.0%	\$ 6,228	1.2%	\$ 1,736 0.5%
Net short-term capital gain reduced by net long-term capital loss	\$ 88,829	0.5%	\$ 1,056,830	6.1%	\$ 219	0.0%	\$ 224 0.1%
Net long-term capital gain reduced by net short-term capital loss	\$ 115,943	0.7%	\$ 74,723	0.4%	\$ 39,654	7.7%	\$ 42,031 11.7%
Net gain, noncapital assets	\$ 5,983	0.0%	\$ 13,380	0.1%	\$ 9,785	1.9%	\$ 1,920 0.5%
Dividends received from domestic corporations	\$ 84,588	0.5%	\$ 2,185	0.0%	\$ 555	0.1%	\$ 587 0.2%
Dividends received from foreign corporations	\$ 151,198	0.9%	\$ 221	0.0%	\$ 123	0.0%	\$ 97 0.0%
Other receipts	\$ 1,359,668	7.8%	\$ 7,483,326	43.0%	\$ 39,089	7.6%	\$ 33,466 9.3%
<b>Total income (receipts)</b>	<b>\$ 17,390,159</b>	<b>100.0%</b>	<b>\$ 17,391,200</b>	<b>100.0%</b>	<b>\$ 517,329</b>	<b>100.0%</b>	<b>\$ 358,836 100.0%</b>
<b>Business expenses (deductions)</b>							
Cost of goods sold	\$ 9,422,546	54.2%	\$ 3,066	0.0%	\$ 48,853	9.4%	\$ 8,353 2.3%
Cost of Labor	\$ 2,509	0.0%	\$ 2,509	0.0%	\$ 6,229	1.2%	\$ 4,321 1.2%
Compensation of officers	\$ 109,495	0.6%	\$ 7,242	0.0%	\$ 18,032	3.5%	\$ 15,440 4.3%
Salaries and wages	\$ 1,422,161	8.2%	\$ 26,142	0.2%	\$ 83,396	16.1%	\$ 63,684 17.7%
Repairs	\$ 15,931	0.1%	\$ 3,472	0.0%	\$ 12,459	2.4%	\$ 7,827 2.2%
Bad debts	\$ 57,139	0.3%	\$ 466,540	2.7%	\$ 4,836	0.9%	\$ 3,980 1.1%
Rent paid on business property	\$ 123,712	0.7%	\$ 3,722	0.0%	\$ 23,228	4.5%	\$ 14,397 4.0%
Taxes paid	\$ 263,836	1.5%	\$ 59,351	0.3%	\$ 22,473	4.3%	\$ 18,312 5.1%
Interest paid	\$ 408,798	2.4%	\$ 355,778	2.0%	\$ 40,245	7.8%	\$ 31,933 8.9%
Charitable contributions	\$ 8,014	0.0%	\$ 85	0.0%	\$ 152	0.0%	\$ 138 0.0%
Amortization	\$ 143,883	0.8%	\$ 7,866	0.0%	\$ 4,801	0.9%	\$ 3,365 0.9%
Depreciation	\$ 143,276	0.8%	\$ 11,735	0.1%	\$ 70,821	13.7%	\$ 23,586 6.6%
Depletion	\$ 641	0.0%	\$ 1,375	0.0%	\$ 63	0.0%	\$ 65 0.0%
Advertising	\$ 89,443	0.5%	\$ 816	0.0%	\$ 6,336	1.2%	\$ 4,151 1.2%
Pension, profit-sharing, stock, annuity	\$ 99,102	0.6%	\$ 563	0.0%	\$ 1,957	0.4%	\$ 1,218 0.3%
Employee benefit programs	\$ 139,203	0.8%	\$ 9,308	0.1%	\$ 6,198	1.2%	\$ 3,844 1.1%
Domestic production activities deduction	\$ 299	0.0%	\$ 76	0.0%	\$ 42	0.0%	\$ 3 0.0%
Net loss, noncapital assets	\$ 5,663	0.0%	\$ 28,603	0.2%	\$ 7,392	1.4%	\$ 7,345 2.0%
Other deductions	\$ 4,154,328	23.9%	\$ 3,655,131	21.0%	\$ 118,397	22.9%	\$ 98,609 27.5%
<b>Total business expenses (deductions)</b>	<b>\$ 16,607,471</b>	<b>95.5%</b>	<b>\$ 4,640,873</b>	<b>26.7%</b>	<b>\$ 469,682</b>	<b>90.8%</b>	<b>\$ 306,251 85.3%</b>
<b>Net Income</b>	<b>\$ 782,688</b>	<b>4.5%</b>	<b>\$ 12,750,328</b>	<b>73.3%</b>	<b>\$ 47,647</b>	<b>9.2%</b>	<b>\$ 52,585 14.7%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>							
Total Compensation	\$ 1,534,166	8.8%	\$ 35,893	0.2%	\$ 107,657	20.8%	\$ 83,444 23.3%
Less: Standard Exemption	\$ 340,000	2.0%	\$ 340,000	2.0%	\$ 340,000	65.7%	\$ 340,000 94.8%
Less: Employer Paid Health Care Deduction	\$ 121,668	0.7%	\$ 2,847	0.0%	\$ 8,538	1.7%	\$ 6,618 1.8%
Net Taxable Compensation	\$ 1,072,497	6.2%	\$ -	0.0%	\$ -	0.0%	\$ - 0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%
<b>Estimated Tax Liability</b>	<b>\$ 12,548</b>	<b>0.1%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ - 0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>							
Adjusted Total Revenue	\$ 17,181,822	98.8%	\$ 16,924,439	97.3%	\$ 512,370	99.0%	\$ 354,758 98.9%
Margin Calculation #1, 30% Standard Deduction	\$ 5,154,547	29.6%	\$ 5,077,332	29.2%	\$ 153,711	29.7%	\$ 106,427 29.7%
Margin Calculation #2, Cost of Compensation	\$ 1,534,166	8.8%	\$ 35,893	0.2%	\$ 107,657	20.8%	\$ 83,444 23.3%
Margin Calculation #3, Cost of Goods Sold	\$ 9,422,546	54.2%	\$ 3,066	0.0%	\$ 48,853	9.4%	\$ 8,353 2.3%
Gross Taxable Margin	\$ 7,759,276	44.6%	\$ 11,847,107	68.1%	\$ -	0.0%	\$ - 0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%
<b>Gross Margin Tax Liability</b>	<b>\$ 155,186</b>	<b>0.9%</b>	<b>\$ 236,942</b>	<b>1.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ - 0.0%</b>
Less: Modified Business Tax Liability	\$ 12,548	0.1%	\$ -	0.0%	\$ -	0.0%	\$ - 0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 142,637</b>	<b>0.8%</b>	<b>\$ 236,942</b>	<b>1.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ - 0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 155,186</b>	<b>0.9%</b>	<b>\$ 236,942</b>	<b>1.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ - 0.0%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Rental And Leasing Services	% of Total Income	Lessors Of Nonfinancial Intangible Assets (Except Copyrighted Works)	% of Total Income	Professional, Scientific, And Technical Services	% of Total Income	Management Of Companies (Holding Companies)	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 2,299,340	89.0%	\$ 1,369,889	56.0%	\$ 1,188,478	96.6%	\$ 3,669,992	22.4%
Interest	\$ 31,254	1.2%	\$ 22,884	0.9%	\$ 3,928	0.3%	\$ 8,418,931	51.5%
Interest on Government obligations: State and Local	\$ 640	0.0%	\$ 2,181	0.1%	\$ 110	0.0%	\$ 188,601	1.2%
Rents	\$ 6,562	0.3%	\$ 1,796	0.1%	\$ 726	0.1%	\$ 333,079	2.0%
Royalties	\$ 5,331	0.2%	\$ 932,496	38.1%	\$ 4,869	0.4%	\$ 8,065	0.0%
Net short-term capital gain reduced by net long-term capital loss	\$ 158	0.0%	\$ 12	0.0%	\$ 94	0.0%	\$ 32,231	0.2%
Net long-term capital gain reduced by net short-term capital loss	\$ 8,890	0.3%	\$ 7,232	0.3%	\$ 3,320	0.3%	\$ 200,806	1.2%
Net gain, noncapital assets	\$ 118,792	4.6%	\$ 11,595	0.5%	\$ 1,328	0.1%	\$ 233,958	1.4%
Dividends received from domestic corporations	\$ 158	0.0%	\$ 6	0.0%	\$ 404	0.0%	\$ 71,492	0.4%
Dividends received from foreign corporations	\$ 74	0.0%	\$ 6,037	0.2%	\$ 1,492	0.1%	\$ 165,942	1.0%
Other receipts	\$ 113,480	4.4%	\$ 92,199	3.8%	\$ 26,138	2.1%	\$ 3,029,189	18.5%
<b>Total income (receipts)</b>	<b>\$ 2,584,678</b>	<b>100.0%</b>	<b>\$ 2,446,326</b>	<b>100.0%</b>	<b>\$ 1,230,888</b>	<b>100.0%</b>	<b>\$ 16,352,285</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 602,372	23.3%	\$ 172,048	7.0%	\$ 374,909	30.5%	\$ 65,275	0.4%
Cost of Labor	\$ 31,120	1.2%	\$ 29,455	1.2%	\$ 93,480	7.6%	\$ 73	0.0%
Compensation of officers	\$ 48,378	1.9%	\$ 100,314	4.1%	\$ 87,997	7.1%	\$ 191,283	1.2%
Salaries and wages	\$ 335,402	13.0%	\$ 398,189	16.3%	\$ 283,190	23.0%	\$ 2,607,815	15.9%
Repairs	\$ 76,728	3.0%	\$ 12,474	0.5%	\$ 6,278	0.5%	\$ 151,347	0.9%
Bad debts	\$ 15,955	0.6%	\$ 15,919	0.7%	\$ 2,942	0.2%	\$ 3,042,259	18.6%
Rent paid on business property	\$ 143,332	5.5%	\$ 58,549	2.4%	\$ 39,689	3.2%	\$ 287,417	1.8%
Taxes paid	\$ 75,870	2.9%	\$ 85,906	3.5%	\$ 38,057	3.1%	\$ 314,230	1.9%
Interest paid	\$ 147,950	5.7%	\$ 152,026	6.2%	\$ 17,300	1.4%	\$ 2,603,515	15.9%
Charitable contributions	\$ 220	0.0%	\$ 1,884	0.1%	\$ 378	0.0%	\$ 28,182	0.2%
Amortization	\$ 18,620	0.7%	\$ 94,250	3.9%	\$ 10,029	0.8%	\$ 208,320	1.3%
Depreciation	\$ 726,646	28.1%	\$ 64,018	2.6%	\$ 18,846	1.5%	\$ 609,009	3.7%
Depletion	\$ 20	0.0%	\$ 292	0.0%	\$ 58	0.0%	\$ 16,124	0.1%
Advertising	\$ 32,520	1.3%	\$ 66,874	2.7%	\$ 13,264	1.1%	\$ 185,416	1.1%
Pension, profit-sharing, stock, annuity	\$ 11,488	0.4%	\$ 12,499	0.5%	\$ 13,009	1.1%	\$ 169,959	1.0%
Employee benefit programs	\$ 37,125	1.4%	\$ 31,556	1.3%	\$ 26,346	2.1%	\$ 273,064	1.7%
Domestic production activities deduction	\$ 72	0.0%	\$ 7,708	0.3%	\$ 614	0.0%	\$ 2,180	0.0%
Net loss, noncapital assets	\$ 8,388	0.3%	\$ 2,261	0.1%	\$ 2,769	0.2%	\$ 284,598	1.7%
Other deductions	\$ 364,289	14.1%	\$ 538,280	22.0%	\$ 239,573	19.5%	\$ 4,322,430	26.4%
<b>Total business expenses (deductions)</b>	<b>\$ 2,645,375</b>	<b>102.3%</b>	<b>\$ 1,815,046</b>	<b>74.2%</b>	<b>\$ 1,175,248</b>	<b>95.5%</b>	<b>\$ 15,362,425</b>	<b>93.9%</b>
<b>Net Income</b>	<b>\$ (60,698)</b>	<b>-2.3%</b>	<b>\$ 631,280</b>	<b>25.8%</b>	<b>\$ 55,640</b>	<b>4.5%</b>	<b>\$ 989,861</b>	<b>6.1%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 414,901	16.1%	\$ 527,958	21.6%	\$ 464,666	37.8%	\$ 2,799,171	17.1%
Less: Standard Exemption	\$ 340,000	13.2%	\$ 340,000	13.9%	\$ 340,000	27.6%	\$ 340,000	2.1%
Less: Employer Paid Health Care Deduction	\$ 32,904	1.3%	\$ 41,870	1.7%	\$ 36,851	3.0%	\$ 221,991	1.4%
Net Taxable Compensation	\$ 41,997	1.6%	\$ 146,088	6.0%	\$ 87,816	7.1%	\$ 2,237,180	13.7%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 491</b>	<b>0.0%</b>	<b>\$ 1,709</b>	<b>0.1%</b>	<b>\$ 1,027</b>	<b>0.1%</b>	<b>\$ 26,175</b>	<b>0.2%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 2,568,648	99.4%	\$ 2,424,371	99.1%	\$ 1,226,454	99.6%	\$ 13,144,084	80.4%
Margin Calculation #1, 30% Standard Deduction	\$ 770,594	29.8%	\$ 727,311	29.7%	\$ 367,936	29.9%	\$ 3,943,225	24.1%
Margin Calculation #2, Cost of Compensation	\$ 414,901	16.1%	\$ 527,958	21.6%	\$ 464,666	37.8%	\$ 2,799,171	17.1%
Margin Calculation #3, Cost of Goods Sold	\$ 602,372	23.3%	\$ 172,048	7.0%	\$ 374,909	30.5%	\$ 65,275	0.4%
Gross Taxable Margin	\$ 1,798,054	69.6%	\$ 1,697,059	69.4%	\$ 761,787	61.9%	\$ 9,200,859	56.3%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 35,961</b>	<b>1.4%</b>	<b>\$ 33,941</b>	<b>1.4%</b>	<b>\$ 15,236</b>	<b>1.2%</b>	<b>\$ 184,017</b>	<b>1.1%</b>
Less: Modified Business Tax Liability	\$ 491	0.0%	\$ 1,709	0.1%	\$ 1,027	0.1%	\$ 26,175	0.2%
<b>Net Margin Tax Liability</b>	<b>\$ 35,470</b>	<b>1.4%</b>	<b>\$ 32,232</b>	<b>1.3%</b>	<b>\$ 14,208</b>	<b>1.2%</b>	<b>\$ 157,842</b>	<b>1.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 35,961</b>	<b>1.4%</b>	<b>\$ 33,941</b>	<b>1.4%</b>	<b>\$ 15,236</b>	<b>1.2%</b>	<b>\$ 184,017</b>	<b>1.1%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Total Administrative Management And Remediation Services		Administrative And Support Services		Waste Management And Remediation Services		Educational Services	
	And Income	% of Total Income	And Income	% of Total Income	And Income	% of Total Income	And Income	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,693,288	97.3%	\$ 1,499,316	97.3%	\$ 4,727,292	97.4%	\$ 1,068,533	98.1%
Interest	\$ 4,383	0.3%	\$ 2,809	0.2%	\$ 29,006	0.6%	\$ 1,936	0.2%
Interest on Government obligations: State and Local	\$ 154	0.0%	\$ 146	0.0%	\$ 269	0.0%	\$ 127	0.0%
Rents	\$ 777	0.0%	\$ 530	0.0%	\$ 4,645	0.1%	\$ 588	0.1%
Royalties	\$ 2,598	0.1%	\$ 2,649	0.2%	\$ 1,803	0.0%	\$ 2,086	0.2%
Net short-term capital gain reduced by net long-term capital loss	\$ 128	0.0%	\$ 102	0.0%	\$ 539	0.0%	\$ 3	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 3,412	0.2%	\$ 2,670	0.2%	\$ 15,013	0.3%	\$ 378	0.0%
Net gain, noncapital assets	\$ 2,454	0.1%	\$ 1,003	0.1%	\$ 25,157	0.5%	\$ 1,857	0.2%
Dividends received from domestic corporations	\$ 401	0.0%	\$ 401	0.0%	\$ 401	0.0%	\$ 45	0.0%
Dividends received from foreign corporations	\$ 2,855	0.2%	\$ 2,974	0.2%	\$ 997	0.0%	\$ 851	0.1%
Other receipts	\$ 28,981	1.7%	\$ 27,656	1.8%	\$ 49,708	1.0%	\$ 12,599	1.2%
<b>Total income (receipts)</b>	<b>\$ 1,739,432</b>	<b>100.0%</b>	<b>\$ 1,540,257</b>	<b>100.0%</b>	<b>\$ 4,854,829</b>	<b>100.0%</b>	<b>\$ 1,089,004</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 715,646	41.1%	\$ 642,491	41.7%	\$ 1,859,891	38.3%	\$ 123,557	11.3%
Cost of Labor	\$ 349,394	20.1%	\$ 309,386	20.1%	\$ 975,173	20.1%	\$ 21,780	2.0%
Compensation of officers	\$ 47,167	2.7%	\$ 43,944	2.9%	\$ 97,579	2.0%	\$ 36,766	3.4%
Salaries and wages	\$ 366,086	21.0%	\$ 342,909	22.3%	\$ 728,619	15.0%	\$ 318,973	29.3%
Repairs	\$ 15,123	0.9%	\$ 8,458	0.5%	\$ 119,375	2.5%	\$ 11,744	1.1%
Bad debts	\$ 4,029	0.2%	\$ 3,339	0.2%	\$ 14,831	0.3%	\$ 22,366	2.1%
Rent paid on business property	\$ 38,662	2.2%	\$ 33,258	2.2%	\$ 123,187	2.5%	\$ 62,826	5.8%
Taxes paid	\$ 65,505	3.8%	\$ 60,695	3.9%	\$ 140,731	2.9%	\$ 36,183	3.3%
Interest paid	\$ 30,001	1.7%	\$ 22,403	1.5%	\$ 148,830	3.1%	\$ 15,332	1.4%
Charitable contributions	\$ 354	0.0%	\$ 288	0.0%	\$ 1,385	0.0%	\$ 758	0.1%
Amortization	\$ 15,403	0.9%	\$ 12,438	0.8%	\$ 61,767	1.3%	\$ 10,438	1.0%
Depreciation	\$ 36,500	2.1%	\$ 21,054	1.4%	\$ 278,087	5.7%	\$ 33,687	3.1%
Depletion	\$ 1,513	0.1%	\$ 18	0.0%	\$ 24,903	0.5%	\$ -	0.0%
Advertising	\$ 17,466	1.0%	\$ 17,393	1.1%	\$ 18,606	0.4%	\$ 62,913	5.8%
Pension, profit-sharing, stock, annuity	\$ 7,130	0.4%	\$ 6,207	0.4%	\$ 21,564	0.4%	\$ 4,133	0.4%
Employee benefit programs	\$ 35,232	2.0%	\$ 32,556	2.1%	\$ 77,099	1.6%	\$ 25,874	2.4%
Domestic production activities deduction	\$ 112	0.0%	\$ 70	0.0%	\$ 762	0.0%	\$ 676	0.1%
Net loss, noncapital assets	\$ 1,056	0.1%	\$ 1,022	0.1%	\$ 1,587	0.0%	\$ 2,067	0.2%
Other deductions	\$ 274,797	15.8%	\$ 239,151	15.5%	\$ 832,354	17.1%	\$ 210,016	19.3%
<b>Total business expenses (deductions)</b>	<b>\$ 1,671,781</b>	<b>96.1%</b>	<b>\$ 1,487,695</b>	<b>96.6%</b>	<b>\$ 4,551,156</b>	<b>93.7%</b>	<b>\$ 978,310</b>	<b>89.8%</b>
<b>Net Income</b>	<b>\$ 67,652</b>	<b>3.9%</b>	<b>\$ 52,562</b>	<b>3.4%</b>	<b>\$ 303,672</b>	<b>6.3%</b>	<b>\$ 110,694</b>	<b>10.2%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 762,646	43.8%	\$ 696,239	45.2%	\$ 1,801,371	37.1%	\$ 377,519	34.7%
Less: Standard Exemption	\$ 340,000	19.5%	\$ 340,000	22.1%	\$ 340,000	7.0%	\$ 340,000	31.2%
Less: Employer Paid Health Care Deduction	\$ 60,482	3.5%	\$ 55,216	3.6%	\$ 142,859	2.9%	\$ 29,940	2.7%
Net Taxable Compensation	\$ 362,164	20.8%	\$ 301,023	19.5%	\$ 1,318,512	27.2%	\$ 7,580	0.7%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 4,237</b>	<b>0.2%</b>	<b>\$ 3,522</b>	<b>0.2%</b>	<b>\$ 15,427</b>	<b>0.3%</b>	<b>\$ 89</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,732,548	99.6%	\$ 1,533,944	99.6%	\$ 4,839,001	99.7%	\$ 1,065,787	97.9%
Margin Calculation #1, 30% Standard Deduction	\$ 519,764	29.9%	\$ 460,183	29.9%	\$ 1,451,700	29.9%	\$ 319,736	29.4%
Margin Calculation #2, Cost of Compensation	\$ 762,646	43.8%	\$ 696,239	45.2%	\$ 1,801,371	37.1%	\$ 377,519	34.7%
Margin Calculation #3, Cost of Goods Sold	\$ 715,646	41.1%	\$ 642,491	41.7%	\$ 1,859,891	38.3%	\$ 123,557	11.3%
Gross Taxable Margin	\$ 969,901	55.8%	\$ 837,705	54.4%	\$ 2,979,110	61.4%	\$ 688,267	63.2%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 19,398</b>	<b>1.1%</b>	<b>\$ 16,754</b>	<b>1.1%</b>	<b>\$ 59,582</b>	<b>1.2%</b>	<b>\$ 13,765</b>	<b>1.3%</b>
Less: Modified Business Tax Liability	\$ 4,237	0.2%	\$ 3,522	0.2%	\$ 15,427	0.3%	\$ 89	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 15,161</b>	<b>0.9%</b>	<b>\$ 13,232</b>	<b>0.9%</b>	<b>\$ 44,156</b>	<b>0.9%</b>	<b>\$ 13,677</b>	<b>1.3%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 19,398</b>	<b>1.1%</b>	<b>\$ 16,754</b>	<b>1.1%</b>	<b>\$ 59,582</b>	<b>1.2%</b>	<b>\$ 13,765</b>	<b>1.3%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Total Health Care And Social Assistance	% of Total Income	Offices Of Health Practitioners And Outpatient Care Centers	% of Total Income	Miscellaneous Health Care And Social Assistance	% of Total Income	Hospitals, Nursing, And Residential Care Facilities	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,523,628	95.6%	\$ 1,191,934	96.6%	\$ 1,635,126	97.4%	\$ 6,791,422	91.3%
Interest	\$ 4,007	0.3%	\$ 833	0.1%	\$ 2,072	0.1%	\$ 64,561	0.9%
Interest on Government obligations: State and Local	\$ 104	0.0%	\$ 56	0.0%	\$ 36	0.0%	\$ 1,145	0.0%
Rents	\$ 1,821	0.1%	\$ 653	0.1%	\$ 482	0.0%	\$ 26,221	0.4%
Royalties	\$ 228	0.0%	\$ 40	0.0%	\$ 1,240	0.1%	\$ -	0.0%
Net short-term capital gain reduced by net long-term capital loss	\$ 27	0.0%	\$ 11	0.0%	\$ 46	0.0%	\$ 224	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 3,751	0.2%	\$ 1,010	0.1%	\$ 889	0.1%	\$ 60,083	0.8%
Net gain, noncapital assets	\$ 1,484	0.1%	\$ 1,229	0.1%	\$ 1,600	0.1%	\$ 5,432	0.1%
Dividends received from domestic corporations	\$ 37	0.0%	\$ 26	0.0%	\$ 20	0.0%	\$ 281	0.0%
Dividends received from foreign corporations	\$ 140	0.0%	\$ 9	0.0%	\$ 840	0.1%	\$ 2	0.0%
Other receipts	\$ 59,284	3.7%	\$ 38,606	3.1%	\$ 36,933	2.2%	\$ 486,713	6.5%
<b>Total income (receipts)</b>	<b>\$ 1,594,509</b>	<b>100.0%</b>	<b>\$ 1,234,405</b>	<b>100.0%</b>	<b>\$ 1,679,283</b>	<b>100.0%</b>	<b>\$ 7,436,085</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 132,041	8.3%	\$ 98,963	8.0%	\$ 237,840	14.2%	\$ 337,396	4.5%
Cost of Labor	\$ 34,533	2.2%	\$ 26,734	2.2%	\$ 36,369	2.2%	\$ 161,047	2.2%
Compensation of officers	\$ 170,154	10.7%	\$ 193,067	15.6%	\$ 74,859	4.5%	\$ 102,280	1.4%
Salaries and wages	\$ 491,386	30.8%	\$ 335,821	27.2%	\$ 564,913	33.6%	\$ 2,890,227	38.9%
Repairs	\$ 14,644	0.9%	\$ 9,167	0.7%	\$ 15,349	0.9%	\$ 105,470	1.4%
Bad debts	\$ 21,156	1.3%	\$ 8,751	0.7%	\$ 40,120	2.4%	\$ 168,171	2.3%
Rent paid on business property	\$ 72,930	4.6%	\$ 58,748	4.8%	\$ 66,998	4.0%	\$ 334,323	4.5%
Taxes paid	\$ 57,859	3.6%	\$ 37,668	3.1%	\$ 66,911	4.0%	\$ 370,865	5.0%
Interest paid	\$ 28,055	1.8%	\$ 10,231	0.8%	\$ 29,742	1.8%	\$ 325,671	4.4%
Charitable contributions	\$ 476	0.0%	\$ 396	0.0%	\$ 367	0.0%	\$ 2,204	0.0%
Amortization	\$ 7,373	0.5%	\$ 4,283	0.3%	\$ 13,438	0.8%	\$ 39,450	0.5%
Depreciation	\$ 28,788	1.8%	\$ 16,562	1.3%	\$ 36,349	2.2%	\$ 211,298	2.8%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Advertising	\$ 9,752	0.6%	\$ 9,039	0.7%	\$ 8,495	0.5%	\$ 26,143	0.4%
Pension, profit-sharing, stock, annuity	\$ 27,615	1.7%	\$ 31,681	2.6%	\$ 5,945	0.4%	\$ 31,659	0.4%
Employee benefit programs	\$ 43,423	2.7%	\$ 25,787	2.1%	\$ 49,371	2.9%	\$ 323,446	4.3%
Domestic production activities deduction	\$ 33	0.0%	\$ 29	0.0%	\$ 38	0.0%	\$ 74	0.0%
Net loss, noncapital assets	\$ 1,389	0.1%	\$ 631	0.1%	\$ 2,273	0.1%	\$ 11,291	0.2%
Other deductions	\$ 401,754	25.2%	\$ 315,274	25.5%	\$ 383,513	22.8%	\$ 1,935,083	26.0%
<b>Total business expenses (deductions)</b>	<b>\$ 1,508,827</b>	<b>94.6%</b>	<b>\$ 1,156,097</b>	<b>93.7%</b>	<b>\$ 1,596,519</b>	<b>95.1%</b>	<b>\$ 7,215,052</b>	<b>97.0%</b>
<b>Net Income</b>	<b>\$ 85,682</b>	<b>5.4%</b>	<b>\$ 78,308</b>	<b>6.3%</b>	<b>\$ 82,764</b>	<b>4.9%</b>	<b>\$ 221,033</b>	<b>3.0%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 696,073	43.7%	\$ 555,622	45.0%	\$ 676,141	40.3%	\$ 3,153,554	42.4%
Less: Standard Exemption	\$ 340,000	21.3%	\$ 340,000	27.5%	\$ 340,000	20.2%	\$ 340,000	4.6%
Less: Employer Paid Health Care Deduction	\$ 55,203	3.5%	\$ 44,064	3.6%	\$ 53,622	3.2%	\$ 250,095	3.4%
Net Taxable Compensation	\$ 300,870	18.9%	\$ 171,558	13.9%	\$ 282,519	16.8%	\$ 2,563,459	34.5%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 3,520</b>	<b>0.2%</b>	<b>\$ 2,007</b>	<b>0.2%</b>	<b>\$ 3,305</b>	<b>0.2%</b>	<b>\$ 29,992</b>	<b>0.4%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,573,213	98.7%	\$ 1,225,646	99.3%	\$ 1,638,324	97.6%	\$ 7,267,911	97.7%
Margin Calculation #1, 30% Standard Deduction	\$ 471,964	29.6%	\$ 367,694	29.8%	\$ 491,497	29.3%	\$ 2,180,373	29.3%
Margin Calculation #2, Cost of Compensation	\$ 696,073	43.7%	\$ 555,622	45.0%	\$ 676,141	40.3%	\$ 3,153,554	42.4%
Margin Calculation #3, Cost of Goods Sold	\$ 132,041	8.3%	\$ 98,963	8.0%	\$ 237,840	14.2%	\$ 337,396	4.5%
Gross Taxable Margin	\$ 877,141	55.0%	\$ 670,024	54.3%	\$ 962,183	57.3%	\$ 4,114,357	55.3%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 17,543</b>	<b>1.1%</b>	<b>\$ 13,400</b>	<b>1.1%</b>	<b>\$ 19,244</b>	<b>1.1%</b>	<b>\$ 82,287</b>	<b>1.1%</b>
Less: Modified Business Tax Liability	\$ 3,520	0.2%	\$ 2,007	0.2%	\$ 3,305	0.2%	\$ 29,992	0.4%
<b>Net Margin Tax Liability</b>	<b>\$ 14,023</b>	<b>0.9%</b>	<b>\$ 11,393</b>	<b>0.9%</b>	<b>\$ 15,938</b>	<b>0.9%</b>	<b>\$ 52,295</b>	<b>0.7%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 17,543</b>	<b>1.1%</b>	<b>\$ 13,400</b>	<b>1.1%</b>	<b>\$ 19,244</b>	<b>1.1%</b>	<b>\$ 82,287</b>	<b>1.1%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**

Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	Total Arts, Entertainment And Recreation		Other Arts, Entertainment, And Recreation		Amusement, Gambling, And Recreation Industries		Total Accommodation And Food Services	
	\$	% of Total Income	\$	% of Total Income	\$	% of Total Income	\$	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 746,010	92.8%	\$ 580,645	94.0%	\$ 1,005,810	91.8%	\$ 1,422,959	92.9%
Interest	\$ 4,607	0.6%	\$ 2,136	0.3%	\$ 8,489	0.8%	\$ 6,819	0.4%
Interest on Government obligations: State and Local	\$ 124	0.0%	\$ 130	0.0%	\$ 115	0.0%	\$ 33	0.0%
Rents	\$ 1,973	0.2%	\$ 1,078	0.2%	\$ 3,379	0.3%	\$ 6,564	0.4%
Royalties	\$ 2,067	0.3%	\$ 1,478	0.2%	\$ 2,992	0.3%	\$ 21,780	1.4%
Net short-term capital gain reduced by net long-term capital loss	\$ 202	0.0%	\$ 9	0.0%	\$ 504	0.0%	\$ 75	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 2,023	0.3%	\$ 568	0.1%	\$ 4,309	0.4%	\$ 2,066	0.1%
Net gain, noncapital assets	\$ 1,593	0.2%	\$ 1,662	0.3%	\$ 1,484	0.1%	\$ 1,779	0.1%
Dividends received from domestic corporations	\$ 261	0.0%	\$ 388	0.1%	\$ 63	0.0%	\$ 59	0.0%
Dividends received from foreign corporations	\$ 742	0.1%	\$ 22	0.0%	\$ 1,874	0.2%	\$ 9,067	0.6%
Other receipts	\$ 44,147	5.5%	\$ 29,857	4.8%	\$ 66,598	6.1%	\$ 60,745	4.0%
<b>Total income (receipts)</b>	<b>\$ 803,750</b>	<b>100.0%</b>	<b>\$ 617,974</b>	<b>100.0%</b>	<b>\$ 1,095,616</b>	<b>100.0%</b>	<b>\$ 1,531,946</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of goods sold	\$ 157,636	19.6%	\$ 120,405	19.5%	\$ 216,130	19.7%	\$ 518,738	33.9%
Cost of Labor	\$ 18,080	2.2%	\$ 13,901	2.2%	\$ 24,646	2.2%	\$ 85,052	5.6%
Compensation of officers	\$ 47,187	5.9%	\$ 57,682	9.3%	\$ 30,698	2.8%	\$ 31,726	2.1%
Salaries and wages	\$ 146,155	18.2%	\$ 99,450	16.1%	\$ 219,530	20.0%	\$ 298,419	19.5%
Repairs	\$ 14,472	1.8%	\$ 4,541	0.7%	\$ 30,074	2.7%	\$ 26,269	1.7%
Bad debts	\$ 3,638	0.5%	\$ 2,732	0.4%	\$ 5,061	0.5%	\$ 3,436	0.2%
Rent paid on business property	\$ 49,479	6.2%	\$ 26,903	4.4%	\$ 84,948	7.8%	\$ 113,918	7.4%
Taxes paid	\$ 45,789	5.7%	\$ 23,694	3.8%	\$ 80,502	7.3%	\$ 70,323	4.6%
Interest paid	\$ 26,062	3.2%	\$ 10,701	1.7%	\$ 50,196	4.6%	\$ 48,492	3.2%
Charitable contributions	\$ 232	0.0%	\$ 241	0.0%	\$ 218	0.0%	\$ 865	0.1%
Amortization	\$ 8,877	1.1%	\$ 7,998	1.3%	\$ 10,257	0.9%	\$ 9,627	0.6%
Depreciation	\$ 43,768	5.4%	\$ 17,803	2.9%	\$ 84,561	7.7%	\$ 55,649	3.6%
Depletion	\$ 2	0.0%	\$ 0	0.0%	\$ 5	0.0%	\$ 3	0.0%
Advertising	\$ 18,133	2.3%	\$ 13,706	2.2%	\$ 25,089	2.3%	\$ 34,789	2.3%
Pension, profit-sharing, stock, annuity	\$ 5,568	0.7%	\$ 7,654	1.2%	\$ 2,290	0.2%	\$ 3,245	0.2%
Employee benefit programs	\$ 10,076	1.3%	\$ 7,008	1.1%	\$ 14,895	1.4%	\$ 22,305	1.5%
Domestic production activities deduction	\$ 58	0.0%	\$ 95	0.0%	\$ 0	0.0%	\$ 265	0.0%
Net loss, noncapital assets	\$ 3,033	0.4%	\$ 721	0.1%	\$ 6,667	0.6%	\$ 4,608	0.3%
Other deductions	\$ 208,327	25.9%	\$ 188,831	30.6%	\$ 238,956	21.8%	\$ 260,338	17.0%
<b>Total business expenses (deductions)</b>	<b>\$ 788,493</b>	<b>98.1%</b>	<b>\$ 590,165</b>	<b>95.5%</b>	<b>\$ 1,100,079</b>	<b>100.4%</b>	<b>\$ 1,503,015</b>	<b>98.1%</b>
<b>Net Income</b>	<b>\$ 15,257</b>	<b>1.9%</b>	<b>\$ 27,809</b>	<b>4.5%</b>	<b>\$ (4,463)</b>	<b>-0.4%</b>	<b>\$ 28,931</b>	<b>1.9%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 211,422	26.3%	\$ 171,033	27.7%	\$ 274,874	25.1%	\$ 415,197	27.1%
Less: Standard Exemption	\$ 340,000	42.3%	\$ 340,000	55.0%	\$ 340,000	31.0%	\$ 340,000	22.2%
Less: Employer Paid Health Care Deduction	\$ 16,767	2.1%	\$ 13,564	2.2%	\$ 21,799	2.0%	\$ 32,928	2.1%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 42,269	2.8%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 495</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 799,369	99.5%	\$ 615,220	99.6%	\$ 1,088,681	99.4%	\$ 1,519,443	99.2%
Margin Calculation #1, 30% Standard Deduction	\$ 239,811	29.8%	\$ 184,566	29.9%	\$ 326,604	29.8%	\$ 455,833	29.8%
Margin Calculation #2, Cost of Compensation	\$ 211,422	26.3%	\$ 171,033	27.7%	\$ 274,874	25.1%	\$ 415,197	27.1%
Margin Calculation #3, Cost of Goods Sold	\$ 157,636	19.6%	\$ 120,405	19.5%	\$ 216,130	19.7%	\$ 518,738	33.9%
Gross Taxable Margin	\$ -	0.0%	\$ -	0.0%	\$ 762,076	69.6%	\$ 1,000,705	65.3%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 15,242</b>	<b>1.4%</b>	<b>\$ 20,014</b>	<b>1.3%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 495	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 15,242</b>	<b>1.4%</b>	<b>\$ 19,520</b>	<b>1.3%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 15,242</b>	<b>1.4%</b>	<b>\$ 20,014</b>	<b>1.3%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix A | Estimated Margin Tax Liability for Corporate Taxpayers**  
Hypothetical Estimates based on Average 2010 Tax Return for All Corporate Filers

