

Amendment No. 938

Senate Amendment to Senate Bill No. 400 First Reprint (BDR 32-620)

Proposed by: Senate Committee on Finance

Amends: Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

Adoption of this amendment will REMOVE the 2/3s majority vote requirement from S.B. 400 R1.

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold underlining* is newly added transitory language.

KCP



Date: 6/2/2013

S.B. No. 400—Revises provisions governing the taxation of mines and mining claims and provides for the taxation of certain items relating to mines, mining claims and extracted minerals. (BDR 32-620)



SENATE BILL NO. 400—SENATOR SEGERBLOM

MARCH 18, 2013

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions governing the taxation of mines, ~~and~~ mining claims and ~~provides for~~ the ~~taxation~~ extraction of ~~certain items relating to mines, mining claims and extracted~~ minerals. (BDR 32-620)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

~

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

AN ACT relating to taxes; contingently revising provisions governing the taxation of mines, ~~and~~ mining claims, ~~revising the definition of “personal property” for purposes of taxation to remove the exception for certain ores, quartzes,~~ and the extraction of minerals; exempting certain property from the property tax; providing that the taxable value of property must exclude the value of any mineral deposit in its natural state attached to the land; revising provisions relating to the taxation ~~under certain circumstances~~ of certain uses of property otherwise exempted from taxation; ~~removing the existing exemption of unpatented mines and mining claims from property taxes; deleting certain provisions governing the assessment of patented mines and mining claims;~~ imposing an excise tax upon mineral extraction and mineral royalties and providing for the administration and collection of the tax; providing penalties; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

~~Section 5 of Article 10 of~~ Under the Nevada Constitution ~~provides for~~, the Legislature must impose a tax upon the net proceeds of ~~mines which is separate from the tax imposed on all other property,~~ 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. The Nevada Constitution also exempts mines and mining claims from the property tax. (Nev. Const. Art. 10, §§ 1(1), 5)

During the 76th Session of the Legislature in 2011, the Legislature passed Senate Joint Resolution No. 15, ~~proposed by the 76th Session of the Legislature in 2011 and agreed to and passed by~~ (S.J.R. 15), which proposes to amend the Nevada Constitution to remove these constitutional limitations on the Legislature’s power to tax mines, mining claims and mineral extraction. (File Number 44, Statutes of Nevada 2011, p. 3871) As required for such constitutional amendments, the 77th Session of the Legislature in 2013, +

proposes to repeal] also passed the constitutional ~~provision establishing a separate tax on the net proceeds of mines. This bill revises certain provisions governing the taxes imposed on mines and mining claims contingent upon approval and ratification of the provisions of Senate Joint Resolution No.]~~ amendments proposed by S.J.R. 15 . However, the constitutional amendments do not become a part of the Constitution unless S.J.R. 15 is approved and ratified by the voters at the general election on November 4, 2014. (Nev. Const. Art. 16, § 1)

As a fundamental rule of state constitutional law, the Legislature may pass any law which the Constitution does not clearly prohibit. (*Koscot Interplanetary, Inc. v. Draney*, 90 Nev. 450, 456 (1974); *City of Las Vegas v. Ackerman*, 85 Nev. 493, 501-02 (1969)). Therefore, except when expressly limited by the Constitution, the Legislature has unrestricted power to tax and regulate all activities, trades and businesses. (*Matthews v. State ex rel. Nev. Tax Comm'n*, 83 Nev. 266, 268 (1967); *Ex parte Dixon*, 43 Nev. 196, 205-07 (1919); *Ex parte Robinson*, 12 Nev. 263, 268-69 (1877); *Gibson v. Mason*, 5 Nev. 283, 292-93 (1869)) If S.J.R. 15 becomes effective, it will remove long-standing constitutional limitations on the Legislature's power to tax mines, mining claims and mineral extraction, and the Legislature would be restored to its full unrestricted power to impose an excise tax upon mining operations for the privilege of engaging in mineral extraction in Nevada.

This bill amends existing law governing the taxation of mines, mining claims and mineral extraction, but the amendments do not become effective unless the voters approve and ratify S.J.R. 15. In particular, section 50 of this bill makes such amendments effective on November 25, 2014, the day on which S.J.R. 15 will become effective if it is declared to be approved and ratified by the voters according to the official canvass of the election returns which will be held on that date under existing law. (Nev. Const. Art. 5, § 4; NRS 293.395; *Torvinen v. Rollins*, 93 Nev. 92, 94 (1977)) If this bill becomes effective, it makes various changes to the property tax and the existing tax upon minerals and mineral royalties.

Sections 10-32 of this bill revise the existing tax upon minerals and royalties and designate it as an excise tax upon mineral extraction and royalties. (Chapter 362 of NRS) An excise tax is a tax imposed for the privilege of carrying on a business or engaging in an activity, and an excise tax is not an ad valorem or property tax because an excise tax is based on the privilege of using property, rather than the value and ownership of the property. (*State, Gaming Comm'n v. Southwest Sec.*, 108 Nev. 379, 383-84 (1992); 71 Am. Jur. 2d *State and Local Taxation* § 23 (2012)) Because an excise tax is not an ad valorem or property tax, an excise tax is not subject to the provisions of the Nevada Constitution that require a uniform and equal rate of assessment and taxation for ad valorem or property taxes. (Nev. Const. Art. 10, § 1(1); *Ex parte Dixon*, 43 Nev. 196, 204-05 (1919); *Ex parte Cohn*, 13 Nev. 424, 426-27 (1878); *Ex parte Robinson*, 12 Nev. 263, 268-71 (1877)) Therefore, an excise tax may have graduated tax rates based on the type of business or activity being conducted or the amount of gross and net revenue generated by the business or activity, and such differing tax rates do not violate the Constitution. (*Ex parte Dixon*, 43 Nev. 196, 204-05 (1919); *Ex parte Cohn*, 13 Nev. 424, 426-27 (1878)) In the context of mining operations, an excise tax is typically calculated based on the type of mineral being extracted and the gross yield and net proceeds generated by the mining operation. (*Idaho Gold Dredging Co. v. Balderston*, 78 P.2d 105 (Idaho 1938))

Section 12 of this bill provides that for the privilege of engaging in mineral extraction in the State of Nevada, there is imposed an excise tax upon mineral extraction by each extractive operation based on the Department of Taxation's determination and certification of the gross yield and net proceeds from the mineral extraction. Section 12 also provides that the excise tax upon mineral extraction is not an ad valorem or property tax upon the value of the mineral extracted. (NRS 362.100) Sections 12-32 of this bill maintain, with certain technical revisions, the methods, standards and procedures used by the Department of Taxation to determine and certify the gross yield and net proceeds and to impose and collect the excise tax upon mineral extraction and royalties. (NRS 362.100-362.240)

