

ASSEMBLY BILL NO. 361—ASSEMBLYMAN MARVEL

MARCH 14, 2001

Referred to Committee on Taxation

SUMMARY—Revises certain reporting requirements for tax on net proceeds of minerals.
(BDR 32-1078)

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 taxation; revising the time by which a person extracting any mineral in this state must file with the department of taxation an annual statement of his estimated gross yield, estimated net proceeds and estimated royalties for the current calendar year; and providing other matters properly relating thereto.

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

- 1 **Section 1.** NRS 362.110 is hereby amended to read as follows:
2 362.110 1. Every person extracting any mineral in this state or
3 receiving any royalty:
4 (a) Shall, on or before February 16 of each year, file with the
5 department a statement showing ~~the~~ :
6 (1) *The* gross yield and claimed net proceeds from each
7 geographically separate operation where a mineral is extracted by that
8 person during the calendar year immediately preceding the year in which
9 the statement is filed ~~it~~ ; and
10 (2) *The estimated gross yield and estimated net proceeds from each*
11 *such operation for the entire current calendar year and an estimate of all*
12 *royalties that will be paid during the current calendar year.*
13 (b) May have up to 30 days after filing the statement required by
14 paragraph (a) to file an amended statement, if beforehand he ~~makes~~
15 *submits a* written application to the department and the department finds
16 good cause to allow the amendment of the statement.
17 2. The statement must:
18 (a) Show the claimed deductions from the gross yield *reported*
19 *pursuant to subparagraph (1) of paragraph (a) of subsection 1* in the
20 detail set forth in NRS 362.120. The deductions are limited to the costs
21 incurred during the ~~period covered by the statement.~~ *calendar year*
22 *immediately preceding the year in which the statement is filed.*



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- 1 (b) Be in the form prescribed by the department.
2 (c) Be verified by the manager, superintendent, secretary or treasurer of
3 the corporation, or by the owner of the operation, or, if the owner is a
4 natural person, by someone authorized in his behalf.

5 3. Each recipient of a royalty as described in *subparagraph (1) of*
6 *paragraph (a) of* subsection 1 shall annually file with the department a list
7 showing each of the lessees responsible for taxes due in connection with
8 the operation or operations included in the statement filed pursuant to
9 subsections 1 and 2.

10 ***4. The department shall:***

11 ***(a) Use the information reported pursuant to subparagraph (2) of***
12 ***paragraph (a) of subsection 1 only to prepare estimates for use by local***
13 ***governments in the preparation of their budgets; and***

14 ***(b) Submit those estimates to the local governments on or before***
15 ***April 25 of each year.***

16 **Sec. 2.** NRS 362.120 is hereby amended to read as follows:

17 362.120 1. The department shall, from the statement *filed pursuant*
18 *to NRS 362.110* and from all obtainable data, evidence and reports,
19 compute in dollars and cents the gross yield and net proceeds of the ~~period~~
20 ~~covered by the statement.~~ *calendar year immediately preceding the year*
21 *in which the statement is filed.*

22 2. The gross yield must include the value of any mineral extracted
23 which was:

- 24 (a) Sold;
25 (b) Exchanged for any thing or service;
26 (c) Removed from the state in a form ready for use or sale; or
27 (d) Used in a manufacturing process or in providing a
28 service,
29 during ~~the period covered by the statement.~~ *that period.*

30 3. The net proceeds are ascertained and determined by subtracting
31 from the gross yield the following deductions for costs incurred during that
32 period, and none other:

- 33 (a) The actual cost of extracting the mineral.
34 (b) The actual cost of transporting the mineral to the place or places of
35 reduction, refining and sale.
36 (c) The actual cost of reduction, refining and sale.
37 (d) The actual cost of marketing and delivering the mineral and the
38 conversion of the mineral into money.
39 (e) The actual cost of maintenance and repairs of:
40 (1) All machinery, equipment, apparatus and facilities used in the
41 mine.
42 (2) All milling, refining, smelting and reduction works, plants and
43 facilities.
44 (3) All facilities and equipment for transportation except those that
45 are under the jurisdiction of the public utilities commission of Nevada or
46 the transportation services authority.
47 (f) The actual cost of fire insurance on the machinery, equipment,
48 apparatus, works, plants and facilities mentioned in paragraph (e).



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1 (g) Depreciation of the original capitalized cost of the machinery,
2 equipment, apparatus, works, plants and facilities mentioned in paragraph
3 (e). The annual depreciation charge consists of amortization of the original
4 cost in a manner prescribed by regulation of the Nevada tax commission.
5 The probable life of the property represented by the original cost must be
6 considered in computing the depreciation charge.

7 (h) All money expended for premiums for industrial insurance, and the
8 actual cost of hospital and medical attention and accident benefits and
9 group insurance for all employees.

10 (i) All money paid as contributions or payments under the
11 unemployment compensation law of the State of Nevada, as contained in
12 chapter 612 of NRS, all money paid as contributions under the Social
13 Security Act of the Federal Government, and all money paid to either the
14 State of Nevada or the Federal Government under any amendment to either
15 or both of the statutes mentioned in this paragraph.

16 (j) The actual cost of developmental work in or about the mine or upon
17 a group of mines when operated as a unit.

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

21 4. Royalties deducted by a lessee or sublessee constitute part of the net
22 proceeds of the minerals extracted, upon which a tax must be levied against
23 the person to whom the royalty has been paid.

24 5. Every person acquiring property in the State of Nevada to engage in
25 the extraction of minerals and who incurs any of the expenses mentioned in
26 subsection 3 shall report those expenses and the recipient of any royalty to
27 the department on forms provided by the department.

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

- 31 (a) The working of the mine;
32 (b) The operating of the mill, smelter or reduction works;
33 (c) The operating of the facilities or equipment for transportation;
34 (d) Superintending the management of any of those operations; or
35 (e) The State of Nevada, in office, clerical or engineering work
36 necessary or proper in connection with any of those operations.

37 **Sec. 3.** NRS 362.115 is hereby repealed.

38 **Sec. 4.** This act becomes effective upon passage and approval.

TEXT OF REPEALED SECTION

362.115 Annual statement of estimated gross yield, net proceeds and royalties; use of statement.

1. In addition to the statement required by subsection 1 of NRS 362.110, each person extracting any mineral in this state shall, on or before April 1 of each year, file with the department a statement showing the



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estimated gross yield and estimated net proceeds from each such operation for the entire current calendar year and an estimate of all royalties that will be paid during the current calendar year.

2. The department shall:

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

(b) Submit those estimates to the local governments on or before April 25 of each year.

