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**S.B. 3**

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SENATE BILL NO. 3—COMMITTEE OF THE WHOLE

JULY 9, 2020

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Referred to Committee of the Whole

SUMMARY—Revises provisions governing governmental financial administration. (BDR 32-10)

FISCAL NOTE: Effect on Local Government: No.  
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.

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AN ACT relating to governmental financial administration; temporarily accelerating the collection of the tax upon the net proceeds of minerals; temporarily requiring persons who extract minerals to pay the tax on the net proceeds of the estimated royalties that will be paid for certain years; temporarily altering the allocation of a portion of the proceeds of the basic governmental services tax; requiring the Department of Taxation to allow for the payment of delinquent taxes, fees or assessments without a penalty for a limited period in certain circumstances; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law provides for the taxation of the net proceeds of minerals based  
2 upon the actual net proceeds from the preceding calendar year. (NRS 362.100-  
3 362.240) Existing law requires the person extracting any mineral in this State to file  
4 a statement which shows the estimated gross yield and estimated net proceeds from  
5 each operation for the current calendar year and an estimate of all royalties that will  
6 be paid during the current calendar year. (NRS 362.115) **Sections 1-5** of this bill  
7 temporarily require advance payment of the tax based upon the estimated net  
8 proceeds and royalties for the current calendar year. **Section 12** of this bill provides  
9 that the collection of the tax on net proceeds of minerals reverts back to the former  
10 method of collection on actual net proceeds beginning for calendar year 2024.  
11 However, because the tax on the net proceeds of minerals imposed for calendar  
12 year 2023 will be paid in advance during fiscal year 2023, **section 8** of this bill  
13 enacts transitory provisions governing the duties of the Department of Taxation for  
14 fiscal year 2024 and the appropriation and apportionment of money to counties and  
15 other local governments during that year.

16 Existing law imposes a basic tax for governmental services for the privilege of  
17 operating any vehicle upon the public highways of this State, which is collected by



18 the Department of Motor Vehicles. (NRS 371.030, 482.260) Existing law sets forth  
19 depreciation schedules for determining the valuation of a vehicle that is used to  
20 calculate the amount of governmental services taxes due each year for used  
21 vehicles. (NRS 371.060) Senate Bill No. 429 of the 2009 Legislative Session (S.B.  
22 429) increased the amount of governmental services taxes due annually for used  
23 vehicles by reducing the amount of depreciation allowed and increasing the  
24 minimum tax. Existing law allocates the revenue from this portion of the  
25 governmental services tax, with 25 percent of the proceeds allocated to the State  
26 General Fund and 75 percent of the proceeds allocated to the State Highway Fund.  
27 (NRS 482.182) **Section 6** of this bill temporarily requires the Department to direct  
28 that 50 percent of these proceeds be transferred to the State General Fund and 50  
29 percent to the State Highway Fund. **Sections 9 and 12** of this bill limit this change  
30 to governmental services taxes collected for a registration period beginning on or  
31 after July 1, 2020, and ending on or before June 30, 2021.

32 **Section 10** of this bill requires the Department of Taxation to establish an  
33 amnesty program pursuant to which a person who is delinquent in the payment of a  
34 tax, fee or assessment may pay the amount due without any penalty or interest in  
35 certain circumstances.

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

1 **Section 1.** NRS 362.110 is hereby amended to read as follows:  
2 362.110 1. Every person extracting any mineral in this State :

3 ~~for receiving any royalty.}~~

4 (a) Shall, on or before February 16 of each year, file with the  
5 Department a statement showing the gross yield and claimed net  
6 proceeds from each geographically separate operation where a  
7 mineral is extracted by that person during the calendar year  
8 immediately preceding the year in which the statement is filed.

9 (b) May have up to 30 days after filing the statement required by  
10 paragraph (a) to file an amended statement.

11 2. The statement must:

12 (a) Show the claimed deductions from the gross yield in the  
13 detail set forth in NRS 362.120. The deductions are limited to the  
14 costs incurred during the calendar year immediately preceding  
15 the year in which the statement is filed.

16 (b) Be in the form prescribed by the Department.

