

ASSEMBLY BILL NO. 517—COMMITTEE ON TAXATION

MARCH 24, 2003

Referred to Committee on Taxation

SUMMARY—Imposes tax on financial institutions for privilege of doing business in state. (BDR 32-1029)

FISCAL NOTE: Effect on Local Government: Yes.
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 taxation; providing for the imposition and administration of a tax on financial institutions for the privilege of doing business in this state; providing penalties; and providing other matters properly relating thereto.

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

1 **Section 1.** Title 32 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 26, inclusive, of this act.

4 **Sec. 2.** *As used in this chapter, unless the context otherwise*
5 *requires, the words and terms defined in sections 3 to 7, inclusive,*
6 *of this act have the meanings ascribed to them in those sections.*

7 **Sec. 3.** *“Commission” means the Nevada Tax Commission.*

8 **Sec. 4.** *“Financial institution” means an institution licensed,*
9 *registered or otherwise authorized to do business in this state*
10 *pursuant to the provisions of chapter 604, 645B, 645E or 649 of*
11 *NRS or title 55 or 56 of NRS, or a similar institution chartered or*
12 *licensed pursuant to federal law.*

13 **Sec. 5. 1.** *“Gross income” means all gains, profits and*
14 *other income earned by a financial institution from its operation*
15 *as a financial institution including, without limitation:*

16 *(a) All rents, compensation for services, commissions and*
17 *brokerage and other fees;*



- 1 **(b) All gains or profits from the sale or other disposition of any**
- 2 **real or personal property; and**
- 3 **(c) All recoveries on losses sustained in the ordinary course of**
- 4 **business.**
- 5 **2. The term does not include any income which this state is**
- 6 **prohibited from taxing pursuant to the laws or Constitution of the**
- 7 **United States or the Nevada Constitution.**
- 8 **Sec. 6. "Net income" means gross income minus all ordinary**
- 9 **and necessary expenses paid or incurred by a financial institution**
- 10 **to carry on its business, including, without limitation:**
- 11 **1. Salaries and other compensation for personal services**
- 12 **actually rendered;**
- 13 **2. Bad debts;**
- 14 **3. All interest paid or accrued on the indebtedness of the**
- 15 **financial institution;**
- 16 **4. The cost of insurance and advertising;**
- 17 **5. Losses sustained and not compensated for by insurance or**
- 18 **otherwise;**
- 19 **6. All taxes on real or personal property paid to the United**
- 20 **States, this state or any political subdivision of this state, except**
- 21 **the tax imposed by this chapter;**
- 22 **7. All payments or contributions to or under any pension or**
- 23 **retirement fund or plan for the officers and employees of the**
- 24 **financial institution;**
- 25 **8. Reasonable allowances for depreciation and depletion; and**
- 26 **9. Amortization of premiums on bonds, debentures, notes or**
- 27 **other securities or evidences of indebtedness.**
- 28 **Sec. 7. "Taxpayer" means any person liable for a tax**
- 29 **imposed pursuant to this chapter.**
- 30 **Sec. 8. The Legislature hereby finds and declares that the tax**
- 31 **imposed pursuant to this chapter on a financial institution must**
- 32 **not be construed as a tax upon the customers of the financial**
- 33 **institution, but as a tax which is imposed upon and collectible**
- 34 **from the financial institution and which constitutes part of the**
- 35 **operating overhead of the financial institution.**
- 36 **Sec. 9. The Department shall:**
- 37 **1. Administer and enforce the provisions of this chapter, and**
- 38 **may adopt such regulations as it deems appropriate for that**
- 39 **purpose.**
- 40 **2. Deposit all taxes, interest and penalties it receives pursuant**
- 41 **to this chapter in the State Treasury for credit to the State General**
- 42 **Fund.**
- 43 **Sec. 10. 1. Each person responsible for maintaining the**
- 44 **records of a financial institution shall:**



1 (a) *Keep such records as may be necessary to determine the*
2 *amount of its liability pursuant to the provisions of this chapter;*

3 (b) *Preserve those records for 4 years or until any litigation or*
4 *prosecution pursuant to this chapter is finally determined,*
5 *whichever is longer; and*

6 (c) *Make the records available for inspection by the*
7 *Department upon demand at reasonable times during regular*
8 *business hours.*

9 2. *Any person who violates the provisions of subsection 1 is*
10 *guilty of a misdemeanor.*

11 **Sec. 11.** 1. *To verify the accuracy of any return filed or, if*
12 *no return is filed by a financial institution, to determine the*
13 *amount required to be paid, the Department, or any person*
14 *authorized in writing by the Department, may examine the books,*
15 *papers and records of any person or financial institution that may*
16 *be liable for the tax imposed by this chapter.*

17 2. *Any person or financial institution which may be liable for*
18 *the tax imposed by this chapter and which keeps outside of this*
19 *state its books, papers and records relating thereto, shall pay to the*
20 *Department an amount equal to the allowance provided for state*
21 *officers and employees generally while traveling outside of the*
22 *State for each day or fraction thereof during which an employee*
23 *of the Department is engaged in examining those documents, plus*
24 *any other actual expenses incurred by the employee while he is*
25 *absent from his regular place of employment to examine those*
26 *documents.*

27 **Sec. 12.** 1. *Except as otherwise provided in this section and*
28 *NRS 360.250, the records and files of the Department concerning*
29 *the administration of this chapter are confidential and privileged.*
30 *The Department, and any employee engaged in the administration*
31 *of this chapter or charged with the custody of any such records or*
32 *files, shall not disclose any information obtained from the records*
33 *or files of the Department or from any examination, investigation*
34 *or hearing authorized by the provisions of this chapter. Neither*
35 *the Department nor any employee of the Department may be*
36 *required to produce any of the records, files and information for*
37 *the inspection of any person or for use in any action or*
38 *proceeding.*

39 2. *The records and files of the Department concerning the*
40 *administration of this chapter are not confidential and privileged*
41 *in the following cases:*

42 (a) *Testimony by a member or employee of the Department*
43 *and production of records, files and information on behalf of the*
44 *Department or a taxpayer in any action or proceeding pursuant to*
45 *the provisions of this chapter if that testimony or the records, files*



1 *or information, or the facts shown thereby, are directly involved in*
2 *the action or proceeding.*

3 *(b) Delivery to a taxpayer or his authorized representative of a*
4 *copy of any return or other document filed by the taxpayer*
5 *pursuant to this chapter.*

6 *(c) Publication of statistics so classified as to prevent the*
7 *identification of a particular financial institution or document.*