	% of Total Accommodation	% of Total Income	Food Services And Drinking Places	% of Total Income	Total Other Services	% of Total Income	Repair And Maintenance	% of Total Income	Personal And Laundry Services	% of Total Income	Religious, Grantmaking, Civic, Professional, And Similar Organizations	% of Total Income
<b>Total income sources (receipts)</b>												
Business receipts	\$ 2,465,728	83.0%	\$ 1,295,849	95.5%	\$ 509,842	96.2%	\$ 625,876	98.7%	\$ 470,340	97.1%	\$ 213,349	70.7%
Interest	\$ 52,859	1.8%	\$ 1,206	0.1%	\$ 896	0.2%	\$ 711	0.1%	\$ 664	0.1%	\$ 2,435	0.8%
Interest on Government obligations: State and Local	\$ 179	0.0%	\$ 15	0.0%	\$ 166	0.0%	\$ 14	0.0%	\$ 156	0.0%	\$ 780	0.3%
Rents	\$ 40,371	1.4%	\$ 2,443	0.2%	\$ 332	0.1%	\$ 195	0.0%	\$ 347	0.1%	\$ 795	0.3%
Royalties	\$ 73,927	2.5%	\$ 15,424	1.1%	\$ 999	0.2%	\$ 1,482	0.2%	\$ 757	0.2%	\$ 43	0.0%
Net short-term capital gain reduced by net long-term capital loss	\$ 19	0.0%	\$ 82	0.0%	\$ 13	0.0%	\$ 21	0.0%	\$ 2	0.0%	\$ 17	0.0%
Net long-term capital gain reduced by net short-term capital loss	\$ 10,613	0.4%	\$ 1,024	0.1%	\$ 528	0.1%	\$ 190	0.0%	\$ 675	0.1%	\$ 1,281	0.4%
Net gain, noncapital assets	\$ 4,453	0.1%	\$ 1,453	0.1%	\$ 613	0.1%	\$ 643	0.1%	\$ 748	0.2%	\$ 13	0.0%
Dividends received from domestic corporations	\$ 282	0.0%	\$ 32	0.0%	\$ 102	0.0%	\$ 59	0.0%	\$ 137	0.0%	\$ 134	0.0%
Dividends received from foreign corporations	\$ 49,214	1.7%	\$ 4,173	0.3%	\$ 128	0.0%	\$ 36	0.0%	\$ 257	0.1%	\$ 7	0.0%
Other receipts	\$ 271,824	9.2%	\$ 35,015	2.6%	\$ 16,516	3.1%	\$ 4,857	0.8%	\$ 10,370	2.1%	\$ 82,813	27.5%
<b>Total income (receipts)</b>	<b>\$ 2,969,470</b>	<b>100.0%</b>	<b>\$ 1,356,715</b>	<b>100.0%</b>	<b>\$ 530,134</b>	<b>100.0%</b>	<b>\$ 634,084</b>	<b>100.0%</b>	<b>\$ 484,454</b>	<b>100.0%</b>	<b>\$ 301,668</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>												
Cost of goods sold	\$ 381,133	12.8%	\$ 535,514	39.5%	\$ 210,932	39.8%	\$ 323,158	51.0%	\$ 141,593	29.2%	\$ 36,546	12.1%
Cost of Labor	\$ 164,861	5.6%	\$ 75,323	5.6%	\$ 43,643	8.2%	\$ 52,201	8.2%	\$ 39,883	8.2%	\$ 24,835	8.2%
Compensation of officers	\$ 29,337	1.0%	\$ 32,017	2.4%	\$ 28,061	5.3%	\$ 35,023	5.5%	\$ 26,556	5.5%	\$ 7,151	2.4%
Salaries and wages	\$ 694,657	23.4%	\$ 250,119	18.4%	\$ 79,906	15.1%	\$ 77,893	12.3%	\$ 96,384	19.9%	\$ 28,045	9.3%
Repairs	\$ 63,779	2.1%	\$ 21,697	1.6%	\$ 8,590	1.6%	\$ 5,090	0.8%	\$ 6,491	1.3%	\$ 29,415	9.8%
Bad debts	\$ 20,815	0.7%	\$ 1,318	0.1%	\$ 1,382	0.3%	\$ 1,230	0.2%	\$ 1,390	0.3%	\$ 1,926	0.6%
Rent paid on business property	\$ 244,843	8.2%	\$ 97,959	7.2%	\$ 33,729	6.4%	\$ 31,459	5.0%	\$ 44,456	9.2%	\$ 3,596	1.2%
Taxes paid	\$ 195,360	6.6%	\$ 55,081	4.1%	\$ 17,497	3.3%	\$ 19,577	3.1%	\$ 18,526	3.8%	\$ 5,909	2.0%
Interest paid	\$ 269,332	9.1%	\$ 21,572	1.6%	\$ 7,621	1.4%	\$ 8,722	1.4%	\$ 7,959	1.6%	\$ 2,237	0.7%
Charitable contributions	\$ 762	0.0%	\$ 878	0.1%	\$ 122	0.0%	\$ 79	0.0%	\$ 130	0.0%	\$ 257	0.1%
Amortization	\$ 27,163	0.9%	\$ 7,490	0.6%	\$ 3,746	0.7%	\$ 3,019	0.5%	\$ 5,418	1.1%	\$ 465	0.2%
Depreciation	\$ 188,188	6.3%	\$ 39,492	2.9%	\$ 12,186	2.3%	\$ 11,843	1.9%	\$ 14,538	3.0%	\$ 4,998	1.7%
Depletion	\$ 18	0.0%	\$ 1	0.0%	\$ 1	0.0%	\$ -	0.0%	\$ 1	0.0%	\$ 7	0.0%
Advertising	\$ 75,654	2.5%	\$ 29,808	2.2%	\$ 7,303	1.4%	\$ 7,729	1.2%	\$ 7,852	1.6%	\$ 3,704	1.2%
Pension, profit-sharing, stock, annuity	\$ 11,624	0.4%	\$ 2,224	0.2%	\$ 1,840	0.3%	\$ 1,968	0.3%	\$ 2,108	0.4%	\$ 387	0.1%
Employee benefit programs	\$ 73,915	2.5%	\$ 16,014	1.2%	\$ 7,163	1.4%	\$ 8,777	1.4%	\$ 6,517	1.3%	\$ 3,389	1.1%
Domestic production activities deduction	\$ 227	0.0%	\$ 269	0.0%	\$ 28	0.0%	\$ 40	0.0%	\$ 23	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 17,904	0.6%	\$ 2,987	0.2%	\$ 276	0.1%	\$ 206	0.0%	\$ 292	0.1%	\$ 487	0.2%
Other deductions	\$ 834,079	28.1%	\$ 190,399	14.0%	\$ 92,840	17.5%	\$ 78,799	12.4%	\$ 86,505	17.9%	\$ 168,835	56.0%
<b>Total business expenses (deductions)</b>	<b>\$ 3,128,789</b>	<b>105.4%</b>	<b>\$ 1,304,836</b>	<b>96.2%</b>	<b>\$ 513,223</b>	<b>96.8%</b>	<b>\$ 614,612</b>	<b>96.9%</b>	<b>\$ 466,738</b>	<b>96.3%</b>	<b>\$ 297,354</b>	<b>98.6%</b>
<b>Net Income</b>	<b>\$ (159,319)</b>	<b>-5.4%</b>	<b>\$ 51,879</b>	<b>3.8%</b>	<b>\$ 16,911</b>	<b>3.2%</b>	<b>\$ 19,472</b>	<b>3.1%</b>	<b>\$ 17,716</b>	<b>3.7%</b>	<b>\$ 4,314</b>	<b>1.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>												
Total Compensation	\$ 888,854	29.9%	\$ 357,459	26.3%	\$ 151,610	28.6%	\$ 165,117	26.0%	\$ 162,822	33.6%	\$ 60,031	19.9%
Less: Standard Exemption	\$ 340,000	11.4%	\$ 340,000	25.1%	\$ 340,000	64.1%	\$ 340,000	53.6%	\$ 340,000	70.2%	\$ 340,000	112.7%
Less: Employer Paid Health Care Deduction	\$ 70,491	2.4%	\$ 28,349	2.1%	\$ 12,024	2.3%	\$ 13,095	2.1%	\$ 12,913	2.7%	\$ 4,761	1.6%
Net Taxable Compensation	\$ 478,363	16.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 5,597</b>	<b>0.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>												
Adjusted Total Revenue	\$ 2,899,441	97.6%	\$ 1,351,224	99.6%	\$ 528,625	99.7%	\$ 632,817	99.8%	\$ 482,807	99.7%	\$ 299,735	99.4%
Margin Calculation #1, 30% Standard Deduction	\$ 869,832	29.3%	\$ 405,367	29.9%	\$ 158,587	29.9%	\$ 189,845	29.9%	\$ 144,842	29.9%	\$ 89,920	29.8%
Margin Calculation #2, Cost of Compensation	\$ 888,854	29.9%	\$ 357,459	26.3%	\$ 151,610	28.6%	\$ 165,117	26.0%	\$ 162,822	33.6%	\$ 60,031	19.9%
Margin Calculation #3, Cost of Goods Sold	\$ 381,133	12.8%	\$ 535,514	39.5%	\$ 210,932	39.8%	\$ 323,158	51.0%	\$ 141,593	29.2%	\$ 36,546	12.1%
Gross Taxable Margin	\$ 2,010,587	67.7%	\$ 815,710	60.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 40,212</b>	<b>1.4%</b>	<b>\$ 16,314</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ 5,597	0.2%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 34,615</b>	<b>1.2%</b>	<b>\$ 16,314</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 40,212</b>	<b>1.4%</b>	<b>\$ 16,314</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.



# **Appendix B**

## **Estimated Margin Tax Liability for Corporate Taxpayers by Total Business Receipts Range**

**Appendix B | Estimated Margin Tax Liability for Corporate Taxpayers**

Estimates based on Business Receipts Ranges for 2010 Tax Return for  
All Corporate Filers

	% of Total		Under % of Total		\$25,000		\$100,000		\$250,000		% of Total	
	All Returns	Income	\$25,000	Income	under \$100,000	% of Total	under \$250,000	% of Total	\$500,000	Income	% of Total	
<b>Total income sources (receipts)</b>												
Business receipts	\$ 3,966,172	88.0%	\$ 4,816	5.0%	\$ 59,044	90.3%	\$ 164,300	96.4%	\$ 355,868	97.2%		
Interest	\$ 224,682	5.0%	\$ 4,404	4.5%	\$ 313	0.5%	\$ 321	0.2%	\$ 591	0.2%		
Interest on Government obligations: State and Local	\$ 10,211	0.2%	\$ 98	0.1%	\$ 64	0.1%	\$ 67	0.0%	\$ 183	0.0%		
Rents	\$ 22,322	0.5%	\$ 31,825	32.8%	\$ 219	0.3%	\$ 361	0.2%	\$ 271	0.1%		
Royalties	\$ 30,517	0.7%	\$ 2,137	2.2%	\$ 153	0.2%	\$ 61	0.0%	\$ 448	0.1%		
Net short-term capital gain reduced by net long-term capital loss	\$ 6,607	0.1%	\$ 120	0.1%	\$ 54	0.1%	\$ 59	0.0%	\$ 69	0.0%		
Net long-term capital gain reduced by net short-term capital loss	\$ 18,714	0.4%	\$ 16,832	17.4%	\$ 729	1.1%	\$ 495	0.3%	\$ 665	0.2%		
Net gain, noncapital assets	\$ 13,541	0.3%	\$ 1,237	1.3%	\$ 442	0.7%	\$ 549	0.3%	\$ 1,039	0.3%		
Other receipts	\$ 213,556	4.7%	\$ 35,512	36.6%	\$ 4,388	6.7%	\$ 4,259	2.5%	\$ 7,119	1.9%		
<b>Total income (receipts)</b>	<b>\$ 4,506,323</b>	<b>100.0%</b>	<b>\$ 96,981</b>	<b>100.0%</b>	<b>\$ 65,407</b>	<b>100.0%</b>	<b>\$ 170,473</b>	<b>100.0%</b>	<b>\$ 366,251</b>	<b>100.0%</b>		
<b>Business expenses (deductions)</b>												
Cost of goods sold	\$ 2,494,364	55.4%	\$ 1,653	1.7%	\$ 11,107	17.0%	\$ 40,963	24.0%	\$ 103,930	28.4%		
Cost of Labor	\$ 149,135	3.3%	\$ 3,210	3.3%	\$ 2,165	3.3%	\$ 5,642	3.3%	\$ 12,121	3.3%		
Compensation of officers	\$ 74,894	1.7%	\$ 4,833	5.0%	\$ 7,966	12.2%	\$ 21,717	12.7%	\$ 42,164	11.5%		
Salaries and wages	\$ 435,906	9.7%	\$ 7,350	7.6%	\$ 4,822	7.4%	\$ 17,659	10.4%	\$ 52,488	14.3%		
Rent paid on business property	\$ 80,341	1.8%	\$ 3,081	3.2%	\$ 4,937	7.5%	\$ 11,731	6.9%	\$ 23,401	6.4%		
Taxes paid	\$ 84,843	1.9%	\$ 4,774	4.9%	\$ 2,426	3.7%	\$ 6,002	3.5%	\$ 13,143	3.6%		
Interest paid	\$ 152,777	3.4%	\$ 12,355	12.7%	\$ 1,744	2.7%	\$ 2,892	1.7%	\$ 5,395	1.5%		
Amortization	\$ 33,102	0.7%	\$ 1,388	1.4%	\$ 536	0.8%	\$ 550	0.3%	\$ 1,231	0.3%		
Depreciation	\$ 125,186	2.8%	\$ 8,750	9.0%	\$ 3,226	4.9%	\$ 4,729	2.8%	\$ 8,471	2.3%		
Advertising	\$ 43,978	1.0%	\$ 593	0.6%	\$ 977	1.5%	\$ 1,976	1.2%	\$ 5,156	1.4%		
Pension, profit-sharing, stock, annuity	\$ 28,731	0.6%	\$ 565	0.6%	\$ 223	0.3%	\$ 1,045	0.6%	\$ 2,783	0.8%		
Employee benefit programs	\$ 56,548	1.3%	\$ 875	0.9%	\$ 628	1.0%	\$ 1,672	1.0%	\$ 3,491	1.0%		
Other deductions	\$ 679,919	15.1%	\$ 49,765	51.3%	\$ 26,770	40.9%	\$ 50,172	29.4%	\$ 88,255	24.1%		
<b>Total business expenses (deductions)</b>	<b>\$ 4,290,590</b>	<b>95.2%</b>	<b>\$ 95,981</b>	<b>99.0%</b>	<b>\$ 65,362</b>	<b>99.9%</b>	<b>\$ 161,107</b>	<b>94.5%</b>	<b>\$ 349,908</b>	<b>95.5%</b>		
<b>Net Income</b>	<b>\$ 215,733</b>	<b>4.8%</b>	<b>\$ 1,000</b>	<b>1.0%</b>	<b>\$ 45</b>	<b>0.1%</b>	<b>\$ 9,366</b>	<b>5.5%</b>	<b>\$ 16,344</b>	<b>4.5%</b>		
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>												
Total Compensation	\$ 659,935	14.6%	\$ 15,392	15.9%	\$ 14,952	22.9%	\$ 45,017	26.4%	\$ 106,773	29.2%		
Less: Standard Exemption	\$ 340,000	7.5%	\$ 340,000	350.6%	\$ 340,000	519.8%	\$ 340,000	199.4%	\$ 340,000	92.8%		
Less: Employer Paid Health Care Deduction	\$ 52,337	1.2%	\$ 1,221	1.3%	\$ 1,186	1.8%	\$ 3,570	2.1%	\$ 8,468	2.3%		
Net Taxable Compensation	\$ 267,598	5.9%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%		
Tax Rate	1.170%		1.170%		1.170%		1.170%		1.170%			
<b>Estimated Tax Liability</b>	<b>\$ 3,131</b>	<b>0.1%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>		
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>												
Adjusted Total Revenue	\$ 4,425,209	98.2%	\$ 95,235	98.2%	\$ 64,230	98.2%	\$ 167,405	98.2%	\$ 359,659	98.2%		
Margin Calculation #1, 30% Standard Deduction	\$ 1,327,563	29.5%	\$ 28,571	29.5%	\$ 19,269	29.5%	\$ 50,221	29.5%	\$ 107,898	29.5%		
Margin Calculation #2, Cost of Compensation	\$ 659,935	14.6%	\$ 15,392	15.9%	\$ 14,952	22.9%	\$ 45,017	26.4%	\$ 106,773	29.2%		
Margin Calculation #3, Cost of Goods Sold	\$ 2,494,364	55.4%	\$ 1,653	1.7%	\$ 11,107	17.0%	\$ 40,963	24.0%	\$ 103,930	28.4%		
Gross Taxable Margin	\$ 1,930,845	42.8%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%		
Tax Rate	2.000%		2.000%		2.000%		2.000%		2.000%			
<b>Gross Margin Tax Liability</b>	<b>\$ 38,617</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>		
Less: Modified Business Tax Liability	\$ 3,131	0.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%		
<b>Net Margin Tax Liability</b>	<b>\$ 35,486</b>	<b>0.8%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>		
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 38,617</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>		

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix B | Estimated Margin Tax Liability for Corporate Taxpayers**

Estimates based on Business Receipts Ranges for 2010 Tax Return for  
All Corporate Filers

	\$500,000		\$1,000,000		\$2,500,000		\$5,000,000		\$10,000,000	
	under \$1,000,000	% of Total Income	under \$2,500,000	% of Total Income	under \$5,000,000	% of Total Income	under \$10,000,000	% of Total Income	under \$50,000,000	% of Total Income
<b>Total income sources (receipts)</b>										
Business receipts	\$ 701,863	97.5%	\$ 1,555,874	97.0%	\$ 3,434,875	97.0%	\$ 6,728,664	95.4%	\$ 19,282,137	93.0%
Interest	\$ 1,654	0.2%	\$ 4,375	0.3%	\$ 21,052	0.6%	\$ 85,952	1.2%	\$ 509,055	2.5%
Interest on Government obligations: State and Local	\$ 319	0.0%	\$ 890	0.1%	\$ 4,513	0.1%	\$ 17,124	0.2%	\$ 93,431	0.5%
Rents	\$ 542	0.1%	\$ 1,127	0.1%	\$ 1,875	0.1%	\$ 4,343	0.1%	\$ 14,692	0.1%
Royalties	\$ 393	0.1%	\$ 529	0.0%	\$ 2,028	0.1%	\$ 7,270	0.1%	\$ 24,780	0.1%
Net short-term capital gain reduced by net long-term capital loss	\$ 176	0.0%	\$ 616	0.0%	\$ 1,580	0.0%	\$ 6,082	0.1%	\$ 32,752	0.2%
Net long-term capital gain reduced by net short-term capital loss	\$ 847	0.1%	\$ 2,845	0.2%	\$ 4,677	0.1%	\$ 13,941	0.2%	\$ 35,749	0.2%
Net gain, noncapital assets	\$ 1,925	0.3%	\$ 3,490	0.2%	\$ 5,330	0.2%	\$ 15,915	0.2%	\$ 48,549	0.2%
Other receipts	\$ 11,961	1.7%	\$ 34,770	2.2%	\$ 64,765	1.8%	\$ 173,349	2.5%	\$ 701,311	3.4%
<b>Total income (receipts)</b>	<b>\$ 719,681</b>	<b>100.0%</b>	<b>\$ 1,604,515</b>	<b>100.0%</b>	<b>\$ 3,540,695</b>	<b>100.0%</b>	<b>\$ 7,052,639</b>	<b>100.0%</b>	<b>\$ 20,742,456</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>										
Cost of goods sold	\$ 248,567	34.5%	\$ 660,584	41.2%	\$ 1,746,690	49.3%	\$ 3,844,261	54.5%	\$ 12,306,505	59.3%
Cost of Labor	\$ 23,818	3.3%	\$ 53,101	3.3%	\$ 117,178	3.3%	\$ 233,405	3.3%	\$ 686,465	3.3%
Compensation of officers	\$ 71,639	10.0%	\$ 124,548	7.8%	\$ 208,741	5.9%	\$ 311,886	4.4%	\$ 636,423	3.1%
Salaries and wages	\$ 109,861	15.3%	\$ 261,126	16.3%	\$ 521,277	14.7%	\$ 887,617	12.6%	\$ 2,388,897	11.5%
Rent paid on business property	\$ 40,915	5.7%	\$ 70,514	4.4%	\$ 116,432	3.3%	\$ 199,767	2.8%	\$ 436,115	2.1%
Taxes paid	\$ 24,792	3.4%	\$ 49,271	3.1%	\$ 92,966	2.6%	\$ 160,722	2.3%	\$ 399,519	1.9%
Interest paid	\$ 9,162	1.3%	\$ 16,599	1.0%	\$ 36,714	1.0%	\$ 84,521	1.2%	\$ 303,340	1.5%
Amortization	\$ 1,970	0.3%	\$ 3,493	0.2%	\$ 7,100	0.2%	\$ 13,091	0.2%	\$ 59,439	0.3%
Depreciation	\$ 15,819	2.2%	\$ 29,885	1.9%	\$ 58,264	1.6%	\$ 118,737	1.7%	\$ 367,516	1.8%
Advertising	\$ 8,312	1.2%	\$ 19,127	1.2%	\$ 28,689	0.8%	\$ 52,868	0.7%	\$ 158,643	0.8%
Pension, profit-sharing, stock, annuity	\$ 4,384	0.6%	\$ 9,110	0.6%	\$ 17,492	0.5%	\$ 32,929	0.5%	\$ 96,202	0.5%
Employee benefit programs	\$ 8,375	1.2%	\$ 20,327	1.3%	\$ 44,407	1.3%	\$ 86,000	1.2%	\$ 251,795	1.2%
Other deductions	\$ 149,954	20.8%	\$ 285,685	17.8%	\$ 544,534	15.4%	\$ 1,010,742	14.3%	\$ 2,416,902	11.7%
<b>Total business expenses (deductions)</b>	<b>\$ 693,751</b>	<b>96.4%</b>	<b>\$ 1,550,269</b>	<b>96.6%</b>	<b>\$ 3,423,305</b>	<b>96.7%</b>	<b>\$ 6,803,139</b>	<b>96.5%</b>	<b>\$ 19,821,295</b>	<b>95.6%</b>
<b>Net Income</b>	<b>\$ 25,930</b>	<b>3.6%</b>	<b>\$ 54,245</b>	<b>3.4%</b>	<b>\$ 117,390</b>	<b>3.3%</b>	<b>\$ 249,500</b>	<b>3.5%</b>	<b>\$ 921,161</b>	<b>4.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>										
Total Compensation	\$ 205,318	28.5%	\$ 438,775	27.3%	\$ 847,196	23.9%	\$ 1,432,907	20.3%	\$ 3,711,786	17.9%
Less: Standard Exemption	\$ 340,000	47.2%	\$ 340,000	21.2%	\$ 340,000	9.6%	\$ 340,000	4.8%	\$ 340,000	1.6%
Less: Employer Paid Health Care Deduction	\$ 16,283	2.3%	\$ 34,797	2.2%	\$ 67,188	1.9%	\$ 113,638	1.6%	\$ 294,366	1.4%
Net Taxable Compensation	\$ -	0.0%	\$ 63,977	4.0%	\$ 440,008	12.4%	\$ 979,269	13.9%	\$ 3,077,419	14.8%
Tax Rate	1.170%	1.170%	1.170%	1.170%	1.170%	1.170%	1.170%	1.170%	1.170%	1.170%
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 749</b>	<b>0.0%</b>	<b>\$ 5,148</b>	<b>0.1%</b>	<b>\$ 11,457</b>	<b>0.2%</b>	<b>\$ 36,006</b>	<b>0.2%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>										
Adjusted Total Revenue	\$ 706,727	98.2%	\$ 1,575,633	98.2%	\$ 3,476,963	98.2%	\$ 6,925,692	98.2%	\$ 20,369,092	98.2%
Margin Calculation #1, 30% Standard Deduction	\$ 212,018	29.5%	\$ 472,690	29.5%	\$ 1,043,089	29.5%	\$ 2,077,707	29.5%	\$ 6,110,727	29.5%
Margin Calculation #2, Cost of Compensation	\$ 205,318	28.5%	\$ 438,775	27.3%	\$ 847,196	23.9%	\$ 1,432,907	20.3%	\$ 3,711,786	17.9%
Margin Calculation #3, Cost of Goods Sold	\$ 248,567	34.5%	\$ 660,584	41.2%	\$ 1,746,690	49.3%	\$ 3,844,261	54.5%	\$ 12,306,505	59.3%
Gross Taxable Margin	\$ -	0.0%	\$ 915,049	57.0%	\$ 1,730,273	48.9%	\$ 3,081,431	43.7%	\$ 8,062,587	38.9%
Tax Rate	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 18,301</b>	<b>1.1%</b>	<b>\$ 34,605</b>	<b>1.0%</b>	<b>\$ 61,629</b>	<b>0.9%</b>	<b>\$ 161,252</b>	<b>0.8%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ 749	0.0%	\$ 5,148	0.1%	\$ 11,457	0.2%	\$ 36,006	0.2%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 17,552</b>	<b>1.1%</b>	<b>\$ 29,457</b>	<b>0.8%</b>	<b>\$ 50,171</b>	<b>0.7%</b>	<b>\$ 125,246</b>	<b>0.6%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 18,301</b>	<b>1.1%</b>	<b>\$ 34,605</b>	<b>1.0%</b>	<b>\$ 61,629</b>	<b>0.9%</b>	<b>\$ 161,252</b>	<b>0.8%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

**Appendix B | Estimated Margin Tax Liability for Corporate Taxpayers**

Estimates based on Business Receipts Ranges for 2010 Tax Return for  
All Corporate Filers

	\$50,000,000 under \$100,000,000	% of Total Income	\$100,000,000 under \$250,000,000	% of Total Income	\$250,000,000 or more	% of Total Income
<b>Total income sources (receipts)</b>						
Business receipts	\$ 63,803,669	90.8%	\$ 139,936,156	88.7%	\$ 2,219,954,234	86.2%
Interest	\$ 2,457,929	3.5%	\$ 6,688,127	4.2%	\$ 163,092,081	6.3%
Interest on Government obligations: State and Local	\$ 348,422	0.5%	\$ 784,039	0.5%	\$ 4,659,161	0.2%
Rents	\$ 73,312	0.1%	\$ 228,194	0.1%	\$ 10,890,846	0.4%
Royalties	\$ 106,776	0.2%	\$ 471,837	0.3%	\$ 23,671,821	0.9%
Net short-term capital gain reduced by net long-term capital loss	\$ 168,360	0.2%	\$ 588,478	0.4%	\$ 3,623,557	0.1%
Net long-term capital gain reduced by net short-term capital loss	\$ 209,493	0.3%	\$ 728,291	0.5%	\$ 9,228,042	0.4%
Net gain, noncapital assets	\$ 158,137	0.2%	\$ 510,953	0.3%	\$ 8,195,237	0.3%
Other receipts	\$ 2,927,217	4.2%	\$ 7,772,644	4.9%	\$ 133,378,254	5.2%
<b>Total income (receipts)</b>	<b>\$ 70,253,316</b>	<b>100.0%</b>	<b>\$ 157,708,719</b>	<b>100.0%</b>	<b>\$ 2,576,693,232</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>						
Cost of goods sold	\$ 43,802,537	62.3%	\$ 92,603,207	58.7%	\$ 1,465,869,833	56.9%
Cost of Labor	\$ 2,325,012	3.3%	\$ 5,219,321	3.3%	\$ 85,274,860	3.3%
Compensation of officers	\$ 1,298,385	1.8%	\$ 1,808,794	1.1%	\$ 9,530,067	0.4%
Salaries and wages	\$ 6,773,874	9.6%	\$ 15,809,785	10.0%	\$ 219,983,262	8.5%
Rent paid on business property	\$ 1,205,570	1.7%	\$ 2,692,092	1.7%	\$ 32,543,427	1.3%
Taxes paid	\$ 1,170,884	1.7%	\$ 2,725,485	1.7%	\$ 43,375,127	1.7%
Interest paid	\$ 1,225,851	1.7%	\$ 3,516,099	2.2%	\$ 107,874,455	4.2%
Amortization	\$ 332,127	0.5%	\$ 1,144,729	0.7%	\$ 23,225,748	0.9%
Depreciation	\$ 1,338,993	1.9%	\$ 3,748,568	2.4%	\$ 80,069,531	3.1%
Advertising	\$ 515,247	0.7%	\$ 1,360,789	0.9%	\$ 26,402,968	1.0%
Pension, profit-sharing, stock, annuity	\$ 254,654	0.4%	\$ 566,632	0.4%	\$ 18,505,029	0.7%
Employee benefit programs	\$ 798,287	1.1%	\$ 2,058,331	1.3%	\$ 32,942,029	1.3%
Other deductions	\$ 7,928,284	11.3%	\$ 19,141,608	12.1%	\$ 389,316,895	15.1%
<b>Total business expenses (deductions)</b>	<b>\$ 66,644,694</b>	<b>94.9%</b>	<b>\$ 147,176,117</b>	<b>93.3%</b>	<b>\$ 2,449,638,371</b>	<b>95.1%</b>
<b>Net Income</b>	<b>\$ 3,608,622</b>	<b>5.1%</b>	<b>\$ 10,532,602</b>	<b>6.7%</b>	<b>\$ 127,054,861</b>	<b>4.9%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>						
Total Compensation	\$ 10,397,271	14.8%	\$ 22,837,899	14.5%	\$ 314,788,189	12.2%
Less: Standard Exemption	\$ 340,000	0.5%	\$ 340,000	0.2%	\$ 340,000	0.0%
Less: Employer Paid Health Care Deduction	\$ 824,565	1.2%	\$ 1,811,180	1.1%	\$ 24,964,561	1.0%
Net Taxable Compensation	\$ 9,232,706	13.1%	\$ 20,686,719	13.1%	\$ 289,483,628	11.2%
Tax Rate	1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 108,023</b>	<b>0.2%</b>	<b>\$ 242,035</b>	<b>0.2%</b>	<b>\$ 3,386,958</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>						
Adjusted Total Revenue	\$ 68,988,756	98.2%	\$ 154,869,962	98.2%	\$ 2,530,312,754	98.2%
Margin Calculation #1, 30% Standard Deduction	\$ 20,696,627	29.5%	\$ 46,460,989	29.5%	\$ 759,093,826	29.5%
Margin Calculation #2, Cost of Compensation	\$ 10,397,271	14.8%	\$ 22,837,899	14.5%	\$ 314,788,189	12.2%
Margin Calculation #3, Cost of Goods Sold	\$ 43,802,537	62.3%	\$ 92,603,207	58.7%	\$ 1,465,869,833	56.9%
Gross Taxable Margin	\$ 25,186,219	35.9%	\$ 62,266,755	39.5%	\$ 1,064,442,920	41.3%
Tax Rate	2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 503,724</b>	<b>0.7%</b>	<b>\$ 1,245,335</b>	<b>0.8%</b>	<b>\$ 21,288,858</b>	<b>0.8%</b>
Less: Modified Business Tax Liability	\$ 108,023	0.2%	\$ 242,035	0.2%	\$ 3,386,958	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 395,702</b>	<b>0.6%</b>	<b>\$ 1,003,300</b>	<b>0.6%</b>	<b>\$ 17,901,900</b>	<b>0.7%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 503,724</b>	<b>0.7%</b>	<b>\$ 1,245,335</b>	<b>0.8%</b>	<b>\$ 21,288,858</b>	<b>0.8%</b>

Source: Applied Analysis based on 2010 corporate income tax data obtained from the United States Internal Revenue Service.

