

SENATE BILL NO. 3—COMMITTEE OF THE WHOLE

JULY 9, 2020

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.

AN ACT relating to governmental financial administration; temporarily accelerating the collection of a portion of the tax upon the net proceeds of minerals; temporarily requiring persons who extract minerals to pay a portion of 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 upon
2 the actual net proceeds from the preceding calendar year. (NRS 362.100-362.240)
3 Existing law requires the person extracting any mineral in this State to file a statement
4 which shows the estimated gross yield and estimated net proceeds from each
5 operation for the current calendar year and an estimate of all royalties that will be
6 paid during the current calendar year. (NRS 362.115) **Sections 2 and 3** of this bill
7 temporarily require advance payment of the portion of the tax that is distributed to
8 the State General Fund, based upon the estimated net proceeds and royalties for the
9 current calendar year. **Section 12** of this bill provides that the collection of the tax on
10 net proceeds of minerals reverts back to the former method of collection on actual
11 net proceeds beginning for calendar year 2024. However, because a portion of the
12 tax on the net proceeds of minerals imposed for calendar year 2023 will be paid in
13 advance during fiscal year 2023, **section 8** of this bill enacts transitory provisions
14 governing the duties of the Department of Taxation for fiscal year 2024.

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



17 the Department of Motor Vehicles. (NRS 371.030, 482.260) Existing law sets forth
18 depreciation schedules for determining the valuation of a vehicle that is used to
19 calculate the amount of governmental services taxes due each year for used vehicles.
20 (NRS 371.060) Senate Bill No. 429 of the 2009 Legislative Session (S.B. 429)
21 increased the amount of governmental services taxes due annually for used vehicles
22 by reducing the amount of depreciation allowed and increasing the minimum tax.
23 Existing law allocates the revenue from this portion of the governmental services tax,
24 with 25 percent of the proceeds allocated to the State General Fund and 75 percent
25 of the proceeds allocated to the State Highway Fund. (NRS 482.182) **Sections 5.5**
26 **and 6** of this bill temporarily require the Department to direct that the entire amount
27 of these proceeds be transferred to the State General Fund. **Sections 9 and 12** of this
28 bill limit this change to governmental services taxes collected for a registration period
29 beginning on or after July 1, 2020, and ending on or before June 30, 2021.
30 **Section 10** of this bill requires the Department of Taxation to establish an
31 amnesty program pursuant to which a person who is delinquent in the payment of a
32 tax, fee or assessment may pay the amount due without any penalty or interest in
33 certain circumstances.

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

1 **Section 1.** (Deleted by amendment.)
2 **Sec. 2.** NRS 362.115 is hereby amended to read as follows:
3 362.115 1. In addition to the statement required by subsection
4 1 of NRS 362.110, each person extracting any mineral in this State
5 ~~[shall]~~ :
6 (a) *Shall*, on or before March 1 of each year, file with the
7 Department a statement showing the estimated gross yield and
8 estimated net proceeds from each such operation for the entire current
9 calendar year and an estimate of all royalties that will be paid during
10 the current calendar year ~~[.]~~ *and shall pay a portion of the tax upon*
11 *the net proceeds and upon the royalties so estimated in an amount*
12 *equal to the estimated net proceeds and royalties multiplied by a rate*
13 *equal to the rate as determined pursuant to NRS 362.140 minus the*
14 *combined rate of tax ad valorem for the county in which the*
15 *operation is located, including any rate levied by the State of*
16 *Nevada. The estimated payment may be reduced by the amount of*
17 *any credit to which the taxpayer is entitled pursuant to NRS*
18 *362.130. The amount of the tax paid upon royalties must be*
19 *deducted from the payment of the royalties.*
20 (b) *May file with the Department a quarterly report stating an*
21 *estimate for the year and the actual quarterly amounts of*
22 *production, gross yield and net proceeds as of March 31, June 30,*
23 *September 30 and December 31, and pay any additional amount*
24 *due. The additional estimated tax liability must be calculated by*
25 *determining the difference between the revised estimates of net*
26 *proceeds based on the recent production figures as indicated by the*



1 *quarterly reports and the original estimate supplied pursuant to*
2 *paragraph (a). If the person chooses to submit such reports, the*
3 *reports must be submitted on a form prescribed by the Department*
4 *not later than the last day of the month following the end of the*
5 *calendar quarter and payment must be made within 30 days after*
6 *filing any quarterly report that indicates an additional estimated tax*
7 *liability.*

8 2. The Department shall:

9 (a) Use the statement filed pursuant to subsection 1 ~~only~~ to
10 prepare estimates for use by local governments in the preparation of
11 their budgets; and

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

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

15 362.130 1. When the Department determines from the annual
16 statement filed pursuant to NRS 362.110 the net proceeds of any
17 minerals extracted, it shall prepare its certificate of the amount of the
18 net proceeds , *the amount of the estimated tax paid in the prior*
19 *calendar year pursuant to paragraph (a) of subsection 1 of NRS*
20 *362.115 and any additional payments made pursuant to paragraph*
21 *(b) of subsection 1 of that section, and the balance of the tax due ,*
22 and send a copy of the certificate to the owner of the mine, operator
23 of the mine or recipient of the royalty, as the case may be.

