

## SENATE BILL NO. 400—SENATOR SEGERBLOM

MARCH 18, 2013

Referred to Committee on Revenue and  
Economic Development

SUMMARY—Revises provisions governing the taxation of mines, mining claims and the extraction of minerals. (BDR 32-620)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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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 taxes; contingently revising provisions governing the taxation of mines, mining claims and the extraction of minerals; exempting certain property from the property tax; providing that the taxable value of property must exclude the value of any mineral deposit in its natural state attached to the land; revising provisions relating to the taxation of certain uses of property otherwise exempted from taxation; imposing an excise tax upon mineral extraction and mineral royalties and providing for the administration and collection of the tax; providing penalties; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Under the Nevada Constitution, the Legislature must impose a tax upon the net  
2 proceeds of all minerals extracted in this State at a rate not to exceed 5 percent of  
3 the net proceeds, and the net proceeds are not subject to any other tax. The Nevada  
4 Constitution also exempts mines and mining claims from the property tax. (Nev.  
5 Const. Art. 10, §§ 1(1), 5)  
6 During the 76th Session of the Legislature in 2011, the Legislature passed  
7 Senate Joint Resolution No. 15 (S.J.R. 15), which proposes to amend the Nevada  
8 Constitution to remove these constitutional limitations on the Legislature's power  
9 to tax mines, mining claims and mineral extraction. (File Number 44, Statutes of  
10 Nevada 2011, p. 3871) As required for such constitutional amendments, the 77th  
11 Session of the Legislature in 2013 also passed the constitutional amendments  
12 proposed by S.J.R. 15. However, the constitutional amendments do not become a



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13 part of the Constitution unless S.J.R. 15 is approved and ratified by the voters at the  
14 general election on November 4, 2014. (Nev. Const. Art. 16, § 1)

15 As a fundamental rule of state constitutional law, the Legislature may pass any  
16 law which the Constitution does not clearly prohibit. (*Kosco Interplanetary, Inc. v.*  
17 *Draney*, 90 Nev. 450, 456 (1974); *City of Las Vegas v. Ackerman*, 85 Nev. 493,  
18 501-02 (1969)) Therefore, except when expressly limited by the Constitution, the  
19 Legislature has unrestricted power to tax and regulate all activities, trades and  
20 businesses. (*Mathews v. State ex rel. Nev. Tax Comm'n*, 83 Nev. 266, 268 (1967);  
21 *Ex parte Dixon*, 43 Nev. 196, 205-07 (1919); *Ex parte Robinson*, 12 Nev. 263, 268-  
22 69 (1877); *Gibson v. Mason*, 5 Nev. 283, 292-93 (1869)) If S.J.R. 15 becomes  
23 effective, it will remove long-standing constitutional limitations on the  
24 Legislature's power to tax mines, mining claims and mineral extraction, and the  
25 Legislature would be restored to its full unrestricted power to impose an excise tax  
26 upon mining operations for the privilege of engaging in mineral extraction in  
27 Nevada.

28 This bill amends existing law governing the taxation of mines, mining claims  
29 and mineral extraction, but the amendments do not become effective unless the  
30 voters approve and ratify S.J.R. 15. In particular, **section 50** of this bill makes such  
31 amendments effective on November 25, 2014, the day on which S.J.R. 15 will  
32 become effective if it is declared to be approved and ratified by the voters  
33 according to the official canvass of the election returns which will be held on that  
34 date under existing law. (Nev. Const. Art. 5, § 4; NRS 293.395; *Torvinen v. Rollins*,  
35 93 Nev. 92, 94 (1977)) If this bill becomes effective, it makes various changes to  
36 the property tax and the existing tax upon minerals and mineral royalties.

37 **Sections 10-32** of this bill revise the existing tax upon minerals and royalties  
38 and designate it as an excise tax upon mineral extraction and royalties. (Chapter  
39 362 of NRS) An excise tax is a tax imposed for the privilege of carrying on a  
40 business or engaging in an activity, and an excise tax is not an ad valorem or  
41 property tax because an excise tax is based on the privilege of using property, rather  
42 than the value and ownership of the property. (*State, Gaming Comm'n v. Southwest*  
43 *Sec.*, 108 Nev. 379, 383-84 (1992); 71 Am. Jur. 2d *State and Local Taxation* § 23  
44 (2012)) Because an excise tax is not an ad valorem or property tax, an excise tax is  
45 not subject to the provisions of the Nevada Constitution that require a uniform and  
46 equal rate of assessment and taxation for ad valorem or property taxes. (Nev. Const.  
47 Art. 10, § 1(1); *Ex parte Dixon*, 43 Nev. 196, 204-05 (1919); *Ex parte Cohn*, 13  
48 Nev. 424, 426-27 (1878); *Ex parte Robinson*, 12 Nev. 263, 268-71 (1877))  
49 Therefore, an excise tax may have graduated tax rates based on the type of business  
50 or activity being conducted or the amount of gross and net revenue generated by the  
51 business or activity, and such differing tax rates do not violate the Constitution. (*Ex*  
52 *parte Dixon*, 43 Nev. 196, 204-05 (1919); *Ex parte Cohn*, 13 Nev. 424, 426-27  
53 (1878)) In the context of mining operations, an excise tax is typically calculated  
54 based on the type of mineral being extracted and the gross yield and net proceeds  
55 generated by the mining operation. (*Idaho Gold Dredging Co. v. Balderston*, 78  
56 P.2d 105 (Idaho 1938))

57 **Section 12** of this bill provides that for the privilege of engaging in mineral  
58 extraction in the State of Nevada, there is imposed an excise tax upon mineral  
59 extraction by each extractive operation based on the Department of Taxation's  
60 determination and certification of the gross yield and net proceeds from the mineral  
61 extraction. **Section 12** also provides that the excise tax upon mineral extraction is  
62 not an ad valorem or property tax upon the value of the mineral extracted. (NRS  
63 362.100) **Sections 12-32** of this bill maintain, with certain technical revisions, the  
64 methods, standards and procedures used by the Department of Taxation to  
65 determine and certify the gross yield and net proceeds and to impose and collect the  
66 excise tax upon mineral extraction and royalties. (NRS 362.100-362.240)



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67 With certain exceptions, existing law imposes a graduated tax rate upon the net  
68 proceeds of all minerals extracted, with a minimum rate of 2 percent and a  
69 maximum rate of 5 percent. Existing law also imposes a tax rate upon mineral  
70 royalties of 5 percent. (NRS 362.140) A portion of the revenue generated by the  
71 existing tax upon minerals and royalties is appropriated to each local government or  
72 other local taxing entity in an amount equal to the rate of tax ad valorem for local  
73 purposes in that jurisdiction multiplied by the net proceeds extracted from that  
74 jurisdiction, plus a pro rata share of any penalties and interest collected by the  
75 Department of Taxation for any late payment of the tax. (NRS 362.170)

76 **Sections 22, 25 and 26** preserve, without change, the amounts appropriated to  
77 each local government or other local taxing entity from the revenue generated by  
78 the excise tax upon mineral extraction and royalties. (NRS 362.140, 362.170) In  
79 addition, **section 22** preserves, without change, the existing tax rates applied to  
80 royalties and each extractive operation. (NRS 362.140) **Section 21** provides that  
81 any person who challenges the excise tax may bring an appeal to the Nevada Tax  
82 Commission, but the person must timely pay the excise tax under protest while the  
83 appeal is pending. (NRS 362.135)

84 Under existing law, extracted minerals are a type of personal property. (*City of*  
85 *Virginia v. Chollar-Potosi Gold & Silver Mining Co.*, 2 Nev. 86, 91 (1866)) The  
86 mineral royalties paid by each extractive operation are also a type of personal  
87 property. (Att’y Gen. Op. 1901-11 (Dec. 24, 1901)) Under the Nevada Constitution,  
88 the Legislature may exempt personal property from the property tax. (Nev. Const.  
89 Art. 10, § 1(6))

90 **Section 2.5** of this bill exempts from the property tax: (1) extracted minerals if  
91 the person who engaged in the mineral extraction is subject to the excise tax upon  
92 mineral extraction, but only when the extracted minerals are in the possession of  
93 the person who engaged in the mineral extraction; and (2) the royalties received  
94 from mineral extraction if the person who received the royalties is subject to the  
95 excise tax upon royalties. Existing law governing the property tax excepts from the  
96 definition of “personal property” any gold-bearing and silver-bearing ores, quartz  
97 or minerals from which gold or silver is extracted. (NRS 361.030) **Section 3** of this  
98 bill removes this exception because such extracted minerals are exempted from the  
99 property tax under **section 2.5**.

100 Under the Nevada Constitution, the Legislature may exempt from the property  
101 tax any property that is used to encourage the conservation of energy or the  
102 substitution of other sources for fossil sources of energy. (Nev. Const. Art. 10, §  
103 1(8)) **Section 2.7** of this bill enacts such an exemption for real property used in an  
104 extractive operation extracting geothermal resources. However, the exemption does  
105 not extend to improvements and other types of property used in connection with the  
106 extractive operation which are currently subject to the property tax under existing  
107 law. (NRS 362.100; *Gold Hill v. Caledonia Silver Mining Co.*, 10 F. Cas. 550, 550-  
108 52 (C.C.D. Nev. 1879))

109 Existing law provides that if real property which is exempt from the property  
110 tax is leased, loaned or otherwise made available and used for certain purposes,  
111 such use is subject to the property tax. However, existing law contains certain  
112 exceptions. (NRS 361.157) **Section 3.5** of this bill adds to those exceptions, and  
113 provides that the possession or use of exempt property as a mining claim does not  
114 subject the mining claim to the property tax.

115 Under the Nevada Constitution, the Legislature must enact such regulations as  
116 will secure a just valuation for taxation of all property subject to the property tax,  
117 and the Legislature may prescribe how certain natural components of the land must  
118 be valued in determining the taxable value of property. (Nev. Const. Art. 10, § 1(1))  
119 **Section 4** of this bill provides that in determining the taxable value of property, the  
120 value of any mineral deposit in its natural state attached to the land must be  
121 excluded from the computation of the taxable value of the property. (NRS 361.227)



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122       **Sections 1.5, 2, 7-9 and 33-48** of this bill make conforming changes to existing  
123 law that are necessary because of the enactment of the excise tax upon mineral  
124 extraction and royalties and because of the repeal of the constitutional provisions  
125 governing the taxation of mines, mining claims and mineral extraction proposed by  
126 S.J.R. 15. However, those sections maintain, without change, how the State and  
127 local governments must treat the net proceeds from mineral extraction and royalties  
128 in making various tax, revenue and spending calculations under existing law.

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

1       **Section 1.** 1. The Legislature hereby finds and declares that:

2       (a) In 2011, pursuant to Section 1 of Article 16 of the Nevada  
3 Constitution, the 76th Session of the Legislature proposed, agreed to  
4 and passed Senate Joint Resolution No. 15, which was published as  
5 file number 44, Statutes of Nevada 2011, at page 3871;

6       (b) Senate Joint Resolution No. 15 proposes to amend the  
7 Nevada Constitution to remove constitutional limitations on the  
8 Legislature's power to tax mines, mining claims and the extraction  
9 of minerals in Sections 1 and 5 of Article 10 of the Nevada  
10 Constitution;

11       (c) In 2013, the 77th Session of the Legislature also agreed to  
12 and passed the constitutional amendments proposed by Senate Joint  
13 Resolution No. 15 pursuant to Section 1 of Article 16 of the Nevada  
14 Constitution;

15       (d) At the general election on November 4, 2014, the  
16 constitutional amendments proposed by Senate Joint Resolution No.  
17 15 will be submitted to the voters for their approval and ratification  
18 or their disapproval and rejection; and

19       (e) If the voters approve and ratify the constitutional  
20 amendments proposed by Senate Joint Resolution No. 15, the  
21 Legislature will be restored to its full power to determine by law and  
22 as a matter of public policy:

23       (1) The most appropriate and effective method to tax mining  
24 operations extracting minerals from this State, which provide  
25 important economic benefits to Nevada but which extract vast  
26 quantities of Nevada's most valuable yet nonrenewable and finite  
27 mineral resources; and

28       (2) The most appropriate and effective approach to balance  
29 the economic benefits of mineral extraction with its various  
30 environmental and ecological impacts to best protect and benefit the  
31 public's health, safety and welfare and to provide the greatest  
32 opportunities for education, prosperity and success for the people of  
33 this State.

34       2. The Legislature hereby further finds and declares that:



1 (a) Pursuant to Sections 1 and 5 of Article 10 of the Nevada  
2 Constitution, the Legislature must impose a tax upon the net  
3 proceeds of all minerals extracted in this State at a rate not to exceed  
4 5 percent of the net proceeds, and no other tax may be imposed  
5 upon a mineral or its proceeds until the identity of the proceeds as  
6 such is lost;

7 (b) In accordance with Sections 1 and 5 of Article 10 of the  
8 Nevada Constitution, the Legislature enacted the provisions of NRS  
9 362.100 to 362.240, inclusive, as they existed before the effective  
10 date of this act, to impose a tax upon the net proceeds of all minerals  
11 extracted in this State at a rate not to exceed 5 percent of the net  
12 proceeds;

13 (c) If the voters approve and ratify the constitutional  
14 amendments proposed by Senate Joint Resolution No. 15, the  
15 Legislature will have the power to substitute and replace the  
16 provisions of NRS 362.100 to 362.240, inclusive, as they existed  
17 before the effective date of this act, with the provisions of this act  
18 which impose an excise tax upon mineral extraction by each mining  
19 operation for the privilege of engaging in mineral extraction in this  
20 State;

21 (d) Pursuant to Section 1 of Article 10 of the Nevada  
22 Constitution, the Legislature has the power to exempt personal  
23 property from the property tax;

24 (e) Personal property includes extracted minerals, which are  
25 measured by the gross yield and net proceeds from mineral  
26 extraction by each extractive operation, and it also includes the  
27 mineral royalties paid by each extractive operation; and

28 (f) As an exercise of the legislative authority of this State and as  
29 a matter of public policy, this act:

30 (1) To the extent provided in section 2.5 of this act, exempts  
31 from the property tax extracted minerals, which are measured by the  
32 gross yield and net proceeds from mineral extraction by each  
33 extractive operation, and the mineral royalties paid by each  
34 extractive operation;

35 (2) Substitutes and replaces the provisions of NRS 362.100  
36 to 362.240, inclusive, as they existed before the effective date of this  
37 act, with the provisions of this act;

38 (3) Imposes, for the privilege of engaging in mineral  
39 extraction in this State, an excise tax upon mineral extraction by  
40 each extractive operation and upon the mineral royalties paid by  
41 each extractive operation at tax rates that are equal to the tax rates  
42 imposed by the provisions of NRS 362.100 to 362.240, inclusive, as  
43 they existed before the effective date of this act; and

44 (4) Does not impose an ad valorem or property tax upon the  
45 value of the mineral extracted or the gross yield or net proceeds



1 from the mineral extraction by each extractive operation or the  
2 mineral royalties paid by each extractive operation.

3 3. The Legislature hereby further finds and declares that:

4 (a) Pursuant to Section 1 of Article 10 of the Nevada  
5 Constitution, the Legislature has the power to exempt from taxation  
6 any property that is used to encourage the conservation of energy or  
7 the substitution of other sources for fossil sources of energy;

8 (b) When certain real property is used in an extractive operation  
9 extracting geothermal resources, the real property is being used to  
10 encourage the conservation of energy or the substitution of other  
11 sources for fossil sources of energy; and

12 (c) As an exercise of the legislative authority of this State and as  
13 a matter of public policy, this act exempts from the property tax  
14 certain real property that is used in an extractive operation  
15 extracting geothermal resources to the extent provided in section 2.7  
16 of this act.

