

SUMMARY—Revises provisions relating to education. (BDR 34-635)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.

Effect on the State: Yes.

AN ACT relating to education; establishing the Nevada Education Savings Account Program by which certain children may receive a grant of money for deposit into an education savings account; authorizing an account-granting organization to apply to the Department of Education for a certificate to open and manage education savings accounts; setting forth the duties and authority of a certified account-granting organization; establishing certain limitations on the use of money in an education savings account; exempting a child who receives an education savings account from certain educational enrollment and attendance requirements; establishing a credit against the modified business tax for taxpayers who donate money to an account-granting organization; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law establishes the Nevada Educational Choice Scholarship Program, whereby a scholarship organization may provide a grant of money to allow certain pupils to attend a private school. (NRS 388D.250-388D.280) **Section 2** of this bill establishes the Nevada Education



Savings Account Program, whereby, under certain circumstances, an account-granting organization may establish an education savings account for a child.

Existing law establishes a credit against the payroll tax paid by certain businesses equal to an amount approved by the Department of Taxation and which must not exceed the amount of any donation of money which is made by a taxpayer to a scholarship organization that provides grants on behalf of certain pupils. (NRS 363A.130, 363B.110) **Sections 28 and 30** of this bill establish similar tax credits for a donation of money which is made by a taxpayer to an account-granting organization that provides grants of money to education savings accounts.

**Section 12** of this bill: (1) requires an account-granting organization to apply to the Department of Education for a certificate to participate in the Program; and (2) sets forth certain application requirements. **Section 12** further provides that, if the application is approved, an account-granting organization may: (1) solicit and accept donations from certain taxpayers; and (2) provide grants to education savings accounts pursuant to the provisions of the Program.

**Section 21** of this bill sets forth certain requirements for an account-granting organization to apply annually to renew its certificate issued by the Department.

**Section 13** of this bill: (1) requires each account-granting organization to implement a system for administering education savings accounts; and (2) authorizes each account-granting organization to contract with a private financial institution for the administration of education savings accounts.



**Section 14** of this bill requires that an account-granting organization ensure that at least 90 percent of the money received pursuant to **sections 28 and 30** is allocated to education savings accounts.

**Section 15** of this bill imposes certain duties on an account-granting organization.

**Section 16** of this bill: (1) authorizes the parent of any child required to attend public school to apply to an account-granting organization for an education savings account; and (2) sets forth certain requirements for an agreement between a parent and account-granting organization in order to open an education savings account for a child.

**Section 17** of this bill requires the account-granting organization to deposit in a child's education savings account an amount that is equal to the base per pupil funding plus any weighted funding that the child would be entitled to if the child were enrolled in a public school.

**Section 18** of this bill requires an account-granting organization to establish a process for approving an education service provider to receive money from an education savings account.

**Section 19** of this bill sets forth certain allowable uses of money deposited in a child's education savings account.

**Section 20** of this bill authorizes unused money remaining in a child's education savings account to be used within a certain period of time for any postsecondary education.

**Section 22** of this bill requires the Department of Education to maintain on its Internet website a list of account-granting organizations to which a parent may apply for an education savings account pursuant to the Program.



**Section 23** of this bill authorizes the Department to audit or investigate an account-granting organization to ensure compliance with the provisions of **sections 2-26** of this bill and any regulations adopted pursuant thereto.

**Section 24** requires each account-granting organization to submit an annual report of its activities to the Department.

**Section 25** provides that no obligation or liability may be incurred by the Department, a school district or any public school in this State by the provisions of **sections 2-26**.

**Section 26** requires the Department to adopt any regulations necessary to carry out the provisions of the Program.

Existing law requires each child between the ages of 6 and 18 years to attend a public school of the State, attend a private school or be homeschooled. (NRS 392.040, 392.070) **Sections 16 and 27** of this bill provide an exemption to this requirement for a child who receives an education savings account pursuant to the Program.