24 2. The certificate must be prepared and mailed not later than:

25 (a) April 20 immediately following the month of February during
26 which the annual statement was filed; or

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

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

32 4. *If the amount paid pursuant to paragraph (a) of subsection*
33 *1 of NRS 362.115 in the prior calendar year is less than 90 percent*
34 *of the amount certified pursuant to this section as the net proceeds*
35 *of any minerals extracted and royalties paid during the prior*
36 *calendar year multiplied by a rate equal to the rate as determined*
37 *pursuant to NRS 362.140 minus the combined rate of tax ad*
38 *valorem for the county in which the operation is located, including*
39 *any rate levied by the State of Nevada, the amount due must include*
40 *a penalty of 10 percent of the amount by which that portion of the*
41 *tax was underpaid unless:*

42 (a) *The amount paid pursuant to paragraph (a) of subsection 1*
43 *of NRS 362.115 in the prior calendar year is equal to or greater*
44 *than the liability of the operation for the preceding calendar year*
45 *for the portion of the tax that is equal to the net proceeds of any*



1 *minerals extracted and royalties paid during that calendar year*
2 *multiplied by a rate equal to the rate as determined pursuant to NRS*
3 *362.140 minus the combined rate of tax ad valorem for the county*
4 *in which the operation is located, including any rate levied by the*
5 *State of Nevada; or*

6 *(b) The person files quarterly reports pursuant to paragraph (b)*
7 *of subsection 1 of NRS 362.115 in a timely manner for that year*
8 *and the total of all payments exceeds 90 percent of the amount*
9 *certified as the net proceeds of any minerals extracted and royalties*
10 *paid during the prior calendar year multiplied by a rate equal to the*
11 *rate as determined pursuant to NRS 362.140 minus the combined*
12 *rate of tax ad valorem for the county in which the operation is*
13 *located, including any rate levied by the State of Nevada.*

14 5. If an overpayment was made ~~[]~~ *on the payment of the*
15 *portion of the tax upon the net proceeds and royalties equal to the*
16 *net proceeds and the royalties multiplied by a rate equal to the rate*
17 *as determined pursuant to NRS 362.140 minus the combined rate*
18 *of tax ad valorem for the county in which the operation is located,*
19 *including any rate levied by the State of Nevada,* the overpayment
20 must be credited toward the payment due on ~~[May 10]~~ *March 1* of
21 the next calendar year. *If an overpayment was made on the portion*
22 *of the tax upon the net proceeds and royalties equal to the net*
23 *proceeds and the royalties multiplied by the combined rate of tax ad*
24 *valorem for the county in which the operation is located, including*
25 *any rate levied by the State of Nevada, the overpayment must be*
26 *credited toward the payment due on May 10 of the next calendar*
27 *year.* If the certificate shows a net loss for the year covered by the
28 certificate or an amount of tax due for that year which is less than an
29 overpayment made for the preceding year, the amount or remaining
30 amount of the overpayment must, after being credited against any
31 amount then due from the taxpayer in accordance with NRS 360.236,
32 be refunded to the taxpayer within 30 days after the certification was
33 sent to the taxpayer.

34 **Sec. 4.** (Deleted by amendment.)

35 **Sec. 5.** (Deleted by amendment.)

36 **Sec. 5.5.** NRS 482.181 is hereby amended to read as follows:

37 482.181 1. Except as otherwise provided in subsection 5, after
38 deducting the amount withheld by the Department and the amount
39 credited to the Department pursuant to subsection 6 of NRS 482.180,
40 and the amount transferred to the State General Fund ~~[and the State~~
41 ~~Highway Fund]~~ pursuant to NRS 482.182, the Department shall
42 certify monthly to the State Board of Examiners the amount of the
43 basic and supplemental governmental services taxes collected for
44 each county by the Department and its agents during the preceding



1 month, and that money must be distributed monthly as provided in
2 this section.

3 2. Any supplemental governmental services tax collected for a
4 county must be distributed only to the county, to be used as provided
5 in NRS 371.043, 371.045 and 371.047.