17 (c) Be verified by the manager, superintendent, secretary or  
18 treasurer of the corporation, or by the owner of the operation, or, if  
19 the owner is a natural person, by someone authorized in his or her  
20 behalf.

21 ~~{3. Each recipient of a royalty as described in subsection 1~~  
22 ~~shall annually file with the Department a list showing each of the~~  
23 ~~lessees responsible for taxes due in connection with the operation or~~  
24 ~~operations included in the statement filed pursuant to subsections 1~~  
25 ~~and 2.}~~



1       **Sec. 2.** NRS 362.115 is hereby amended to read as follows:  
2       362.115 1. In addition to the statement required by  
3 subsection 1 of NRS 362.110, each person extracting any mineral in  
4 this State ~~[shall,]~~ :

5       (a) *Shall*, on or before March 1 of each year, file with the  
6 Department a statement showing the estimated gross yield and  
7 estimated net proceeds from each such operation for the entire  
8 current calendar year and an estimate of all royalties that will be  
9 paid during the current calendar year ~~[.]~~ *and shall pay the tax upon*  
10 *the net proceeds and upon the royalties so estimated. The*  
11 *estimated payment may be reduced by the amount of any credit to*  
12 *which the taxpayer is entitled pursuant to NRS 362.130. The*  
13 *amount of the tax paid upon royalties must be deducted from the*  
14 *payment of the royalties.*

15       (b) *May file with the Department a quarterly report stating an*  
16 *estimate for the year and the actual quarterly amounts of*  
17 *production, gross yield and net proceeds as of March 31, June 30,*  
18 *September 30 and December 31, and pay any additional amount*  
19 *due. The additional estimated tax liability must be calculated by*  
20 *determining the difference between the revised estimates of net*  
21 *proceeds based on the recent production figures as indicated by*  
22 *the quarterly reports and the original estimate supplied pursuant*  
23 *to paragraph (a). If the person chooses to submit such reports, the*  
24 *reports must be submitted on a form prescribed by the Department*  
25 *not later than the last day of the month following the end of the*  
26 *calendar quarter and payment must be made within 30 days after*  
27 *filing any quarterly report that indicates an additional estimated*  
28 *tax liability.*

29       2. The Department shall:

30       (a) Use the statement filed pursuant to subsection 1 ~~[only]~~ to  
31 prepare estimates for use by local governments in the preparation of  
32 their budgets; and

33       (b) Submit those estimates to the local governments on or before  
34 March 15 of each year.

35       **Sec. 3.** NRS 362.130 is hereby amended to read as follows:

36       362.130 1. When the Department determines from the annual  
37 statement filed pursuant to NRS 362.110 the net proceeds of any  
38 minerals extracted, it shall prepare its certificate of the amount of  
39 the net proceeds , *the amount of the estimated tax paid in the prior*  
40 *calendar year pursuant to paragraph (a) of subsection 1 of NRS*  
41 *362.115 and any additional payments made pursuant to paragraph*  
42 *(b) of subsection 1 of that section, and the balance of the tax due ,*  
43 *if any, and send a copy of the certificate to the owner ~~[of the mine,]~~*  
44 *or operator of the mine . ~~[or recipient of the royalty, as the case may~~*  
45 *be.]*



1 2. The certificate must be prepared and mailed not later than:  
2 (a) April 20 immediately following the month of February  
3 during which the annual statement was filed; or

4 (b) April 30 immediately thereafter if an amended statement is  
5 filed in a timely manner.

6 3. The tax due as indicated in the certificate *and any penalty*  
7 must be paid on or before May 10 of the year in which the  
8 certificate is received.

9 4. *If the amount paid pursuant to paragraph (a) of subsection*  
10 *1 of NRS 362.115 in the prior calendar year is less than 90 percent*  
11 *of the amount certified pursuant to this section, the amount due*  
12 *must include a penalty of 10 percent of the amount by which the*  
13 *tax was underpaid unless:*

14 (a) *The amount paid pursuant to paragraph (a) of subsection 1*  
15 *of NRS 362.115 in the prior calendar year is equal to or greater*  
16 *than the total liability of the operation for the preceding calendar*  
17 *year; or*