With certain exceptions, existing law imposes a graduated tax rate upon the net proceeds of all minerals extracted, with a minimum rate of 2 percent and a maximum rate of 5 percent. Existing law also imposes a tax rate upon mineral royalties of 5 percent. (NRS 362.140) A portion of the revenue generated by the existing tax upon

minerals and royalties is appropriated to each local government or other local taxing entity in an amount equal to the rate of tax ad valorem for local purposes in that jurisdiction multiplied by the net proceeds extracted from that jurisdiction, plus a pro rata share of any penalties and interest collected by the Department of Taxation for any late payment of the tax. (NRS 362.170)

Sections 22, 25 and 26 preserve, without change, the amounts appropriated to each local government or other local taxing entity from the revenue generated by the excise tax upon mineral extraction and royalties. (NRS 362.140, 362.170) In addition, section 22 preserves, without change, the existing tax rates applied to royalties and each extractive operation. (NRS 362.140) Section 21 provides that any person who challenges the excise tax may bring an appeal to the Nevada Tax Commission, but the person must timely pay the excise tax under protest while the appeal is pending. (NRS 362.135)

Under existing law, extracted minerals are a type of personal property. (*City of Virginia v. Chollar-Potosi Gold & Silver Mining Co.*, 2 Nev. 86, 91 (1866)) The mineral royalties paid by each extractive operation are also a type of personal property. (*Att’y Gen. Op.* 1901-11 (Dec. 24, 1901)) Under the Nevada Constitution, the Legislature may exempt personal property from the property tax. (Nev. Const. Art. 10, § 1(6))

Section 2.5 of this bill exempts from the property tax: (1) extracted minerals if the person who engaged in the mineral extraction is subject to the excise tax upon mineral extraction, but only when the extracted minerals are in the possession of the person who engaged in the mineral extraction; and (2) the royalties received from mineral extraction if the person who received the royalties is subject to the excise tax upon royalties. Existing law governing the property ~~taxes~~ tax excepts from the definition of “personal property” any gold-bearing and silver-bearing ores, quartz or minerals from which gold or silver is extracted. (NRS 361.030) Section 3 of this bill removes this exception. ~~It~~ because such extracted minerals are exempted from the property tax under section 2.5.

Under the Nevada Constitution, the Legislature may exempt from the property tax any property that is used to encourage the conservation of energy or the substitution of other sources for fossil sources of energy. (Nev. Const. Art. 10, § 1(8)) Section 2.7 of this bill enacts such an exemption for real property used in an extractive operation extracting geothermal resources. However, the exemption does not extend to improvements and other types of property used in connection with the extractive operation which are currently subject to the property tax under existing law. (NRS 362.100; *Gold Hill v. Caledonia Silver Mining Co.*, 10 F. Cas. 550, 550-52 (C.C.D. Nev. 1879))

Existing law provides that if real property which is exempt from the property tax is leased, loaned or otherwise made available and used for certain purposes, such use is subject to the property tax. However, existing law contains certain exceptions. (NRS 361.157) Section 3.5 of this bill ~~exempts mines and mining claims from existing law which provides that when any real estate or portion of real estate which is exempt from taxation is leased, loaned or otherwise made available and used in connection with a business conducted for profit or as a residence, or both, the property is subject to taxation to the extent the portion of the property leased or used and the percentage of time that the property is leased or used can be segregated and identified.~~ adds to those exceptions, and provides that the possession or use of exempt property as a mining claim does not subject the mining claim to the property tax.

Under the Nevada Constitution, the Legislature must enact such regulations as will secure a just valuation for taxation of all property subject to the property tax, and the Legislature may prescribe how certain natural components of the land must be valued in determining the taxable value of property. (Nev. Const. Art. 10, § 1(1)) Section 4 of this bill provides that in determining the taxable value of property, the value of any mineral deposit in its natural state attached to the land must be excluded from the computation of the taxable value of the property. (NRS 361.227)

~~Section 22 Sections 1.5, 2, 7-9 and 33-48 of this bill (1) removes the existing exemption of unpatented mines and mining claims from property taxes; and (2) deletes certain provisions governing the assessment of patented mines and mining claims. Sections 10-22 of this bill revise provisions relating to assessed valuation consistent with the contingent repeal of Section 5 of Article 10 of the Nevada Constitution.~~ make conforming changes to existing law that are necessary because of the enactment of the excise tax upon mineral

extraction and royalties and because of the repeal of the constitutional provisions governing the taxation of mines, mining claims and mineral extraction proposed by S.J.R. 15. However, those sections maintain, without change, how the State and local governments must treat the net proceeds from mineral extraction and royalties in making various tax, revenue and spending calculations under existing law.

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

Section 1. 1. The Legislature hereby finds and declares that:

(a) In 2011, pursuant to Section 1 of Article 16 of the Nevada Constitution, the 76th Session of the Legislature proposed, agreed to and passed Senate Joint Resolution No. 15, which was published as file number 44, Statutes of Nevada 2011, at page 3871;

(b) Senate Joint Resolution No. 15 proposes to amend the Nevada Constitution to remove constitutional limitations on the Legislature's power to tax mines, mining claims and the extraction of minerals in Sections 1 and 5 of Article 10 of the Nevada Constitution;

(c) In 2013, the 77th Session of the Legislature also agreed to and passed the constitutional amendments proposed by Senate Joint Resolution No. 15 pursuant to Section 1 of Article 16 of the Nevada Constitution;

(d) At the general election on November 4, 2014, the constitutional amendments proposed by Senate Joint Resolution No. 15 will be submitted to the voters for their approval and ratification or their disapproval and rejection; and

(e) If the voters approve and ratify the constitutional amendments proposed by Senate Joint Resolution No. 15, the Legislature will be restored to its full power to determine by law and as a matter of public policy:

(1) The most appropriate and effective method to tax mining operations extracting minerals from this State, which provide important economic benefits to Nevada but which extract vast quantities of Nevada's most valuable yet nonrenewable and finite mineral resources; and

(2) The most appropriate and effective approach to balance the economic benefits of mineral extraction with its various environmental and ecological impacts to best protect and benefit the public's health, safety and welfare and to provide the greatest opportunities for education, prosperity and success for the people of this State.