# **Appendix C**

## **Estimated Margin Tax Liability for Partnership Taxpayers by Industrial Sector**

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	All Industries	% of Total Income	Total Agriculture, Forestry, Fishing, And Hunting	% of Total Income	Crop Production	% of Total Income	Animal Production	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,355,960	93.0%	\$ 238,571	72.1%	\$ 86,563	40.5%	\$ 173,269	70.2%
Ordinary income from partnerships and fiduciaries	\$ 29,836	2.0%	\$ 6,367	1.9%	\$ 9,907	4.6%	\$ 3,346	1.4%
Farm net profit	\$ 2,622	0.2%	\$ 70,238	21.2%	\$ 105,638	49.4%	\$ 56,043	22.7%
Net gain, noncapital assets	\$ 6,497	0.4%	\$ 7,965	2.4%	\$ 7,721	3.6%	\$ 11,638	4.7%
Other income	\$ 62,460	4.3%	\$ 7,633	2.3%	\$ 4,057	1.9%	\$ 2,698	1.1%
<b>Total income (receipts)</b>	<b>\$ 1,457,375</b>	<b>100.0%</b>	<b>\$ 330,774</b>	<b>100.0%</b>	<b>\$ 213,886</b>	<b>100.0%</b>	<b>\$ 246,994</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 831,516	57.1%	\$ 166,811	50.4%	\$ 54,759	25.6%	\$ 133,368	54.0%
Cost of Labor	\$ 4,668	0.3%	\$ 3,013	0.9%	\$ 1,923	0.9%	\$ 2,409	1.0%
Salaries and wages	\$ 132,594	9.1%	\$ 16,323	4.9%	\$ 8,756	4.1%	\$ 11,078	4.5%
Guaranteed payments to partners	\$ 16,291	1.1%	\$ 8,472	2.6%	\$ 6,584	3.1%	\$ 10,898	4.4%
Rent paid	\$ 24,536	1.7%	\$ 2,016	0.6%	\$ 1,239	0.6%	\$ 1,307	0.5%
Interest paid	\$ 24,727	1.7%	\$ 5,108	1.5%	\$ 1,722	0.8%	\$ 1,730	0.7%
Taxes and licenses	\$ 20,965	1.4%	\$ 3,997	1.2%	\$ 2,641	1.2%	\$ 1,446	0.6%
Bad debts	\$ 4,502	0.3%	\$ 370	0.1%	\$ 312	0.1%	\$ 302	0.1%
Repairs and maintenance	\$ 7,571	0.5%	\$ 3,194	1.0%	\$ 961	0.4%	\$ 1,976	0.8%
Depreciation	\$ 52,438	3.6%	\$ 11,506	3.5%	\$ 1,945	0.9%	\$ 11,168	4.5%
Depletion	\$ 383	0.0%	\$ 268	0.1%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 4,127	0.3%	\$ 233	0.1%	\$ 73	0.0%	\$ 97	0.0%
Employee benefit programs	\$ 9,175	0.6%	\$ 849	0.3%	\$ 614	0.3%	\$ 557	0.2%
Ordinary loss from other partnerships and fiduciaries	\$ 20,000	1.4%	\$ 5,245	1.6%	\$ 332	0.2%	\$ 3,535	1.4%
Farm net loss	\$ 1,954	0.1%	\$ 48,913	14.8%	\$ 47,662	22.3%	\$ 74,396	30.1%
Net loss, noncapital assets	\$ 2,252	0.2%	\$ 269	0.1%	\$ 209	0.1%	\$ 159	0.1%
Other deductions	\$ 226,494	15.5%	\$ 52,164	15.8%	\$ 42,651	19.9%	\$ 29,747	12.0%
<b>Total business expenses (deductions)</b>	<b>\$ 1,379,525</b>	<b>94.7%</b>	<b>\$ 325,740</b>	<b>98.5%</b>	<b>\$ 170,458</b>	<b>79.7%</b>	<b>\$ 281,764</b>	<b>114.1%</b>
<b>Net Income</b>	<b>\$ 77,850</b>	<b>5.3%</b>	<b>\$ 5,035</b>	<b>1.5%</b>	<b>\$ 43,429</b>	<b>20.3%</b>	<b>\$ (34,770)</b>	<b>-14.1%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 153,553	10.5%	\$ 27,808	8.4%	\$ 17,263	8.1%	\$ 24,385	9.9%
Less: Standard Exemption	\$ 340,000	23.3%	\$ 340,000	102.8%	\$ 340,000	159.0%	\$ 340,000	137.7%
Less: Employer Paid Health Care Deduction	\$ 12,178	0.8%	\$ 2,205	0.7%	\$ 1,369	0.6%	\$ 1,934	0.8%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,452,873	99.7%	\$ 330,404	99.9%	\$ 213,575	99.9%	\$ 246,692	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 435,862	29.9%	\$ 99,121	30.0%	\$ 64,072	30.0%	\$ 74,008	30.0%
Margin Calculation #2, Compensation	\$ 231,403	15.9%	\$ 32,843	9.9%	\$ 60,691	28.4%	\$ (10,384)	-4.2%
Margin Calculation #3, Cost of Goods Sold	\$ 831,516	57.1%	\$ 166,811	50.4%	\$ 54,759	25.6%	\$ 133,368	54.0%
Gross Taxable Margin	\$ 621,357	42.6%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 12,427</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 12,427</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 12,427</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Forestry And Logging	% of Total Income	Fishing, Hunting, And Trapping	% of Total Income	Support Activities For Agriculture And Forestry	% of Total Income	Total Mining	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 492,635	97.5%	\$ 553,162	98.2%	\$ 961,861	94.7%	\$ 4,696,827	90.8%
Ordinary income from partnerships and fiduciaries	\$ 385	0.1%	\$ 2,335	0.4%	\$ 3,840	0.4%	\$ 166,667	3.2%
Farm net profit	\$ 2	0.0%	\$ -	0.0%	\$ 6,630	0.7%	\$ 542	0.0%
Net gain, noncapital assets	\$ 1,498	0.3%	\$ 4,896	0.9%	\$ 999	0.1%	\$ 137,545	2.7%
Other income	\$ 10,784	2.1%	\$ 2,863	0.5%	\$ 42,186	4.2%	\$ 173,036	3.3%
<b>Total income (receipts)</b>	<b>\$ 505,305</b>	<b>100.0%</b>	<b>\$ 563,256</b>	<b>100.0%</b>	<b>\$ 1,015,516</b>	<b>100.0%</b>	<b>\$ 5,174,617</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 338,269	66.9%	\$ 268,001	47.6%	\$ 706,221	69.5%	\$ 1,645,727	31.8%
Cost of Labor	\$ 726	0.1%	\$ 25,981	4.6%	\$ 8,432	0.8%	\$ 3,371	0.1%
Salaries and wages	\$ 30,699	6.1%	\$ 9,407	1.7%	\$ 66,645	6.6%	\$ 129,344	2.5%
Guaranteed payments to partners	\$ 12,897	2.6%	\$ 5,217	0.9%	\$ 8,425	0.8%	\$ 6,792	0.1%
Rent paid	\$ 1,624	0.3%	\$ 5,529	1.0%	\$ 7,137	0.7%	\$ 18,797	0.4%
Interest paid	\$ 35,629	7.1%	\$ 31,440	5.6%	\$ 8,144	0.8%	\$ 132,984	2.6%
Taxes and licenses	\$ 20,597	4.1%	\$ 4,356	0.8%	\$ 10,891	1.1%	\$ 86,318	1.7%
Bad debts	\$ 1	0.0%	\$ 186	0.0%	\$ 1,142	0.1%	\$ 1,693	0.0%
Repairs and maintenance	\$ 10,957	2.2%	\$ 13,391	2.4%	\$ 10,615	1.0%	\$ 22,902	0.4%
Depreciation	\$ 21,539	4.3%	\$ 59,652	10.6%	\$ 36,599	3.6%	\$ 474,205	9.2%
Depletion	\$ 5,451	1.1%	\$ -	0.0%	\$ -	0.0%	\$ 25,506	0.5%
Retirement plans, etc.	\$ 404	0.1%	\$ 93	0.0%	\$ 1,447	0.1%	\$ 3,340	0.1%
Employee benefit programs	\$ 1,343	0.3%	\$ 992	0.2%	\$ 2,699	0.3%	\$ 16,845	0.3%
Ordinary loss from other partnerships and fiduciaries	\$ 58,268	11.5%	\$ 25,321	4.5%	\$ 1,100	0.1%	\$ 43,683	0.8%
Farm net loss	\$ 3,887	0.8%	\$ 1,136	0.2%	\$ 8,346	0.8%	\$ 938	0.0%
Net loss, noncapital assets	\$ 20	0.0%	\$ 3,105	0.6%	\$ 9	0.0%	\$ 1,504	0.0%
Other deductions	\$ 123,322	24.4%	\$ 162,223	28.8%	\$ 98,782	9.7%	\$ 1,013,065	19.6%
<b>Total business expenses (deductions)</b>	<b>\$ 664,907</b>	<b>131.6%</b>	<b>\$ 590,049</b>	<b>104.8%</b>	<b>\$ 968,206</b>	<b>95.3%</b>	<b>\$ 3,623,643</b>	<b>70.0%</b>
<b>Net Income</b>	<b>\$ (159,602)</b>	<b>-31.6%</b>	<b>\$ (26,793)</b>	<b>-4.8%</b>	<b>\$ 47,310</b>	<b>4.7%</b>	<b>\$ 1,550,974</b>	<b>30.0%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 44,322	8.8%	\$ 40,605	7.2%	\$ 83,503	8.2%	\$ 139,506	2.7%
Less: Standard Exemption	\$ 340,000	67.3%	\$ 340,000	60.4%	\$ 340,000	33.5%	\$ 340,000	6.6%
Less: Employer Paid Health Care Deduction	\$ 3,515	0.7%	\$ 3,220	0.6%	\$ 6,622	0.7%	\$ 11,064	0.2%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 505,304	100.0%	\$ 563,070	100.0%	\$ 1,014,374	99.9%	\$ 5,172,924	100.0%
Margin Calculation #1, 30% Standard Deduction	\$ 151,591	30.0%	\$ 168,921	30.0%	\$ 304,312	30.0%	\$ 1,551,877	30.0%
Margin Calculation #2, Compensation	\$ (115,280)	-22.8%	\$ 13,812	2.5%	\$ 130,813	12.9%	\$ 1,690,480	32.7%
Margin Calculation #3, Cost of Goods Sold	\$ 338,269	66.9%	\$ 268,001	47.6%	\$ 706,221	69.5%	\$ 1,645,727	31.8%
Gross Taxable Margin	\$ -	0.0%	\$ -	0.0%	\$ 308,153	30.3%	\$ 3,482,444	67.3%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 6,163</b>	<b>0.6%</b>	<b>\$ 69,649</b>	<b>1.3%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 6,163</b>	<b>0.6%</b>	<b>\$ 69,649</b>	<b>1.3%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 6,163</b>	<b>0.6%</b>	<b>\$ 69,649</b>	<b>1.3%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Oil And Gas Extraction	% of Total Income	Other Mining	% of Total Income	Support Activities For Mining	% of Total Income	Utilities	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 4,207,782	89.3%	\$ 10,009,026	95.4%	\$ 4,997,035	96.0%	\$ 56,632,281	98.0%
Ordinary income from partnerships and fiduciaries	\$ 170,668	3.6%	\$ 210,611	2.0%	\$ 89,848	1.7%	\$ 567,800	1.0%
Farm net profit	\$ 644	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 153,436	3.3%	\$ 34,086	0.3%	\$ 68,945	1.3%	\$ 301,532	0.5%
Other income	\$ 180,259	3.8%	\$ 237,268	2.3%	\$ 47,203	0.9%	\$ 290,099	0.5%
<b>Total income (receipts)</b>	<b>\$ 4,712,789</b>	<b>100.0%</b>	<b>\$ 10,490,990</b>	<b>100.0%</b>	<b>\$ 5,203,031</b>	<b>100.0%</b>	<b>\$ 57,791,711</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 1,005,405	21.3%	\$ 8,010,826	76.4%	\$ 2,541,041	48.8%	\$ 48,165,503	83.3%
Cost of Labor	\$ 375	0.0%	\$ 14,048	0.1%	\$ 45,406	0.9%	\$ 4,202	0.0%
Salaries and wages	\$ 85,364	1.8%	\$ 187,293	1.8%	\$ 513,487	9.9%	\$ 671,301	1.2%
Guaranteed payments to partners	\$ 5,673	0.1%	\$ 3,182	0.0%	\$ 20,895	0.4%	\$ 33,855	0.1%
Rent paid	\$ 12,978	0.3%	\$ 24,008	0.2%	\$ 71,714	1.4%	\$ 222,410	0.4%
Interest paid	\$ 140,692	3.0%	\$ 126,407	1.2%	\$ 62,619	1.2%	\$ 1,223,182	2.1%
Taxes and licenses	\$ 89,260	1.9%	\$ 73,970	0.7%	\$ 67,827	1.3%	\$ 513,760	0.9%
Bad debts	\$ 502	0.0%	\$ 8,299	0.1%	\$ 7,816	0.2%	\$ 77,070	0.1%
Repairs and maintenance	\$ 18,064	0.4%	\$ 26,855	0.3%	\$ 67,217	1.3%	\$ 447,929	0.8%
Depreciation	\$ 447,539	9.5%	\$ 389,291	3.7%	\$ 809,253	15.6%	\$ 5,287,857	9.1%
Depletion	\$ 1,623	0.0%	\$ 328,422	3.1%	\$ 3,169	0.1%	\$ 3,827	0.0%
Retirement plans, etc.	\$ 2,603	0.1%	\$ 13,073	0.1%	\$ 2,329	0.0%	\$ 39,424	0.1%
Employee benefit programs	\$ 14,422	0.3%	\$ 38,334	0.4%	\$ 22,444	0.4%	\$ 66,208	0.1%
Ordinary loss from other partnerships and fiduciaries	\$ 46,680	1.0%	\$ 18,402	0.2%	\$ 35,659	0.7%	\$ 572,077	1.0%
Farm net loss	\$ 968	0.0%	\$ -	0.0%	\$ 1,446	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 838	0.0%	\$ 8,707	0.1%	\$ 1,941	0.0%	\$ 2,140	0.0%
Other deductions	\$ 1,068,826	22.7%	\$ 523,403	5.0%	\$ 880,122	16.9%	\$ 2,785,257	4.8%
<b>Total business expenses (deductions)</b>	<b>\$ 2,941,434</b>	<b>62.4%</b>	<b>\$ 9,780,471</b>	<b>93.2%</b>	<b>\$ 5,108,977</b>	<b>98.2%</b>	<b>\$ 60,111,800</b>	<b>104.0%</b>
<b>Net Income</b>	<b>\$ 1,771,355</b>	<b>37.6%</b>	<b>\$ 710,519</b>	<b>6.8%</b>	<b>\$ 94,054</b>	<b>1.8%</b>	<b>\$ (2,320,089)</b>	<b>-4.0%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 91,411	1.9%	\$ 204,522	1.9%	\$ 579,787	11.1%	\$ 709,358	1.2%
Less: Standard Exemption	\$ 340,000	7.2%	\$ 340,000	3.2%	\$ 340,000	6.5%	\$ 340,000	0.6%
Less: Employer Paid Health Care Deduction	\$ 7,249	0.2%	\$ 16,220	0.2%	\$ 45,981	0.9%	\$ 56,256	0.1%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ 193,807	3.7%	\$ 313,101	0.5%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 2,268</b>	<b>0.0%</b>	<b>\$ 3,663</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 4,712,287	100.0%	\$ 10,482,692	99.9%	\$ 5,195,215	99.8%	\$ 57,714,642	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 1,413,686	30.0%	\$ 3,144,807	30.0%	\$ 1,558,565	30.0%	\$ 17,314,393	30.0%
Margin Calculation #2, Compensation	\$ 1,862,766	39.5%	\$ 915,041	8.7%	\$ 673,841	13.0%	\$ (1,610,731)	-2.8%
Margin Calculation #3, Cost of Goods Sold	\$ 1,005,405	21.3%	\$ 8,010,826	76.4%	\$ 2,541,041	48.8%	\$ 48,165,503	83.3%
Gross Taxable Margin	\$ 2,849,522	60.5%	\$ 2,471,866	23.6%	\$ 2,654,175	51.0%	\$ 9,549,138	16.5%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 56,990</b>	<b>1.2%</b>	<b>\$ 49,437</b>	<b>0.5%</b>	<b>\$ 53,083</b>	<b>1.0%</b>	<b>\$ 190,983</b>	<b>0.3%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ 2,268	0.0%	\$ 3,663	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 56,990</b>	<b>1.2%</b>	<b>\$ 49,437</b>	<b>0.5%</b>	<b>\$ 50,816</b>	<b>1.0%</b>	<b>\$ 187,319</b>	<b>0.3%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 56,990</b>	<b>1.2%</b>	<b>\$ 49,437</b>	<b>0.5%</b>	<b>\$ 53,083</b>	<b>1.0%</b>	<b>\$ 190,983</b>	<b>0.3%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.