**Sections 3-11** define certain terms relating to the Program.

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

**Section 1.** Chapter 388D of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 26, inclusive, of this act.



**Sec. 2. 1. *The Nevada Education Savings Account Program is hereby established.***

**2. *Sections 2 to 26, inclusive, of this act, may be cited as the Nevada Education Savings Account Program Act.***

**Sec. 3. *As used in sections 2 to 26, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 4 to 11, inclusive, of this act have the meanings ascribed to them in those sections.***

**Sec. 4. *“Account-granting organization” means a private, nonprofit organization that is certified by the Department pursuant to section 12 or 21 of this act.***

**Sec. 5. *“Child” means a resident of this State who is eligible to enroll in a public elementary or secondary school.***

**Sec. 6. *“Department” means the Department of Education.***

**Sec. 7. *“Education savings account” means an account established for a child by an account-granting organization pursuant to section 16 of this act.***

**Sec. 8. *“Education service provider” means a person or organization that is approved by an account-granting organization pursuant to section 18 of this act to receive money from an education savings account for an expense that is authorized pursuant to section 19 of this act.***

**Sec. 9. *“Parent” means the parent, custodial parent, legal guardian or other person in this State who has control or charge of a child and the legal right to direct the education of the child.***

**Sec. 10. *“Private school” means a nonprofit private elementary or secondary educational institution that is licensed in this State.***



**Sec. 11.** *“Program” means the Nevada Education Savings Account Program established by section 2 of this act.*

**Sec. 12. 1.** *An account-granting organization must apply to the Department to participate in the Program. An application must include, without limitation:*

*(a) A copy of the documents indicating that the account-granting organization has incorporated in this State as a nonprofit organization;*

*(b) A copy of the determination by the Internal Revenue Service that the account-granting organization is exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3);*

*(c) A description of the methodology that the account-granting organization will use to evaluate whether a child is eligible for an education savings account;*

*(d) A description of the application process that the account-granting organization will use for parents applying for an education savings account;*

*(e) A description of how the account-granting organization will approve education service providers to receive money from an education savings account;*

*(f) A description of the process that the account-granting organization will use to inform parents of approved education service providers;*

*(g) The process and procedures that will be used by the account-granting organization for crediting refunds from an education service provider back to an education savings account; and*



*(h) An acknowledgment that the account-granting organization is prohibited from discriminating against a parent or child on the basis of race, color, ethnicity or national origin in approving or denying any application for an education savings account.*

*2. To obtain approval and certification from the Department, an account-granting organization must:*

*(a) Be exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3);*

*(b) Not own or operate any school in this State, including, without limitation, a private school; and*

*(c) Meet any other requirement established by regulation of the Department.*

*3. The Department shall process an application for certification within 60 days after receipt.*

*4. If certified by the Department, an account-granting organization shall:*

*(a) Solicit and accept donations from taxpayers pursuant to sections 28 and 30 of this act;*

*(b) Not expend more than 10 percent of the total amount of money accepted pursuant to paragraph (a) to pay its administrative expenses; and*

*(c) Provide grants to education savings accounts on behalf of children whose parents enter into an agreement with the account-granting organization pursuant to section 16 of this act.*

**Sec. 13. 1. Each account-granting organization:**

*(a) Shall implement a commercially viable, cost-effective and user-friendly system for administering education savings accounts; and*



*(b) May contract with a private financial institution for the administration of education savings accounts.*

*2. An account-granting organization:*

*(a) Shall not implement a system that requires parents to be reimbursed for expenses; and*

*(b) May implement a system that provides for the preapproval of a particular expense to be reimbursed from an education savings account.*

**Sec. 14. 1.** *An account-granting organization shall ensure that at least 90 percent of the money received pursuant to sections 28 and 30 of this act is allocated to education savings accounts.*

*2. An account-granting organization may, after notifying the Department, transfer revenue received pursuant to section 28 or 30 of this act to any other account-granting organization for allocation to education savings accounts.*

**Sec. 15. 1.** *Each account-granting organization shall:*

*(a) Create a standard application process that is publicly available on the Internet website of the account-granting organization for parents to apply for an education savings account pursuant to section 16 of this act; and*

*(b) Provide each parent whose application for an education savings account is approved a written explanation of:*

*(1) The responsibilities of the parent resulting from the creation of an education savings account;*

*(2) The duties of the account-granting organization;*





*(3) The role of any private financial institution with which the account-granting organization is contracted to administer education savings accounts; and*

*(4) The education service providers who are eligible to receive payment out of the education savings account for an expense that is authorized pursuant to section 19 of this act.*

*2. If a parent of a child with a disability applies to receive an education savings account, the account-granting organization must notify the parent:*