18 (b) *The person files quarterly reports pursuant to paragraph*  
19 *(b) of subsection 1 of NRS 362.115 in a timely manner for that*  
20 *year and the total of all payments exceeds 90 percent of the*  
21 *amount certified.*

22 5. If an overpayment was made, the overpayment must be  
23 credited toward the payment due on ~~May 10~~ *March 1* of the next  
24 calendar year. If the certificate shows a net loss for the year covered  
25 by the certificate or an amount of tax due for that year which is less  
26 than an overpayment made for the preceding year, the amount or  
27 remaining amount of the overpayment must, after being credited  
28 against any amount then due from the taxpayer in accordance with  
29 NRS 360.236, be refunded to the taxpayer within 30 days after the  
30 certification was sent to the taxpayer.

31 **Sec. 4.** NRS 362.170 is hereby amended to read as follows:

32 362.170 1. There is hereby appropriated to each county the  
33 total of the amounts obtained by multiplying, for each extractive  
34 operation situated within the county, the net proceeds of that  
35 operation and any royalties paid by that operation, *as estimated and*  
36 *paid pursuant to NRS 362.115, plus any amounts paid pursuant to*  
37 *NRS 362.130*, by the combined rate of tax ad valorem ~~to~~ *for the*  
38 *fiscal year to which the payments apply*, excluding any rate levied  
39 by the State of Nevada, for property at that site, plus a pro rata share  
40 of any penalties and interest collected by the Department for the late  
41 payment of taxes distributed to the county. The Department shall  
42 report to the State Controller on or before May 25 of each year the  
43 amount appropriated to each county, as calculated for each  
44 operation from the final statement made in February of that year for  
45 the preceding calendar year ~~to~~ *and the estimate provided pursuant*



1 *to NRS 362.115 for the current calendar year.* The State Controller  
2 shall distribute all money due to a county on or before May 30 of  
3 each year. *The Department shall report to the State Controller any*  
4 *additional payments made pursuant to paragraph (b) of subsection*  
5 *1 of NRS 362.115 within 15 days after the date on which the*  
6 *payment must be made pursuant to paragraph (b) of subsection 1*  
7 *of NRS 362.115, and the State Controller shall distribute the*  
8 *money to the appropriate county within 5 days after receipt of the*  
9 *report from the Department. For the purposes of this subsection,*  
10 *payments made pursuant to paragraph (b) of subsection 1 of NRS*  
11 *362.115 apply to the fiscal year in which the statement of the*  
12 *estimated net proceeds is filed pursuant to paragraph (a) of*  
13 *subsection 1 of NRS 362.115.*

14 2. The county treasurer shall apportion to each local  
15 government or other local entity an amount calculated by:

16 (a) Determining the total of the amounts obtained by  
17 multiplying, for each extractive operation situated within its  
18 jurisdiction, the net proceeds of that operation and any royalty  
19 payments paid by that operation, by the rate levied on behalf of that  
20 local government or other local entity;

21 (b) Adding to the amount determined pursuant to paragraph (a) a  
22 pro rata share of any penalties and interest collected by the  
23 Department for the late payment of taxes distributed to that local  
24 government or local entity; and

25 (c) Subtracting from the amount determined pursuant to  
26 paragraph (b) a commission of 5 percent, of which 3 percent must  
27 be deposited in the county general fund and 2 percent must be  
28 accounted for separately in the account for the acquisition and  
29 improvement of technology in the office of the county assessor  
30 created pursuant to NRS 250.085.

31 3. The amounts apportioned pursuant to subsection 2,  
32 including, without limitation, the amount retained by the county and  
33 excluding the percentage commission, must be applied to the uses  
34 for which each levy was authorized in the same proportion as the  
35 rate of each levy bears to the total rate.

36 4. The Department shall report to the State Controller on or  
37 before May 25 of each year the amount received as tax upon the net  
38 proceeds of geothermal resources which equals the product of those  
39 net proceeds multiplied by the rate of tax levied ad valorem by the  
40 State of Nevada.