8 *(d) Exchanges of information with the Internal Revenue*
9 *Service in accordance with compacts made and provided for in*
10 *such cases.*

11 *(e) Disclosure in confidence to the Governor or his agent in*
12 *the exercise of the Governor's general supervisory powers, or to*
13 *any person authorized to audit the accounts of the Department in*
14 *pursuance of an audit, or to the Attorney General or other legal*
15 *representative of the State in connection with an action or*
16 *proceeding pursuant to this chapter, or to any agency of this or*
17 *any other state charged with the administration or enforcement of*
18 *laws relating to taxation.*

19 *(f) Exchanges of information pursuant to subsection 3.*

20 *3. The Commission may agree with the Commissioner of*
21 *Financial Institutions for the continuing exchange of information*
22 *concerning taxpayers. The Commissioner shall, at the request of*
23 *the Commission, provide such information as is necessary to carry*
24 *out the provisions of this chapter.*

25 **Sec. 13.** *1. An excise tax is hereby imposed upon each*
26 *financial institution for the privilege of doing business in this state*
27 *at the rate of 14 percent of the amount of the net income of the*
28 *financial institution derived from business conducted by it within*
29 *this state for the preceding calendar quarter.*

30 *2. If the net income of a financial institution is derived from*
31 *business conducted within and outside this state, the net income of*
32 *the financial institution derived from business conducted by it in*
33 *this state must be determined in accordance with regulations*
34 *adopted by the Commission.*

35 *3. Each financial institution shall file with the Department a*
36 *return on a form prescribed by the Department, together with the*
37 *remittance of any tax due pursuant to this chapter for that*
38 *calendar quarter, on or before the last day of the month*
39 *immediately following that calendar quarter. With the prior*
40 *approval of the Department, a financial institution that operates*
41 *more than one office or branch office in this state may file one*
42 *return.*

43 **Sec. 14.** *Upon written application made before the date on*
44 *which payment must be made, the Department may for good cause*
45 *extend by 30 days the time within which a financial institution is*



1 *required to pay the tax imposed by this chapter. If the tax is paid*
2 *during the period of extension, no penalty or late charge may be*
3 *imposed for failure to pay at the time required, but the financial*
4 *institution shall pay interest at the rate most recently established*
5 *pursuant to NRS 99.040 for each month, or fraction of a month,*
6 *from the last day of the month following the date on which the*
7 *amount would have been due without the extension until the date*
8 *of payment, unless otherwise provided in NRS 360.232 or 360.320.*

9 **Sec. 15.** *The remedies of the State provided for in this*
10 *chapter are cumulative, and no action taken by the Department or*
11 *the Attorney General constitutes an election by the State to pursue*
12 *any remedy to the exclusion of any other remedy for which*
13 *provision is made in this chapter.*

14 **Sec. 16.** *If the Department determines that any tax, penalty*
15 *or interest has been paid more than once or has been erroneously*
16 *or illegally collected or computed, the Department shall set forth*
17 *that fact in the records of the Department and certify to the State*
18 *Board of Examiners the amount collected in excess of the amount*
19 *legally due and the financial institution or person from whom it*
20 *was collected or by whom it was paid. If approved by the State*
21 *Board of Examiners, the excess amount collected or paid must be*
22 *credited on any amounts then due from the person or financial*
23 *institution under this chapter, and the balance refunded to the*
24 *person or financial institution, or its successors, administrators or*
25 *executors.*

26 **Sec. 17.** *1. Except as otherwise provided in NRS 360.235*
27 *and 360.395:*

28 *(a) No refund may be allowed unless a claim for refund is filed*
29 *with the Department within 3 years after the last day of the month*
30 *following the close of the calendar quarter for which the*
31 *overpayment was made.*

32 *(b) No credit may be allowed after the expiration of the period*
33 *specified for filing claims for refund unless a claim for credit is*
34 *filed with the Department within that period.*

35 *2. Each claim must be in writing and must state the specific*
36 *grounds upon which the claim is founded.*

37 *3. Failure to file a claim within the time prescribed in this*
38 *chapter constitutes a waiver of any demand against the State on*
39 *account of overpayment.*

40 *4. Within 30 days after rejecting any claim in whole or in*
41 *part, the Department shall serve notice of its action on the*
42 *claimant in the manner prescribed for service of notice of a*
43 *deficiency determination.*

44 **Sec. 18.** *1. Except as otherwise provided in this section and*
45 *NRS 360.320, interest must be paid upon any overpayment of any*



1 *amount of the tax imposed by this chapter at the rate of 0.50*
2 *percent per month, or fraction thereof, from the last day of the*
3 *calendar month following the calendar quarter for which the*
4 *overpayment was made. No refund or credit may be made of any*
5 *interest imposed upon the person or financial institution making*
6 *the overpayment with respect to the amount being refunded or*
7 *credited.*

8 *2. The interest must be paid:*

9 *(a) In the case of a refund, to the last day of the calendar*
10 *month following the date upon which the person making the*
11 *overpayment, if he has not already filed a claim, is notified by*
12 *the Department that a claim may be filed or the date upon which*
13 *the claim is certified to the State Board of Examiners, whichever is*
14 *earlier.*

15 *(b) In the case of a credit, to the same date as that to which*
16 *interest is computed on the tax or amount against which the credit*
17 *is applied.*

18 *3. If the Department determines that any overpayment has*
19 *been made intentionally or by reason of carelessness, it shall not*
20 *allow any interest on the overpayment.*

21 **Sec. 19.** *1. No injunction, writ of mandate or other legal or*
22 *equitable process may issue in any suit, action or proceeding in*
23 *any court against this state or against any officer of the State to*
24 *prevent or enjoin the collection under this chapter of the tax*
25 *imposed by this chapter or any amount of tax, penalty or interest*
26 *required to be collected.*

27 *2. No suit or proceeding may be maintained in any court for*
28 *the recovery of any amount alleged to have been erroneously or*
29 *illegally determined or collected unless a claim for refund or credit*
30 *has been filed.*

31 **Sec. 20.** *1. Within 90 days after a final decision upon a*
32 *claim filed pursuant to this chapter is rendered by the*
33 *Commission, the claimant may bring an action against the*
34 *Department on the grounds set forth in the claim in a court of*
35 *competent jurisdiction in Carson City, the county of this state*
36 *where the claimant resides or maintains his principal place of*
37 *business or a county in which any relevant proceedings were*
38 *conducted by the Department, for the recovery of the whole or any*
39 *part of the amount with respect to which the claim has been*
40 *disallowed.*