*(a) That receiving an education savings account is a parental placement pursuant to 20 U.S.C. § 1412; and*

*(b) Of the rights that the child has pursuant to 20 U.S.C. § 1412 and any applicable state law.*

**Sec. 16. 1.** *The parent of any child required to enroll in and attend a public school pursuant to NRS 392.040 may apply to an account-granting organization for an education savings account. To the extent that money is available to make a grant pursuant to section 17 of this act, the account-granting organization may enter into an agreement pursuant to this section and open an education savings account for the child. The agreement must provide that:*

*(a) The child will receive instruction in this State for the school year in at least the subjects of reading, language, mathematics, science and social studies;*

*(b) The parent will not use any money in the education savings account, except as authorized pursuant to section 19 or 20 of this act;*

*(c) The child will not be enrolled in any public school while an education service provider is receiving money from the education savings account of the child;*



*(d) The parent will not obtain another educational savings account for the child from another account-granting organization; and*

*(e) The parent will comply with any applicable statute or regulation relating to education savings accounts.*

*2. To the extent that money is available to make a grant to an education savings account pursuant to section 17 of this act, if an agreement is entered into pursuant to subsection 1, an education savings account must be established by the account-granting organization on behalf of the child.*

*3. To the extent that money is available to make an additional grant to an education savings account pursuant to section 17 of this act, the parent and the account-granting organization may renew an agreement for each school year.*

*4. The account-granting organization may terminate the agreement with the parent for an education savings account if the parent intentionally and substantially misuses money in an education savings account. The Department shall adopt regulations setting forth the procedures for determining whether a parent has intentionally and substantially misused money in an education savings account.*

*5. Nothing in this section requires a parent to enroll a child who receives an education savings account into a private school or program of distance education. If a parent enters into an agreement with an account-granting organization pursuant to this section, the child is excused from compulsory enrollment and attendance pursuant to NRS 392.070.*



**Sec. 17. 1.** *If a parent enters into or renews an agreement pursuant to section 16 of this act, the account-granting organization shall deposit in the education savings account established by the account-granting organization an amount that is equal to the base per pupil funding plus any weighted funding that the child would be entitled to if the child were enrolled in a public school.*

*2. If a parent enrolls a child in a public school during any school year for which the child received a grant of money in an education savings account:*

*(a) The parent must immediately inform the account-granting organization; and*

*(b) The account-granting organization shall immediately freeze the education savings account.*

**Sec. 18. 1.** *Each account-granting organization shall establish a process for approving an education service provider to receive money from an education savings account. If an account-granting organization approves an education service provider:*

*(a) The account-granting organization shall inform the Department of such approval; and*

*(b) The education service provider is eligible to receive money from an education savings account only to pay an expense that is authorized pursuant to section 19 or 20 of this act.*

*2. Except as otherwise provided in sections 2 to 26, inclusive, of this act, approval as an education service provider must not limit the independence or autonomy of an education service provider and does not make the actions of an education service provider the actions of the State Government.*



*3. An account-granting organization shall revoke approval of an education service provider to receive money from an education savings account if the education service provider:*

*(a) Intentionally and substantially misrepresents information to a parent;*

*(b) Routinely fails to provide a child with the service for which the education service provider received money from an education savings account; or*

*(c) Violates any applicable regulation adopted by the Department.*

*4. An education service provider has no right to appeal the decision of an account-granting organization to revoke the approval of the education service provider to receive money from an education savings account.*

**Sec. 19. 1. Money deposited in a child's education savings account pursuant to section 17 of this act must be used only to pay an education service provider for:**

*(a) Tuition and fees;*

*(b) Uniforms;*

*(c) Textbooks and other instructional materials;*

*(d) Computer hardware or software;*

*(e) Tutoring or other teaching services;*

*(f) Tuition and fees for a program of distance education;*

*(g) Fees for any national norm-referenced achievement examination, advanced placement or similar examination or standardized examination required for admission to a college or university;*

*(h) Transportation required for the child to travel to and from a private school;*



*(i) Fees for any extracurricular activity that the child participates in at a public school or private school;*

*(j) Educational services or therapies, including, without limitation, any occupational, behavioral, physical, speech-language or audiology therapy;*

*(k) Before- or after-school activities and summer school, but not including after-school childcare; and*

*(l) Any other educational expense approved by the account-granting organization.*

