

ASSEMBLY JOINT RESOLUTION NO. 1—
COMMITTEE OF THE WHOLE

JULY 31, 2020

Referred to Committee of the Whole

SUMMARY—Proposes to amend the Nevada Constitution to revise provisions governing the taxation of mines, mining claims and the proceeds of minerals extracted in this State. (BDR C-25)

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

ASSEMBLY JOINT RESOLUTION—Proposing to amend the Nevada Constitution to revise provisions governing the taxation of mines, mining claims and the proceeds of minerals extracted in this State.

Legislative Counsel’s Digest:

Under the Nevada Constitution, the Legislature must impose a tax upon the net proceeds of all minerals extracted in this State at a rate not to exceed 5 percent of the net proceeds, and the net proceeds are not subject to any other tax. (Nev. Const. Art. 10, § 5) The Nevada Constitution also exempts mines and mining claims from the property tax. (Nev. Const. Art. 10, § 1)

This resolution proposes to amend the Nevada Constitution to eliminate: (1) the requirement for the Legislature to impose a tax upon the net proceeds of minerals extracted at a rate not to exceed 5 percent of the net proceeds; and (2) the appropriation of a portion of those proceeds to each county in this State. Instead, this resolution would amend the Nevada Constitution to impose a tax on the gross proceeds of all minerals extracted in this State during a calendar year at a rate of 7.75 percent of the gross proceeds and authorize the Legislature to provide by law for the taxation of mines and mining claims and the proceeds of all minerals extracted in this State. Under this resolution, the tax on the gross proceeds of minerals extracted in this State would be imposed on minerals extracted during each calendar year beginning on or after January 1, 2023.

The amendment to the Nevada Constitution proposed by this resolution would also provide that a majority of the members elected to each House is necessary to pass any provision of a bill that enacts or amends a law providing for the taxation of mines, mining claims or the proceeds of minerals extracted in this State in a manner that creates, generates or increases any public revenue in any form. The amendment to the Nevada Constitution proposed by this resolution would also



23 provide that an affirmative vote or not fewer than two-thirds of the members
24 elected to each House is necessary to pass a bill to reduce the rate of, or provide an
25 exemption from, the tax on the gross proceeds of minerals extracted by a particular
26 class of taxpayers or imposed on a type of mineral extracted.

27 Under the amendment to the Nevada Constitution proposed by this resolution,
28 25 percent of the proceeds of the tax on the gross proceeds of minerals extracted in
29 this State would be required to be accounted for separately in the State Treasury
30 and used exclusively for educational purposes, to provide for the health care of the
31 residents of this State or to provide economic assistance to the residents of this
32 State, or any combination thereof. The use of the remaining 75 percent of the
33 proceeds of the tax would not be restricted by the provisions of the Nevada
34 Constitution.

35 If this resolution is passed by the Legislature during the 32nd Special Session
36 of the Legislature, it must also be passed by the next Legislature and then approved
37 and ratified by the voters in an election before the proposed amendments to the
38 Nevada Constitution become effective.

1 RESOLVED BY THE ASSEMBLY AND SENATE OF THE STATE OF
2 NEVADA, JOINTLY, That Section 5 of Article 10 of the Nevada
3 Constitution be amended to read as follows:

4 Sec. 5. 1. The ~~[legislature]~~ *Legislature* shall provide
5 by law for *the taxation of mines, mining claims and the*
6 *proceeds of all minerals, including oil, gas and other*
7 *hydrocarbons, extracted in this State.*

8 2. *In addition to any other taxes provided by law, for*
9 *each calendar year beginning on or after January 1, 2023, a*
10 *tax is hereby imposed* upon the ~~[net]~~ *gross* proceeds of all
11 minerals, including oil, gas and other hydrocarbons, extracted
12 in this ~~[state.]~~ *State during a calendar year, at a rate [not to*
13 *exceed 5 percent of the net] of 7.75 percent of the gross*
14 *proceeds [No other tax may be imposed upon a mineral or*
15 *its proceeds until the identity of the proceeds as such is lost.*

16 ~~—2. The legislature shall appropriate to each county that~~
17 ~~sum which would be produced by levying a tax upon the~~
18 ~~entire amount of the net proceeds taxed in each taxing district~~
19 ~~in the county at the rate levied in that district upon the~~
20 ~~assessed valuation of real property. The total amount so~~
21 ~~appropriated to each county must be apportioned among the~~
22 ~~respective governmental units and districts within it,~~
23 ~~including the county itself and the school district, in the same~~
24 ~~proportion as they share in the total taxes collected on~~
25 ~~property according to value.] , unless the Legislature~~
26 *increases or reduces the rate of the tax by a law enacted in*
27 *accordance with subsection 4.*

28 3. ~~[Each patented mine or mining claim must be~~
29 ~~assessed and taxed as other real property is assessed and~~
30 ~~taxed, except that no value may be attributed to any mineral~~



1 ~~known or believed to underlie it, and no value may be~~
2 ~~attributed to the surface of a mine or claim if one hundred~~
3 ~~dollars' worth of labor has been actually performed on the~~
4 ~~mine or claim during the year preceding the assessment.]~~
5 *Twenty-five percent of any money collected by the State*
6 *from the tax imposed pursuant to subsection 2 on the gross*
7 *proceeds of minerals extracted in this State must be*
8 *segregated in proper accounts in the State Treasury and, in*
9 *accordance with appropriations made by law, used*
10 *exclusively for educational purposes, to provide for the*
11 *health care of the residents of this State or to provide*
12 *economic assistance to the residents of this State, or any*
13 *combination thereof.*

14 *4. Notwithstanding any other provision of this*
15 *Constitution:*

16 *(a) A majority of all the members elected to each House*
17 *is necessary to pass any provision of a bill that enacts or*
18 *amends any law providing for the taxation of mines, mining*
19 *claims or the proceeds of minerals, including oil, gas and*
20 *other hydrocarbons, extracted in this State, if the provision*
21 *creates, generates or increases any public revenue in any*
22 *form, including, without limitation, any provision of a bill*
23 *that increases the rate of the tax imposed pursuant to*
24 *subsection 2.*

25 *(b) An affirmative vote of not fewer than two-thirds of*
26 *the members elected to each House is necessary to pass a*
27 *bill which provides for an exemption from or a reduction in*
28 *the rate of the tax imposed pursuant to subsection 2 with*
29 *respect to the gross proceeds of minerals extracted in this*
30 *State during a calendar year by a class of persons extracting*
31 *such minerals or with respect to the gross proceeds of a type*
32 *of mineral extracted in this State during a calendar year.*

33
34 And be it further

35 RESOLVED, That this resolution becomes effective upon
36 adoption.