6 3. The distribution of the basic governmental services tax
7 received or collected for each county must be made to the county
8 school district within each county before any distribution is made to
9 a local government, special district or enterprise district. For the
10 purpose of calculating the amount of the basic governmental services
11 tax to be distributed to the county school district, the taxes levied by
12 each local government, special district and enterprise district are the
13 product of its certified valuation, determined pursuant to subsection
14 2 of NRS 361.405, and its tax rate, established pursuant to NRS
15 361.455 for the fiscal year beginning on July 1, 1980, except that the
16 tax rate for school districts, including the rate attributable to a
17 district's debt service, is the rate established pursuant to NRS 361.455
18 for the fiscal year beginning on July 1, 1978, but if the rate
19 attributable to a district's debt service in any fiscal year is greater than
20 its rate for the fiscal year beginning on July 1, 1978, the higher rate
21 must be used to determine the amount attributable to debt service.

22 4. After making the distributions set forth in subsection 3, the
23 remaining money received or collected for each county must be
24 deposited in the Local Government Tax Distribution Account created
25 by NRS 360.660 for distribution to local governments, special
26 districts and enterprise districts within each county pursuant to the
27 provisions of NRS 360.680 and 360.690.

28 5. An amount equal to any basic governmental services tax
29 distributed to a redevelopment agency in the Fiscal Year 1987-1988
30 must continue to be distributed to that agency as long as it exists but
31 must not be increased.

32 6. The Department shall make distributions of the basic
33 governmental services tax directly to county school districts.

34 7. As used in this section:

35 (a) "Enterprise district" has the meaning ascribed to it in
36 NRS 360.620.

37 (b) "Local government" has the meaning ascribed to it in
38 NRS 360.640.

39 (c) "Received or collected for each county" means:

40 (1) For the basic governmental services tax collected on
41 vehicles subject to the provisions of chapter 706 of NRS, the amount
42 determined for each county based on the following percentages:
43

44 Carson City.....	1.07 percent	Lincoln.....	3.12 percent
45 Churchill.....	5.21 percent	Lyon.....	2.90 percent



1	Clark.....	22.54 percent	Mineral.....	2.40 percent
2	Douglas.....	2.52 percent	Nye	4.09 percent
3	Elko	13.31 percent	Pershing	7.00 percent
4	Esmeralda	2.52 percent	Storey.....	0.19 percent
5	Eureka.....	3.10 percent	Washoe	12.24 percent
6	Humboldt.....	8.25 percent	White Pine	5.66 percent
7	Lander.....	3.88 percent		

8
9 (2) For all other basic and supplemental governmental
10 services tax received or collected by the Department, the amount
11 attributable to each county based on the county of registration of the
12 vehicle for which the tax was paid.

13 (d) "Special district" has the meaning ascribed to it in
14 NRS 360.650.

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

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

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

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

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

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

- 34 (1) One year, is a sum equal to 11 percent of those proceeds;
- 35 (2) Two years, is a sum equal to 12 percent of those proceeds;
- 36 (3) Three years, is a sum equal to 13 percent of those proceeds;
- 37 (4) Four years, is a sum equal to 15 percent of those proceeds;
- 38 (5) Five years, is a sum equal to 18 percent of those proceeds;
- 39 (6) Six years, is a sum equal to 22 percent of those proceeds;
- 40 (7) Seven years, is a sum equal to 29 percent of those
- 41 proceeds;
- 42 (8) Eight years, is a sum equal to 40 percent of those proceeds;

43 and

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



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

- (1) One year, is a sum equal to 12 percent of those proceeds;
- (2) Two years, is a sum equal to 14 percent of those proceeds;
- (3) Three years, is a sum equal to 18 percent of those proceeds;
- (4) Four years, is a sum equal to 21 percent of those proceeds;
- (5) Five years, is a sum equal to 26 percent of those proceeds;
- (6) Six years, is a sum equal to 30 percent of those proceeds;
- (7) Seven years, is a sum equal to 33 percent of those

proceeds;

- (8) Eight years, is a sum equal to 37 percent of those proceeds;
- (9) Nine years, is a sum equal to 40 percent of those proceeds;

and

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

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

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

1. The tax determined pursuant to NRS 362.130, as that section reads prior to amendment by section 3 of this act, for the calendar year 2020; and

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

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

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

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

2. Notwithstanding any other provision of law, for the calendar year 2023, each person extracting any mineral in this State may file with the Department a quarterly report stating an estimate for the year and the actual quarterly amounts of production, gross yield and net proceeds as of March 31, June 30, September 30 and December 31 of that year, and pay any additional amount of the portion of the tax due pursuant to paragraph (a) of subsection 1 of NRS 362.115, as that section read on January 1, 2023. The additional estimated tax liability must be calculated by determining the difference between the revised estimates of net proceeds based on the recent production figures as



1 indicated by the quarterly reports and the original estimate supplied
2 pursuant to paragraph (a) of subsection 1 of NRS 362.115, as that
3 section read on January 1, 2023. If the person chooses to submit such
4 reports, the reports must be submitted on a form prescribed by the
5 Department not later than the last day of the month following the end
6 of the calendar quarter and payment must be made within 30 days
7 after filing any quarterly report that indicates an additional estimated
8 tax liability.