**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Total Construction	% of Total Income	Construction Of Buildings	% of Total Income	Heavy And Civil Engineering Construction Total	% of Total Income	Utility System Construction	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,218,245	96.4%	\$ 1,323,031	95.0%	\$ 2,115,575	97.1%	\$ 6,586,738	96.9%
Ordinary income from partnerships and fiduciaries	\$ 5,694	0.5%	\$ 6,554	0.5%	\$ 20,770	1.0%	\$ 117,204	1.7%
Farm net profit	\$ 37	0.0%	\$ -	0.0%	\$ 312	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 1,722	0.1%	\$ 408	0.0%	\$ 5,497	0.3%	\$ 5,106	0.1%
Other income	\$ 38,544	3.0%	\$ 61,975	4.5%	\$ 37,249	1.7%	\$ 90,029	1.3%
<b>Total income (receipts)</b>	<b>\$ 1,264,242</b>	<b>100.0%</b>	<b>\$ 1,391,968</b>	<b>100.0%</b>	<b>\$ 2,179,403</b>	<b>100.0%</b>	<b>\$ 6,799,077</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 1,037,683	82.1%	\$ 1,244,266	89.4%	\$ 1,730,738	79.4%	\$ 4,672,300	68.7%
Cost of Labor	\$ 43,208	3.4%	\$ 24,673	1.8%	\$ 72,283	3.3%	\$ 248,288	3.7%
Salaries and wages	\$ 48,560	3.8%	\$ 33,774	2.4%	\$ 58,101	2.7%	\$ 270,639	4.0%
Guaranteed payments to partners	\$ 11,689	0.9%	\$ 9,566	0.7%	\$ 15,105	0.7%	\$ 87,607	1.3%
Rent paid	\$ 7,413	0.6%	\$ 4,864	0.3%	\$ 8,790	0.4%	\$ 33,929	0.5%
Interest paid	\$ 11,882	0.9%	\$ 13,942	1.0%	\$ 27,856	1.3%	\$ 59,570	0.9%
Taxes and licenses	\$ 9,179	0.7%	\$ 7,043	0.5%	\$ 14,527	0.7%	\$ 43,181	0.6%
Bad debts	\$ 3,098	0.2%	\$ 3,618	0.3%	\$ 1,480	0.1%	\$ 4,547	0.1%
Repairs and maintenance	\$ 3,595	0.3%	\$ 2,234	0.2%	\$ 6,945	0.3%	\$ 20,195	0.3%
Depreciation	\$ 14,410	1.1%	\$ 6,888	0.5%	\$ 41,420	1.9%	\$ 344,628	5.1%
Depletion	\$ 2	0.0%	\$ -	0.0%	\$ 20	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 776	0.1%	\$ 434	0.0%	\$ 2,123	0.1%	\$ 5,866	0.1%
Employee benefit programs	\$ 2,976	0.2%	\$ 1,651	0.1%	\$ 5,017	0.2%	\$ 22,195	0.3%
Ordinary loss from other partnerships and fiduciaries	\$ 9,259	0.7%	\$ 5,865	0.4%	\$ 46,300	2.1%	\$ 787,519	11.6%
Farm net loss	\$ 27	0.0%	\$ -	0.0%	\$ 233	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 3,788	0.3%	\$ 5,812	0.4%	\$ 9,199	0.4%	\$ 1	0.0%
Other deductions	\$ 98,880	7.8%	\$ 80,465	5.8%	\$ 200,137	9.2%	\$ 916,614	13.5%
<b>Total business expenses (deductions)</b>	<b>\$ 1,263,216</b>	<b>99.9%</b>	<b>\$ 1,420,423</b>	<b>102.0%</b>	<b>\$ 2,167,993</b>	<b>99.5%</b>	<b>\$ 7,268,791</b>	<b>106.9%</b>
<b>Net Income</b>	<b>\$ 1,025</b>	<b>0.1%</b>	<b>\$ (28,455)</b>	<b>-2.0%</b>	<b>\$ 11,410</b>	<b>0.5%</b>	<b>\$ (469,714)</b>	<b>-6.9%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 103,457	8.2%	\$ 68,013	4.9%	\$ 145,489	6.7%	\$ 606,534	8.9%
Less: Standard Exemption	\$ 340,000	26.9%	\$ 340,000	24.4%	\$ 340,000	15.6%	\$ 340,000	5.0%
Less: Employer Paid Health Care Deduction	\$ 8,205	0.6%	\$ 5,394	0.4%	\$ 11,538	0.5%	\$ 48,102	0.7%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 218,432	3.2%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 2,556</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,261,144	99.8%	\$ 1,388,350	99.7%	\$ 2,177,923	99.9%	\$ 6,794,530	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 378,343	29.9%	\$ 416,505	29.9%	\$ 653,377	30.0%	\$ 2,038,359	30.0%
Margin Calculation #2, Compensation	\$ 104,482	8.3%	\$ 39,559	2.8%	\$ 156,900	7.2%	\$ 136,820	2.0%
Margin Calculation #3, Cost of Goods Sold	\$ 1,037,683	82.1%	\$ 1,244,266	89.4%	\$ 1,730,738	79.4%	\$ 4,672,300	68.7%
Gross Taxable Margin	\$ 223,460	17.7%	\$ 144,084	10.4%	\$ 447,184	20.5%	\$ 2,122,230	31.2%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 4,469</b>	<b>0.4%</b>	<b>\$ 2,882</b>	<b>0.2%</b>	<b>\$ 8,944</b>	<b>0.4%</b>	<b>\$ 42,445</b>	<b>0.6%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 2,556	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 4,469</b>	<b>0.4%</b>	<b>\$ 2,882</b>	<b>0.2%</b>	<b>\$ 8,944</b>	<b>0.4%</b>	<b>\$ 39,889</b>	<b>0.6%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 4,469</b>	<b>0.4%</b>	<b>\$ 2,882</b>	<b>0.2%</b>	<b>\$ 8,944</b>	<b>0.4%</b>	<b>\$ 42,445</b>	<b>0.6%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Land Subdivision	% of Total Income	Other Heavy And Civil Engineering Construction	% of Total Income	Total Special Trade Contractors	% of Total Income	Foundation, Structure, And Building Exterior Contractors	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 428,378	90.0%	\$ 7,600,993	98.9%	\$ 850,398	98.2%	\$ 804,099	98.8%
Ordinary income from partnerships and fiduciaries	\$ 16,274	3.4%	\$ 11,214	0.1%	\$ 509	0.1%	\$ 8	0.0%
Farm net profit	\$ 412	0.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 13	0.0%	\$ 27,596	0.4%	\$ 2,115	0.2%	\$ 129	0.0%
Other income	\$ 31,126	6.5%	\$ 46,710	0.6%	\$ 12,999	1.5%	\$ 9,567	1.2%
<b>Total income (receipts)</b>	<b>\$ 476,203</b>	<b>100.0%</b>	<b>\$ 7,686,512</b>	<b>100.0%</b>	<b>\$ 866,021</b>	<b>100.0%</b>	<b>\$ 813,804</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 440,176	92.4%	\$ 6,063,517	78.9%	\$ 614,634	71.0%	\$ 588,439	72.3%
Cost of Labor	\$ 327	0.1%	\$ 288,775	3.8%	\$ 57,450	6.6%	\$ 54,704	6.7%
Salaries and wages	\$ 8,338	1.8%	\$ 196,814	2.6%	\$ 62,230	7.2%	\$ 40,428	5.0%
Guaranteed payments to partners	\$ 1,077	0.2%	\$ 50,610	0.7%	\$ 13,076	1.5%	\$ 15,325	1.9%
Rent paid	\$ 996	0.2%	\$ 32,848	0.4%	\$ 9,846	1.1%	\$ 7,804	1.0%
Interest paid	\$ 26,601	5.6%	\$ 23,824	0.3%	\$ 5,118	0.6%	\$ 3,189	0.4%
Taxes and licenses	\$ 5,487	1.2%	\$ 42,572	0.6%	\$ 10,038	1.2%	\$ 7,195	0.9%
Bad debts	\$ 396	0.1%	\$ 4,954	0.1%	\$ 2,978	0.3%	\$ 3,793	0.5%
Repairs and maintenance	\$ 1,972	0.4%	\$ 23,092	0.3%	\$ 4,159	0.5%	\$ 3,050	0.4%
Depreciation	\$ 2,631	0.6%	\$ 110,203	1.4%	\$ 15,143	1.7%	\$ 11,768	1.4%
Depletion	\$ 0	0.0%	\$ 104	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 755	0.2%	\$ 6,538	0.1%	\$ 775	0.1%	\$ 355	0.0%
Employee benefit programs	\$ 235	0.0%	\$ 19,275	0.3%	\$ 3,868	0.4%	\$ 1,998	0.2%
Ordinary loss from other partnerships and fiduciaries	\$ 4,857	1.0%	\$ 434	0.0%	\$ 2,609	0.3%	\$ -	0.0%
Farm net loss	\$ 308	0.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 12,039	2.5%	\$ 451	0.0%	\$ 30	0.0%	\$ 14	0.0%
Other deductions	\$ 67,409	14.2%	\$ 527,340	6.9%	\$ 90,808	10.5%	\$ 61,992	7.6%
<b>Total business expenses (deductions)</b>	<b>\$ 573,277</b>	<b>120.4%</b>	<b>\$ 7,102,577</b>	<b>92.4%</b>	<b>\$ 835,313</b>	<b>96.5%</b>	<b>\$ 745,349</b>	<b>91.6%</b>
<b>Net Income</b>	<b>\$ (97,074)</b>	<b>-20.4%</b>	<b>\$ 583,935</b>	<b>7.6%</b>	<b>\$ 30,708</b>	<b>3.5%</b>	<b>\$ 68,454</b>	<b>8.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 9,742	2.0%	\$ 536,200	7.0%	\$ 132,757	15.3%	\$ 110,456	13.6%
Less: Standard Exemption	\$ 340,000	71.4%	\$ 340,000	4.4%	\$ 340,000	39.3%	\$ 340,000	41.8%
Less: Employer Paid Health Care Deduction	\$ 773	0.2%	\$ 42,524	0.6%	\$ 10,528	1.2%	\$ 8,760	1.1%
Net Taxable Compensation	\$ -	0.0%	\$ 153,676	2.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 1,798</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 475,808	99.9%	\$ 7,681,558	99.9%	\$ 863,043	99.7%	\$ 810,011	99.5%
Margin Calculation #1, 30% Standard Deduction	\$ 142,742	30.0%	\$ 2,304,468	30.0%	\$ 258,913	29.9%	\$ 243,003	29.9%
Margin Calculation #2, Compensation	\$ (87,332)	-18.3%	\$ 1,120,135	14.6%	\$ 163,464	18.9%	\$ 178,911	22.0%
Margin Calculation #3, Cost of Goods Sold	\$ 440,176	92.4%	\$ 6,063,517	78.9%	\$ 614,634	71.0%	\$ 588,439	72.3%
Gross Taxable Margin	\$ -	0.0%	\$ 1,618,041	21.1%	\$ -	0.0%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 32,361</b>	<b>0.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ 1,798	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 30,563</b>	<b>0.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 32,361</b>	<b>0.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Electrical Contractors	% of Total Income	Plumbing, Heating And Air-Conditioning Contractors	% of Total Income	Building Finishing Contractors	% of Total Income	Other Specialty Trade Contractors	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 670,679	98.7%	\$ 1,119,227	99.2%	\$ 486,891	99.8%	\$ 1,119,255	96.8%
Ordinary income from partnerships and fiduciaries	\$ 333	0.0%	\$ 457	0.0%	\$ 1	0.0%	\$ 1,289	0.1%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 5,398	0.8%	\$ 367	0.0%	\$ 59	0.0%	\$ 3,844	0.3%
Other income	\$ 3,395	0.5%	\$ 7,782	0.7%	\$ 902	0.2%	\$ 31,464	2.7%
<b>Total income (receipts)</b>	<b>\$ 679,804</b>	<b>100.0%</b>	<b>\$ 1,127,834</b>	<b>100.0%</b>	<b>\$ 487,853</b>	<b>100.0%</b>	<b>\$ 1,155,851</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 475,581	70.0%	\$ 770,823	68.3%	\$ 341,805	70.1%	\$ 834,758	72.2%
Cost of Labor	\$ 57,282	8.4%	\$ 76,492	6.8%	\$ 31,514	6.5%	\$ 69,904	6.0%
Salaries and wages	\$ 65,925	9.7%	\$ 91,680	8.1%	\$ 34,795	7.1%	\$ 79,569	6.9%
Guaranteed payments to partners	\$ 7,906	1.2%	\$ 13,887	1.2%	\$ 16,787	3.4%	\$ 11,395	1.0%
Rent paid	\$ 5,154	0.8%	\$ 12,337	1.1%	\$ 7,855	1.6%	\$ 13,831	1.2%
Interest paid	\$ 4,040	0.6%	\$ 7,663	0.7%	\$ 2,682	0.5%	\$ 7,432	0.6%
Taxes and licenses	\$ 11,715	1.7%	\$ 15,904	1.4%	\$ 6,136	1.3%	\$ 10,976	0.9%
Bad debts	\$ 610	0.1%	\$ 2,844	0.3%	\$ 947	0.2%	\$ 5,346	0.5%
Repairs and maintenance	\$ 1,542	0.2%	\$ 3,245	0.3%	\$ 1,082	0.2%	\$ 8,891	0.8%
Depreciation	\$ 9,667	1.4%	\$ 12,873	1.1%	\$ 4,171	0.9%	\$ 29,194	2.5%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 1,575	0.2%	\$ 1,246	0.1%	\$ 78	0.0%	\$ 892	0.1%
Employee benefit programs	\$ 5,620	0.8%	\$ 4,621	0.4%	\$ 2,454	0.5%	\$ 4,710	0.4%
Ordinary loss from other partnerships and fiduciaries	\$ 145	0.0%	\$ 16,937	1.5%	\$ 202	0.0%	\$ 594	0.1%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 15	0.0%	\$ 93	0.0%	\$ 1	0.0%	\$ 41	0.0%
Other deductions	\$ 84,608	12.4%	\$ 134,426	11.9%	\$ 45,248	9.3%	\$ 124,370	10.8%
<b>Total business expenses (deductions)</b>	<b>\$ 674,104</b>	<b>99.2%</b>	<b>\$ 1,088,580</b>	<b>96.5%</b>	<b>\$ 464,243</b>	<b>95.2%</b>	<b>\$ 1,131,999</b>	<b>97.9%</b>
<b>Net Income</b>	<b>\$ 5,700</b>	<b>0.8%</b>	<b>\$ 39,254</b>	<b>3.5%</b>	<b>\$ 23,611</b>	<b>4.8%</b>	<b>\$ 23,852</b>	<b>2.1%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 131,113	19.3%	\$ 182,059	16.1%	\$ 83,096	17.0%	\$ 160,867	13.9%
Less: Standard Exemption	\$ 340,000	50.0%	\$ 340,000	30.1%	\$ 340,000	69.7%	\$ 340,000	29.4%
Less: Employer Paid Health Care Deduction	\$ 10,398	1.5%	\$ 14,438	1.3%	\$ 6,590	1.4%	\$ 12,758	1.1%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 679,194	99.9%	\$ 1,124,990	99.7%	\$ 486,906	99.8%	\$ 1,150,505	99.5%
Margin Calculation #1, 30% Standard Deduction	\$ 203,758	30.0%	\$ 337,497	29.9%	\$ 146,072	29.9%	\$ 345,151	29.9%
Margin Calculation #2, Compensation	\$ 136,814	20.1%	\$ 221,313	19.6%	\$ 106,706	21.9%	\$ 184,719	16.0%
Margin Calculation #3, Cost of Goods Sold	\$ 475,581	70.0%	\$ 770,823	68.3%	\$ 341,805	70.1%	\$ 834,758	72.2%
Gross Taxable Margin	\$ -	0.0%	\$ 354,167	31.4%	\$ -	0.0%	\$ 315,746	27.3%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 7,083</b>	<b>0.6%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 6,315</b>	<b>0.5%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 7,083</b>	<b>0.6%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 6,315</b>	<b>0.5%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 7,083</b>	<b>0.6%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 6,315</b>	<b>0.5%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Total Manufacturing	% of Total Income	Food Manufacturing	% of Total Income	Beverage And Tobacco Product Manufacturing	% of Total Income	Textile Mills And Textile Product Mills	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 16,091,868	98.3%	\$ 8,399,818	99.2%	\$ 10,730,503	96.2%	\$ 14,698,660	99.0%
Ordinary income from partnerships and fiduciaries	\$ 81,476	0.5%	\$ 10,718	0.1%	\$ 147	0.0%	\$ 3,153	0.0%
Farm net profit	\$ 3	0.0%	\$ 18	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 12,932	0.1%	\$ 6,948	0.1%	\$ 9,161	0.1%	\$ 3,416	0.0%
Other income	\$ 188,758	1.2%	\$ 47,992	0.6%	\$ 415,480	3.7%	\$ 138,064	0.9%
<b>Total income (receipts)</b>	<b>\$ 16,375,036</b>	<b>100.0%</b>	<b>\$ 8,465,494</b>	<b>100.0%</b>	<b>\$ 11,155,292</b>	<b>100.0%</b>	<b>\$ 14,843,292</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 13,410,948	81.9%	\$ 6,969,421	82.3%	\$ 6,993,792	62.7%	\$ 12,903,668	86.9%
Cost of Labor	\$ 45,969	0.3%	\$ 92,731	1.1%	\$ 77,840	0.7%	\$ 346,872	2.3%
Salaries and wages	\$ 404,985	2.5%	\$ 216,977	2.6%	\$ 812,664	7.3%	\$ 606,702	4.1%
Guaranteed payments to partners	\$ 33,106	0.2%	\$ 9,716	0.1%	\$ 20,060	0.2%	\$ 38,271	0.3%
Rent paid	\$ 54,092	0.3%	\$ 38,942	0.5%	\$ 48,833	0.4%	\$ 68,314	0.5%
Interest paid	\$ 118,052	0.7%	\$ 48,707	0.6%	\$ 169,663	1.5%	\$ 155,131	1.0%
Taxes and licenses	\$ 168,858	1.0%	\$ 30,398	0.4%	\$ 168,657	1.5%	\$ 54,735	0.4%
Bad debts	\$ 5,847	0.0%	\$ 4,478	0.1%	\$ 20,837	0.2%	\$ 21,223	0.1%
Repairs and maintenance	\$ 38,945	0.2%	\$ 30,030	0.4%	\$ 55,814	0.5%	\$ 37,676	0.3%
Depreciation	\$ 271,963	1.7%	\$ 79,637	0.9%	\$ 431,940	3.9%	\$ 69,786	0.5%
Depletion	\$ 3,517	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 41,558	0.3%	\$ 10,245	0.1%	\$ 128,370	1.2%	\$ 16,340	0.1%
Employee benefit programs	\$ 67,324	0.4%	\$ 22,659	0.3%	\$ 182,763	1.6%	\$ 62,416	0.4%
Ordinary loss from other partnerships and fiduciaries	\$ 12,448	0.1%	\$ 11,199	0.1%	\$ 4,525	0.0%	\$ 9,097	0.1%
Farm net loss	\$ 292	0.0%	\$ 216	0.0%	\$ 6,152	0.1%	\$ -	0.0%
Net loss, noncapital assets	\$ 2,423	0.0%	\$ 6,975	0.1%	\$ 116	0.0%	\$ 391	0.0%
Other deductions	\$ 1,113,657	6.8%	\$ 736,539	8.7%	\$ 1,798,923	16.1%	\$ 994,938	6.7%
<b>Total business expenses (deductions)</b>	<b>\$ 15,748,017</b>	<b>96.2%</b>	<b>\$ 8,216,138</b>	<b>97.1%</b>	<b>\$ 10,843,108</b>	<b>97.2%</b>	<b>\$ 15,038,686</b>	<b>101.3%</b>
<b>Net Income</b>	<b>\$ 627,019</b>	<b>3.8%</b>	<b>\$ 249,356</b>	<b>2.9%</b>	<b>\$ 312,184</b>	<b>2.8%</b>	<b>\$ (195,394)</b>	<b>-1.3%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 484,060	3.0%	\$ 319,425	3.8%	\$ 910,565	8.2%	\$ 991,845	6.7%
Less: Standard Exemption	\$ 340,000	2.1%	\$ 340,000	4.0%	\$ 340,000	3.0%	\$ 340,000	2.3%
Less: Employer Paid Health Care Deduction	\$ 38,389	0.2%	\$ 25,332	0.3%	\$ 72,213	0.6%	\$ 78,659	0.5%
Net Taxable Compensation	\$ 105,671	0.6%	\$ -	0.0%	\$ 498,351	4.5%	\$ 573,186	3.9%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 1,236</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 5,831</b>	<b>0.1%</b>	<b>\$ 6,706</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 16,369,189	100.0%	\$ 8,461,016	99.9%	\$ 11,134,455	99.8%	\$ 14,822,070	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 4,910,757	30.0%	\$ 2,538,305	30.0%	\$ 3,340,336	29.9%	\$ 4,446,621	30.0%
Margin Calculation #2, Compensation	\$ 1,111,080	6.8%	\$ 568,781	6.7%	\$ 1,222,748	11.0%	\$ 796,451	5.4%
Margin Calculation #3, Cost of Goods Sold	\$ 13,410,948	81.9%	\$ 6,969,421	82.3%	\$ 6,993,792	62.7%	\$ 12,903,668	86.9%
Gross Taxable Margin	\$ 2,958,242	18.1%	\$ 1,491,596	17.6%	\$ 4,140,663	37.1%	\$ 1,918,402	12.9%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 59,165</b>	<b>0.4%</b>	<b>\$ 29,832</b>	<b>0.4%</b>	<b>\$ 82,813</b>	<b>0.7%</b>	<b>\$ 38,368</b>	<b>0.3%</b>
Less: Modified Business Tax Liability	\$ 1,236	0.0%	\$ -	0.0%	\$ 5,831	0.1%	\$ 6,706	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 57,928</b>	<b>0.4%</b>	<b>\$ 29,832</b>	<b>0.4%</b>	<b>\$ 76,983</b>	<b>0.7%</b>	<b>\$ 31,662</b>	<b>0.2%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 59,165</b>	<b>0.4%</b>	<b>\$ 29,832</b>	<b>0.4%</b>	<b>\$ 82,813</b>	<b>0.7%</b>	<b>\$ 38,368</b>	<b>0.3%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Apparel Manufacturing	% of Total Income	Leather And Allied Product Manufacturing	% of Total Income	Wood Product Manufacturing	% of Total Income	Paper Manufacturing	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 2,269,972	98.7%	\$ 1,114,337	99.3%	\$ 5,276,601	99.3%	\$ 63,685,022	99.1%
Ordinary income from partnerships and fiduciaries	\$ 4,604	0.2%	\$ 2,330	0.2%	\$ 27	0.0%	\$ 64,693	0.1%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 228	0.0%	\$ 14	0.0%	\$ 7,147	0.1%	\$ 6,601	0.0%
Other income	\$ 24,538	1.1%	\$ 5,947	0.5%	\$ 27,692	0.5%	\$ 481,283	0.7%
<b>Total income (receipts)</b>	<b>\$ 2,299,342</b>	<b>100.0%</b>	<b>\$ 1,122,628</b>	<b>100.0%</b>	<b>\$ 5,311,467</b>	<b>100.0%</b>	<b>\$ 64,237,598</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 1,503,534	65.4%	\$ 784,126	69.8%	\$ 4,302,522	81.0%	\$ 55,636,547	86.6%
Cost of Labor	\$ 59,404	2.6%	\$ 54,299	4.8%	\$ 175,561	3.3%	\$ 1,465,321	2.3%
Salaries and wages	\$ 239,312	10.4%	\$ 111,649	9.9%	\$ 295,302	5.6%	\$ 2,317,445	3.6%
Guaranteed payments to partners	\$ 9,330	0.4%	\$ -	0.0%	\$ 20,174	0.4%	\$ 116,022	0.2%
Rent paid	\$ 45,955	2.0%	\$ 18,123	1.6%	\$ 37,063	0.7%	\$ 202,717	0.3%
Interest paid	\$ 22,333	1.0%	\$ 509	0.0%	\$ 88,764	1.7%	\$ 1,562,140	2.4%
Taxes and licenses	\$ 21,432	0.9%	\$ 9,260	0.8%	\$ 43,701	0.8%	\$ 181,908	0.3%
Bad debts	\$ 1,137	0.0%	\$ 7,986	0.7%	\$ 6,357	0.1%	\$ 25,189	0.0%
Repairs and maintenance	\$ 4,926	0.2%	\$ 2,607	0.2%	\$ 23,791	0.4%	\$ 125,299	0.2%
Depreciation	\$ 23,067	1.0%	\$ 9,446	0.8%	\$ 191,012	3.6%	\$ 557,879	0.9%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ 179	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 2,217	0.1%	\$ 35	0.0%	\$ 7,345	0.1%	\$ 90,922	0.1%
Employee benefit programs	\$ 11,077	0.5%	\$ 558	0.0%	\$ 47,760	0.9%	\$ 136,264	0.2%
Ordinary loss from other partnerships and fiduciaries	\$ 1,147	0.0%	\$ -	0.0%	\$ 11,066	0.2%	\$ 93,164	0.1%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 1,020	0.0%	\$ -	0.0%	\$ 311	0.0%	\$ 34,889	0.1%
Other deductions	\$ 372,178	16.2%	\$ 191,246	17.0%	\$ 388,531	7.3%	\$ 3,369,949	5.2%
<b>Total business expenses (deductions)</b>	<b>\$ 2,258,664</b>	<b>98.2%</b>	<b>\$ 1,135,544</b>	<b>101.2%</b>	<b>\$ 5,463,877</b>	<b>102.9%</b>	<b>\$ 64,450,334</b>	<b>100.3%</b>
<b>Net Income</b>	<b>\$ 40,678</b>	<b>1.8%</b>	<b>\$ (12,916)</b>	<b>-1.2%</b>	<b>\$ (152,410)</b>	<b>-2.9%</b>	<b>\$ (212,736)</b>	<b>-0.3%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 308,045	13.4%	\$ 165,948	14.8%	\$ 491,037	9.2%	\$ 3,898,788	6.1%
Less: Standard Exemption	\$ 340,000	14.8%	\$ 340,000	30.3%	\$ 340,000	6.4%	\$ 340,000	0.5%
Less: Employer Paid Health Care Deduction	\$ 24,430	1.1%	\$ 13,161	1.2%	\$ 38,942	0.7%	\$ 309,197	0.5%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ 112,095	2.1%	\$ 3,249,591	5.1%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 1,312</b>	<b>0.0%</b>	<b>\$ 38,020</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 2,298,204	100.0%	\$ 1,114,642	99.3%	\$ 5,305,110	99.9%	\$ 64,212,410	100.0%
Margin Calculation #1, 30% Standard Deduction	\$ 689,461	30.0%	\$ 334,393	29.8%	\$ 1,591,533	30.0%	\$ 19,263,723	30.0%
Margin Calculation #2, Compensation	\$ 348,722	15.2%	\$ 153,032	13.6%	\$ 338,627	6.4%	\$ 3,686,052	5.7%
Margin Calculation #3, Cost of Goods Sold	\$ 1,503,534	65.4%	\$ 784,126	69.8%	\$ 4,302,522	81.0%	\$ 55,636,547	86.6%
Gross Taxable Margin	\$ 794,671	34.6%	\$ 330,516	29.4%	\$ 1,002,588	18.9%	\$ 8,575,863	13.4%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 15,893</b>	<b>0.7%</b>	<b>\$ 6,610</b>	<b>0.6%</b>	<b>\$ 20,052</b>	<b>0.4%</b>	<b>\$ 171,517</b>	<b>0.3%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ 1,312	0.0%	\$ 38,020	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 15,893</b>	<b>0.7%</b>	<b>\$ 6,610</b>	<b>0.6%</b>	<b>\$ 18,740</b>	<b>0.4%</b>	<b>\$ 133,497</b>	<b>0.2%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 15,893</b>	<b>0.7%</b>	<b>\$ 6,610</b>	<b>0.6%</b>	<b>\$ 20,052</b>	<b>0.4%</b>	<b>\$ 171,517</b>	<b>0.3%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Printing And Related Support Activities	% of Total Income	Petroleum And Coal Products Manufacturing	% of Total Income	Chemical Manufacturing	% of Total Income	Plastics And Rubber Products Manufacturing	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,198,338	98.7%	\$ 1,796,113,252	99.4%	\$ 90,334,908	95.3%	\$ 28,716,112	99.1%
Ordinary income from partnerships and fiduciaries	\$ 436	0.0%	\$ 3,255,886	0.2%	\$ 2,321,510	2.4%	\$ 24,555	0.1%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 2,100	0.2%	\$ 452,323	0.0%	\$ 170,180	0.2%	\$ 30,650	0.1%
Other income	\$ 13,527	1.1%	\$ 7,203,315	0.4%	\$ 2,002,815	2.1%	\$ 218,927	0.8%
<b>Total income (receipts)</b>	<b>\$ 1,214,401</b>	<b>100.0%</b>	<b>\$ 1,807,024,776</b>	<b>100.0%</b>	<b>\$ 94,829,414</b>	<b>100.0%</b>	<b>\$ 28,990,245</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 786,075	64.7%	\$ 1,634,280,799	90.4%	\$ 64,546,488	68.1%	\$ 23,117,299	79.7%
Cost of Labor	\$ 46,222	3.8%	\$ 5,506	0.0%	\$ 10,106	0.0%	\$ 524,164	1.8%
Salaries and wages	\$ 142,713	11.8%	\$ 4,858,906	0.3%	\$ 3,177,251	3.4%	\$ 1,388,899	4.8%
Guaranteed payments to partners	\$ 17,103	1.4%	\$ 2,684,815	0.1%	\$ 56,387	0.1%	\$ 78,745	0.3%
Rent paid	\$ 24,352	2.0%	\$ 1,955,941	0.1%	\$ 313,307	0.3%	\$ 108,128	0.4%
Interest paid	\$ 23,965	2.0%	\$ 4,635,858	0.3%	\$ 661,590	0.7%	\$ 747,304	2.6%
Taxes and licenses	\$ 15,228	1.3%	\$ 27,177,957	1.5%	\$ 356,255	0.4%	\$ 151,059	0.5%
Bad debts	\$ 3,262	0.3%	\$ 95,350	0.0%	\$ 19,974	0.0%	\$ 19,884	0.1%
Repairs and maintenance	\$ 7,773	0.6%	\$ 1,242,291	0.1%	\$ 447,145	0.5%	\$ 121,579	0.4%
Depreciation	\$ 29,957	2.5%	\$ 21,746,598	1.2%	\$ 1,655,174	1.7%	\$ 457,733	1.6%
Depletion	\$ -	0.0%	\$ 469	0.0%	\$ 130,810	0.1%	\$ -	0.0%
Retirement plans, etc.	\$ 2,357	0.2%	\$ 4,576,008	0.3%	\$ 157,795	0.2%	\$ 65,699	0.2%
Employee benefit programs	\$ 12,624	1.0%	\$ 1,252,217	0.1%	\$ 460,825	0.5%	\$ 199,252	0.7%
Ordinary loss from other partnerships and fiduciaries	\$ 166	0.0%	\$ 459,949	0.0%	\$ 85,840	0.1%	\$ 104,000	0.4%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 557	0.0%	\$ 41,535	0.0%	\$ 10,852	0.0%	\$ 4,797	0.0%
Other deductions	\$ 150,718	12.4%	\$ 59,206,276	3.3%	\$ 9,623,264	10.1%	\$ 2,287,973	7.9%
<b>Total business expenses (deductions)</b>	<b>\$ 1,216,850</b>	<b>100.2%</b>	<b>\$ 1,764,214,969</b>	<b>97.6%</b>	<b>\$ 81,702,957</b>	<b>86.2%</b>	<b>\$ 28,852,351</b>	<b>99.5%</b>
<b>Net Income</b>	<b>\$ (2,449)</b>	<b>-0.2%</b>	<b>\$ 42,809,807</b>	<b>2.4%</b>	<b>\$ 13,126,457</b>	<b>13.8%</b>	<b>\$ 137,894</b>	<b>0.5%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 206,038	17.0%	\$ 7,549,226	0.4%	\$ 3,243,744	3.4%	\$ 1,991,808	6.9%
Less: Standard Exemption	\$ 340,000	28.0%	\$ 340,000	0.0%	\$ 340,000	0.4%	\$ 340,000	1.2%
Less: Employer Paid Health Care Deduction	\$ 16,340	1.3%	\$ 598,698	0.0%	\$ 257,248	0.3%	\$ 157,962	0.5%
Net Taxable Compensation	\$ -	0.0%	\$ 6,610,528	0.4%	\$ 2,646,496	2.8%	\$ 1,493,846	5.2%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 77,343</b>	<b>0.0%</b>	<b>\$ 30,964</b>	<b>0.0%</b>	<b>\$ 17,478</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,211,139	99.7%	\$ 1,806,929,425	100.0%	\$ 94,809,440	100.0%	\$ 28,970,361	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 363,342	29.9%	\$ 542,078,828	30.0%	\$ 28,442,832	30.0%	\$ 8,691,108	30.0%
Margin Calculation #2, Compensation	\$ 203,589	16.8%	\$ 50,359,033	2.8%	\$ 16,370,201	17.3%	\$ 2,129,702	7.3%
Margin Calculation #3, Cost of Goods Sold	\$ 786,075	64.7%	\$ 1,634,280,799	90.4%	\$ 64,546,488	68.1%	\$ 23,117,299	79.7%
Gross Taxable Margin	\$ 425,063	35.0%	\$ 172,648,626	9.6%	\$ 30,262,952	31.9%	\$ 5,853,062	20.2%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 8,501</b>	<b>0.7%</b>	<b>\$ 3,452,973</b>	<b>0.2%</b>	<b>\$ 605,259</b>	<b>0.6%</b>	<b>\$ 117,061</b>	<b>0.4%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ 77,343	0.0%	\$ 30,964	0.0%	\$ 17,478	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 8,501</b>	<b>0.7%</b>	<b>\$ 3,375,629</b>	<b>0.2%</b>	<b>\$ 574,295</b>	<b>0.6%</b>	<b>\$ 99,583</b>	<b>0.3%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 8,501</b>	<b>0.7%</b>	<b>\$ 3,452,973</b>	<b>0.2%</b>	<b>\$ 605,259</b>	<b>0.6%</b>	<b>\$ 117,061</b>	<b>0.4%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Nonmetallic Mineral Products Manufacturing		Primary Metal Manufacturing		Fabricated Metal Products Manufacturing		Machinery Manufacturing	
		% of Total Income		% of Total Income		% of Total Income		% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 6,492,321	98.2%	\$ 22,814,149	99.5%	\$ 5,876,439	98.5%	\$ 6,302,664	97.9%
Ordinary income from partnerships and fiduciaries	\$ 6,033	0.1%	\$ 48,906	0.2%	\$ 2,719	0.0%	\$ 1,195	0.0%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 27,857	0.4%	\$ 3,138	0.0%	\$ 11,863	0.2%	\$ 11,557	0.2%
Other income	\$ 86,289	1.3%	\$ 62,763	0.3%	\$ 76,825	1.3%	\$ 121,090	1.9%
<b>Total income (receipts)</b>	<b>\$ 6,612,501</b>	<b>100.0%</b>	<b>\$ 22,928,957</b>	<b>100.0%</b>	<b>\$ 5,967,846</b>	<b>100.0%</b>	<b>\$ 6,436,506</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 4,919,339	74.4%	\$ 20,298,013	88.5%	\$ 4,466,765	74.8%	\$ 4,705,657	73.1%
Cost of Labor	\$ 273,392	4.1%	\$ 450,568	2.0%	\$ 224,348	3.8%	\$ 90,976	1.4%
Salaries and wages	\$ 433,247	6.6%	\$ 404,932	1.8%	\$ 323,459	5.4%	\$ 373,144	5.8%
Guaranteed payments to partners	\$ 36,575	0.6%	\$ 68,274	0.3%	\$ 48,596	0.8%	\$ 30,369	0.5%
Rent paid	\$ 112,578	1.7%	\$ 33,203	0.1%	\$ 43,144	0.7%	\$ 53,841	0.8%
Interest paid	\$ 130,503	2.0%	\$ 148,342	0.6%	\$ 66,970	1.1%	\$ 77,548	1.2%
Taxes and licenses	\$ 72,104	1.1%	\$ 72,132	0.3%	\$ 46,267	0.8%	\$ 172,345	2.7%
Bad debts	\$ 14,323	0.2%	\$ 4,037	0.0%	\$ 4,468	0.1%	\$ 6,236	0.1%
Repairs and maintenance	\$ 53,667	0.8%	\$ 36,617	0.2%	\$ 36,126	0.6%	\$ 21,092	0.3%
Depreciation	\$ 144,954	2.2%	\$ 188,233	0.8%	\$ 117,851	2.0%	\$ 89,788	1.4%
Depletion	\$ 10,868	0.2%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 21,317	0.3%	\$ 23,220	0.1%	\$ 11,482	0.2%	\$ 9,522	0.1%
Employee benefit programs	\$ 43,691	0.7%	\$ 46,358	0.2%	\$ 52,219	0.9%	\$ 55,970	0.9%
Ordinary loss from other partnerships and fiduciaries	\$ 8,158	0.1%	\$ 8,710	0.0%	\$ 27,413	0.5%	\$ 2,597	0.0%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 2,178	0.0%	\$ 3,901	0.0%	\$ 1,172	0.0%	\$ 1,690	0.0%
Other deductions	\$ 614,750	9.3%	\$ 715,207	3.1%	\$ 391,715	6.6%	\$ 799,334	12.4%
<b>Total business expenses (deductions)</b>	<b>\$ 6,618,251</b>	<b>100.1%</b>	<b>\$ 22,051,180</b>	<b>96.2%</b>	<b>\$ 5,637,648</b>	<b>94.5%</b>	<b>\$ 6,399,132</b>	<b>99.4%</b>
<b>Net Income</b>	<b>\$ (5,750)</b>	<b>-0.1%</b>	<b>\$ 877,777</b>	<b>3.8%</b>	<b>\$ 330,198</b>	<b>5.5%</b>	<b>\$ 37,374</b>	<b>0.6%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 743,214	11.2%	\$ 923,774	4.0%	\$ 596,403	10.0%	\$ 494,489	7.7%
Less: Standard Exemption	\$ 340,000	5.1%	\$ 340,000	1.5%	\$ 340,000	5.7%	\$ 340,000	5.3%
Less: Employer Paid Health Care Deduction	\$ 58,941	0.9%	\$ 73,261	0.3%	\$ 47,298	0.8%	\$ 39,216	0.6%
Net Taxable Compensation	\$ 344,273	5.2%	\$ 510,513	2.2%	\$ 209,104	3.5%	\$ 115,273	1.8%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 4,028</b>	<b>0.1%</b>	<b>\$ 5,973</b>	<b>0.0%</b>	<b>\$ 2,447</b>	<b>0.0%</b>	<b>\$ 1,349</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 6,598,178	99.8%	\$ 22,924,920	100.0%	\$ 5,963,378	99.9%	\$ 6,430,270	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 1,979,453	29.9%	\$ 6,877,476	30.0%	\$ 1,789,013	30.0%	\$ 1,929,081	30.0%
Margin Calculation #2, Compensation	\$ 737,464	11.2%	\$ 1,801,551	7.9%	\$ 926,601	15.5%	\$ 531,863	8.3%
Margin Calculation #3, Cost of Goods Sold	\$ 4,919,339	74.4%	\$ 20,298,013	88.5%	\$ 4,466,765	74.8%	\$ 4,705,657	73.1%
Gross Taxable Margin	\$ 1,678,839	25.4%	\$ 2,626,906	11.5%	\$ 1,496,613	25.1%	\$ 1,724,613	26.8%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 33,577</b>	<b>0.5%</b>	<b>\$ 52,538</b>	<b>0.2%</b>	<b>\$ 29,932</b>	<b>0.5%</b>	<b>\$ 34,492</b>	<b>0.5%</b>
Less: Modified Business Tax Liability	\$ 4,028	0.1%	\$ 5,973	0.0%	\$ 2,447	0.0%	\$ 1,349	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 29,549</b>	<b>0.4%</b>	<b>\$ 46,565</b>	<b>0.2%</b>	<b>\$ 27,486</b>	<b>0.5%</b>	<b>\$ 33,144</b>	<b>0.5%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 33,577</b>	<b>0.5%</b>	<b>\$ 52,538</b>	<b>0.2%</b>	<b>\$ 29,932</b>	<b>0.5%</b>	<b>\$ 34,492</b>	<b>0.5%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Computer And Electrical Product Manufacturing	% of Total Income	Electrical Equipment, Appliance And Component Manufacturing	% of Total Income	Transportation Equipment Manufacturing	% of Total Income	Furniture And Related Product Manufacturing	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 2,941,035	93.7%	\$ 3,822,264	96.0%	\$ 18,576,505	97.8%	\$ 2,699,353	99.7%
Ordinary income from partnerships and fiduciaries	\$ 3,486	0.1%	\$ 140,010	3.5%	\$ 11,883	0.1%	\$ 48	0.0%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 2,013	0.1%	\$ 1,200	0.0%	\$ 4,654	0.0%	\$ 326	0.0%
Other income	\$ 191,170	6.1%	\$ 18,750	0.5%	\$ 398,131	2.1%	\$ 9,029	0.3%
<b>Total income (receipts)</b>	<b>\$ 3,137,704</b>	<b>100.0%</b>	<b>\$ 3,982,224</b>	<b>100.0%</b>	<b>\$ 18,991,172</b>	<b>100.0%</b>	<b>\$ 2,708,757</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 2,382,462	75.9%	\$ 2,646,180	66.4%	\$ 15,536,900	81.8%	\$ 2,050,091	75.7%
Cost of Labor	\$ 29,443	0.9%	\$ 83,972	2.1%	\$ 325,159	1.7%	\$ 117,687	4.3%
Salaries and wages	\$ 293,482	9.4%	\$ 259,943	6.5%	\$ 500,815	2.6%	\$ 207,027	7.6%
Guaranteed payments to partners	\$ 9,265	0.3%	\$ 17,336	0.4%	\$ 11,017	0.1%	\$ 80,585	3.0%
Rent paid	\$ 13,902	0.4%	\$ 43,326	1.1%	\$ 66,660	0.4%	\$ 53,799	2.0%
Interest paid	\$ 38,800	1.2%	\$ 41,697	1.0%	\$ 227,082	1.2%	\$ 74,755	2.8%
Taxes and licenses	\$ 16,902	0.5%	\$ 29,318	0.7%	\$ 110,985	0.6%	\$ 18,011	0.7%
Bad debts	\$ 1,621	0.1%	\$ 5,668	0.1%	\$ 3,133	0.0%	\$ 3,104	0.1%
Repairs and maintenance	\$ 29,350	0.9%	\$ 6,295	0.2%	\$ 26,033	0.1%	\$ 7,860	0.3%
Depreciation	\$ 130,331	4.2%	\$ 34,760	0.9%	\$ 639,742	3.4%	\$ 30,092	1.1%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 15,907	0.5%	\$ 8,643	0.2%	\$ 72,941	0.4%	\$ 450	0.0%
Employee benefit programs	\$ 31,109	1.0%	\$ 18,291	0.5%	\$ 204,449	1.1%	\$ 8,110	0.3%
Ordinary loss from other partnerships and fiduciaries	\$ 18,513	0.6%	\$ -	0.0%	\$ 3,939	0.0%	\$ -	0.0%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 453	0.0%	\$ 917	0.0%	\$ 1,488	0.0%	\$ 109	0.0%
Other deductions	\$ 499,098	15.9%	\$ 520,567	13.1%	\$ 1,313,801	6.9%	\$ 306,433	11.3%
<b>Total business expenses (deductions)</b>	<b>\$ 3,481,192</b>	<b>110.9%</b>	<b>\$ 3,632,940</b>	<b>91.2%</b>	<b>\$ 18,718,987</b>	<b>98.6%</b>	<b>\$ 2,840,425</b>	<b>104.9%</b>
<b>Net Income</b>	<b>\$ (343,488)</b>	<b>-10.9%</b>	<b>\$ 349,284</b>	<b>8.8%</b>	<b>\$ 272,185</b>	<b>1.4%</b>	<b>\$ (131,668)</b>	<b>-4.9%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 332,190	10.6%	\$ 361,250	9.1%	\$ 836,992	4.4%	\$ 405,298	15.0%
Less: Standard Exemption	\$ 340,000	10.8%	\$ 340,000	8.5%	\$ 340,000	1.8%	\$ 340,000	12.6%
Less: Employer Paid Health Care Deduction	\$ 26,345	0.8%	\$ 28,649	0.7%	\$ 66,378	0.3%	\$ 32,143	1.2%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ 430,614	2.3%	\$ 33,156	1.2%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 5,038</b>	<b>0.0%</b>	<b>\$ 388</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 3,136,083	99.9%	\$ 3,976,556	99.9%	\$ 18,988,039	100.0%	\$ 2,705,653	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 940,825	30.0%	\$ 1,192,967	30.0%	\$ 5,696,412	30.0%	\$ 811,696	30.0%
Margin Calculation #2, Compensation	\$ (11,298)	-0.4%	\$ 710,534	17.8%	\$ 1,109,178	5.8%	\$ 273,630	10.1%
Margin Calculation #3, Cost of Goods Sold	\$ 2,382,462	75.9%	\$ 2,646,180	66.4%	\$ 15,536,900	81.8%	\$ 2,050,091	75.7%
Gross Taxable Margin	\$ 753,621	24.0%	\$ 1,330,376	33.4%	\$ 3,451,139	18.2%	\$ 655,563	24.2%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 15,072</b>	<b>0.5%</b>	<b>\$ 26,608</b>	<b>0.7%</b>	<b>\$ 69,023</b>	<b>0.4%</b>	<b>\$ 13,111</b>	<b>0.5%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ 5,038	0.0%	\$ 388	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 15,072</b>	<b>0.5%</b>	<b>\$ 26,608</b>	<b>0.7%</b>	<b>\$ 63,985</b>	<b>0.3%</b>	<b>\$ 12,723</b>	<b>0.5%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 15,072</b>	<b>0.5%</b>	<b>\$ 26,608</b>	<b>0.7%</b>	<b>\$ 69,023</b>	<b>0.4%</b>	<b>\$ 13,111</b>	<b>0.5%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.



