

SENATE BILL NO. 147—SENATOR SPEARMAN

PREFILED FEBRUARY 13, 2017

Referred to Committee on Revenue and
Economic Development

SUMMARY—Authorizes tax credits for employers who assist employees in finding and paying for day care. (BDR 32-56)

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 certain credits against the payroll taxes imposed on certain businesses for 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 paid to employees each calendar quarter. (NRS 363A.130, 363B.110)

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 is limited to a maximum of \$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 an additional 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 modified business tax liability of an employer, **sections 8 and 16** of this bill authorize the employer to carry the credit forward to future calendar quarters 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 prohibit the carry forward or application of the credit to any tax liability of the employer incurred after that date.



* S B 1 4 7 *

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, domestic partnership 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. Except as otherwise provided in subsection 4, 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 authorized by 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); or

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



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

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

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

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

16 3. *If the amount of a credit described in section 6 or 7 of this*
17 *act exceeds the tax liability of an employer for the calendar*
18 *quarter in which the credit is claimed, the excess amount of the*
19 *credit may be carried forward and applied to the tax liability of the*
20 *employer for the next following calendar quarter or calendar*
21 *quarters for which the employer has a tax liability, except that any*
22 *credit or the excess amount of any credit expires on the date that is*
23 *5 years after the end of the calendar quarter in which the credit is*
24 *claimed and must not be applied to any tax liability of the*
25 *employer incurred on or after that date. If excess amounts of*
26 *credits for more than one calendar quarter are carried forward by*
27 *an employer pursuant to this subsection, the excess amount of the*
28 *credit from the earliest calendar quarter must be applied first.*

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

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

36 **Sec. 11.** *“Child” means a person under the age of 18 years*
37 *who:*

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

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

42 *↪ and who resides in the same household as the employee.*

43 **Sec. 12.** *“Day care” means the provision of day care services*
44 *to a child in compliance with all federal, state and local laws and*



1 *regulations governing the licensure and regulation of child care*
2 *facilities and services.*

3 **Sec. 13.** *"Employee" means an employee whose wages are*
4 *included within the measure of the tax imposed upon an employer*
5 *by NRS 363B.110.*

6 **Sec. 14.** 1. *Except as otherwise provided in subsection 4, an*
7 *employer is entitled to a credit against the tax imposed upon the*
8 *employer by NRS 363B.110 in an amount provided for in*
9 *subsection 3 which is based on the amount paid or cost otherwise*
10 *incurred by the employer to assist an employee in paying the cost*
11 *of day care for any child of the employee.*

12 2. *The assistance described in subsection 1 must be provided*
13 *pursuant to a program that meets the requirements of 26 U.S.C. §*
14 *129(d).*

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

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

22 (a) *The amount is paid to a person described in 26 U.S.C. §*
23 *129(c); or*

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

26 **Sec. 15.** 1. *An employer is entitled to a credit against the*
27 *tax imposed upon the employer by NRS 363B.110 in an amount*
28 *provided for in subsection 2 which is based on the amount paid or*
29 *cost otherwise incurred by the employer to provide information*
30 *and referral services to assist an employee in obtaining day care*
31 *for any child of the employee.*

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

36 **Sec. 16.** 1. *An employer claiming a credit described in*
37 *section 14 or 15 of this act must apply for the credit in the manner*
38 *provided by the Department.*

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

41 3. *If the amount of a credit described in section 14 or 15 of*
42 *this act exceeds the tax liability of an employer for the calendar*
43 *quarter in which the credit is claimed, the excess amount of the*
44 *credit may be carried forward and applied to the tax liability of the*
45 *employer for the next following calendar quarter or calendar*



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

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

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

13 2. On January 1, 2018, for all other purposes.

