

SENATE BILL NO. 346—SENATORS SPEARMAN, FORD, PARKS,  
KIHUEN; ATKINSON, DENIS, MANENDO AND WOODHOUSE

MARCH 16, 2015

Referred to Committee on Revenue and  
Economic Development

**SUMMARY**—Authorizes certain credits against the taxes imposed on financial institutions and other businesses for certain costs incurred by employers relating to the provision of day care to the children of their employees. (BDR 32-1015)

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

~

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 certain credits against the taxes imposed on financial institutions and other businesses for certain costs incurred by employers relating to the provision of day care to the children of their employees; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law imposes a tax, commonly known as the modified business tax, on financial institutions and other businesses based on the amount of wages they pay to their employees each calendar quarter. (NRS 363A.130, 363B.110) This bill provides a credit against those taxes for employers who assist employees in finding and paying for day care.

**Sections 6 and 14** of this bill entitle an employer who assists in the cost of day care for any child of an employee to a credit against the modified business tax. The credit is in an amount equal to 50 percent of the amount paid or the cost incurred by the employer for such assistance, but must not exceed \$2,500 per employee per year.

**Sections 7 and 15** of this bill entitle an employer who provides information and referral services to assist an employee in obtaining day care to a credit against the modified business tax. The credit is in an amount equal to 50 percent of the amount paid or the cost incurred by the employer in providing the information or referrals.

If the amount of the credit claimed exceeds the tax liability of an employer, **sections 8 and 16** of this bill authorize the employer to carry the credit forward under certain circumstances. **Sections 8 and 16** also provide that any credit or the



excess amount of any credit expires on the date that is 5 years after the end of the calendar quarter in which the credit is claimed and may not be carried forward and applied to any tax liability of the employer incurred after that date.

---

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 to 8, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 8, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3, 4 and 5 of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** *“Child” means a person under the age of 18 years who:*

*1. Is related to an employee by blood, marriage or adoption within the third degree of consanguinity or affinity; or*

*2. Is a stepchild, foster child, ward or dependent of an employee,*

*↳ and who resides in the same household as the employee.*

**Sec. 4.** *“Day care” means the provision of day care services to a child in compliance with all federal, state and local laws and regulations governing the licensure and regulation of child care facilities and services.*

**Sec. 5.** *“Employee” means an employee whose wages are included within the measure of the tax imposed upon an employer by NRS 363A.130.*

**Sec. 6. 1.** *An employer is entitled to a credit against the tax imposed upon the employer by NRS 363A.130 in an amount provided for in subsection 3 which is based on the amount paid or cost otherwise incurred by the employer to assist an employee in paying the cost of day care for any child of the employee.*

*2. The assistance described in subsection 1 must be provided pursuant to a program that meets the requirements of 26 U.S.C. § 129(d).*

*3. A credit described in subsection 1 must be in an amount equal to 50 percent of the amount paid or cost incurred, during the calendar quarter for which the tax is paid, by the employer to assist the employee in paying the cost of day care for any child of the employee, but must not exceed \$2,500 per employee per year.*

*4. No amount paid or cost incurred by an employer may qualify for the credit authorized by subsection 1 if:*

*(a) The amount is paid to a person described in 26 U.S.C. § 129(c);*



(b) *The amount was paid or the cost was incurred pursuant to a salary reduction plan; or*

(c) *The amount is paid or the cost is incurred for services performed outside this State.*

**Sec. 7.** 1. *An employer is entitled to a credit against the tax imposed upon the employer by NRS 363A.130 in an amount provided for in subsection 2 which is based on the amount paid or cost otherwise incurred by the employer to provide information and referral services to assist an employee in obtaining day care for any child of the employee.*

2. *A credit described in subsection 1 must be in an amount equal to 50 percent of the amount paid or cost incurred, during the calendar quarter for which the tax is paid, by the employer to provide information and referral services to an employee.*

**Sec. 8.** 1. *An employer claiming a credit described in section 6 or 7 of this act must apply for the credit in the manner provided by the Department.*

2. *A credit described in section 6 or 7 of this act must not be applied retroactively.*

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

**Sec. 9.** Chapter 363B of NRS is hereby amended by adding thereto the provisions set forth as sections 10 to 16, inclusive, of this act.

**Sec. 10.** *As used in sections 10 to 16, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 11, 12 and 13 of this act have the meanings ascribed to them in those sections.*

**Sec. 11.** *"Child" means a person under the age of 18 years who:*

1. *Is related to an employee by blood, marriage or adoption within the third degree of consanguinity or affinity; or*



1       2. Is a stepchild, foster child, ward or dependent of an  
2 employee,

3       ↳ and who resides in the same household as the employee.

4       Sec. 12. "Day care" means the provision of day care services  
5 to a child in compliance with all federal, state and local laws and  
6 regulations governing the licensure and regulation of child care  
7 facilities and services.

8       Sec. 13. "Employee" means an employee whose wages are  
9 included within the measure of the tax imposed upon an employer  
10 by NRS 363B.110.

11       Sec. 14. 1. An employer is entitled to a credit against the  
12 tax imposed upon the employer by NRS 363B.110 in an amount  
13 provided for in subsection 3 which is based on the amount paid or  
14 cost otherwise incurred by the employer to assist an employee in  
15 paying the cost of day care for any child of the employee.

16       2. The assistance described in subsection 1 must be provided  
17 pursuant to a program that meets the requirements of 26 U.S.C. §  
18 129(d).

19       3. A credit described in subsection 1 must be in an amount  
20 equal to 50 percent of the amount paid or cost incurred, during  
21 the calendar quarter for which the tax is paid, by the employer to  
22 assist the employee in paying the cost of day care for any child of  
23 the employee, but must not exceed \$2,500 per employee per year.

24       4. No amount paid or cost incurred by an employer may  
25 qualify for the credit authorized by subsection 1 if:

26       (a) The amount is paid to a person described in 26 U.S.C. §  
27 129(c);

28       (b) The amount was paid or the cost was incurred pursuant to  
29 a salary reduction plan; or

30       (c) The amount is paid or the cost is incurred for services  
31 performed outside this State.

32       Sec. 15. 1. An employer is entitled to a credit against the  
33 tax imposed upon the employer by NRS 363B.110 in an amount  
34 provided for in subsection 2 which is based on the amount paid or  
35 cost otherwise incurred by the employer to provide information  
36 and referral services to assist an employee in obtaining day care  
37 for any child of the employee.

38       2. A credit described in subsection 1 must be in an amount  
39 equal to 50 percent of the amount paid or cost incurred, during  
40 the calendar quarter for which the tax is paid, by the employer to  
41 provide information and referral services to an employee.

42       Sec. 16. 1. An employer claiming a credit described in  
43 section 14 or 15 of this act must apply for the credit in the manner  
44 provided by the Department.



1       2. A credit described in section 14 or 15 of this act must not  
2       be applied retroactively.

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

16      **Sec. 17.** This act becomes effective:

17      1. Upon passage and approval for the purpose of adopting any  
18      regulations and performing any other preparatory administrative  
19      tasks necessary to carry out the provisions of this act; and

20      2. On January 1, 2016, for all other purposes.