**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Miscellaneous Manufacturing	% of Total Income	Wholesale Trade Total	% of Total Income	Merchant Wholesalers, Durable Goods	% of Total Income	Merchant Wholesalers, Nondurable Goods	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,983,992	97.2%	\$ 9,453,986	98.7%	\$ 4,210,453	98.3%	\$ 26,408,828	99.0%
Ordinary income from partnerships and fiduciaries	\$ 6,596	0.3%	\$ 34,852	0.4%	\$ 7,875	0.2%	\$ 116,818	0.4%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 9,575	0.5%	\$ 3,516	0.0%	\$ 4,132	0.1%	\$ 4,237	0.0%
Other income	\$ 40,099	2.0%	\$ 83,652	0.9%	\$ 61,968	1.4%	\$ 146,331	0.5%
<b>Total income (receipts)</b>	<b>\$ 2,040,262</b>	<b>100.0%</b>	<b>\$ 9,576,006</b>	<b>100.0%</b>	<b>\$ 4,284,428</b>	<b>100.0%</b>	<b>\$ 26,676,214</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 1,154,913	56.6%	\$ 8,421,393	87.9%	\$ 3,447,999	80.5%	\$ 24,252,116	90.9%
Cost of Labor	\$ 18,113	0.9%	\$ 5,935	0.1%	\$ 16,285	0.4%	\$ 2,996	0.0%
Salaries and wages	\$ 150,763	7.4%	\$ 280,214	2.9%	\$ 220,860	5.2%	\$ 551,493	2.1%
Guaranteed payments to partners	\$ 16,758	0.8%	\$ 25,899	0.3%	\$ 22,094	0.5%	\$ 42,582	0.2%
Rent paid	\$ 20,046	1.0%	\$ 45,116	0.5%	\$ 38,830	0.9%	\$ 83,321	0.3%
Interest paid	\$ 22,372	1.1%	\$ 41,697	0.4%	\$ 29,975	0.7%	\$ 91,146	0.3%
Taxes and licenses	\$ 13,686	0.7%	\$ 35,418	0.4%	\$ 25,310	0.6%	\$ 76,929	0.3%
Bad debts	\$ 3,246	0.2%	\$ 5,767	0.1%	\$ 4,593	0.1%	\$ 9,020	0.0%
Repairs and maintenance	\$ 4,360	0.2%	\$ 15,090	0.2%	\$ 10,225	0.2%	\$ 35,064	0.1%
Depreciation	\$ 44,320	2.2%	\$ 63,636	0.7%	\$ 33,572	0.8%	\$ 166,807	0.6%
Depletion	\$ -	0.0%	\$ 224	0.0%	\$ -	0.0%	\$ 866	0.0%
Retirement plans, etc.	\$ 3,083	0.2%	\$ 8,488	0.1%	\$ 3,274	0.1%	\$ 24,993	0.1%
Employee benefit programs	\$ 17,777	0.9%	\$ 26,277	0.3%	\$ 19,894	0.5%	\$ 55,264	0.2%
Ordinary loss from other partnerships and fiduciaries	\$ 522	0.0%	\$ 5,398	0.1%	\$ 5,260	0.1%	\$ 8,957	0.0%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 67	0.0%	\$ 2,551	0.0%	\$ 2,413	0.1%	\$ 2,552	0.0%
Other deductions	\$ 382,742	18.8%	\$ 399,416	4.2%	\$ 286,840	6.7%	\$ 843,562	3.2%
<b>Total business expenses (deductions)</b>	<b>\$ 1,834,655</b>	<b>89.9%</b>	<b>\$ 9,376,586</b>	<b>97.9%</b>	<b>\$ 4,151,142</b>	<b>96.9%</b>	<b>\$ 26,244,674</b>	<b>98.4%</b>
<b>Net Income</b>	<b>\$ 205,606</b>	<b>10.1%</b>	<b>\$ 199,421</b>	<b>2.1%</b>	<b>\$ 133,286</b>	<b>3.1%</b>	<b>\$ 431,540</b>	<b>1.6%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 185,634	9.1%	\$ 312,047	3.3%	\$ 259,239	6.1%	\$ 597,071	2.2%
Less: Standard Exemption	\$ 340,000	16.7%	\$ 340,000	3.6%	\$ 340,000	7.9%	\$ 340,000	1.3%
Less: Employer Paid Health Care Deduction	\$ 14,722	0.7%	\$ 24,747	0.3%	\$ 20,559	0.5%	\$ 47,351	0.2%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 209,719	0.8%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 2,454</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 2,037,016	99.8%	\$ 9,570,239	99.9%	\$ 4,279,835	99.9%	\$ 26,667,194	100.0%
Margin Calculation #1, 30% Standard Deduction	\$ 611,105	30.0%	\$ 2,871,072	30.0%	\$ 1,283,951	30.0%	\$ 8,000,158	30.0%
Margin Calculation #2, Compensation	\$ 391,240	19.2%	\$ 511,468	5.3%	\$ 392,525	9.2%	\$ 1,028,611	3.9%
Margin Calculation #3, Cost of Goods Sold	\$ 1,154,913	56.6%	\$ 8,421,393	87.9%	\$ 3,447,999	80.5%	\$ 24,252,116	90.9%
Gross Taxable Margin	\$ 882,103	43.2%	\$ 1,148,846	12.0%	\$ 831,836	19.4%	\$ 2,415,078	9.1%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 17,642</b>	<b>0.9%</b>	<b>\$ 22,977</b>	<b>0.2%</b>	<b>\$ 16,637</b>	<b>0.4%</b>	<b>\$ 48,302</b>	<b>0.2%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 2,454	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 17,642</b>	<b>0.9%</b>	<b>\$ 22,977</b>	<b>0.2%</b>	<b>\$ 16,637</b>	<b>0.4%</b>	<b>\$ 45,848</b>	<b>0.2%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 17,642</b>	<b>0.9%</b>	<b>\$ 22,977</b>	<b>0.2%</b>	<b>\$ 16,637</b>	<b>0.4%</b>	<b>\$ 48,302</b>	<b>0.2%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Wholesale Electronic Markets And Agents And Brokers	% of Total Income	Total Retail Trade	% of Total Income	Motor Vehicle And Parts Dealers	% of Total Income	Furniture And Home Furnishing Stores	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,091,161	94.7%	\$ 2,679,477	97.9%	\$ 9,052,587	97.2%	\$ 2,049,945	97.5%
Ordinary income from partnerships and fiduciaries	\$ 246	0.0%	\$ 4,168	0.2%	\$ 8,971	0.1%	\$ 903	0.0%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 159	0.0%	\$ 1,142	0.0%	\$ 6,743	0.1%	\$ 66	0.0%
Other income	\$ 60,962	5.3%	\$ 52,321	1.9%	\$ 242,640	2.6%	\$ 52,092	2.5%
<b>Total income (receipts)</b>	<b>\$ 1,152,528</b>	<b>100.0%</b>	<b>\$ 2,737,107</b>	<b>100.0%</b>	<b>\$ 9,310,941</b>	<b>100.0%</b>	<b>\$ 2,103,006</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 890,364	77.3%	\$ 2,139,338	78.2%	\$ 7,873,486	84.6%	\$ 1,215,612	57.8%
Cost of Labor	\$ 899	0.1%	\$ 4,675	0.2%	\$ 31,669	0.3%	\$ 17,021	0.8%
Salaries and wages	\$ 58,589	5.1%	\$ 177,617	6.5%	\$ 493,995	5.3%	\$ 232,039	11.0%
Guaranteed payments to partners	\$ 12,821	1.1%	\$ 11,776	0.4%	\$ 21,544	0.2%	\$ 13,256	0.6%
Rent paid	\$ 6,487	0.6%	\$ 57,614	2.1%	\$ 121,119	1.3%	\$ 124,342	5.9%
Interest paid	\$ 4,531	0.4%	\$ 17,051	0.6%	\$ 43,824	0.5%	\$ 18,823	0.9%
Taxes and licenses	\$ 5,175	0.4%	\$ 27,372	1.0%	\$ 74,278	0.8%	\$ 36,050	1.7%
Bad debts	\$ 4,767	0.4%	\$ 3,504	0.1%	\$ 6,650	0.1%	\$ 3,999	0.2%
Repairs and maintenance	\$ 543	0.0%	\$ 10,935	0.4%	\$ 18,765	0.2%	\$ 11,311	0.5%
Depreciation	\$ 6,154	0.5%	\$ 34,799	1.3%	\$ 63,507	0.7%	\$ 20,319	1.0%
Depletion	\$ -	0.0%	\$ 2	0.0%	\$ 27	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 737	0.1%	\$ 3,012	0.1%	\$ 2,885	0.0%	\$ 2,212	0.1%
Employee benefit programs	\$ 2,743	0.2%	\$ 12,165	0.4%	\$ 35,215	0.4%	\$ 8,459	0.4%
Ordinary loss from other partnerships and fiduciaries	\$ 196	0.0%	\$ 982	0.0%	\$ 331	0.0%	\$ 311	0.0%
Farm net loss	\$ -	0.0%	\$ 55	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 3,042	0.3%	\$ 282	0.0%	\$ 307	0.0%	\$ 185	0.0%
Other deductions	\$ 91,673	8.0%	\$ 207,248	7.6%	\$ 424,888	4.6%	\$ 321,508	15.3%
<b>Total business expenses (deductions)</b>	<b>\$ 1,087,821</b>	<b>94.4%</b>	<b>\$ 2,703,752</b>	<b>98.8%</b>	<b>\$ 9,180,820</b>	<b>98.6%</b>	<b>\$ 2,008,424</b>	<b>95.5%</b>
<b>Net Income</b>	<b>\$ 64,707</b>	<b>5.6%</b>	<b>\$ 33,355</b>	<b>1.2%</b>	<b>\$ 130,120</b>	<b>1.4%</b>	<b>\$ 94,582</b>	<b>4.5%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 72,310	6.3%	\$ 194,068	7.1%	\$ 547,207	5.9%	\$ 262,315	12.5%
Less: Standard Exemption	\$ 340,000	29.5%	\$ 340,000	12.4%	\$ 340,000	3.7%	\$ 340,000	16.2%
Less: Employer Paid Health Care Deduction	\$ 5,735	0.5%	\$ 15,391	0.6%	\$ 43,397	0.5%	\$ 20,803	1.0%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ 163,811	1.8%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 1,917</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,147,761	99.6%	\$ 2,733,604	99.9%	\$ 9,304,290	99.9%	\$ 2,099,007	99.8%
Margin Calculation #1, 30% Standard Deduction	\$ 344,328	29.9%	\$ 820,081	30.0%	\$ 2,791,287	30.0%	\$ 629,702	29.9%
Margin Calculation #2, Compensation	\$ 137,017	11.9%	\$ 227,423	8.3%	\$ 677,328	7.3%	\$ 356,897	17.0%
Margin Calculation #3, Cost of Goods Sold	\$ 890,364	77.3%	\$ 2,139,338	78.2%	\$ 7,873,486	84.6%	\$ 1,215,612	57.8%
Gross Taxable Margin	\$ 257,398	22.3%	\$ 594,265	21.7%	\$ 1,430,805	15.4%	\$ 883,395	42.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 5,148</b>	<b>0.4%</b>	<b>\$ 11,885</b>	<b>0.4%</b>	<b>\$ 28,616</b>	<b>0.3%</b>	<b>\$ 17,668</b>	<b>0.8%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ 1,917	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 5,148</b>	<b>0.4%</b>	<b>\$ 11,885</b>	<b>0.4%</b>	<b>\$ 26,700</b>	<b>0.3%</b>	<b>\$ 17,668</b>	<b>0.8%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 5,148</b>	<b>0.4%</b>	<b>\$ 11,885</b>	<b>0.4%</b>	<b>\$ 28,616</b>	<b>0.3%</b>	<b>\$ 17,668</b>	<b>0.8%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**  
Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Electronics And Appliance Stores	% of Total Income	Building Materials And Garden Equipment And Supplies Dealers	% of Total Income	Food And Beverage Stores	% of Total Income	Health And Personal Care Stores	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,445,018	99.4%	\$ 2,096,243	99.1%	\$ 3,644,110	97.0%	\$ 2,458,546	99.2%
Ordinary income from partnerships and fiduciaries	\$ -	0.0%	\$ 257	0.0%	\$ 5,643	0.2%	\$ 946	0.0%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 31	0.0%	\$ 1,176	0.1%	\$ 983	0.0%	\$ 21	0.0%
Other income	\$ 8,489	0.6%	\$ 17,506	0.8%	\$ 104,267	2.8%	\$ 18,070	0.7%
<b>Total income (receipts)</b>	<b>\$ 1,453,538</b>	<b>100.0%</b>	<b>\$ 2,115,182</b>	<b>100.0%</b>	<b>\$ 3,755,004</b>	<b>100.0%</b>	<b>\$ 2,477,583</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 1,001,578	68.9%	\$ 1,509,375	71.4%	\$ 2,804,858	74.7%	\$ 1,560,750	63.0%
Cost of Labor	\$ 2,932	0.2%	\$ 10,647	0.5%	\$ 9,071	0.2%	\$ 3,433	0.1%
Salaries and wages	\$ 146,667	10.1%	\$ 212,100	10.0%	\$ 338,124	9.0%	\$ 296,480	12.0%
Guaranteed payments to partners	\$ 38,883	2.7%	\$ 22,552	1.1%	\$ 10,997	0.3%	\$ 49,855	2.0%
Rent paid	\$ 53,698	3.7%	\$ 62,133	2.9%	\$ 82,080	2.2%	\$ 85,743	3.5%
Interest paid	\$ 5,746	0.4%	\$ 20,858	1.0%	\$ 21,555	0.6%	\$ 8,694	0.4%
Taxes and licenses	\$ 19,953	1.4%	\$ 26,878	1.3%	\$ 47,999	1.3%	\$ 31,819	1.3%
Bad debts	\$ 3,662	0.3%	\$ 3,878	0.2%	\$ 754	0.0%	\$ 10,604	0.4%
Repairs and maintenance	\$ 3,782	0.3%	\$ 13,286	0.6%	\$ 24,325	0.6%	\$ 7,800	0.3%
Depreciation	\$ 13,343	0.9%	\$ 25,432	1.2%	\$ 65,861	1.8%	\$ 55,619	2.2%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 396	0.0%	\$ 1,103	0.1%	\$ 14,196	0.4%	\$ 2,430	0.1%
Employee benefit programs	\$ 2,887	0.2%	\$ 14,732	0.7%	\$ 35,026	0.9%	\$ 12,176	0.5%
Ordinary loss from other partnerships and fiduciaries	\$ 32	0.0%	\$ -	0.0%	\$ 987	0.0%	\$ 3,577	0.1%
Farm net loss	\$ -	0.0%	\$ 985	0.0%	\$ 164	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 525	0.0%	\$ 388	0.0%	\$ 356	0.0%	\$ 1,279	0.1%
Other deductions	\$ 148,670	10.2%	\$ 190,152	9.0%	\$ 302,722	8.1%	\$ 292,215	11.8%
<b>Total business expenses (deductions)</b>	<b>\$ 1,439,823</b>	<b>99.1%</b>	<b>\$ 2,103,851</b>	<b>99.5%</b>	<b>\$ 3,750,005</b>	<b>99.9%</b>	<b>\$ 2,419,039</b>	<b>97.6%</b>
<b>Net Income</b>	<b>\$ 13,715</b>	<b>0.9%</b>	<b>\$ 11,331</b>	<b>0.5%</b>	<b>\$ 4,999</b>	<b>0.1%</b>	<b>\$ 58,544</b>	<b>2.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 188,483	13.0%	\$ 245,298	11.6%	\$ 358,191	9.5%	\$ 349,768	14.1%
Less: Standard Exemption	\$ 340,000	23.4%	\$ 340,000	16.1%	\$ 340,000	9.1%	\$ 340,000	13.7%
Less: Employer Paid Health Care Deduction	\$ 14,948	1.0%	\$ 19,454	0.9%	\$ 28,407	0.8%	\$ 27,739	1.1%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,449,876	99.7%	\$ 2,111,304	99.8%	\$ 3,754,250	100.0%	\$ 2,466,980	99.6%
Margin Calculation #1, 30% Standard Deduction	\$ 434,963	29.9%	\$ 633,391	29.9%	\$ 1,126,275	30.0%	\$ 740,094	29.9%
Margin Calculation #2, Compensation	\$ 202,198	13.9%	\$ 256,629	12.1%	\$ 363,190	9.7%	\$ 408,312	16.5%
Margin Calculation #3, Cost of Goods Sold	\$ 1,001,578	68.9%	\$ 1,509,375	71.4%	\$ 2,804,858	74.7%	\$ 1,560,750	63.0%
Gross Taxable Margin	\$ 448,298	30.8%	\$ 601,929	28.5%	\$ 949,391	25.3%	\$ 906,230	36.6%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 8,966</b>	<b>0.6%</b>	<b>\$ 12,039</b>	<b>0.6%</b>	<b>\$ 18,988</b>	<b>0.5%</b>	<b>\$ 18,125</b>	<b>0.7%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 8,966</b>	<b>0.6%</b>	<b>\$ 12,039</b>	<b>0.6%</b>	<b>\$ 18,988</b>	<b>0.5%</b>	<b>\$ 18,125</b>	<b>0.7%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 8,966</b>	<b>0.6%</b>	<b>\$ 12,039</b>	<b>0.6%</b>	<b>\$ 18,988</b>	<b>0.5%</b>	<b>\$ 18,125</b>	<b>0.7%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Gasoline Stations	% of Total Income	Clothing And Clothing Accessories Stores	% of Total Income	Sporting Goods, Hobby, Book, And Music Stores	% of Total Income	General Merchandise Stores	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 10,890,056	99.4%	\$ 557,905	97.9%	\$ 602,815	98.2%	\$ 4,408,798	98.3%
Ordinary income from partnerships and fiduciaries	\$ 3,627	0.0%	\$ 3,946	0.7%	\$ 58	0.0%	\$ 3,167	0.1%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 2,084	0.0%	\$ 478	0.1%	\$ 131	0.0%	\$ 81	0.0%
Other income	\$ 59,798	0.5%	\$ 7,344	1.3%	\$ 11,160	1.8%	\$ 71,318	1.6%
<b>Total income (receipts)</b>	<b>\$ 10,955,564</b>	<b>100.0%</b>	<b>\$ 569,673</b>	<b>100.0%</b>	<b>\$ 614,165</b>	<b>100.0%</b>	<b>\$ 4,483,364</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 10,039,454	91.6%	\$ 317,656	55.8%	\$ 386,507	62.9%	\$ 2,916,125	65.0%
Cost of Labor	\$ 6,091	0.1%	\$ 1,640	0.3%	\$ 1,332	0.2%	\$ 1,109	0.0%
Salaries and wages	\$ 217,003	2.0%	\$ 64,949	11.4%	\$ 62,680	10.2%	\$ 502,058	11.2%
Guaranteed payments to partners	\$ 5,561	0.1%	\$ 2,638	0.5%	\$ 6,938	1.1%	\$ 5,458	0.1%
Rent paid	\$ 83,106	0.8%	\$ 39,799	7.0%	\$ 28,503	4.6%	\$ 185,448	4.1%
Interest paid	\$ 61,567	0.6%	\$ 5,083	0.9%	\$ 11,233	1.8%	\$ 32,279	0.7%
Taxes and licenses	\$ 52,689	0.5%	\$ 12,577	2.2%	\$ 9,771	1.6%	\$ 75,717	1.7%
Bad debts	\$ 1,540	0.0%	\$ 1,263	0.2%	\$ 358	0.1%	\$ 9,153	0.2%
Repairs and maintenance	\$ 35,636	0.3%	\$ 2,772	0.5%	\$ 3,585	0.6%	\$ 24,648	0.5%
Depreciation	\$ 124,081	1.1%	\$ 8,472	1.5%	\$ 13,331	2.2%	\$ 90,863	2.0%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 1,093	0.0%	\$ 205	0.0%	\$ 367	0.1%	\$ 3,844	0.1%
Employee benefit programs	\$ 5,236	0.0%	\$ 2,425	0.4%	\$ 4,194	0.7%	\$ 21,047	0.5%
Ordinary loss from other partnerships and fiduciaries	\$ 3,513	0.0%	\$ -	0.0%	\$ 7,537	1.2%	\$ -	0.0%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 35	0.0%	\$ 72	0.0%	\$ 507	0.1%	\$ 3,173	0.1%
Other deductions	\$ 277,761	2.5%	\$ 95,552	16.8%	\$ 88,972	14.5%	\$ 463,038	10.3%
<b>Total business expenses (deductions)</b>	<b>\$ 10,908,274</b>	<b>99.6%</b>	<b>\$ 553,465</b>	<b>97.2%</b>	<b>\$ 624,484</b>	<b>101.7%</b>	<b>\$ 4,332,852</b>	<b>96.6%</b>
<b>Net Income</b>	<b>\$ 47,289</b>	<b>0.4%</b>	<b>\$ 16,208</b>	<b>2.8%</b>	<b>\$ (10,319)</b>	<b>-1.7%</b>	<b>\$ 150,512</b>	<b>3.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 228,655	2.1%	\$ 69,227	12.2%	\$ 70,951	11.6%	\$ 508,625	11.3%
Less: Standard Exemption	\$ 340,000	3.1%	\$ 340,000	59.7%	\$ 340,000	55.4%	\$ 340,000	7.6%
Less: Employer Paid Health Care Deduction	\$ 18,134	0.2%	\$ 5,490	1.0%	\$ 5,627	0.9%	\$ 40,337	0.9%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 128,288	2.9%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 1,501</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 10,954,024	100.0%	\$ 568,410	99.8%	\$ 613,807	99.9%	\$ 4,474,211	99.8%
Margin Calculation #1, 30% Standard Deduction	\$ 3,286,207	30.0%	\$ 170,523	29.9%	\$ 184,142	30.0%	\$ 1,342,263	29.9%
Margin Calculation #2, Compensation	\$ 275,944	2.5%	\$ 85,435	15.0%	\$ 60,632	9.9%	\$ 659,137	14.7%
Margin Calculation #3, Cost of Goods Sold	\$ 10,039,454	91.6%	\$ 317,656	55.8%	\$ 386,507	62.9%	\$ 2,916,125	65.0%
Gross Taxable Margin	\$ 914,570	8.3%	\$ -	0.0%	\$ -	0.0%	\$ 1,558,086	34.8%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 18,291</b>	<b>0.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 31,162</b>	<b>0.7%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 1,501	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 18,291</b>	<b>0.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 29,661</b>	<b>0.7%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 18,291</b>	<b>0.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 31,162</b>	<b>0.7%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Miscellaneous Store Retailers	% of Total Income	Nonstore Retailers	% of Total Income	Total Transportation And Warehousing	% of Total Income	Air And Rail Transportation	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 611,565	97.9%	\$ 1,380,989	97.4%	\$ 4,167,285	97.1%	\$ 2,702,177	95.6%
Ordinary income from partnerships and fiduciaries	\$ 2,030	0.3%	\$ 7,330	0.5%	\$ 48,032	1.1%	\$ 3,989	0.1%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ 11	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 97	0.0%	\$ 950	0.1%	\$ 20,562	0.5%	\$ 89,000	3.1%
Other income	\$ 10,800	1.7%	\$ 27,864	2.0%	\$ 55,693	1.3%	\$ 30,249	1.1%
<b>Total income (receipts)</b>	<b>\$ 624,491</b>	<b>100.0%</b>	<b>\$ 1,417,134</b>	<b>100.0%</b>	<b>\$ 4,291,583</b>	<b>100.0%</b>	<b>\$ 2,825,416</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 403,101	64.5%	\$ 983,388	69.4%	\$ 2,536,789	59.1%	\$ 2,001,418	70.8%
Cost of Labor	\$ 2,341	0.4%	\$ 852	0.1%	\$ 1,644	0.0%	\$ 33,698	1.2%
Salaries and wages	\$ 50,269	8.0%	\$ 85,279	6.0%	\$ 195,522	4.6%	\$ 128,471	4.5%
Guaranteed payments to partners	\$ 6,801	1.1%	\$ 9,698	0.7%	\$ 15,314	0.4%	\$ 10,053	0.4%
Rent paid	\$ 38,675	6.2%	\$ 14,088	1.0%	\$ 56,218	1.3%	\$ 41,475	1.5%
Interest paid	\$ 5,043	0.8%	\$ 13,267	0.9%	\$ 143,000	3.3%	\$ 41,578	1.5%
Taxes and licenses	\$ 10,170	1.6%	\$ 11,511	0.8%	\$ 54,942	1.3%	\$ 20,011	0.7%
Bad debts	\$ 428	0.1%	\$ 8,646	0.6%	\$ 2,264	0.1%	\$ 2,346	0.1%
Repairs and maintenance	\$ 3,095	0.5%	\$ 6,871	0.5%	\$ 59,823	1.4%	\$ 42,542	1.5%
Depreciation	\$ 8,236	1.3%	\$ 26,483	1.9%	\$ 491,046	11.4%	\$ 287,188	10.2%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 279	0.0%	\$ 1,709	0.1%	\$ 6,448	0.2%	\$ 2,052	0.1%
Employee benefit programs	\$ 2,352	0.4%	\$ 6,600	0.5%	\$ 20,308	0.5%	\$ 20,624	0.7%
Ordinary loss from other partnerships and fiduciaries	\$ 7	0.0%	\$ 439	0.0%	\$ 11,888	0.3%	\$ 509	0.0%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 190	0.0%	\$ 1	0.0%	\$ 1,395	0.0%	\$ 13	0.0%
Other deductions	\$ 71,441	11.4%	\$ 227,966	16.1%	\$ 669,276	15.6%	\$ 309,555	11.0%
<b>Total business expenses (deductions)</b>	<b>\$ 600,088</b>	<b>96.1%</b>	<b>\$ 1,395,945</b>	<b>98.5%</b>	<b>\$ 4,264,234</b>	<b>99.4%</b>	<b>\$ 2,907,835</b>	<b>102.9%</b>
<b>Net Income</b>	<b>\$ 24,403</b>	<b>3.9%</b>	<b>\$ 21,189</b>	<b>1.5%</b>	<b>\$ 27,349</b>	<b>0.6%</b>	<b>\$ (82,419)</b>	<b>-2.9%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 59,411	9.5%	\$ 95,829	6.8%	\$ 212,481	5.0%	\$ 172,221	6.1%
Less: Standard Exemption	\$ 340,000	54.4%	\$ 340,000	24.0%	\$ 340,000	7.9%	\$ 340,000	12.0%
Less: Employer Paid Health Care Deduction	\$ 4,712	0.8%	\$ 7,600	0.5%	\$ 16,851	0.4%	\$ 13,658	0.5%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 624,063	99.9%	\$ 1,408,488	99.4%	\$ 4,289,319	99.9%	\$ 2,823,070	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 187,219	30.0%	\$ 422,546	29.8%	\$ 1,286,796	30.0%	\$ 846,921	30.0%
Margin Calculation #2, Compensation	\$ 83,814	13.4%	\$ 117,018	8.3%	\$ 239,830	5.6%	\$ 89,802	3.2%
Margin Calculation #3, Cost of Goods Sold	\$ 403,101	64.5%	\$ 983,388	69.4%	\$ 2,536,789	59.1%	\$ 2,001,418	70.8%
Gross Taxable Margin	\$ -	0.0%	\$ 425,100	30.0%	\$ 1,752,530	40.8%	\$ 821,652	29.1%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 8,502</b>	<b>0.6%</b>	<b>\$ 35,051</b>	<b>0.8%</b>	<b>\$ 16,433</b>	<b>0.6%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 8,502</b>	<b>0.6%</b>	<b>\$ 35,051</b>	<b>0.8%</b>	<b>\$ 16,433</b>	<b>0.6%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 8,502</b>	<b>0.6%</b>	<b>\$ 35,051</b>	<b>0.8%</b>	<b>\$ 16,433</b>	<b>0.6%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**  
Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Water Transportation	% of Total Income	Truck Transportation	% of Total Income	Other Transit And Ground Passenger Transportation	% of Total Income	Pipeline Transportation	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 6,483,380	91.3%	\$ 1,229,734	98.0%	\$ 1,055,880	99.6%	\$ 68,831,269	97.0%
Ordinary income from partnerships and fiduciaries	\$ 19,371	0.3%	\$ 1,222	0.1%	\$ -	0.0%	\$ 1,268,803	1.8%
Farm net profit	\$ 406	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 106,243	1.5%	\$ 6,843	0.5%	\$ 340	0.0%	\$ 181,812	0.3%
Other income	\$ 490,719	6.9%	\$ 17,098	1.4%	\$ 4,119	0.4%	\$ 693,492	1.0%
<b>Total income (receipts)</b>	<b>\$ 7,100,119</b>	<b>100.0%</b>	<b>\$ 1,254,898</b>	<b>100.0%</b>	<b>\$ 1,060,339</b>	<b>100.0%</b>	<b>\$ 70,975,377</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 2,657,096	37.4%	\$ 648,713	51.7%	\$ 249,345	23.5%	\$ 44,789,029	63.1%
Cost of Labor	\$ 8,116	0.1%	\$ 19,727	1.6%	\$ 33,501	3.2%	\$ 21	0.0%
Salaries and wages	\$ 432,950	6.1%	\$ 108,357	8.6%	\$ 254,040	24.0%	\$ 866,946	1.2%
Guaranteed payments to partners	\$ 17,283	0.2%	\$ 12,303	1.0%	\$ 306	0.0%	\$ 45,830	0.1%
Rent paid	\$ 99,246	1.4%	\$ 25,822	2.1%	\$ 24,215	2.3%	\$ 390,373	0.6%
Interest paid	\$ 401,924	5.7%	\$ 8,616	0.7%	\$ 13,747	1.3%	\$ 3,302,172	4.7%
Taxes and licenses	\$ 69,158	1.0%	\$ 17,872	1.4%	\$ 32,594	3.1%	\$ 982,369	1.4%
Bad debts	\$ 3,403	0.0%	\$ 1,520	0.1%	\$ 705	0.1%	\$ 5,066	0.0%
Repairs and maintenance	\$ 83,915	1.2%	\$ 29,327	2.3%	\$ 15,821	1.5%	\$ 883,441	1.2%
Depreciation	\$ 722,059	10.2%	\$ 50,031	4.0%	\$ 43,757	4.1%	\$ 12,814,586	18.1%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 3,851	0.1%	\$ 1,080	0.1%	\$ 605	0.1%	\$ 82,844	0.1%
Employee benefit programs	\$ 105,145	1.5%	\$ 5,230	0.4%	\$ 19,401	1.8%	\$ 142,107	0.2%
Ordinary loss from other partnerships and fiduciaries	\$ 3,189	0.0%	\$ 1,249	0.1%	\$ 0	0.0%	\$ 288,050	0.4%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 49	0.0%	\$ 45	0.0%	\$ -	0.0%	\$ 27,108	0.0%
Other deductions	\$ 2,839,121	40.0%	\$ 328,650	26.2%	\$ 362,728	34.2%	\$ 6,612,369	9.3%
<b>Total business expenses (deductions)</b>	<b>\$ 7,438,389</b>	<b>104.8%</b>	<b>\$ 1,238,813</b>	<b>98.7%</b>	<b>\$ 1,017,263</b>	<b>95.9%</b>	<b>\$ 71,232,291</b>	<b>100.4%</b>
<b>Net Income</b>	<b>\$ (338,270)</b>	<b>-4.8%</b>	<b>\$ 16,085</b>	<b>1.3%</b>	<b>\$ 43,076</b>	<b>4.1%</b>	<b>\$ (256,914)</b>	<b>-0.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 458,349	6.5%	\$ 140,386	11.2%	\$ 287,847	27.1%	\$ 912,796	1.3%
Less: Standard Exemption	\$ 340,000	4.8%	\$ 340,000	27.1%	\$ 340,000	32.1%	\$ 340,000	0.5%
Less: Employer Paid Health Care Deduction	\$ 36,350	0.5%	\$ 11,133	0.9%	\$ 22,828	2.2%	\$ 72,390	0.1%
Net Taxable Compensation	\$ 81,999	1.2%	\$ -	0.0%	\$ -	0.0%	\$ 500,406	0.7%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 959</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 5,855</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 7,096,716	100.0%	\$ 1,253,378	99.9%	\$ 1,059,634	99.9%	\$ 70,970,310	100.0%
Margin Calculation #1, 30% Standard Deduction	\$ 2,129,015	30.0%	\$ 376,014	30.0%	\$ 317,890	30.0%	\$ 21,291,093	30.0%
Margin Calculation #2, Compensation	\$ 120,079	1.7%	\$ 156,472	12.5%	\$ 330,923	31.2%	\$ 655,882	0.9%
Margin Calculation #3, Cost of Goods Sold	\$ 2,657,096	37.4%	\$ 648,713	51.7%	\$ 249,345	23.5%	\$ 44,789,029	63.1%
Gross Taxable Margin	\$ 4,439,620	62.5%	\$ 604,666	48.2%	\$ 728,712	68.7%	\$ 26,181,281	36.9%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 88,792</b>	<b>1.3%</b>	<b>\$ 12,093</b>	<b>1.0%</b>	<b>\$ 14,574</b>	<b>1.4%</b>	<b>\$ 523,626</b>	<b>0.7%</b>
Less: Modified Business Tax Liability	\$ 959	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 5,855	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 87,833</b>	<b>1.2%</b>	<b>\$ 12,093</b>	<b>1.0%</b>	<b>\$ 14,574</b>	<b>1.4%</b>	<b>\$ 517,771</b>	<b>0.7%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 88,792</b>	<b>1.3%</b>	<b>\$ 12,093</b>	<b>1.0%</b>	<b>\$ 14,574</b>	<b>1.4%</b>	<b>\$ 523,626</b>	<b>0.7%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Scenic And Sightseeing Transportation	% of Total Income	Support Activities For Transportation	% of Total Income	Couriers And Messengers	% of Total Income	Warehousing And Storage	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,156,137	96.9%	\$ 3,255,975	98.2%	\$ 7,854,282	99.7%	\$ 7,568,106	97.9%
Ordinary income from partnerships and fiduciaries	\$ -	0.0%	\$ 21,938	0.7%	\$ 7,005	0.1%	\$ 105,651	1.4%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 2	0.0%
Net gain, noncapital assets	\$ 139	0.0%	\$ 3,516	0.1%	\$ -	0.0%	\$ 1,457	0.0%
Other income	\$ 36,761	3.1%	\$ 35,311	1.1%	\$ 14,472	0.2%	\$ 58,644	0.8%
<b>Total income (receipts)</b>	<b>\$ 1,193,037</b>	<b>100.0%</b>	<b>\$ 3,316,739</b>	<b>100.0%</b>	<b>\$ 7,875,759</b>	<b>100.0%</b>	<b>\$ 7,733,860</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 381,473	32.0%	\$ 1,981,539	59.7%	\$ 5,009,164	63.6%	\$ 4,632,244	59.9%
Cost of Labor	\$ 24,871	2.1%	\$ 31,367	0.9%	\$ 154,746	2.0%	\$ 33,173	0.4%
Salaries and wages	\$ 187,789	15.7%	\$ 249,872	7.5%	\$ 569,246	7.2%	\$ 533,021	6.9%
Guaranteed payments to partners	\$ -	0.0%	\$ 29,375	0.9%	\$ 41,723	0.5%	\$ 9,770	0.1%
Rent paid	\$ 35,627	3.0%	\$ 42,937	1.3%	\$ 86,523	1.1%	\$ 340,104	4.4%
Interest paid	\$ 11,169	0.9%	\$ 101,185	3.1%	\$ 192,579	2.4%	\$ 112,828	1.5%
Taxes and licenses	\$ 30,604	2.6%	\$ 29,156	0.9%	\$ 61,728	0.8%	\$ 94,192	1.2%
Bad debts	\$ -	0.0%	\$ 4,866	0.1%	\$ 1,215	0.0%	\$ 1,891	0.0%
Repairs and maintenance	\$ 19,117	1.6%	\$ 32,675	1.0%	\$ 28,251	0.4%	\$ 88,987	1.2%
Depreciation	\$ 117,701	9.9%	\$ 95,096	2.9%	\$ 41,954	0.5%	\$ 254,518	3.3%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 537	0.0%	\$ 15,471	0.5%	\$ 5,241	0.1%	\$ 8,560	0.1%
Employee benefit programs	\$ 25,776	2.2%	\$ 26,970	0.8%	\$ 14,754	0.2%	\$ 55,699	0.7%
Ordinary loss from other partnerships and fiduciaries	\$ -	0.0%	\$ 12,268	0.4%	\$ 959	0.0%	\$ 5,945	0.1%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ -	0.0%	\$ 3,177	0.1%	\$ -	0.0%	\$ 177	0.0%
Other deductions	\$ 364,294	30.5%	\$ 604,433	18.2%	\$ 1,655,400	21.0%	\$ 1,018,751	13.2%
<b>Total business expenses (deductions)</b>	<b>\$ 1,174,087</b>	<b>98.4%</b>	<b>\$ 3,229,020</b>	<b>97.4%</b>	<b>\$ 7,708,738</b>	<b>97.9%</b>	<b>\$ 7,156,688</b>	<b>92.5%</b>
<b>Net Income</b>	<b>\$ 18,950</b>	<b>1.6%</b>	<b>\$ 87,718</b>	<b>2.6%</b>	<b>\$ 167,021</b>	<b>2.1%</b>	<b>\$ 577,172</b>	<b>7.5%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 212,659	17.8%	\$ 310,614	9.4%	\$ 765,716	9.7%	\$ 575,964	7.4%
Less: Standard Exemption	\$ 340,000	28.5%	\$ 340,000	10.3%	\$ 340,000	4.3%	\$ 340,000	4.4%
Less: Employer Paid Health Care Deduction	\$ 16,865	1.4%	\$ 24,634	0.7%	\$ 60,726	0.8%	\$ 45,677	0.6%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ 364,990	4.6%	\$ 190,287	2.5%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 4,270</b>	<b>0.1%</b>	<b>\$ 2,226</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,193,037	100.0%	\$ 3,311,873	99.9%	\$ 7,874,544	100.0%	\$ 7,731,969	100.0%
Margin Calculation #1, 30% Standard Deduction	\$ 357,911	30.0%	\$ 993,562	30.0%	\$ 2,362,363	30.0%	\$ 2,319,591	30.0%
Margin Calculation #2, Compensation	\$ 231,610	19.4%	\$ 398,333	12.0%	\$ 932,736	11.8%	\$ 1,153,137	14.9%
Margin Calculation #3, Cost of Goods Sold	\$ 381,473	32.0%	\$ 1,981,539	59.7%	\$ 5,009,164	63.6%	\$ 4,632,244	59.9%
Gross Taxable Margin	\$ 811,565	68.0%	\$ 1,330,334	40.1%	\$ 2,865,379	36.4%	\$ 3,099,725	40.1%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 16,231</b>	<b>1.4%</b>	<b>\$ 26,607</b>	<b>0.8%</b>	<b>\$ 57,308</b>	<b>0.7%</b>	<b>\$ 61,995</b>	<b>0.8%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ 4,270	0.1%	\$ 2,226	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 16,231</b>	<b>1.4%</b>	<b>\$ 26,607</b>	<b>0.8%</b>	<b>\$ 53,037</b>	<b>0.7%</b>	<b>\$ 59,768</b>	<b>0.8%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 16,231</b>	<b>1.4%</b>	<b>\$ 26,607</b>	<b>0.8%</b>	<b>\$ 57,308</b>	<b>0.7%</b>	<b>\$ 61,995</b>	<b>0.8%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**  
Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Total Information	% of Total Income	Publishing Industries (Except Internet)	% of Total Income	Motion Picture And Sound Recording Industries	% of Total Income	Broadcasting (Except Internet)	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 6,633,511	93.9%	\$ 1,428,503	96.1%	\$ 1,157,683	94.9%	\$ 16,537,799	93.1%
Ordinary income from partnerships and fiduciaries	\$ 229,533	3.2%	\$ 6,576	0.4%	\$ 18,804	1.5%	\$ 723,268	4.1%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 13,458	0.2%	\$ 7,983	0.5%	\$ 757	0.1%	\$ 28,738	0.2%
Other income	\$ 186,305	2.6%	\$ 43,308	2.9%	\$ 42,509	3.5%	\$ 482,442	2.7%
<b>Total income (receipts)</b>	<b>\$ 7,062,808</b>	<b>100.0%</b>	<b>\$ 1,486,370</b>	<b>100.0%</b>	<b>\$ 1,219,753</b>	<b>100.0%</b>	<b>\$ 17,772,246</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 1,736,615	24.6%	\$ 381,941	25.7%	\$ 582,351	47.7%	\$ 2,363,554	13.3%
Cost of Labor	\$ 6,809	0.1%	\$ 10,868	0.7%	\$ 4,411	0.4%	\$ 2,042	0.0%
Salaries and wages	\$ 612,301	8.7%	\$ 346,079	23.3%	\$ 112,433	9.2%	\$ 1,788,011	10.1%
Guaranteed payments to partners	\$ 23,660	0.3%	\$ 18,188	1.2%	\$ 29,685	2.4%	\$ 12,387	0.1%
Rent paid	\$ 191,792	2.7%	\$ 31,229	2.1%	\$ 36,367	3.0%	\$ 208,535	1.2%
Interest paid	\$ 226,819	3.2%	\$ 32,228	2.2%	\$ 48,678	4.0%	\$ 997,345	5.6%
Taxes and licenses	\$ 111,282	1.6%	\$ 35,308	2.4%	\$ 14,571	1.2%	\$ 242,421	1.4%
Bad debts	\$ 57,179	0.8%	\$ 8,045	0.5%	\$ 1,076	0.1%	\$ 133,190	0.7%
Repairs and maintenance	\$ 58,203	0.8%	\$ 11,300	0.8%	\$ 6,074	0.5%	\$ 134,289	0.8%
Depreciation	\$ 750,671	10.6%	\$ 31,732	2.1%	\$ 27,763	2.3%	\$ 1,105,105	6.2%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 37,385	0.5%	\$ 11,084	0.7%	\$ 1,146	0.1%	\$ 39,977	0.2%
Employee benefit programs	\$ 58,605	0.8%	\$ 30,543	2.1%	\$ 5,910	0.5%	\$ 205,697	1.2%
Ordinary loss from other partnerships and fiduciaries	\$ 95,476	1.4%	\$ 7,485	0.5%	\$ 71,249	5.8%	\$ 26,215	0.1%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 7,708	0.1%	\$ 1,339	0.1%	\$ 558	0.0%	\$ 5,427	0.0%
Other deductions	\$ 2,785,695	39.4%	\$ 533,930	35.9%	\$ 522,350	42.8%	\$ 8,412,188	47.3%
<b>Total business expenses (deductions)</b>	<b>\$ 6,753,391</b>	<b>95.6%</b>	<b>\$ 1,480,430</b>	<b>99.6%</b>	<b>\$ 1,460,212</b>	<b>119.7%</b>	<b>\$ 15,674,340</b>	<b>88.2%</b>
<b>Net Income</b>	<b>\$ 309,416</b>	<b>4.4%</b>	<b>\$ 5,939</b>	<b>0.4%</b>	<b>\$ (240,459)</b>	<b>-19.7%</b>	<b>\$ 2,097,907</b>	<b>11.8%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 642,770	9.1%	\$ 375,135	25.2%	\$ 146,529	12.0%	\$ 1,802,440	10.1%
Less: Standard Exemption	\$ 340,000	4.8%	\$ 340,000	22.9%	\$ 340,000	27.9%	\$ 340,000	1.9%
Less: Employer Paid Health Care Deduction	\$ 50,975	0.7%	\$ 29,750	2.0%	\$ 11,621	1.0%	\$ 142,944	0.8%
Net Taxable Compensation	\$ 251,795	3.6%	\$ 5,385	0.4%	\$ -	0.0%	\$ 1,319,496	7.4%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 2,946</b>	<b>0.0%</b>	<b>\$ 63</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 15,438</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 7,005,629	99.2%	\$ 1,478,325	99.5%	\$ 1,218,677	99.9%	\$ 17,639,057	99.3%
Margin Calculation #1, 30% Standard Deduction	\$ 2,101,689	29.8%	\$ 443,497	29.8%	\$ 365,603	30.0%	\$ 5,291,717	29.8%
Margin Calculation #2, Compensation	\$ 952,187	13.5%	\$ 381,074	25.6%	\$ (93,930)	-7.7%	\$ 3,900,347	21.9%
Margin Calculation #3, Cost of Goods Sold	\$ 1,736,615	24.6%	\$ 381,941	25.7%	\$ 582,351	47.7%	\$ 2,363,554	13.3%
Gross Taxable Margin	\$ 4,903,940	69.4%	\$ 1,034,827	69.6%	\$ 636,326	52.2%	\$ 12,347,340	69.5%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 98,079</b>	<b>1.4%</b>	<b>\$ 20,697</b>	<b>1.4%</b>	<b>\$ 12,727</b>	<b>1.0%</b>	<b>\$ 246,947</b>	<b>1.4%</b>
Less: Modified Business Tax Liability	\$ 2,946	0.0%	\$ 63	0.0%	\$ -	0.0%	\$ 15,438	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 95,133</b>	<b>1.3%</b>	<b>\$ 20,634</b>	<b>1.4%</b>	<b>\$ 12,727</b>	<b>1.0%</b>	<b>\$ 231,509</b>	<b>1.3%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 98,079</b>	<b>1.4%</b>	<b>\$ 20,697</b>	<b>1.4%</b>	<b>\$ 12,727</b>	<b>1.0%</b>	<b>\$ 246,947</b>	<b>1.4%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.