*2. An education service provider, private school or other entity that receives a payment authorized pursuant to subsection 1 shall not:*

*(a) Refund any portion of the payment to the parent who authorized the payment unless the refund is for an item that is being returned or an item or service that has not been provided; or*

*(b) Rebate or otherwise share any portion of the payment with the parent who authorized the payment.*

*3. A parent who receives a refund pursuant to subsection 2 shall deposit the refund in the education savings account from which the money refunded was paid.*

*4. Except as otherwise provided in subsection 3, a parent shall not deposit any money into an education savings account.*

*5. Nothing in this section shall be deemed to prohibit a parent or child from making a payment for any tuition, fee, service or product described in subsection 1 from a source other than the education savings account of the child.*



**Sec. 20.** *Notwithstanding the provisions of section 19 of this act, any unused money in an education savings account may be used by the child to pay for any postsecondary education within 4 years after graduating high school. Any unused money in an education savings account must be reverted to the account-granting organization upon the earlier of:*

- 1. The parent enrolling the child in a public school;*
- 2. The child graduating from any postsecondary educational institution; or*
- 3. The child reaching 26 years of age.*

**Sec. 21.** *1. An account-granting organization must apply annually for the renewal of certification to participate in the Program. An application for renewal must include, without limitation:*

- (a) A copy of the account-granting organization's Internal Revenue Service Form 990;*
- (b) A copy of any audit that is required by the Department; and*
- (c) An annual report that includes, without limitation:*

*(1) The number of applications that the account-granting organization received for education savings accounts pursuant to section 16 of this act during the immediately preceding school year, by county and grade level;*

*(2) The names and addresses of all children who received money in their education savings accounts during the immediately preceding school year;*

*(3) The total number of education savings accounts that the account-granting organization maintains;*



*(4) The amounts of money that the account-granting organization received and distributed during the immediately preceding fiscal year;*

*(5) The amount of money retained and spent by the account-granting organization as administrative costs during the immediately preceding fiscal year;*

*(6) The amount of money spent on fees to private financial institutions to manage or administer education savings accounts;*

*(7) A list of education service providers approved by the account-granting organization; and*

*(8) An attestation that the account-granting organization complied with all applicable requirements set forth in sections 2 to 26, inclusive, of this act, and any regulations adopted by the Department pursuant thereto.*

*2. The annual report required by subsection 1 must:*

*(a) Comply with uniform accounting standards established by the Department;*

*(b) Be certified as accurate by a certified public accountant; and*

*(c) Be free of material misstatements or errors.*

*3. The Department shall process an application for the renewal of certification within 30 days after receipt.*

**Sec. 22.** *The Department shall maintain on its Internet website a list of account-granting organizations to which a parent may apply for an education savings account pursuant to the Program.*



**Sec. 23. 1.** *The Department may audit or investigate any account-granting organization to ensure compliance with the provisions of sections 2 to 26, inclusive, of this act and any regulations adopted pursuant thereto.*

*2. If the Department finds that any account-granting organization has violated any applicable provision of sections 2 to 26, inclusive, of this act, the Department may, after notice and a hearing, revoke the certification of the account-granting organization.*

**Sec. 24. 1.** *Each account-granting organization shall submit an annual report of its activities to the Department, in the form and by the deadline prescribed by the Department.*

*2. The Department shall prepare and publish on its Internet website a summary of all annual reports received from account-granting organizations. The Department shall not include any identifying information about any parent or child who receives an education savings account.*

**Sec. 25.** *No obligation or liability may be incurred by the Department, a school district or any public school in this State by the provisions of sections 2 to 26, inclusive, of this act, including, without limitation, for any misconduct by an account-granting organization or an education service provider.*

**Sec. 26.** *The Department shall adopt any regulations necessary to carry out the Program.*

**Sec. 27.** NRS 392.070 is hereby amended to read as follows:

392.070 Enrollment and attendance of a child required by the provisions of NRS 392.040 must be excused when:

1. The child is enrolled in a private school pursuant to chapter 394 of NRS; ~~for~~





2. A parent of the child chooses to provide education to the child and files a notice of intent to homeschool the child with the superintendent of schools of the school district in which the child resides in accordance with NRS 388D.020 ~~H~~; or

*3. The parent of the child and an account-granting organization have entered into an agreement for the establishment of an education savings account for the child pursuant to section 16 of this act.*