41 *2. Failure to bring an action within the time specified*
42 *constitutes a waiver of any demand against the State on account of*
43 *alleged overpayments.*

44 **Sec. 21.** *1. If the Department fails to mail notice of action*
45 *on a claim within 6 months after the claim is filed, the claimant*



1 *may consider the claim disallowed and file an appeal with the*
2 *Commission within the 30 days after the last day of the 6-month*
3 *period. If the claimant is aggrieved by the decision of the*
4 *Commission rendered on appeal, he may, within 90 days after the*
5 *decision is rendered, bring an action against the Department on*
6 *the grounds set forth in the claim for the recovery of the whole or*
7 *any part of the amount claimed as an overpayment.*

8 *2. If judgment is rendered for the plaintiff, the amount of the*
9 *judgment must first be credited towards any tax due from the*
10 *plaintiff.*

11 *3. The balance of the judgment must be refunded to the*
12 *plaintiff.*

13 **Sec. 22.** *In any judgment, interest must be allowed at the*
14 *rate of 6 percent per annum upon the amount found to have been*
15 *illegally collected from the date of payment of the amount to the*
16 *date of allowance of credit on account of the judgment, or to a*
17 *date preceding the date of the refund warrant by not more than 30*
18 *days. The date must be determined by the Department.*

19 **Sec. 23.** *A judgment may not be rendered in favor of the*
20 *plaintiff in any action brought against the Department to recover*
21 *any amount paid when the action is brought by or in the name of*
22 *an assignee of the financial institution paying the amount or by*
23 *any person other than the person or financial institution which*
24 *paid the amount.*

25 **Sec. 24.** *1. The Department may recover a refund or any*
26 *part thereof which is erroneously made and any credit or part*
27 *thereof which is erroneously allowed in an action brought in a*
28 *court of competent jurisdiction in Carson City or Clark County in*
29 *the name of the State of Nevada.*

30 *2. The action must be tried in Carson City or Clark County*
31 *unless the court, with the consent of the Attorney General, orders*
32 *a change of place of trial.*

33 *3. The Attorney General shall prosecute the action, and the*
34 *provisions of NRS, the Nevada Rules of Civil Procedure and the*
35 *Nevada Rules of Appellate Procedure relating to service of*
36 *summons, pleadings, proofs, trials and appeals are applicable to*
37 *the proceedings.*

38 **Sec. 25.** *1. If any amount in excess of \$25 has been*
39 *illegally determined, either by the person or financial institution*
40 *filing the return or by the Department, the Department shall*
41 *certify this fact to the State Board of Examiners, and the latter*
42 *shall authorize the cancellation of the amount upon the records of*
43 *the Department.*

44 *2. If an amount not exceeding \$25 has been illegally*
45 *determined, either by the person or financial institution filing a*



1 *return or by the Department, the Department, without certifying*
2 *this fact to the State Board of Examiners, shall authorize the*
3 *cancellation of the amount upon the records of the Department.*

4 **Sec. 26. 1. A person shall not:**

5 (a) *Make, cause to be made or permit to be made any false or*
6 *fraudulent return or declaration or false statement in any return*
7 *or declaration, with intent to defraud the State or to evade*
8 *payment of the tax or any part of the tax imposed by this chapter.*

9 (b) *Make, cause to be made or permit to be made any false*
10 *entry in books, records or accounts with intent to defraud the State*
11 *or to evade the payment of the tax or any part of the tax imposed*
12 *by this chapter.*

13 (c) *Keep, cause to be kept or permit to be kept more than one*
14 *set of books, records or accounts with intent to defraud the State*
15 *or to evade the payment of the tax or any part of the tax imposed*
16 *by this chapter.*

17 **2. Any person who violates the provisions of subsection 1 is**
18 **guilty of a gross misdemeanor.**

19 **Sec. 27. NRS 360.300 is hereby amended to read as follows:**

20 360.300 1. If a person fails to file a return or the Department
21 is not satisfied with the return or returns of any tax, contribution or
22 premium or amount of tax, contribution or premium required to be
23 paid to the State by any person, in accordance with the applicable
24 provisions of this chapter, chapter 362, 364A, 369, 370, 372, 372A,
25 374, 377, 377A or 444A of NRS, NRS 482.313, or chapter 585 or
26 680B of NRS *or sections 2 to 26, inclusive, of this act*, as
27 administered or audited by the Department, it may compute and
28 determine the amount required to be paid upon the basis of:

29 (a) The facts contained in the return;

30 (b) Any information within its possession or that may come into
31 its possession; or

32 (c) Reasonable estimates of the amount.

33 2. One or more deficiency determinations may be made with
34 respect to the amount due for one or for more than one period.

35 3. In making its determination of the amount required to be
36 paid, the Department shall impose interest on the amount of tax
37 determined to be due, calculated at the rate and in the manner set
38 forth in NRS 360.417, unless a different rate of interest is
39 specifically provided by statute.

40 4. The Department shall impose a penalty of 10 percent in
41 addition to the amount of a determination that is made in the case of
42 the failure of a person to file a return with the Department.

43 5. When a business is discontinued, a determination may be
44 made at any time thereafter within the time prescribed in NRS
45 360.355 as to liability arising out of that business, irrespective of



1 whether the determination is issued before the due date of the
2 liability.

3 **Sec. 28.** NRS 360.417 is hereby amended to read as follows:
4 360.417 Except as otherwise provided in NRS 360.232 and
5 360.320, and unless a different penalty or rate of interest is
6 specifically provided by statute, any person who fails to pay any tax
7 provided for in chapter 362, 364A, 369, 370, 372, 374, 377, 377A,
8 444A or 585 of NRS, *or sections 2 to 26, inclusive, of this act*, or
9 the fee provided for in NRS 482.313, to the State or a county within
10 the time required, shall pay a penalty of not more than 10 percent
11 of the amount of the tax or fee which is owed, as determined by the
12 Department, in addition to the tax or fee, plus interest at the rate of 1
13 percent per month, or fraction of a month, from the last day of the
14 month following the period for which the amount or any portion of
15 the amount should have been reported until the date of payment.
16 The amount of any penalty imposed must be based on a graduated
17 schedule adopted by the Nevada Tax Commission which takes into
18 consideration the length of time the tax or fee remained unpaid.

