

SENATE BILL NO. 455—SENATORS FARLEY, CANNIZZARO,  
SPEARMAN, WOODHOUSE, PARKS; CANCELA, MANENDO  
AND SEGERBLOM

MARCH 27, 2017

Referred to Committee on Revenue and  
Economic Development

SUMMARY—Authorizes tax credits for employers who assist  
employees in paying for child care. (BDR 32-1006)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to taxation; authorizing an employer to receive a credit against the payroll taxes imposed on the employer if the employer provides certain monetary assistance to employees for child care; requiring the Division of Public and Behavioral Health of the Department of Health and Human Services to make available to businesses in this State information related to worksite wellness and family-friendly policies; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law imposes a tax, commonly known as the modified business tax, on  
2 financial institutions and other businesses based on the amount of wages paid to  
3 employees each calendar quarter. (NRS 363A.130, 363B.110) **Sections 1-4** of this  
4 bill entitle an employer to receive a credit against the modified business tax if the  
5 employer pays money to the Division of Welfare and Supportive Services of the  
6 Department of Health and Human Services for the purpose of providing child care  
7 assistance to an employee. To qualify for the credit, the employee for whom the  
8 assistance is provided must: (1) have a household income that does not exceed 85  
9 percent of the median income in this State; (2) be determined eligible for the  
10 Program for Child Care and Development by the Division; (3) use the assistance for  
11 the purpose of providing child care to a dependent child who is less than 13 years  
12 of age; (4) select a provider of child care who participates in the Quality Rating and  
13 Improvement System administered by the Office of Early Learning and  
14 Development of the Department of Education; and (5) pay directly to the provider  
15 of child care any portion of the cost of the child care that is not covered by the  
16 employer. Under **sections 1 and 3**: (1) the amount of the credit is equal to 50



\* S B 4 5 5 R 1 \*

17 percent of the amount paid by the employer to the Division but the amount of the  
18 credit must not exceed \$5,000 per employee per year; and (2) any unused credits  
19 may be carried forward for 5 years. To claim the tax credit, **sections 1 and 3**  
20 require the employer to notify the Division and, upon receipt of that notice and  
21 determining that the employer is qualified for the credit, the Division is required to  
22 apply to the Department of Taxation for approval of the credit. If the Department of  
23 Taxation approves the application, the Division is required to: (1) notify the  
24 taxpayer of the approval of the credit; and (2) notify the Department of Taxation of  
25 payments made to the entity by the taxpayer within 30 days after receipt of the  
26 payment. Finally, **sections 1 and 3** limit the total amount of credit which may be  
27 awarded to taxpayers to: (1) for Fiscal Years 2017-2018 and 2018-2019,  
28 \$5,000,000 and \$5,500,000, respectively; and (2) for subsequent fiscal years, an  
29 amount equal to 110 percent of the amount authorized for the immediately  
30 preceding fiscal year.

31 **Section 5** of this bill requires the Division of Public and Behavioral Health of  
32 the Department of Health and Human Services to make available to businesses in  
33 this State information concerning worksite wellness and family-friendly policies,  
34 including, without limitation, information concerning the tax credits established by  
35 **sections 1 and 3**.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 363A of NRS is hereby amended by  
2 adding thereto a new section to read as follows:

3 *1. Except as otherwise provided in subsection 2, any taxpayer*  
4 *who is required to pay a tax pursuant to NRS 363A.130 may*  
5 *receive a credit against the tax otherwise due based on the amount*  
6 *paid by the employer to the Division for the purpose of assisting an*  
7 *employee who meets the qualifications of subsection 3 in paying*  
8 *for the cost of child care.*

9 *2. No amount paid by an employer for child care assistance*  
10 *pursuant to subsection 1 may qualify for the credit authorized by*  
11 *that subsection if the amount was paid pursuant to a salary*  
12 *reduction plan.*

13 *3. To receive the credit authorized by subsection 1, an*  
14 *employee for whom the taxpayer provides assistance in paying for*  
15 *the cost of child care must:*

16 *(a) Have a household income that does not exceed 85 percent*  
17 *of the median household income in this State;*

18 *(b) Be determined eligible for the Program for Child Care and*  
19 *Development, as defined in NRS 422A.055, by the Division;*

20 *(c) Use the child care assistance for a dependent child who is*  
21 *less than 13 years of age;*

22 *(d) Select a provider of child care who participates in the*  
23 *Quality Rating and Improvement System administered by the*  
24 *Office of Early Learning and Development of the Department of*  
25 *Education; and*



1 (e) Pay directly to the provider of child care any portion of the  
2 cost of child care not paid by the taxpayer.