2. The Legislature hereby further finds and declares that:

(a) Pursuant to Sections 1 and 5 of Article 10 of 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 no other tax may be imposed upon a mineral or its proceeds until the identity of the proceeds as such is lost;

(b) In accordance with Sections 1 and 5 of Article 10 of the Nevada Constitution, the Legislature enacted the provisions of NRS 362.100 to 362.240, inclusive, as they existed before the effective date of this act, to 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;

(c) If the voters approve and ratify the constitutional amendments proposed by Senate Joint Resolution No. 15, the Legislature will have the power to substitute and replace the provisions of NRS 362.100 to 362.240, inclusive, as they existed before the effective date of this act, with the

1 provisions of this act which impose an excise tax upon mineral extraction by
2 each mining operation for the privilege of engaging in mineral extraction in
3 this State;

4 (d) Pursuant to Section 1 of Article 10 of the Nevada Constitution, the
5 Legislature has the power to exempt personal property from the property tax;

6 (e) Personal property includes extracted minerals, which are measured by
7 the gross yield and net proceeds from mineral extraction by each extractive
8 operation, and it also includes the mineral royalties paid by each extractive
9 operation; and

10 (f) As an exercise of the legislative authority of this State and as a matter
11 of public policy, this act:

12 (1) To the extent provided in section 2.5 of this act, exempts from the
13 property tax extracted minerals, which are measured by the gross yield and
14 net proceeds from mineral extraction by each extractive operation, and the
15 mineral royalties paid by each extractive operation;

16 (2) Substitutes and replaces the provisions of NRS 362.100 to 362.240,
17 inclusive, as they existed before the effective date of this act, with the
18 provisions of this act;

19 (3) Imposes, for the privilege of engaging in mineral extraction in this
20 State, an excise tax upon mineral extraction by each extractive operation and
21 upon the mineral royalties paid by each extractive operation at tax rates that
22 are equal to the tax rates imposed by the provisions of NRS 362.100 to 362.240,
23 inclusive, as they existed before the effective date of this act; and

24 (4) Does not impose an ad valorem or property tax upon the value of
25 the mineral extracted or the gross yield or net proceeds from the mineral
26 extraction by each extractive operation or the mineral royalties paid by each
27 extractive operation.

28 3. The Legislature hereby further finds and declares that:

29 (a) Pursuant to Section 1 of Article 10 of the Nevada Constitution, the
30 Legislature has the power to exempt from taxation any property that is used to
31 encourage the conservation of energy or the substitution of other sources for
32 fossil sources of energy;

33 (b) When certain real property is used in an extractive operation
34 extracting geothermal resources, the real property is being used to encourage
35 the conservation of energy or the substitution of other sources for fossil
36 sources of energy; and

37 (c) As an exercise of the legislative authority of this State and as a matter
38 of public policy, this act exempts from the property tax certain real property
39 that is used in an extractive operation extracting geothermal resources to the
40 extent provided in section 2.7 of this act.

41 4. The Legislature hereby further finds and declares that:

42 (a) Pursuant to Section 1 of Article 10 of the Nevada Constitution, the
43 Legislature has a duty to enact such regulations as will secure a just valuation
44 for taxation of all property subject to the property tax, and the Legislature
45 may prescribe how certain natural components of the land must be valued in
46 determining the taxable value of property;

47 (b) When determining the taxable value of property, the potential
48 existence, quantity, quality, extractability or profitability of any mineral
49 deposit in its natural state attached to the land are all matters that are
50 inherently uncertain, doubtful and speculative, and as a general rule, such
51 matters are not reasonably, reliably or consistently knowable or discoverable
52 until the minerals are extracted from the land;

(c) It would not secure a just valuation for taxation to include in the computation of the taxable value of the land any uncertain, doubtful and speculative estimates of the value of any mineral deposit in its natural state attached to the land because such estimates could not be reasonably, reliably or consistently applied in a uniform and equal manner to all lands in this State; and

(d) As an exercise of the legislative authority of this State and as a matter of public policy, this act provides that in determining the taxable value of any property subject to the property tax, the value of any mineral deposit in its natural state attached to the land must be excluded from the computation of the taxable value of the property.

~~Section 1.1~~ **Sec. 1.5.** NRS 360.690 is hereby amended to read as follows:

360.690 1. Except as otherwise provided in NRS 360.730, the Executive Director shall estimate monthly the amount each local government, special district and enterprise district will receive from the Account pursuant to the provisions of this section.

2. The Executive Director shall establish a base monthly allocation for each local government, special district and enterprise district by dividing the amount determined pursuant to NRS 360.680 for each local government, special district and enterprise district by 12, and the State Treasurer shall, except as otherwise provided in subsections 3 to 8, inclusive, remit monthly that amount to each local government, special district and enterprise district.

3. If, after making the allocation to each enterprise district for the month, the Executive Director determines there is not sufficient money available in the county's subaccount in the Account to allocate to each local government and special district the base monthly allocation determined pursuant to subsection 2, he or she shall prorate the money in the county's subaccount and allocate to each local government and special district an amount equal to its proportionate percentage of the total amount of the base monthly allocations determined pursuant to subsection 2 for all local governments and special districts within the county. The State Treasurer shall remit that amount to the local government or special district.

4. Except as otherwise provided in subsections 5 to 8, inclusive, if the Executive Director determines that there is money remaining in the county's subaccount in the Account after the base monthly allocation determined pursuant to subsection 2 has been allocated to each local government, special district and enterprise district, he or she shall immediately determine and allocate each:

(a) Local government's share of the remaining money by:

(1) Multiplying one-twelfth of the amount allocated pursuant to NRS 360.680 by the sum of the:

(I) Average percentage of change in the population of the local government over the 5 fiscal years immediately preceding the year in which the allocation is made, as certified by the Governor pursuant to NRS 360.285, except as otherwise provided in subsection 9; and

(II) Average percentage of change in the assessed valuation of the taxable property in the local government, including assessed valuation attributable to a redevelopment agency ~~but~~ but excluding the portion attributable to the net proceeds ~~of minerals~~ from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, over the year in which the allocation is made, as projected by the Department, and the 4 fiscal years immediately preceding the year in which the allocation is made; and

(2) Using the figure calculated pursuant to subparagraph (1) to calculate and allocate to each local government an amount equal to the proportion that the figure calculated pursuant to subparagraph (1) bears to the total amount of the

1 figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph
2 (1) of paragraph (b), respectively, for the local governments and special districts
3 located in the same county multiplied by the total amount available in the
4 subaccount; and

5 (b) Special district's share of the remaining money by:

6 (1) Multiplying one-twelfth of the amount allocated pursuant to NRS
7 360.680 by the average change in the assessed valuation of the taxable property in
8 the special district, including assessed valuation attributable to a redevelopment
9 agency ~~but excluding the portion attributable to the net proceeds of minerals,~~
10 from mineral extraction and royalties subject to the excise tax pursuant to the
11 provisions of NRS 362.100 to 362.240, inclusive, over the year in which the
12 allocation is made, as projected by the Department, and the 4 fiscal years
13 immediately preceding the year in which the allocation is made; and

14 (2) Using the figure calculated pursuant to subparagraph (1) to calculate
15 and allocate to each special district an amount equal to the proportion that the figure
16 calculated pursuant to subparagraph (1) bears to the total amount of the figures
17 calculated pursuant to subparagraph (1) of this paragraph and subparagraph (1) of
18 paragraph (a), respectively, for the local governments and special districts located
19 in the same county multiplied by the total amount available in the subaccount.

