

NOTICE OF A SPECIAL ELECTION

I, Frankie Sue Del Papa, the duly elected, qualified and acting Secretary of State of the State of Nevada, do hereby certify that a Special Election will be held on May 2, 1989, and that the following constitutional amendment questions are to appear on the May 2, 1989, Special Election Ballot.

QUESTION NO. 1

Amendment to the Constitution

Senate Joint Resolution No. 22 of the 64th Session

(EXPLANATION - Matter underlined is new; matter in brackets [] is material to be omitted.)

SENATE JOINT RESOLUTION - Proposing to amend the Nevada constitution to establish a tax on the net proceeds of minerals extracted at rates separate from the tax on property.

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That section 1 of article 10 be amended and a new section be added to article 10 of the constitution of the State of Nevada to read respectively as follows:

Section 1. 1. The legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory, except mines and mining claims, [when not patented, the proceeds alone of] which shall be assessed and taxed [, and when patented, each patented mine shall be assessed at not less than five hundred dollars (\$500), except when one hundred dollars (\$100) in labor has been actually performed on such patented mine during the year, in addition to the tax upon the net proceeds.] only as provided in section 5 of this article.

2. Shares of stock, bonds, mortgages, notes, bank deposits, book accounts and credits, and securities and choses in action of like character are deemed to represent interest in property already assessed and taxed, either in Nevada or elsewhere, and shall be exempt.

3. The legislature may constitute agricultural and open-space real property having a greater value for another use than that for which it is being used, as a separate class for taxation purposes and may provide a separate uniform plan for appraisal and valuation of such property for assessment purposes. If such plan is provided, the legislature shall also provide for retroactive assessment for a period of not less than 7 years when agricultural and open-space real property is converted to a higher use conforming to the use for which other nearby property is used.

4. Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward, shall be deemed to have acquired no situs in Nevada for purposes of taxation and shall be exempt from taxation. Such property shall not be deprived of such exemption because while in the warehouse the property is assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.

5. The legislature may exempt motor vehicles from the provisions of the tax required by this section, and in lieu thereof, if such exemption is granted, shall provide for a uniform and equal rate of assessment and taxation of motor vehicles, which rate shall not exceed five cents on one dollar of assessed valuation.

6. The legislature shall provide by law for a progressive reduction in the tax upon business inventories by 20 percent in each year following the adoption of this provision, and after the expiration of the 4th year such inventories are exempt from taxation. The legislature may exempt any other personal property, including livestock.

7. No inheritance tax shall ever be levied.

8. The legislature may exempt by law property used for municipal, educational, literary, scientific or other charitable purposes, or to encourage the conservation of energy or the substitution of other sources for fossil sources of energy.

Sec. 5. 1. The legislature shall provide by law for a tax upon the net proceeds of all minerals, including oil, gas and other hydrocarbons, extracted in this state, at a rate not to exceed 5 percent of the net proceeds. No other tax may be imposed upon a mineral or its proceeds until the identity of the proceeds as such is lost.

2. The legislature shall appropriate to each county that sum which would be produced by levying a tax upon the entire amount of the net proceeds taxed in each taxing district in the county at the rate levied in that district upon the assessed valuation of real property. The total amount so appropriated to each county must be apportioned among the respective governmental units and districts within it, including the county itself and the school district, in the same proportion as they share in the total taxes collected on property according to value.

3. Each patented mine or mining claim must be assessed and taxed as other real property is assessed and taxed, except that no value may be attributed to any mineral known or believed to underlie it, and no value may be attributed to the surface of a mine or claim if one hundred dollars' worth of labor has been actually performed on the mine or claim during the year preceding the assessment.

QUESTION NO. 1

Shall the Nevada constitution be amended to allow the taxation of minerals at a rate different than other property and to limit other taxes upon minerals and their proceeds?

✓ YES...107,679.....
NO...30,663.....

EXPLANATION TO QUESTION NO. 1

The proposed amendment would allow the legislature to tax the net proceeds of mines at a rate different than other property, up to the constitutional limit of 5 percent.

ARGUMENT FOR PASSAGE

This proposal would allow the legislature to generate additional revenue for the state by requiring the mining industry to pay increased taxes.

ARGUMENT AGAINST PASSAGE

There is a perception that the mining industry already pays sufficient taxes.

FISCAL NOTE

Passage of this proposal would have no adverse fiscal impact on state or local governments. It would, however, allow the legislature to increase the tax on net proceeds of mines estimated to generate \$52 million in the next two fiscal years as indicated in the Governor's budget.