9 3. Notwithstanding any other provision of law, for calendar year
10 2023, if the amount paid pursuant to paragraph (a) of subsection 1 of
11 NRS 362.115, as that section read on January 1, 2023, is less than 90
12 percent of the amount certified pursuant to NRS 362.130 as the net
13 proceeds of any minerals extracted and royalties paid during calendar
14 year 2023 multiplied by a rate equal to the rate as determined pursuant
15 to NRS 362.140 minus the combined rate of tax ad valorem for the
16 county in which the operation is located, including any rate levied by
17 the State of Nevada, the certificate prepared by the Department
18 pursuant to this section must include a penalty of 10 percent of the
19 amount by which that portion of the tax was underpaid unless:

20 (a) The amount paid pursuant to paragraph (a) of subsection 1 of
21 NRS 362.115, as that section read on January 1, 2023, in calendar
22 year 2023 is equal to or greater than the liability of the operation for
23 the calendar year 2022 for the portion of the tax that is equal to the
24 net proceeds of any minerals extracted and royalties paid during that
25 calendar year multiplied by a rate equal to the rate as determined
26 pursuant to NRS 362.140 minus the combined rate of tax ad valorem
27 for the county in which the operation is located, including any rate
28 levied by the State of Nevada; or

29 (b) The person files quarterly reports pursuant to subsection 2 in
30 a timely manner and the total of all payments exceeds 90 percent of
31 the amount certified as the net proceeds of any minerals extracted and
32 royalties paid during the calendar year 2023 multiplied by a rate equal
33 to the rate as determined pursuant to NRS 362.140 minus the
34 combined rate of tax ad valorem for the county in which the operation
35 is located, including any rate levied by the State of Nevada.

36 **Sec. 9.** The amendatory provisions of sections 5.5 and 6 of this
37 act apply to any proceeds of the basic governmental services tax
38 collected by the Department of Motor Vehicles and its agents which
39 is attributable to any period of registration of a vehicle that begins on
40 or after July 1, 2020, and ends on or before June 30, 2021.

41 **Sec. 10.** 1. Except as otherwise provided in this section and
42 notwithstanding any other provision of law, the Department of
43 Taxation shall establish and conduct a program that complies with the
44 requirements of this section and requires the Department to relieve a
45 person who has not paid a tax, fee or assessment required to be paid



1 to the Department of all the monetary penalties and interest imposed
2 with regard to the unpaid tax, fee or assessment. Upon the
3 establishment of a program pursuant to this section, the Department
4 of Taxation shall provide notice of the program, including, without
5 limitation, the dates during which the program will be conducted and
6 the manner in which a person may request relief pursuant to the
7 program, on the Internet website maintained by the Department.

8 2. The Department of Taxation shall conduct a program
9 established and conducted pursuant to subsection 1 only for a period
10 of not more than 90 calendar days and only during a period beginning
11 on or after the effective date of this section and ending not later than
12 June 30, 2021.

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

20 (a) Requests relief from the Department by the form or method
21 required by the Department; and

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

24 4. If a person has not paid a tax, fee or assessment required to be
25 paid to the Department of Taxation for multiple periods, files with the
26 Department a request for relief pursuant to paragraph (a) of
27 subsection 3 and pays the amount of the unpaid tax, fee or assessment
28 for less than all of the periods for which the person has not paid the
29 tax, fee or assessment, the Department may grant relief to the person
30 for each period for which the person pays the amount of the tax, fee
31 or assessment in full to the Department.

32 5. A program established and conducted by the Department of
33 Taxation pursuant to subsection 1:

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

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

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

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

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

44 6. A person who requests or receives relief pursuant to this
45 section may be selected for an audit and audited by the Department



1 of Taxation in the same manner as a person who does not request or
2 receive relief pursuant to this section.

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

7 **Sec. 12.** 1. This section and sections 2 and 5.5 to 11,
8 inclusive, of this act become effective upon passage and approval.

9 2. Sections 5.5 and 6 of this act expire by limitation on June 30,
10 2021.

11 3. Section 3 of this act becomes effective on July 1, 2021.

12 4. Sections 2 and 3 of this act expire by limitation on
13 June 30, 2023.