20 ➤ The State Treasurer shall remit the amount allocated to each local government or
21 special district pursuant to this subsection.

22 5. Except as otherwise provided in subsection 6 or 7, if the Executive Director
23 determines that there is money remaining in the county's subaccount in the Account
24 after the base monthly allocation determined pursuant to subsection 2 has been
25 allocated to each local government, special district and enterprise district and that
26 the average amount over the 5 fiscal years immediately preceding the year in which
27 the allocation is made of the assessed valuation of taxable property which is
28 attributable to the net proceeds of minerals, from mineral extraction and royalties
29 subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240,
30 inclusive, in the county is equal to at least \$50,000,000, or that the average
31 percentage of change in population of the county over the 5 fiscal years
32 immediately preceding the year in which the allocation is made, as certified by the
33 Governor pursuant to NRS 360.285, except as otherwise provided in subsection 9,
34 is a negative figure, or that the average amount over the 5 fiscal years immediately
35 preceding the year in which the allocation is made of the assessed valuation of
36 taxable property which is attributable to the net proceeds of minerals, from
37 mineral extraction and royalties subject to the excise tax pursuant to the
38 provisions of NRS 362.100 to 362.240, inclusive, in the county is equal to at least
39 \$50,000,000 and the average percentage of change in population of the county over
40 the 5 fiscal years immediately preceding the year in which the allocation is made,
41 as certified by the Governor pursuant to NRS 360.285, except as otherwise
42 provided in subsection 9, is a negative figure, the Executive Director shall
43 immediately determine and allocate each:

44 (a) Local government's share of the remaining money by:

45 (1) Multiplying one-twelfth of the amount allocated pursuant to NRS
46 360.680 by 1 plus the sum of the:

47 (I) Average percentage of change in the population of the local
48 government over the 5 fiscal years immediately preceding the year in which the
49 allocation is made, as certified by the Governor pursuant to NRS 360.285, except as
50 otherwise provided in subsection 9; and

51 (II) Average percentage of change in the assessed valuation of the
52 taxable property in the local government, including assessed valuation attributable
53 to a redevelopment agency ~~but excluding the portion attributable to the net~~

1 proceeds ~~of minerals~~ from mineral extraction and royalties subject to the excise
2 tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, over the year
3 in which the allocation is made, as projected by the Department, and the 4 fiscal
4 years immediately preceding the year in which the allocation is made; and

5 (2) Using the figure calculated pursuant to subparagraph (1) to calculate
6 and allocate to each local government an amount equal to the proportion that the
7 figure calculated pursuant to subparagraph (1) bears to the total amount of the
8 figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph
9 (1) of paragraph (b), respectively, for the local governments and special districts
10 located in the same county multiplied by the total amount available in the
11 subaccount; and

12 (b) Special district's share of the remaining money by:

13 (1) Multiplying one-twelfth of the amount allocated pursuant to NRS
14 360.680 by 1 plus the average change in the assessed valuation of the taxable
15 property in the special district, including assessed valuation attributable to a
16 redevelopment agency ~~ff~~ but excluding the portion attributable to the net proceeds
17 ~~of minerals~~ from mineral extraction and royalties subject to the excise tax
18 pursuant to the provisions of NRS 362.100 to 362.240, inclusive, over the year in
19 which the allocation is made, as projected by the Department, and the 4 fiscal years
20 immediately preceding the year in which the allocation is made; and

21 (2) Using the figure calculated pursuant to subparagraph (1) to calculate
22 and allocate to each special district an amount equal to the proportion that the figure
23 calculated pursuant to subparagraph (1) bears to the total amount of the figures
24 calculated pursuant to subparagraph (1) of this paragraph and subparagraph (1) of
25 paragraph (a), respectively, for the local governments and special districts located
26 in the same county multiplied by the total amount available in the subaccount.

27 ➤ The State Treasurer shall remit the amount allocated to each local government or
28 special district pursuant to this subsection.

29 6. Except as otherwise provided in subsection 8, if the Executive Director
30 determines that there is money remaining in the county's subaccount in the Account
31 after the base monthly allocation determined pursuant to subsection 2 has been
32 allocated to each local government, special district and enterprise district, that the
33 sum of the average percentage of change in population and the average percentage
34 of change in the assessed valuation of taxable property, as calculated pursuant to
35 subparagraph (1) of paragraph (a) of subsection 4 for each of those local
36 governments, is a negative figure, and that the average change in the assessed
37 valuation of the taxable property in each of those special districts, as calculated
38 pursuant to subparagraph (1) of paragraph (b) of subsection 4, is a negative figure,
39 he or she shall immediately determine and allocate each:

40 (a) Local government's share of the remaining money by:

41 (1) Multiplying one-twelfth of the amount allocated pursuant to NRS
42 360.680 by 1 plus the sum of the:

43 (I) Average percentage of change in the population of the local
44 government over the 5 fiscal years immediately preceding the year in which the
45 allocation is made, as certified by the Governor pursuant to NRS 360.285, except as
46 otherwise provided in subsection 9; and

47 (II) Average percentage of change in the assessed valuation of the
48 taxable property in the local government, including assessed valuation attributable
49 to a redevelopment agency ~~ff~~ but excluding the portion attributable to the net
50 proceeds ~~of minerals~~ from mineral extraction and royalties subject to the excise
51 tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, over the year
52 in which the allocation is made, as projected by the Department, and the 4 fiscal
53 years immediately preceding the year in which the allocation is made; and

(2) Using the figure calculated pursuant to subparagraph (1) to calculate and allocate to each local government an amount equal to the proportion that the figure calculated pursuant to subparagraph (1) bears to the total amount of the figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph (1) of paragraph (b), respectively, for the local governments and special districts located in the same county multiplied by the total amount available in the subaccount; and

(b) Special district's share of the remaining money by:

(1) Multiplying one-twelfth of the amount allocated pursuant to NRS 360.680 by 1 plus the average change in the assessed valuation of the taxable property in the special district, including assessed valuation attributable to a redevelopment agency ~~but~~ but excluding the portion attributable to the net proceeds of minerals, from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, over the year in which the allocation is made, as projected by the Department, and the 4 fiscal years immediately preceding the year in which the allocation is made; and

(2) Using the figure calculated pursuant to subparagraph (1) to calculate and allocate to each special district an amount equal to the proportion that the figure calculated pursuant to subparagraph (1) bears to the total amount of the figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph (1) of paragraph (a), respectively, for the local governments and special districts located in the same county multiplied by the total amount available in the subaccount.