3 4. To receive the credit authorized by subsection 1, a taxpayer  
4 must apply to the Division in the manner prescribed by the  
5 Division. The Division shall use the application to verify the  
6 taxpayer's intent to qualify for the credit authorized by subsection  
7 1. Upon receipt of the application, the Division, after determining  
8 that the requirements of subsections 2 and 3 are satisfied, shall  
9 apply to the Department of Taxation for approval of the credit  
10 authorized by subsection 1. The Department of Taxation shall,  
11 within 20 days after receiving an application, approve or deny the  
12 application and provide to the Division notice of the decision and,  
13 if the application is approved, the amount of the credit authorized.  
14 Upon receipt of the notice from the Department of Taxation, the  
15 Division shall provide notice of the approval to the taxpayer. If the  
16 taxpayer does not make the payment to the Division within 30 days  
17 after receiving the notice, the Division shall provide notice of the  
18 failure to the Department of Taxation and the taxpayer forfeits  
19 any claim to the credit authorized by subsection 1.

20 5. Upon receipt of a payment from a taxpayer who received a  
21 notice of approval, the Division shall:

22 (a) Provide notice of the payment to the Department of  
23 Taxation within 30 days after receipt of the payment; and

24 (b) Transfer the payment received from the taxpayer directly to  
25 the provider of child care.

26 6. The Department of Taxation shall approve or deny an  
27 application for the credit authorized by subsection 1 in the order  
28 in which such applications are received. The Department may, for  
29 each fiscal year, approve applications for the credits authorized by  
30 subsection 1 and subsection 1 of section 3 of this act in an amount  
31 not to exceed:

32 (a) For Fiscal Year 2017-2018, \$5,000,000;

33 (b) For Fiscal Year 2018-2019, \$5,500,000; and

34 (c) For each succeeding fiscal year, an amount equal to 110  
35 percent of the amount authorized for the immediately preceding  
36 fiscal year.

37 7. If a taxpayer applies for and is approved for a credit  
38 authorized by subsection 1, the amount of the credit is equal to the  
39 amount approved by the Department of Taxation, which must not  
40 exceed the lesser of:

41 (a) Fifty percent of the amount paid to the Division during the  
42 calendar quarter for which the tax is due, for the purpose of  
43 assisting an employee who meets the qualifications set forth in  
44 subsection 3 in paying for the cost of child care; or

45 (b) Five thousand dollars per employee per year.



1       8. *A credit described in this section must not be applied*  
2 *retroactively.*

3       9. *If the amount of a credit described in this section exceeds*  
4 *the tax liability of the taxpayer for the calendar quarter in which*  
5 *the credit is claimed, the excess amount of the credit may be*  
6 *carried forward and applied to the tax liability of the taxpayer for*  
7 *the next following calendar quarter or calendar quarters for*  
8 *which the taxpayer has a tax liability, except that any credit or the*  
9 *excess amount of any credit expires on the date that is 5 years*  
10 *after the end of the calendar quarter in which the credit is claimed*  
11 *and must not be applied to any tax liability of the taxpayer*  
12 *incurred on or after that date. If excess amounts of credits for*  
13 *more than one calendar quarter are carried forward by a taxpayer*  
14 *pursuant to this subsection, the excess amount of the credit from*  
15 *the earliest calendar quarter must be applied first.*

16       10. *As used in this section, "Division" means the Division of*  
17 *Welfare and Supportive Services of the Department of Health and*  
18 *Human Services.*

19       **Sec. 2.** NRS 363A.130 is hereby amended to read as follows:

20       363A.130 1. Except as otherwise provided in NRS 360.203,  
21 there is hereby imposed an excise tax on each employer at the rate  
22 of 2 percent of the wages, as defined in NRS 612.190, paid by the  
23 employer during a calendar quarter with respect to employment in  
24 connection with the business activities of the employer.

25       2. The tax imposed by this section:

26       (a) Does not apply to any person or other entity or any wages  
27 this State is prohibited from taxing under the Constitution, laws or  
28 treaties of the United States or the Nevada Constitution.

29       (b) Must not be deducted, in whole or in part, from any wages of  
30 persons in the employment of the employer.

31       3. Each employer shall, on or before the last day of the month  
32 immediately following each calendar quarter for which the  
33 employer is required to pay a contribution pursuant to  
34 NRS 612.535:

35       (a) File with the Department a return on a form prescribed by  
36 the Department; and

37       (b) Remit to the Department any tax due pursuant to this section  
38 for that calendar quarter.

