

ASSEMBLY BILL NO. 252—ASSEMBLYMEN GERHARDT, PARKS, MANENDO, CONKLIN, ALLEN, ATKINSON, BOBZIEN, BUCKLEY, CLABORN, DENIS, GOEDHART, HOGAN, HORNE, KIHUEN, KIRKPATRICK, MORTENSON, MUNFORD, OCEGUERA, OHRENSCHALL, PARNELL, SEGERBLOM, STEWART AND WOMACK

MARCH 6, 2007

Referred to Committee on Taxation

SUMMARY—Authorizes deductions from the state taxes on financial institutions and other businesses for payments on behalf of employees to certain apprenticeship programs. (BDR 32-883)

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 the taxation of businesses; authorizing deductions from the state taxes on financial institutions and other businesses for payments on behalf of employees to certain apprenticeship programs; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law imposes excise taxes on financial institutions and other businesses  
2 based upon the amount of wages they pay to their employees each calendar quarter.  
3 (NRS 363A.130, 363B.110) Existing law authorizes deductions from these taxes  
4 for certain amounts paid for health insurance and health benefit plans for  
5 employees and their dependents. (NRS 363A.135, 363B.115)  
6 This bill authorizes additional deductions from these taxes for amounts paid on  
7 behalf of employees to apprenticeship programs approved by the State  
8 Apprenticeship Council. This bill allows any unused amount of such a deduction to  
9 be carried forward each calendar quarter until exhausted and requires an employer  
10 who claims such a deduction to provide an explanation and appropriate  
11 documentation of the amount claimed upon the request of the Department of  
12 Taxation.



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

**Section 1.** Chapter 363A of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this act.

**Sec. 2.** (Deleted by amendment.)

**Sec. 3. 1.** *Except as otherwise provided in subsection 2, an employer may deduct from the total amount of wages reported and upon which the excise tax is imposed pursuant to NRS 363A.130 any amount paid by the employer on behalf of its employees to a qualified apprenticeship program in the calendar quarter for which the tax is paid.*

*2. An employer may not deduct from the wages upon which the excise tax is imposed pursuant to NRS 363A.130 any payments made by employees to a qualified apprenticeship program or amounts deducted from the wages of employees for a qualified apprenticeship program.*

*3. As used in this section:*

*(a) "Employees" means employees whose wages are included within the measure of the excise tax imposed upon an employer by NRS 363A.130.*

*(b) "Qualified apprenticeship program" means an apprenticeship program that is registered and approved by the State Apprenticeship Council pursuant to chapter 610 of NRS.*

**Sec. 4. 1.** *If the amount of the deductions allowed pursuant to NRS 363A.135 and section 3 of this act to an employer for a calendar quarter exceeds the amount of reported wages for that calendar quarter, the excess amount of those deductions may be carried forward to the following calendar quarter until the deductions are exhausted.*

*2. An employer claiming a deduction allowed pursuant to NRS 363A.135 or section 3 of this act 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.*

**Sec. 5.** NRS 363A.135 is hereby amended to read as follows:

363A.135 1. Except as otherwise provided in subsection 2, an employer may deduct from the total amount of wages reported and upon which the excise tax is imposed pursuant NRS 363A.130 any amount authorized pursuant to this section that is paid by the employer for health insurance or a health benefit plan for its employees in the calendar quarter for which the tax is paid. The amounts for which the deduction is allowed include:



\* A B 2 5 2 R 1 \*

(a) For a self-insured employer, all amounts paid during the calendar quarter for claims, direct administrative services costs, including such services provided by the employer, and any premiums paid for individual or aggregate stop-loss insurance coverage. An employer is not authorized to deduct the costs of a program of self-insurance unless the program is a qualified employee welfare benefit plan pursuant to the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq.

(b) The premiums for a policy of health insurance or reinsurance for a health benefit plan for employees.

(c) Any amounts which are:

(1) Paid by an employer to a Taft-Hartley trust which:

(I) Is formed pursuant to 29 U.S.C. § 186(c)(5); and

(II) Qualifies as an employee welfare benefit plan; and

(2) Considered by the Internal Revenue Service to be fully tax deductible pursuant to the provisions of the Internal Revenue Code.