41 **Sec. 5.** NRS 362.170 is hereby amended to read as follows:

42 362.170 1. There is hereby appropriated to each county the  
43 total of the amounts obtained by multiplying, for each extractive  
44 operation situated within the county, the net proceeds of that  
45 operation and any royalties paid by that operation, *as estimated and*



1 *paid pursuant to NRS 362.115, plus any amounts paid pursuant to*  
2 *NRS 362.130, by the combined rate of tax ad valorem ~~for~~ for the*  
3 *fiscal year to which the payments apply, excluding any rate levied*  
4 *by the State of Nevada, for property at that site, plus a pro rata share*  
5 *of any penalties and interest collected by the Department for the late*  
6 *payment of taxes distributed to the county. The Department shall*  
7 *report to the State Controller on or before May 25 of each year the*  
8 *amount appropriated to each county, as calculated for each*  
9 *operation from the ~~final statement made in February of that year~~*  
10 *estimate provided pursuant to NRS 362.115 for the current*  
11 *calendar year and any adjustments made pursuant to NRS*  
12 *362.130 for the preceding calendar year. The State Controller shall*  
13 *distribute all money due to a county on or before May 30 of each*  
14 *year. The Department shall report to the State Controller any*  
15 *additional payments made pursuant to paragraph (b) of subsection*  
16 *1 of NRS 362.115 within 15 days after the date on which the*  
17 *payment must be made pursuant to paragraph (b) of subsection 1*  
18 *of NRS 362.115, and the State Controller shall distribute the*  
19 *money to the appropriate county within 5 days after receipt of the*  
20 *report from the Department. For the purposes of this subsection,*  
21 *payments made pursuant to paragraph (b) of subsection 1 of NRS*  
22 *362.115 apply to the fiscal year in which the statement of the*  
23 *estimated net proceeds is filed pursuant to paragraph (a) of*  
24 *subsection 1 of NRS 362.115.*

25 2. The county treasurer shall apportion to each local  
26 government or other local entity an amount calculated by:

27 (a) Determining the total of the amounts obtained by  
28 multiplying, for each extractive operation situated within its  
29 jurisdiction, the net proceeds of that operation and any royalty  
30 payments paid by that operation, by the rate levied on behalf of that  
31 local government or other local entity;

32 (b) Adding to the amount determined pursuant to paragraph (a) a  
33 pro rata share of any penalties and interest collected by the  
34 Department for the late payment of taxes distributed to that local  
35 government or local entity; and

36 (c) Subtracting from the amount determined pursuant to  
37 paragraph (b) a commission of 5 percent, of which 3 percent must  
38 be deposited in the county general fund and 2 percent must be  
39 accounted for separately in the account for the acquisition and  
40 improvement of technology in the office of the county assessor  
41 created pursuant to NRS 250.085.

42 3. The amounts apportioned pursuant to subsection 2,  
43 including, without limitation, the amount retained by the county and  
44 excluding the percentage commission, must be applied to the uses



1 for which each levy was authorized in the same proportion as the  
2 rate of each levy bears to the total rate.

3 4. Any amount apportioned pursuant to subsection 2 for a  
4 county school district for any purpose other than capital projects or  
5 debt service for the county school district must be paid over to the  
6 State Treasurer to be deposited to the credit of the State Education  
7 Fund.

8 5. The Department shall report to the State Controller on or  
9 before May 25 of each year the amount received as tax upon the net  
10 proceeds of geothermal resources which equals the product of those  
11 net proceeds multiplied by the rate of tax levied ad valorem by the  
12 State of Nevada.

13 **Sec. 6.** NRS 482.182 is hereby amended to read as follows:

14 482.182 1. After deducting the amount withheld by the  
15 Department and the amount credited to the Department pursuant to  
16 subsection 6 of NRS 482.180 and before carrying out the provisions  
17 of NRS 482.181 each month, the Department shall direct the State  
18 Controller to transfer to the:

19 (a) State General Fund from the proceeds of the basic  
20 governmental services tax collected by the Department and its  
21 agents during the preceding month, ~~[25]~~ 50 percent of the amounts  
22 indicated pursuant to this section.

23 (b) State Highway Fund from the proceeds of the basic  
24 governmental services tax collected by the Department and its  
25 agents during the preceding month, ~~[75]~~ 50 percent of the amounts  
26 indicated pursuant to this section.

