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SENATE BILL NO. 172—SENATORS SMITH, JONES,  
DENIS; ROBERSON AND WOODHOUSE

FEBRUARY 19, 2013

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JOINT SPONSORS: ASSEMBLYMEN CARLTON; DONDERO LOOP,  
EISEN, HARDY, HICKEY, KIRKPATRICK AND KIRNER

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Referred to Committee on Revenue and  
Economic Development

SUMMARY—Provides a deduction from the payroll tax for newly  
hired full-time employees under certain  
circumstances. (BDR 32-537)

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.

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AN ACT relating to taxation; providing a deduction from the  
payroll tax for wages paid to newly hired full-time  
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 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, 2013,  
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 employers  
6 to deduct from the total amount of wages reported and upon which the payroll tax is  
7 imposed any wages paid to a newly hired full-time employee during the first 4 full  
8 calendar quarters next following the hiring of the employee, and 50 percent of all  
9 wages paid to the employee during the 5th through 12th full calendar quarters next  
10 following the hiring of the employee if, at the time of hiring, the employee has been  
11 unemployed for a continuous period of not less than 6 months and certain other  
12 conditions are satisfied. The deduction does not apply with respect to any  
13 employees hired after June 30, 2017.

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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. *An employer may deduct from the total amount of wages*  
4 *reported and upon which the excise tax is imposed pursuant to*  
5 *NRS 363A.130 all wages paid by the employer to an employee*  
6 *during the first 4 full calendar quarters next following the hiring*  
7 *of the employee, and 50 percent of all wages paid by the employer*  
8 *to the employee during the 5th through 12th full calendar quarters*  
9 *next following the hiring of the employee, if:*

10       (a) *The employee is first hired by the employer on or after*  
11 *July 1, 2013, and on or before June 30, 2017;*

12       (b) *The employee has been unemployed for a continuous*  
13 *period of not less than 6 months immediately preceding the date of*  
14 *hire and:*

15       (1) *Has been receiving unemployment compensation*  
16 *continuously for that entire period; or*

17       (2) *Would have been eligible to receive unemployment*  
18 *compensation continuously for that entire period if the duration of*  
19 *his or her eligibility for unemployment compensation had not*  
20 *expired within the 24 months immediately preceding the date of*  
21 *hire;*

22       (c) *The employee is employed in a full-time position*  
23 *throughout the entire calendar quarter for which the deduction is*  
24 *claimed; and*

25       (d) *The employer submits to the Department an affidavit,*  
26 *signed under penalty of perjury by the employer or an authorized*  
27 *agent of the employer, stating that:*

28       (1) *The employee meets the requirements specified in*  
29 *paragraphs (a) and (b);*

30       (2) *The employee meets all qualifications for the position of*  
31 *employment for which he or she is hired; and*

32       (3) *The employer did not terminate the employment of any*  
33 *other employee to create the position of employment regarding*  
34 *which the deduction is claimed.*

35       2. *An employer claiming the deduction allowed pursuant to*  
36 *this section shall, upon the request of the Department, provide the*  
37 *Department with such documentation as the Department deems*  
38 *appropriate to substantiate that claim.*

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

41       1. *An employer may deduct from the total amount of wages*  
42 *reported and upon which the excise tax is imposed pursuant to*



1 *NRS 363B.110 all wages paid by the employer to an employee*  
2 *during the first 4 full calendar quarters next following the hiring*  
3 *of the employee, and 50 percent of all wages paid by the employer*  
4 *to the employee during the 5th through 12th full calendar quarters*  
5 *next following the hiring of the employee, if:*

6 *(a) The employee is first hired by the employer on or after*  
7 *July 1, 2013, and on or before June 30, 2017;*

8 *(b) The employee has been unemployed for a continuous*  
9 *period of not less than 6 months immediately preceding the date of*  
10 *hire and:*

11 *(1) Has been receiving unemployment compensation*  
12 *continuously for that entire period; or*

13 *(2) Would have been eligible to receive unemployment*  
14 *compensation continuously for that entire period if the duration of*  
15 *his or her eligibility for unemployment compensation had not*  
16 *expired within the 24 months immediately preceding the date of*  
17 *hire;*

18 *(c) The employee is employed in a full-time position*  
19 *throughout the entire calendar quarter for which the deduction is*  
20 *claimed; and*

21 *(d) The employer submits to the Department an affidavit,*  
22 *signed under penalty of perjury by the employer or an authorized*  
23 *agent of the employer, stating that:*

24 *(1) The employee meets the requirements specified in*  
25 *paragraphs (a) and (b);*

26 *(2) The employee meets all qualifications for the position of*  
27 *employment for which he or she is hired; and*

28 *(3) The employer did not terminate the employment of any*  
29 *other employee to create the position of employment regarding*  
30 *which the deduction is claimed.*

31 *2. An employer claiming the deduction allowed pursuant to*  
32 *this section shall, upon the request of the Department, provide the*  
33 *Department with such documentation as the Department deems*  
34 *appropriate to substantiate that claim.*

35 **Sec. 3.** This act becomes effective on July 1, 2013, and expires  
36 by limitation on July 31, 2020.



