

SENATE BILL NO. 12—SENATOR BEERS

PREFILED JANUARY 16, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises applicability of the general tax on insurance premiums. (BDR 57-682)

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 insurance; exempts compensation received for certain annuity contracts from the general tax on insurance premiums; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides for a tax to be paid by insurers on the premiums and other compensation received by the insurers for certain insurance policies and annuity contracts. (NRS 680B.025-680B.039) This bill exempts from that tax the compensation received by an insurer for an annuity contract with a person who is 60 years of age or older.

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

Section 1. NRS 680B.025 is hereby amended to read as follows:

680B.025 For the purposes of NRS 680B.025 to 680B.039, inclusive:

1. "Total income derived from direct premiums written":

(a) Does not include premiums written or considerations received from ~~life~~:

(1) Life insurance policies or annuity contracts issued in connection with the funding of a pension, annuity or profit-sharing plan qualified or exempt pursuant to sections 401, 403, 404, 408,



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1 457 or 501 of the United States Internal Revenue Code as
2 renumbered from time to time ~~H~~ ; or

3 *(2) Annuity contracts with a person who is 60 years of age*
4 *or older.*

5 (b) Does not include payments received by an insurer from the
6 Secretary of Health and Human Services pursuant to a contract
7 entered into pursuant to section 1876 of the Social Security Act, 42
8 U.S.C. § 1395mm.

9 (c) As to title insurance, consists of the total amount charged by
10 the company for the sale of policies of title insurance.

11 2. Money accepted by a life insurer pursuant to an agreement
12 which provides for an accumulation of money to purchase annuities
13 at future dates may be considered as "total income derived from
14 direct premiums written" either upon receipt or upon the actual
15 application of the money to the purchase of annuities, but any
16 interest credited to money accumulated while under the latter
17 alternative must also be included in "total income derived from
18 direct premiums written," and any money taxed upon receipt,
19 including any interest later credited thereto, is not subject to taxation
20 upon the purchase of annuities. Each life insurer shall signify on its
21 return covering premiums for the calendar year 1971 or for the first
22 calendar year it transacts business in this State, whichever is later,
23 its election between those two alternatives. Thereafter an insurer
24 shall not change his election without the consent of the
25 Commissioner. Any such money taxed as "total income derived
26 from direct premiums written" is, in the event of withdrawal of the
27 money before its actual application to the purchase of annuities,
28 eligible to be included as "return premiums" pursuant to the
29 provisions of NRS 680B.030.

30 **Sec. 2.** This act becomes effective on July 1, 2007.