27 2. Except as otherwise provided in subsection 3, the amount  
28 required to be transferred pursuant to subsection 1 from the  
29 proceeds of the basic governmental services tax imposed on vehicles  
30 depreciated in accordance with:

31 (a) Subsection 1 of NRS 371.060 based upon an age of:

32 (1) One year, is a sum equal to 11 percent of those proceeds;

33 (2) Two years, is a sum equal to 12 percent of those  
34 proceeds;

35 (3) Three years, is a sum equal to 13 percent of those  
36 proceeds;

37 (4) Four years, is a sum equal to 15 percent of those  
38 proceeds;

39 (5) Five years, is a sum equal to 18 percent of those  
40 proceeds;

41 (6) Six years, is a sum equal to 22 percent of those proceeds;

42 (7) Seven years, is a sum equal to 29 percent of those  
43 proceeds;

44 (8) Eight years, is a sum equal to 40 percent of those  
45 proceeds; and



1 (9) Nine years or more, is a sum equal to 67 percent of those  
2 proceeds; and

3 (b) Subsection 2 of NRS 371.060 based upon an age of:

4 (1) One year, is a sum equal to 12 percent of those proceeds;

5 (2) Two years, is a sum equal to 14 percent of those  
6 proceeds;

7 (3) Three years, is a sum equal to 18 percent of those  
8 proceeds;

9 (4) Four years, is a sum equal to 21 percent of those  
10 proceeds;

11 (5) Five years, is a sum equal to 26 percent of those  
12 proceeds;

13 (6) Six years, is a sum equal to 30 percent of those proceeds;

14 (7) Seven years, is a sum equal to 33 percent of those  
15 proceeds;

16 (8) Eight years, is a sum equal to 37 percent of those  
17 proceeds;

18 (9) Nine years, is a sum equal to 40 percent of those  
19 proceeds; and

20 (10) Ten years or more, is a sum equal to 43 percent of those  
21 proceeds.

22 3. The amount required to be transferred pursuant to subsection  
23 1 from the proceeds of the basic governmental services tax imposed  
24 on vehicles to which the minimum amount of that tax applies  
25 pursuant to paragraph (b) of subsection 3 of NRS 371.060 is a sum  
26 equal to 63 percent of those proceeds.

27 **Sec. 7.** 1. Each person required to pay the tax on the net  
28 proceeds of minerals shall pay:

29 (a) The tax determined pursuant to NRS 362.130, as that section  
30 reads prior to amendment by section 3 of this act, for the calendar  
31 year 2020; and

32 (b) The estimated tax for the calendar year 2021 pursuant to  
33 NRS 362.115, as amended by section 2 of this act.

34 2. For the calendar year 2021, the amount appropriated to each  
35 county pursuant to NRS 362.170 must be determined based upon  
36 the sum of:

37 (a) The amount paid pursuant to NRS 362.130, as that section  
38 reads before amendment by section 3 of this act, based upon the tax  
39 paid for the calendar year 2020; and

40 (b) The estimated tax for the calendar year 2021 paid pursuant to  
41 NRS 362.115, as amended by section 2 of this act.

42 **Sec. 8.** 1. When preparing its certificate of the tax due from a  
43 taxpayer pursuant to NRS 362.130 during the calendar year 2024,  
44 the Department of Taxation shall reduce the amount of the tax due  
45 from the taxpayer by the amount of:





1 (a) Any estimated payments of the tax made by or on behalf of  
2 the taxpayer during the calendar year 2023 pursuant to NRS  
3 362.115, as that section read on January 1, 2023; and

4 (b) Any unused credit to which the taxpayer may be entitled as a  
5 result of any previous overpayment of the tax.

6 2. Notwithstanding any provision of NRS 362.170 to the  
7 contrary:

8 (a) The amount appropriated to each county pursuant to that  
9 section for distribution to the county during the calendar year 2024  
10 must be reduced by the amount appropriated to the county pursuant  
11 to that section for distribution to the county during the calendar year  
12 2023, excluding any portion of the amount appropriated to the  
13 county pursuant to that section for distribution to the county during  
14 the calendar year 2023 which is attributable to a pro rata share of  
15 any penalties and interest collected by the Department of Taxation  
16 for the late payment of taxes distributed to the county.

