

EMERGENCY REQUEST OF SENATE MAJORITY LEADER

SENATE BILL NO. 555—SENATORS FORD AND ROBERSON

JUNE 4, 2017

JOINT SPONSORS: ASSEMBLYMEN FRIERSON
AND PAUL ANDERSON

Referred to Committee of the Whole

SUMMARY—Authorizes the issuance of an additional amount of credits against the modified business tax for taxpayers who donate money to a scholarship organization. (BDR 32-1248)

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 the Department of Taxation to approve an additional amount of credits against the modified business tax for taxpayers who donate money to a scholarship organization; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Under existing law, financial institutions and other employers are required to
2 pay an excise tax (the modified business tax) on wages paid by them. (NRS
3 363A.130, 363B.110) Existing law establishes a credit against the modified
4 business tax equal to an amount which is approved by the Department of Taxation
5 and which must not exceed the amount of any donation of money made by a
6 taxpayer to a scholarship organization that provides grants on behalf of pupils who
7 are members of a household with a household income which is not more than 300
8 percent of the federally designated level signifying poverty to attend schools in this
9 State, including private schools, chosen by the parents or legal guardians of those
10 pupils. (NRS 363A.130, 363B.110) Under existing law, the Department: (1) must
11 approve or deny applications for the tax credit in the order in which the applications
12 are received by the Department; and (2) is authorized to approve applications for
13 each fiscal year until the amount of the tax credits approved for the fiscal year is the
14 amount authorized by statute for that fiscal year. For Fiscal Year 2016-2017, the



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amount authorized is \$5,500,000. The amount authorized for each succeeding fiscal year is equal to 110 percent of the amount authorized for the immediately preceding fiscal year. Thus, for Fiscal Year 2017-2018, the amount of credits authorized is \$6,050,000. (NRS 363A.139, 363B.119)

This bill authorizes the Department of Taxation to approve, in addition to the amount of credits authorized for Fiscal Year 2017-2018 under existing law, an amount of tax credits equal to \$20,000,000. If the amount of the additional tax credits authorized under this bill and approved by the Department in Fiscal Year 2017-2018 is less than \$20,000,000, the remaining amount of tax credits must be carried forward and made available for approval in subsequent fiscal years. Finally, under this bill, the \$20,000,000 of additional tax credits authorized by this bill is not subject to the annual increases under existing law in the amount of the tax credits.

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

Section 1. NRS 363A.139 is hereby amended to read as follows:

363A.139 1. Any taxpayer who is required to pay a tax pursuant to NRS 363A.130 may receive a credit against the tax otherwise due for any donation of money made by the taxpayer to a scholarship organization in the manner provided by this section.

2. To receive the credit authorized by subsection 1, a taxpayer who intends to make a donation of money to a scholarship organization must, before making such a donation, notify the scholarship organization of the taxpayer's intent to make the donation and to seek the credit authorized by subsection 1. A scholarship organization shall, before accepting any such donation, apply to the Department of Taxation for approval of the credit authorized by subsection 1 for the donation. The Department of Taxation shall, within 20 days after receiving the application, approve or deny the application and provide to the scholarship organization notice of the decision and, if the application is approved, the amount of the credit authorized. Upon receipt of notice that the application has been approved, the scholarship organization shall provide notice of the approval to the taxpayer who must, not later than 30 days after receiving the notice, make the donation of money to the scholarship organization. If the taxpayer does not make the donation of money to the scholarship organization within 30 days after receiving the notice, the scholarship organization shall provide notice of the failure to the Department of Taxation and the taxpayer forfeits any claim to the credit authorized by subsection 1.