19 **Sec. 29.** NRS 360.419 is hereby amended to read as follows:
20 360.419 1. If the Executive Director or a designated hearing
21 officer finds that the failure of a person to make a timely return or
22 payment of a tax imposed pursuant to NRS 361.320 or ~~chapter~~
23 ~~361A, 376A, 377 or 377A of NRS, or by~~ chapter *361A*, 362, 364A,
24 369, 370, 372, 372A, 374, 375A, ~~or~~ 375B, *376A, 377 or 377A* of
25 NRS, *or sections 2 to 26, inclusive, of this act*, is the result of
26 circumstances beyond his control and occurred despite the exercise
27 of ordinary care and without intent, the Department may relieve him
28 of all or part of any interest or penalty or both.

29 2. A person seeking this relief must file with the Department a
30 statement under oath setting forth the facts upon which he bases his
31 claim.

32 3. The Department shall disclose, upon the request of any
33 person:

- 34 (a) The name of the person to whom relief was granted; and
- 35 (b) The amount of the relief.

36 4. The Executive Director or a designated hearing officer shall
37 act upon the request of a taxpayer seeking relief pursuant to NRS
38 361.4835 which is deferred by a county treasurer or county assessor.

39 **Sec. 30.** NRS 360.510 is hereby amended to read as follows:
40 360.510 1. If any person is delinquent in the payment of any
41 tax or fee administered by the Department or if a determination has
42 been made against him which remains unpaid, the Department may:

- 43 (a) Not later than 3 years after the payment became delinquent
44 or the determination became final; or



1 (b) Not later than 6 years after the last recording of an abstract
2 of judgment or of a certificate constituting a lien for tax
3 owed,
4 give a notice of the delinquency and a demand to transmit
5 personally or by registered or certified mail to any person,
6 including, without limitation, any officer or department of this state
7 or any political subdivision or agency of this state, who has in his
8 possession or under his control any credits or other personal
9 property belonging to the delinquent, or owing any debts to the
10 delinquent or person against whom a determination has been made
11 which remains unpaid, or owing any debts to the delinquent or that
12 person. In the case of any state officer, department or agency, the
13 notice must be given to the officer, department or agency before
14 the Department presents the claim of the delinquent taxpayer to the
15 State Controller.

16 2. A state officer, department or agency which receives such a
17 notice may satisfy any debt owed to it by that person before it
18 honors the notice of the Department.

19 3. After receiving the demand to transmit, the person notified
20 by the demand may not transfer or otherwise dispose of the credits,
21 other personal property, or debts in his possession or under his
22 control at the time he received the notice until the Department
23 consents to a transfer or other disposition.

24 4. Every person notified by a demand to transmit shall, within
25 10 days after receipt of the demand to transmit, inform the
26 Department of, and transmit to the Department all such credits,
27 other personal property, or debts in his possession, under his control
28 or owing by him within the time and in the manner requested by the
29 Department. Except as otherwise provided in subsection 5, no
30 further notice is required to be served to that person.

31 5. If the property of the delinquent taxpayer consists of a series
32 of payments owed to him, the person who owes or controls the
33 payments shall transmit the payments to the Department until
34 otherwise notified by the Department. If the debt of the delinquent
35 taxpayer is not paid within 1 year after the Department issued the
36 original demand to transmit, the Department shall issue another
37 demand to transmit to the person responsible for making the
38 payments informing him to continue to transmit payments to the
39 Department or that his duty to transmit the payments to
40 the Department has ceased.

41 6. If the notice of the delinquency seeks to prevent the transfer
42 or other disposition of a deposit in a bank or credit union or other
43 credits or personal property in the possession or under the control of
44 a bank, credit union or other depository institution, the notice must
45 be delivered or mailed to any branch or office of the bank, credit



1 union or other depository institution at which the deposit is carried
2 or at which the credits or personal property is held.

3 7. If any person notified by the notice of the delinquency
4 makes any transfer or other disposition of the property or debts
5 required to be withheld or transmitted, to the extent of the value of
6 the property or the amount of the debts thus transferred or paid, he is
7 liable to the state for any indebtedness due pursuant to this chapter,
8 ~~or~~ chapter 362, 364A, 369, 370, 372, 372A, 374, 377, 377A or
9 444A of NRS, NRS 482.313 ~~or~~ or chapter 585 or 680B of NRS *or*
10 *sections 2 to 26, inclusive, of this act*, from the person with respect
11 to whose obligation the notice was given if solely by reason of the
12 transfer or other disposition the State is unable to recover the
13 indebtedness of the person with respect to whose obligation
14 the notice was given.

15 **Sec. 31.** NRS 645B.060 is hereby amended to read as follows:
16 645B.060 1. Subject to the administrative control of the
17 Director of the Department of Business and Industry, the
18 Commissioner shall exercise general supervision and control over
19 mortgage brokers doing business in this state.

20 2. In addition to the other duties imposed upon him by law, the
21 Commissioner shall:

22 (a) Adopt any regulations that are necessary to carry out the
23 provisions of this chapter, except as to loan brokerage fees.

24 (b) Conduct such investigations as may be necessary to
25 determine whether any person has violated any provision of this
26 chapter, a regulation adopted pursuant to this chapter or an order of
27 the Commissioner.

28 (c) Conduct an annual examination of each mortgage broker
29 doing business in this state. The annual examination must include,
30 without limitation, a formal exit review with the mortgage broker.
31 The Commissioner shall adopt regulations prescribing:

32 (1) Standards for determining the rating of each mortgage
33 broker based upon the results of the annual examination; and

34 (2) Procedures for resolving any objections made by the
35 mortgage broker to the results of the annual examination. The
36 results of the annual examination may not be opened to public
37 inspection pursuant to NRS 645B.090 until any objections made by
38 the mortgage broker have been decided by the Commissioner.

39 (d) Conduct such other examinations, periodic or special audits,
40 investigations and hearings as may be necessary and proper for the
41 efficient administration of the laws of this state regarding mortgage
42 brokers and mortgage agents. The Commissioner shall adopt
43 regulations specifying the general guidelines that will be followed
44 when a periodic or special audit of a mortgage broker is conducted
45 pursuant to this chapter.



1 (e) Classify as confidential certain records and information
2 obtained by the Division when those matters are obtained from a
3 governmental agency upon the express condition that they remain
4 confidential. This paragraph does not limit examination by ~~the~~ :

- 5 (1) *The Legislative Auditor* ~~[-]~~; *or*
6 (2) *The Department of Taxation if necessary to carry out*
7 *the provisions of sections 2 to 26, inclusive, of this act.*

8 (f) Conduct such examinations and investigations as are
9 necessary to ensure that mortgage brokers meet the requirements of
10 this chapter for obtaining a license, both at the time of the
11 application for a license and thereafter on a continuing basis.