17 4. The Legislature hereby further finds and declares that:

18 (a) Pursuant to Section 1 of Article 10 of the Nevada  
19 Constitution, the Legislature has a duty to enact such regulations as  
20 will secure a just valuation for taxation of all property subject to the  
21 property tax, and the Legislature may prescribe how certain natural  
22 components of the land must be valued in determining the taxable  
23 value of property;

24 (b) When determining the taxable value of property, the  
25 potential existence, quantity, quality, extractability or profitability of  
26 any mineral deposit in its natural state attached to the land are all  
27 matters that are inherently uncertain, doubtful and speculative, and  
28 as a general rule, such matters are not reasonably, reliably or  
29 consistently knowable or discoverable until the minerals are  
30 extracted from the land;

31 (c) It would not secure a just valuation for taxation to include in  
32 the computation of the taxable value of the land any uncertain,  
33 doubtful and speculative estimates of the value of any mineral  
34 deposit in its natural state attached to the land because such  
35 estimates could not be reasonably, reliably or consistently applied in  
36 a uniform and equal manner to all lands in this State; and

37 (d) As an exercise of the legislative authority of this State and as  
38 a matter of public policy, this act provides that in determining the  
39 taxable value of any property subject to the property tax, the value  
40 of any mineral deposit in its natural state attached to the land must  
41 be excluded from the computation of the taxable value of the  
42 property.

43 **Sec. 1.5.** NRS 360.690 is hereby amended to read as follows:

44 360.690 1. Except as otherwise provided in NRS 360.730,  
45 the Executive Director shall estimate monthly the amount each local



1 government, special district and enterprise district will receive from  
2 the Account pursuant to the provisions of this section.

3 2. The Executive Director shall establish a base monthly  
4 allocation for each local government, special district and enterprise  
5 district by dividing the amount determined pursuant to NRS 360.680  
6 for each local government, special district and enterprise district by  
7 12, and the State Treasurer shall, except as otherwise provided in  
8 subsections 3 to 8, inclusive, remit monthly that amount to each  
9 local government, special district and enterprise district.

10 3. If, after making the allocation to each enterprise district for  
11 the month, the Executive Director determines there is not sufficient  
12 money available in the county's subaccount in the Account to  
13 allocate to each local government and special district the base  
14 monthly allocation determined pursuant to subsection 2, he or she  
15 shall prorate the money in the county's subaccount and allocate to  
16 each local government and special district an amount equal to its  
17 proportionate percentage of the total amount of the base monthly  
18 allocations determined pursuant to subsection 2 for all local  
19 governments and special districts within the county. The State  
20 Treasurer shall remit that amount to the local government or special  
21 district.

22 4. Except as otherwise provided in subsections 5 to 8,  
23 inclusive, if the Executive Director determines that there is money  
24 remaining in the county's subaccount in the Account after the base  
25 monthly allocation determined pursuant to subsection 2 has been  
26 allocated to each local government, special district and enterprise  
27 district, he or she shall immediately determine and allocate each:

28 (a) Local government's share of the remaining money by:

29 (1) Multiplying one-twelfth of the amount allocated pursuant  
30 to NRS 360.680 by the sum of the:

31 (I) Average percentage of change in the population of the  
32 local government over the 5 fiscal years immediately preceding the  
33 year in which the allocation is made, as certified by the Governor  
34 pursuant to NRS 360.285, except as otherwise provided in  
35 subsection 9; and

36 (II) Average percentage of change in the assessed  
37 valuation of the taxable property in the local government, including  
38 assessed valuation attributable to a redevelopment agency but  
39 excluding the portion attributable to the net proceeds ~~of minerals,~~  
40 *from mineral extraction and royalties subject to the excise tax*  
41 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive,*  
42 over the year in which the allocation is made, as projected by the  
43 Department, and the 4 fiscal years immediately preceding the year  
44 in which the allocation is made; and



1 (2) Using the figure calculated pursuant to subparagraph (1)  
2 to calculate and allocate to each local government an amount equal  
3 to the proportion that the figure calculated pursuant to subparagraph  
4 (1) bears to the total amount of the figures calculated pursuant to  
5 subparagraph (1) of this paragraph and subparagraph (1) of  
6 paragraph (b), respectively, for the local governments and special  
7 districts located in the same county multiplied by the total amount  
8 available in the subaccount; and

9 (b) Special district's share of the remaining money by:

10 (1) Multiplying one-twelfth of the amount allocated pursuant  
11 to NRS 360.680 by the average change in the assessed valuation of  
12 the taxable property in the special district, including assessed  
13 valuation attributable to a redevelopment agency but excluding the  
14 portion attributable to the net proceeds ~~of minerals,~~ *from mineral  
15 extraction and royalties subject to the excise tax pursuant to the  
16 provisions of NRS 362.100 to 362.240, inclusive*, over the year in  
17 which the allocation is made, as projected by the Department, and  
18 the 4 fiscal years immediately preceding the year in which the  
19 allocation is made; and

20 (2) Using the figure calculated pursuant to subparagraph (1)  
21 to calculate and allocate to each special district an amount equal to  
22 the proportion that the figure calculated pursuant to subparagraph  
23 (1) bears to the total amount of the figures calculated pursuant to  
24 subparagraph (1) of this paragraph and subparagraph (1) of  
25 paragraph (a), respectively, for the local governments and special  
26 districts located in the same county multiplied by the total amount  
27 available in the subaccount.

28 ➤ The State Treasurer shall remit the amount allocated to each local  
29 government or special district pursuant to this subsection.

30 5. Except as otherwise provided in subsection 6 or 7, if the  
31 Executive Director determines that there is money remaining in the  
32 county's subaccount in the Account after the base monthly  
33 allocation determined pursuant to subsection 2 has been allocated to  
34 each local government, special district and enterprise district and  
35 that the average amount over the 5 fiscal years immediately  
36 preceding the year in which the allocation is made of the assessed  
37 valuation of taxable property which is attributable to the net  
38 proceeds ~~of minerals,~~ *from mineral extraction and royalties  
39 subject to the excise tax pursuant to the provisions of NRS 362.100  
40 to 362.240, inclusive*, in the county is equal to at least \$50,000,000 ,  
41 or that the average percentage of change in population of the county  
42 over the 5 fiscal years immediately preceding the year in which the  
43 allocation is made, as certified by the Governor pursuant to NRS  
44 360.285, except as otherwise provided in subsection 9, is a negative  
45 figure, or that the average amount over the 5 fiscal years





1 immediately preceding the year in which the allocation is made of  
2 the assessed valuation of taxable property which is attributable to  
3 the net proceeds ~~of minerals~~ *from mineral extraction and*  
4 *royalties subject to the excise tax pursuant to the provisions of*  
5 *NRS 362.100 to 362.240, inclusive*, in the county is equal to at least  
6 \$50,000,000 and the average percentage of change in population of  
7 the county over the 5 fiscal years immediately preceding the year in  
8 which the allocation is made, as certified by the Governor pursuant  
9 to NRS 360.285, except as otherwise provided in subsection 9, is a  
10 negative figure, the Executive Director shall immediately determine  
11 and allocate each:

12 (a) Local government's share of the remaining money by:

13 (1) Multiplying one-twelfth of the amount allocated pursuant  
14 to NRS 360.680 by 1 plus the sum of the:

15 (I) Average percentage of change in the population of the  
16 local government over the 5 fiscal years immediately preceding the  
17 year in which the allocation is made, as certified by the Governor  
18 pursuant to NRS 360.285, except as otherwise provided in  
19 subsection 9; and

20 (II) Average percentage of change in the assessed  
21 valuation of the taxable property in the local government, including  
22 assessed valuation attributable to a redevelopment agency but  
23 excluding the portion attributable to the net proceeds ~~of minerals,~~  
24 *from mineral extraction and royalties subject to the excise tax*  
25 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive*,  
26 over the year in which the allocation is made, as projected by the  
27 Department, and the 4 fiscal years immediately preceding the year  
28 in which the allocation is made; and

29 (2) Using the figure calculated pursuant to subparagraph (1)  
30 to calculate and allocate to each local government an amount equal  
31 to the proportion that the figure calculated pursuant to subparagraph  
32 (1) bears to the total amount of the figures calculated pursuant to  
33 subparagraph (1) of this paragraph and subparagraph (1) of  
34 paragraph (b), respectively, for the local governments and special  
35 districts located in the same county multiplied by the total amount  
36 available in the subaccount; and

37 (b) Special district's share of the remaining money by:

38 (1) Multiplying one-twelfth of the amount allocated pursuant  
39 to NRS 360.680 by 1 plus the average change in the assessed  
40 valuation of the taxable property in the special district, including  
41 assessed valuation attributable to a redevelopment agency but  
42 excluding the portion attributable to the net proceeds ~~of minerals,~~  
43 *from mineral extraction and royalties subject to the excise tax*  
44 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive*,  
45 over the year in which the allocation is made, as projected by the



1 Department, and the 4 fiscal years immediately preceding the year  
2 in which the allocation is made; and

3 (2) Using the figure calculated pursuant to subparagraph (1)  
4 to calculate and allocate to each special district an amount equal to  
5 the proportion that the figure calculated pursuant to subparagraph  
6 (1) bears to the total amount of the figures calculated pursuant to  
7 subparagraph (1) of this paragraph and subparagraph (1) of  
8 paragraph (a), respectively, for the local governments and special  
9 districts located in the same county multiplied by the total amount  
10 available in the subaccount.

11 ➔ The State Treasurer shall remit the amount allocated to each local  
12 government or special district pursuant to this subsection.

13 6. Except as otherwise provided in subsection 8, if the  
14 Executive Director determines that there is money remaining in the  
15 county's subaccount in the Account after the base monthly  
16 allocation determined pursuant to subsection 2 has been allocated to  
17 each local government, special district and enterprise district, that  
18 the sum of the average percentage of change in population and the  
19 average percentage of change in the assessed valuation of taxable  
20 property, as calculated pursuant to subparagraph (1) of paragraph (a)  
21 of subsection 4 for each of those local governments, is a negative  
22 figure, and that the average change in the assessed valuation of the  
23 taxable property in each of those special districts, as calculated  
24 pursuant to subparagraph (1) of paragraph (b) of subsection 4, is a  
25 negative figure, he or she shall immediately determine and allocate  
26 each:

27 (a) Local government's share of the remaining money by:

28 (1) Multiplying one-twelfth of the amount allocated pursuant  
29 to NRS 360.680 by 1 plus the sum of the:

30 (I) Average percentage of change in the population of the  
31 local government over the 5 fiscal years immediately preceding the  
32 year in which the allocation is made, as certified by the Governor  
33 pursuant to NRS 360.285, except as otherwise provided in  
34 subsection 9; and

35 (II) Average percentage of change in the assessed  
36 valuation of the taxable property in the local government, including  
37 assessed valuation attributable to a redevelopment agency but  
38 excluding the portion attributable to the net proceeds ~~of minerals,~~  
39 *from mineral extraction and royalties subject to the excise tax*  
40 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive,*  
41 over the year in which the allocation is made, as projected by the  
42 Department, and the 4 fiscal years immediately preceding the year  
43 in which the allocation is made; and

44 (2) Using the figure calculated pursuant to subparagraph (1)  
45 to calculate and allocate to each local government an amount equal



1 to the proportion that the figure calculated pursuant to subparagraph  
2 (1) bears to the total amount of the figures calculated pursuant to  
3 subparagraph (1) of this paragraph and subparagraph (1) of  
4 paragraph (b), respectively, for the local governments and special  
5 districts located in the same county multiplied by the total amount  
6 available in the subaccount; and

7 (b) Special district's share of the remaining money by:

8 (1) Multiplying one-twelfth of the amount allocated pursuant  
9 to NRS 360.680 by 1 plus the average change in the assessed  
10 valuation of the taxable property in the special district, including  
11 assessed valuation attributable to a redevelopment agency but  
12 excluding the portion attributable to the net proceeds ~~of minerals,~~  
13 *from mineral extraction and royalties subject to the excise tax*  
14 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive,*  
15 over the year in which the allocation is made, as projected by the  
16 Department, and the 4 fiscal years immediately preceding the year  
17 in which the allocation is made; and

18 (2) Using the figure calculated pursuant to subparagraph (1)  
19 to calculate and allocate to each special district an amount equal to  
20 the proportion that the figure calculated pursuant to subparagraph  
21 (1) bears to the total amount of the figures calculated pursuant to  
22 subparagraph (1) of this paragraph and subparagraph (1) of  
23 paragraph (a), respectively, for the local governments and special  
24 districts located in the same county multiplied by the total amount  
25 available in the subaccount.

26 ↪ The State Treasurer shall remit the amount allocated to each local  
27 government or special district pursuant to this subsection.

28 7. Except as otherwise provided in subsection 8, if the  
29 Executive Director determines that there is money remaining in the  
30 county's subaccount in the Account after the base monthly  
31 allocation determined pursuant to subsection 2 has been allocated to  
32 each local government, special district and enterprise district, that  
33 the sum of the average percentage of change in population and the  
34 average percentage of change in the assessed valuation of taxable  
35 property, as calculated pursuant to subparagraph (1) of paragraph (a)  
36 of subsection 4 for each of those local governments, is a negative  
37 figure, and that the average change in the assessed valuation of the  
38 taxable property in any of those special districts, as calculated  
39 pursuant to subparagraph (1) of paragraph (b) of subsection 4, is a  
40 positive figure, he or she shall immediately determine and allocate  
41 each:

42 (a) Local government's share of the remaining money by:

43 (1) Multiplying one-twelfth of the amount allocated pursuant  
44 to NRS 360.680 by 1 plus the sum of the:



1 (I) Average percentage of change in the population of the  
2 local government over the 5 fiscal years immediately preceding the  
3 year in which the allocation is made, as certified by the Governor  
4 pursuant to NRS 360.285, except as otherwise provided in  
5 subsection 9; and

6 (II) Average percentage of change in the assessed  
7 valuation of the taxable property in the local government, including  
8 assessed valuation attributable to a redevelopment agency but  
9 excluding the portion attributable to the net proceeds ~~of minerals,~~  
10 *from mineral extraction and royalties subject to the excise tax*  
11 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive,*  
12 over the year in which the allocation is made, as projected by the  
13 Department, and the 4 fiscal years immediately preceding the year  
14 in which the allocation is made; and

15 (2) Using the figure calculated pursuant to subparagraph (1)  
16 to calculate and allocate to each local government an amount equal  
17 to the proportion that the figure calculated pursuant to subparagraph  
18 (1) bears to the total amount of the figures calculated pursuant to  
19 subparagraph (1) of this paragraph and subparagraph (1) of  
20 paragraph (b), respectively, for the local governments and special  
21 districts located in the same county multiplied by the total amount  
22 available in the subaccount; and

23 (b) Special district's share of the remaining money by:

24 (1) Multiplying one-twelfth of the amount allocated pursuant  
25 to NRS 360.680 by 1 plus the sum of the:

26 (I) Average percentage of change in the population of the  
27 county over the 5 fiscal years immediately preceding the year in  
28 which the allocation is made, as certified by the Governor pursuant  
29 to NRS 360.285, except as otherwise provided in subsection 9; and

30 (II) Average change in the assessed valuation of the  
31 taxable property in the special district, including assessed valuation  
32 attributable to a redevelopment agency but excluding the portion  
33 attributable to the net proceeds ~~of minerals,~~ *from mineral*  
34 *extraction and royalties subject to the excise tax pursuant to the*  
35 *provisions of NRS 362.100 to 362.240, inclusive,* over the year in  
36 which the allocation is made, as projected by the Department, and  
37 the 4 fiscal years immediately preceding the year in which the  
38 allocation is made; and

39 (2) Using the figure calculated pursuant to subparagraph (1)  
40 to calculate and allocate to each special district an amount equal to  
41 the proportion that the figure calculated pursuant to subparagraph  
42 (1) bears to the total amount of the figures calculated pursuant to  
43 subparagraph (1) of this paragraph and subparagraph (1) of  
44 paragraph (a), respectively, for the local governments and special



1 districts located in the same county multiplied by the total amount  
2 available in the subaccount.

3 ➤ The State Treasurer shall remit the amount allocated to each local  
4 government or special district pursuant to this subsection.

5 8. The Executive Director shall not allocate any amount to a  
6 local government or special district pursuant to subsection 4, 5, 6 or  
7 7 unless the amount distributed and allocated to each of the local  
8 governments and special districts in the county in each preceding  
9 month of the fiscal year in which the allocation is to be made was at  
10 least equal to the base monthly allocation determined pursuant to  
11 subsection 2. If the amounts distributed to the local governments  
12 and special districts in the county for the preceding months of the  
13 fiscal year in which the allocation is to be made were less than the  
14 base monthly allocation determined pursuant to subsection 2 and  
15 the Executive Director determines there is money remaining in the  
16 county's subaccount in the Account after the distribution for the  
17 month has been made, he or she shall:

18 (a) Determine the amount by which the base monthly allocations  
19 determined pursuant to subsection 2 for each local government and  
20 special district in the county for the preceding months of the fiscal  
21 year in which the allocation is to be made exceeds the amounts  
22 actually received by the local governments and special districts in  
23 the county for the same period; and

24 (b) Compare the amount determined pursuant to paragraph (a) to  
25 the amount of money remaining in the county's subaccount in the  
26 Account to determine which amount is greater.