➤ The State Treasurer shall remit the amount allocated to each local government or special district pursuant to this subsection.

7. Except as otherwise provided in subsection 8, if the Executive Director determines that there is money remaining in the county's subaccount in the Account after the base monthly allocation determined pursuant to subsection 2 has been allocated to each local government, special district and enterprise district, that the sum of the average percentage of change in population and the average percentage of change in the assessed valuation of taxable property, as calculated pursuant to subparagraph (1) of paragraph (a) of subsection 4 for each of those local governments, is a negative figure, and that the average change in the assessed valuation of the taxable property in any of those special districts, as calculated pursuant to subparagraph (1) of paragraph (b) of subsection 4, is a positive figure, he or she shall immediately determine and allocate each:

(a) Local government's share of the remaining money by:

(1) Multiplying one-twelfth of the amount allocated pursuant to NRS 360.680 by 1 plus the sum of the:

(I) Average percentage of change in the population of the local government over the 5 fiscal years immediately preceding the year in which the allocation is made, as certified by the Governor pursuant to NRS 360.285, except as otherwise provided in subsection 9; and

(II) Average percentage of change in the assessed valuation of the taxable property in the local government, including assessed valuation attributable to a redevelopment agency ~~but~~ but excluding the portion attributable to the net proceeds of minerals, from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, over the year in which the allocation is made, as projected by the Department, and the 4 fiscal years immediately preceding the year in which the allocation is made; and

(2) Using the figure calculated pursuant to subparagraph (1) to calculate and allocate to each local government an amount equal to the proportion that the figure calculated pursuant to subparagraph (1) bears to the total amount of the figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph

(1) of paragraph (b), respectively, for the local governments and special districts located in the same county multiplied by the total amount available in the subaccount; and

(b) Special district's share of the remaining money by:

(1) Multiplying one-twelfth of the amount allocated pursuant to NRS 360.680 by 1 plus the sum of the:

(I) Average percentage of change in the population of the county over the 5 fiscal years immediately preceding the year in which the allocation is made, as certified by the Governor pursuant to NRS 360.285, except as otherwise provided in subsection 9; and

(II) Average change in the assessed valuation of the taxable property in the special district, including assessed valuation attributable to a redevelopment agency ~~but excluding the portion attributable to the net proceeds of minerals, from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive,~~ over the year in which the allocation is made, as projected by the Department, and the 4 fiscal years immediately preceding the year in which the allocation is made; and

(2) Using the figure calculated pursuant to subparagraph (1) to calculate and allocate to each special district an amount equal to the proportion that the figure calculated pursuant to subparagraph (1) bears to the total amount of the figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph (1) of paragraph (a), respectively, for the local governments and special districts located in the same county multiplied by the total amount available in the subaccount.

➤ The State Treasurer shall remit the amount allocated to each local government or special district pursuant to this subsection.

8. The Executive Director shall not allocate any amount to a local government or special district pursuant to subsection 4, 5, 6 or 7 unless the amount distributed and allocated to each of the local governments and special districts in the county in each preceding month of the fiscal year in which the allocation is to be made was at least equal to the base monthly allocation determined pursuant to subsection 2. If the amounts distributed to the local governments and special districts in the county for the preceding months of the fiscal year in which the allocation is to be made were less than the base monthly allocation determined pursuant to subsection 2 and the Executive Director determines there is money remaining in the county's subaccount in the Account after the distribution for the month has been made, he or she shall:

(a) Determine the amount by which the base monthly allocations determined pursuant to subsection 2 for each local government and special district in the county for the preceding months of the fiscal year in which the allocation is to be made exceeds the amounts actually received by the local governments and special districts in the county for the same period; and

(b) Compare the amount determined pursuant to paragraph (a) to the amount of money remaining in the county's subaccount in the Account to determine which amount is greater.

➤ If the Executive Director determines that the amount determined pursuant to paragraph (a) is greater, he or she shall allocate the money remaining in the county's subaccount in the Account pursuant to the provisions of subsection 3. If the Executive Director determines that the amount of money remaining in the county's subaccount in the Account is greater, he or she shall first allocate the money necessary for each local government and special district to receive the base monthly allocation determined pursuant to subsection 2 and the State Treasurer shall remit that money so allocated. The Executive Director shall allocate any

1 additional money in the county's subaccount in the Account pursuant to the
2 provisions of subsection 4, 5, 6 or 7, as appropriate.

3 9. The percentage changes in population calculated pursuant to subsections 4
4 to 7, inclusive, must:

5 (a) Except as otherwise provided in paragraph (c), if the Bureau of the Census
6 of the United States Department of Commerce issues population totals that conflict
7 with the totals certified by the Governor pursuant to NRS 360.285, be an estimate
8 of the change in population for the calendar year, based upon the population totals
9 issued by the Bureau of the Census.

10 (b) If a new method of determining population is established pursuant to NRS
11 360.283, be adjusted in a manner that will result in the percentage change being
12 based on population determined pursuant to the new method for both the fiscal year
13 in which the allocation is made and the fiscal year immediately preceding the year
14 in which the allocation is made.

15 (c) If a local government files a formal appeal with the Bureau of the Census
16 concerning the population total of the local government issued by the Bureau of the
17 Census, be calculated using the population total certified by the Governor pursuant
18 to NRS 360.285 until the appeal is resolved. If additional money is allocated to the
19 local government because the population total certified by the Governor is greater
20 than the population total issued by the Bureau of the Census, the State Treasurer
21 shall deposit that additional money in a separate interest-bearing account. Upon
22 resolution of the appeal, if the population total finally determined pursuant to the
23 appeal is:

24 (1) Equal to or less than the population total initially issued by the Bureau
25 of the Census, the State Treasurer shall transfer the total amount in the separate
26 interest-bearing account, including interest but excluding any administrative fees, to
27 the Local Government Tax Distribution Account for allocation among the local
28 governments in the county pursuant to subsection 4, 5, 6 or 7, as appropriate.

29 (2) Greater than the population total initially issued by the Bureau of the
30 Census, the Executive Director shall calculate the amount that would have been
31 allocated to the local government pursuant to subsection 4, 5, 6 or 7, as appropriate,
32 if the population total finally determined pursuant to the appeal had been used and
33 the State Treasurer shall remit to the local government an amount equal to the
34 difference between the amount actually distributed and the amount calculated
35 pursuant to this subparagraph or the total amount in the separate interest-bearing
36 account, including interest but excluding any administrative fees, whichever is less.

