SENATE BILL NO. 68–SENATOR BUCK

PREFILED NOVEMBER 17, 2026

Referred to Committee on Commerce and Labor

SUMMARY—Eliminates the premium tax on annuity contracts. (BDR 57-20)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: May have Fiscal Impact.
Effect on the State Highway Fund: No.

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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; eliminating the applicability of the general tax on insurance premiums to annuity contracts; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law imposes against each insurer doing business in this State an annual tax of 3.5 percent of the net premiums and considerations written by the insurer. (NRS 680B.027) Existing law exempts from this premium tax the premiums written and considerations received by an insurer for certain annuity contracts issued in connection with the funding of certain pensions, annuities or profit-sharing plans, often referred to as "qualified annuities." However, under existing law, premiums written and considerations received by an insurer for other, non-qualified annuity contracts are considered income and are taxable for the purpose of the insurance premium tax. (NRS 680B.025) **Section 2** of this bill eliminates the applicability of the insurance premium tax to such premiums written and considerations and certain other moneys received by an insurer for non-qualified annuity contracts, thereby eliminating the applicability of the premium tax to annuity contracts altogether. **Sections 1, 3 and 4** of this bill accordingly make conforming changes to eliminate references to the applicability of the insurance premium tax to annuity contracts.

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

Section 1. NRS 680A.070 is hereby amended to read as follows:

680A.070 A certificate of authority is not required of an insurer with respect to any of the following:

1. Investigation, settlement or litigation of claims under its policies lawfully written in this State, or liquidation of assets and liabilities of the insurer, other than collection of new premiums, all as resulting from its former authorized operations in this State.

2. Except as otherwise provided in subsection 2 of NRS 680A.060, transactions thereunder after issuance of a policy covering only subjects of insurance that are not resident, located or expressly to be performed in this State at the time of issuance, and lawfully solicited, written and delivered outside this State.

3. Prosecution or defense of suits at law, except that no insurer unlawfully transacting insurance in this State without a certificate of authority may institute or maintain, other than defend, any action at law or in equity in any court of this State, either directly or through an assignee or successor in interest, to enforce any right, claim or demand arising out of such an insurance transaction until the insurer, assignee or successor has obtained a certificate of authority. This provision does not apply to any suit or action by the receiver, rehabilitator or liquidator of such an insurer, assignee or successor under laws similar to those contained in chapter 696B of NRS.

4. Transactions pursuant to surplus lines coverages lawfully written under chapter 685A of NRS.

5. A suit, action or proceeding for the enforcement or defense of its rights relative to its investments in this State.

6. Reinsurance, except as to a domestic reinsurer or the reinsurance of a domestic insurer, unless the reinsurance is authorized pursuant to subsection 1 of NRS 681A.110.

7. Transactions in this State involving group life insurance, group health or blanket health insurance, or group annuities where the master policy or contract of such groups was lawfully solicited, issued and delivered pursuant to the laws of a state in which the insurer was authorized to transact insurance, to a group organized for purposes other than the procurement of insurance or to a group approved pursuant to NRS 688B.030 or 689B.026, and where the policyholder is domiciled or otherwise has a bona fide situs.

8. The issuance of annuities by an affiliate of an authorized insurer if the affiliate:

(a) Is approved by the Commissioner;

(b) Is organized as a nonprofit educational corporation; ***and***

(c) Issues annuities only to nonprofit institutions of education and research **.** ~~[, and~~

~~(d) Reports and pays any premium tax on the annuities required pursuant to chapter 680B of NRS.]~~

9. Transactions, other than for workers' compensation insurance or for industrial insurance provided pursuant to chapters 616A to 617, inclusive, of NRS, involving the procurement of

excess liability insurance above underlying liability coverage or self-insured retention of at least $25,000,000, if procured from an unauthorized alien or foreign insurer who does not solicit, negotiate or enter into such transactions in this State by any means, and if procured by a person:

(a) Whose total annual premiums for property and casualty insurance, not including workers' compensation or industrial insurance, is $1,000,000 or more; and

(b) Who employs 250 or more full-time employees.

➥ A person who procures insurance in accordance with this subsection shall report and pay any premium tax on the insurance required pursuant to NRS 680B.040.

Sec. 2. 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]~~ ***, "total*** income derived from direct premiums written":

~~[(a)]~~ ***1.*** Does not include ~~[premiums]~~ ***:***

(a) Premiums written or considerations received from 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, 457 or 501 of the United States Internal Revenue Code as renumbered from time to time.