(d) Such other similar payments for health care or insurance for health care for employees as are authorized by the Department.

2. An employer may not deduct from the wages upon which the excise tax is imposed pursuant to NRS 363A.130:

(a) Amounts paid for health care or premiums paid for insurance for an industrial injury or occupational disease for which coverage is required pursuant to chapters 616A to 616D, inclusive, or 617 of NRS; or

(b) Any payments made by employees for health care or health insurance or amounts deducted from the wages of employees for such health care or insurance.

~~3. 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 be carried forward to the following calendar quarter until the deduction is exhausted. 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.]~~ As used in this section:

(a) "Claims" means claims for those categories of health care expenses that are generally deductible by employees on their individual federal income tax returns pursuant to the provisions of 26 U.S.C. § 213 and any federal regulations relating thereto, if those expenses had been borne directly by those employees.



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(b) "Direct administrative services costs" means, if borne directly by a self-insured employer and reasonably allocated to the direct administration of claims:

(1) Payments for medical or office supplies that will be consumed in the course of the provision of medical care or the direct administration of claims;

(2) Payments to third-party administrators or independent contractors for the provision of medical care or the direct administration of claims;

(3) Rent and utility payments for the maintenance of medical or office space used for the provision of medical care or the direct administration of claims;

(4) Payments for the maintenance, repair and upkeep of medical or office space used for the provision of medical care or the direct administration of claims;

(5) Salaries and wages paid to medical, clerical and administrative staff and other personnel employed to provide medical care or directly to administer claims; and

(6) The depreciation of property other than medical or office supplies, used for the provision of medical care or the direct administration of claims.

(c) "Employee welfare benefit plan" has the meaning ascribed to it in 29 U.S.C. § 1002.

(d) "Employees" means employees whose wages are included within the measure of the excise tax imposed upon an employer by NRS 363A.130, and their spouses, children and other dependents who qualify for coverage under the terms of the health insurance or health benefit plan provided by that employer.

(e) "Health benefit plan" means a health benefit plan that covers only those categories of health care expenses that are generally deductible by employees on their individual federal income tax returns pursuant to the provisions of 26 U.S.C. § 213 and any federal regulations relating thereto, if those expenses had been borne directly by those employees.

(f) "Self-insured employer" means an employer that provides a program of self-insurance for its employees.

**Sec. 6.** Chapter 363B of NRS is hereby amended by adding thereto the provisions set forth as sections 7, 8 and 9 of this act.

**Sec. 7.** (Deleted by amendment.)

**Sec. 8. 1. *Except as otherwise provided in subsection 2, an employer may deduct from the total amount of wages reported and upon which the excise tax is imposed pursuant to NRS 363B.110 any amount paid by the employer on behalf of its employees to a qualified apprenticeship program in the calendar quarter for which the tax is paid.***



2. *An employer may not deduct from the wages upon which the excise tax is imposed pursuant to NRS 363B.110 any payments made by employees to a qualified apprenticeship program or amounts deducted from the wages of employees for a qualified apprenticeship program.*

3. *As used in this section:*

(a) *“Employees” means employees whose wages are included within the measure of the excise tax imposed upon an employer by NRS 363B.110.*

(b) *“Qualified apprenticeship program” means an apprenticeship program that is registered and approved by the State Apprenticeship Council pursuant to chapter 610 of NRS.*

**Sec. 9.** 1. *If the amount of the deductions allowed pursuant to NRS 363B.115 and section 8 of this act to an employer for a calendar quarter exceeds the amount of reported wages for that calendar quarter, the excess amount of those deductions may be carried forward to the following calendar quarter until the deductions are exhausted.*

2. *An employer claiming a deduction allowed pursuant to NRS 363B.115 or section 8 of this act 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.*

**Sec. 10.** NRS 363B.115 is hereby amended to read as follows:

363B.115 1. Except as otherwise provided in subsection 2, an employer may deduct from the total amount of wages reported and upon which the excise tax is imposed pursuant to NRS 363B.110 any amount authorized pursuant to this section that is paid by the employer for health insurance or a health benefit plan for its employees in the calendar quarter for which the tax is paid. The amounts for which the deduction is allowed include:

(a) For a self-insured employer, all amounts paid during the calendar quarter for claims, direct administrative services costs, including such services provided by the employer, and any premiums paid for individual or aggregate stop-loss insurance coverage. An employer is not authorized to deduct the costs of a program of self-insurance unless the program is a qualified employee welfare benefit plan pursuant to the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq.