37 10. On or before February 15 of each year, the Executive Director shall
38 provide to each local government, special district and enterprise district a
39 preliminary estimate of the revenue it will receive from the Account for that fiscal
40 year.

41 11. On or before March 15 of each year, the Executive Director shall:

42 (a) Make an estimate of the receipts from each tax included in the Account on
43 an accrual basis for the next fiscal year in accordance with generally accepted
44 accounting principles, including an estimate for each county of the receipts from
45 each tax included in the Account; and

46 (b) Provide to each local government, special district and enterprise district an
47 estimate of the amount that local government, special district or enterprise district
48 would receive based upon the estimate made pursuant to paragraph (a) and
49 calculated pursuant to the provisions of this section.

50 12. A local government, special district or enterprise district may use the
51 estimate provided by the Executive Director pursuant to subsection 11 in the
52 preparation of its budget.

1 **Sec. 2.** NRS 360.695 is hereby amended to read as follows:

2 360.695 1. If the population and assessed valuation of the taxable property
3 ~~except any assessed valuation attributable to the net proceeds of minerals~~ except any assessed valuation attributable to the net proceeds of
4 mineral extraction and royalties subject to the excise tax pursuant to the
5 provisions of NRS 362.100 to 362.240, inclusive, within a local government or
6 special district has decreased in each of the 3 fiscal years immediately preceding
7 the current fiscal year, the Executive Director shall review the amount allocated to
8 the local government or special district from the Account pursuant to NRS 360.680,
9 to determine whether to adjust the allocation. The local government or special
10 district may submit information to assist the Executive Director in making a
11 determination. If the Executive Director determines that an adjustment to the
12 allocation of the local government or special district is necessary, the Executive
13 Director shall submit his or her findings on the matter to the Committee on Local
14 Government Finance.

15 2. The Committee on Local Government Finance shall review the findings
16 submitted by the Executive Director pursuant to subsection 1. If the Committee
17 determines that an adjustment to the amount allocated to the local government or
18 special district pursuant to NRS 360.680 is appropriate, the Committee shall submit
19 a recommendation to the Nevada Tax Commission that sets forth the amount of the
20 recommended adjustment. If the Committee determines that the adjustment is not
21 appropriate, that decision is not subject to review by the Nevada Tax Commission.

22 3. The Nevada Tax Commission shall schedule a public hearing within 30
23 days after the Committee on Local Government Finance submits its
24 recommendation. The Nevada Tax Commission shall provide public notice of the
25 hearing at least 10 days before the date on which the hearing will be held. The
26 Executive Director shall provide copies of all documents relevant to the adjustment
27 recommended by the Committee on Local Government Finance to the governing
28 body of each local government and special district that is located in the same
29 county as the local government or special district that is subject to the
30 recommended adjustment.

31 4. If, after the public hearing, the Nevada Tax Commission determines that
32 the recommended adjustment is appropriate, it shall order the Executive Director to
33 adjust the amount allocated to the local government or special district pursuant to
34 NRS 360.680.

35 **Sec. 2.3. Chapter 361 of NRS is hereby amended by adding thereto the**
36 **provisions set forth as sections 2.5 and 2.7 of this act.**

37 **Sec. 2.5. The following personal property is exempt from taxation:**

38 1. Extracted minerals, which are measured by the gross yield and net
39 proceeds from mineral extraction, if the person who engaged in the mineral
40 extraction is subject to the excise tax upon mineral extraction pursuant to the
41 provisions of NRS 362.100 to 362.240, inclusive, but only when the extracted
42 minerals are in the possession of the person who engaged in the mineral
43 extraction.

44 2. The royalties received from mineral extraction if the person who received
45 the royalties is subject to the excise tax upon royalties pursuant to the provisions
46 of NRS 362.100 to 362.240, inclusive.

47 **Sec. 2.7. 1. Except as otherwise provided in subsection 2 of NRS 362.100,**
48 **real property that is used in an extractive operation extracting geothermal**
49 **resources is exempt from taxation if the person who engaged in the mineral**
50 **extraction is subject to the excise tax upon mineral extraction pursuant to the**
51 **provisions of NRS 362.100 to 362.240, inclusive.**

52 2. As used in this section, "extractive operation" has the meaning ascribed
53 to it in NRS 362.010.

1 **Sec. 3.** NRS 361.030 is hereby amended to read as follows:

2 361.030 ~~1-1~~ “Personal property” means:

3 ~~(a)~~ 1. All household and kitchen furniture.

4 ~~(b)~~ 2. All law, medical and miscellaneous libraries.

5 ~~(c)~~ 3. All goods, wares and merchandise.

6 ~~(d)~~ 4. All chattels of every kind and description, except vehicles as defined
7 in NRS 371.020.

8 ~~(e)~~ 5. Stocks of goods on hand.

9 ~~(f)~~ 6. Any vehicle not included in the definition of vehicle in NRS 371.020.

10 ~~(g)~~ 7. All locomotives, cars, rolling stock and other personal property used
11 in operating any railroad within the State.

12 ~~(h)~~ 8. All machines and machinery, all works and improvements, all
13 steamers, vessels and watercraft of every kind and name navigating or used upon
14 the waters of any river or lake within this State or having a general depot or
15 terminus within this State.

16 ~~(i)~~ 9. The money, property and effects of every kind, except real estate, of
17 all banks, banking institutions or firms, bankers, moneylenders and brokers.

18 ~~(j)~~ 10. All property of whatever kind or nature, except vehicles as defined in
19 NRS 371.020, not included in the term “real estate” as that term is defined in NRS
20 361.035.

21 ~~12.—Gold-bearing and silver-bearing ores, quartz or minerals from which gold~~
22 ~~or silver is extracted, when in the hands of the producers thereof, shall not mean,~~
23 ~~not be taken to mean, nor be listed and assessed under the term “personal property”~~
24 ~~as used in this section, but are specially excepted therefrom, and shall be listed,~~
25 ~~assessed and taxed as provided by law.]~~

26 **Sec. 3.5.** NRS 361.157 is hereby amended to read as follows:

27 361.157 1. When any real estate or portion of real estate which for any
28 reason is exempt from taxation is leased, loaned or otherwise made available to and
29 used by a natural person, association, partnership or corporation in connection with
30 a business conducted for profit or as a residence, or both, the leasehold interest,
31 possessory interest, beneficial interest or beneficial use of the lessee or user of the
32 property is subject to taxation to the extent the:

33 (a) Portion of the property leased or used; and

34 (b) Percentage of time during the fiscal year that the property is leased by the
35 lessee or used by the user, in accordance with NRS 361.2275,
36 ➤ can be segregated and identified. The taxable value of the interest or use must be
37 determined in the manner provided in subsection 3 of NRS 361.227 and in
38 accordance with NRS 361.2275.