27 ➤ If the Executive Director determines that the amount determined  
28 pursuant to paragraph (a) is greater, he or she shall allocate the  
29 money remaining in the county's subaccount in the Account  
30 pursuant to the provisions of subsection 3. If the Executive Director  
31 determines that the amount of money remaining in the county's  
32 subaccount in the Account is greater, he or she shall first allocate the  
33 money necessary for each local government and special district to  
34 receive the base monthly allocation determined pursuant to  
35 subsection 2 and the State Treasurer shall remit that money so  
36 allocated. The Executive Director shall allocate any additional  
37 money in the county's subaccount in the Account pursuant to the  
38 provisions of subsection 4, 5, 6 or 7, as appropriate.

39 9. The percentage changes in population calculated pursuant to  
40 subsections 4 to 7, inclusive, must:

41 (a) Except as otherwise provided in paragraph (c), if the Bureau  
42 of the Census of the United States Department of Commerce issues  
43 population totals that conflict with the totals certified by the  
44 Governor pursuant to NRS 360.285, be an estimate of the change in



1 population for the calendar year, based upon the population totals  
2 issued by the Bureau of the Census.

3 (b) If a new method of determining population is established  
4 pursuant to NRS 360.283, be adjusted in a manner that will result in  
5 the percentage change being based on population determined  
6 pursuant to the new method for both the fiscal year in which the  
7 allocation is made and the fiscal year immediately preceding the  
8 year in which the allocation is made.

9 (c) If a local government files a formal appeal with the Bureau  
10 of the Census concerning the population total of the local  
11 government issued by the Bureau of the Census, be calculated using  
12 the population total certified by the Governor pursuant to NRS  
13 360.285 until the appeal is resolved. If additional money is allocated  
14 to the local government because the population total certified by the  
15 Governor is greater than the population total issued by the Bureau of  
16 the Census, the State Treasurer shall deposit that additional money  
17 in a separate interest-bearing account. Upon resolution of the appeal,  
18 if the population total finally determined pursuant to the appeal is:

19 (1) Equal to or less than the population total initially issued  
20 by the Bureau of the Census, the State Treasurer shall transfer the  
21 total amount in the separate interest-bearing account, including  
22 interest but excluding any administrative fees, to the Local  
23 Government Tax Distribution Account for allocation among the  
24 local governments in the county pursuant to subsection 4, 5, 6 or 7,  
25 as appropriate.

26 (2) Greater than the population total initially issued by the  
27 Bureau of the Census, the Executive Director shall calculate the  
28 amount that would have been allocated to the local government  
29 pursuant to subsection 4, 5, 6 or 7, as appropriate, if the population  
30 total finally determined pursuant to the appeal had been used and the  
31 State Treasurer shall remit to the local government an amount equal  
32 to the difference between the amount actually distributed and the  
33 amount calculated pursuant to this subparagraph or the total amount  
34 in the separate interest-bearing account, including interest but  
35 excluding any administrative fees, whichever is less.

36 10. On or before February 15 of each year, the Executive  
37 Director shall provide to each local government, special district and  
38 enterprise district a preliminary estimate of the revenue it will  
39 receive from the Account for that fiscal year.

40 11. On or before March 15 of each year, the Executive Director  
41 shall:

42 (a) Make an estimate of the receipts from each tax included in  
43 the Account on an accrual basis for the next fiscal year in  
44 accordance with generally accepted accounting principles, including



1 an estimate for each county of the receipts from each tax included in  
2 the Account; and

3 (b) Provide to each local government, special district and  
4 enterprise district an estimate of the amount that local government,  
5 special district or enterprise district would receive based upon the  
6 estimate made pursuant to paragraph (a) and calculated pursuant to  
7 the provisions of this section.

8 12. A local government, special district or enterprise district  
9 may use the estimate provided by the Executive Director pursuant to  
10 subsection 11 in the preparation of its budget.

11 **Sec. 2.** NRS 360.695 is hereby amended to read as follows:

12 360.695 1. If the population and assessed valuation of the  
13 taxable property, except any assessed valuation attributable to the  
14 net proceeds ~~of minerals,~~ *from mineral extraction and royalties*  
15 *subject to the excise tax pursuant to the provisions of NRS 362.100*  
16 *to 362.240, inclusive,* within a local government or special district  
17 has decreased in each of the 3 fiscal years immediately preceding  
18 the current fiscal year, the Executive Director shall review the  
19 amount allocated to the local government or special district from the  
20 Account pursuant to NRS 360.680, to determine whether to adjust  
21 the allocation. The local government or special district may submit  
22 information to assist the Executive Director in making a  
23 determination. If the Executive Director determines that an  
24 adjustment to the allocation of the local government or special  
25 district is necessary, the Executive Director shall submit his or her  
26 findings on the matter to the Committee on Local Government  
27 Finance.

28 2. The Committee on Local Government Finance shall review  
29 the findings submitted by the Executive Director pursuant to  
30 subsection 1. If the Committee determines that an adjustment to the  
31 amount allocated to the local government or special district pursuant  
32 to NRS 360.680 is appropriate, the Committee shall submit a  
33 recommendation to the Nevada Tax Commission that sets forth the  
34 amount of the recommended adjustment. If the Committee  
35 determines that the adjustment is not appropriate, that decision is not  
36 subject to review by the Nevada Tax Commission.

37 3. The Nevada Tax Commission shall schedule a public  
38 hearing within 30 days after the Committee on Local Government  
39 Finance submits its recommendation. The Nevada Tax Commission  
40 shall provide public notice of the hearing at least 10 days before the  
41 date on which the hearing will be held. The Executive Director shall  
42 provide copies of all documents relevant to the adjustment  
43 recommended by the Committee on Local Government Finance to  
44 the governing body of each local government and special district



1 that is located in the same county as the local government or special  
2 district that is subject to the recommended adjustment.

3 4. If, after the public hearing, the Nevada Tax Commission  
4 determines that the recommended adjustment is appropriate, it shall  
5 order the Executive Director to adjust the amount allocated to the  
6 local government or special district pursuant to NRS 360.680.

7 **Sec. 2.3.** Chapter 361 of NRS is hereby amended by adding  
8 thereto the provisions set forth as sections 2.5 and 2.7 of this act.

9 **Sec. 2.5.** *The following personal property is exempt from  
10 taxation:*

11 *1. Extracted minerals, which are measured by the gross yield  
12 and net proceeds from mineral extraction, if the person who  
13 engaged in the mineral extraction is subject to the excise tax upon  
14 mineral extraction pursuant to the provisions of NRS 362.100 to  
15 362.240, inclusive, but only when the extracted minerals are in the  
16 possession of the person who engaged in the mineral extraction.*

17 *2. The royalties received from mineral extraction if the  
18 person who received the royalties is subject to the excise tax upon  
19 royalties pursuant to the provisions of NRS 362.100 to 362.240,  
20 inclusive.*

21 **Sec. 2.7.** *1. Except as otherwise provided in subsection 2 of  
22 NRS 362.100, real property that is used in an extractive operation  
23 extracting geothermal resources is exempt from taxation if the  
24 person who engaged in the mineral extraction is subject to the  
25 excise tax upon mineral extraction pursuant to the provisions of  
26 NRS 362.100 to 362.240, inclusive.*

27 *2. As used in this section, "extractive operation" has the  
28 meaning ascribed to it in NRS 362.010.*

29 **Sec. 3.** NRS 361.030 is hereby amended to read as follows:

30 361.030 ~~[(a)]~~ "Personal property" means:

31 ~~[(a)]~~ 1. All household and kitchen furniture.

32 ~~[(b)]~~ 2. All law, medical and miscellaneous libraries.

33 ~~[(c)]~~ 3. All goods, wares and merchandise.

34 ~~[(d)]~~ 4. All chattels of every kind and description, except  
35 vehicles as defined in NRS 371.020.

36 ~~[(e)]~~ 5. Stocks of goods on hand.

37 ~~[(f)]~~ 6. Any vehicle not included in the definition of vehicle in  
38 NRS 371.020.

39 ~~[(g)]~~ 7. All locomotives, cars, rolling stock and other personal  
40 property used in operating any railroad within the State.

41 ~~[(h)]~~ 8. All machines and machinery, all works and  
42 improvements, all steamers, vessels and watercraft of every kind  
43 and name navigating or used upon the waters of any river or lake  
44 within this State or having a general depot or terminus within this  
45 State.





1 ~~(f)~~ 9. The money, property and effects of every kind, except  
2 real estate, of all banks, banking institutions or firms, bankers,  
3 moneylenders and brokers.

4 ~~(g)~~ 10. All property of whatever kind or nature, except  
5 vehicles as defined in NRS 371.020, not included in the term "real  
6 estate" as that term is defined in NRS 361.035.

7 ~~1-2. Gold-bearing and silver-bearing ores, quartz or minerals  
8 from which gold or silver is extracted, when in the hands of the  
9 producers thereof, shall not mean, not be taken to mean, nor be  
10 listed and assessed under the term "personal property" as used in  
11 this section, but are specially excepted therefrom, and shall be listed,  
12 assessed and taxed as provided by law.~~

13 **Sec. 3.5.** NRS 361.157 is hereby amended to read as follows:

14 361.157 1. When any real estate or portion of real estate  
15 which for any reason is exempt from taxation is leased, loaned or  
16 otherwise made available to and used by a natural person,  
17 association, partnership or corporation in connection with a business  
18 conducted for profit or as a residence, or both, the leasehold interest,  
19 possessory interest, beneficial interest or beneficial use of the lessee  
20 or user of the property is subject to taxation to the extent the:

21 (a) Portion of the property leased or used; and

22 (b) Percentage of time during the fiscal year that the property is  
23 leased by the lessee or used by the user, in accordance with  
24 NRS 361.2275,

25 ↪ can be segregated and identified. The taxable value of the interest  
26 or use must be determined in the manner provided in subsection 3 of  
27 NRS 361.227 and in accordance with NRS 361.2275.

28 2. Subsection 1 does not apply to:

29 (a) Property located upon a public airport, park, market or  
30 fairground, or any property owned by a public airport, unless the  
31 property owned by the public airport is not located upon the public  
32 airport and the property is leased, loaned or otherwise made  
33 available for purposes other than for the purposes of a public airport,  
34 including, without limitation, residential, commercial or industrial  
35 purposes;

36 (b) Federal property for which payments are made in lieu of  
37 taxes in amounts equivalent to taxes which might otherwise be  
38 lawfully assessed;

39 (c) Property of any state-supported educational institution,  
40 except any part of such property located within a tax increment area  
41 created pursuant to NRS 278C.155;

42 (d) Property leased or otherwise made available to and used by a  
43 natural person, private association, private corporation, municipal  
44 corporation, quasi-municipal corporation or a political subdivision  
45 under the provisions of the Taylor Grazing Act or by the United



1 States Forest Service or the Bureau of Reclamation of the United  
2 States Department of the Interior;

3 (e) Property of any Indian or of any Indian tribe, band or  
4 community which is held in trust by the United States or subject to a  
5 restriction against alienation by the United States;

6 (f) Vending stand locations and facilities operated by persons  
7 who are blind under the auspices of the Bureau of Services to  
8 Persons Who Are Blind or Visually Impaired of the Rehabilitation  
9 Division of the Department of Employment, Training and  
10 Rehabilitation, whether or not the property is owned by the federal,  
11 state or a local government;

12 (g) Leases held by a natural person, corporation, association,  
13 municipal corporation, quasi-municipal corporation or political  
14 subdivision for development of geothermal resources, but only for  
15 resources which have not been put into commercial production;

16 (h) The use of exempt property that is leased, loaned or made  
17 available to a public officer or employee, incident to or in the course  
18 of public employment;

19 (i) A parsonage owned by a recognized religious society or  
20 corporation when used exclusively as a parsonage;

21 (j) Property owned by a charitable or religious organization all,  
22 or a portion, of which is made available to and is used as a residence  
23 by a natural person in connection with carrying out the activities of  
24 the organization;

25 (k) Property owned by a governmental entity and used to  
26 provide shelter at a reduced rate to elderly persons or persons having  
27 low incomes;

28 (l) The occasional rental of meeting rooms or similar facilities  
29 for periods of less than 30 consecutive days;

30 (m) The use of exempt property to provide day care for children  
31 if the day care is provided by a nonprofit organization; ~~for~~

32 (n) Any lease, easement, operating agreement, license, permit or  
33 right of entry for any exempt state property granted by the  
34 Department or the Regional Transportation Commission of  
35 Southern Nevada pursuant to section 45 of the Boulder City Bypass  
36 Toll Road Demonstration Project Act ~~for~~; or

37 (o) *The possession or use of exempt property as a mining*  
38 *claim.*

39 3. Taxes must be assessed to lessees or users of exempt real  
40 estate and collected in the same manner as taxes assessed to owners  
41 of other real estate, except that taxes due under this section do not  
42 become a lien against the property. When due, the taxes constitute a  
43 debt due from the lessee or user to the county for which the taxes  
44 were assessed and, if unpaid, are recoverable by the county in the  
45 proper court of the county.



1       **Sec. 4.** NRS 361.227 is hereby amended to read as follows:

2       361.227 1. Any person determining the taxable value of real  
3 property shall appraise:

4       (a) The full cash value of:

5           (1) Vacant land by considering the uses to which it may  
6 lawfully be put, any legal or physical restrictions upon those uses,  
7 the character of the terrain, and the uses of other land in the vicinity.

8           (2) Improved land consistently with the use to which the  
9 improvements are being put.

10       (b) Any improvements made on the land by subtracting from the  
11 cost of replacement of the improvements all applicable depreciation  
12 and obsolescence. Depreciation of an improvement made on real  
13 property must be calculated at 1.5 percent of the cost of replacement  
14 for each year of adjusted actual age of the improvement, up to a  
15 maximum of 50 years.

16       2. The unit of appraisal must be a single parcel unless:

17       (a) The location of the improvements causes two or more  
18 parcels to function as a single parcel;

19       (b) The parcel is one of a group of contiguous parcels which  
20 qualifies for valuation as a subdivision pursuant to the regulations of  
21 the Nevada Tax Commission; or

22       (c) In the professional judgment of the person determining the  
23 taxable value, the parcel is one of a group of parcels which should  
24 be valued as a collective unit.

25       3. The taxable value of a leasehold interest, possessory interest,  
26 beneficial interest or beneficial use for the purpose of NRS 361.157  
27 or 361.159 must be determined in the same manner as the taxable  
28 value of the property would otherwise be determined if the lessee or  
29 user of the property was the owner of the property and it was not  
30 exempt from taxation, except that the taxable value so determined  
31 must be reduced by a percentage of the taxable value that is equal to  
32 the:

33       (a) Percentage of the property that is not actually leased by the  
34 lessee or used by the user during the fiscal year; and

35       (b) Percentage of time that the property is not actually leased by  
36 the lessee or used by the user during the fiscal year, which must be  
37 determined in accordance with NRS 361.2275.

38       4. The taxable value of other taxable personal property, except  
39 a mobile or manufactured home, must be determined by subtracting  
40 from the cost of replacement of the property all applicable  
41 depreciation and obsolescence. Depreciation of a billboard must be  
42 calculated at 1.5 percent of the cost of replacement for each year  
43 after the year of acquisition of the billboard, up to a maximum of 50  
44 years.



1 5. *In determining the taxable value of property, the value of*  
2 *any mineral deposit in its natural state attached to the land must*  
3 *be excluded from the computation of the taxable value of the*  
4 *property.*

5 6. The computed taxable value of any property must not exceed  
6 its full cash value. Each person determining the taxable value of  
7 property shall reduce it if necessary to comply with this  
8 requirement. A person determining whether taxable value exceeds  
9 that full cash value or whether obsolescence is a factor in valuation  
10 may consider:

11 (a) Comparative sales, based on prices actually paid in market  
12 transactions.

13 (b) A summation of the estimated full cash value of the land and  
14 contributory value of the improvements.

