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September 16, 2024

Ms. Sarah Glazner
Management Analyst III
Department of Taxation
3850 Arrowhead Drive
Carson City, Nevada 89706

RECEIVED
SEP 18 2024
State of Nevada
Department of Taxation

Re: LCB File No. R046-24

Dear Ms. Glazner,

A regulation adopted by the Nevada Tax Commission has been filed today with the Secretary of State pursuant to NRS 233B.067 or 233B.0675 as appropriate. As provided in NRS 233B.070, this regulation becomes effective upon filing, unless otherwise indicated.

Enclosed are two copies of the regulation bearing the stamp of the Secretary of State which indicates that it has been filed. One copy is for your records and the other is for delivery to the State Library and Archives Administrator pursuant to subsection 6 of NRS 233B.070.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Killian".

Asher A. Killian
Legislative Counsel

Aaron D. MacDonald
Principal Deputy Legislative Counsel

Bryan J. Fernley
Chief Deputy Legislative Counsel

AAK/amh
Enclosure

SECRETARY OF STATE
FILING DATA

FILED.NV.SOS
2024 SEP 16 AM 8:57

**Form For Filing
Administrative Regulations**

Agency: Department of Taxation

Permanent Regulation
LCB File No. R046-24

FOR EMERGENCY
REGULATIONS ONLY

Effective date _____

Expiration date _____

Governor's signature

Classification: ADOPTED BY AGENCY

Brief description of action: The Nevada Tax Commission adopted LCB File No. **R046-24**, to repeal provisions relating to certain credits against an insurer's liability for the general tax on insurance premiums which have been eliminated; repeal a provision illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis; and provide other matters properly relating thereto.

Authority citation other than 233B: NRS 360.090 and NRS 360.245

Notice date: July 15, 2024

Date of Adoption by Agency: August 14, 2024

Hearing date: August 14, 2024

**APPROVED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R046-24

Filed on September 16, 2024

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: § 1, NRS 360.090, 680B.027.

A REGULATION relating to taxation; repealing provisions relating to certain credits against an insurer's liability for the general tax on insurance premiums which have been eliminated; repealing a provision illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires each insurer to pay to the Department of Taxation a tax upon net direct premiums and net direct considerations written at the rate of 3.5 percent. (NRS 680B.027) Before the enactment of Assembly Bill No. 3 (A.B. 3) of the 28th Special Session of the Nevada Legislature, the provisions of former NRS 680B.050 authorized a domestic or foreign insurer which owned and substantially occupied and used any building in this State as its home office or as a regional home office to take a credit against the general tax on insurance premiums. A.B. 3 repealed NRS 680B.050, effective on January 1, 2021, which had the effect of eliminating this credit beginning January 1, 2021. (Section 3 of Assembly Bill No. 3, chapter 1, Statutes of Nevada 2014, 28th Special Session, at p. 3) This regulation repeals provisions of the Nevada Administrative Code related to the eliminated credit. This regulation also repeals a provision of the Nevada Administrative Code illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis. (NRS 680B.032; NAC 680B.200)

Section 1. NAC 680B.150, 680B.160, 680B.170, 680B.180, 680B.190, 680B.200, 680B.210, 680B.220, 680B.230, 680B.240 and 680B.250 are hereby repealed.

TEXT OF REPEALED SECTIONS

NAC 680B.150 Definitions. (NRS 360.090, 680B.027) As used in NAC 680B.150 to 680B.250, inclusive, unless the context otherwise requires, the words and terms defined in NAC 680B.160 to 680B.190, inclusive, have the meanings ascribed to them in those sections.

NAC 680B.160 “Ad valorem credit” defined. (NRS 360.090, 680B.027) “Ad valorem credit” means the credit set forth in paragraph (b) of subsection 1 of NRS 680B.050.

NAC 680B.170 “Executive Director” defined. (NRS 360.090, 680B.027) “Executive Director” means the Executive Director of the Department of Taxation.

NAC 680B.180 “Fifty percent credit” defined. (NRS 360.090, 680B.027) “Fifty percent credit” means the credit set forth in paragraph (a) of subsection 1 of NRS 680B.050.