3. The Department of Taxation shall approve or deny applications for the credit authorized by subsection 1 in the order in which the applications are received. ~~The~~



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1 **4. Except as otherwise provided in subsection 5, the**
2 Department of Taxation may, for each fiscal year, approve
3 applications for the credit authorized by subsection 1 until the total
4 amount of the credits authorized by subsection 1 and approved by
5 the Department of Taxation **pursuant to this subsection** is:

6 (a) For Fiscal Year 2015-2016, \$5,000,000;

7 (b) For Fiscal Year 2016-2017, \$5,500,000; and

8 (c) For each succeeding fiscal year, an amount equal to 110
9 percent of the amount authorized for the immediately preceding
10 fiscal year.

11 ➔ The amount of any credit which is forfeited pursuant to
12 subsection 2 must not be considered in calculating the amount of
13 credits authorized for any fiscal year.

14 ~~14.1~~ **5. In addition to the amount of credits authorized by**
15 **subsection 4 for Fiscal Year 2017-2018, the Department of**
16 **Taxation may approve applications for the credit authorized by**
17 **subsection 1 for that fiscal year until the total amount of the**
18 **credits authorized by subsection 1 and approved by the**
19 **Department of Taxation pursuant to this subsection and**
20 **subsection 5 of NRS 363B.119 is \$20,000,000. The provisions of**
21 **paragraph (c) of subsection 4 do not apply to the amount of credits**
22 **authorized by this subsection and the amount of credits authorized**
23 **by this subsection must not be considered when determining the**
24 **amount of credits authorized for a fiscal year pursuant to that**
25 **paragraph. If, in Fiscal Year 2017-2018, the amount of credits**
26 **authorized by subsection 1 and approved pursuant to this**
27 **subsection is less than \$20,000,000, the remaining amount of**
28 **credits pursuant to this subsection must be carried forward and**
29 **made available for approval during subsequent fiscal years until**
30 **the total amount of credits authorized by subsection 1 and**
31 **approved pursuant to this subsection is equal to \$20,000,000. The**
32 **amount of any credit which is forfeited pursuant to subsection 2**
33 **must not be considered in calculating the amount of credits**
34 **authorized pursuant to this subsection.**

35 **6.** If a taxpayer applies to and is approved by the Department
36 of Taxation for the credit authorized by subsection 1, the amount of
37 the credit provided by this section is equal to the amount approved
38 by the Department of Taxation pursuant to subsection 2, which must
39 not exceed the amount of the donation made by the taxpayer to a
40 scholarship organization. The total amount of the credit applied
41 against the taxes described in subsection 1 and otherwise due from a
42 taxpayer must not exceed the amount of the donation.

43 ~~15.1~~ **7.** If the amount of the tax described in subsection 1 and
44 otherwise due from a taxpayer is less than the credit to which the
45 taxpayer is entitled pursuant to this section, the taxpayer may, after



1 applying the credit to the extent of the tax otherwise due, carry the
2 balance of the credit forward for not more than 5 years after the end
3 of the calendar year in which the donation is made or until the
4 balance of the credit is applied, whichever is earlier.

5 ~~16-1~~ 8. As used in this section, "scholarship organization" has
6 the meaning ascribed to it in NRS 388D.260.

7 **Sec. 2.** NRS 363B.119 is hereby amended to read as follows:

8 363B.119 1. Any taxpayer who is required to pay a tax
9 pursuant to NRS 363B.110 may receive a credit against the tax
10 otherwise due for any donation of money made by the taxpayer to a
11 scholarship organization in the manner provided by this section.

12 2. To receive the credit authorized by subsection 1, a taxpayer
13 who intends to make a donation of money to a scholarship
14 organization must, before making such a donation, notify the
15 scholarship organization of the taxpayer's intent to make the
16 donation and to seek the credit authorized by subsection 1. A
17 scholarship organization shall, before accepting any such donation,
18 apply to the Department of Taxation for approval of the credit
19 authorized by subsection 1 for the donation. The Department of
20 Taxation shall, within 20 days after receiving the application,
21 approve or deny the application and provide to the scholarship
22 organization notice of the decision and, if the application is
23 approved, the amount of the credit authorized. Upon receipt of
24 notice that the application has been approved, the scholarship
25 organization shall provide notice of the approval to the taxpayer
26 who must, not later than 30 days after receiving the notice, make the
27 donation of money to the scholarship organization. If the taxpayer
28 does not make the donation of money to the scholarship
29 organization within 30 days after receiving the notice, the
30 scholarship organization shall provide notice of the failure to the
31 Department of Taxation and the taxpayer forfeits any claim to
32 the credit authorized by subsection 1.