39       4. In determining the amount of the tax due pursuant to this  
40 section, an employer is entitled to subtract from the amount  
41 calculated pursuant to subsection 1 a credit in an amount equal to 50  
42 percent of the amount of the commerce tax paid by the employer  
43 pursuant to chapter 363C of NRS for the preceding taxable year.  
44 The credit may only be used for any of the 4 calendar quarters  
45 immediately following the end of the taxable year for which the



1 commerce tax was paid. The amount of credit used for a calendar  
2 quarter may not exceed the amount calculated pursuant to  
3 subsection 1 for that calendar quarter. Any unused credit may not be  
4 carried forward beyond the fourth calendar quarter immediately  
5 following the end of the taxable year for which the commerce tax  
6 was paid, and a taxpayer is not entitled to a refund of any unused  
7 credit.

8 5. An employer who makes a donation of money to a  
9 scholarship organization during the calendar quarter for which a  
10 return is filed pursuant to this section is entitled, in accordance with  
11 NRS 363A.139, to a credit equal to the amount authorized pursuant  
12 to NRS 363A.139 against any tax otherwise due pursuant to this  
13 section. As used in this subsection, "scholarship organization" has  
14 the meaning ascribed to it in NRS 388D.260.

15 *6. An employer who, during the calendar quarter for which a*  
16 *return is filed pursuant to this section, makes a payment of money*  
17 *which qualifies for a credit pursuant to section 1 of this act is*  
18 *entitled to a credit equal to the amount authorized pursuant to*  
19 *section 1 of this act against any tax otherwise due pursuant to this*  
20 *section.*

21 **Sec. 3.** Chapter 363B of NRS is hereby amended by adding  
22 thereto a new section to read as follows:

23 *1. Except as otherwise provided in subsection 2, any taxpayer*  
24 *who is required to pay a tax pursuant to NRS 363B.110 may*  
25 *receive a credit against the tax otherwise due based on the amount*  
26 *paid to the Division for the purpose of assisting an employee who*  
27 *meets the qualifications of subsection 3 in paying for the cost of*  
28 *child care.*

29 *2. No amount paid by an employer for child care assistance*  
30 *pursuant to subsection 1 may qualify for the credit authorized by*  
31 *that subsection if the amount was paid pursuant to a salary*  
32 *reduction plan.*

33 *3. To receive the credit authorized by subsection 1, an*  
34 *employee for whom the taxpayer provides assistance in paying for*  
35 *the cost of child care must:*

36 *(a) Have a household income that does not exceed 85 percent*  
37 *of the median household income in this State;*

38 *(b) Be determined eligible for the Program for Child Care and*  
39 *Development, as defined in NRS 422A.055, by the Division;*

40 *(c) Use the child care assistance for a dependent child who is*  
41 *less than 13 years of age;*

42 *(d) Select a provider of child care who participates in the*  
43 *Quality Rating and Improvement System administered by the*  
44 *Office of Early Learning and Development of the Department of*  
45 *Education; and*



1 (e) Pay directly to the provider of child care any portion of the  
2 cost of child care not paid by the taxpayer.

3 4. To receive the credit authorized by subsection 1, a taxpayer  
4 must apply to the Division in the manner prescribed by the  
5 Division. The Division shall use the application to verify the  
6 taxpayer's intent to qualify for the credit authorized by subsection  
7 1. Upon receipt of the application, the Division, after determining  
8 that the requirements of subsections 2 and 3 are satisfied, shall  
9 apply to the Department of Taxation for approval of the credit  
10 authorized by subsection 1. The Department of Taxation shall,  
11 within 20 days after receiving an application, approve or deny the  
12 application and provide to the Division notice of the decision and,  
13 if the application is approved, the amount of the credit authorized.  
14 Upon receipt of the notice from the Department of Taxation, the  
15 Division shall provide notice of the approval to the taxpayer. If the  
16 taxpayer does not make the payment to the Division within 30 days  
17 after receiving the notice, the Division shall provide notice of the  
18 failure to the Department of Taxation and the taxpayer forfeits  
19 any claim to the credit authorized by subsection 1.

20 5. Upon receipt of a payment from a taxpayer who received a  
21 notice of approval, the Division shall:

22 (a) Provide notice of the payment to the Department of  
23 Taxation within 30 days after receipt of the payment; and

24 (b) Transfer the payment received from the taxpayer directly to  
25 the provider of child care.

26 6. The Department of Taxation shall approve or deny an  
27 application for the credit authorized by subsection 1 in the order  
28 in which such applications are received. The Department may, for  
29 each fiscal year, approve applications for the credits authorized by  
30 subsection 1 and subsection 1 of section 1 of this act in an amount  
31 not to exceed:

32 (a) For Fiscal Year 2017-2018, \$5,000,000;

33 (b) For Fiscal Year 2018-2019, \$5,500,000; and

34 (c) For each succeeding fiscal year, an amount equal to 110  
35 percent of the amount authorized for the immediately preceding  
36 fiscal year.