12 3. For each special audit, investigation or examination, a
13 mortgage broker shall pay a fee based on the rate established
14 pursuant to NRS 658.101.

15 **Sec. 32.** NRS 645B.670 is hereby amended to read as follows:
16 645B.670 Except as otherwise provided in NRS 645B.690:

17 1. For each violation committed by an applicant, whether or
18 not he is issued a license, the Commissioner may impose upon the
19 applicant an administrative fine of not more than \$10,000, if the
20 applicant:

21 (a) Has knowingly made or caused to be made to the
22 Commissioner any false representation of material fact;

23 (b) Has suppressed or withheld from the Commissioner any
24 information which the applicant possesses and which, if submitted
25 by him, would have rendered the applicant ineligible to be licensed
26 pursuant to the provisions of this chapter; or

27 (c) Has violated any provision of this chapter, a regulation
28 adopted pursuant to this chapter or an order of the Commissioner in
29 completing and filing his application for a license or during the
30 course of the investigation of his application for a license.

31 2. For each violation committed by a licensee, the
32 Commissioner may impose upon the licensee an administrative fine
33 of not more than \$10,000, may suspend, revoke or place conditions
34 upon his license, or may do both, if the licensee, whether or not
35 acting as such:

36 (a) Is insolvent;

37 (b) Is grossly negligent or incompetent in performing any act for
38 which he is required to be licensed pursuant to the provisions of this
39 chapter;

40 (c) Does not conduct his business in accordance with law or has
41 violated any provision of this chapter, a regulation adopted pursuant
42 to this chapter or an order of the Commissioner;

43 (d) Is in such financial condition that he cannot continue in
44 business with safety to his customers;



- 1 (e) Has made a material misrepresentation in connection with
2 any transaction governed by this chapter;
- 3 (f) Has suppressed or withheld from a client any material facts,
4 data or other information relating to any transaction governed by the
5 provisions of this chapter which the licensee knew or, by the
6 exercise of reasonable diligence, should have known;
- 7 (g) Has knowingly made or caused to be made to the
8 Commissioner any false representation of material fact or has
9 suppressed or withheld from the Commissioner any information
10 which the licensee possesses and which, if submitted by him, would
11 have rendered the licensee ineligible to be licensed pursuant to the
12 provisions of this chapter;
- 13 (h) Has failed to account to persons interested for all money
14 received for a trust account;
- 15 (i) Has refused to permit an examination by the Commissioner
16 of his books and affairs or has refused or failed, within a reasonable
17 time, to furnish any information or make any report that may be
18 required by the Commissioner pursuant to the provisions of this
19 chapter or a regulation adopted pursuant to this chapter;
- 20 (j) Has been convicted of, or entered a plea of nolo contendere
21 to, a felony or any crime involving fraud, misrepresentation or
22 moral turpitude;
- 23 (k) Has refused or failed to pay, within a reasonable time, any
24 fees, assessments, costs or expenses that the licensee is required to
25 pay pursuant to this chapter or a regulation adopted pursuant to this
26 chapter;
- 27 (l) Has failed to satisfy a claim made by a client which has been
28 reduced to judgment;
- 29 (m) Has failed to account for or to remit any money of a client
30 within a reasonable time after a request for an accounting or
31 remittal;
- 32 (n) Has commingled the money or other property of a client
33 with his own or has converted the money or property of others to his
34 own use;
- 35 (o) Has engaged in any other conduct constituting a deceitful,
36 fraudulent or dishonest business practice;
- 37 (p) Has repeatedly violated the policies and procedures of the
38 mortgage broker;
- 39 (q) Has failed to exercise reasonable supervision over the
40 activities of a mortgage agent as required by NRS 645B.460;
- 41 (r) Has instructed a mortgage agent to commit an act that would
42 be cause for the revocation of the license of the mortgage broker,
43 whether or not the mortgage agent commits the act;
- 44 (s) Has employed a person as a mortgage agent or authorized a
45 person to be associated with the licensee as a mortgage agent at a



1 time when the licensee knew or, in light of all the surrounding facts
2 and circumstances, reasonably should have known that the person:

3 (1) Had been convicted of, or entered a plea of nolo
4 contendere to, a felony or any crime involving fraud,
5 misrepresentation or moral turpitude; or

6 (2) Had a financial services license or registration suspended
7 or revoked within the immediately preceding 10 years; ~~for~~

8 (t) *Has failed to pay the tax imposed pursuant to the provisions*
9 *of sections 2 to 26, inclusive, of this act; or*

10 (u) Has not conducted verifiable business as a mortgage broker
11 for 12 consecutive months, except in the case of a new applicant.
12 The Commissioner shall determine whether a mortgage broker is
13 conducting business by examining the monthly reports of activity
14 submitted by the licensee or by conducting an examination of the
15 licensee.

16 **Sec. 33.** NRS 645E.300 is hereby amended to read as follows:

17 645E.300 1. Subject to the administrative control of the
18 Director of the Department of Business and Industry, the
19 Commissioner shall exercise general supervision and control over
20 mortgage companies doing business in this state.

21 2. In addition to the other duties imposed upon him by law, the
22 Commissioner shall:

23 (a) Adopt any regulations that are necessary to carry out the
24 provisions of this chapter, except as to loan fees.

25 (b) Conduct such investigations as may be necessary to
26 determine whether any person has violated any provision of this
27 chapter, a regulation adopted pursuant to this chapter or an order of
28 the Commissioner.

29 (c) Conduct an annual examination of each mortgage company
30 doing business in this state.

31 (d) Conduct such other examinations, periodic or special audits,
32 investigations and hearings as may be necessary and proper for the
33 efficient administration of the laws of this state regarding mortgage
34 companies.

35 (e) Classify as confidential certain records and information
36 obtained by the Division when those matters are obtained from a
37 governmental agency upon the express condition that they remain
38 confidential. This paragraph does not limit examination by ~~the~~:

39 (1) *The Legislative Auditor* ~~;~~ *or*

40 (2) *The Department of Taxation if necessary to carry out*
41 *the provisions of sections 2 to 26, inclusive, of this act.*

42 (f) Conduct such examinations and investigations as are
43 necessary to ensure that mortgage companies meet the requirements
44 of this chapter for obtaining a license, both at the time of the
45 application for a license and thereafter on a continuing basis.



1 3. For each special audit, investigation or examination, a
2 mortgage company shall pay a fee based on the rate established
3 pursuant to NRS 658.101.