(b) ~~[Does not include payments]~~ ***Premiums written or considerations received from any other annuity contract not described in paragraph (a).***

(c) Any money accepted by an insurer pursuant to an agreement which provides for an accumulation of money to purchase an annuity contract at a future date.

(d) Payments received by an insurer from the Secretary of Health and Human Services pursuant to a contract entered into pursuant to section 1876 of the Social Security Act, 42 U.S.C. § 1395mm.

~~[(c)]~~ ***2.*** As to title insurance, consists of the total amount charged by the company for the sale of policies of title insurance.

~~[2. Money accepted by a life insurer pursuant to an agreement which provides for an accumulation of money to purchase annuities at future dates may be considered as "total income derived from direct premiums written" either upon receipt or upon the actual application of the money to the purchase of annuities, but any interest credited to money accumulated while under the latter alternative must also be included in "total income derived from direct premiums written," and any money taxed upon receipt, including any interest later credited thereto, is not subject to taxation~~

~~upon the purchase of annuities. Each life insurer shall signify on its return covering premiums for the calendar year 1971 or for the first calendar year it transacts business in this State, whichever is later, its election between those two alternatives. Thereafter an insurer shall not change his or her election without the consent of the Commissioner. Any such money taxed as "total income derived from direct premiums written" is, in the event of withdrawal of the money before its actual application to the purchase of annuities, eligible to be included as "return premiums" pursuant to the provisions of NRS 680B.030.]~~

Sec. 3. NRS 680B.030 is hereby amended to read as follows:

680B.030 1. Each insurer and each formerly authorized insurer with respect to insurance transacted while an authorized insurer and property bondsman shall, on or before March 15 of each year, or within any reasonable extension of time therefor which the Executive Director of the Department of Taxation may for good cause have granted on or before that date, file with the Department of Taxation a report in such form as prescribed by the Executive Director of the Department of Taxation in cooperation with the Commissioner, showing total income derived from direct premiums written, including policy, membership and other fees and assessments ~~[,]~~ and all other considerations for insurance ~~[,]~~ ***or*** bail ~~[or annuity]~~ contracts written during the next preceding calendar year on account of policies and contracts covering property, subjects or risks located, resident or to be performed in this State, with proper proportionate allocation of premiums as to such persons, property, subjects or risks in this State insured under policies and contracts covering persons, property, subjects or risks located or resident in more than one state, after deducting from the total income derived from direct premiums written:

(a) The amount of return premiums; and

(b) Dividends, savings and unabsorbed premium deposits returned to policyholders in cash or credited to their accounts.

2. The report must be:

(a) Accompanied by a payment made payable to the Department of Taxation in an amount equal to all of the tax required to be paid on net direct premiums and net direct considerations written during the preceding calendar year, less any quarterly payments made for the same period pursuant to NRS 680B.032; and

(b) Verified by the oath or affirmation of the insurer's president, vice president, secretary, treasurer or manager.

Sec. 4. NRS 363C.210 is hereby amended to read as follows:

363C.210 1. In computing the commerce tax owed by a business entity pursuant to this chapter, the business entity is entitled to deduct from its gross revenue the following amounts, to

the extent such amounts are included in gross revenue of the business entity:

(a) Any gross revenue which this State is prohibited from taxing pursuant to the Constitution or laws of the United States or the Nevada Constitution.

(b) Any gross revenue of the business entity attributable to dividends and interest upon any bonds or securities of the Federal Government, the State of Nevada or a political subdivision of this State.

(c) If a business entity is required to pay a license fee pursuant to NRS 463.370, the amount of its gross receipts used to determine the amount of that fee.

(d) If the business entity is required to pay a tax on the net proceeds from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, the amount of the gross proceeds used to determine the amount of that tax.

(e) If the business entity is required to pay the tax imposed by chapter 369 of NRS, an amount equal to the amount of the excise tax paid pursuant to that chapter by the business entity.

(f) If the business entity is required to pay the tax imposed pursuant to chapter 680B of NRS:

(1) The amount of the total income derived from direct premiums written and all other considerations for insurance ~~[,]~~ ***or*** bail ~~[or annuity]~~ contracts used to determine the amount of the tax imposed pursuant to chapter 680B of NRS;

(2) Any amounts excluded from total income derived from direct premiums pursuant to NRS 680B.025; and

(3) Gross premiums upon policies on risks located in this State received by a factory mutual and amounts deducted from such gross premiums to determine the amount of the tax imposed by NRS 680B.027 upon the factory mutual pursuant to NRS 680B.033.

(g) If the business entity is required to pay the tax imposed pursuant to NRS 694C.450, the amount of the net direct premiums, as defined in that section, used to determine the amount of that tax.