15 (c) Capitalization of the fair economic income expectancy or fair  
16 economic rent, or an analysis of the discounted cash flow.

17 ➤ A county assessor is required to make the reduction prescribed in  
18 this subsection if the owner calls to his or her attention the facts  
19 warranting it, if the county assessor discovers those facts during  
20 physical reappraisal of the property or if the county assessor is  
21 otherwise aware of those facts.

22 ~~16.1~~ 7. The Nevada Tax Commission shall, by regulation,  
23 establish:

24 (a) Standards for determining the cost of replacement of  
25 improvements of various kinds.

26 (b) Standards for determining the cost of replacement of  
27 personal property of various kinds. The standards must include a  
28 separate index of factors for application to the acquisition cost of a  
29 billboard to determine its replacement cost.

30 (c) Schedules of depreciation for personal property based on its  
31 estimated life.

32 (d) Criteria for the valuation of two or more parcels as a  
33 subdivision.

34 ~~17.1~~ 8. In determining, for the purpose of computing taxable  
35 value, the cost of replacement of:

36 (a) Any personal property, the cost of all improvements of the  
37 personal property, including any additions to or renovations of the  
38 personal property, but excluding routine maintenance and repairs,  
39 must be added to the cost of acquisition of the personal property.

40 (b) An improvement made on land, a county assessor may use  
41 any final representations of the improvement prepared by the  
42 architect or builder of the improvement, including, without  
43 limitation, any final building plans, drawings, sketches and surveys,  
44 and any specifications included in such representations, as a basis  
45 for establishing any relevant measurements of size or quantity.



1 ~~18~~ 9. The county assessor shall, upon the request of the  
2 owner, furnish within 15 days to the owner a copy of the most  
3 recent appraisal of the property, including, without limitation, copies  
4 of any sales data, materials presented on appeal to the county board  
5 of equalization or State Board of Equalization and other materials  
6 used to determine or defend the taxable value of the property.

7 ~~19~~ 10. The provisions of this section do not apply to property  
8 which is assessed pursuant to NRS 361.320.

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

10 **Sec. 6.** (Deleted by amendment.)

11 **Sec. 7.** NRS 361.2285 is hereby amended to read as follows:

12 361.2285 The Nevada Tax Commission shall adopt regulations  
13 which:

14 1. Provide for the creation of a simple, easily understood form  
15 which may be completed by the owner of any real property used to  
16 conduct a business and used to:

17 (a) Compute and determine the value of the property using the  
18 income approach and to compare that value to the existing taxable  
19 value of the property to determine the existence of any  
20 obsolescence; and

21 (b) Apply to the appropriate county assessor or board of  
22 equalization for computation of the taxable value of the property in  
23 accordance with subsection ~~15~~ 6 of NRS 361.227.

24 2. Clearly set forth the methodology for applying the income  
25 approach to valuation for tax purposes of real property used to  
26 conduct a business to determine whether obsolescence is a factor.  
27 The methodology must be described in a manner that may be easily  
28 understood by the owners of such property.

29 3. Will make available to the owner of any real property used  
30 to conduct a business information that will allow the owner to apply  
31 the income approach to establish the full cash value of the property  
32 for the purpose of comparing that value to the taxable value  
33 established by the county assessor.

34 **Sec. 8.** NRS 361.390 is hereby amended to read as follows:

35 361.390 Each county assessor shall:

36 1. File with or cause to be filed with the Secretary of the State  
37 Board of Equalization, on or before March 10 of each year, the tax  
38 roll, or a true copy thereof, of his or her county for the current year  
39 as corrected by the county board of equalization.

40 2. Prepare and file with the Department on or before  
41 January 31, March 5 and October 31 of each year, a segregation  
42 report showing the assessed values for each taxing entity within the  
43 county on a form prescribed by the Department. The assessor shall  
44 make projections of assessed value for the current fiscal year and the  
45 upcoming fiscal year regarding real and personal property for which



1 the taxable value is determined by the assessor. The Department  
2 shall make any projections required for the upcoming fiscal year  
3 regarding the net proceeds ~~{of minerals}~~ *from mineral extraction*  
4 *and royalties subject to the excise tax pursuant to the provisions of*  
5 *NRS 362.100 to 362.240, inclusive*, and any property for which the  
6 taxable value is determined by the Nevada Tax Commission.

7 3. Prepare and file with the Department on or before May 5 for  
8 the unsecured roll, on or before August 10 for the secured roll, and  
9 on or before October 31 for the unsecured roll and the secured roll, a  
10 statistical report showing values for all categories of property on a  
11 form prescribed by the Department.

12 **Sec. 9.** NRS 361.405 is hereby amended to read as follows:

13 361.405 1. ~~{The}~~ *As soon as reasonably practicable, the*  
14 Secretary of the State Board of Equalization ~~{forthwith}~~ *or the*  
15 *Executive Director of the Department, as applicable*, shall certify  
16 any change made by the Board *or the Nevada Tax Commission* in  
17 the assessed valuation of any property , in whole or in part , to the  
18 county auditor of the county where the property is assessed, and  
19 whenever the valuation of any property is raised, the Secretary of  
20 the State Board of Equalization *or the Executive Director of the*  
21 *Department, as applicable*, shall forward by certified mail , to the  
22 property owner or owners affected, notice of the increased  
23 valuation.

24 2. As soon as changes resulting from cases having a substantial  
25 effect on tax revenues have been certified to the county auditor by  
26 the Secretary of the State Board of Equalization ~~{}~~ *or the Executive*  
27 *Director of the Department, as applicable*, the county auditor shall:

28 (a) Enter all such changes , ~~{and}~~ the value of any construction  
29 work in progress and *the net proceeds* ~~{of minerals}~~ *from mineral*  
30 *extraction and royalties subject to the excise tax pursuant to the*  
31 *provisions of NRS 362.100 to 362.240, inclusive*, which were  
32 certified to ~~{him or her}~~ *the county auditor* by the Department, on  
33 the assessment roll before the delivery thereof to the tax receiver.

34 (b) Add up the valuations and enter the total valuation of each  
35 kind of property and the total valuation of all property on the  
36 assessment roll.

37 (c) Certify the results to the board of county commissioners and  
38 the Department.

39 3. The board of county commissioners shall not levy a tax on  
40 the net proceeds ~~{of minerals}~~ *from mineral extraction and*  
41 *royalties subject to the excise tax pursuant to the provisions of*  
42 *NRS 362.100 to 362.240, inclusive, which are* added to the assessed  
43 valuation pursuant to paragraph (a) of subsection 2, but, except as  
44 otherwise provided by specific statute, the net proceeds ~~{of~~  
45 ~~minerals}~~ *from mineral extraction and royalties subject to the*



1 *excise tax pursuant to the provisions of NRS 362.100 to 362.240,*  
2 *inclusive,* must be included in the assessed valuation of the taxable  
3 property of the county and all local governments in the county for  
4 the determination of the rate of tax and all other purposes for which  
5 assessed valuation is used.

6 4. As soon as changes resulting from cases having less than a  
7 substantial effect on tax revenue have been certified to the county  
8 tax receiver by the Secretary of the State Board of Equalization **H**  
9 *or the Executive Director of the Department, as applicable,* the  
10 county tax receiver shall adjust the assessment roll or the tax  
11 statement or make a tax refund, as directed by the State Board of  
12 Equalization **H** *or the Nevada Tax Commission.*

13 **Sec. 10.** Chapter 362 of NRS is hereby amended by adding  
14 thereto a new section to read as follows:

15 *The Legislature hereby finds and declares that:*

16 1. *Within the State of Nevada, there are many valuable yet*  
17 *nonrenewable and finite mineral resources.*

18 2. *The extraction of minerals from the State of Nevada is an*  
19 *important economic activity that is essential to the prosperity of*  
20 *this State and the Nation.*

21 3. *Although beneficial, the extraction of minerals from the*  
22 *State of Nevada comes with various environmental and ecological*  
23 *impacts.*

24 4. *For the protection and benefit of the public's health, safety*  
25 *and welfare, this chapter imposes, for the privilege of engaging in*  
26 *mineral extraction in the State of Nevada, an excise tax upon*  
27 *mineral extraction by each extractive operation and upon all*  
28 *royalties paid by each extractive operation.*

29 5. *This chapter does not impose an ad valorem or property*  
30 *tax upon the value of the mineral extracted or the gross yield or*  
31 *net proceeds from the mineral extraction by each extractive*  
32 *operation or the royalties paid by each extractive operation.*

33 **Sec. 11.** NRS 362.010 is hereby amended to read as follows:

34 362.010 As used in this chapter, unless the context otherwise  
35 requires:

36 1. *“Extractive operation” or “operation” means each*  
37 *geographically separate extractive location in this State where a*  
38 *person engages in mineral extraction. The term includes, without*  
39 *limitation, a mining operation defined in NRS 519A.080, and for*  
40 *each such operation, its location is the location described in the*  
41 *plan or amended plan filed by the person pursuant to NRS*  
42 *519A.200 to 519A.260, inclusive.*

43 2. *“Gross yield from mineral extraction” or “gross yield”*  
44 *means the gross yield from mineral extraction by each extractive*





1 *operation as determined and certified pursuant to the provisions of*  
2 *NRS 362.100 to 362.240, inclusive.*

3 3. "Mine" means an excavation in the earth from which ores,  
4 coal or other mineral substances are extracted, or a subterranean  
5 natural deposit of minerals located and identified as such by the  
6 staking of a claim or other method recognized by law. The term  
7 includes, *without limitation*, a well drilled to extract minerals.

8 ~~12~~ 4. "Mineral" includes, *without limitation*, oil, gas and  
9 other hydrocarbons. ~~1~~ ~~but~~ *The term* does not include sand, gravel  
10 or water, except hot water or steam in an operation extracting  
11 geothermal resources for profit.

12 ~~13~~ 5. "*Mineral extraction*" means any act, process, system  
13 or method by, through or from which ores, coal or other mineral  
14 substances are extracted. The term includes, *without limitation*,  
15 the use of a well drilled to extract minerals.

16 6. "*Net proceeds from mineral extraction*" or "*net proceeds*"  
17 means the net proceeds from mineral extraction by each extractive  
18 operation as determined and certified pursuant to the provisions of  
19 *NRS 362.100 to 362.240, inclusive.*

20 7. "Patented mine or mining claim" means each separate,  
21 whole or fractional patented mining location, whether such whole or  
22 fractional mining location is covered by an independent patent or is  
23 included under a single patent with other mining locations.

24 8. "*Royalty*" means a portion of the proceeds from mineral  
25 extraction which is paid for the privilege of extracting the mineral.  
26 *The term does not include:*

27 (a) *Rents or other compensatory payments which are fixed and*  
28 *certain in amount and payable periodically over the duration of*  
29 *the lease regardless of the extent of extractions; or*

30 (b) *Minimum royalties covering periods when no mineral is*  
31 *extracted if the payments are fixed and certain in amount and*  
32 *payable on a regular periodic basis.*

33 9. "*Tax upon mineral extraction*" means the excise tax upon  
34 mineral extraction imposed and collected pursuant to the  
35 provisions of *NRS 362.100 to 362.240, inclusive.*

36 10. "*Tax upon royalties*" means the excise tax upon royalties  
37 imposed and collected pursuant to the provisions of *NRS 362.100*  
38 *to 362.240, inclusive.*

39 **Sec. 12.** NRS 362.100 is hereby amended to read as follows:

40 362.100 1. The *provisions of NRS 362.100 to 362.240,*  
41 *inclusive:*

42 (a) *Impose, for the privilege of engaging in mineral extraction*  
43 *in the State of Nevada, an excise tax upon mineral extraction by*  
44 *each extractive operation based on the Department's*  
45 *determination and certification of the gross yield and net proceeds*





1 *from the mineral extraction and upon all royalties paid by each*  
2 *extractive operation; and*

3 *(b) Do not impose an ad valorem or property tax upon the*  
4 *value of the mineral extracted or the gross yield or net proceeds*  
5 *from the mineral extraction by each extractive operation or the*  
6 *royalties paid by each extractive operation.*

7 *2. In administering the provisions of NRS 362.100 to*  
8 *362.240, inclusive, the Department shall:*

9 (a) Investigate and determine the *gross yield and net proceeds*  
10 ~~*of all minerals extracted*~~ *from mineral extraction by each*  
11 *extractive operation* and certify ~~*them*~~ *the gross yield and net*  
12 *proceeds* as provided in NRS 362.100 to 362.240, inclusive.

13 (b) Appraise and assess all reduction, smelting and milling  
14 works, plants and facilities, whether or not associated with a mine,  
15 all drilling rigs, and all supplies, machinery, equipment, apparatus,  
16 facilities, buildings, structures and other improvements used in  
17 connection with any mining, drilling, reduction, smelting or milling  
18 operation as provided in chapter 361 of NRS.

19 ~~*2. As used in this section, "net proceeds of all minerals*~~  
20 ~~*extracted" includes the proceeds of*~~

21 *(c) Deposit all taxes, interest and penalties it receives pursuant*  
22 *to the provisions of NRS 362.100 to 362.240, inclusive, in the State*  
23 *Treasury for credit to the State General Fund and, after being*  
24 *apportioned and appropriated as required by law, for credit to the*  
25 *proper account or fund for distribution to local governments*  
26 *pursuant to NRS 362.170.*

27 *3. The provisions of NRS 362.100 to 362.240, inclusive, apply*  
28 *to all extractive operations, including, without limitation, all:*

- 29 (a) Operating mines;  
30 (b) Operating oil and gas wells;  
31 (c) Operations extracting geothermal resources for profit, except  
32 an operation which uses natural hot water to enhance the growth of  
33 animal or plant life; and  
34 (d) Operations extracting minerals from natural solutions.

35 **Sec. 13.** NRS 362.110 is hereby amended to read as follows:  
36 362.110 1. ~~*Every*~~ *Each* person ~~*extracting any*~~ *who*  
37 *engages in mineral* ~~*in this State;*~~ *extraction:*

38 (a) Shall, on or before February 16 of each year, file with the  
39 Department a statement showing the gross yield and claimed net  
40 proceeds from each ~~*geographically separate*~~ *extractive* operation  
41 ~~*where a mineral is extracted by that person*~~ *and all royalties paid*  
42 *by each extractive operation* during the calendar year immediately  
43 preceding the year in which the statement is filed.

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



2. The statement must:

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

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

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

**Sec. 14.** NRS 362.110 is hereby amended to read as follows:

362.110 1. ~~{Every}~~ *Each* person ~~{extracting any}~~ *who engages in* mineral ~~{in this State or receiving any royalty;}~~ *extraction:*

(a) Shall, on or before February 16 of each year, file with the Department a statement showing the gross yield and claimed net proceeds from each ~~{geographically separate}~~ *extractive* operation ~~{where a mineral is extracted by that person}~~ *and all royalties paid by each extractive operation* during the calendar year immediately preceding the year in which the statement is filed.

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

2. The statement must:

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

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

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

3. Each ~~{recipient of a royalty as described in subsection 1}~~ *person who receives any royalties from an extractive operation* shall annually file with the Department a ~~{list}~~ *statement* showing *the amount of the royalties and* each of the lessees *or sublessees who paid the royalties and who is* responsible for *the taxes upon mineral extraction* due ~~{in connection with}~~ *from the extractive operation .* ~~{for operations included in the statement filed pursuant to subsections 1 and 2.}~~

**Sec. 15.** NRS 362.115 is hereby amended to read as follows:

362.115 1. In addition to the statement ~~{required by}~~ *subsection 1 of}* *filed pursuant to* NRS 362.110, each person ~~{extracting any}~~ *who engages in* mineral ~~{in this State;}~~ *extraction:*



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

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

26 2. The Department shall:

27 (a) Use the statement filed pursuant to subsection 1 to prepare  
28 estimates for use by local governments in the preparation of their  
29 budgets; and

30 (b) Submit those estimates to the affected local governments on  
31 or before March 15 of each year.

32 **Sec. 16.** NRS 362.115 is hereby amended to read as follows:

33 362.115 1. In addition to the statement ~~{required by}~~  
34 ~~subsection 1 of}~~ *filed pursuant to* NRS 362.110, each person  
35 ~~{extracting any}~~ *who engages in* mineral ~~{in this State}~~ *extraction*  
36 shall, on or before March 1 of each year, file with the Department a  
37 statement showing the estimated gross yield and estimated net  
38 proceeds from each ~~{such}~~ *extractive* operation for the entire current  
39 calendar year and an estimate of all royalties that will be paid  
40 ~~{during}~~ *by each extractive operation for* the *entire* current calendar  
41 year.

