

ASSEMBLY BILL NO. 243—ASSEMBLYMEN PARNELL, SMITH, DENIS,
BUCKLEY, KIHUEN, KOIVISTO AND MCCLAIN

MARCH 5, 2007

Referred to Committee on Taxation

SUMMARY—Provides for reduction of certain excise taxes payable by employers that make donations to public schools. (BDR 32-117)

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; providing for the reduction of certain excise taxes payable by employers that make donations to public schools in this State; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 1 of this bill provides for a reduction of the payroll tax of 2 percent that is imposed on financial institutions by NRS 363A.130. A financial institution that donates cash or property to a public school in this State may take a deduction for the donation that is equal to the fair market value of the donation, except that the deduction, when combined with all other deductions and abatements applicable to the payroll tax, may not exceed 100 percent of the payroll tax that the financial institution would otherwise pay. If the deduction claimed for an item or group of similar items of donated property is more than \$5,000, the deduction must be supported by a written appraisal.

Section 2 of this bill similarly provides for a reduction of the business tax of 0.63 percent that is imposed on other employers by NRS 363B.110. An employer that donates cash or property to a public school in this State may take a deduction for the donation that is equal to the fair market value of the donation, except that the deduction, when combined with all other deductions and abatements applicable to the business tax, may not exceed 100 percent of the business tax that the financial institution would otherwise pay. If the deduction claimed for an item or group of similar items of donated property is more than \$5,000, the deduction must be supported by a written appraisal.

Section 3 of this bill makes the provisions of this bill expire by limitation on June 30, 2009.



1 WHEREAS, The formation of informal partnerships between
2 businesses and the public schools in this State may be beneficial in
3 providing additional funding and materials helpful in the
4 educational process; and

5 WHEREAS, Such partnerships may improve the educational
6 capacities of the public schools in this State by providing resources
7 to complement the public funding of education, increasing access to
8 new technology and providing greater opportunities for interested
9 pupils through the provision of equipment for enhanced vocational
10 training; and

11 WHEREAS, Such partnerships may benefit pupils by providing
12 pupils with apprenticeship programs, tutoring and mentoring
13 programs to improve academic and job skills, and college and
14 vocational scholarships, thereby assisting pupils to make the
15 transition to college or the workplace and improving their chances
16 of success; and

17 WHEREAS, Such partnerships may result in the enhancement of
18 the corporate images of such businesses locally, statewide and
19 nationally, and reduce the costs to those businesses of recruiting and
20 training qualified employees; and

21 WHEREAS, The provision of contributions of property to the
22 public schools in this State would allow businesses to recycle
23 useful, excess equipment and materials for the benefit of the public
24 schools in an environmentally friendly way; and

25 WHEREAS, Businesses in this State should be encouraged to
26 strengthen the connections between business and education in this
27 State; and

28 WHEREAS, The Nevada Legislature finds and declares that it
29 encourages the formation of such informal partnerships between
30 businesses and public schools in this State; now, therefore,

31
32 THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
33 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:
34

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

37 *1. Except as otherwise provided in subsection 6, an employer*
38 *may, from the total amount of wages reported and upon which the*
39 *excise tax is imposed by NRS 363A.130, deduct any amount*
40 *donated by the employer to public schools in this State in the*
41 *calendar quarter for which the tax is paid. The amounts for which*
42 *the deduction is allowed include donations of cash and property.*

43 *2. Donations of property must be valued based on the fair*
44 *market value of the property on the date of the donation. If the*
45 *deduction claimed for an item or group of similar items of donated*



1 *property is more than \$5,000, the deduction must be supported by*
2 *the written appraisal of a qualified appraiser.*

3 *3. An employer claiming the deduction allowed pursuant to*
4 *this section shall, upon the request of the Department, explain the*
5 *amount claimed to the satisfaction of the Department and provide*
6 *the Department with such documentation as the Department*
7 *deems appropriate for that purpose.*

8 *4. If the amount of the deduction allowed pursuant to this*
9 *section to an employer for a calendar quarter exceeds the amount*
10 *of reported wages for that calendar quarter, the excess amount of*
11 *that deduction may not be carried forward to the following*
12 *calendar quarter.*

13 *5. The deduction allowed pursuant to this section is in*
14 *addition to any other deduction or abatement otherwise provided*
15 *for by law with respect to the tax imposed by NRS 363A.130.*

16 *6. In no case may the amount of a deduction allowed*
17 *pursuant to this section, when combined with all other deductions*
18 *and abatements otherwise provided for by law with respect to the*
19 *tax imposed by NRS 363A.130, exceed 100 percent of the taxes*
20 *otherwise payable by the employer pursuant to NRS 363A.130.*

21 *7. As used in this section, unless the context otherwise*
22 *requires:*

23 *(a) "Public schools" has the meaning ascribed to it in*
24 *NRS 385.007.*

25 *(b) "Qualified appraiser" means a person who, on a written*
26 *appraisal prepared by him, declares that he:*

27 *(1) Is aware that the appraisal is being made for the*
28 *purposes of this section;*

29 *(2) Holds himself out to the public as an appraiser or*
30 *performs appraisals on a regular basis;*

31 *(3) Is qualified to make appraisals of the type of property*
32 *being valued; and*

33 *(4) To the best of his knowledge and belief, is not the donor*
34 *of the property, an officer or employee of the donor, or related*
35 *within the third degree of consanguinity or affinity to the donor or*
36 *an officer or employee of the donor.*

37 **Sec. 2.** Chapter 363B of NRS is hereby amended by adding
38 thereto a new section to read as follows:

39 *1. Except as otherwise provided in subsection 6, an employer*
40 *may, from the total amount of wages reported and upon which the*
41 *excise tax is imposed by NRS 363B.110, deduct any amount*
42 *donated by the employer to public schools in this State in the*
43 *calendar quarter for which the tax is paid. The amounts for which*
44 *the deduction is allowed include donations of cash and property.*



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2. Donations of property must be valued based on the fair market value of the property on the date of the donation. If the deduction claimed for an item or group of similar items of donated property is more than \$5,000, the deduction must be supported by the written appraisal of a qualified appraiser.

3. An employer claiming the deduction allowed pursuant to this section shall, upon the request of the Department, explain the amount claimed to the satisfaction of the Department and provide the Department with such documentation as the Department deems appropriate for that purpose.

4. If the amount of the deduction allowed pursuant to this section to an employer for a calendar quarter exceeds the amount of reported wages for that calendar quarter, the excess amount of that deduction may not be carried forward to the following calendar quarter.

5. The deduction allowed pursuant to this section is in addition to any other deduction or abatement otherwise provided for by law with respect to the tax imposed by NRS 363B.110.

6. In no case may the amount of a deduction allowed pursuant to this section, when combined with all other deductions and abatements otherwise provided for by law with respect to the tax imposed by NRS 363B.110, exceed 100 percent of the taxes otherwise payable by the employer pursuant to NRS 363B.110.

7. As used in this section, unless the context otherwise requires:

(a) "Public schools" has the meaning ascribed to it in NRS 385.007.

(b) "Qualified appraiser" means a person who, on a written appraisal prepared by him, declares that he:

(1) Is aware that the appraisal is being made for the purposes of this section;

(2) Holds himself out to the public as an appraiser or performs appraisals on a regular basis;

(3) Is qualified to make appraisals of the type of property being valued; and

(4) To the best of his knowledge and belief, is not the donor of the property, an officer or employee of the donor, or related within the third degree of consanguinity or affinity to the donor or an officer or employee of the donor.

Sec. 3. This act becomes effective on July 1, 2007, and expires by limitation on June 30, 2009.