(h) If the business entity is required to pay the tax imposed pursuant to NRS 685A.180, the amount of the premiums, as defined in that section, used to determine the amount of that tax.

(i) Except as otherwise provided by paragraph (j), the total amount of payments received by a health care provider:

(1) From Medicaid, Medicare, the Children's Health Insurance Program, the Fund for Hospital Care to Indigent Persons created pursuant to NRS 428.175 or TRICARE;

(2) For professional services provided in relation to a workers' compensation claim; and

(3) For the actual cost to the health care provider for any uncompensated care provided by the health care provider, except that if the health care provider later receives payment for all or part of that care, the health care provider must include the amount of the payment in his or her gross receipts for the calendar quarter in which the payment is received.

(j) If the business entity is engaging in a business in this State as a health care provider that is a health care institution, an amount equal to 50 percent of the amounts described in paragraph (i) that are received by the health care institution.

(k) If the business entity is engaging in business in this State as a professional employer organization, the amount of any payments received from a client company for wages, payroll taxes on those wages, employee benefits and workers' compensation benefits for employees leased to the client company.

(l) The amount of any pass-through revenue of the business entity.

(m) The tax basis of securities and loans sold by the business entity, as determined for the purposes of federal income taxation.

(n) The amount of revenue received by the business entity that is directly derived from the operation of a facility that is:

(1) Located on property owned or leased by the Federal Government; and

(2) Managed or operated primarily to house members of the Armed Forces of the United States.

(o) Interest income other than interest on credit sales.

(p) Dividends and distributions from corporations, and distributive or proportionate shares of receipts and income from a pass-through entity.

(q) Receipts from the sale, exchange or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code, 26 U.S.C. § 1221 or 1231, without regard to the length of time the business entity held the asset.

(r) Receipts from a hedging transaction, as defined in section 1221 of the Internal Revenue Code, 26 U.S.C. § 1221, or a transaction accorded hedge accounting treatment under Statement No. 133 of the Financial Accounting Standards Board, Accounting for Derivative Instruments and Hedging Activities, to the extent the transaction is entered into primarily to protect a financial position, including, without limitation, managing the risk of exposure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity or investments in foreign operations, to interest rate fluctuations or to commodity price fluctuations. For the purposes of this paragraph, receipts from the actual transfer of title of real or tangible personal property to another business entity are not receipts

from a hedging transaction or a transaction accorded hedge accounting treatment.

(s) Proceeds received by a business entity that are attributable to the repayment, maturity or redemption of the principal of a loan, bond, mutual fund, certificate of deposit or marketable instrument.

(t) The principal amount received under a repurchase agreement or on account of any transaction properly characterized as a loan.

(u) Proceeds received from the issuance of the business entity's own stock, options, warrants, puts or calls, from the sale of the business entity's treasury stock or as contributions to the capital of the business entity.

(v) Proceeds received on account of payments from insurance policies, except those proceeds received for the loss of business revenue.

(w) Damages received as a result of litigation in excess of amounts that, if received without litigation, would not have been included in the gross receipts of the business entity pursuant to this section.

(x) Bad debts expensed for the purposes of federal income taxation.

(y) Returns and refunds to customers.

(z) Amounts realized from the sale of an account receivable to the extent the receipts from the underlying transaction were included in the gross receipts of the business entity.

(aa) If the business entity owns an interest in a passive entity, the business entity's share of the net income of the passive entity, but only to the extent the net income of the passive entity was generated by the gross revenue of another business entity.

2. As used in this section:

(a) "Children's Health Insurance Program" means the program established pursuant to 42 U.S.C. §§ 1397aa to 1397jj, inclusive, to provide health insurance for uninsured children from low-income families in this State.

(b) "Client company" has the meaning ascribed to it in NRS 611.400.

(c) "Health care institution" means:

(1) A medical facility as defined in NRS 449.0151; and

(2) A pharmacy as defined in NRS 639.012.

(d) "Health care provider" means a business that receives any payments listed in paragraph (i) of subsection 1 as a provider of health care services, including, without limitation, mental health care services.

(e) "Medicaid" means the program established pursuant to Title XIX of the Social Security Act, 42 U.S.C. §§ 1396 et seq., to

provide assistance for part or all of the cost of medical care rendered on behalf of indigent persons.

(f) "Medicare" means the program of health insurance for aged persons and persons with disabilities established pursuant to Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395 et seq.

(g) "Professional employer organization" has the meaning ascribed to it in NRS 611.400.

Sec. 5. This act becomes effective on July 1, 2027.

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