42 2. The Department shall:

43 (a) Use the statement filed pursuant to subsection 1 only to  
44 prepare estimates for use by local governments in the preparation of  
45 their budgets; and



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

3 **Sec. 17.** NRS 362.120 is hereby amended to read as follows:

4 362.120 1. The Department shall, from the statement filed  
5 pursuant to NRS 362.110 and from all obtainable data, evidence and  
6 reports, compute in dollars and cents the gross yield and net  
7 proceeds ~~off~~ *from each extractive operation for* the calendar year  
8 immediately preceding the year in which the statement is filed.

9 2. The *computation of the* gross yield must include ~~the value~~  
10 ~~off~~ *, without limitation, any mineral extracted which , during that*  
11 *period,* was:

12 (a) Sold;

13 (b) Exchanged for any thing or service;

14 (c) Removed from the State in a form ready for use or sale; or

15 (d) Used in a manufacturing process or in providing a service . ~~f~~  
16 ~~→ during that period.~~

17 3. The *computation of the* net proceeds ~~are~~ *must be*  
18 ascertained and determined by subtracting from the gross yield the  
19 following deductions for costs incurred during that period, and none  
20 other:

21 (a) The actual cost of extracting the mineral, which is limited to  
22 direct costs for activities performed in the State of Nevada.

23 (b) The actual cost of transporting the mineral to the place or  
24 places of reduction, refining and sale.

25 (c) The actual cost of reduction, refining and sale.

26 (d) The actual cost of delivering the mineral.

27 (e) The actual cost of maintenance and repairs of:

28 (1) All machinery, equipment, apparatus and facilities used  
29 in the mine.

30 (2) All milling, refining, smelting and reduction works,  
31 plants and facilities.

32 (3) All facilities and equipment for transportation except  
33 those that are under the jurisdiction of the Public Utilities  
34 Commission of Nevada or the Nevada Transportation Authority.

35 (f) Depreciation of the original capitalized cost of the  
36 machinery, equipment, apparatus, works, plants and facilities  
37 mentioned in paragraph (e). The annual depreciation charge consists  
38 of amortization of the original cost in a manner prescribed by  
39 regulation of the Nevada Tax Commission. The probable life of the  
40 property represented by the original cost must be considered in  
41 computing the depreciation charge.

42 (g) All money paid as contributions or payments under the  
43 unemployment compensation law of the State of Nevada, as  
44 contained in chapter 612 of NRS, all money paid as contributions  
45 under the Social Security Act of the Federal Government, and all



1 money paid to either the State of Nevada or the Federal Government  
2 under any amendment to either or both of the statutes mentioned in  
3 this paragraph.

4 (h) The costs of employee travel which occurs within the State  
5 of Nevada and which is directly related to mining operations within  
6 the State of Nevada.

7 (i) The costs of Nevada-based corporate services relating to  
8 paragraphs (e) to (h), inclusive.

9 (j) The actual cost of developmental work in or about the mine  
10 or upon a group of mines when operated as a unit, which is limited  
11 to work that is necessary to the operation of the mine or group of  
12 mines.

13 (k) The costs of reclamation work in the years the reclamation  
14 work occurred, including, without limitation, costs associated with  
15 the remediation of a site.

16 (l) All money paid as royalties by a lessee or sublessee of a mine  
17 or well, or by both, in determining the net proceeds of the lessee or  
18 sublessee, or both.

19 4. Royalties deducted by a lessee or sublessee constitute part of  
20 the net proceeds ~~{of the minerals extracted,}~~ *from mineral*  
21 *extraction, and the tax* upon ~~{which a tax}~~ *royalties* must be levied  
22 against the person to whom the ~~{royalty has been}~~ *royalties are* paid.

23 5. ~~{Every}~~ *Each* person ~~{acquiring}~~ *who acquires any interest*  
24 *in* property in the State of Nevada to engage in ~~{the}~~ *mineral*  
25 *extraction* ~~{of minerals}~~ and who incurs any of the expenses  
26 mentioned in subsection 3 shall report those expenses and the  
27 recipient of any royalty to the Department on forms provided by the  
28 Department. The Department shall report annually to the Mining  
29 Oversight and Accountability Commission the expenses and  
30 deductions of each mining operation in the State of Nevada.

31 6. The several deductions mentioned in subsection 3 do not  
32 include any expenditures for salaries, or any portion of salaries, of  
33 any person not actually engaged in:

34 (a) The working of the mine;

35 (b) The operating of the mill, smelter or reduction works;

36 (c) The operating of the facilities or equipment for  
37 transportation;

38 (d) Superintending the management of any of those operations;

39 (e) The State of Nevada, in office, clerical or engineering work  
40 necessary or proper in connection with any of those operations; or

41 (f) Nevada-based corporate services.

42 7. The following expenses are specifically excluded from any  
43 deductions from the gross yield:

44 (a) The costs of employee housing.



1 (b) Except as otherwise provided in paragraph (h) of subsection  
2 3, the costs of employee travel.

3 (c) The costs of severing the employment of any employees.

4 (d) Any dues paid to a third-party organization or trade  
5 association to promote or advertise a product.

6 (e) Expenses relating to governmental relations or to  
7 compensate a natural person or entity to influence legislative  
8 decisions.

9 (f) The costs of mineral exploration.

10 (g) Any federal, state or local taxes.

11 8. As used in this section, "Nevada-based corporate services"  
12 means corporate services which are performed in the State of  
13 Nevada from an office located in this State and which directly  
14 support mining operations in this State, including, without  
15 limitation, accounting functions relating to mining operations at a  
16 mine site in this State such as payroll, accounts payable, production  
17 reporting, cost reporting, state and local tax reporting and  
18 recordkeeping concerning property.

19 **Sec. 18.** NRS 362.120 is hereby amended to read as follows:

20 362.120 1. The Department shall, from the statement filed  
21 pursuant to NRS 362.110 and from all obtainable data, evidence and  
22 reports, compute in dollars and cents the gross yield and net  
23 proceeds ~~of~~ *from each extractive operation for* the calendar year  
24 immediately preceding the year in which the statement is filed.

25 2. The *computation of the* gross yield must include ~~the value~~  
26 ~~of~~ *, without limitation,* any mineral extracted which *, during that*  
27 *period,* was:

28 (a) Sold;

29 (b) Exchanged for any thing or service;

30 (c) Removed from the State in a form ready for use or sale; or

31 (d) Used in a manufacturing process or in providing a service. ~~†~~  
32 ~~→ during that period.†~~

33 3. The *computation of the* net proceeds ~~are~~ *must be*  
34 ascertained and determined by subtracting from the gross yield the  
35 following deductions for costs incurred during that period, and none  
36 other:

37 (a) The actual cost of extracting the mineral, which is limited to  
38 direct costs for activities performed in the State of Nevada.

39 (b) The actual cost of transporting the mineral to the place or  
40 places of reduction, refining and sale.

41 (c) The actual cost of reduction, refining and sale.

42 (d) The actual cost of delivering the mineral.

43 (e) The actual cost of maintenance and repairs of:

44 (1) All machinery, equipment, apparatus and facilities used  
45 in the mine.



1 (2) All milling, refining, smelting and reduction works,  
2 plants and facilities.

3 (3) All facilities and equipment for transportation except  
4 those that are under the jurisdiction of the Public Utilities  
5 Commission of Nevada or the Nevada Transportation Authority.

6 (f) Depreciation of the original capitalized cost of the  
7 machinery, equipment, apparatus, works, plants and facilities  
8 mentioned in paragraph (e). The annual depreciation charge consists  
9 of amortization of the original cost in a manner prescribed by  
10 regulation of the Nevada Tax Commission. The probable life of the  
11 property represented by the original cost must be considered in  
12 computing the depreciation charge.

13 (g) All money expended for premiums for industrial insurance,  
14 and the actual cost of hospital and medical attention and accident  
15 benefits and group insurance for employees actually engaged in  
16 mining operations within the State of Nevada.

17 (h) All money paid as contributions or payments under the  
18 unemployment compensation law of the State of Nevada, as  
19 contained in chapter 612 of NRS, all money paid as contributions  
20 under the Social Security Act of the Federal Government, and all  
21 money paid to either the State of Nevada or the Federal Government  
22 under any amendment to either or both of the statutes mentioned in  
23 this paragraph.

24 (i) The costs of employee travel which occurs within the State of  
25 Nevada and which is directly related to mining operations within the  
26 State of Nevada.

27 (j) The costs of Nevada-based corporate services relating to  
28 paragraphs (e) to (i), inclusive.

29 (k) The actual cost of developmental work in or about the mine  
30 or upon a group of mines when operated as a unit, which is limited  
31 to work that is necessary to the operation of the mine or group of  
32 mines.

33 (l) The costs of reclamation work in the years the reclamation  
34 work occurred, including, without limitation, costs associated with  
35 the remediation of a site.

36 (m) All money paid as royalties by a lessee or sublessee of a  
37 mine or well, or by both, in determining the net proceeds of the  
38 lessee or sublessee, or both.

39 4. Royalties deducted by a lessee or sublessee constitute part of  
40 the net proceeds ~~{of the minerals extracted,}~~ *from mineral*  
41 *extraction, and the tax* upon ~~{which a tax}~~ *royalties* must be levied  
42 against the person to whom the ~~{royalty has been}~~ *royalties are* paid.

43 5. ~~{Every}~~ *Each* person ~~{acquiring}~~ *who acquires any interest*  
44 *in* property in the State of Nevada to engage in ~~{the}~~ *mineral*  
45 extraction ~~{of minerals}~~ and who incurs any of the expenses





1 mentioned in subsection 3 shall report those expenses and the  
2 recipient of any royalty to the Department on forms provided by the  
3 Department. The Department shall report annually to the Mining  
4 Oversight and Accountability Commission the expenses and  
5 deductions of each mining operation in the State of Nevada.

6 6. The several deductions mentioned in subsection 3 do not  
7 include any expenditures for salaries, or any portion of salaries, of  
8 any person not actually engaged in:

- 9 (a) The working of the mine;
- 10 (b) The operating of the mill, smelter or reduction works;
- 11 (c) The operating of the facilities or equipment for  
12 transportation;
- 13 (d) Superintending the management of any of those operations;
- 14 (e) The State of Nevada, in office, clerical or engineering work  
15 necessary or proper in connection with any of those operations; or
- 16 (f) Nevada-based corporate services.

17 7. The following expenses are specifically excluded from any  
18 deductions from the gross yield:

- 19 (a) The costs of employee housing.
- 20 (b) Except as otherwise provided in paragraph (i) of subsection  
21 3, the costs of employee travel.
- 22 (c) The costs of severing the employment of any employees.
- 23 (d) Any dues paid to a third-party organization or trade  
24 association to promote or advertise a product.
- 25 (e) Expenses relating to governmental relations or to  
26 compensate a natural person or entity to influence legislative  
27 decisions.
- 28 (f) The costs of mineral exploration.
- 29 (g) Any federal, state or local taxes.

30 8. As used in this section, "Nevada-based corporate services"  
31 means corporate services which are performed in the State of  
32 Nevada from an office located in this State and which directly  
33 support mining operations in this State, including, without  
34 limitation, accounting functions relating to mining operations at a  
35 mine site in this State such as payroll, accounts payable, production  
36 reporting, cost reporting, state and local tax reporting and  
37 recordkeeping concerning property.

38 **Sec. 19.** NRS 362.130 is hereby amended to read as follows:

39 362.130 1. When the Department determines from the annual  
40 statement filed pursuant to NRS 362.110 the net proceeds ~~of any~~  
41 ~~minerals extracted,~~ *from mineral extraction,* it shall prepare its  
42 certificate of the amount of the net proceeds, the amount of the  
43 estimated tax paid in the prior calendar year pursuant to paragraph  
44 (a) of subsection 1 of NRS 362.115 and any additional payments  
45 made pursuant to paragraph (b) of subsection 1 of that section, and





1 the balance of the tax due, if any, and send a copy of the certificate  
2 to the owner or operator of the ~~mine~~ *extractive operation*.

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

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

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

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

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

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

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

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

31 **Sec. 20.** NRS 362.130 is hereby amended to read as follows:

32 362.130 1. When the Department determines from the annual  
33 statement filed pursuant to NRS 362.110 the net proceeds ~~of any~~  
34 ~~minerals extracted~~ *from mineral extraction*, it shall prepare its  
35 certificate of the amount of the net proceeds and the tax due and  
36 send a copy of the certificate to the owner ~~of the mine~~ *or* operator  
37 of the ~~mine or~~ *extractive operation and the* recipient of ~~the~~ *any*  
38 royalty, as the case may be.

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

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

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

44 3. The tax due as indicated in the certificate must be paid on or  
45 before May 10 of the year in which the certificate is received.



1 4. If an overpayment was made, the overpayment must be  
2 credited toward the payment due on May 10 of the next calendar  
3 year. If the certificate shows a net loss for the year covered by the  
4 certificate or an amount of tax due for that year which is less than an  
5 overpayment made for the preceding year, the amount or remaining  
6 amount of the overpayment must, after being credited against any  
7 amount then due from the taxpayer in accordance with NRS  
8 360.236, be refunded to the taxpayer within 30 days after the  
9 certification was sent to the taxpayer.

10 **Sec. 21.** NRS 362.135 is hereby amended to read as follows:

11 362.135 1. Any person dissatisfied by any certification ~~to~~  
12 *or taxation by the Department pursuant to the provisions of NRS*  
13 *362.100 to 362.240, inclusive,* may appeal from that determination  
14 to the ~~{State Board of Equalization. The appeal must be filed within~~  
15 ~~30 days after the certification is sent to the taxpayer.}~~ *Nevada Tax*  
16 *Commission by filing a notice of appeal in accordance with the*  
17 *requirements set forth in NRS 360.245.*

18 2. Pending determination of the appeal, the person certified as  
19 owing the tax shall pay it on or before the date due, and the tax is  
20 considered to be paid under protest.

21 **Sec. 22.** NRS 362.140 is hereby amended to read as follows:

22 362.140 1. *There is hereby imposed an excise tax upon*  
23 *mineral extraction by each extractive operation.* Except as  
24 otherwise provided in this section, the rate of tax upon ~~the net~~  
25 ~~proceeds of~~ *mineral extraction by each {geographically separate}*  
26 *extractive operation depends upon the ratio of the net proceeds to*  
27 *the gross proceeds {off} from that operation as a whole, according to*  
28 *the following table:*

Net Proceeds as Percentage of Gross Proceeds	Rate of Tax as Percentage of Net Proceeds
Less than 10 .....	2.00
10 or more but less than 18.....	2.50
18 or more but less than 26.....	3.00
26 or more but less than 34.....	3.50
34 or more but less than 42.....	4.00
42 or more but less than 50.....	4.50
50 or more.....	5.00

41 2. If the combined rate of tax ad valorem , ~~{which would be~~  
42 ~~assessed but for the provisions of Section 5 of Article 10 of the~~  
43 ~~Constitution of this state,}~~ including any rate levied by the State of  
44 Nevada, ~~upon~~ *for* property at the situs of the *extractive* operation  
45 is more than 2 percent, the minimum rate of tax ~~under this section~~



1 ~~equals that~~ upon mineral extraction by the operation is an amount  
2 equal to the combined rate of tax ad valorem ~~+~~ multiplied by the  
3 net proceeds.

4 3. *There is hereby imposed an excise tax upon royalties.* The  
5 rate of tax upon royalties is 5 percent ~~+~~.

6 ~~—4.— The~~, regardless of the rate of tax upon ~~the net proceeds~~  
7 ~~of~~ mineral extraction which is imposed on the extractive  
8 operation that pays the royalties.

9 4. *If a geothermal operation is taxable pursuant to NRS*  
10 *362.100 to 362.240, inclusive, the rate of tax upon mineral*  
11 *extraction by the operation is an amount equal to the combined*  
12 *rate of tax ad valorem ~~applicable to the~~, including any rate levied*  
13 *by the State of Nevada, for property at the situs of the operation ~~+~~*

14 ~~—5.— The rate of tax upon~~ multiplied by the net proceeds.