39 2. Subsection 1 does not apply to:

40 (a) Property located upon a public airport, park, market or fairground, or any
41 property owned by a public airport, unless the property owned by the public airport
42 is not located upon the public airport and the property is leased, loaned or otherwise
43 made available for purposes other than for the purposes of a public airport,
44 including, without limitation, residential, commercial or industrial purposes;

45 (b) Federal property for which payments are made in lieu of taxes in amounts
46 equivalent to taxes which might otherwise be lawfully assessed;

47 (c) Property of any state-supported educational institution, except any part of
48 such property located within a tax increment area created pursuant to NRS
49 278C.155;

50 (d) Property leased or otherwise made available to and used by a natural
51 person, private association, private corporation, municipal corporation, quasi-
52 municipal corporation or a political subdivision under the provisions of the Taylor

Grazing Act or by the United States Forest Service or the Bureau of Reclamation of the United States Department of the Interior;

(e) Property of any Indian or of any Indian tribe, band or community which is held in trust by the United States or subject to a restriction against alienation by the United States;

(f) Vending stand locations and facilities operated by persons who are blind under the auspices of the Bureau of Services to Persons Who Are Blind or Visually Impaired of the Rehabilitation Division of the Department of Employment, Training and Rehabilitation, whether or not the property is owned by the federal, state or a local government;

(g) Leases held by a natural person, corporation, association, municipal corporation, quasi-municipal corporation or political subdivision for development of geothermal resources, but only for resources which have not been put into commercial production;

(h) The use of exempt property that is leased, loaned or made available to a public officer or employee, incident to or in the course of public employment;

(i) A parsonage owned by a recognized religious society or corporation when used exclusively as a parsonage;

(j) Property owned by a charitable or religious organization all, or a portion, of which is made available to and is used as a residence by a natural person in connection with carrying out the activities of the organization;

(k) Property owned by a governmental entity and used to provide shelter at a reduced rate to elderly persons or persons having low incomes;

(l) The occasional rental of meeting rooms or similar facilities for periods of less than 30 consecutive days;

(m) The use of exempt property to provide day care for children if the day care is provided by a nonprofit organization; ~~to~~

(n) Any lease, easement, operating agreement, license, permit or right of entry for any exempt state property granted by the Department or the Regional Transportation Commission of Southern Nevada pursuant to section 45 of the Boulder City Bypass Toll Road Demonstration Project Act ~~to~~ ; or

~~(o) A mine or~~ *The possession or use of exempt property as a mining claim.*

3. Taxes must be assessed to lessees or users of exempt real estate and collected in the same manner as taxes assessed to owners of other real estate, except that taxes due under this section do not become a lien against the property. When due, the taxes constitute a debt due from the lessee or user to the county for which the taxes were assessed and, if unpaid, are recoverable by the county in the proper court of the county.

Sec. 4. NRS 361.227 is hereby amended to read as follows:

361.227 1. Any person determining the taxable value of real property shall appraise:

(a) The full cash value of:

(1) Vacant land by considering the uses to which it may lawfully be put, any legal or physical restrictions upon those uses, the character of the terrain, and the uses of other land in the vicinity.

(2) Improved land consistently with the use to which the improvements are being put.

(b) Any improvements made on the land by subtracting from the cost of replacement of the improvements all applicable depreciation and obsolescence. Depreciation of an improvement made on real property must be calculated at 1.5 percent of the cost of replacement for each year of adjusted actual age of the improvement, up to a maximum of 50 years.

2. The unit of appraisal must be a single parcel unless:

(a) The location of the improvements causes two or more parcels to function as a single parcel;

(b) The parcel is one of a group of contiguous parcels which qualifies for valuation as a subdivision pursuant to the regulations of the Nevada Tax Commission; or

(c) In the professional judgment of the person determining the taxable value, the parcel is one of a group of parcels which should be valued as a collective unit.

3. The taxable value of a leasehold interest, possessory interest, beneficial interest or beneficial use for the purpose of NRS 361.157 or 361.159 must be determined in the same manner as the taxable value of the property would otherwise be determined if the lessee or user of the property was the owner of the property and it was not exempt from taxation, except that the taxable value so determined must be reduced by a percentage of the taxable value that is equal to the:

(a) Percentage of the property that is not actually leased by the lessee or used by the user during the fiscal year; and

(b) Percentage of time that the property is not actually leased by the lessee or used by the user during the fiscal year, which must be determined in accordance with NRS 361.2275.

4. The taxable value of other taxable personal property, except a mobile or manufactured home, must be determined by subtracting from the cost of replacement of the property all applicable depreciation and obsolescence. Depreciation of a billboard must be calculated at 1.5 percent of the cost of replacement for each year after the year of acquisition of the billboard, up to a maximum of 50 years.

5. *In determining the taxable value of property, the value of any mineral deposit in its natural state attached to the land must be excluded from the computation of the taxable value of the property.*

6. The computed taxable value of any property must not exceed its full cash value. Each person determining the taxable value of property shall reduce it if necessary to comply with this requirement. A person determining whether taxable value exceeds that full cash value or whether obsolescence is a factor in valuation may consider:

(a) Comparative sales, based on prices actually paid in market transactions.

(b) A summation of the estimated full cash value of the land and contributory value of the improvements.

(c) Capitalization of the fair economic income expectancy or fair economic rent, or an analysis of the discounted cash flow.

↪ A county assessor is required to make the reduction prescribed in this subsection if the owner calls to his or her attention the facts warranting it, if the county assessor discovers those facts during physical reappraisal of the property or if the county assessor is otherwise aware of those facts.

~~6-7~~ 7. The Nevada Tax Commission shall, by regulation, establish:

(a) Standards for determining the cost of replacement of improvements of various kinds.

(b) Standards for determining the cost of replacement of personal property of various kinds. The standards must include a separate index of factors for application to the acquisition cost of a billboard to determine its replacement cost.

(c) Schedules of depreciation for personal property based on its estimated life.

(d) Criteria for the valuation of two or more parcels as a subdivision.

~~7-7~~ 8. In determining, for the purpose of computing taxable value, the cost of replacement of:

(a) Any personal property, the cost of all improvements of the personal property, including any additions to or renovations of the personal property, but excluding routine maintenance and repairs, must be added to the cost of acquisition of the personal property.

(b) An improvement made on land, a county assessor may use any final representations of the improvement prepared by the architect or builder of the improvement, including, without limitation, any final building plans, drawings, sketches and surveys, and any specifications included in such representations, as a basis for establishing any relevant measurements of size or quantity.