**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**  
Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Tele- Communications	% of Total Income	Data Processing Services	% of Total Income	Other Information Services	% of Total Income	Total Finance And Insurance	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 35,545,642	93.6%	\$ 1,137,675	91.8%	\$ 1,820,480	99.0%	\$ 651,595	58.6%
Ordinary income from partnerships and fiduciaries	\$ 1,371,185	3.6%	\$ 8,654	0.7%	\$ 11,349	0.6%	\$ 121,433	10.9%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 42	0.0%
Net gain, noncapital assets	\$ 74,578	0.2%	\$ 51	0.0%	\$ 884	0.0%	\$ 18,346	1.6%
Other income	\$ 972,202	2.6%	\$ 92,389	7.5%	\$ 6,593	0.4%	\$ 320,764	28.8%
<b>Total income (receipts)</b>	<b>\$ 37,963,607</b>	<b>100.0%</b>	<b>\$ 1,238,769</b>	<b>100.0%</b>	<b>\$ 1,839,305</b>	<b>100.0%</b>	<b>\$ 1,112,178</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 10,064,196	26.5%	\$ 312,237	25.2%	\$ 226,327	12.3%	\$ 221,384	19.9%
Cost of Labor	\$ 16,114	0.0%	\$ 3,754	0.3%	\$ 3,968	0.2%	\$ 143	0.0%
Salaries and wages	\$ 2,163,173	5.7%	\$ 367,380	29.7%	\$ 418,794	22.8%	\$ 216,441	19.5%
Guaranteed payments to partners	\$ 38,228	0.1%	\$ 14,210	1.1%	\$ 19,339	1.1%	\$ 35,573	3.2%
Rent paid	\$ 1,223,777	3.2%	\$ 28,336	2.3%	\$ 37,278	2.0%	\$ 18,379	1.7%
Interest paid	\$ 953,830	2.5%	\$ 39,064	3.2%	\$ 73,071	4.0%	\$ 44,764	4.0%
Taxes and licenses	\$ 553,551	1.5%	\$ 33,562	2.7%	\$ 62,514	3.4%	\$ 14,315	1.3%
Bad debts	\$ 355,923	0.9%	\$ 17,555	1.4%	\$ 2,154	0.1%	\$ 10,006	0.9%
Repairs and maintenance	\$ 327,232	0.9%	\$ 5,041	0.4%	\$ 21,555	1.2%	\$ 2,349	0.2%
Depreciation	\$ 5,259,137	13.9%	\$ 48,378	3.9%	\$ 54,933	3.0%	\$ 18,586	1.7%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 134	0.0%
Retirement plans, etc.	\$ 241,646	0.6%	\$ 5,604	0.5%	\$ 9,321	0.5%	\$ 4,333	0.4%
Employee benefit programs	\$ 233,681	0.6%	\$ 18,586	1.5%	\$ 27,132	1.5%	\$ 9,595	0.9%
Ordinary loss from other partnerships and fiduciaries	\$ 524,636	1.4%	\$ 1,100	0.1%	\$ 32,484	1.8%	\$ 88,791	8.0%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 306	0.0%
Net loss, noncapital assets	\$ 55,874	0.1%	\$ 25	0.0%	\$ 42	0.0%	\$ 8,997	0.8%
Other deductions	\$ 14,502,135	38.2%	\$ 328,206	26.5%	\$ 543,038	29.5%	\$ 297,994	26.8%
<b>Total business expenses (deductions)</b>	<b>\$ 36,497,017</b>	<b>96.1%</b>	<b>\$ 1,219,285</b>	<b>98.4%</b>	<b>\$ 1,527,981</b>	<b>83.1%</b>	<b>\$ 991,948</b>	<b>89.2%</b>
<b>Net Income</b>	<b>\$ 1,466,589</b>	<b>3.9%</b>	<b>\$ 19,484</b>	<b>1.6%</b>	<b>\$ 311,324</b>	<b>16.9%</b>	<b>\$ 120,230</b>	<b>10.8%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 2,217,515	5.8%	\$ 385,344	31.1%	\$ 442,101	24.0%	\$ 252,158	22.7%
Less: Standard Exemption	\$ 340,000	0.9%	\$ 340,000	27.4%	\$ 340,000	18.5%	\$ 340,000	30.6%
Less: Employer Paid Health Care Deduction	\$ 175,862	0.5%	\$ 30,560	2.5%	\$ 35,061	1.9%	\$ 19,998	1.8%
Net Taxable Compensation	\$ 1,701,653	4.5%	\$ 14,784	1.2%	\$ 67,040	3.6%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 19,909</b>	<b>0.1%</b>	<b>\$ 173</b>	<b>0.0%</b>	<b>\$ 784</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 37,607,684	99.1%	\$ 1,221,214	98.6%	\$ 1,837,152	99.9%	\$ 1,102,172	99.1%
Margin Calculation #1, 30% Standard Deduction	\$ 11,282,305	29.7%	\$ 366,364	29.6%	\$ 551,146	30.0%	\$ 330,652	29.7%
Margin Calculation #2, Compensation	\$ 3,684,105	9.7%	\$ 404,828	32.7%	\$ 753,426	41.0%	\$ 372,388	33.5%
Margin Calculation #3, Cost of Goods Sold	\$ 10,064,196	26.5%	\$ 312,237	25.2%	\$ 226,327	12.3%	\$ 221,384	19.9%
Gross Taxable Margin	\$ 26,325,379	69.3%	\$ 816,386	65.9%	\$ 1,083,726	58.9%	\$ 729,784	65.6%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 526,508</b>	<b>1.4%</b>	<b>\$ 16,328</b>	<b>1.3%</b>	<b>\$ 21,675</b>	<b>1.2%</b>	<b>\$ 14,596</b>	<b>1.3%</b>
Less: Modified Business Tax Liability	\$ 19,909	0.1%	\$ 173	0.0%	\$ 784	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 506,598</b>	<b>1.3%</b>	<b>\$ 16,155</b>	<b>1.3%</b>	<b>\$ 20,890</b>	<b>1.1%</b>	<b>\$ 14,596</b>	<b>1.3%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 526,508</b>	<b>1.4%</b>	<b>\$ 16,328</b>	<b>1.3%</b>	<b>\$ 21,675</b>	<b>1.2%</b>	<b>\$ 14,596</b>	<b>1.3%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Depository Credit Intermediation	% of Total Income	Nondepository Credit Intermediation	% of Total Income	Activities Related To Credit Intermediation	% of Total Income	Securities, Commodity Contracts And Other Financial Investments And Related Activities Total	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 294,813,143	97.0%	\$ 863,945	65.1%	\$ 3,697,471	91.0%	\$ 668,791	54.2%
Ordinary income from partnerships and fiduciaries	\$ 864,286	0.3%	\$ 78,414	5.9%	\$ 44,397	1.1%	\$ 148,161	12.0%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 57	0.0%
Net gain, noncapital assets	\$ -	0.0%	\$ 17,417	1.3%	\$ 4,694	0.1%	\$ 23,237	1.9%
Other income	\$ 8,115,000	2.7%	\$ 366,565	27.6%	\$ 316,004	7.8%	\$ 393,721	31.9%
<b>Total income (receipts)</b>	<b>\$ 303,792,429</b>	<b>100.0%</b>	<b>\$ 1,326,339</b>	<b>100.0%</b>	<b>\$ 4,062,566</b>	<b>100.0%</b>	<b>\$ 1,233,968</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 125,273,143	41.2%	\$ 254,659	19.2%	\$ 519,725	12.8%	\$ 254,087	20.6%
Cost of Labor	\$ -	0.0%	\$ 359	0.0%	\$ 5,476	0.1%	\$ 134	0.0%
Salaries and wages	\$ 62,901,429	20.7%	\$ 184,803	13.9%	\$ 643,870	15.8%	\$ 252,517	20.5%
Guaranteed payments to partners	\$ 654,286	0.2%	\$ 13,618	1.0%	\$ 52,918	1.3%	\$ 41,226	3.3%
Rent paid	\$ 7,009,857	2.3%	\$ 20,389	1.5%	\$ 54,157	1.3%	\$ 19,841	1.6%
Interest paid	\$ 1,269,143	0.4%	\$ 118,513	8.9%	\$ 102,045	2.5%	\$ 49,813	4.0%
Taxes and licenses	\$ 715,429	0.2%	\$ 17,219	1.3%	\$ 48,248	1.2%	\$ 15,727	1.3%
Bad debts	\$ -	0.0%	\$ 102,661	7.7%	\$ 18,812	0.5%	\$ 5,112	0.4%
Repairs and maintenance	\$ 328,429	0.1%	\$ 2,619	0.2%	\$ 15,883	0.4%	\$ 2,491	0.2%
Depreciation	\$ 942,429	0.3%	\$ 37,012	2.8%	\$ 204,514	5.0%	\$ 18,777	1.5%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 182	0.0%
Retirement plans, etc.	\$ 6,714,286	2.2%	\$ 2,010	0.2%	\$ 3,366	0.1%	\$ 5,139	0.4%
Employee benefit programs	\$ 5,497,429	1.8%	\$ 11,097	0.8%	\$ 39,314	1.0%	\$ 10,296	0.8%
Ordinary loss from other partnerships and fiduciaries	\$ -	0.0%	\$ 13,434	1.0%	\$ 3,672	0.1%	\$ 101,132	8.2%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 361	0.0%
Net loss, noncapital assets	\$ -	0.0%	\$ 29,887	2.3%	\$ -	0.0%	\$ 9,838	0.8%
Other deductions	\$ 57,648,571	19.0%	\$ 310,514	23.4%	\$ 1,583,511	39.0%	\$ 308,298	25.0%
<b>Total business expenses (deductions)</b>	<b>\$ 268,954,429</b>	<b>88.5%</b>	<b>\$ 1,118,436</b>	<b>84.3%</b>	<b>\$ 3,290,037</b>	<b>81.0%</b>	<b>\$ 1,094,839</b>	<b>88.7%</b>
<b>Net Income</b>	<b>\$ 34,838,000</b>	<b>11.5%</b>	<b>\$ 207,903</b>	<b>15.7%</b>	<b>\$ 772,530</b>	<b>19.0%</b>	<b>\$ 139,129</b>	<b>11.3%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 63,555,714	20.9%	\$ 198,779	15.0%	\$ 702,265	17.3%	\$ 293,877	23.8%
Less: Standard Exemption	\$ 340,000	0.1%	\$ 340,000	25.6%	\$ 340,000	8.4%	\$ 340,000	27.6%
Less: Employer Paid Health Care Deduction	\$ 5,040,343	1.7%	\$ 15,764	1.2%	\$ 55,694	1.4%	\$ 23,306	1.9%
Net Taxable Compensation	\$ 58,175,371	19.1%	\$ -	0.0%	\$ 306,571	7.5%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 680,652</b>	<b>0.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 3,587</b>	<b>0.1%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 303,792,429	100.0%	\$ 1,223,678	92.3%	\$ 4,043,754	99.5%	\$ 1,228,855	99.6%
Margin Calculation #1, 30% Standard Deduction	\$ 91,137,729	30.0%	\$ 367,103	27.7%	\$ 1,213,126	29.9%	\$ 368,657	29.9%
Margin Calculation #2, Compensation	\$ 98,393,714	32.4%	\$ 406,683	30.7%	\$ 1,474,795	36.3%	\$ 433,005	35.1%
Margin Calculation #3, Cost of Goods Sold	\$ 125,273,143	41.2%	\$ 254,659	19.2%	\$ 519,725	12.8%	\$ 254,087	20.6%
Gross Taxable Margin	\$ 178,519,286	58.8%	\$ 816,996	61.6%	\$ 2,568,960	63.2%	\$ 795,850	64.5%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 3,570,386</b>	<b>1.2%</b>	<b>\$ 16,340</b>	<b>1.2%</b>	<b>\$ 51,379</b>	<b>1.3%</b>	<b>\$ 15,917</b>	<b>1.3%</b>
Less: Modified Business Tax Liability	\$ 680,652	0.2%	\$ -	0.0%	\$ 3,587	0.1%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 2,889,734</b>	<b>1.0%</b>	<b>\$ 16,340</b>	<b>1.2%</b>	<b>\$ 47,792</b>	<b>1.2%</b>	<b>\$ 15,917</b>	<b>1.3%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 3,570,386</b>	<b>1.2%</b>	<b>\$ 16,340</b>	<b>1.2%</b>	<b>\$ 51,379</b>	<b>1.3%</b>	<b>\$ 15,917</b>	<b>1.3%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Securities And Commodity Contracts And Exchanges	% of Total Income	Other Financial Investment Activities	% of Total Income	Insurance Carriers And Related Activities	% of Total Income	Funds, Trusts, And Other Financial Vehicles	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 5,872,725	59.1%	\$ 425,202	51.4%	\$ 1,028,633	95.1%	\$ 103,261	48.9%
Ordinary income from partnerships and fiduciaries	\$ 114,522	1.2%	\$ 149,736	18.1%	\$ 2,107	0.2%	\$ 55,963	26.5%
Farm net profit	\$ 90	0.0%	\$ 55	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 24,422	0.2%	\$ 23,182	2.8%	\$ 255	0.0%	\$ 2,395	1.1%
Other income	\$ 3,922,377	39.5%	\$ 228,550	27.6%	\$ 50,692	4.7%	\$ 49,506	23.4%
<b>Total income (receipts)</b>	<b>\$ 9,934,136</b>	<b>100.0%</b>	<b>\$ 826,724</b>	<b>100.0%</b>	<b>\$ 1,081,687</b>	<b>100.0%</b>	<b>\$ 211,126</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 4,448,424	44.8%	\$ 57,756	7.0%	\$ 165,591	15.3%	\$ 30,302	14.4%
Cost of Labor	\$ 36	0.0%	\$ 147	0.0%	\$ 2,809	0.3%	\$ 14	0.0%
Salaries and wages	\$ 2,456,562	24.7%	\$ 149,348	18.1%	\$ 180,508	16.7%	\$ 24,281	11.5%
Guaranteed payments to partners	\$ 176,804	1.8%	\$ 34,880	4.2%	\$ 45,165	4.2%	\$ 9,193	4.4%
Rent paid	\$ 153,696	1.5%	\$ 13,575	1.6%	\$ 26,696	2.5%	\$ 3,493	1.7%
Interest paid	\$ 497,200	5.0%	\$ 28,872	3.5%	\$ 3,849	0.4%	\$ 7,853	3.7%
Taxes and licenses	\$ 143,826	1.4%	\$ 9,731	1.2%	\$ 17,413	1.6%	\$ 2,721	1.3%
Bad debts	\$ 12,844	0.1%	\$ 4,751	0.6%	\$ 835	0.1%	\$ 6,583	3.1%
Repairs and maintenance	\$ 16,528	0.2%	\$ 1,834	0.2%	\$ 2,923	0.3%	\$ 432	0.2%
Depreciation	\$ 112,712	1.1%	\$ 14,380	1.7%	\$ 9,348	0.9%	\$ 4,082	1.9%
Depletion	\$ -	0.0%	\$ 190	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 74,352	0.7%	\$ 1,899	0.2%	\$ 3,292	0.3%	\$ 468	0.2%
Employee benefit programs	\$ 105,590	1.1%	\$ 5,836	0.7%	\$ 14,002	1.3%	\$ 1,005	0.5%
Ordinary loss from other partnerships and fiduciaries	\$ 42,843	0.4%	\$ 103,861	12.6%	\$ 533	0.0%	\$ 94,651	44.8%
Farm net loss	\$ -	0.0%	\$ 378	0.0%	\$ -	0.0%	\$ 280	0.1%
Net loss, noncapital assets	\$ 7,212	0.1%	\$ 9,961	1.2%	\$ 2,322	0.2%	\$ 986	0.5%
Other deductions	\$ 2,119,945	21.3%	\$ 223,497	27.0%	\$ 512,945	47.4%	\$ 64,343	30.5%
<b>Total business expenses (deductions)</b>	<b>\$ 10,368,537</b>	<b>104.4%</b>	<b>\$ 660,749</b>	<b>79.9%</b>	<b>\$ 985,423</b>	<b>91.1%</b>	<b>\$ 250,675</b>	<b>118.7%</b>
<b>Net Income</b>	<b>\$ (434,401)</b>	<b>-4.4%</b>	<b>\$ 165,975</b>	<b>20.1%</b>	<b>\$ 96,264</b>	<b>8.9%</b>	<b>\$ (39,549)</b>	<b>-18.7%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 2,633,402	26.5%	\$ 184,375	22.3%	\$ 228,483	21.1%	\$ 33,488	15.9%
Less: Standard Exemption	\$ 340,000	3.4%	\$ 340,000	41.1%	\$ 340,000	31.4%	\$ 340,000	161.0%
Less: Employer Paid Health Care Deduction	\$ 208,844	2.1%	\$ 14,622	1.8%	\$ 18,120	1.7%	\$ 2,656	1.3%
Net Taxable Compensation	\$ 2,084,558	21.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 24,389</b>	<b>0.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 9,921,292	99.9%	\$ 821,974	99.4%	\$ 1,080,852	99.9%	\$ 204,543	96.9%
Margin Calculation #1, 30% Standard Deduction	\$ 2,976,388	30.0%	\$ 246,592	29.8%	\$ 324,255	30.0%	\$ 61,363	29.1%
Margin Calculation #2, Compensation	\$ 2,199,002	22.1%	\$ 350,350	42.4%	\$ 324,747	30.0%	\$ (6,061)	-2.9%
Margin Calculation #3, Cost of Goods Sold	\$ 4,448,424	44.8%	\$ 57,756	7.0%	\$ 165,591	15.3%	\$ 30,302	14.4%
Gross Taxable Margin	\$ 5,472,868	55.1%	\$ -	0.0%	\$ 756,105	69.9%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 109,457</b>	<b>1.1%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 15,122</b>	<b>1.4%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ 24,389	0.2%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 85,068</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 15,122</b>	<b>1.4%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 109,457</b>	<b>1.1%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 15,122</b>	<b>1.4%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**  
Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Total Real Estate And Rental And Leasing	% of Total Income	Total Real Estate	% of Total Income	Lessors Of Residential Buildings And Dwellings And Cooperative Housing	% of Total Income	Lessors Of Nonresidential Buildings (Except Miniwarehouses)	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 75,793	81.5%	\$ 58,875	80.0%	\$ 10,345	66.6%	\$ 16,419	74.8%
Ordinary income from partnerships and fiduciaries	\$ 4,987	5.4%	\$ 4,948	6.7%	\$ 2,903	18.7%	\$ 1,612	7.3%
Farm net profit	\$ 38	0.0%	\$ 39	0.1%	\$ 0	0.0%	\$ 14	0.1%
Net gain, noncapital assets	\$ 2,799	3.0%	\$ 1,670	2.3%	\$ 771	5.0%	\$ 1,994	9.1%
Other income	\$ 9,431	10.1%	\$ 8,043	10.9%	\$ 1,514	9.7%	\$ 1,926	8.8%
<b>Total income (receipts)</b>	<b>\$ 93,048</b>	<b>100.0%</b>	<b>\$ 73,575</b>	<b>100.0%</b>	<b>\$ 15,533</b>	<b>100.0%</b>	<b>\$ 21,964</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 39,090	42.0%	\$ 34,548	47.0%	\$ 5,469	35.2%	\$ 7,164	32.6%
Cost of Labor	\$ 270	0.3%	\$ 178	0.2%	\$ 13	0.1%	\$ 48	0.2%
Salaries and wages	\$ 8,869	9.5%	\$ 7,490	10.2%	\$ 1,396	9.0%	\$ 1,788	8.1%
Guaranteed payments to partners	\$ 1,213	1.3%	\$ 1,106	1.5%	\$ 115	0.7%	\$ 404	1.8%
Rent paid	\$ 1,775	1.9%	\$ 1,426	1.9%	\$ 160	1.0%	\$ 628	2.9%
Interest paid	\$ 5,360	5.8%	\$ 4,555	6.2%	\$ 1,140	7.3%	\$ 2,406	11.0%
Taxes and licenses	\$ 1,752	1.9%	\$ 1,536	2.1%	\$ 500	3.2%	\$ 761	3.5%
Bad debts	\$ 674	0.7%	\$ 616	0.8%	\$ 27	0.2%	\$ 264	1.2%
Repairs and maintenance	\$ 789	0.8%	\$ 597	0.8%	\$ 316	2.0%	\$ 262	1.2%
Depreciation	\$ 10,810	11.6%	\$ 2,682	3.6%	\$ 754	4.9%	\$ 2,113	9.6%
Depletion	\$ 8	0.0%	\$ 2	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 117	0.1%	\$ 73	0.1%	\$ 6	0.0%	\$ 11	0.1%
Employee benefit programs	\$ 438	0.5%	\$ 299	0.4%	\$ 57	0.4%	\$ 96	0.4%
Ordinary loss from other partnerships and fiduciaries	\$ 8,496	9.1%	\$ 8,584	11.7%	\$ 912	5.9%	\$ 2,803	12.8%
Farm net loss	\$ 187	0.2%	\$ 192	0.3%	\$ 180	1.2%	\$ 161	0.7%
Net loss, noncapital assets	\$ 1,449	1.6%	\$ 1,484	2.0%	\$ 168	1.1%	\$ 722	3.3%
Other deductions	\$ 20,677	22.2%	\$ 18,203	24.7%	\$ 2,684	17.3%	\$ 6,506	29.6%
<b>Total business expenses (deductions)</b>	<b>\$ 101,703</b>	<b>109.3%</b>	<b>\$ 83,392</b>	<b>113.3%</b>	<b>\$ 13,885</b>	<b>89.4%</b>	<b>\$ 26,088</b>	<b>118.8%</b>
<b>Net Income</b>	<b>\$ (8,655)</b>	<b>-9.3%</b>	<b>\$ (9,817)</b>	<b>-13.3%</b>	<b>\$ 1,648</b>	<b>10.6%</b>	<b>\$ (4,124)</b>	<b>-18.8%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 10,352	11.1%	\$ 8,774	11.9%	\$ 1,525	9.8%	\$ 2,239	10.2%
Less: Standard Exemption	\$ 340,000	365.4%	\$ 340,000	462.1%	\$ 340,000	2188.9%	\$ 340,000	1548.0%
Less: Employer Paid Health Care Deduction	\$ 821	0.9%	\$ 696	0.9%	\$ 121	0.8%	\$ 178	0.8%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 92,374	99.3%	\$ 72,960	99.2%	\$ 15,506	99.8%	\$ 21,700	98.8%
Margin Calculation #1, 30% Standard Deduction	\$ 27,712	29.8%	\$ 21,888	29.7%	\$ 4,652	29.9%	\$ 6,510	29.6%
Margin Calculation #2, Compensation	\$ 1,697	1.8%	\$ (1,043)	-1.4%	\$ 3,173	20.4%	\$ (1,885)	-8.6%
Margin Calculation #3, Cost of Goods Sold	\$ 39,090	42.0%	\$ 34,548	47.0%	\$ 5,469	35.2%	\$ 7,164	32.6%
Gross Taxable Margin	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Lessors Of Miniwarehouses And Self-Storage Units	% of Total Income	Lessors Of Other Real Estate Property	% of Total Income	Other Real Estate Activities	% of Total Income	Rental And Leasing Services	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 40,531	81.3%	\$ 21,606	75.3%	\$ 231,126	82.1%	\$ 654,758	85.9%
Ordinary income from partnerships and fiduciaries	\$ 1,047	2.1%	\$ 2,140	7.5%	\$ 15,758	5.6%	\$ 2,657	0.3%
Farm net profit	\$ -	0.0%	\$ 195	0.7%	\$ 97	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 6,779	13.6%	\$ 1,554	5.4%	\$ 2,228	0.8%	\$ 52,463	6.9%
Other income	\$ 1,517	3.0%	\$ 3,215	11.2%	\$ 32,168	11.4%	\$ 52,109	6.8%
<b>Total income (receipts)</b>	<b>\$ 49,874</b>	<b>100.0%</b>	<b>\$ 28,709</b>	<b>100.0%</b>	<b>\$ 281,379</b>	<b>100.0%</b>	<b>\$ 761,988</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 4,491	9.0%	\$ 7,206	25.1%	\$ 144,266	51.3%	\$ 240,174	31.5%
Cost of Labor	\$ 355	0.7%	\$ 17	0.1%	\$ 734	0.3%	\$ 5,315	0.7%
Salaries and wages	\$ 3,732	7.5%	\$ 2,516	8.8%	\$ 30,014	10.7%	\$ 69,254	9.1%
Guaranteed payments to partners	\$ 50	0.1%	\$ 365	1.3%	\$ 4,338	1.5%	\$ 4,134	0.5%
Rent paid	\$ 102	0.2%	\$ 1,440	5.0%	\$ 5,047	1.8%	\$ 15,800	2.1%
Interest paid	\$ 5,763	11.6%	\$ 3,686	12.8%	\$ 14,340	5.1%	\$ 41,064	5.4%
Taxes and licenses	\$ 2,017	4.0%	\$ 1,049	3.7%	\$ 4,807	1.7%	\$ 11,315	1.5%
Bad debts	\$ 97	0.2%	\$ 20	0.1%	\$ 2,458	0.9%	\$ 3,335	0.4%
Repairs and maintenance	\$ 895	1.8%	\$ 571	2.0%	\$ 1,676	0.6%	\$ 9,364	1.2%
Depreciation	\$ 4,739	9.5%	\$ 3,373	11.8%	\$ 6,500	2.3%	\$ 368,803	48.4%
Depletion	\$ -	0.0%	\$ 35	0.1%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ -	0.0%	\$ 10	0.0%	\$ 322	0.1%	\$ 2,077	0.3%
Employee benefit programs	\$ 132	0.3%	\$ 114	0.4%	\$ 1,143	0.4%	\$ 6,636	0.9%
Ordinary loss from other partnerships and fiduciaries	\$ -	0.0%	\$ 3,303	11.5%	\$ 34,166	12.1%	\$ 5,672	0.7%
Farm net loss	\$ -	0.0%	\$ 434	1.5%	\$ 203	0.1%	\$ -	0.0%
Net loss, noncapital assets	\$ 7	0.0%	\$ 286	1.0%	\$ 5,532	2.0%	\$ 59	0.0%
Other deductions	\$ 30,325	60.8%	\$ 8,911	31.0%	\$ 67,762	24.1%	\$ 115,709	15.2%
<b>Total business expenses (deductions)</b>	<b>\$ 52,350</b>	<b>105.0%</b>	<b>\$ 33,320</b>	<b>116.1%</b>	<b>\$ 322,574</b>	<b>114.6%</b>	<b>\$ 893,395</b>	<b>117.2%</b>
<b>Net Income</b>	<b>\$ (2,476)</b>	<b>-5.0%</b>	<b>\$ (4,611)</b>	<b>-16.1%</b>	<b>\$ (41,195)</b>	<b>-14.6%</b>	<b>\$ (131,407)</b>	<b>-17.2%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 4,137	8.3%	\$ 2,899	10.1%	\$ 35,086	12.5%	\$ 78,703	10.3%
Less: Standard Exemption	\$ 340,000	681.7%	\$ 340,000	1184.3%	\$ 340,000	120.8%	\$ 340,000	44.6%
Less: Employer Paid Health Care Deduction	\$ 328	0.7%	\$ 230	0.8%	\$ 2,783	1.0%	\$ 6,242	0.8%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 49,777	99.8%	\$ 28,689	99.9%	\$ 278,920	99.1%	\$ 758,652	99.6%
Margin Calculation #1, 30% Standard Deduction	\$ 14,933	29.9%	\$ 8,607	30.0%	\$ 83,676	29.7%	\$ 227,596	29.9%
Margin Calculation #2, Compensation	\$ 1,661	3.3%	\$ (1,712)	-6.0%	\$ (6,109)	-2.2%	\$ (52,704)	-6.9%
Margin Calculation #3, Cost of Goods Sold	\$ 4,491	9.0%	\$ 7,206	25.1%	\$ 144,266	51.3%	\$ 240,174	31.5%
Gross Taxable Margin	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Lessors Of Nonfinancial Intangible Assets (Except Copyrighted % of Total Works) Income		Professional, Scientific, And Technical Services % of Total Total Income		Legal % of Total Services Income		Accounting, Tax Preparation, Bookkeeping And Payroll % of Total Services Income	
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,385,421	87.6%	\$ 1,699,449	95.8%	\$ 4,069,645	98.7%	\$ 2,560,049	98.1%
Ordinary income from partnerships and fiduciaries	\$ 36,884	2.3%	\$ 29,650	1.7%	\$ 3,720	0.1%	\$ 5,062	0.2%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 3,744	0.2%	\$ 863	0.0%	\$ 185	0.0%	\$ 1,081	0.0%
Other income	\$ 154,694	9.8%	\$ 43,918	2.5%	\$ 49,255	1.2%	\$ 43,603	1.7%
<b>Total income (receipts)</b>	<b>\$ 1,580,743</b>	<b>100.0%</b>	<b>\$ 1,773,879</b>	<b>100.0%</b>	<b>\$ 4,122,805</b>	<b>100.0%</b>	<b>\$ 2,609,795</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 33,689	2.1%	\$ 324,032	18.3%	\$ 47,976	1.2%	\$ 215,396	8.3%
Cost of Labor	\$ -	0.0%	\$ 17,773	1.0%	\$ 2,438	0.1%	\$ 40,930	1.6%
Salaries and wages	\$ 12,224	0.8%	\$ 420,700	23.7%	\$ 1,151,755	27.9%	\$ 817,187	31.3%
Guaranteed payments to partners	\$ 15,311	1.0%	\$ 84,335	4.8%	\$ 287,145	7.0%	\$ 125,858	4.8%
Rent paid	\$ 12,556	0.8%	\$ 64,774	3.7%	\$ 258,000	6.3%	\$ 90,088	3.5%
Interest paid	\$ 3,996	0.3%	\$ 8,453	0.5%	\$ 7,958	0.2%	\$ 10,739	0.4%
Taxes and licenses	\$ 1,534	0.1%	\$ 36,817	2.1%	\$ 105,344	2.6%	\$ 63,762	2.4%
Bad debts	\$ 23	0.0%	\$ 1,865	0.1%	\$ 3,381	0.1%	\$ 838	0.0%
Repairs and maintenance	\$ 18	0.0%	\$ 6,156	0.3%	\$ 19,757	0.5%	\$ 8,610	0.3%
Depreciation	\$ 15,964	1.0%	\$ 21,867	1.2%	\$ 50,514	1.2%	\$ 24,646	0.9%
Depletion	\$ 1,994	0.1%	\$ 2	0.0%	\$ 12	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 27	0.0%	\$ 18,824	1.1%	\$ 48,309	1.2%	\$ 39,123	1.5%
Employee benefit programs	\$ 187	0.0%	\$ 23,423	1.3%	\$ 69,308	1.7%	\$ 28,972	1.1%
Ordinary loss from other partnerships and fiduciaries	\$ 165	0.0%	\$ 4,811	0.3%	\$ 2,497	0.1%	\$ 302	0.0%
Farm net loss	\$ -	0.0%	\$ 113	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 7	0.0%	\$ 602	0.0%	\$ 1,767	0.0%	\$ 129	0.0%
Other deductions	\$ 131,121	8.3%	\$ 389,612	22.0%	\$ 616,372	15.0%	\$ 631,901	24.2%
<b>Total business expenses (deductions)</b>	<b>\$ 228,816</b>	<b>14.5%</b>	<b>\$ 1,406,387</b>	<b>79.3%</b>	<b>\$ 2,670,095</b>	<b>64.8%</b>	<b>\$ 2,057,551</b>	<b>78.8%</b>
<b>Net Income</b>	<b>\$ 1,351,926</b>	<b>85.5%</b>	<b>\$ 367,492</b>	<b>20.7%</b>	<b>\$ 1,452,710</b>	<b>35.2%</b>	<b>\$ 552,243</b>	<b>21.2%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 27,536	1.7%	\$ 522,808	29.5%	\$ 1,441,338	35.0%	\$ 983,975	37.7%
Less: Standard Exemption	\$ 340,000	21.5%	\$ 340,000	19.2%	\$ 340,000	8.2%	\$ 340,000	13.0%
Less: Employer Paid Health Care Deduction	\$ 2,184	0.1%	\$ 41,462	2.3%	\$ 114,307	2.8%	\$ 78,035	3.0%
Net Taxable Compensation	\$ -	0.0%	\$ 141,346	8.0%	\$ 987,031	23.9%	\$ 565,940	21.7%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 1,654</b>	<b>0.1%</b>	<b>\$ 11,548</b>	<b>0.3%</b>	<b>\$ 6,621</b>	<b>0.3%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,580,720	100.0%	\$ 1,772,014	99.9%	\$ 4,119,424	99.9%	\$ 2,608,957	100.0%
Margin Calculation #1, 30% Standard Deduction	\$ 474,216	30.0%	\$ 531,604	30.0%	\$ 1,235,827	30.0%	\$ 782,687	30.0%
Margin Calculation #2, Compensation	\$ 1,379,462	87.3%	\$ 890,300	50.2%	\$ 2,894,048	70.2%	\$ 1,536,218	58.9%
Margin Calculation #3, Cost of Goods Sold	\$ 33,689	2.1%	\$ 324,032	18.3%	\$ 47,976	1.2%	\$ 215,396	8.3%
Gross Taxable Margin	\$ 201,258	12.7%	\$ 881,714	49.7%	\$ 1,225,376	29.7%	\$ 1,072,738	41.1%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 4,025</b>	<b>0.3%</b>	<b>\$ 17,634</b>	<b>1.0%</b>	<b>\$ 24,508</b>	<b>0.6%</b>	<b>\$ 21,455</b>	<b>0.8%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ 1,654	0.1%	\$ 11,548	0.3%	\$ 6,621	0.3%
<b>Net Margin Tax Liability</b>	<b>\$ 4,025</b>	<b>0.3%</b>	<b>\$ 15,981</b>	<b>0.9%</b>	<b>\$ 12,959</b>	<b>0.3%</b>	<b>\$ 14,833</b>	<b>0.6%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 4,025</b>	<b>0.3%</b>	<b>\$ 17,634</b>	<b>1.0%</b>	<b>\$ 24,508</b>	<b>0.6%</b>	<b>\$ 21,455</b>	<b>0.8%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Architectural, Engineering And Related Services		Specialized Design Services		Computer Systems Design And Related Services		Total Other Professional, Scientific, And Technical Services	
	% of Total Income	% of Total Income	% of Total Income	% of Total Income	% of Total Income	% of Total Income	% of Total Income	
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,354,401	93.9%	\$ 181,686	98.7%	\$ 1,034,519	99.2%	\$ 1,190,669	91.6%
Ordinary income from partnerships and fiduciaries	\$ 13,298	0.9%	\$ -	0.0%	\$ 54	0.0%	\$ 57,205	4.4%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 345	0.0%	\$ 470	0.3%	\$ 336	0.0%	\$ 1,294	0.1%
Other income	\$ 73,918	5.1%	\$ 2,003	1.1%	\$ 7,950	0.8%	\$ 50,905	3.9%
<b>Total income (receipts)</b>	<b>\$ 1,441,962</b>	<b>100.0%</b>	<b>\$ 184,159</b>	<b>100.0%</b>	<b>\$ 1,042,858</b>	<b>100.0%</b>	<b>\$ 1,300,074</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 611,794	42.4%	\$ 72,112	39.2%	\$ 329,505	31.6%	\$ 419,742	32.3%
Cost of Labor	\$ 51,897	3.6%	\$ 4,420	2.4%	\$ 25,646	2.5%	\$ 13,652	1.1%
Salaries and wages	\$ 220,759	15.3%	\$ 22,039	12.0%	\$ 246,115	23.6%	\$ 234,126	18.0%
Guaranteed payments to partners	\$ 50,535	3.5%	\$ 9,866	5.4%	\$ 42,639	4.1%	\$ 37,289	2.9%
Rent paid	\$ 32,515	2.3%	\$ 8,662	4.7%	\$ 18,063	1.7%	\$ 22,488	1.7%
Interest paid	\$ 5,643	0.4%	\$ 2,154	1.2%	\$ 4,983	0.5%	\$ 10,293	0.8%
Taxes and licenses	\$ 22,719	1.6%	\$ 2,607	1.4%	\$ 20,729	2.0%	\$ 20,266	1.6%
Bad debts	\$ 952	0.1%	\$ 205	0.1%	\$ 801	0.1%	\$ 2,263	0.2%
Repairs and maintenance	\$ 4,283	0.3%	\$ 656	0.4%	\$ 2,646	0.3%	\$ 3,235	0.2%
Depreciation	\$ 16,663	1.2%	\$ 3,001	1.6%	\$ 18,297	1.8%	\$ 16,740	1.3%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 7,394	0.5%	\$ 726	0.4%	\$ 6,299	0.6%	\$ 12,427	1.0%
Employee benefit programs	\$ 21,111	1.5%	\$ 952	0.5%	\$ 13,309	1.3%	\$ 13,666	1.1%
Ordinary loss from other partnerships and fiduciaries	\$ 681	0.0%	\$ 305	0.2%	\$ 4,254	0.4%	\$ 8,105	0.6%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 236	0.0%
Net loss, noncapital assets	\$ 451	0.0%	\$ 1	0.0%	\$ 157	0.0%	\$ 556	0.0%
Other deductions	\$ 292,494	20.3%	\$ 42,183	22.9%	\$ 233,497	22.4%	\$ 366,603	28.2%
<b>Total business expenses (deductions)</b>	<b>\$ 1,287,994</b>	<b>89.3%</b>	<b>\$ 165,470</b>	<b>89.9%</b>	<b>\$ 941,295</b>	<b>90.3%</b>	<b>\$ 1,168,037</b>	<b>89.8%</b>
<b>Net Income</b>	<b>\$ 153,968</b>	<b>10.7%</b>	<b>\$ 18,689</b>	<b>10.1%</b>	<b>\$ 101,564</b>	<b>9.7%</b>	<b>\$ 132,037</b>	<b>10.2%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 323,191	22.4%	\$ 36,326	19.7%	\$ 314,400	30.1%	\$ 285,067	21.9%
Less: Standard Exemption	\$ 340,000	23.6%	\$ 340,000	184.6%	\$ 340,000	32.6%	\$ 340,000	26.2%
Less: Employer Paid Health Care Deduction	\$ 25,631	1.8%	\$ 2,881	1.6%	\$ 24,934	2.4%	\$ 22,608	1.7%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,441,010	99.9%	\$ 183,954	99.9%	\$ 1,042,058	99.9%	\$ 1,297,810	99.8%
Margin Calculation #1, 30% Standard Deduction	\$ 432,303	30.0%	\$ 55,186	30.0%	\$ 312,617	30.0%	\$ 389,343	29.9%
Margin Calculation #2, Compensation	\$ 477,159	33.1%	\$ 55,015	29.9%	\$ 415,964	39.9%	\$ 417,104	32.1%
Margin Calculation #3, Cost of Goods Sold	\$ 611,794	42.4%	\$ 72,112	39.2%	\$ 329,505	31.6%	\$ 419,742	32.3%
Gross Taxable Margin	\$ 829,216	57.5%	\$ -	0.0%	\$ 626,093	60.0%	\$ 878,068	67.5%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 16,584</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 12,522</b>	<b>1.2%</b>	<b>\$ 17,561</b>	<b>1.4%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 16,584</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 12,522</b>	<b>1.2%</b>	<b>\$ 17,561</b>	<b>1.4%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 16,584</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 12,522</b>	<b>1.2%</b>	<b>\$ 17,561</b>	<b>1.4%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Management, Scientific, And Technical Consulting Services % of Total Income		Advertising And Related Services % of Total Income		Other Miscellaneous Professional, Scientific And Technical Services % of Total Income		Management Of Companies (Holding Companies) % of Total Income	
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,078,189	90.8%	\$ 1,513,793	97.7%	\$ 1,289,864	90.0%	\$ 531,884	49.3%
Ordinary income from partnerships and fiduciaries	\$ 50,610	4.3%	\$ 3,028	0.2%	\$ 96,488	6.7%	\$ 367,892	34.1%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 1,476	0.1%	\$ 1,251	0.1%	\$ 914	0.1%	\$ 27,855	2.6%
Other income	\$ 57,421	4.8%	\$ 31,536	2.0%	\$ 45,455	3.2%	\$ 150,374	13.9%
<b>Total income (receipts)</b>	<b>\$ 1,187,697</b>	<b>100.0%</b>	<b>\$ 1,549,609</b>	<b>100.0%</b>	<b>\$ 1,432,721</b>	<b>100.0%</b>	<b>\$ 1,078,005</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 269,616	22.7%	\$ 656,249	42.3%	\$ 641,271	44.8%	\$ 273,236	25.3%
Cost of Labor	\$ 14,626	1.2%	\$ 6,350	0.4%	\$ 14,963	1.0%	\$ 617	0.1%
Salaries and wages	\$ 269,882	22.7%	\$ 264,892	17.1%	\$ 141,503	9.9%	\$ 136,461	12.7%
Guaranteed payments to partners	\$ 42,053	3.5%	\$ 36,454	2.4%	\$ 27,205	1.9%	\$ 34,278	3.2%
Rent paid	\$ 19,099	1.6%	\$ 38,229	2.5%	\$ 22,730	1.6%	\$ 15,828	1.5%
Interest paid	\$ 8,777	0.7%	\$ 15,935	1.0%	\$ 11,042	0.8%	\$ 69,574	6.5%
Taxes and licenses	\$ 21,685	1.8%	\$ 25,235	1.6%	\$ 14,877	1.0%	\$ 9,393	0.9%
Bad debts	\$ 2,312	0.2%	\$ 5,310	0.3%	\$ 761	0.1%	\$ 2,787	0.3%
Repairs and maintenance	\$ 2,556	0.2%	\$ 5,215	0.3%	\$ 3,819	0.3%	\$ 3,530	0.3%
Depreciation	\$ 12,074	1.0%	\$ 29,474	1.9%	\$ 21,162	1.5%	\$ 23,644	2.2%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 343	0.0%
Retirement plans, etc.	\$ 16,386	1.4%	\$ 4,494	0.3%	\$ 7,361	0.5%	\$ 1,567	0.1%
Employee benefit programs	\$ 15,356	1.3%	\$ 15,773	1.0%	\$ 8,990	0.6%	\$ 8,496	0.8%
Ordinary loss from other partnerships and fiduciaries	\$ 7,528	0.6%	\$ 539	0.0%	\$ 12,836	0.9%	\$ 291,561	27.0%
Farm net loss	\$ 344	0.0%	\$ -	0.0%	\$ 106	0.0%	\$ 252	0.0%
Net loss, noncapital assets	\$ 707	0.1%	\$ 402	0.0%	\$ 296	0.0%	\$ 15,502	1.4%
Other deductions	\$ 349,616	29.4%	\$ 340,410	22.0%	\$ 415,904	29.0%	\$ 206,524	19.2%
<b>Total business expenses (deductions)</b>	<b>\$ 1,037,993</b>	<b>87.4%</b>	<b>\$ 1,438,611</b>	<b>92.8%</b>	<b>\$ 1,329,864</b>	<b>92.8%</b>	<b>\$ 1,092,978</b>	<b>101.4%</b>
<b>Net Income</b>	<b>\$ 149,704</b>	<b>12.6%</b>	<b>\$ 110,998</b>	<b>7.2%</b>	<b>\$ 102,857</b>	<b>7.2%</b>	<b>\$ (14,973)</b>	<b>-1.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 326,561	27.5%	\$ 307,696	19.9%	\$ 183,671	12.8%	\$ 171,356	15.9%
Less: Standard Exemption	\$ 340,000	28.6%	\$ 340,000	21.9%	\$ 340,000	23.7%	\$ 340,000	31.5%
Less: Employer Paid Health Care Deduction	\$ 25,898	2.2%	\$ 24,402	1.6%	\$ 14,566	1.0%	\$ 13,590	1.3%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,185,384	99.8%	\$ 1,544,299	99.7%	\$ 1,431,960	99.9%	\$ 1,075,217	99.7%
Margin Calculation #1, 30% Standard Deduction	\$ 355,615	29.9%	\$ 463,290	29.9%	\$ 429,588	30.0%	\$ 322,565	29.9%
Margin Calculation #2, Compensation	\$ 476,265	40.1%	\$ 418,694	27.0%	\$ 286,528	20.0%	\$ 156,383	14.5%
Margin Calculation #3, Cost of Goods Sold	\$ 269,616	22.7%	\$ 656,249	42.3%	\$ 641,271	44.8%	\$ 273,236	25.3%
Gross Taxable Margin	\$ 709,119	59.7%	\$ 888,050	57.3%	\$ 790,688	55.2%	\$ 752,652	69.8%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 14,182</b>	<b>1.2%</b>	<b>\$ 17,761</b>	<b>1.1%</b>	<b>\$ 15,814</b>	<b>1.1%</b>	<b>\$ 15,053</b>	<b>1.4%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 14,182</b>	<b>1.2%</b>	<b>\$ 17,761</b>	<b>1.1%</b>	<b>\$ 15,814</b>	<b>1.1%</b>	<b>\$ 15,053</b>	<b>1.4%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 14,182</b>	<b>1.2%</b>	<b>\$ 17,761</b>	<b>1.1%</b>	<b>\$ 15,814</b>	<b>1.1%</b>	<b>\$ 15,053</b>	<b>1.4%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.