37 7. If a taxpayer applies for and is approved for a credit  
38 authorized by subsection 1, the amount of the credit is equal to the  
39 amount approved by the Department of Taxation, which must not  
40 exceed the lesser of:

41 (a) Fifty percent of the amount paid to the Division during the  
42 calendar quarter for which the tax is due, for the purpose of  
43 assisting an employee who meets the qualifications set forth in  
44 subsection 3 in paying for the cost of child care; or

45 (b) Five thousand dollars per employee per year.



1       8. *A credit described in this section must not be applied*  
2 *retroactively.*

3       9. *If the amount of a credit described in this section exceeds*  
4 *the tax liability of the taxpayer for the calendar quarter in which*  
5 *the credit is claimed, the excess amount of the credit may be*  
6 *carried forward and applied to the tax liability of the taxpayer for*  
7 *the next following calendar quarter or calendar quarters for*  
8 *which the taxpayer has a tax liability, except that any credit or the*  
9 *excess amount of any credit expires on the date that is 5 years*  
10 *after the end of the calendar quarter in which the credit is claimed*  
11 *and must not be applied to any tax liability of the taxpayer*  
12 *incurred on or after that date. If excess amounts of credits for*  
13 *more than one calendar quarter are carried forward by a taxpayer*  
14 *pursuant to this subsection, the excess amount of the credit from*  
15 *the earliest calendar quarter must be applied first.*

16       10. *As used in this section, "Division" means the Division of*  
17 *Welfare and Supportive Services of the Department of Health and*  
18 *Human Services.*

19       **Sec. 4.** NRS 363B.110 is hereby amended to read as follows:

20       363B.110 1. Except as otherwise provided in NRS 360.203,  
21 there is hereby imposed an excise tax on each employer at the rate  
22 of 1.475 percent of the amount by which the sum of all the wages,  
23 as defined in NRS 612.190, paid by the employer during a calendar  
24 quarter with respect to employment in connection with the business  
25 activities of the employer exceeds \$50,000.

26       2. The tax imposed by this section:

27       (a) Does not apply to any person or other entity or any wages  
28 this State is prohibited from taxing under the Constitution, laws or  
29 treaties of the United States or the Nevada Constitution.

30       (b) Must not be deducted, in whole or in part, from any wages of  
31 persons in the employment of the employer.

32       3. Each employer shall, on or before the last day of the month  
33 immediately following each calendar quarter for which the  
34 employer is required to pay a contribution pursuant to  
35 NRS 612.535:

36       (a) File with the Department a return on a form prescribed by  
37 the Department; and

38       (b) Remit to the Department any tax due pursuant to this chapter  
39 for that calendar quarter.

40       4. In determining the amount of the tax due pursuant to this  
41 section, an employer is entitled to subtract from the amount  
42 calculated pursuant to subsection 1 a credit in an amount equal to 50  
43 percent of the amount of the commerce tax paid by the employer  
44 pursuant to chapter 363C of NRS for the preceding taxable year.  
45 The credit may only be used for any of the 4 calendar quarters



1 immediately following the end of the taxable year for which the  
2 commerce tax was paid. The amount of credit used for a calendar  
3 quarter may not exceed the amount calculated pursuant to  
4 subsection 1 for that calendar quarter. Any unused credit may not be  
5 carried forward beyond the fourth calendar quarter immediately  
6 following the end of the taxable year for which the commerce tax  
7 was paid, and a taxpayer is not entitled to a refund of any unused  
8 credit.

9 5. An employer who makes a donation of money to a  
10 scholarship organization during the calendar quarter for which a  
11 return is filed pursuant to this section is entitled, in accordance with  
12 NRS 363B.119, to a credit equal to the amount authorized pursuant  
13 to NRS 363B.119 against any tax otherwise due pursuant to this  
14 section. As used in this subsection, "scholarship organization" has  
15 the meaning ascribed to it in NRS 388D.260.

16 ***6. An employer who, during the calendar quarter for which a  
17 return is filed pursuant to this section, makes a payment of money  
18 which qualifies for a credit pursuant to section 3 of this act is  
19 entitled to a credit equal to the amount authorized pursuant to  
20 section 3 of this act against any tax otherwise due pursuant to this  
21 section.***

22 **Sec. 5.** Chapter 432A of NRS is hereby amended by adding  
23 thereto a new section to read as follows:

24 ***The Division shall make available for businesses in this State  
25 information related to worksite wellness and family-friendly  
26 policies, including, without limitation, information concerning the  
27 tax credit authorized by sections 1 and 3 of this act.***

28 **Sec. 6.** (Deleted by amendment.)

29 **Sec. 7.** This section and sections 1 to 5, inclusive, of this act  
30 become effective upon passage and approval for the purpose of  
31 adopting regulations and performing any other administrative tasks  
32 that are necessary to carry out the provisions of this act and on  
33 January 1, 2018, for all other purposes.

