

Assembly Joint Resolution No. 2–
Committee of the Whole

FILE NUMBER.....

ASSEMBLY JOINT RESOLUTION—Proposing to amend the Nevada Constitution to revise provisions governing the rate of the tax upon the net proceeds of minerals extracted in this State.

Legislative Counsel’s Digest:

Under the Nevada Constitution, the Legislature must impose a tax upon the net proceeds of minerals extracted in this State at a rate not to exceed 5 percent of the net proceeds. (Nev. Const. Art. 10, § 5) The Nevada Constitution also: (1) requires the Legislature to appropriate to each county an amount equal to the net proceeds of the minerals taxed in each taxing district in the county multiplied by the property tax rate imposed in that taxing district; and (2) requires the apportionment of that amount among the governmental units and districts in the county in the same proportion that property taxes are distributed among those governmental units and districts.

This resolution proposes to amend the Nevada Constitution to: (1) increase from 5 to 12 percent the maximum rate of the tax on the net proceeds of minerals extracted in this State; and (2) establish the minimum rate of the tax on the net proceeds of minerals extracted in this State as the property tax rate imposed in the taxing district in which the extractive operation is located.

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

Sec. 5. 1. The legislature shall provide by law for a tax upon the net proceeds of all minerals, including oil, gas and other hydrocarbons, extracted in this state, at a rate not ***less than the rate of tax levied upon the assessed valuation of real property in the taxing district in which the extractive operation is located and not*** to exceed ~~5~~ 12 percent of the net proceeds. No other tax may be imposed upon a mineral or its proceeds until the identity of the proceeds as such is lost.

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



proportion as they share in the total taxes collected on property according to value.

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

And be it further

RESOLVED, That this resolution becomes effective upon adoption.

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