**Sec. 28.** Chapter 363A of NRS is hereby amended by adding thereto a new section to read as follows:

*1. Any taxpayer who is required to pay the tax imposed pursuant to NRS 363A.130 may receive a credit against the tax otherwise due for any donation of money made by the taxpayer to an account-granting 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 an account-granting organization must, before making such a donation, notify the account-granting organization of the taxpayer's intent to make the donation and to seek the credit authorized by subsection 1. An account-granting 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 account-granting 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 account-granting 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 account-granting organization. If the taxpayer does not make the donation of money to the account-granting organization within 30 days after receiving the notice, the account-granting 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.*

*4. The Department of Taxation may, for each fiscal year, approve applications for the credit authorized by subsection 1 until the total amount of the credits authorized by subsection 1 and approved by the Department of Taxation pursuant to this subsection and subsection 4 of section 30 of this act is \$6,655,000. The amount of any credit which is forfeited pursuant to subsection 2 must not be considered in calculating the amount of credits authorized for any fiscal year.*

*5. If a taxpayer applies to and is approved by the Department of Taxation for the credit authorized by subsection 1, the amount of the credit provided by this section is equal to the amount approved by the Department of Taxation pursuant to subsection 2, which must not exceed the amount of the donation made by the taxpayer to an account-granting organization. The total amount of the credit applied against the taxes described in subsection 1 and otherwise due from a taxpayer must not exceed the amount of the donation.*

*6. If the amount of the tax described in subsection 1 and otherwise due from a taxpayer is less than the credit to which the taxpayer is entitled pursuant to this section, the taxpayer may, after applying the credit to the extent of the tax otherwise due, carry the balance of the credit*



*forward for not more than 3 years after the end of the calendar year in which the donation is made or until the balance of the credit is applied, whichever is earlier.*

*7. As used in this section, “account-granting organization” has the meaning ascribed to it in section 4 of this act.*

**Sec. 29.** NRS 363A.130 is hereby amended to read as follows:

363A.130 1. Except as otherwise provided in NRS 360.203, there is hereby imposed an excise tax on each employer at the rate of 2 percent of the wages, as defined in NRS 612.190, paid by the employer during a calendar quarter with respect to employment in connection with the business activities of the employer.

2. The tax imposed by this section:

(a) Does not apply to any person or other entity or any wages this State is prohibited from taxing under the Constitution, laws or treaties of the United States or the Nevada Constitution.

(b) Must not be deducted, in whole or in part, from any wages of persons in the employment of the employer.

3. Each employer shall, on or before the last day of the month immediately following each calendar quarter for which the employer is required to pay a contribution pursuant to NRS 612.535:

(a) File with the Department a return on a form prescribed by the Department; and

(b) Remit to the Department any tax due pursuant to this section for that calendar quarter.

4. In determining the amount of the tax due pursuant to this section, an employer is entitled to subtract from the amount calculated pursuant to subsection 1 a credit in an amount equal to 50 percent of the amount of the commerce tax paid by the employer pursuant to chapter 363C of NRS



for the preceding taxable year. The credit may only be used for any of the 4 calendar quarters immediately following the end of the taxable year for which the commerce tax was paid. The amount of credit used for a calendar quarter may not exceed the amount calculated pursuant to subsection 1 for that calendar quarter. Any unused credit may not be carried forward beyond the fourth calendar quarter immediately following the end of the taxable year for which the commerce tax was paid, and a taxpayer is not entitled to a refund of any unused credit.

5. An employer who makes a donation of money to a scholarship organization during the calendar quarter for which a return is filed pursuant to this section is entitled, in accordance with NRS 363A.139, to a credit equal to the amount authorized pursuant to NRS 363A.139 against any tax otherwise due pursuant to this section. As used in this subsection, “scholarship organization” has the meaning ascribed to it in NRS 388D.260.