4 **Sec. 34.** NRS 645E.670 is hereby amended to read as follows:

5 645E.670 1. For each violation committed by an applicant,
6 whether or not he is issued a license, the Commissioner may impose
7 upon the applicant an administrative fine of not more than \$10,000,
8 if the applicant:

9 (a) Has knowingly made or caused to be made to the
10 Commissioner any false representation of material fact;

11 (b) Has suppressed or withheld from the Commissioner any
12 information which the applicant possesses and which, if submitted
13 by him, would have rendered the applicant ineligible to be licensed
14 pursuant to the provisions of this chapter; or

15 (c) Has violated any provision of this chapter, a regulation
16 adopted pursuant to this chapter or an order of the Commissioner in
17 completing and filing his application for a license or during the
18 course of the investigation of his application for a license.

19 2. For each violation committed by a licensee, the
20 Commissioner may impose upon the licensee an administrative fine
21 of not more than \$10,000, may suspend, revoke or place conditions
22 upon his license, or may do both, if the licensee, whether or not
23 acting as such:

24 (a) Is insolvent;

25 (b) Is grossly negligent or incompetent in performing any act for
26 which he is required to be licensed pursuant to the provisions of this
27 chapter;

28 (c) Does not conduct his business in accordance with law or has
29 violated any provision of this chapter, a regulation adopted pursuant
30 to this chapter or an order of the Commissioner;

31 (d) Is in such financial condition that he cannot continue in
32 business with safety to his customers;

33 (e) Has made a material misrepresentation in connection with
34 any transaction governed by this chapter;

35 (f) Has suppressed or withheld from a client any material facts,
36 data or other information relating to any transaction governed by the
37 provisions of this chapter which the licensee knew or, by the
38 exercise of reasonable diligence, should have known;

39 (g) Has knowingly made or caused to be made to the
40 Commissioner any false representation of material fact or has
41 suppressed or withheld from the Commissioner any information
42 which the licensee possesses and which, if submitted by him, would
43 have rendered the licensee ineligible to be licensed pursuant to the
44 provisions of this chapter;



- 1 (h) Has failed to account to persons interested for all money
2 received for a trust account;
 - 3 (i) Has refused to permit an examination by the Commissioner
4 of his books and affairs or has refused or failed, within a reasonable
5 time, to furnish any information or make any report that may be
6 required by the Commissioner pursuant to the provisions of this
7 chapter or a regulation adopted pursuant to this chapter;
 - 8 (j) Has been convicted of, or entered a plea of nolo contendere
9 to, a felony or any crime involving fraud, misrepresentation or
10 moral turpitude;
 - 11 (k) Has refused or failed to pay, within a reasonable time, any
12 fees, assessments, costs or expenses that the licensee is required to
13 pay pursuant to this chapter or a regulation adopted pursuant to this
14 chapter;
 - 15 (l) *Has failed to pay the tax imposed pursuant to the provisions*
16 *of sections 2 to 26, inclusive, of this act;*
 - 17 (m) Has failed to satisfy a claim made by a client which has
18 been reduced to judgment;
 - 19 ~~(m)~~ (n) Has failed to account for or to remit any money of a
20 client within a reasonable time after a request for an accounting or
21 remittal;
 - 22 ~~(n)~~ (o) Has commingled the money or other property of a
23 client with his own or has converted the money or property of others
24 to his own use; or
 - 25 ~~(o)~~ (p) Has engaged in any other conduct constituting a
26 deceitful, fraudulent or dishonest business practice.
- 27 **Sec. 35.** NRS 649.395 is hereby amended to read as follows:
28 649.395 1. The Commissioner may impose an administrative
29 fine, not to exceed \$500 for each violation, or suspend or revoke the
30 license of a collection agency, or both impose a fine and suspend or
31 revoke the license, by an order made in writing and filed in his
32 office and served on the licensee by registered or certified mail at
33 the address shown in the records of the Commissioner, if:
34 (a) The licensee is adjudged liable in any court of law for breach
35 of any bond given under the provisions of this chapter; ~~(or)~~
36 (b) After notice and hearing, the licensee is found guilty of:
37 (1) Fraud or misrepresentation;
38 (2) An act or omission inconsistent with the faithful
39 discharge of his duties and obligations; or
40 (3) A violation of any provision of this chapter ~~(or)~~; *or*
41 *(c) The Commissioner determines that the licensee has failed*
42 *to pay the tax imposed pursuant to the provisions of sections 2 to*
43 *26, inclusive, of this act.*
44 2. The Commissioner may suspend or revoke the license of a
45 collection agency without notice and hearing if:



1 (a) The suspension or revocation is necessary for the immediate
2 protection of the public; and

3 (b) The licensee is afforded a hearing to contest the suspension
4 or revocation within 20 days after the written order of suspension or
5 revocation is served upon the licensee.

6 3. Upon revocation of his license, all rights of the licensee
7 under this chapter terminate, and no application may be received
8 from any person whose license has once been revoked.

9 **Sec. 36.** NRS 658.151 is hereby amended to read as follows:

10 658.151 1. The Commissioner may forthwith take possession
11 of the business and property of any depository institution to which
12 this title or title 56 of NRS applies when it appears that the
13 depository institution:

14 (a) Has violated its charter or any laws applicable thereto.

15 (b) Is conducting its business in an unauthorized or unsafe
16 manner.

17 (c) Is in an unsafe or unsound condition to transact its business.

18 (d) Has an impairment of its stockholders' or members' equity.

19 (e) Has refused to pay its depositors in accordance with the
20 terms on which such deposits were received, or has refused to pay
21 its holders of certificates of indebtedness or investment in
22 accordance with the terms upon which those certificates of
23 indebtedness or investment were sold.

24 (f) Has become otherwise insolvent.

25 (g) Has neglected or refused to comply with the terms of a
26 lawful order of the Commissioner.

27 (h) Has refused, upon proper demand, to submit its records,
28 affairs and concerns for inspection and examination of an appointed
29 or authorized examiner of the Commissioner.

30 (i) Has made a voluntary assignment of its assets to trustees.

31 *(j) Has failed to pay the tax imposed pursuant to the provisions*
32 *of sections 2 to 26, inclusive, of this act.*

33 2. The Commissioner also may forthwith take possession of the
34 business and property of any depository institution to which this title
35 or title 56 of NRS applies when it appears that the officers of the
36 depository institution have refused to be examined upon oath
37 regarding its affairs.

