

SENATE JOINT RESOLUTION NO. 1—  
COMMITTEE OF THE WHOLE

JULY 31, 2020

Referred to Committee of the Whole

**SUMMARY**—Proposes to amend the Nevada Constitution to revise provisions governing the taxation of minerals extracted in this State. (BDR C-27)

**FISCAL NOTE:** Effect on Local Government: May have Fiscal Impact.  
Effect on the State: Yes.

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

**SENATE JOINT RESOLUTION**—Proposing to amend the Nevada Constitution to revise provisions governing the taxation of minerals extracted in this State and to require the Legislature to provide by law for a program to make payments to eligible persons in this State from a portion of the tax on the proceeds of minerals.

**Legislative Counsel's Digest:**

Under the Nevada Constitution, the Legislature must impose a tax upon the net proceeds of all minerals extracted in this State at a rate not to exceed 5 percent of the net proceeds, and the net proceeds are not subject to any other tax. (Nev. Const. Art. 10, § 5) The Nevada Constitution also exempts mines and mining claims from the property tax. (Nev. Const. Art. 10, § 1)

This resolution proposes to amend the Nevada Constitution to eliminate: (1) the requirement for the Legislature to impose a tax upon the net proceeds of minerals extracted at a rate not to exceed 5 percent of the net proceeds; and (2) the appropriation of a portion of those proceeds to each county in this State. Instead, this resolution would amend the Nevada Constitution to impose a tax on the gross proceeds of all minerals extracted in this State during a calendar year at a rate of 7.75 percent of the gross proceeds and authorize the Legislature to provide by law for the taxation of mines and mining claims and the proceeds of all minerals extracted in this State. Under this resolution, the tax on the gross proceeds of minerals extracted in this State would be imposed on minerals extracted during each calendar year beginning on or after January 1, 2023.

The amendment to the Nevada Constitution proposed by this resolution would also provide that a majority of the members elected to each House is necessary to pass any provision of a bill that enacts or amends a law providing for the taxation of mines, mining claims or the proceeds of minerals extracted in this State in a



manner that creates, generates or increases any public revenue in any form. The amendment to the Nevada Constitution proposed by this resolution would also provide that an affirmative vote of not fewer than two-thirds of the members elected to each House is necessary to pass a bill to reduce the rate of, or provide an exemption, from the tax on the gross proceeds of minerals extracted by a particular class of taxpayers or imposed on a type of mineral extracted.

Under the amendment to the Nevada Constitution proposed by this resolution, 50 percent of the proceeds of the tax on the gross proceeds of minerals extracted in this State would be required to be accounted for separately in the State Treasury and used exclusively to fund a program to make payments to eligible persons domiciled in this State. The use of the remaining 50 percent of the proceeds of the tax would not be restricted by the provisions of the Nevada Constitution.

If this resolution is passed during the 32nd Special Session of the Legislature, it must also be passed by the next Legislature and then approved and ratified by the voters in an election before the proposed amendments to the Nevada Constitution become effective.

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RESOLVED BY THE SENATE AND ASSEMBLY 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~~ *Legislature* shall provide by law for *the taxation of mines, mining claims and the proceeds of all minerals, including oil, gas and other hydrocarbons, extracted in this State.*

2. *In addition to any other taxes provided by law, for each calendar year beginning on or after January 1, 2023, a tax is hereby imposed upon the ~~net~~ gross proceeds of all minerals, including oil, gas and other hydrocarbons, extracted in this ~~state.~~ State during a calendar year, at a rate ~~not to exceed 5 percent of the net~~ of 7.75 percent of the gross 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.] , unless the Legislature increases or reduces the rate of the tax by a law enacted in accordance with subsection 5.~~

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.]~~  
*Fifty percent of any money collected by the State from the tax imposed pursuant to subsection 2 on the gross proceeds of minerals extracted in this State must be segregated in proper accounts in the State Treasury and, in accordance with appropriations made by law, used exclusively to fund a program established pursuant to subsection 4.*

*4. The Legislature shall provide by law for a program to make payments from the money held in the State Treasury pursuant to subsection 3 to eligible persons domiciled in this State on a yearly basis, with the first payment being due on August 30, 2024, and subsequent payments being due on the last Friday of August for each year thereafter. The Legislature shall establish by law the criteria which a person must satisfy to be eligible for such payments.*

*5. Notwithstanding any other provision of this Constitution:*

*(a) A majority of all the members elected to each House is necessary to pass any provision of a bill that enacts or amends any law providing for the taxation of mines, mining claims or the proceeds of minerals, including oil, gas and other hydrocarbons, extracted in this State, if the provision creates, generates or increases any public revenue in any form, including, without limitation, any provision of a bill that increases the rate of the tax imposed pursuant to subsection 2.*

*(b) An affirmative vote of not fewer than two-thirds of the members elected to each House is necessary to pass a bill which provides for an exemption from or a reduction in the rate of the tax imposed pursuant to subsection 2 with respect to the gross proceeds of minerals extracted in this State during a calendar year by a class of persons extracting such minerals or with respect to the gross proceeds of a type of mineral extracted in this State during a calendar year.*

And be it further

RESOLVED, That this resolution becomes effective upon adoption.