**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Administrative And Support And Waste Management And Remediation Services		Administrative And Support Services		Waste Management And Remediation Services		Educational Services	
	Total	% of Total Income	Total	% of Total Income	Total	% of Total Income	Total	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,211,195	94.1%	\$ 1,118,755	93.5%	\$ 2,785,542	99.0%	\$ 354,868	96.6%
Ordinary income from partnerships and fiduciaries	\$ 6,572	0.5%	\$ 6,760	0.6%	\$ 3,377	0.1%	\$ 6,334	1.7%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 337	0.0%	\$ 221	0.0%	\$ 2,321	0.1%	\$ 1,262	0.3%
Other income	\$ 68,657	5.3%	\$ 71,306	6.0%	\$ 23,537	0.8%	\$ 4,936	1.3%
<b>Total income (receipts)</b>	<b>\$ 1,286,761</b>	<b>100.0%</b>	<b>\$ 1,197,041</b>	<b>100.0%</b>	<b>\$ 2,814,776</b>	<b>100.0%</b>	<b>\$ 367,400</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 503,838	39.2%	\$ 450,965	37.7%	\$ 1,404,313	49.9%	\$ 43,669	11.9%
Cost of Labor	\$ 94,401	7.3%	\$ 96,812	8.1%	\$ 62,191	2.2%	\$ 4,933	1.3%
Salaries and wages	\$ 279,766	21.7%	\$ 276,811	23.1%	\$ 330,092	11.7%	\$ 89,845	24.5%
Guaranteed payments to partners	\$ 13,105	1.0%	\$ 13,600	1.1%	\$ 4,669	0.2%	\$ 6,545	1.8%
Rent paid	\$ 23,701	1.8%	\$ 22,326	1.9%	\$ 47,132	1.7%	\$ 24,392	6.6%
Interest paid	\$ 14,483	1.1%	\$ 13,490	1.1%	\$ 31,396	1.1%	\$ 2,902	0.8%
Taxes and licenses	\$ 30,432	2.4%	\$ 29,454	2.5%	\$ 47,095	1.7%	\$ 9,995	2.7%
Bad debts	\$ 2,716	0.2%	\$ 2,593	0.2%	\$ 4,805	0.2%	\$ 3,507	1.0%
Repairs and maintenance	\$ 8,652	0.7%	\$ 4,959	0.4%	\$ 71,556	2.5%	\$ 2,223	0.6%
Depreciation	\$ 26,926	2.1%	\$ 20,376	1.7%	\$ 138,467	4.9%	\$ 8,946	2.4%
Depletion	\$ 358	0.0%	\$ -	0.0%	\$ 6,450	0.2%	\$ -	0.0%
Retirement plans, etc.	\$ 3,409	0.3%	\$ 3,314	0.3%	\$ 5,022	0.2%	\$ 1,113	0.3%
Employee benefit programs	\$ 11,924	0.9%	\$ 11,588	1.0%	\$ 17,649	0.6%	\$ 3,977	1.1%
Ordinary loss from other partnerships and fiduciaries	\$ 8,577	0.7%	\$ 7,813	0.7%	\$ 21,581	0.8%	\$ 6,966	1.9%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 126	0.0%	\$ 128	0.0%	\$ 78	0.0%	\$ 7	0.0%
Other deductions	\$ 306,367	23.8%	\$ 285,831	23.9%	\$ 656,124	23.3%	\$ 127,320	34.7%
<b>Total business expenses (deductions)</b>	<b>\$ 1,234,380</b>	<b>95.9%</b>	<b>\$ 1,143,250</b>	<b>95.5%</b>	<b>\$ 2,786,427</b>	<b>99.0%</b>	<b>\$ 331,406</b>	<b>90.2%</b>
<b>Net Income</b>	<b>\$ 52,381</b>	<b>4.1%</b>	<b>\$ 53,792</b>	<b>4.5%</b>	<b>\$ 28,349</b>	<b>1.0%</b>	<b>\$ 35,994</b>	<b>9.8%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 387,272	30.1%	\$ 387,224	32.3%	\$ 396,952	14.1%	\$ 101,323	27.6%
Less: Standard Exemption	\$ 340,000	26.4%	\$ 340,000	28.4%	\$ 340,000	12.1%	\$ 340,000	92.5%
Less: Employer Paid Health Care Deduction	\$ 30,713	2.4%	\$ 30,709	2.6%	\$ 31,481	1.1%	\$ 8,035	2.2%
Net Taxable Compensation	\$ 16,559	1.3%	\$ 16,515	1.4%	\$ 25,471	0.9%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 194</b>	<b>0.0%</b>	<b>\$ 193</b>	<b>0.0%</b>	<b>\$ 298</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,284,045	99.8%	\$ 1,194,448	99.8%	\$ 2,809,971	99.8%	\$ 363,893	99.0%
Margin Calculation #1, 30% Standard Deduction	\$ 385,214	29.9%	\$ 358,335	29.9%	\$ 842,991	29.9%	\$ 109,168	29.7%
Margin Calculation #2, Compensation	\$ 439,653	34.2%	\$ 441,016	36.8%	\$ 425,301	15.1%	\$ 137,317	37.4%
Margin Calculation #3, Cost of Goods Sold	\$ 503,838	39.2%	\$ 450,965	37.7%	\$ 1,404,313	49.9%	\$ 43,669	11.9%
Gross Taxable Margin	\$ 780,207	60.6%	\$ 743,483	62.1%	\$ 1,405,658	49.9%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 15,604</b>	<b>1.2%</b>	<b>\$ 14,870</b>	<b>1.2%</b>	<b>\$ 28,113</b>	<b>1.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ 194	0.0%	\$ 193	0.0%	\$ 298	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 15,410</b>	<b>1.2%</b>	<b>\$ 14,676</b>	<b>1.2%</b>	<b>\$ 27,815</b>	<b>1.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 15,604</b>	<b>1.2%</b>	<b>\$ 14,870</b>	<b>1.2%</b>	<b>\$ 28,113</b>	<b>1.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Total Health Care And Social Assistance	% of Total Income	Offices Of Physicians And Dentists	% of Total Income	Offices Of Other Health Practitioners	% of Total Income	Outpatient Care Centers	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 2,686,902	93.7%	\$ 2,324,924	88.1%	\$ 672,378	96.5%	\$ 3,433,296	96.2%
Ordinary income from partnerships and fiduciaries	\$ 37,789	1.3%	\$ 28,750	1.1%	\$ 8,725	1.3%	\$ 61,931	1.7%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 2,931	0.1%	\$ 1,528	0.1%	\$ 40	0.0%	\$ 11,967	0.3%
Other income	\$ 139,493	4.9%	\$ 284,029	10.8%	\$ 15,541	2.2%	\$ 61,843	1.7%
<b>Total income (receipts)</b>	<b>\$ 2,867,115</b>	<b>100.0%</b>	<b>\$ 2,639,231</b>	<b>100.0%</b>	<b>\$ 696,684</b>	<b>100.0%</b>	<b>\$ 3,569,035</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 131,446	4.6%	\$ 90,560	3.4%	\$ 57,407	8.2%	\$ 196,288	5.5%
Cost of Labor	\$ 7,862	0.3%	\$ 2,124	0.1%	\$ 2,371	0.3%	\$ 3,362	0.1%
Salaries and wages	\$ 744,243	26.0%	\$ 646,508	24.5%	\$ 195,470	28.1%	\$ 604,142	16.9%
Guaranteed payments to partners	\$ 90,841	3.2%	\$ 230,518	8.7%	\$ 17,639	2.5%	\$ 41,175	1.2%
Rent paid	\$ 129,490	4.5%	\$ 102,205	3.9%	\$ 32,779	4.7%	\$ 169,881	4.8%
Interest paid	\$ 39,765	1.4%	\$ 10,996	0.4%	\$ 4,814	0.7%	\$ 38,476	1.1%
Taxes and licenses	\$ 91,206	3.2%	\$ 48,655	1.8%	\$ 17,319	2.5%	\$ 79,156	2.2%
Bad debts	\$ 60,037	2.1%	\$ 10,682	0.4%	\$ 2,089	0.3%	\$ 58,566	1.6%
Repairs and maintenance	\$ 33,621	1.2%	\$ 17,802	0.7%	\$ 3,639	0.5%	\$ 51,778	1.5%
Depreciation	\$ 83,621	2.9%	\$ 33,028	1.3%	\$ 6,208	0.9%	\$ 129,949	3.6%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 12,831	0.4%	\$ 26,616	1.0%	\$ 1,422	0.2%	\$ 7,202	0.2%
Employee benefit programs	\$ 54,878	1.9%	\$ 31,813	1.2%	\$ 7,918	1.1%	\$ 60,584	1.7%
Ordinary loss from other partnerships and fiduciaries	\$ 2,969	0.1%	\$ 1,008	0.0%	\$ -	0.0%	\$ 1,383	0.0%
Farm net loss	\$ 0	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 792	0.0%	\$ 50	0.0%	\$ 3	0.0%	\$ 255	0.0%
Other deductions	\$ 1,016,041	35.4%	\$ 819,888	31.1%	\$ 229,575	33.0%	\$ 1,342,235	37.6%
<b>Total business expenses (deductions)</b>	<b>\$ 2,491,782</b>	<b>86.9%</b>	<b>\$ 2,070,328</b>	<b>78.4%</b>	<b>\$ 576,281</b>	<b>82.7%</b>	<b>\$ 2,781,068</b>	<b>77.9%</b>
<b>Net Income</b>	<b>\$ 375,332</b>	<b>13.1%</b>	<b>\$ 568,903</b>	<b>21.6%</b>	<b>\$ 120,403</b>	<b>17.3%</b>	<b>\$ 787,967</b>	<b>22.1%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 842,946	29.4%	\$ 879,150	33.3%	\$ 215,479	30.9%	\$ 648,678	18.2%
Less: Standard Exemption	\$ 340,000	11.9%	\$ 340,000	12.9%	\$ 340,000	48.8%	\$ 340,000	9.5%
Less: Employer Paid Health Care Deduction	\$ 66,851	2.3%	\$ 69,722	2.6%	\$ 17,089	2.5%	\$ 51,444	1.4%
Net Taxable Compensation	\$ 436,096	15.2%	\$ 469,428	17.8%	\$ -	0.0%	\$ 257,234	7.2%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 5,102</b>	<b>0.2%</b>	<b>\$ 5,492</b>	<b>0.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 3,010</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 2,807,078	97.9%	\$ 2,628,549	99.6%	\$ 694,595	99.7%	\$ 3,510,470	98.4%
Margin Calculation #1, 30% Standard Deduction	\$ 842,123	29.4%	\$ 788,565	29.9%	\$ 208,378	29.9%	\$ 1,053,141	29.5%
Margin Calculation #2, Compensation	\$ 1,218,279	42.5%	\$ 1,448,053	54.9%	\$ 335,882	48.2%	\$ 1,436,646	40.3%
Margin Calculation #3, Cost of Goods Sold	\$ 131,446	4.6%	\$ 90,560	3.4%	\$ 57,407	8.2%	\$ 196,288	5.5%
Gross Taxable Margin	\$ 1,588,799	55.4%	\$ 1,180,497	44.7%	\$ -	0.0%	\$ 2,073,824	58.1%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 31,776</b>	<b>1.1%</b>	<b>\$ 23,610</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 41,476</b>	<b>1.2%</b>
Less: Modified Business Tax Liability	\$ 5,102	0.2%	\$ 5,492	0.2%	\$ -	0.0%	\$ 3,010	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 26,674</b>	<b>0.9%</b>	<b>\$ 18,118</b>	<b>0.7%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 38,467</b>	<b>1.1%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 31,776</b>	<b>1.1%</b>	<b>\$ 23,610</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 41,476</b>	<b>1.2%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Medical And Diagnostic Laboratories	% of Total Income	Home Health Care Services	% of Total Income	Other Ambulatory Health Care Services	% of Total Income	Hospitals	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,745,672	88.5%	\$ 3,218,868	88.1%	\$ 603,960	98.0%	\$ 41,314,772	96.8%
Ordinary income from partnerships and fiduciaries	\$ 105,803	5.4%	\$ 16,206	0.4%	\$ 9,041	1.5%	\$ 579,757	1.4%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 525	0.0%	\$ 1,514	0.0%	\$ -	0.0%	\$ 74,507	0.2%
Other income	\$ 121,421	6.2%	\$ 418,647	11.5%	\$ 3,470	0.6%	\$ 696,264	1.6%
<b>Total income (receipts)</b>	<b>\$ 1,973,421</b>	<b>100.0%</b>	<b>\$ 3,655,235</b>	<b>100.0%</b>	<b>\$ 616,472</b>	<b>100.0%</b>	<b>\$ 42,665,300</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 122,406	6.2%	\$ 662,631	18.1%	\$ 144,808	23.5%	\$ 534,380	1.3%
Cost of Labor	\$ 5,712	0.3%	\$ 122,498	3.4%	\$ 4,046	0.7%	\$ 8,720	0.0%
Salaries and wages	\$ 370,279	18.8%	\$ 1,578,682	43.2%	\$ 125,936	20.4%	\$ 9,335,176	21.9%
Guaranteed payments to partners	\$ 53,156	2.7%	\$ 71,125	1.9%	\$ 1,300	0.2%	\$ 67,000	0.2%
Rent paid	\$ 91,613	4.6%	\$ 84,379	2.3%	\$ 30,312	4.9%	\$ 1,084,568	2.5%
Interest paid	\$ 27,530	1.4%	\$ 26,682	0.7%	\$ 9,828	1.6%	\$ 728,833	1.7%
Taxes and licenses	\$ 45,820	2.3%	\$ 126,408	3.5%	\$ 12,864	2.1%	\$ 1,327,971	3.1%
Bad debts	\$ 51,318	2.6%	\$ 13,433	0.4%	\$ 34,884	5.7%	\$ 2,908,689	6.8%
Repairs and maintenance	\$ 46,449	2.4%	\$ 12,625	0.3%	\$ 5,589	0.9%	\$ 697,479	1.6%
Depreciation	\$ 102,104	5.2%	\$ 29,962	0.8%	\$ 17,212	2.8%	\$ 1,928,795	4.5%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 10,041	0.5%	\$ 6,707	0.2%	\$ 431	0.1%	\$ 97,110	0.2%
Employee benefit programs	\$ 36,887	1.9%	\$ 56,919	1.6%	\$ 19,715	3.2%	\$ 1,059,890	2.5%
Ordinary loss from other partnerships and fiduciaries	\$ 160	0.0%	\$ 9,508	0.3%	\$ -	0.0%	\$ 110,092	0.3%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 672	0.0%	\$ 3,453	0.1%	\$ 13,735	2.2%	\$ 2,374	0.0%
Other deductions	\$ 725,573	36.8%	\$ 745,463	20.4%	\$ 192,797	31.3%	\$ 19,199,175	45.0%
<b>Total business expenses (deductions)</b>	<b>\$ 1,684,008</b>	<b>85.3%</b>	<b>\$ 3,427,976</b>	<b>93.8%</b>	<b>\$ 609,411</b>	<b>98.9%</b>	<b>\$ 39,081,531</b>	<b>91.6%</b>
<b>Net Income</b>	<b>\$ 289,413</b>	<b>14.7%</b>	<b>\$ 227,259</b>	<b>6.2%</b>	<b>\$ 7,061</b>	<b>1.1%</b>	<b>\$ 3,583,769</b>	<b>8.4%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 429,146	21.7%	\$ 1,772,305	48.5%	\$ 131,281	21.3%	\$ 9,410,896	22.1%
Less: Standard Exemption	\$ 340,000	17.2%	\$ 340,000	9.3%	\$ 340,000	55.2%	\$ 340,000	0.8%
Less: Employer Paid Health Care Deduction	\$ 34,034	1.7%	\$ 140,554	3.8%	\$ 10,411	1.7%	\$ 746,340	1.7%
Net Taxable Compensation	\$ 55,112	2.8%	\$ 1,291,751	35.3%	\$ -	0.0%	\$ 8,324,557	19.5%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 645</b>	<b>0.0%</b>	<b>\$ 15,113</b>	<b>0.4%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 97,397</b>	<b>0.2%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,922,103	97.4%	\$ 3,641,802	99.6%	\$ 581,588	94.3%	\$ 39,756,611	93.2%
Margin Calculation #1, 30% Standard Deduction	\$ 576,631	29.2%	\$ 1,092,541	29.9%	\$ 174,476	28.3%	\$ 11,926,983	28.0%
Margin Calculation #2, Compensation	\$ 718,559	36.4%	\$ 1,999,564	54.7%	\$ 138,342	22.4%	\$ 12,994,665	30.5%
Margin Calculation #3, Cost of Goods Sold	\$ 122,406	6.2%	\$ 662,631	18.1%	\$ 144,808	23.5%	\$ 534,380	1.3%
Gross Taxable Margin	\$ 1,203,544	61.0%	\$ 1,642,238	44.9%	\$ -	0.0%	\$ 26,761,946	62.7%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 24,071</b>	<b>1.2%</b>	<b>\$ 32,845</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 535,239</b>	<b>1.3%</b>
Less: Modified Business Tax Liability	\$ 645	0.0%	\$ 15,113	0.4%	\$ -	0.0%	\$ 97,397	0.2%
<b>Net Margin Tax Liability</b>	<b>\$ 23,426</b>	<b>1.2%</b>	<b>\$ 17,731</b>	<b>0.5%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 437,842</b>	<b>1.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 24,071</b>	<b>1.2%</b>	<b>\$ 32,845</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 535,239</b>	<b>1.3%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Nursing And Residential Care % of Total Facilities Income		Social % of Total Assistance Income		Total Arts, Entertainment, % of Total And Recreation Income		Performing Arts, Spectator Sports And Related % of Total Industries Income	
<b>Total income sources (receipts)</b>								
Business receipts	\$ 5,140,077	98.3%	\$ 286,447	97.5%	\$ 778,561	87.0%	\$ 555,734	80.8%
Ordinary income from partnerships and fiduciaries	\$ 23,587	0.5%	\$ -	0.0%	\$ 31,238	3.5%	\$ 27,333	4.0%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ 65	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 1,021	0.0%	\$ 18	0.0%	\$ 942	0.1%	\$ 1,220	0.2%
Other income	\$ 62,715	1.2%	\$ 7,427	2.5%	\$ 84,587	9.4%	\$ 103,296	15.0%
<b>Total income (receipts)</b>	<b>\$ 5,227,400</b>	<b>100.0%</b>	<b>\$ 293,892</b>	<b>100.0%</b>	<b>\$ 895,394</b>	<b>100.0%</b>	<b>\$ 687,583</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 237,946	4.6%	\$ 45,309	15.4%	\$ 132,838	14.8%	\$ 86,637	12.6%
Cost of Labor	\$ 26,780	0.5%	\$ 1,016	0.3%	\$ 3,069	0.3%	\$ 2,894	0.4%
Salaries and wages	\$ 1,870,645	35.8%	\$ 96,142	32.7%	\$ 242,690	27.1%	\$ 226,814	33.0%
Guaranteed payments to partners	\$ 9,838	0.2%	\$ 3,696	1.3%	\$ 9,856	1.1%	\$ 9,852	1.4%
Rent paid	\$ 369,255	7.1%	\$ 22,349	7.6%	\$ 37,534	4.2%	\$ 17,142	2.5%
Interest paid	\$ 141,069	2.7%	\$ 7,894	2.7%	\$ 35,626	4.0%	\$ 24,260	3.5%
Taxes and licenses	\$ 309,957	5.9%	\$ 9,727	3.3%	\$ 49,833	5.6%	\$ 21,780	3.2%
Bad debts	\$ 39,401	0.8%	\$ 156	0.1%	\$ 2,041	0.2%	\$ 727	0.1%
Repairs and maintenance	\$ 61,394	1.2%	\$ 3,621	1.2%	\$ 12,817	1.4%	\$ 4,804	0.7%
Depreciation	\$ 177,794	3.4%	\$ 4,488	1.5%	\$ 59,321	6.6%	\$ 28,399	4.1%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 6,682	0.1%	\$ 330	0.1%	\$ 4,245	0.5%	\$ 5,647	0.8%
Employee benefit programs	\$ 138,663	2.7%	\$ 4,603	1.6%	\$ 12,250	1.4%	\$ 7,142	1.0%
Ordinary loss from other partnerships and fiduciaries	\$ 6,321	0.1%	\$ -	0.0%	\$ 20,233	2.3%	\$ 26,398	3.8%
Farm net loss	\$ 1	0.0%	\$ -	0.0%	\$ 51	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 1,302	0.0%	\$ 0	0.0%	\$ 1,213	0.1%	\$ 1,453	0.2%
Other deductions	\$ 1,796,971	34.4%	\$ 64,502	21.9%	\$ 300,817	33.6%	\$ 265,027	38.5%
<b>Total business expenses (deductions)</b>	<b>\$ 5,167,241</b>	<b>98.8%</b>	<b>\$ 262,817</b>	<b>89.4%</b>	<b>\$ 921,363</b>	<b>102.9%</b>	<b>\$ 726,082</b>	<b>105.6%</b>
<b>Net Income</b>	<b>\$ 60,159</b>	<b>1.2%</b>	<b>\$ 31,074</b>	<b>10.6%</b>	<b>\$ (25,969)</b>	<b>-2.9%</b>	<b>\$ (38,499)</b>	<b>-5.6%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 1,907,263	36.5%	\$ 100,854	34.3%	\$ 255,615	28.5%	\$ 239,560	34.8%
Less: Standard Exemption	\$ 340,000	6.5%	\$ 340,000	115.7%	\$ 340,000	38.0%	\$ 340,000	49.4%
Less: Employer Paid Health Care Deduction	\$ 151,257	2.9%	\$ 7,998	2.7%	\$ 20,272	2.3%	\$ 18,999	2.8%
Net Taxable Compensation	\$ 1,416,006	27.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 16,567</b>	<b>0.3%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 5,187,999	99.2%	\$ 293,736	99.9%	\$ 893,353	99.8%	\$ 686,856	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 1,556,400	29.8%	\$ 88,121	30.0%	\$ 268,006	29.9%	\$ 206,057	30.0%
Margin Calculation #2, Compensation	\$ 1,967,422	37.6%	\$ 131,928	44.9%	\$ 229,646	25.6%	\$ 201,061	29.2%
Margin Calculation #3, Cost of Goods Sold	\$ 237,946	4.6%	\$ 45,309	15.4%	\$ 132,838	14.8%	\$ 86,637	12.6%
Gross Taxable Margin	\$ 3,220,577	61.6%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 64,412</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ 16,567	0.3%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 47,844</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 64,412</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Museums, Historical Sites, And Similar Institutions	% of Total Income	Amusement, Gambling, And Recreation Industries	% of Total Income	Total Accommodation And Food Services	% of Total Income	Accommodation	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 807,681	92.7%	\$ 1,296,462	94.0%	\$ 1,304,503	97.6%	\$ 1,966,424	96.8%
Ordinary income from partnerships and fiduciaries	\$ -	0.0%	\$ 40,756	3.0%	\$ 4,866	0.4%	\$ 12,019	0.6%
Farm net profit	\$ -	0.0%	\$ 219	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ -	0.0%	\$ 310	0.0%	\$ 1,656	0.1%	\$ 5,132	0.3%
Other income	\$ 63,366	7.3%	\$ 41,371	3.0%	\$ 25,296	1.9%	\$ 47,041	2.3%
<b>Total income (receipts)</b>	<b>\$ 871,047</b>	<b>100.0%</b>	<b>\$ 1,379,116</b>	<b>100.0%</b>	<b>\$ 1,336,320</b>	<b>100.0%</b>	<b>\$ 2,030,615</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 131,219	15.1%	\$ 240,324	17.4%	\$ 389,747	29.2%	\$ 282,183	13.9%
Cost of Labor	\$ 23,940	2.7%	\$ 3,229	0.2%	\$ 15,437	1.2%	\$ 10,414	0.5%
Salaries and wages	\$ 129,398	14.9%	\$ 281,199	20.4%	\$ 242,754	18.2%	\$ 355,752	17.5%
Guaranteed payments to partners	\$ -	0.0%	\$ 10,003	0.7%	\$ 5,422	0.4%	\$ 3,864	0.2%
Rent paid	\$ 202,032	23.2%	\$ 82,684	6.0%	\$ 78,785	5.9%	\$ 72,059	3.5%
Interest paid	\$ 1,247	0.1%	\$ 62,540	4.5%	\$ 62,870	4.7%	\$ 204,598	10.1%
Taxes and licenses	\$ 23,025	2.6%	\$ 115,454	8.4%	\$ 64,355	4.8%	\$ 136,781	6.7%
Bad debts	\$ 577	0.1%	\$ 5,118	0.4%	\$ 1,312	0.1%	\$ 3,377	0.2%
Repairs and maintenance	\$ 18,530	2.1%	\$ 31,375	2.3%	\$ 27,080	2.0%	\$ 54,062	2.7%
Depreciation	\$ 26,287	3.0%	\$ 131,701	9.5%	\$ 94,600	7.1%	\$ 241,137	11.9%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ -	0.0%	\$ 1,041	0.1%	\$ 740	0.1%	\$ 1,622	0.1%
Employee benefit programs	\$ -	0.0%	\$ 24,300	1.8%	\$ 13,462	1.0%	\$ 36,215	1.8%
Ordinary loss from other partnerships and fiduciaries	\$ -	0.0%	\$ 6,173	0.4%	\$ 17,233	1.3%	\$ 50,944	2.5%
Farm net loss	\$ -	0.0%	\$ 170	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ -	0.0%	\$ 671	0.0%	\$ 1,388	0.1%	\$ 3,000	0.1%
Other deductions	\$ 466,670	53.6%	\$ 381,775	27.7%	\$ 369,622	27.7%	\$ 741,636	36.5%
<b>Total business expenses (deductions)</b>	<b>\$ 998,986</b>	<b>114.7%</b>	<b>\$ 1,374,530</b>	<b>99.7%</b>	<b>\$ 1,369,369</b>	<b>102.5%</b>	<b>\$ 2,187,231</b>	<b>107.7%</b>
<b>Net Income</b>	<b>\$ (127,939)</b>	<b>-14.7%</b>	<b>\$ 4,587</b>	<b>0.3%</b>	<b>\$ (33,049)</b>	<b>-2.5%</b>	<b>\$ (156,616)</b>	<b>-7.7%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 153,338	17.6%	\$ 294,431	21.3%	\$ 263,613	19.7%	\$ 370,030	18.2%
Less: Standard Exemption	\$ 340,000	39.0%	\$ 340,000	24.7%	\$ 340,000	25.4%	\$ 340,000	16.7%
Less: Employer Paid Health Care Deduction	\$ 12,161	1.4%	\$ 23,350	1.7%	\$ 20,906	1.6%	\$ 29,346	1.4%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 684	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 8</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 870,470	99.9%	\$ 1,373,998	99.6%	\$ 1,335,008	99.9%	\$ 2,027,238	99.8%
Margin Calculation #1, 30% Standard Deduction	\$ 261,141	30.0%	\$ 412,199	29.9%	\$ 400,502	30.0%	\$ 608,172	30.0%
Margin Calculation #2, Compensation	\$ 25,399	2.9%	\$ 299,018	21.7%	\$ 230,564	17.3%	\$ 213,414	10.5%
Margin Calculation #3, Cost of Goods Sold	\$ 131,219	15.1%	\$ 240,324	17.4%	\$ 389,747	29.2%	\$ 282,183	13.9%
Gross Taxable Margin	\$ -	0.0%	\$ 961,799	69.7%	\$ 934,506	69.9%	\$ 1,419,067	69.9%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 19,236</b>	<b>1.4%</b>	<b>\$ 18,690</b>	<b>1.4%</b>	<b>\$ 28,381</b>	<b>1.4%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 8	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 19,236</b>	<b>1.4%</b>	<b>\$ 18,690</b>	<b>1.4%</b>	<b>\$ 28,373</b>	<b>1.4%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 19,236</b>	<b>1.4%</b>	<b>\$ 18,690</b>	<b>1.4%</b>	<b>\$ 28,381</b>	<b>1.4%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**

Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Food Services And Drinking Places	% of Total Income	Total Other Services	% of Total Income	Total Repair And Maintenance	% of Total Income	Automotive Repair And Maintenance	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 1,070,002	98.1%	\$ 336,120	88.0%	\$ 399,259	99.2%	\$ 301,554	99.5%
Ordinary income from partnerships and fiduciaries	\$ 2,332	0.2%	\$ 1,990	0.5%	\$ 81	0.0%	\$ 51	0.0%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 424	0.0%	\$ 1,642	0.4%	\$ 406	0.1%	\$ 124	0.0%
Other income	\$ 17,592	1.6%	\$ 42,040	11.0%	\$ 2,858	0.7%	\$ 1,460	0.5%
<b>Total income (receipts)</b>	<b>\$ 1,090,350</b>	<b>100.0%</b>	<b>\$ 381,792</b>	<b>100.0%</b>	<b>\$ 402,604</b>	<b>100.0%</b>	<b>\$ 303,189</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 427,854	39.2%	\$ 144,203	37.8%	\$ 223,448	55.5%	\$ 155,102	51.2%
Cost of Labor	\$ 18,017	1.7%	\$ 15,133	4.0%	\$ 22,635	5.6%	\$ 15,077	5.0%
Salaries and wages	\$ 202,722	18.6%	\$ 54,246	14.2%	\$ 41,446	10.3%	\$ 32,333	10.7%
Guaranteed payments to partners	\$ 5,974	0.5%	\$ 5,674	1.5%	\$ 6,674	1.7%	\$ 6,172	2.0%
Rent paid	\$ 81,168	7.4%	\$ 39,262	10.3%	\$ 14,929	3.7%	\$ 15,185	5.0%
Interest paid	\$ 12,659	1.2%	\$ 7,986	2.1%	\$ 9,630	2.4%	\$ 9,106	3.0%
Taxes and licenses	\$ 38,696	3.5%	\$ 9,504	2.5%	\$ 8,859	2.2%	\$ 7,763	2.6%
Bad debts	\$ 581	0.1%	\$ 563	0.1%	\$ 626	0.2%	\$ 530	0.2%
Repairs and maintenance	\$ 17,521	1.6%	\$ 4,026	1.1%	\$ 4,428	1.1%	\$ 4,141	1.4%
Depreciation	\$ 42,685	3.9%	\$ 14,275	3.7%	\$ 16,747	4.2%	\$ 14,812	4.9%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 427	0.0%	\$ 288	0.1%	\$ 202	0.1%	\$ 160	0.1%
Employee benefit programs	\$ 5,401	0.5%	\$ 3,355	0.9%	\$ 2,159	0.5%	\$ 1,288	0.4%
Ordinary loss from other partnerships and fiduciaries	\$ 5,290	0.5%	\$ 131	0.0%	\$ 157	0.0%	\$ -	0.0%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 818	0.1%	\$ 23	0.0%	\$ 20	0.0%	\$ 4	0.0%
Other deductions	\$ 237,827	21.8%	\$ 88,965	23.3%	\$ 67,372	16.7%	\$ 54,498	18.0%
<b>Total business expenses (deductions)</b>	<b>\$ 1,079,623</b>	<b>99.0%</b>	<b>\$ 372,501</b>	<b>97.6%</b>	<b>\$ 396,697</b>	<b>98.5%</b>	<b>\$ 301,095</b>	<b>99.3%</b>
<b>Net Income</b>	<b>\$ 10,728</b>	<b>1.0%</b>	<b>\$ 9,291</b>	<b>2.4%</b>	<b>\$ 5,907</b>	<b>1.5%</b>	<b>\$ 2,094</b>	<b>0.7%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 226,713	20.8%	\$ 75,052	19.7%	\$ 70,755	17.6%	\$ 53,582	17.7%
Less: Standard Exemption	\$ 340,000	31.2%	\$ 340,000	89.1%	\$ 340,000	84.5%	\$ 340,000	112.1%
Less: Employer Paid Health Care Deduction	\$ 17,980	1.6%	\$ 5,952	1.6%	\$ 5,611	1.4%	\$ 4,249	1.4%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 1,089,769	99.9%	\$ 381,228	99.9%	\$ 401,978	99.8%	\$ 302,659	99.8%
Margin Calculation #1, 30% Standard Deduction	\$ 326,931	30.0%	\$ 114,369	30.0%	\$ 120,594	30.0%	\$ 90,798	29.9%
Margin Calculation #2, Compensation	\$ 237,441	21.8%	\$ 84,343	22.1%	\$ 76,662	19.0%	\$ 55,676	18.4%
Margin Calculation #3, Cost of Goods Sold	\$ 427,854	39.2%	\$ 144,203	37.8%	\$ 223,448	55.5%	\$ 155,102	51.2%
Gross Taxable Margin	\$ 661,915	60.7%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 13,238</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 13,238</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 13,238</b>	<b>1.2%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix C | Estimated Margin Tax Liability for Partnership Taxpayers**  
Hypothetical Estimates based on Average 2011 Tax Return for All Partnership Filers

	Other Repair And Maintenance	% of Total Income	Personal And Laundry Services	% of Total Income	Religious, Grantmaking, Civic, Professional, And Similar Organizations	% of Total Income	Nature Of Business Not Allocable	% of Total Income
<b>Total income sources (receipts)</b>								
Business receipts	\$ 889,902	98.7%	\$ 287,944	75.2%	\$ 11,215	100.0%	\$ 34,770	100.0%
Ordinary income from partnerships and fiduciaries	\$ 231	0.0%	\$ 4,200	1.1%	\$ -	0.0%	\$ -	0.0%
Farm net profit	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net gain, noncapital assets	\$ 1,825	0.2%	\$ 3,094	0.8%	\$ -	0.0%	\$ -	0.0%
Other income	\$ 9,875	1.1%	\$ 87,477	22.9%	\$ -	0.0%	\$ -	0.0%
<b>Total income (receipts)</b>	<b>\$ 901,834</b>	<b>100.0%</b>	<b>\$ 382,715</b>	<b>100.0%</b>	<b>\$ 11,215</b>	<b>100.0%</b>	<b>\$ 34,770</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>								
Cost of good sold	\$ 566,658	62.8%	\$ 66,928	17.5%	\$ -	0.0%	\$ 32,631	93.8%
Cost of Labor	\$ 57,128	6.3%	\$ 8,370	2.2%	\$ -	0.0%	\$ -	0.0%
Salaries and wages	\$ 87,206	9.7%	\$ 71,673	18.7%	\$ -	0.0%	\$ -	0.0%
Guaranteed payments to partners	\$ 9,198	1.0%	\$ 4,944	1.3%	\$ -	0.0%	\$ -	0.0%
Rent paid	\$ 13,643	1.5%	\$ 68,318	17.9%	\$ -	0.0%	\$ 284	0.8%
Interest paid	\$ 12,261	1.4%	\$ 6,701	1.8%	\$ -	0.0%	\$ -	0.0%
Taxes and licenses	\$ 14,362	1.6%	\$ 10,701	2.8%	\$ 1,778	15.9%	\$ -	0.0%
Bad debts	\$ 1,106	0.1%	\$ 531	0.1%	\$ -	0.0%	\$ -	0.0%
Repairs and maintenance	\$ 5,867	0.7%	\$ 3,845	1.0%	\$ -	0.0%	\$ -	0.0%
Depreciation	\$ 26,466	2.9%	\$ 12,487	3.3%	\$ -	0.0%	\$ -	0.0%
Depletion	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 415	0.0%	\$ 400	0.1%	\$ -	0.0%	\$ -	0.0%
Employee benefit programs	\$ 6,530	0.7%	\$ 4,873	1.3%	\$ -	0.0%	\$ -	0.0%
Ordinary loss from other partnerships and fiduciaries	\$ 948	0.1%	\$ 111	0.0%	\$ -	0.0%	\$ 167	0.5%
Farm net loss	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Net loss, noncapital assets	\$ 102	0.0%	\$ 27	0.0%	\$ -	0.0%	\$ -	0.0%
Other deductions	\$ 132,018	14.6%	\$ 117,124	30.6%	\$ 16,898	150.7%	\$ 483	1.4%
<b>Total business expenses (deductions)</b>	<b>\$ 876,780</b>	<b>97.2%</b>	<b>\$ 368,663</b>	<b>96.3%</b>	<b>\$ 18,675</b>	<b>166.5%</b>	<b>\$ 33,566</b>	<b>96.5%</b>
<b>Net Income</b>	<b>\$ 25,054</b>	<b>2.8%</b>	<b>\$ 14,051</b>	<b>3.7%</b>	<b>\$ (7,460)</b>	<b>-66.5%</b>	<b>\$ 1,204</b>	<b>3.5%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>								
Total Compensation	\$ 153,532	17.0%	\$ 84,987	22.2%	\$ -	0.0%	\$ -	0.0%
Less: Standard Exemption	\$ 340,000	37.7%	\$ 340,000	88.8%	\$ 340,000	3031.7%	\$ 340,000	977.9%
Less: Employer Paid Health Care Deduction	\$ 12,176	1.4%	\$ 6,740	1.8%	\$ -	0.0%	\$ -	0.0%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>								
Adjusted Total Revenue	\$ 900,728	99.9%	\$ 382,184	99.9%	\$ 11,215	100.0%	\$ 34,770	100.0%
Margin Calculation #1, 30% Standard Deduction	\$ 270,218	30.0%	\$ 114,655	30.0%	\$ 3,364	30.0%	\$ 10,431	30.0%
Margin Calculation #2, Compensation	\$ 178,585	19.8%	\$ 99,039	25.9%	\$ (7,460)	-66.5%	\$ 1,204	3.5%
Margin Calculation #3, Cost of Goods Sold	\$ 566,658	62.8%	\$ 66,928	17.5%	\$ -	0.0%	\$ 32,631	93.8%
Gross Taxable Margin	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

# **Appendix D**

## **Estimated Margin Tax Liability for Partnership Taxpayers by Total Assets Range**



**Appendix D | Estimated Margin Tax Liability for Partnership Taxpayers**

Estimates based on Business Receipts Ranges for 2011 Tax Return for  
All Partnership Filers

	% of Total		Under Zero % of Total		% of Total		\$1		\$50,000	
	All Returns	Income	Assets	Income	Zero Assets	Income	Under \$50,000	% of Total	Under \$100,000	% of Total
<b>Total income sources (receipts)</b>										
Business receipts	\$ 1,355,960	93.0%	\$ 268,517	79.8%	\$ 157,414	88.9%	\$ 164,706	94.8%	\$ 280,013	96.9%
Ordinary income from other partnerships and fiduciaries	\$ 29,836	2.0%	\$ 56,272	16.7%	\$ 2,338	1.3%	\$ 1,615	0.9%	\$ 3,106	1.1%
Farm net profit	\$ 2,622	0.2%	\$ 422	0.1%	\$ 1,505	0.8%	\$ 868	0.5%	\$ -	0.0%
Net gain, noncapital assets	\$ 6,497	0.4%	\$ 4,136	1.2%	\$ 3,289	1.9%	\$ 605	0.3%	\$ 1,899	0.7%
Other income	\$ 62,460	4.3%	\$ 7,285	2.2%	\$ 12,614	7.1%	\$ 5,925	3.4%	\$ 3,966	1.4%
<b>Total income (receipts)</b>	<b>\$ 1,457,375</b>	<b>100.0%</b>	<b>\$ 336,632</b>	<b>100.0%</b>	<b>\$ 177,161</b>	<b>100.0%</b>	<b>\$ 173,718</b>	<b>100.0%</b>	<b>\$ 288,983</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>										
Cost of good sold	\$ 831,516	57.1%	\$ 133,026	39.5%	\$ 88,536	50.0%	\$ 53,190	30.6%	\$ 96,705	33.5%
Cost of Labor	\$ 34,653	2.4%	\$ 6,425	1.9%	\$ 4,941	2.8%	\$ 5,219	3.0%	\$ 6,505	2.3%
Salaries and wages	\$ 132,594	9.1%	\$ 19,123	5.7%	\$ 14,253	8.0%	\$ 24,482	14.1%	\$ 49,728	17.2%
Guaranteed payments to partners	\$ 16,291	1.1%	\$ 2,661	0.8%	\$ 2,762	1.6%	\$ 10,440	6.0%	\$ 11,654	4.0%
Rent paid	\$ 24,536	1.7%	\$ 4,183	1.2%	\$ 4,581	2.6%	\$ 6,863	4.0%	\$ 12,884	4.5%
Interest paid	\$ 24,727	1.7%	\$ 3,161	0.9%	\$ 2,894	1.6%	\$ 1,006	0.6%	\$ 1,054	0.4%
Taxes and licenses	\$ 20,965	1.4%	\$ 2,154	0.6%	\$ 2,887	1.6%	\$ 2,743	1.6%	\$ 6,110	2.1%
Bad debts	\$ 4,502	0.3%	\$ 123	0.0%	\$ 1,117	0.6%	\$ 413	0.2%	\$ 148	0.1%
Repairs and maintenance	\$ 7,571	0.5%	\$ 1,455	0.4%	\$ 1,208	0.7%	\$ 1,212	0.7%	\$ 2,174	0.8%
Depreciation	\$ 52,438	3.6%	\$ 1,958	0.6%	\$ 4,325	2.4%	\$ 2,123	1.2%	\$ 6,982	2.4%
Depletion	\$ 383	0.0%	\$ -	0.0%	\$ 184	0.1%	\$ -	0.0%	\$ -	0.0%
Retirement plans, etc.	\$ 4,127	0.3%	\$ 523	0.2%	\$ 197	0.1%	\$ 203	0.1%	\$ 820	0.3%
Employee benefit programs	\$ 9,175	0.6%	\$ 974	0.3%	\$ 922	0.5%	\$ 804	0.5%	\$ 1,499	0.5%
Ordinary loss from other partnerships and fiduciaries	\$ 20,000	1.4%	\$ 118,501	35.2%	\$ 3,579	2.0%	\$ 2,484	1.4%	\$ 1,250	0.4%
Farm net loss	\$ 1,954	0.1%	\$ 3,042	0.9%	\$ 356	0.2%	\$ 563	0.3%	\$ -	0.0%
Net loss, noncapital assets	\$ 2,252	0.2%	\$ -	0.0%	\$ 2,826	1.6%	\$ 639	0.4%	\$ 41	0.0%
Other deductions	\$ 226,494	15.5%	\$ 51,367	15.3%	\$ 43,417	24.5%	\$ 50,248	28.9%	\$ 66,772	23.1%
<b>Total business expenses (deductions)</b>	<b>\$ 1,379,525</b>	<b>94.7%</b>	<b>\$ 342,250</b>	<b>101.7%</b>	<b>\$ 174,042</b>	<b>98.2%</b>	<b>\$ 157,413</b>	<b>90.6%</b>	<b>\$ 257,822</b>	<b>89.2%</b>
<b>Net Income</b>	<b>\$ 77,850</b>	<b>5.3%</b>	<b>\$ (5,619)</b>	<b>-1.7%</b>	<b>\$ 3,119</b>	<b>1.8%</b>	<b>\$ 16,305</b>	<b>9.4%</b>	<b>\$ 31,161</b>	<b>10.8%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>										
Total Compensation	\$ 183,538	12.6%	\$ 28,209	8.4%	\$ 21,956	12.4%	\$ 40,141	23.1%	\$ 67,887	23.5%
Less: Standard Exemption	\$ 340,000	23.3%	\$ 340,000	101.0%	\$ 340,000	191.9%	\$ 340,000	195.7%	\$ 340,000	117.7%
Less: Employer Paid Health Care Deduction	\$ 14,556	1.0%	\$ 2,237	0.7%	\$ 1,741	1.0%	\$ 3,183	1.8%	\$ 5,384	1.9%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	1.170%		1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>										
Total Revenue	\$ 1,452,873	99.7%	\$ 336,509	100.0%	\$ 176,044	99.4%	\$ 173,305	99.8%	\$ 288,835	99.9%
Margin Calculation #1, 30% Standard Deduction	\$ 435,862	29.9%	\$ 100,953	30.0%	\$ 52,813	29.8%	\$ 51,992	29.9%	\$ 86,650	30.0%
Margin Calculation #2, Cost Compensation	\$ 261,388	17.9%	\$ 22,590	6.7%	\$ 25,075	14.2%	\$ 56,447	32.5%	\$ 99,049	34.3%
Margin Calculation #3, Cost of Goods Sold	\$ 831,516	57.1%	\$ 133,026	39.5%	\$ 88,536	50.0%	\$ 53,190	30.6%	\$ 96,705	33.5%
Gross Taxable Margin	\$ 621,357	42.6%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 12,427</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Net Margin Tax Liability</b>	<b>\$ 12,427</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 12,427</b>	<b>0.9%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix D | Estimated Margin Tax Liability for Partnership Taxpayers**

Estimates based on Business Receipts Ranges for 2011 Tax Return for  
All Partnership Filers

	\$100,000		\$500,000		\$1,000,000		\$5,000,000		\$10,000,000	
	Under \$100,000	% of Total Income	Under \$1,000,000	% of Total Income	Under \$5,000,000	% of Total Income	Under \$25,000,000	% of Total Income	Under \$25,000,000	% of Total Income
<b>Total income sources (receipts)</b>										
Business receipts	\$ 315,397	95.3%	\$ 366,773	93.5%	\$ 850,286	95.0%	\$ 1,824,283	94.6%	\$ 4,204,810	93.2%
Ordinary income from other partnerships and fiduciaries	\$ 3,581	1.1%	\$ 6,939	1.8%	\$ 10,141	1.1%	\$ 33,177	1.7%	\$ 92,351	2.0%
Farm net profit	\$ 2,863	0.9%	\$ 4,876	1.2%	\$ 3,408	0.4%	\$ 3,588	0.2%	\$ 7,410	0.2%
Net gain, noncapital assets	\$ 764	0.2%	\$ 3,994	1.0%	\$ 4,014	0.4%	\$ 8,124	0.4%	\$ 35,610	0.8%
Other income	\$ 8,238	2.5%	\$ 9,792	2.5%	\$ 26,871	3.0%	\$ 58,748	3.0%	\$ 173,299	3.8%
<b>Total income (receipts)</b>	<b>\$ 330,843</b>	<b>100.0%</b>	<b>\$ 392,374</b>	<b>100.0%</b>	<b>\$ 894,720</b>	<b>100.0%</b>	<b>\$ 1,927,920</b>	<b>100.0%</b>	<b>\$ 4,513,479</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>										
Cost of good sold	\$ 120,898	36.5%	\$ 165,729	42.2%	\$ 515,199	57.6%	\$ 1,055,230	54.7%	\$ 2,557,162	56.7%
Cost of Labor	\$ 12,371	3.7%	\$ 14,624	3.7%	\$ 28,808	3.2%	\$ 73,219	3.8%	\$ 163,933	3.6%
Salaries and wages	\$ 52,578	15.9%	\$ 57,752	14.7%	\$ 102,719	11.5%	\$ 230,351	11.9%	\$ 492,464	10.9%
Guaranteed payments to partners	\$ 13,996	4.2%	\$ 10,202	2.6%	\$ 15,048	1.7%	\$ 22,040	1.1%	\$ 43,850	1.0%
Rent paid	\$ 16,042	4.8%	\$ 13,842	3.5%	\$ 20,030	2.2%	\$ 44,859	2.3%	\$ 80,436	1.8%
Interest paid	\$ 2,281	0.7%	\$ 3,538	0.9%	\$ 10,147	1.1%	\$ 32,166	1.7%	\$ 71,677	1.6%
Taxes and licenses	\$ 7,007	2.1%	\$ 8,838	2.3%	\$ 14,016	1.6%	\$ 34,047	1.8%	\$ 67,522	1.5%
Bad debts	\$ 772	0.2%	\$ 864	0.2%	\$ 2,932	0.3%	\$ 6,478	0.3%	\$ 14,617	0.3%
Repairs and maintenance	\$ 2,539	0.8%	\$ 3,197	0.8%	\$ 5,473	0.6%	\$ 11,207	0.6%	\$ 21,524	0.5%
Depreciation	\$ 6,905	2.1%	\$ 9,777	2.5%	\$ 19,179	2.1%	\$ 47,632	2.5%	\$ 117,809	2.6%
Depletion	\$ 1	0.0%	\$ 5	0.0%	\$ 9	0.0%	\$ 518	0.0%	\$ 270	0.0%
Retirement plans, etc.	\$ 822	0.2%	\$ 1,057	0.3%	\$ 1,435	0.2%	\$ 3,354	0.2%	\$ 7,967	0.2%
Employee benefit programs	\$ 1,891	0.6%	\$ 2,413	0.6%	\$ 5,844	0.7%	\$ 15,244	0.8%	\$ 32,695	0.7%
Ordinary loss from other partnerships and fiduciaries	\$ 3,943	1.2%	\$ 5,926	1.5%	\$ 11,769	1.3%	\$ 19,418	1.0%	\$ 71,860	1.6%
Farm net loss	\$ 545	0.2%	\$ 1,432	0.4%	\$ 3,957	0.4%	\$ 6,077	0.3%	\$ 10,957	0.2%
Net loss, noncapital assets	\$ 374	0.1%	\$ 594	0.2%	\$ 1,424	0.2%	\$ 3,184	0.2%	\$ 8,076	0.2%
Other deductions	\$ 73,478	22.2%	\$ 77,350	19.7%	\$ 131,715	14.7%	\$ 298,518	15.5%	\$ 689,021	15.3%
<b>Total business expenses (deductions)</b>	<b>\$ 304,074</b>	<b>91.9%</b>	<b>\$ 362,515</b>	<b>92.4%</b>	<b>\$ 860,895</b>	<b>96.2%</b>	<b>\$ 1,830,321</b>	<b>94.9%</b>	<b>\$ 4,287,908</b>	<b>95.0%</b>
<b>Net Income</b>	<b>\$ 26,768</b>	<b>8.1%</b>	<b>\$ 29,859</b>	<b>7.6%</b>	<b>\$ 33,825</b>	<b>3.8%</b>	<b>\$ 97,598</b>	<b>5.1%</b>	<b>\$ 225,571</b>	<b>5.0%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>										
Total Compensation	\$ 78,946	23.9%	\$ 82,578	21.0%	\$ 146,575	16.4%	\$ 325,610	16.9%	\$ 700,247	15.5%
Less: Standard Exemption	\$ 340,000	102.8%	\$ 340,000	86.7%	\$ 340,000	38.0%	\$ 340,000	17.6%	\$ 340,000	7.5%
Less: Employer Paid Health Care Deduction	\$ 6,261	1.9%	\$ 6,549	1.7%	\$ 11,624	1.3%	\$ 25,823	1.3%	\$ 55,534	1.2%
Net Taxable Compensation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 304,713	6.8%
Tax Rate	1.170%		1.170%		1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 3,565</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>										
Total Revenue	\$ 330,070	99.8%	\$ 391,511	99.8%	\$ 891,788	99.7%	\$ 1,921,442	99.7%	\$ 4,498,862	99.7%
Margin Calculation #1, 30% Standard Deduction	\$ 99,021	29.9%	\$ 117,453	29.9%	\$ 267,536	29.9%	\$ 576,433	29.9%	\$ 1,349,659	29.9%
Margin Calculation #2, Cost Compensation	\$ 105,714	32.0%	\$ 112,437	28.7%	\$ 180,399	20.2%	\$ 423,208	22.0%	\$ 925,818	20.5%
Margin Calculation #3, Cost of Goods Sold	\$ 120,898	36.5%	\$ 165,729	42.2%	\$ 515,199	57.6%	\$ 1,055,230	54.7%	\$ 2,557,162	56.7%
Gross Taxable Margin	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 866,212	44.9%	\$ 1,941,700	43.0%
Tax Rate	2.000%		2.000%		2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 17,324</b>	<b>0.9%</b>	<b>\$ 38,834</b>	<b>0.9%</b>
Less: Modified Business Tax Liability	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 3,565	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 17,324</b>	<b>0.9%</b>	<b>\$ 35,269</b>	<b>0.8%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 17,324</b>	<b>0.9%</b>	<b>\$ 38,834</b>	<b>0.9%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.

**Appendix D | Estimated Margin Tax Liability for Partnership Taxpayers**

Estimates based on Business Receipts Ranges for 2011 Tax Return for  
All Partnership Filers

	\$25,000,000		\$50,000,000		\$100,000,000	
	Under \$50,000,000	% of Total Income	Under \$100,000,000	% of Total Income	Or More	% of Total Income
<b>Total income sources (receipts)</b>						
Business receipts	\$ 9,108,108	91.7%	\$ 16,782,922	92.1%	\$ 115,780,587	92.7%
Ordinary income from other partnerships and fiduciaries	\$ 279,816	2.8%	\$ 473,201	2.6%	\$ 2,776,545	2.2%
Farm net profit	\$ 8,338	0.1%	\$ 12,370	0.1%	\$ 16,530	0.0%
Net gain, noncapital assets	\$ 74,109	0.7%	\$ 85,625	0.5%	\$ 343,129	0.3%
Other income	\$ 465,723	4.7%	\$ 866,565	4.8%	\$ 5,954,356	4.8%
<b>Total income (receipts)</b>	<b>\$ 9,936,095</b>	<b>100.0%</b>	<b>\$ 18,220,683</b>	<b>100.0%</b>	<b>\$ 124,871,147</b>	<b>100.0%</b>
<b>Business expenses (deductions)</b>						
Cost of good sold	\$ 5,670,786	57.1%	\$ 10,207,021	56.0%	\$ 76,840,481	61.5%
Cost of Labor	\$ 330,251	3.3%	\$ 566,024	3.1%	\$ 1,934,449	1.5%
Salaries and wages	\$ 1,035,129	10.4%	\$ 1,872,257	10.3%	\$ 8,541,810	6.8%
Guaranteed payments to partners	\$ 93,139	0.9%	\$ 178,776	1.0%	\$ 614,622	0.5%
Rent paid	\$ 164,458	1.7%	\$ 298,091	1.6%	\$ 1,238,151	1.0%
Interest paid	\$ 152,753	1.5%	\$ 312,258	1.7%	\$ 2,529,769	2.0%
Taxes and licenses	\$ 142,981	1.4%	\$ 239,379	1.3%	\$ 1,589,227	1.3%
Bad debts	\$ 33,599	0.3%	\$ 97,241	0.5%	\$ 344,273	0.3%
Repairs and maintenance	\$ 50,687	0.5%	\$ 96,661	0.5%	\$ 559,851	0.4%
Depreciation	\$ 275,567	2.8%	\$ 621,746	3.4%	\$ 5,693,605	4.6%
Depletion	\$ 2,305	0.0%	\$ 2,135	0.0%	\$ 44,826	0.0%
Retirement plans, etc.	\$ 15,685	0.2%	\$ 38,671	0.2%	\$ 460,866	0.4%
Employee benefit programs	\$ 68,875	0.7%	\$ 137,138	0.8%	\$ 750,614	0.6%
Ordinary loss from other partnerships and fiduciaries	\$ 167,991	1.7%	\$ 279,870	1.5%	\$ 1,430,909	1.1%
Farm net loss	\$ 16,073	0.2%	\$ 16,200	0.1%	\$ 29,639	0.0%
Net loss, noncapital assets	\$ 13,674	0.1%	\$ 15,638	0.1%	\$ 95,766	0.1%
Other deductions	\$ 1,407,961	14.2%	\$ 2,564,344	14.1%	\$ 17,715,681	14.2%
<b>Total business expenses (deductions)</b>	<b>\$ 9,311,663</b>	<b>93.7%</b>	<b>\$ 16,977,427</b>	<b>93.2%</b>	<b>\$ 118,480,090</b>	<b>94.9%</b>
<b>Net Income</b>	<b>\$ 624,432</b>	<b>6.3%</b>	<b>\$ 1,243,256</b>	<b>6.8%</b>	<b>\$ 6,391,057</b>	<b>5.1%</b>
<b>Scenario 1: Status Quo, Modified Business Tax (MBT) (@1.17%, \$340,000 Standard Exemption)</b>						
Total Compensation	\$ 1,458,519	14.7%	\$ 2,617,057	14.4%	\$ 11,090,881	8.9%
Less: Standard Exemption	\$ 340,000	3.4%	\$ 340,000	1.9%	\$ 340,000	0.3%
Less: Employer Paid Health Care Deduction	\$ 115,669	1.2%	\$ 207,548	1.1%	\$ 879,572	0.7%
Net Taxable Compensation	\$ 1,002,850	10.1%	\$ 2,069,509	11.4%	\$ 9,871,309	7.9%
Tax Rate	1.170%		1.170%		1.170%	
<b>Estimated Tax Liability</b>	<b>\$ 11,733</b>	<b>0.1%</b>	<b>\$ 24,213</b>	<b>0.1%</b>	<b>\$ 115,494</b>	<b>0.1%</b>
<b>Scenario 2: Nevada Margin Tax (@2.0%, Credit for MBT Paid)</b>						
Total Revenue	\$ 9,902,496	99.7%	\$ 18,123,442	99.5%	\$ 124,526,874	99.7%
Margin Calculation #1, 30% Standard Deduction	\$ 2,970,749	29.9%	\$ 5,437,033	29.8%	\$ 37,358,062	29.9%
Margin Calculation #2, Cost Compensation	\$ 2,082,951	21.0%	\$ 3,860,313	21.2%	\$ 17,481,938	14.0%
Margin Calculation #3, Cost of Goods Sold	\$ 5,670,786	57.1%	\$ 10,207,021	56.0%	\$ 76,840,481	61.5%
Gross Taxable Margin	\$ 4,231,710	42.6%	\$ 7,916,421	43.4%	\$ 47,686,393	38.2%
Tax Rate	2.000%		2.000%		2.000%	
<b>Gross Margin Tax Liability</b>	<b>\$ 84,634</b>	<b>0.9%</b>	<b>\$ 158,328</b>	<b>0.9%</b>	<b>\$ 953,728</b>	<b>0.8%</b>
Less: Modified Business Tax Liability	\$ 11,733	0.1%	\$ 24,213	0.1%	\$ 115,494	0.1%
<b>Net Margin Tax Liability</b>	<b>\$ 72,901</b>	<b>0.7%</b>	<b>\$ 134,115</b>	<b>0.7%</b>	<b>\$ 838,234</b>	<b>0.7%</b>
<b>Combined Nevada Business Tax Liability (MBT + Margin Tax)</b>	<b>\$ 84,634</b>	<b>0.9%</b>	<b>\$ 158,328</b>	<b>0.9%</b>	<b>\$ 953,728</b>	<b>0.8%</b>

Source: Applied Analysis based on 2011 partnership income tax data obtained from the United States Internal Revenue Service.