QUESTION NO. 2

Amendment to the Constitution

Assembly Joint Resolution No. 34 of the 64th Session

(EXPLANATION - Matter underlined is new; matter in brackets [] is material to be omitted.)

ASSEMBLY JOINT RESOLUTION - Proposing to amend section 3 of article 9 of the constitution of the State of Nevada to raise the limit of indebtedness which the state may incur to 2 percent of assessed valuation.

RESOLVED BY THE ASSEMBLY AND SENATE OF THE STATE OF NEVADA, JOINTLY, That section 3 of article 9 of the constitution of the State of Nevada be amended to read as follows:

Sec. 3 The state may contract public debts; but such debts shall never, in the aggregate, exclusive of interest, exceed the sum of [one] two per cent of the assessed valuation of the state, as shown by the reports of the county assessors to the state controller, except for the purpose of defraying extraordinary expenses, as hereinafter mentioned. Every such debt shall be authorized by law for some purpose or purposes, to be distinctly specified therein; and every such law shall provide for levying an annual tax sufficient to pay the interest semiannually, and the principal within twenty years from the passage of such law, and shall specially appropriate the proceeds of said taxes to the payment of said principal and interest; and such appropriation shall not be repealed nor the taxes postponed or diminished until the principal and interest of said debts shall have been wholly paid. Every contract of indebtedness entered into or assumed by or on behalf the state, when all its debts and liabilities amount to said sum before mentioned, shall be void and of no effect, except in cases of money borrowed to repel invasion, suppress insurrection, defend the state in time of war, or, if hostilities be threatened, provide for the public defense.

The state, notwithstanding the foregoing limitations, may, pursuant to authority of the legislature, make and enter into any and all contracts necessary, expedient or advisable for the protection and preservation of any of its property or natural resources, or for the purposes of obtaining the benefits thereof, however arising and whether arising by or through any undertaking or project of the United States or by or through any treaty or compact between the states, or otherwise. The legislature may from time to time make such appropriations as may be necessary to carry out the obligations of the state under such contracts, and shall levy such tax as may be necessary to pay the same or carry them into effect.

QUESTION NO. 2

Shall the Nevada constitution be amended to increase the bonding capacity of the state?

✓ YES. 74,418
NO. 63,228

EXPLANATION TO QUESTION NO. 2

The Nevada constitution limits the bonding capacity of the state to 1 percent of the assessed value of all taxable property in the state. The proposed amendment would increase the capacity to 2 percent.

ARGUMENT FOR PASSAGE

Nevada's current bonding capacity of 1 percent of assessed value is restrictive and causes many public facilities to be paid for from current tax revenues or causes construction to be postponed. Increasing the bonding capacity would allow additional bond financing which is important in a state with rapid population and economic growth.

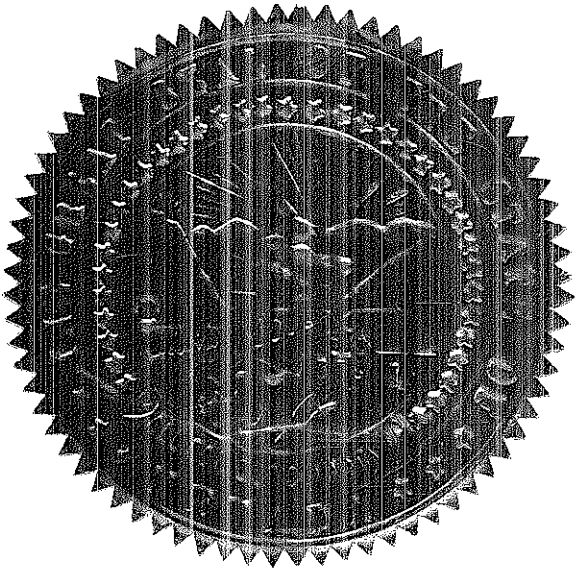
ARGUMENTS AGAINST PASSAGE

If additional money is needed for the construction of public facilities, the state should use other methods to pay for them.

FISCAL NOTE

Passage of this proposal would have no adverse fiscal impact on state or local governments. It would, however, allow the state to increase its bonding capacity.

In witness whereof, I have hereunto set my hand and affixed the Great Seal of the State, at my office in Carson City, Nevada, this 14th day of March, 1989.



Frankie Sue Del Papa

FRANKIE SUE DEL PAPA
Secretary of State