NAC 680B.190 “Net direct premiums and net direct considerations written during the preceding calendar quarter” defined. (NRS 360.090, 680B.027) “Net direct premiums and net direct considerations written during the preceding calendar quarter” means those net direct premiums and net direct considerations written during the same quarter for which each quarterly report and payment is due pursuant to the provisions of NRS 680B.032.

NAC 680B.200 Illustration of proper application of NRS 680B.032. (NRS 360.090, 680B.027, 680B.032) The following example is given to illustrate the proper application of

NRS 680B.032. If an insurer writes \$500,000 of net direct premiums and net direct considerations during the quarter that runs from January 1 to March 31 of a calendar year and the insurer is required to file quarterly reports and make quarterly payments pursuant to the provisions of NRS 680B.032, the insurer shall file its quarterly report and make its quarterly payment of taxes on that \$500,000 by April 30 of that same calendar year.

NAC 680B.210 Application of fifty percent credit and ad valorem credit against tax imposed for privilege of transacting business in this State. (NRS 360.090, 680B.027, 680B.050)

1. Except as otherwise provided in NAC 680B.240, an insurer who has established to the satisfaction of the Executive Director that it meets all the requirements set forth in NRS 680B.050 and 680B.055 may apply:

- (a) The fifty percent credit; and
- (b) The ad valorem credit,

↪ against the tax imposed by NRS 680B.027.

2. Such an insurer shall apply these credits pursuant to the provisions of NAC 680B.220 to 680B.250, inclusive.

NAC 680B.220 Application of fifty percent credit if home office or regional home office in Nevada. (NRS 360.090, 680B.027, 680B.050) Except as otherwise provided in NAC 680B.240, an insurer who has established to the satisfaction of the Executive Director that the insurer meets all the requirements set forth in NRS 680B.050 and 680B.055 and wishes to apply the fifty percent credit shall:

1. If the insurer is required to file quarterly reports and make quarterly payments pursuant to NRS 680B.032, reduce by 50 percent the amount of the tax required to be paid on net direct premiums and net direct considerations written during the preceding calendar quarter when the insurer files the quarterly reports and makes the quarterly payments pursuant to the provisions of NRS 680B.032.

2. If the insurer is not required to file quarterly reports and make quarterly payments pursuant to the provisions of NRS 680B.032, reduce by 50 percent the aggregate amount of the tax required to be paid on net direct premiums and net direct considerations written during the immediately preceding calendar year when the insurer files the annual report and makes the annual payment pursuant to the provisions of NRS 680B.030.

NAC 680B.230 Application of ad valorem credit if home office or regional home office in Nevada. (NRS 360.090, 680B.027, 680B.050)

1. Except as otherwise provided in NAC 680B.240, an insurer who has established to the satisfaction of the Executive Director that it meets all the requirements set forth in NRS 680B.050 and 680B.055 and wishes to apply the ad valorem credit shall reduce the amount of tax the insurer is required to pay pursuant to NRS 680B.027 by the amount of the ad valorem credit when the insurer files the annual report and makes the annual payment pursuant to the provisions of NRS 680B.030.

2. An insurer who is required to file quarterly reports and make quarterly payments pursuant to the provisions of NRS 680B.032 may not reduce the amount of tax the insurer is required to pay pursuant to NRS 680B.027 by the amount of the ad valorem credit or any portion of that

amount when the insurer files the quarterly reports and makes the quarterly payments pursuant to the provisions of NRS 680B.032.

NAC 680B.240 Failure to satisfy requirements for credits for maintaining home office; payment of deficiency and interest. (NRS 360.090, 680B.027, 680B.050)

1. If an insurer fails to satisfy the requirements of NRS 680B.050 or 680B.055 for the entire year for which the credits for maintaining a home office in this State are claimed, the insurer is not entitled to any credit for that entire calendar year.

2. If the Nevada Tax Commission, the Department of Taxation or a court of competent jurisdiction determines that an insurer who applied the fifty percent credit when the insurer filed a quarterly report and made a quarterly payment pursuant to the provisions of NRS 680B.032 has subsequently failed to satisfy the requirements of NRS 680B.050 or 680B.055 during the same calendar year in which the insurer made the quarterly payment, the insurer shall remit to the Department of Taxation:

(a) The difference between the amount the insurer set forth as the quarterly payment in the quarterly report filed with the Department of Taxation and the amount the insurer would have owed for the quarterly payment if the insurer had not applied the fifty percent credit and any other amount that the Nevada Tax Commission, the Department of Taxation or a court of competent jurisdiction determines to be a deficiency; and

(b) All applicable interest owed for failure to pay the full amount in a timely manner. Such interest must be based on the difference between the amount the insurer set forth as the quarterly payment in the quarterly report filed with the Department of Taxation and the amount the insurer would have owed for the quarterly payment if the insurer had not applied the fifty percent credit

and any other amount that the Nevada Tax Commission, the Department of Taxation or a court of competent jurisdiction determines to be a deficiency.