15 5. *Except as otherwise provided in subsection 4, if an*  
16 *extractive operation extracts minerals for which the net proceeds in*  
17 *a calendar year exceed \$4,000,000, the rate of tax upon mineral*  
18 *extraction by the operation is an amount equal to 5 percent ~~+~~*  
19 *multiplied by the net proceeds.*

20 **Sec. 23.** NRS 362.150 is hereby amended to read as follows:

21 362.150 1. Every tax ~~levied under the authority or~~  
22 ~~provisions of NRS 362.100 to 362.240, inclusive, on the proceeds of~~  
23 ~~minerals extracted~~ upon mineral extraction is hereby made a lien  
24 on ~~the~~:

25 (a) *The mines of the taxpayer from which the minerals are*  
26 *extracted ~~for sale or reduction, and also on all~~; and*

27 (b) *All machinery, fixtures, equipment and stockpiles of the*  
28 *taxpayer located at the ~~mine site~~ mines of the taxpayer or*  
29 *elsewhere in the State.*

30 2. The lien attaches on ~~the 1st day of~~ January 1 of each year,  
31 for the calendar year commencing on that day, and may not be  
32 removed or satisfied until the taxes are all paid ~~+~~ or the title to  
33 ~~those~~ the mines or property of the taxpayer has vested absolutely  
34 in a purchaser under a sale for ~~those~~ the unpaid taxes.

35 **Sec. 24.** NRS 362.160 is hereby amended to read as follows:

36 362.160 1. Except as otherwise provided in NRS 360.232  
37 and 360.320, if the amount of any tax ~~required by NRS 362.100 to~~  
38 ~~362.240, inclusive,~~ upon mineral extraction or royalties is not paid  
39 by the taxpayer within 10 days after it is due, it is delinquent and  
40 must be collected as other delinquent taxes are collected by law,  
41 together with a penalty of 10 percent of the amount of the tax which  
42 is owed, as determined by the Department, in addition to the tax,  
43 plus interest at the rate of 1 percent per month, or fraction of a  
44 month, from the date the tax was due until the date of payment.



1 2. Any ~~person extracting any mineral or receiving a royalty~~  
2 *taxpayer against whom a penalty and interest is imposed pursuant*  
3 *to this section* may appeal from the imposition of the penalty and  
4 interest to the Nevada Tax Commission by filing a notice of appeal  
5 in accordance with the requirements set forth in NRS 360.245.

6 **Sec. 25.** NRS 362.170 is hereby amended to read as follows:

7 362.170 1. There is hereby appropriated to each county the  
8 total of the amounts obtained by multiplying, for each extractive  
9 operation situated within the county, the net proceeds ~~of~~ *from* that  
10 operation and any royalties paid by that operation, as estimated and  
11 paid pursuant to NRS 362.115, plus any amounts paid pursuant to  
12 NRS 362.130 by the combined rate of tax ad valorem for the fiscal  
13 year to which the payments apply, excluding any rate levied by the  
14 State of Nevada, for property at ~~that site.~~ *the situs of the*  
15 *operation*, plus a pro rata share of any penalties and interest  
16 collected by the Department for the late payment of taxes distributed  
17 to the county. The Department shall report to the State Controller on  
18 or before May 25 of each year the amount appropriated to each  
19 county, as calculated for each operation from the estimate provided  
20 pursuant to NRS 362.115 for the current calendar year and any  
21 adjustments made pursuant to NRS 362.130 for the preceding  
22 calendar year. The State Controller shall distribute all money due to  
23 a county on or before May 30 of each year. The Department shall  
24 report to the State Controller any additional payments made  
25 pursuant to paragraph (b) of subsection 1 of NRS 362.115 within 15  
26 days after receipt of the payment, and the State Controller shall  
27 distribute the money to the appropriate county within 5 days after  
28 receipt of the report from the Department. For the purposes of this  
29 subsection, payments made pursuant to paragraph (b) of subsection  
30 1 of NRS 362.115 apply to the fiscal year in which the statement of  
31 the estimated net proceeds is filed pursuant to paragraph (a) of  
32 subsection 1 of NRS 362.115.

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

35 (a) Determining the total of the amounts obtained by  
36 multiplying, for each extractive operation situated within its  
37 jurisdiction, the net proceeds ~~of~~ *from* that operation and any  
38 ~~royalty payments~~ *royalties* paid by that operation, by the rate *of*  
39 *tax ad valorem* levied on behalf of that local government or other  
40 local entity;

41 (b) Adding to the amount determined pursuant to paragraph (a) a  
42 pro rata share of any penalties and interest collected by the  
43 Department for the late payment of taxes distributed to that local  
44 government or *other* local entity; and



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

7 3. The amounts apportioned pursuant to subsection 2,  
8 including, without limitation, the amount retained by the county  
9 ~~and~~, but excluding the *county's* percentage commission, must be  
10 applied to the uses for which each levy was authorized in the same  
11 proportion as the rate of each levy bears to the total rate.

12 4. The Department shall report to the State Controller on or  
13 before May 25 of each year the *total* amount received ~~as~~ *for the*  
14 *benefit of the State of Nevada from the* tax upon ~~the net proceeds~~  
15 ~~of mineral extraction by~~ geothermal ~~resources~~ *operations*, which  
16 equals the product of ~~those~~ *the* net proceeds *from those operations*  
17 multiplied by the rate of tax ~~levied~~ *ad valorem levied* by the State  
18 of Nevada.

19 **Sec. 26.** NRS 362.170 is hereby amended to read as follows:

20 362.170 1. There is hereby appropriated to each county the  
21 total of the amounts obtained by multiplying, for each extractive  
22 operation situated within the county, the net proceeds ~~of~~ *from* that  
23 operation and any royalties paid by that operation, by the combined  
24 rate of tax ad valorem, excluding any rate levied by the State of  
25 Nevada, for property at ~~that site,~~ *the situs of the operation*, plus a  
26 pro rata share of any penalties and interest collected by the  
27 Department for the late payment of taxes distributed to the county.  
28 The Department shall report to the State Controller on or before  
29 May 25 of each year the amount appropriated to each county, as  
30 calculated for each operation from the final statement made in  
31 February of that year for the preceding calendar year. The State  
32 Controller shall distribute all money due to a county on or before  
33 May 30 of each year.

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

36 (a) Determining the total of the amounts obtained by  
37 multiplying, for each extractive operation situated within its  
38 jurisdiction, the net proceeds ~~of~~ *from* that operation and any  
39 ~~royalty payments~~ *royalties* paid by that operation, by the rate *of*  
40 *tax ad valorem* levied on behalf of that local government or other  
41 local entity;

42 (b) Adding to the amount determined pursuant to paragraph (a) a  
43 pro rata share of any penalties and interest collected by the  
44 Department for the late payment of taxes distributed to that local  
45 government or *other* local entity; and



1 (c) Subtracting from the amount determined pursuant to  
2 paragraph (b) a commission of 3 percent of that amount which must  
3 be deposited in the county general fund.

4 3. The amounts apportioned pursuant to subsection 2,  
5 including, without limitation, the amount retained by the county  
6 ~~and~~, but excluding the *county's* percentage commission, must be  
7 applied to the uses for which each levy was authorized in the same  
8 proportion as the rate of each levy bears to the total rate.

9 4. The Department shall report to the State Controller on or  
10 before May 25 of each year the *total* amount received ~~as~~ *for the*  
11 *benefit of the State of Nevada from the* tax upon ~~the net proceeds~~  
12 ~~of~~ *mineral extraction by* geothermal ~~resources~~ *operations*, which  
13 equals the product of ~~those~~ *the* net proceeds *from those operations*  
14 multiplied by the rate of tax ~~levied~~ *ad valorem levied* by the State  
15 of Nevada.

16 **Sec. 27.** NRS 362.171 is hereby amended to read as follows:

17 362.171 1. Each county to which money is appropriated by  
18 subsection 1 of NRS 362.170 may set aside a percentage of that  
19 appropriation to establish a county fund for mitigation. Money from  
20 the fund may be appropriated by the board of county commissioners  
21 only to mitigate adverse effects upon the county, or the school  
22 district located in the county, which result from:

23 (a) A decline in the revenue received by the county from the tax  
24 ~~on the net proceeds of minerals~~ *upon mineral extraction* during  
25 the 2 fiscal years immediately preceding the current fiscal year; or

26 (b) The opening or closing of an extractive operation from ~~the~~  
27 ~~net proceeds of~~ which revenue has been or is reasonably expected  
28 to be ~~derived pursuant to this chapter~~ *received by the county from*  
29 *the tax upon mineral extraction.*

30 2. Each school district to which money is apportioned by a  
31 county pursuant to subsection 2 of NRS 362.170 may set aside a  
32 percentage of the amount apportioned to establish a school district  
33 fund for mitigation. Except as otherwise provided in subsection 3,  
34 money from the fund may be used by the school district only to  
35 mitigate adverse effects upon the school district which result from:

36 (a) A decline in the revenue received by the school district from  
37 the tax ~~on the net proceeds of minerals;~~ *upon mineral extraction;*

38 (b) The opening or closing of an extractive operation from ~~the~~  
39 ~~net proceeds of~~ which revenue has been or is reasonably expected  
40 to be ~~derived pursuant to this chapter;~~ *received by the school*  
41 *district from the tax upon mineral extraction;* or

42 (c) Expenses incurred by the school district arising from a  
43 natural disaster.

44 3. In addition to the authorized uses for mitigation set forth in  
45 subsection 2, a school district in a county whose population is less



1 than 4,500 may, as the board of trustees of the school district  
2 determines is necessary, use the money from the fund established  
3 pursuant to subsection 2:

4 (a) To retire bonds issued by the school district or any other  
5 outstanding obligations of the school district; and

6 (b) To continue the instructional programs of the school district  
7 or the services and activities that are necessary to support those  
8 instructional programs, which would otherwise be reduced or  
9 eliminated if not for the provisions of this section.

10 ➔ Before authorizing the expenditure of money pursuant to this  
11 subsection, the board of trustees shall hold at least one public  
12 hearing on the matter.

13 **Sec. 28.** NRS 362.175 is hereby amended to read as follows:

14 362.175 1. If at any time, in the opinion of the Executive  
15 Director, it becomes impossible or impractical to collect any *unpaid*  
16 tax ~~{certified on the proceeds of minerals extracted,}~~ *upon mineral*  
17 *extraction or royalties*, the Executive Director may apply to the  
18 Nevada Tax Commission to have the amount of the *unpaid* tax and  
19 the name of the ~~{person against whom the tax is certified}~~  
20 *delinquent taxpayer* removed from the tax records of the  
21 Department.

22 2. If the Nevada Tax Commission approves the application, the  
23 Department may remove the name and amount from its tax records.

24 **Sec. 29.** NRS 362.180 is hereby amended to read as follows:

25 362.180 In any ~~{suit}~~ *action* arising ~~{concerning the~~  
26 ~~certification and taxation of the net proceeds of minerals extracted,}~~  
27 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive*,  
28 the burden of proof is upon the taxpayer to show , if the taxpayer so  
29 alleges or contends , that ~~{the}~~ *any certification or taxation* by the  
30 Department is unjust, improper or otherwise invalid.

31 **Sec. 30.** NRS 362.200 is hereby amended to read as follows:

32 362.200 1. The Department may examine the records of any  
33 person ~~{operating or receiving}~~ *who engages in mineral extraction*  
34 *or receives* royalties from any extractive operation . ~~{in this state.}~~  
35 The records are subject to examination at all times by the  
36 Department or its authorized agents and must remain available for  
37 examination for a period of 4 years from the date of any entry  
38 therein.

39 2. If *the Department examines the records of* any person  
40 whose gross yield from an extractive operation *was \$100,000 or*  
41 *more*, as reported to the Department for any annual reporting period  
42 during the 4 years immediately preceding the examination ~~{was~~  
43 ~~\$100,000 or more}~~ , *and the person* keeps his or her ~~{books and}~~  
44 records pertaining to that operation or royalties outside this state, the  
45 person shall pay an amount per day equal to the amount set by law





1 for out-of-state travel for each day or fraction thereof during which  
2 an examiner is actually engaged in examining the ~~books,~~ *records,*  
3 plus the actual expenses of that examiner during the time he or she  
4 is absent from Carson City, Nevada, for the purpose of making the  
5 examination, but the time must not exceed 1 day going to and 1 day  
6 coming from the place of examination. No more than one  
7 examination may be charged against a person in any 1 fiscal year.

8 3. The Department may hold hearings and summon and  
9 subpoena witnesses to appear and testify upon any subject material  
10 to ~~the determination of the net proceeds of minerals extracted,~~ *any*  
11 *certification or taxation by the Department pursuant to the*  
12 *provisions of NRS 362.100 to 362.240, inclusive.* The hearings may  
13 be held at any place the Department designates, after not less than  
14 10 days' notice of the time and place of the hearing given in writing  
15 to the ~~owner or operator of the mine,~~ *taxpayer.* The ~~owner or~~  
16 ~~operator,~~ *taxpayer* is entitled, on request made to the Executive  
17 Director, to the issuance of the Department's subpoena requiring  
18 witnesses in behalf of the ~~owner or operator,~~ *taxpayer* to appear  
19 and testify at such hearing.

20 4. The failure of a witness to obey the subpoena of the  
21 Department subjects the witness to the same penalties prescribed by  
22 law for failure to obey a subpoena of a district court.

23 **Sec. 31.** NRS 362.230 is hereby amended to read as follows:

24 362.230 1. ~~Every~~ *If any* person ~~extracting any~~ *engages in*  
25 mineral ~~in this state, or receiving a royalty in connection therewith,~~  
26 ~~who~~ *extraction or receives royalties from any extractive operation*  
27 *and* fails to file with the Department ~~the statements provided for in~~  
28 *a statement required by* NRS 362.100 to 362.240, inclusive, during  
29 the time and in the manner ~~provided for in NRS 362.100 to~~  
30 ~~362.240, inclusive,~~ *required by those sections:*

31 *(a) The person* shall pay a penalty of not more than \$5,000 ~~. If~~  
32 ~~any such person fails to file the statement, the~~ *for each such*  
33 *violation; and*

34 *(b) The* Department may ascertain and certify the *amount of the*  
35 *gross yield,* net proceeds ~~of the minerals extracted or the value of~~  
36 ~~the royalty~~ *and royalties received from the extractive operation*  
37 from all data and information obtainable, and the amount of the tax  
38 due must be computed on the basis of the ~~amount due~~ *amounts* so  
39 ascertained and certified ~~by the Department.~~

40 2. The Executive Director shall determine the amount of the  
41 penalty ~~. This~~ *imposed against the person, and the* penalty  
42 becomes a debt due the State of Nevada . ~~and, upon collection,~~  
43 ~~must be deposited in the State Treasury to the credit of the State~~  
44 ~~General Fund.~~





1 3. Any person ~~extracting any mineral or receiving a royalty~~  
2 *against whom a penalty is imposed pursuant to this section* may  
3 appeal from the imposition of the penalty to the Nevada Tax  
4 Commission by filing a notice of appeal in accordance with the  
5 requirements set forth in NRS 360.245.

6 **Sec. 32.** NRS 362.240 is hereby amended to read as follows:

7 362.240 ~~{Any person who}~~

8 *1. If any person* verifies under oath to the truthfulness of a  
9 statement required by NRS 362.100 to 362.240, inclusive, that is  
10 false in any material respect, *the person* shall ~~be liable to~~ pay  
11 a penalty of not more than 15 percent of the *amount of the tax* ~~as~~  
12 ~~determined by the~~ *due as a result of the violation.*

13 *2. The* Executive Director ~~{after reasonable notice and~~  
14 ~~hearing.}~~ *shall determine the amount of the penalty imposed*  
15 *against the person, and the penalty becomes a debt due the State*  
16 *of Nevada.*

17 *3. Any person against whom a penalty is imposed pursuant to*  
18 *this section may appeal from the imposition of the penalty to the*  
19 *Nevada Tax Commission by filing a notice of appeal in*  
20 *accordance with the requirements set forth in NRS 360.245.*

21 **Sec. 33.** NRS 377B.170 is hereby amended to read as follows:

22 377B.170 1. In a county whose population is 700,000 or  
23 more and in which a water authority exists, the water authority shall  
24 enter into an interlocal agreement with a city or town located in the  
25 county whose territory is not within the boundaries of the area  
26 served by the water authority or with a public entity in the county  
27 which provides water or wastewater services and which is not a  
28 member of the water authority to provide a distribution from the  
29 infrastructure fund of the water authority to the city, town or public  
30 entity after the city, town or public entity has filed with the water  
31 authority a detailed plan for acquiring, establishing, constructing,  
32 improving or equipping, or any combination thereof, a water or  
33 wastewater facility.

