
ASSEMBLY BILL NO. 244—ASSEMBLYMEN GOICOECHEA, MARVEL,
CARPENTER AND GRADY

MARCH 21, 2005

JOINT SPONSOR: SENATOR RHODS

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing distribution of
proceeds of tax on net proceeds of minerals.
(BDR 32-793)

FISCAL NOTE: Effect on Local Government: No.
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.

AN ACT relating to taxation; revising the provisions governing the
distribution of the proceeds of the tax on the net proceeds
of minerals; and providing other matters properly relating
thereto.

Legislative Counsel's Digest:

Existing law provides for a tax on the net proceeds of all minerals extracted in this State and prescribes the manner in which the revenue from the tax is distributed. (Nev. Const., Art. 10, § 5) Existing law also prescribes the rate for the tax, which varies depending on the profitability and the type of operation. (NRS 362.140) Existing law appropriates a portion of the revenue generated by the tax to each county and prescribes the formula that the county treasurer must use to apportion the revenue to each local government, the school district and other local entities within the county. (NRS 362.170)

This bill increases the share of the tax revenue that each county receives from the tax on the net proceeds of minerals, but does not increase the tax rate. This bill requires the distribution of 3.64 percent of the net proceeds of minerals to each county without encumbering the revenue necessary to pay the ad valorem taxes currently levied by the State. This bill further provides a formula for the county treasurer to apportion the additional revenue generated from the increase in the distribution percentage of the net proceeds of minerals.



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

Section 1. NRS 362.170 is hereby amended to read as follows:
362.170 1. There is hereby appropriated to each county the
total of ~~the~~ :

(a) 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 ~~H~~ ; and

(b) The sum obtained by multiplying:

(1) The amount of the net proceeds of each extractive
operation situated within the county upon which the rate of the tax
imposed pursuant to NRS 362.140 is equal to or greater than the
sum of the maximum rate allowed for taxes ad valorem at the site
of the operation pursuant to NRS 361.453 and any rate of taxes ad
valorem levied by the State of Nevada; and

(2) The amount of any royalties paid by each extractive
operation situated within the county,
by a rate determined by subtracting the combined rate of tax ad
valorem, excluding any rate levied by the State of Nevada, for
property at the site of the operation from the maximum rate
allowed for taxes ad valorem pursuant to NRS 361.453 for
property at that site.

2. The Department shall report to the State Controller on or
before May 25 of each year the amount appropriated to each county
~~H~~ pursuant to subsection 1, as calculated for each operation from
the final statement made in February of that year for the preceding
calendar year. The State Controller shall distribute all money due to
a county on or before May 30 of each year.

~~2.1~~ 3. The county treasurer shall apportion to each local
government or other local entity ~~an~~ :

(a) An amount calculated by:

~~(a)~~ (1) 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)~~ (2) Adding to the amount determined pursuant to
~~paragraph (a)~~ subparagraph (1) 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)]~~ (3) Subtracting from the amount determined pursuant to ~~[paragraph (b)]~~ **subparagraph (2)** a commission of 3 percent of that amount which must be deposited in the county general fund ~~[(1)]~~ **; and**
(b) That proportion of the sum appropriated pursuant to paragraph (b) of subsection 1 that the rate of tax ad valorem levied on behalf of that local government or other local entity bears to the combined rate of tax ad valorem in the county, excluding any rate levied by the State of Nevada.

~~[(3)]~~ 4. The amounts apportioned pursuant to ~~[subsection 2,]~~ **paragraph (a) of subsection 3**, 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)]~~ 5. 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. 2. NRS 362.171 is hereby amended to read as follows:

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

(a) A decline in the revenue received by the county from the tax on the net proceeds of minerals during the 2 fiscal years immediately preceding the current fiscal year; or

(b) The opening or closing of an extractive operation from the net proceeds of which revenue has been or is reasonably expected to be derived pursuant to this chapter.

2. Each school district to which money is apportioned by a county pursuant to subsection ~~[(2)]~~ **3** of NRS 362.170 may set aside a percentage of the amount apportioned to establish a school district fund for mitigation. Money from the fund may be used by the school district only to mitigate adverse effects upon the school district which result from:

(a) A decline in the revenue received by the school district from the tax on the net proceeds of minerals during the 2 fiscal years immediately preceding the current fiscal year; or

(b) The opening or closing of an extractive operation from the net proceeds of which revenue has been or is reasonably expected to be derived pursuant to this chapter.



1 **Sec. 3.** This act becomes effective on July 1, 2005.