*6. An employer who makes a donation of money to an account-granting organization during the calendar quarter for which a return is filed pursuant to this section is entitled, in accordance with section 28 of this act, to a credit equal to the amount authorized pursuant to section 28 of this act against any tax otherwise due pursuant to this section. As used in this subsection, “account-granting organization” has the meaning ascribed to it in section 4 of this act.*

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



*1. Any taxpayer who is required to pay the tax imposed pursuant to NRS 363B.110 may receive a credit against the tax otherwise due for any donation of money made by the taxpayer to an account-granting 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 an account-granting organization must, before making such a donation, notify the account-granting organization of the taxpayer's intent to make the donation and to seek the credit authorized by subsection 1. An account-granting organizations 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 account-granting 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 account-granting 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 account-granting organization. If the taxpayer does not make the donation of money to the account-granting organization within 30 days after receiving the notice, the account-granting 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.*



4. *The Department of Taxation may, for each fiscal year, approve applications for the credit authorized by subsection 1 until the total amount of the credits authorized by subsection 1 and approved by the Department of Taxation pursuant to this subsection and subsection 4 of section 28 of this act is \$6,655,000. The amount of any credit which is forfeited pursuant to subsection 2 must not be considered in calculating the amount of credits authorized for any fiscal year.*

5. *If a taxpayer applies to and is approved by the Department of Taxation for the credit authorized by subsection 1, the amount of the credit provided by this section is equal to the amount approved by the Department of Taxation pursuant to subsection 2, which must not exceed the amount of the donation made by the taxpayer to an account-granting organization. The total amount of the credit applied against the taxes described in subsection 1 and otherwise due from a taxpayer must not exceed the amount of the donation.*

6. *If the amount of the tax described in subsection 1 and otherwise due from a taxpayer is less than the credit to which the taxpayer is entitled pursuant to this section, the taxpayer may, after applying the credit to the extent of the tax otherwise due, carry the balance of the credit forward for not more than 3 years after the end of the calendar year in which the donation is made or until the balance of the credit is applied, whichever is earlier.*

7. *As used in this section, “account-granting organization” has the meaning ascribed to it in section 4 of this act.*

**Sec. 31.** NRS 363B.110 is hereby amended to read as follows:

363B.110 1. Except as otherwise provided in NRS 360.203, there is hereby imposed an excise tax on each employer at the rate of 1.475 percent of the amount by which the sum of all the



wages, as defined in NRS 612.190, paid by the employer during a calendar quarter with respect to employment in connection with the business activities of the employer exceeds \$50,000.

2. The tax imposed by this section:

(a) Does not apply to any person or other entity or any wages this State is prohibited from taxing under the Constitution, laws or treaties of the United States or the Nevada Constitution.

(b) Must not be deducted, in whole or in part, from any wages of persons in the employment of the employer.

3. Each employer shall, on or before the last day of the month immediately following each calendar quarter for which the employer is required to pay a contribution pursuant to NRS 612.535:

(a) File with the Department a return on a form prescribed by the Department; and

(b) Remit to the Department any tax due pursuant to this chapter for that calendar quarter.

4. In determining the amount of the tax due pursuant to this section, an employer is entitled to subtract from the amount calculated pursuant to subsection 1 a credit in an amount equal to 50 percent of the amount of the commerce tax paid by the employer pursuant to chapter 363C of NRS for the preceding taxable year. The credit may only be used for any of the 4 calendar quarters immediately following the end of the taxable year for which the commerce tax was paid. The amount of credit used for a calendar quarter may not exceed the amount calculated pursuant to subsection 1 for that calendar quarter. Any unused credit may not be carried forward beyond the fourth calendar quarter immediately following the end of the taxable year for which the commerce tax was paid, and a taxpayer is not entitled to a refund of any unused credit.



5. An employer who makes a donation of money to a scholarship organization during the calendar quarter for which a return is filed pursuant to this section is entitled, in accordance with NRS 363B.119, to a credit equal to the amount authorized pursuant to NRS 363B.119 against any tax otherwise due pursuant to this section. As used in this subsection, “scholarship organization” has the meaning ascribed to it in NRS 388D.260.

*6. An employer who makes a donation of money to an account-granting organization during the calendar quarter for which a return is filed pursuant to this section is entitled, in accordance with section 30 of this act, to a credit equal to the amount authorized pursuant to section 30 of this act against any tax otherwise due pursuant to this section. As used in this subsection, “account-granting organization” has the meaning ascribed to it in section 4 of this act.*

**Sec. 32.** 1. This section becomes effective upon passage and approval.

2. Sections 1 to 31, inclusive, of this act become effective:

(a) Upon passage and approval for the purpose of adopting any regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and

(b) On January 1, 2026, for all other purposes.