(b) The premiums for a policy of health insurance or reinsurance for a health benefit plan for employees.

(c) Any amounts which are:

(1) Paid by an employer to a Taft-Hartley trust which:

(I) Is formed pursuant to 29 U.S.C. § 186(c)(5); and



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1 (II) Qualifies as an employee welfare benefit plan; and  
2 (2) Considered by the Internal Revenue Service to be fully  
3 tax deductible pursuant to the provisions of the Internal Revenue  
4 Code.

5 (d) Such other similar payments for health care or insurance for  
6 health care for employees as are authorized by the Department.

7 2. An employer may not deduct from the wages upon which  
8 the excise tax is imposed pursuant to NRS 363B.110:

9 (a) Amounts paid for health care or premiums paid for insurance  
10 for an industrial injury or occupational disease for which coverage is  
11 required pursuant to chapters 616A to 616D, inclusive, or 617 of  
12 NRS; or

13 (b) Any payments made by employees for health care or health  
14 insurance or amounts deducted from the wages of employees for  
15 such health care or insurance.

16 3. ~~If the amount of the deduction allowed pursuant to this~~  
17 ~~section to an employer for a calendar quarter exceeds the amount of~~  
18 ~~reported wages for that calendar quarter, the excess amount of that~~  
19 ~~deduction may be carried forward to the following calendar quarter~~  
20 ~~until the deduction is exhausted. An employer claiming the~~  
21 ~~deduction allowed pursuant to this section shall, upon the request of~~  
22 ~~the Department, explain the amount claimed to the satisfaction of~~  
23 ~~the Department and provide the Department with such~~  
24 ~~documentation as the Department deems appropriate for that~~  
25 ~~purpose.~~

26 ~~—4.1~~ As used in this section:

27 (a) “Claims” means claims for those categories of health care  
28 expenses that are generally deductible by employees on their  
29 individual federal income tax returns pursuant to the provisions of  
30 26 U.S.C. § 213 and any federal regulations relating thereto, if those  
31 expenses had been borne directly by those employees.

32 (b) “Direct administrative services costs” means, if borne  
33 directly by a self-insured employer and reasonably allocated to the  
34 direct administration of claims:

35 (1) Payments for medical or office supplies that will be  
36 consumed in the course of the provision of medical care or the direct  
37 administration of claims;

38 (2) Payments to third-party administrators or independent  
39 contractors for the provision of medical care or the direct  
40 administration of claims;

41 (3) Rent and utility payments for the maintenance of medical  
42 or office space used for the provision of medical care or the direct  
43 administration of claims;



(4) Payments for the maintenance, repair and upkeep of medical or office space used for the provision of medical care or the direct administration of claims;

(5) Salaries and wages paid to medical, clerical and administrative staff and other personnel employed to provide medical care or directly to administer claims; and

(6) The depreciation of property other than medical or office supplies, used for the provision of medical care or the direct administration of claims.

(c) "Employee welfare benefit plan" has the meaning ascribed to it in 29 U.S.C. § 1002.

(d) "Employees" means employees whose wages are included within the measure of the excise tax imposed upon an employer by NRS 363B.110, and their spouses, children and other dependents who qualify for coverage under the terms of the health insurance or health benefit plan provided by that employer.

(e) "Health benefit plan" means a health benefit plan that covers only those categories of health care expenses that are generally deductible by employees on their individual federal income tax returns pursuant to the provisions of 26 U.S.C. § 213 and any federal regulations relating thereto, if those expenses had been borne directly by those employees.

(f) "Self-insured employer" means an employer that provides a program of self-insurance for its employees.

**Sec. 11.** This act becomes effective on July 1, 2007.

