

Assembly Bill No. 361--Assemblyman Marvel

CHAPTER.....

AN ACT relating to taxation; revising the provisions governing the reporting requirements, payment schedules and collection procedures for the tax on the net proceeds of minerals; and providing other matters properly relating thereto.

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

**Section 1.** NRS 362.110 is hereby amended to read as follows:

362.110 1. Every person extracting any mineral in this state or receiving any royalty:

(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 operation where a mineral is extracted by that person 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, if beforehand he ~~makes~~ *submits a* written application to the department and the department finds good cause to allow the amendment of the 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 ~~period covered by the statement.~~ *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 behalf.

3. Each recipient of a royalty as described in subsection 1 shall annually file with the department a list showing each of the lessees responsible for taxes due in connection with the operation or operations included in the statement filed pursuant to subsections 1 and 2.

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

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

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

(a) Sold;

(b) Exchanged for any thing or service;

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

(d) Used in a manufacturing process or in providing a service, during ~~the period covered by the statement.~~ *that period.*

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

- (a) The actual cost of extracting the mineral.
  - (b) The actual cost of transporting the mineral to the place or places of reduction, refining and sale.
  - (c) The actual cost of reduction, refining and sale.
  - (d) The actual cost of marketing and delivering the mineral and the conversion of the mineral into money.
  - (e) The actual cost of maintenance and repairs of:
    - (1) All machinery, equipment, apparatus and facilities used in the mine.
    - (2) All milling, refining, smelting and reduction works, plants and facilities.
    - (3) All facilities and equipment for transportation except those that are under the jurisdiction of the public utilities commission of Nevada or the transportation services authority.
  - (f) The actual cost of fire insurance on the machinery, equipment, apparatus, works, plants and facilities mentioned in paragraph (e).
  - (g) Depreciation of the original capitalized cost of the machinery, equipment, apparatus, works, plants and facilities mentioned in paragraph (e). The annual depreciation charge consists of amortization of the original cost in a manner prescribed by regulation of the Nevada tax commission. The probable life of the property represented by the original cost must be considered in computing the depreciation charge.
  - (h) All money expended for premiums for industrial insurance, and the actual cost of hospital and medical attention and accident benefits and group insurance for all employees.
  - (i) All money paid as contributions or payments under the unemployment compensation law of the State of Nevada, as contained in chapter 612 of NRS, all money paid as contributions under the Social Security Act of the Federal Government, and all money paid to either the State of Nevada or the Federal Government under any amendment to either or both of the statutes mentioned in this paragraph.
  - (j) The actual cost of developmental work in or about the mine or upon a group of mines when operated as a unit.
  - (k) All money paid as royalties by a lessee or sublessee of a mine or well, or by both, in determining the net proceeds of the lessee or sublessee, or both.
4. Royalties deducted by a lessee or sublessee constitute part of the net proceeds of the minerals extracted, upon which a tax must be levied against the person to whom the royalty has been paid.
5. Every person acquiring property in the State of Nevada to engage in the extraction of minerals and who incurs any of the expenses mentioned in subsection 3 shall report those expenses and the recipient of any royalty to the department on forms provided by the department.
6. The several deductions mentioned in subsection 3 do not include any expenditures for salaries, or any portion of salaries, of any person not actually engaged in:
- (a) The working of the mine;
  - (b) The operating of the mill, smelter or reduction works;
  - (c) The operating of the facilities or equipment for transportation;
  - (d) Superintending the management of any of those operations; or

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

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

362.130 1. When the department determines from the annual statement filed pursuant to NRS 362.110 the net proceeds of any minerals extracted, it shall prepare its certificate of the amount of the net proceeds and the tax due and shall send a copy to the owner of the mine, operator of the mine, or recipient of the royalty, as the case may be.

2. The certificate must be prepared and mailed not later than April 20 immediately following the month of February during which the statement was filed.

3. The tax due as indicated in the certificate prepared pursuant to this section must be paid on or before May 10 of the year in which the certificate is received.

4. ~~If the owner of the mine, operator of the mine, or recipient of the royalty paid taxes pursuant to subsection 1 or 2 of NRS 362.145, the certificate must indicate any deficiency remaining from the previous calendar year or any overpayment of the taxes made for the previous calendar year.~~

~~5. Any deficiency remaining from the previous calendar year, as indicated on the certificate prepared pursuant to this section must be paid on or before May 10 of the year in which the certificate is received.~~

~~6. If an overpayment was made, and subsection 1 or 2 of NRS 362.145 applies to the taxpayer for the current calendar year or the taxpayer chooses to pay the tax pursuant to subsection 1 or 2 of NRS 362.145 for the current calendar year, the overpayment may be credited toward the payment due on August 1 of the current calendar year. If neither subsection 1 nor subsection 2 of NRS 362.145 applies to the taxpayer for the current calendar year and the tax is paid on or before May 10 of the next calendar year, the overpayment may be credited toward that payment.~~ If the certificate prepared pursuant to this section shows a net loss for the year covered by the certificate or an amount of tax due for that year which is less than an overpayment made for the preceding year, the amount or remaining amount of the overpayment must be refunded to the taxpayer within 30 days after the certification was sent to the taxpayer.

**Sec. 4.** NRS 362.170 is hereby amended to read as follows:

362.170 1. There is hereby appropriated to each county the total of the amounts obtained by multiplying, for each extractive operation situated within the county, the net proceeds of that operation and any royalties paid by that operation, by the combined rate of tax ad valorem, excluding any rate levied by the State of Nevada, for property at that site, plus a pro rata share of any penalties and interest collected by the department for the late payment of taxes distributed to the county. The department shall report to the state controller on or before ~~February 28,~~ May 25 ~~and August 15~~ of each year the amount appropriated to each county, as calculated for each operation from the final statement made in February of that year for the preceding calendar year. ~~and the statements filed pursuant to NRS 362.145.~~ The state controller shall distribute all money due to a county on or before ~~March 5,~~ May 30 ~~and August 20~~ of each year.

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

(a) Determining the total of the amounts obtained by multiplying, for each extractive operation situated within its jurisdiction, the net proceeds of that operation and any royalty payments paid by that operation, by the rate levied on behalf of that local government or other local entity;

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

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

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

4. The department shall report to the state controller on or before May 25 of each year the amount received as tax upon the net proceeds of geothermal resources which equals the product of those net proceeds multiplied by the rate of tax levied ad valorem by the State of Nevada.

**Sec. 5.** NRS 362.145 is hereby repealed.

**Sec. 6.** This act becomes effective upon passage and approval.