NAC 680B.250 Credit against tax imposed in succeeding calendar year. (NRS 360.090, 680B.027, 680B.050) If an insurer is not entitled to a certain amount of the fifty percent credit or the ad valorem credit because it would reduce the amount of tax payable to less than 20 percent of the tax otherwise payable for that year pursuant to the provisions of NRS 680B.027, the insurer may not carry forward that amount of either credit for use as a credit against the tax imposed by NRS 680B.027 in a succeeding calendar year.

LEGISLATIVE REVIEW OF ADOPTED REGULATIONS - NRS 233B.066
Informational Statement
LCB File No. R046-24

1. A clear and concise explanation of the need for the adopted regulation.

Proposed permanent regulation (R046-24) repeals provisions relating to certain credits against an insurer's liability for the general tax on insurance premiums which have been eliminated; repeals a provision illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis; and provides other matters properly relating thereto.

This Regulation is necessary to repeal certain provisions to comply with current statute (NRS 680B.050), as amended by Assembly Bill 3 of the 28th Special Session, which eliminated a tax credit against the general tax on insurance premiums by domestic or foreign insurers that owned or substantially occupied any building in Nevada as a home or regional home office.

2. Description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by issuing a questionnaire to interested parties regarding any impact on small businesses and sending notice of workshops and hearings by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/ Hearing</u>	<u>Date of Workshop/Hearing</u>	<u>Number Notified</u>
6/20/24	Workshop	7/9/24	202
7/15/24	Adoption Hearing	8/14/24	203

The mailing list included the interested parties list maintained by the Department. Notices were also posted at the Nevada State Library, Legislative Counsel Bureau and various Department of Taxation locations throughout the State. Comments were also solicited by direct email.

No public responses.

A copy of the recorded comments, the record of proceedings, and/or the Small Business Impact Statement may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

3. The number of persons (not including Department staff or Commission Members) who:

- (a) Attended each hearing:**
- (b) Testified at each hearing:**
- (c) Submitted written comments:**

Workshop date: July 9, 2024

- (a) Number in attendance: 13
- (b) Number testifying: 0
- (c) Written statements submitted: 0

Adoption Hearing date: August 14, 2024

- (a) Number in attendance: 15
- (b) Number testifying: 0
- (c) Written statements submitted: 0

4. For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:

Testified at Adoption Hearing:

None

Provided written public comment for Adoption Hearing:

None

5. A description of how comment was solicited from affected businesses, a summary of their response and an explanation of how other interested persons may obtain a copy of the summary.

See response to #2 for description of how comments were solicited from affected businesses and an explanation of how interested persons may obtain a copy of the summary.

Summary of public responses: None

Summary of workshop discussion: None

Summary of Public Comment at Adoption Hearing: None

A copy of the written and recorded comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

- 6. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The Nevada Tax Commission adopted the regulation without changing any part of the proposed regulation. There was no opposition, and the language accomplished the intent of the regulation.

- 7. The estimated economic effect of the regulation on the business which it is to regulate and on the public. This must include adverse, beneficial, immediate and long-term effects.**

- (a) Estimated economic effect on the businesses which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse, beneficial, short-term or long-term economic effects on businesses.

- (b) Estimated economic effect on the public which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse, beneficial, short-term or long-term economic effects to the public.

- 8. The estimated cost to the agency for enforcement of the proposed regulation:**

Enforcement of the adopted regulation presents no significant foreseeable or anticipated cost or decrease in costs.

- 9. A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

The adopted permanent regulation does not overlap or duplicate any regulation of other state or local governmental entities.

- 10. If the regulation includes provisions that are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.**

The Department is not aware of any similar federal regulations of the same activity in which the state regulations are more stringent.

- 11. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The adopted permanent regulation does not include new fees or increase an existing fee.