34 2. Such a city, town or public entity may request annually from  
35 the infrastructure fund of the water authority an amount of the  
36 proceeds of the tax for infrastructure received annually by the water  
37 authority that is equal to the proportion that the assessed valuation  
38 of taxable property within the boundaries of the city or town or the  
39 area served by the public entity, except any assessed valuation  
40 attributable to the net proceeds ~~{of minerals.}~~ *from mineral*  
41 *extraction and royalties subject to the excise tax pursuant to the*  
42 *provisions of NRS 362.100 to 362.240, inclusive,* bears to the total  
43 assessed valuation of taxable property within the county, except any  
44 assessed valuation attributable to the net proceeds ~~{of minerals.}~~  
45 *from mineral extraction and royalties subject to the excise tax*



1 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive.* If  
2 the boundaries of such a city or town overlap with the boundaries of  
3 a public entity in such a county which provides water or wastewater  
4 services and which is not a member of the water authority, the water  
5 authority shall apportion equally between the city or town and the  
6 public entity the distribution from the infrastructure fund  
7 attributable to the assessed valuation in the area where the  
8 boundaries overlap.

9 3. The water authority shall not unreasonably refuse a request  
10 from such a city, town or public entity for a distribution from the  
11 infrastructure fund pursuant to the provisions of this section.

12 **Sec. 34.** NRS 349.238 is hereby amended to read as follows:

13 349.238 1. There must be levied annually a special tax on all  
14 property, both real and personal, subject to taxation within the  
15 boundaries of the State of Nevada, *that is* fully sufficient , together  
16 with the revenue which will result from application of the rate to the  
17 net proceeds ~~{of minerals,}~~ *from mineral extraction and royalties*  
18 *subject to the excise tax pursuant to the provisions of NRS 362.100*  
19 *to 362.240, inclusive, and* without regard to any statutory  
20 limitations now or hereafter existing, to pay the interest on the  
21 general obligation state securities and to pay and retire the securities  
22 as provided in the State Securities Law and in any act supplemental  
23 hereto. The amount of money to be raised by the tax must be  
24 included in the annual estimate or budget for each county in the  
25 state for each year for which the tax is hereby required to be levied.  
26 The tax must be levied and collected in the same manner and at the  
27 same time as other taxes are levied and collected.

28 2. The proceeds thereof levied to pay interest on the securities  
29 must be kept by the State Treasurer in a special fund, separate and  
30 apart from all other funds, and the proceeds of the tax levied to pay  
31 the principal of the securities must be kept by the Treasurer in a  
32 special fund, separate and apart from all other funds. The two  
33 special funds must be used for no other purpose than the payment of  
34 the interest on the securities and the principal thereof, respectively,  
35 when due.

36 **Sec. 35.** NRS 350.592 is hereby amended to read as follows:

37 350.592 1. There must be levied annually in due season a  
38 special tax on all property, both real and personal, subject to  
39 taxation within the boundaries of the municipality, *that is* fully  
40 sufficient , together with the revenue which will result from  
41 application of the rate to the net proceeds ~~{of minerals,}~~ *from*  
42 *mineral extraction and royalties subject to the excise tax pursuant*  
43 *to the provisions of NRS 362.100 to 362.240, inclusive, and*  
44 without regard to any statutory or charter tax limitations other than  
45 the limitation set forth in NRS 361.453, to pay the interest on the



1 general obligation municipal securities and to pay and retire the  
2 securities as provided in the Local Government Securities Law and  
3 in any act supplemental hereto. The amount of money to be raised  
4 by the tax must be included in the annual estimate or budget for  
5 each county within the state for each year for which the tax is  
6 hereby required to be levied. The tax must be levied and collected in  
7 the same manner and at the same time as other taxes are levied and  
8 collected.

9 2. The proceeds thereof levied to pay interest on the securities  
10 must be kept by the treasurer in a special fund, separate and apart  
11 from all other funds, and the proceeds of the tax levied to pay the  
12 principal of the securities must be kept by the treasurer in a special  
13 fund, separate and apart from all other funds. The two special funds  
14 must be used for no other purpose than the payment of the interest  
15 on the securities and the principal thereof, respectively, when due;  
16 but, except as prevented by any contractual limitations imposed  
17 upon the municipality by proceedings appertaining to its outstanding  
18 securities, the municipality may provide for a consolidated debt  
19 service fund to pay principal of and interest on outstanding  
20 securities, when due.

21 **Sec. 36.** NRS 354.59811 is hereby amended to read as  
22 follows:

23 354.59811 1. Except as otherwise provided in NRS 244.377,  
24 278C.260, 354.59813, 354.59815, 354.59818, 354.5982, 354.5987,  
25 354.705, 354.723, 450.425, 450.760, 540A.265 and 543.600, for  
26 each fiscal year beginning on or after July 1, 1989, the maximum  
27 amount of money that a local government, except a school district, a  
28 district to provide a telephone number for emergencies or a  
29 redevelopment agency, may receive from taxes ad valorem, other  
30 than ~~those~~ taxes attributable to the net proceeds ~~of minerals or~~  
31 ~~those~~ *from mineral extraction and royalties subject to the excise*  
32 *tax pursuant to the provisions of NRS 362.100 to 362.240,*  
33 *inclusive, or taxes* levied for the payment of bonded indebtedness  
34 and interest thereon incurred as general long-term debt of the issuer,  
35 or for the payment of obligations issued to pay the cost of a water  
36 project pursuant to NRS 349.950, or for the payment of obligations  
37 under a capital lease executed before April 30, 1981, must be  
38 calculated as follows:

39 (a) The rate must be set so that when applied to the current fiscal  
40 year's assessed valuation of all property which was on the preceding  
41 fiscal year's assessment roll, together with the assessed valuation of  
42 property on the central assessment roll which was allocated to the  
43 local government, but excluding any assessed valuation attributable  
44 to the net proceeds ~~of minerals,~~ *from mineral extraction and*  
45 *royalties subject to the excise tax pursuant to the provisions of*



1 *NRS 362.100 to 362.240, inclusive*, assessed valuation attributable  
2 to a redevelopment area and assessed valuation of a fire protection  
3 district attributable to real property which is transferred from private  
4 ownership to public ownership for the purpose of conservation, it  
5 will produce 106 percent of the maximum revenue allowable from  
6 taxes ad valorem for the preceding fiscal year, except that the rate so  
7 determined must not be less than the rate allowed for the previous  
8 fiscal year, except for any decrease attributable to the imposition of  
9 a tax pursuant to NRS 354.59813 in the previous year.

10 (b) This rate must then be applied to the total assessed valuation,  
11 excluding the assessed valuation attributable to the net proceeds ~~of~~  
12 *minerals* from mineral extraction and royalties subject to the  
13 *excise tax pursuant to the provisions of NRS 362.100 to 362.240,*  
14 *inclusive*, and the assessed valuation of a fire protection district  
15 attributable to real property which is transferred from private  
16 ownership to public ownership for the purpose of conservation, but  
17 including new real property, possessory interests and mobile homes,  
18 for the current fiscal year to determine the allowed revenue from  
19 taxes ad valorem for the local government.

20 2. As used in this section, “general long-term debt” does not  
21 include debt created for medium-term obligations pursuant to NRS  
22 350.087 to 350.095, inclusive.

23 **Sec. 37.** NRS 354.59813 is hereby amended to read as  
24 follows:

25 354.59813 1. In addition to the allowed revenue from taxes  
26 ad valorem determined pursuant to NRS 354.59811, if the estimate  
27 of the revenue available from the supplemental city-county relief tax  
28 to the county as determined by the Executive Director of the  
29 Department of Taxation pursuant to the provisions of subsection 11  
30 of NRS 360.690 is less than the amount of money that would be  
31 generated by applying a tax rate of \$1.15 per \$100 of assessed  
32 valuation to the assessed valuation of the county, except any  
33 assessed valuation attributable to the net proceeds ~~of minerals,~~  
34 *from mineral extraction and royalties subject to the excise tax*  
35 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive,*  
36 the governing body of each local government may levy an  
37 additional tax ad valorem for operating purposes. The total tax  
38 levied by the governing body of a local government pursuant to this  
39 section must not exceed a rate calculated to produce revenue equal  
40 to the difference between the:

41 (a) Amount of revenue from supplemental city-county relief tax  
42 estimated to be received by the county pursuant to subsection 11 of  
43 NRS 360.690; and

44 (b) The tax that the county would have been estimated to receive  
45 if the estimate for the total revenue available from the tax was equal



1 to the amount of money that would be generated by applying a tax  
2 rate of \$1.15 per \$100 of assessed valuation to the assessed  
3 valuation of the county,

4 multiplied by the proportion determined for the local government  
5 pursuant to subparagraph (2) of paragraph (a) of subsection 4 of  
6 NRS 360.690, subparagraph (2) of paragraph (a) of subsection 6 of  
7 NRS 360.690 or subparagraph (2) of paragraph (a) of subsection 7  
8 of NRS 360.690, as appropriate.

9 2. Any additional taxes ad valorem levied as a result of the  
10 application of this section must not be included in the base from  
11 which the allowed revenue from taxes ad valorem for the next  
12 subsequent year is computed.

13 3. As used in this section, "local government" has the meaning  
14 ascribed to it in NRS 360.640.

15 **Sec. 38.** NRS 354.598747 is hereby amended to read as  
16 follows:

17 354.598747 1. To calculate the amount to be distributed  
18 pursuant to the provisions of NRS 360.680 and 360.690 from a  
19 county's subaccount in the Local Government Tax Distribution  
20 Account to a local government, special district or enterprise district  
21 after it assumes the functions of another local government, special  
22 district or enterprise district:

23 (a) Except as otherwise provided in this section, the Executive  
24 Director of the Department of Taxation shall:

25 (1) Add the amounts calculated pursuant to subsection 1 or 2  
26 of NRS 360.680 for each local government, special district or  
27 enterprise district and allocate the combined amount to the local  
28 government, special district or enterprise district that assumes the  
29 functions; and

30 (2) If applicable, add the average change in population and  
31 average change in the assessed valuation of taxable property that  
32 would otherwise be allowed to the local government or special  
33 district whose functions are assumed, including the assessed  
34 valuation attributable to a redevelopment agency but excluding the  
35 portion attributable to the net proceeds ~~of minerals, pursuant to~~  
36 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive,*  
37 *as appropriate under* subsection 4, 5, 6 or 7 of NRS 360.690, ~~as~~  
38 ~~appropriate,~~ to the average change in population and average  
39 change in assessed valuation for the local government, special  
40 district or enterprise district that assumes the functions.

41 (b) If two or more local governments, special districts or  
42 enterprise districts assume the functions of another local  
43 government, special district or enterprise district, the additional  
44 revenue must be divided among the local governments, special  
45



1 districts or enterprise districts that assume the functions on the basis  
2 of the proportionate costs of the functions assumed.

3 ➔ The Nevada Tax Commission shall not allow any increase in the  
4 allowed revenue from the taxes contained in the county's  
5 subaccount in the Local Government Tax Distribution Account if  
6 the increase would result in a decrease in revenue of any local  
7 government, special district or enterprise district in the county that  
8 does not assume those functions. If more than one local government,  
9 special district or enterprise district assumes the functions, the  
10 Nevada Tax Commission shall determine the appropriate amounts  
11 calculated pursuant to subparagraphs (1) and (2) of paragraph (a).

12 2. If a city disincorporates, the board of county commissioners  
13 of the county in which the city is located must determine the amount  
14 the unincorporated town created by the disincorporation will receive  
15 pursuant to the provisions of NRS 360.600 to 360.740, inclusive.

16 3. As used in this section:

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

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

21 (c) "Special district" has the meaning ascribed to it in  
22 NRS 360.650.

23 **Sec. 39.** NRS 380.130 is hereby amended to read as follows:

24 380.130 1. Whenever it appears to the board of county  
25 commissioners of any county having a law library that for any  
26 reason any debt incurred in the purchase and establishment of the  
27 library has not been fully paid or materially reduced with the money  
28 provided by the provisions of NRS 380.110, within the period of 5  
29 years immediately preceding, the board of county commissioners  
30 may, at the next annual tax levy, levy a special tax upon all taxable  
31 property within the county, both real and personal, *that is*  
32 sufficient, together with the revenue which will result from  
33 application of the rate to the net proceeds ~~of minerals,~~ *from*  
34 *mineral extraction and royalties subject to the excise tax pursuant*  
35 *to the provisions of NRS 362.100 to 362.240, inclusive,* to raise a  
36 sum which will discharge any such indebtedness, but no more. The  
37 money must be placed in the law library fund in the county treasury  
38 and must be used for the payment of the indebtedness and for no  
39 other purpose.

40 2. In lieu of the levy of a special tax as provided in subsection  
41 1, the board of county commissioners of any county having a law  
42 library may, in the discretion of the board of county commissioners,  
43 transfer from the general funds of the county to the law library fund  
44 a sufficient sum of money to pay any debts incurred in the purchase  
45 and establishment and maintenance of the library, which has not



1 been fully paid or materially reduced with the money provided by  
2 the provisions of NRS 380.110, within the period of 5 years  
3 immediately preceding March 1, 1959.

4 **Sec. 40.** NRS 387.1235 is hereby amended to read as follows:

5 387.1235 1. Except as otherwise provided in subsection 2,  
6 local funds available are the sum of:

7 (a) The amount of one-third of the tax collected pursuant to  
8 subsection 1 of NRS 387.195 for the school district for the  
9 concurrent school year; and

10 (b) The proceeds of the local school support tax imposed by  
11 chapter 374 of NRS, excluding any amounts required to be remitted  
12 pursuant to NRS 360.850 and 360.855. The Department of Taxation  
13 shall furnish an estimate of these proceeds to the Superintendent of  
14 Public Instruction on or before July 15 for the fiscal year then  
15 begun, and the Superintendent shall adjust the final apportionment  
16 of the current school year to reflect any difference between the  
17 estimate and actual receipts.

18 2. The amount *of the local funds* computed ~~under~~ pursuant  
19 to subsection 1 that is ~~attributable to~~ based on any assessed  
20 valuation attributable to the net proceeds ~~of minerals~~ from mineral  
21 extraction and royalties subject to the excise tax pursuant to the  
22 provisions of NRS 362.100 to 362.240, inclusive, must be held in  
23 reserve and may not be considered as local funds available until the  
24 succeeding fiscal year.

25 **Sec. 41.** NRS 387.195 is hereby amended to read as follows:

26 387.195 1. Each board of county commissioners shall levy a  
27 tax of 75 cents on each \$100 of assessed valuation of taxable  
28 property within the county for the support of the public schools  
29 within the county school district.

30 2. The *amount of the* tax collected pursuant to subsection 1  
31 that is based on any assessed valuation attributable to the net  
32 proceeds ~~of minerals~~ from mineral extraction and royalties  
33 subject to the excise tax pursuant to the provisions of NRS 362.100  
34 to 362.240, inclusive, must not be considered as available to pay  
35 liabilities of the fiscal year in which the tax is collected but must be  
36 deferred for use in the subsequent fiscal year. The annual budget for  
37 the school district must only consider as an available source the  
38 *amount of the* tax ~~on the net proceeds of minerals which was~~  
39 collected in the prior fiscal year ~~+~~ that is based on any assessed  
40 valuation attributable to the net proceeds from mineral extraction  
41 and royalties subject to the excise tax pursuant to the provisions of  
42 NRS 362.100 to 362.240, inclusive.

43 3. In addition to any tax levied in accordance with subsection  
44 1, each board of county commissioners shall levy a tax for the





1 payment of interest and redemption of outstanding bonds of the  
2 county school district.

3 4. The tax collected pursuant to subsection 1 and any interest  
4 earned from the investment of the proceeds of that tax must be  
5 credited to the county's school district fund.

6 5. The tax collected pursuant to subsection 3 and any interest  
7 earned from the investment of the proceeds of that tax must be  
8 credited to the county school district's debt service fund.