33 3. The Department of Taxation shall approve or deny
34 applications for the credit authorized by subsection 1 in the order in
35 which the applications are received. ~~The~~

36 *4. Except as otherwise provided in subsection 5, the*
37 Department of Taxation may, for each fiscal year, approve
38 applications for the credit authorized by subsection 1 until the total
39 amount of the credits authorized by subsection 1 and approved by
40 the Department of Taxation *pursuant to this subsection* is:

41 (a) For Fiscal Year 2015-2016, \$5,000,000;

42 (b) For Fiscal Year 2016-2017, \$5,500,000; and

43 (c) For each succeeding fiscal year, an amount equal to 110
44 percent of the amount authorized for the immediately preceding
45 fiscal year.



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1 ↪ The amount of any credit which is forfeited pursuant to
2 subsection 2 must not be considered in calculating the amount of
3 credits authorized for any fiscal year.

4 ~~14.1~~ 5. *In addition to the amount of credits authorized by*
5 *subsection 4 for Fiscal Year 2017-2018, the Department of*
6 *Taxation may approve applications for the credit authorized by*
7 *subsection 1 for that fiscal year until the total amount of the*
8 *credits authorized by subsection 1 and approved by the*
9 *Department of Taxation pursuant to this subsection and*
10 *subsection 5 of NRS 363A.139 is \$20,000,000. The provisions of*
11 *paragraph (c) of subsection 4 do not apply to the amount of credits*
12 *authorized by this subsection and the amount of credits authorized*
13 *by this subsection must not be considered when determining the*
14 *amount of credits authorized for a fiscal year pursuant to that*
15 *paragraph. If, in Fiscal Year 2017-2018, the amount of credits*
16 *authorized by subsection 1 and approved pursuant to this*
17 *subsection is less than \$20,000,000, the remaining amount of*
18 *credits pursuant to this subsection must be carried forward and*
19 *made available for approval during subsequent fiscal years until*
20 *the total amount of credits authorized by subsection 1 and*
21 *approved pursuant to this subsection is equal to \$20,000,000. The*
22 *amount of any credit which is forfeited pursuant to subsection 2*
23 *must not be considered in calculating the amount of credits*
24 *authorized pursuant to this subsection.*

25 6. If a taxpayer applies to and is approved by the Department
26 of Taxation for the credit authorized by subsection 1, the amount of
27 the credit provided by this section is equal to the amount approved
28 by the Department of Taxation pursuant to subsection 2, which must
29 not exceed the amount of the donation made by the taxpayer to a
30 scholarship organization. The total amount of the credit applied
31 against the taxes described in subsection 1 and otherwise due from a
32 taxpayer must not exceed the amount of the donation.

33 ~~15.1~~ 7. If the amount of the tax described in subsection 1 and
34 otherwise due from a taxpayer is less than the credit to which the
35 taxpayer is entitled pursuant to this section, the taxpayer may, after
36 applying the credit to the extent of the tax otherwise due, carry the
37 balance of the credit forward for not more than 5 years after the end
38 of the calendar year in which the donation is made or until the
39 balance of the credit is applied, whichever is earlier.

40 ~~16.1~~ 8. As used in this section, "scholarship organization" has
41 the meaning ascribed to it in NRS 388D.260.

42 **Sec. 3.** Notwithstanding the provisions of NRS 218D.430, a
43 committee may vote on this act before the expiration of the period
44 prescribed for the return of a fiscal note in NRS 218D.475. This
45 section applies retroactively from and after June 4, 2017.



1 **Sec. 4.** This act becomes effective on July 1, 2017.

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