38 **Sec. 37.** NRS 665.133 is hereby amended to read as follows:

39 665.133 1. The records and information described in NRS
40 665.130 may be disclosed to:

41 (a) An agency of the Federal Government or of another state
42 which regulates the financial institution which is the subject of the
43 records or information;

44 (b) The Director of the Department of Business and Industry for
45 his confidential use;



1 (c) The State Board of Finance for its confidential use, if the
2 report or other information is necessary for the State Board of
3 Finance to perform its duties under this title;

4 (d) *The Department of Taxation for its use in carrying out the*
5 *provisions of sections 2 to 26, inclusive, of this act;*

6 (e) An entity which insures or guarantees deposits;

7 ~~(e)~~ (f) A public officer authorized to investigate criminal
8 charges in connection with the affairs of the depository institution;

9 ~~(f)~~ (g) A person preparing a proposal for merging with or
10 acquiring an institution or holding company, but only after notice of
11 the disclosure has been given to the institution or holding company;

12 ~~(g)~~ (h) Any person to whom the subject of the report has
13 authorized the disclosure;

14 ~~(h)~~ (i) Any other person if the Commissioner determines, after
15 notice and opportunity for hearing, that disclosure is in the public
16 interest and outweighs any potential harm to the depository
17 institution and its stockholders, members, depositors and creditors;
18 and

19 ~~(i)~~ (j) Any court in a proceeding initiated by the
20 Commissioner concerning the financial institution.

21 2. All the reports made available pursuant to this section
22 remain the property of the Division of Financial Institutions, and no
23 person, agency or authority to whom the reports are made available,
24 or any officer, director or employee thereof, may disclose any of the
25 reports or any information contained therein, except in published
26 statistical material that does not disclose the affairs of any natural
27 person or corporation.

28 **Sec. 38.** NRS 673.484 is hereby amended to read as follows:
29 673.484 The Commissioner may after notice and hearing
30 suspend or revoke the charter of any association for ~~repeated~~ :

31 *1. Repeated* failure to abide by the provisions of this chapter or
32 the regulations adopted thereunder.

33 *2. Failure to pay the tax imposed pursuant to the provisions*
34 *of sections 2 to 26, inclusive, of this act.*

35 **Sec. 39.** NRS 675.440 is hereby amended to read as follows:

36 675.440 1. If the Commissioner has reason to believe that
37 grounds for revocation or suspension of a license exist, he shall give
38 20 days' written notice to the licensee stating the contemplated
39 action and, in general, the grounds therefor and set a date for a
40 hearing.

41 2. At the conclusion of a hearing, the Commissioner shall:

42 (a) Enter a written order either dismissing the charges, revoking
43 the license, or suspending the license for a period of not more than
44 60 days, which period must include any prior temporary suspension.



1 A copy of the order must be sent by registered or certified mail to
2 the licensee.

3 (b) Impose upon the licensee a fine of \$500 for each violation by
4 the licensee of any provision of this chapter or any lawful regulation
5 adopted under it.

6 (c) If a fine is imposed pursuant to this section, enter such order
7 as is necessary to recover the costs of the proceeding, including his
8 investigative costs and attorney's fees.

9 3. The grounds for revocation or suspension of a license are
10 that:

11 (a) The licensee has failed to pay the annual license fee;

12 (b) The licensee, either knowingly or without any exercise of
13 due care to prevent it, has violated any provision of this chapter or
14 any lawful regulation adopted under it;

15 (c) *The licensee has failed to pay the tax imposed pursuant to
16 the provisions of sections 2 to 26, inclusive, of this act;*

17 (d) Any fact or condition exists which would have justified the
18 Commissioner in denying the licensee's original application for a
19 license hereunder; or

20 ~~(d)~~ (e) The applicant failed to open an office for the conduct
21 of the business authorized under this chapter within 120 days from
22 the date the license was issued, or has failed to remain open for the
23 conduct of the business for a period of 120 days without good cause
24 therefor.

25 4. Any revocation or suspension applies only to the license
26 granted to a person for the particular office for which grounds for
27 revocation or suspension exist.

28 5. An order suspending or revoking a license becomes effective
29 5 days after being entered unless the order specifies otherwise or a
30 stay is granted.

31 **Sec. 40.** NRS 676.290 is hereby amended to read as follows:

32 676.290 1. The Commissioner may, pursuant to the
33 procedure provided in this chapter, deny, suspend or revoke any
34 license for which application has been made or which has been
35 issued under the provisions of this chapter if he finds, as to the
36 licensee, its associates, directors or officers, grounds for action.

37 2. Any one of the following grounds may provide the requisite
38 grounds for denial, suspension or revocation:

39 (a) Conviction of a felony or of a misdemeanor involving moral
40 turpitude.

41 (b) Violation of any of the provisions of this chapter or
42 regulations of the Commissioner.

43 (c) Fraud or deceit in procuring the issuance of the license.

44 (d) Continuous course of unfair conduct.



1 (e) Insolvency, filing in bankruptcy, receivership or assigning
2 for the benefit of creditors by any licensee or applicant for a license
3 under this chapter.

4 (f) *Failure to pay the tax imposed pursuant to the provisions of*
5 *sections 2 to 26, inclusive, of this act.*

6 (g) Failure to pay the fee for renewal or reinstatement of a
7 license.

8 3. The Commissioner shall, after notice and hearing, impose
9 upon the licensee a fine of \$500 for each violation by the licensee of
10 any of the provisions of this chapter or regulations of the
11 Commissioner. If a fine is imposed pursuant to this section, the
12 costs of the proceeding, including investigative costs and attorney's
13 fees, may be recovered by the Commissioner.

14 **Sec. 41.** NRS 677.510 is hereby amended to read as follows:

15 677.510 1. If the Commissioner has reason to believe that
16 grounds for revocation or suspension of a license exist, he shall give
17 20 days' written notice to the licensee stating the contemplated
18 action and, in general, the grounds therefor and set a date for a
19 hearing.

20 2. At the conclusion of a hearing, the Commissioner shall:

21 (a) Enter a written order either dismissing the charges, or
22 revoking the license, or suspending the license for a period of not
23 more than 60 days, which period must include any prior temporary
24 suspension. A copy of the order must be sent by registered or
25 certified mail to the licensee.

26 (b) Impose upon the licensee a fine of \$500 for each violation by
27 the licensee of any provision of this chapter or any lawful regulation
28 adopted pursuant thereto.

29 (c) If a fine is imposed pursuant to this section, enter such order
30 as is necessary to recover the costs of the proceeding, including his
31 investigative costs and attorney's fees.