9 **Sec. 42.** NRS 450.660 is hereby amended to read as follows:

10 450.660 1. At the time of making the levy of county taxes for  
11 that year, each board of trustees shall levy a tax *that is* sufficient,  
12 together with the revenue which will result from application of the  
13 rate to the net proceeds ~~[of minerals,]~~ *from mineral extraction and*  
14 *royalties subject to the excise tax pursuant to the provisions of*  
15 *NRS 362.100 to 362.240, inclusive*, to raise the amount so budgeted  
16 upon any real and personal property that is subject to taxation within  
17 the boundaries of the district. Any tax levied on interstate or  
18 intercounty telephone lines, power lines and other public utility lines  
19 pursuant to this section must be based upon valuations as  
20 established by the Nevada Tax Commission pursuant to the  
21 provisions of NRS 361.315 to 361.330, inclusive.

22 2. When levied, the tax must be:

23 (a) Entered upon the assessment rolls of each county that is  
24 included within the district; and

25 (b) Collected in the same manner as state and county taxes.

26 3. When the tax is collected it must be:

27 (a) Placed in the treasury of the county in which the district  
28 hospital is located;

29 (b) Credited to the current expense fund of the district; and

30 (c) Used only for the purpose for which it was raised.

31 **Sec. 43.** NRS 474.190 is hereby amended to read as follows:

32 474.190 1. Subject to the provisions of subsection 3, the  
33 board of directors of each county fire protection district shall  
34 prepare annual budgets in accordance with NRS 354.470 to  
35 354.626, inclusive.

36 2. The budget of a district must be based on estimates of the  
37 amount of money that will be needed to defray the expenses of the  
38 district and to meet unforeseen emergencies and the amount of a fire  
39 protection tax *that is* sufficient, together with the revenue which will  
40 result from application of the rate to the net proceeds ~~[of minerals,]~~  
41 *from mineral extraction and royalties subject to the excise tax*  
42 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive*, to  
43 raise such sums.

44 3. The amount of money to be raised for the purpose of  
45 establishing, equipping and maintaining the district with





1 fire-fighting facilities must not in any 1 year exceed 1 percent of the  
2 assessed value of the property described in NRS 474.200 and any  
3 net proceeds ~~{of minerals derived}~~ from *mineral extraction and*  
4 *royalties subject to the excise tax pursuant to the provisions of*  
5 *NRS 362.100 to 362.240, inclusive*, within the boundaries of the  
6 district.

7 **Sec. 44.** NRS 474.510 is hereby amended to read as follows:

8 474.510 1. The board of fire commissioners shall prepare an  
9 annual budget in accordance with the provisions of NRS 354.470 to  
10 354.626, inclusive, for each district organized in accordance with  
11 NRS 474.460.

12 2. Each budget must be based on estimates of the amount of  
13 money which will be needed to defray the expenses of the district  
14 and to meet unforeseen emergencies and the amount of a fire  
15 protection tax *that is* sufficient, together with the revenue which will  
16 result from application of the rate to the net proceeds ~~{of minerals,}~~  
17 *from mineral extraction and royalties subject to the excise tax*  
18 *pursuant to the provisions of NRS 362.100 to 362.240, inclusive*, to  
19 raise such sums.

20 3. At the time of making the levy of county taxes for the year,  
21 the board of county commissioners shall levy the tax provided by  
22 subsection 2, upon all property, both real and personal, subject to  
23 taxation within the boundaries of the district. Any tax levied on  
24 interstate or intercounty telephone lines, power lines and other  
25 public utility lines as authorized in this section must be based upon  
26 valuations established by the Nevada Tax Commission pursuant to  
27 the provisions of NRS 361.315 to 361.330, inclusive.

28 4. The amount of tax to be collected for the purposes of this  
29 section must not exceed, in any 1 year, 1 percent of the value of the  
30 property described in subsection 3 and any net proceeds ~~{of minerals~~  
31 ~~derived}~~ from *mineral extraction and royalties subject to the excise*  
32 *tax pursuant to the provisions of NRS 362.100 to 362.240,*  
33 *inclusive*, within the boundaries of the district.

34 5. If levied, the tax must be entered upon the assessment roll  
35 and collected in the same manner as state and county taxes. Taxes  
36 may be paid in four approximately equal installments at the times  
37 specified in NRS 361.483, and the same penalties as specified in  
38 NRS 361.483 must be added for failure to pay the taxes.

39 6. For the purposes of NRS 474.460 to 474.540, inclusive, the  
40 treasurer of the district shall keep two separate funds for each  
41 district, one to be known as the district fire protection operating  
42 fund and one to be known as the district emergency fund. The  
43 money collected to defray the expenses of any district organized  
44 pursuant to NRS 474.460 must be deposited in the district fire  
45 protection operating fund, and the money collected to meet



1 unforeseen emergencies must be deposited in the district emergency  
2 fund. The district emergency fund must be used solely for  
3 emergencies and must not be used for regular operating expenses.  
4 The money deposited in the district emergency fund must not  
5 exceed the sum of \$1,000,000. Any interest earned on the money in  
6 the district emergency fund that causes the balance in that fund to  
7 exceed \$1,000,000 must be credited to the district fire protection  
8 operating fund.

9 7. For the purposes of subsection 6, an emergency includes,  
10 without limitation, any event that:

11 (a) Causes widespread or severe damage to property or injury to  
12 or the death of persons within the district;

13 (b) As determined by the district fire chief, requires immediate  
14 action to protect the health, safety and welfare of persons who reside  
15 within the district; and

16 (c) Requires the district to provide money to obtain a matching  
17 grant from an agency of the Federal Government to repair damage  
18 caused by a natural disaster that occurred within the district.

19 **Sec. 45.** NRS 514A.060 is hereby amended to read as follows:

20 514A.060 Notwithstanding any other provision of law, the  
21 Commission shall provide oversight of compliance with Nevada law  
22 relating to the activities of each state agency, board, bureau,  
23 commission, department or division with respect to the taxation,  
24 operation, safety and environmental regulation of mines and mining  
25 in this State, including, without limitation, the activities of:

26 1. The Nevada Tax Commission and the Department of  
27 Taxation in *the administration of the provisions of NRS 362.100 to*  
28 *362.240, inclusive, concerning* the taxation of the net proceeds ~~of~~  
29 ~~minerals pursuant to chapter 362 of NRS and Section 5 of Article 10~~  
30 ~~of the Nevada Constitution.~~ *from mineral extraction and royalties.*

31 2. The Division of Industrial Relations of the Department of  
32 Business and Industry in ~~administering~~ *the administration of* the  
33 provisions of chapter 512 of NRS concerning the safe and healthful  
34 working conditions at mines.

35 3. The Commission on Mineral Resources and the Division of  
36 Minerals of the Commission in the administration of the provisions  
37 of chapters 513 and 522 of NRS concerning the conduct of mining  
38 operations and operations for the production of oil, gas and  
39 geothermal energy in the State.

40 4. The Bureau of Mines and Geology of the State of Nevada in  
41 the Public Service Division of the Nevada System of Higher  
42 Education in ~~its~~ *the* administration of the provisions of chapter 514  
43 of NRS.

44 5. The Division of Environmental Protection of the State  
45 Department of Conservation and Natural Resources in ~~its~~ *the*



1 administration of the provisions of chapter 519A of NRS concerning  
2 the reclamation of mined land, areas of exploration and former areas  
3 of mining or exploration.

4 **Sec. 46.** NRS 514A.110 is hereby amended to read as follows:

5 514A.110 A permanent regulation adopted by the:

6 1. Nevada Tax Commission, pursuant to NRS 360.090,  
7 concerning any taxation related to the extraction of any mineral in  
8 this State, including, without limitation, the taxation of the net  
9 proceeds *from mineral extraction and royalties* pursuant to ~~chapter~~  
10 ~~362 of NRS and Section 5 of Article 10 of the Nevada Constitution;~~  
11 *NRS 362.100 to 362.240, inclusive;*

12 2. Administrator of the Division of Industrial Relations of the  
13 Department of Business and Industry for mine health and safety  
14 pursuant to NRS 512.131;

15 3. Commission on Mineral Resources pursuant to *NRS*  
16 513.063, 513.094 or 519A.290; and

17 4. State Environmental Commission pursuant to  
18 NRS 519A.160,

19 ➔ is not effective unless it is reviewed by the Mining Oversight and  
20 Accountability Commission before it is approved pursuant to  
21 chapter 233B of NRS by the Legislative Commission or the  
22 Subcommittee to Review Regulations appointed pursuant to  
23 subsection 6 of NRS 233B.067. After conducting its review of the  
24 regulation, the Mining Oversight and Accountability Commission  
25 shall provide a report of its findings and recommendations regarding  
26 the regulation to the Legislative Counsel for submission to the  
27 Legislative Commission or the Subcommittee to Review  
28 Regulations, as appropriate.

29 **Sec. 47.** NRS 522.115 is hereby amended to read as follows:

30 522.115 1. For purposes of determining the respective rights  
31 of the lessor and lessee and the owners of a royalty interest,  
32 overriding royalty interest and any other nonworking interest in the  
33 money earned from an oil and gas lease or other agreement  
34 concerning the sale of the production from an oil or gas well located  
35 in this state:

36 (a) The lessee is liable for all of the costs of production, which  
37 must be deducted from the working interest.

38 (b) The lessor's interest, the mineral owner's royalty interest and  
39 the overriding royalty interest must not be decreased by the costs of  
40 production.

41 (c) The following information must be reported with each  
42 remittance, unless otherwise reported each month, to the owner of  
43 an interest:

44 (1) The name or number used to identify the lease, property  
45 or well;



1 (2) The month and year during which any sale occurred for  
2 which payment is being made;

3 (3) The total number of barrels of oil or thousands of cubic  
4 feet of gas sold;

5 (4) The price per barrel of oil or the price per thousand cubic  
6 feet of gas;

7 (5) The total amount of state taxes on the net proceeds ~~of~~  
8 ~~minerals,~~ *from mineral extraction and royalties subject to the*  
9 *excise tax pursuant to the provisions of NRS 362.100 to 362.240,*  
10 *inclusive,* taxes ad valorem and other taxes on the production from  
11 an oil or gas well, if the payment of those taxes reduces the amount  
12 paid to the owner of an interest;

13 (6) An itemized list of any other deductions or adjustments  
14 that reduce the amount paid to the owner of an interest;

15 (7) The net value of total sales after deductions or  
16 adjustments that reduce the amount paid to the owner of an interest;

17 (8) The percentage share of the owner of an interest in the  
18 sales of the production from the oil or gas well, lease or property as  
19 expressed by a decimal number;

20 (9) The share of the total value attributed to the owner of an  
21 interest in the sales of the production from the oil or gas well, lease  
22 or property before any deductions or adjustments and after any  
23 deductions or adjustments; and

24 (10) A name and an address where the owner of an interest  
25 may receive clarification of the information reported pursuant to this  
26 paragraph and additional information concerning the owner's  
27 interest. If information is requested by certified mail, an answer  
28 must be mailed by certified mail within 30 days after receipt of the  
29 request.

30 2. Any person who fails to report information pursuant to  
31 paragraph (c) of subsection 1 is liable to the affected owner of an  
32 interest, except for the working interest, in the amount of \$100 for  
33 each violation and \$100 for each month that elapses thereafter until  
34 the information is provided.

35 3. As used in this section, the term "costs of production" means  
36 all costs incurred for the exploration and development of, primary or  
37 enhanced recovery of oil or gas from, and operations associated with  
38 the abandonment of, an oil or gas well, including costs associated  
39 with the:

40 (a) Acquisition of an oil and gas lease;

41 (b) Drilling and completion of the well;

42 (c) Pumping or lifting, recycling, gathering, compressing,  
43 pressurizing, heater treating, dehydrating, separating and storing of  
44 oil or gas; and



1 (d) Transporting of oil to storage tanks, or gas into the pipeline  
2 for delivery.

3 ➔ The term does not include the reasonable and actual direct costs  
4 associated with transporting oil from storage tanks to the market,  
5 gas from the point of entry into the pipeline to the market or the  
6 processing of gas in a processing plant.

7 **Sec. 48.** NRS 362.105 is hereby repealed.

8 **Sec. 49.** In accordance with Section 6 of Article 10 of the  
9 Nevada Constitution and NRS 218D.350, the Legislature hereby  
10 finds and declares that each exemption provided by this act from  
11 any ad valorem tax on property:

12 1. Will achieve a bona fide social or economic purpose and that  
13 the benefits of the exemption are expected to exceed any adverse  
14 effect of the exemption on the provision of services to the public by  
15 the State or a local government that would otherwise receive  
16 revenue from the tax from which the exemption would be granted;

17 2. Will not impair adversely the ability of the State or a local  
18 government to pay, when due, all interest and principal on any  
19 outstanding bonds or any other obligations for which revenue from  
20 the tax from which the exemption would be granted was pledged;  
21 and

22 3. Will cease to be effective on the specific date set forth in  
23 section 50 of this act.

24 **Sec. 50.** 1. Except as otherwise provided in this section, this  
25 act becomes effective on November 25, 2014, only if pursuant to  
26 Section 1 of Article 16 of the Nevada Constitution, the provisions of  
27 Senate Joint Resolution No. 15, which were proposed, agreed to and  
28 passed by the 76th Session of the Legislature and published as file  
29 number 44, Statutes of Nevada 2011, at page 3871, and which were  
30 also agreed to and passed by the 77th Session of the Legislature, are  
31 approved and ratified by the voters at the general election on  
32 November 4, 2014.

33 2. If this act becomes effective pursuant to subsection 1:

34 (a) Sections 13, 15, 19 and 25 of this act become effective  
35 on November 25, 2014, only if sections 1, 2, 3 and 5 of chapter 4,  
36 Statutes of Nevada 2008, 25th Special Session, at pages 15, 16  
37 and 17, have not expired by limitation on or before that date.  
38 If sections 13, 15, 19 and 25 of this act become effective on  
39 November 25, 2014, and sections 1, 2, 3 and 5 of chapter 4, Statutes  
40 of Nevada 2008, 25th Special Session, at pages 15, 16 and 17,  
41 expire by limitation after November 25, 2014, sections 13, 15, 19  
42 and 25 of this act expire by limitation on the day on which sections  
43 1, 2, 3 and 5 of chapter 4, Statutes of Nevada 2008, 25th Special  
44 Session, at pages 15, 16 and 17, expire by limitation.

45 (b) Sections 14, 16, 20 and 26 of this act become effective:



1 (1) On November 25, 2014, only if sections 13, 15, 19 and  
2 25 of this act do not become effective on November 25, 2014,  
3 pursuant to paragraph (a); or

4 (2) On the day after sections 13, 15, 19 and 25 of this act  
5 expire by limitation only if those sections become effective on  
6 November 25, 2014, and thereafter expire by limitation pursuant to  
7 paragraph (a).

8 3. If this act becomes effective pursuant to subsection 1:

9 (a) Section 17 of this act becomes effective on  
10 November 25, 2014, only if section 12.7 of chapter 449, Statutes of  
11 Nevada 2011, at page 2696, does not become effective on or before  
12 that date. If section 17 of this act becomes effective on  
13 November 25, 2014, and section 12.7 of chapter 449, Statutes of  
14 Nevada 2011, at page 2696, becomes effective after  
15 November 25, 2014, section 17 of this act expires by limitation on  
16 the day on which section 12.7 of chapter 449, Statutes of Nevada  
17 2011, at page 2696, becomes effective.

18 (b) Section 18 of this act becomes effective:

19 (1) On November 25, 2014, only if section 17 of this act does  
20 not become effective on November 25, 2014, pursuant to paragraph  
21 (a); or

22 (2) On the day after section 17 of this act expires  
23 by limitation only if that section becomes effective on  
24 November 25, 2014, and thereafter expires by limitation pursuant to  
25 paragraph (a).

26 4. Sections 2.5 and 2.7 of this act expire by limitation on  
27 June 30, 2053.

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### TEXT OF REPEALED SECTION

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**362.105 "Royalty" defined.** As used in NRS 362.100 to 362.240, inclusive, unless the context otherwise requires:

1. "Royalty" means a portion of the proceeds from extraction of a mineral which is paid for the privilege of extracting the mineral.

2. "Royalties" do not include:

(a) Rents or other compensatory payments which are fixed and certain in amount and payable periodically over the duration of the lease regardless of the extent of extractions; or

(b) Minimum royalties covering periods when no mineral is extracted if the payments are fixed and certain in amount and payable on a regular periodic basis.