17 (b) In calculating the amount required to be apportioned to each  
18 local government or other local entity pursuant to subsection 2 of  
19 that section for the calendar year 2024, the county treasurer shall  
20 reduce the amount required to be determined pursuant to paragraph  
21 (a) of that subsection for that calendar year by the amount  
22 determined pursuant to that paragraph for the calendar year 2023.

23 **Sec. 9.** The amendatory provisions of section 6 of this act  
24 apply to any proceeds of the basic governmental services tax  
25 collected by the Department of Motor Vehicles and its agents which  
26 is attributable to any period of registration of a vehicle that begins  
27 on or after July 1, 2020, and ends on or before June 30, 2021.

28 **Sec. 10.** 1. Except as otherwise provided in this section and  
29 notwithstanding any other provision of law, the Department of  
30 Taxation shall establish and conduct a program that complies with  
31 the requirements of this section and requires the Department to  
32 relieve a person who has not paid a tax, fee or assessment required  
33 to be paid to the Department of all the monetary penalties and  
34 interest imposed with regard to the unpaid tax, fee or assessment.  
35 Upon the establishment of a program pursuant to this section, the  
36 Department of Taxation shall provide notice of the program,  
37 including, without limitation, the dates during which the program  
38 will be conducted and the manner in which a person may request  
39 relief pursuant to the program, on the Internet website maintained by  
40 the Department.

41 2. The Department of Taxation shall conduct a program  
42 established and conducted pursuant to subsection 1 only for a period  
43 of not more than 90 calendar days and only during a period  
44 beginning on or after the effective date of this act and ending not  
45 later than June 30, 2021.



1 3. The Department of Taxation shall relieve a person who has  
2 not paid a tax, fee or assessment required to be paid to the  
3 Department of all the monetary penalties and interest imposed with  
4 regard to the unpaid tax, fee or assessment if, on or after the date on  
5 which the Department begins conducting the program established  
6 and conducted pursuant to subsection 1 and before the ending date  
7 of the program, the person:

8 (a) Requests relief from the Department by the form or method  
9 required by the Department; and

10 (b) Except as otherwise provided in subsection 4, pays the  
11 amount of the unpaid tax, fee or assessment in full to the  
12 Department.

13 4. If a person has not paid a tax, fee or assessment required to  
14 be paid to the Department of Taxation for multiple periods, files  
15 with the Department a request for relief pursuant to paragraph (a) of  
16 subsection 3 and pays the amount of the unpaid tax, fee or  
17 assessment for less than all of the periods for which the person has  
18 not paid the tax, fee or assessment, the Department may grant relief  
19 to the person for each period for which the person pays the amount  
20 of the tax, fee or assessment in full to the Department.

21 5. A program established and conducted by the Department of  
22 Taxation pursuant to subsection:

23 (a) Must apply only to taxes, fees and assessments that are due  
24 and payable before the effective date of this section;

25 (b) Must not apply to any person who:

26 (1) Has entered into a compromise or settlement agreement  
27 with the Department regarding the unpaid tax, fee or assessment;

28 (2) Has entered into a compromise with the Nevada Tax  
29 Commission regarding the unpaid tax, fee or assessment pursuant to  
30 NRS 360.263; or

31 (3) Is being audited by the Department and has not been  
32 issued a final notice of deficiency determination by the Department.

33 6. A person who requests or receives relief pursuant to this  
34 section may be selected for an audit and audited by the Department  
35 of Taxation in the same manner as a person who does not request or  
36 receive relief pursuant to this section.

37 **Sec. 11.** Notwithstanding the provisions of NRS 218D.430, a  
38 committee may vote on this act before the expiration of the period  
39 prescribed for the return of a fiscal note in NRS 218D.475. This  
40 section applies retroactively from and after July 8, 2020.

41 **Sec. 12.** 1. This section and sections 2, 4, 6 and 7 to 10,  
42 inclusive, of this act become effective upon passage and approval.

43 2. Sections 4 and 6 of this act expire by limitation on June 30,  
44 2021.



- 1       3. Sections 1, 3 and 5 of this act become effective on July 1,  
2 2021.  
3       4. Sections 1, 2, 3 and 5 of this act expire by limitation on  
4 June 30, 2023.

