
SENATE BILL NO. 199—SENATORS SETTELMEYER, HARDY;
GUSTAVSON, HALSETH AND ROBERSON

FEBRUARY 28, 2011

JOINT SPONSOR: ASSEMBLYMAN STEWART

Referred to Committee on Revenue

SUMMARY—Provides a deduction from the payroll tax for wages paid to newly hired employees under certain circumstances. (BDR 32-332)

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 a deduction from the payroll tax for wages paid to newly hired employees under certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires employers to pay a payroll tax on the wages paid to their
2 respective employees during each calendar quarter. The tax is imposed on financial
3 institutions at the rate of 2 percent per calendar quarter and, effective July 1, 2011,
4 on other employers at the rate of 0.63 percent per calendar quarter. (NRS
5 363A.130, 363B.110) This bill authorizes financial institutions and other
6 employers, respectively, to deduct from the total amount of wages reported and
7 upon which the payroll tax is imposed any wages paid to newly hired employees
8 during the 1-year period next following their hiring if certain conditions are
9 satisfied.

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

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

3 *1. Except as otherwise provided in subsection 2, an employer*
4 *may deduct from the total amount of wages reported and upon*



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1 *which the excise tax is imposed pursuant to NRS 363A.130 any*
2 *wages paid by the employer to an employee during the 1-year*
3 *period next following the hiring of the employee if:*

4 (a) *The employee is first hired by the employer on or after*
5 *July 1, 2011;*

6 (b) *The total number of employees employed by the employer*
7 *on the last day of the calendar quarter for which any portion of*
8 *the deduction is claimed exceeds the total number of employees*
9 *employed by the employer on the last day of the corresponding*
10 *calendar quarter of the immediately preceding calendar year; and*

11 (c) *The total number of hours worked by all employees*
12 *employed by the employer during the calendar quarter for which*
13 *the deduction is claimed exceeds the total number of hours worked*
14 *by all employees employed by the employer during the*
15 *corresponding calendar quarter of the immediately preceding*
16 *calendar year.*

17 2. *The total amount of wages with respect to which an*
18 *employer may, pursuant to subsection 1, claim a deduction from*
19 *the excise tax imposed pursuant to NRS 363A.130 must not, under*
20 *any circumstances, exceed the amount by which the total wages*
21 *paid by the employer to all employees during the calendar quarter*
22 *for which the deduction is claimed exceed the total wages paid by*
23 *the employer to all employees during the corresponding calendar*
24 *quarter of the immediately preceding calendar year.*

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

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

32 1. *Except as otherwise provided in subsection 2, an employer*
33 *may deduct from the total amount of wages reported and upon*
34 *which the excise tax is imposed pursuant to NRS 363B.110 any*
35 *wages paid by the employer to an employee during the 1-year*
36 *period next following the hiring of the employee if:*

37 (a) *The employee is first hired by the employer on or after*
38 *July 1, 2011;*

39 (b) *The total number of employees employed by the employer*
40 *on the last day of the calendar quarter for which any portion of*
41 *the deduction is claimed exceeds the total number of employees*
42 *employed by the employer on the last day of the corresponding*
43 *calendar quarter of the immediately preceding calendar year; and*

44 (c) *The total number of hours worked by all employees*
45 *employed by the employer during the calendar quarter for which*



1 *the deduction is claimed exceeds the total number of hours worked*
2 *by all employees employed by the employer during the*
3 *corresponding calendar quarter of the immediately preceding*
4 *calendar year.*

5 *2. The total amount of wages with respect to which an*
6 *employer may, pursuant to subsection 1, claim a deduction from*
7 *the excise tax imposed pursuant to NRS 363B.110 must not, under*
8 *any circumstances, exceed the amount by which the total wages*
9 *paid by the employer to all employees during the calendar quarter*
10 *for which the deduction is claimed exceed the total wages paid by*
11 *the employer to all employees during the corresponding calendar*
12 *quarter of the immediately preceding calendar year.*

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

18 **Sec. 3.** This act becomes effective on July 1, 2011.