32 3. The grounds for revocation or suspension of a license are
33 that:

34 (a) The licensee has failed to pay the annual license fee;

35 (b) The licensee, either knowingly or without any exercise of
36 due care to prevent it, has violated any provision of this chapter, or
37 any lawful regulation adopted pursuant thereto;

38 (c) *The licensee has failed to pay the tax imposed pursuant to*
39 *the provisions of sections 2 to 26, inclusive, of this act;*

40 (d) Any fact or condition exists which would have justified the
41 Commissioner in denying the licensee's original application for a
42 license hereunder; or

43 ~~(d)~~ (e) The applicant failed to open an office for the conduct
44 of the business authorized under this chapter within 120 days from
45 the date the license was issued, or has failed to remain open for the



1 conduct of the business for a period of 120 days without good cause
2 therefor.

3 4. Any revocation or suspension applies only to the license
4 granted to a person for the particular office for which grounds for
5 revocation or suspension exist.

6 5. An order suspending or revoking a license becomes effective
7 5 days after being entered unless the order specifies otherwise or a
8 stay is granted.

9 **Sec. 42.** NRS 680B.037 is hereby amended to read as follows:

10 680B.037 Payment by an insurer of the tax imposed by NRS
11 680B.027 is in lieu of all taxes imposed by the State or any city,
12 town or county upon premiums or upon income of insurers and of
13 franchise, privilege or other taxes measured by income of the insurer
14 ~~[]~~, *except the excise tax on the privilege of doing business in this*
15 *state imposed pursuant to sections 2 to 26, inclusive, of this act.*

16 **Sec. 43.** NRS 687A.130 is hereby amended to read as follows:

17 687A.130 The Association is exempt from payment of all fees
18 and all taxes levied by this state or any of its subdivisions, except
19 ~~[taxes]~~ :

20 1. *Taxes* levied on real or personal property.

21 2. *The excise tax on the privilege of doing business in this*
22 *state imposed pursuant to sections 2 to 26, inclusive, of this act.*

23 **Sec. 44.** NRS 694C.450 is hereby amended to read as follows:

24 694C.450 1. Except as otherwise provided in this section, a
25 captive insurer shall pay to the Division, not later than March 1 of
26 each year, a tax at the rate of:

27 (a) Two-fifths of 1 percent on the first \$20,000,000 of its net
28 direct premiums;

29 (b) One-fifth of 1 percent on the next \$20,000,000 of its net
30 direct premiums; and

31 (c) Seventy-five thousandths of 1 percent on each additional
32 dollar of its net direct premiums.

33 2. Except as otherwise provided in this section, a captive
34 insurer shall pay to the Division, not later than March 1 of each
35 year, a tax at a rate of:

36 (a) Two hundred twenty-five thousandths of 1 percent on the
37 first \$20,000,000 of revenue from assumed reinsurance premiums;

38 (b) One hundred fifty thousandths of 1 percent on the next
39 \$20,000,000 of revenue from assumed reinsurance premiums; and

40 (c) Twenty-five thousandths of 1 percent on each additional
41 dollar of revenue from assumed reinsurance premiums.

42 The tax on reinsurance premiums pursuant to this subsection must
43 not be levied on premiums for risks or portions of risks which are
44 subject to taxation on a direct basis pursuant to subsection 1. A
45 captive insurer is not required to pay any reinsurance premium tax



1 pursuant to this subsection on revenue related to the receipt of assets
2 by the captive insurer in exchange for the assumption of loss
3 reserves and other liabilities of another insurer that is under
4 common ownership and control with the captive insurer, if the
5 transaction is part of a plan to discontinue the operation of the other
6 insurer and the intent of the parties to the transaction is to renew or
7 maintain such business with the captive insurer.

8 3. If the sum of the taxes to be paid by a captive insurer
9 calculated pursuant to subsections 1 and 2 is less than \$5,000 in any
10 given year, the captive insurer shall pay a tax of \$5,000 for that
11 year.

12 4. Two or more captive insurers under common ownership and
13 control must be taxed as if they were a single captive insurer.

14 5. Notwithstanding any specific statute to the contrary and
15 except as otherwise provided in this subsection, the tax provided for
16 by this section constitutes all the taxes collectible pursuant to the
17 laws of this state from a captive insurer, and no occupation tax or
18 other taxes may be levied or collected from a captive insurer by this
19 state or by any county, city or municipality within this state, except
20 for ~~tax~~:

21 (a) *Ad* valorem taxes on real or personal property located in this
22 state used in the production of income by the captive insurer ~~;~~ ;
23 *and*

24 (b) *The excise tax on the privilege of doing business in this*
25 *state imposed pursuant to sections 2 to 26, inclusive, of this act.*

26 6. Ten percent of the revenues collected from the tax imposed
27 pursuant to this section must be deposited with the State Treasurer
28 for credit to the Account for the Regulation and Supervision of
29 Captive Insurers created pursuant to NRS 694C.460. The remaining
30 90 percent of the revenues collected must be deposited with the
31 State Treasurer for credit to the State General Fund.

32 7. As used in this section, unless the context otherwise
33 requires:

34 (a) "Common ownership and control" means:

35 (1) In the case of a stock insurer, the direct or indirect
36 ownership of 80 percent or more of the outstanding voting stock of
37 two or more corporations by the same member or members.

38 (2) In the case of a mutual insurer, the direct or indirect
39 ownership of 80 percent or more of the surplus and the voting power
40 of two or more corporations by the same member or members.

41 (b) "Net direct premiums" means the direct premiums collected
42 or contracted for on policies or contracts of insurance written by a
43 captive insurer during the preceding calendar year, less the amounts
44 paid to policyholders as return premiums, including dividends on



1 unabsorbed premiums or premium deposits returned or credited to
2 policyholders.

3 **Sec. 45.** NRS 695A.550 is hereby amended to read as follows:
4 695A.550 Every society organized or licensed under this
5 chapter is hereby declared to be a charitable and benevolent
6 institution, and is exempt from every state, county, district,
7 municipal and school tax other than ~~taxes~~ :

- 8 *1. Taxes on real property and office equipment ~~is~~; and*
9 *2. The excise tax on the privilege of doing business in this*
10 *state imposed pursuant to sections 2 to 26, inclusive, of this act.*

11 **Sec. 46.** This act becomes effective upon passage and approval
12 for the purpose of adopting regulations and performing any other
13 preparatory administrative tasks that are necessary to carry out the
14 provisions of this act and on January 1, 2004, for all other purposes.