~~8-9~~ 9. The county assessor shall, upon the request of the owner, furnish within 15 days to the owner a copy of the most recent appraisal of the property, including, without limitation, copies of any sales data, materials presented on appeal to the county board of equalization or State Board of Equalization and other materials used to determine or defend the taxable value of the property.

~~9-10~~ 10. The provisions of this section do not apply to property which is assessed pursuant to NRS 361.320.

Sec. 5. (Deleted by amendment.)

Sec. 6. (Deleted by amendment.)

Sec. 7. NRS 361.2285 is hereby amended to read as follows:

361.2285 The Nevada Tax Commission shall adopt regulations which:

1. Provide for the creation of a simple, easily understood form which may be completed by the owner of any real property used to conduct a business and used to:

(a) Compute and determine the value of the property using the income approach and to compare that value to the existing taxable value of the property to determine the existence of any obsolescence; and

(b) Apply to the appropriate county assessor or board of equalization for computation of the taxable value of the property in accordance with subsection ~~8-9~~ 6 of NRS 361.227.

2. Clearly set forth the methodology for applying the income approach to valuation for tax purposes of real property used to conduct a business to determine whether obsolescence is a factor. The methodology must be described in a manner that may be easily understood by the owners of such property.

3. Will make available to the owner of any real property used to conduct a business information that will allow the owner to apply the income approach to establish the full cash value of the property for the purpose of comparing that value to the taxable value established by the county assessor.

Sec. 8. NRS 361.390 is hereby amended to read as follows:

361.390 Each county assessor shall:

1. File with or cause to be filed with the Secretary of the State Board of Equalization, on or before March 10 of each year, the tax roll, or a true copy thereof, of his or her county for the current year as corrected by the county board of equalization.

2. Prepare and file with the Department on or before January 31, March 5 and October 31 of each year, a segregation report showing the assessed values for each taxing entity within the county on a form prescribed by the Department. The assessor shall make projections of assessed value for the current fiscal year and the upcoming fiscal year regarding real and personal property for which the taxable value is determined by the assessor. The Department shall make any projections required for the upcoming fiscal year regarding the net proceeds of mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, and any property for which the taxable value is determined by the Nevada Tax Commission.

3. Prepare and file with the Department on or before May 5 for the unsecured roll, on or before August 10 for the secured roll, and on or before October 31 for the unsecured roll and the secured roll, a statistical report showing values for all categories of property on a form prescribed by the Department.

Sec. 9. NRS 361.405 is hereby amended to read as follows:

361.405 1. ~~That~~ As soon as reasonably practicable, the Secretary of the State Board of Equalization ~~forthwith~~ or the Executive Director of the Department, as applicable, shall certify any change made by the Board or the Nevada Tax Commission in the assessed valuation of any property, in whole or in part, to the county auditor of the county where the property is assessed, and whenever the valuation of any property is raised, the Secretary of the State Board of Equalization or the Executive Director of the Department, as applicable, shall forward by certified mail, to the property owner or owners affected, notice of the increased valuation.

2. As soon as changes resulting from cases having a substantial effect on tax revenues have been certified to the county auditor by the Secretary of the State Board of Equalization ~~that~~ or the Executive Director of the Department, as applicable, the county auditor shall:

(a) Enter all such changes, ~~and~~ the value of any construction work in progress and the net proceeds of minerals from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, which were certified to ~~him or her~~ the county auditor by the Department, on the assessment roll before the delivery thereof to the tax receiver.

(b) Add up the valuations and enter the total valuation of each kind of property and the total valuation of all property on the assessment roll.

(c) Certify the results to the board of county commissioners and the Department.

3. The board of county commissioners shall not levy a tax on the net proceeds of minerals from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, which are added to the assessed valuation pursuant to paragraph (a) of subsection 2, but, except as otherwise provided by specific statute, the net proceeds of minerals from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, must be included in the assessed valuation of the taxable property of the county and all local governments in the county for the determination of the rate of tax and all other purposes for which assessed valuation is used.

4. As soon as changes resulting from cases having less than a substantial effect on tax revenue have been certified to the county tax receiver by the Secretary of the State Board of Equalization ~~that~~ or the Executive Director of the Department, as applicable, the county tax receiver shall adjust the assessment roll or the tax statement or make a tax refund, as directed by the State Board of Equalization ~~that~~ or the Nevada Tax Commission.

Sec. 10. Chapter 362 of NRS is hereby amended by adding thereto a new section to read as follows:

The Legislature hereby finds and declares that:

1. Within the State of Nevada, there are many valuable yet nonrenewable and finite mineral resources.

2. The extraction of minerals from the State of Nevada is an important economic activity that is essential to the prosperity of this State and the Nation.

3. Although beneficial, the extraction of minerals from the State of Nevada comes with various environmental and ecological impacts.

4. For the protection and benefit of the public's health, safety and welfare, this chapter imposes, for the privilege of engaging in mineral extraction in the State of Nevada, an excise tax upon mineral extraction by each extractive operation and upon all royalties paid by each extractive operation.

5. This chapter does not impose an ad valorem or property tax upon the value of the mineral extracted or the gross yield or net proceeds from the mineral extraction by each extractive operation or the royalties paid by each extractive operation.

Sec. 11. NRS 362.010 is hereby amended to read as follows:

362.010 As used in this chapter, unless the context otherwise requires:

1. "Extractive operation" or "operation" means each geographically separate extractive location in this State where a person engages in mineral extraction. The term includes, without limitation, a mining operation defined in NRS 519A.080, and for each such operation, its location is the location described in the plan or amended plan filed by the person pursuant to NRS 519A.200 to 519A.260, inclusive.

2. "Gross yield from mineral extraction" or "gross yield" means the gross yield from mineral extraction by each extractive operation as determined and certified pursuant to the provisions of NRS 362.100 to 362.240, inclusive.

3. "Mine" means an excavation in the earth from which ores, coal or other mineral substances are extracted, or a subterranean natural deposit of minerals located and identified as such by the staking of a claim or other method recognized by law. The term includes, without limitation, a well drilled to extract minerals.

4. "Mineral" includes, without limitation, oil, gas and other hydrocarbons. ~~but~~ The term does not include sand, gravel or water, except hot water or steam in an operation extracting geothermal resources for profit.

5. "Mineral extraction" means any act, process, system or method by, through or from which ores, coal or other mineral substances are extracted. The term includes, without limitation, the use of a well drilled to extract minerals.

6. "Net proceeds from mineral extraction" or "net proceeds" means the net proceeds from mineral extraction by each extractive operation as determined and certified pursuant to the provisions of NRS 362.100 to 362.240, inclusive.

7. "Patented mine or mining claim" means each separate, whole or fractional patented mining location, whether such whole or fractional mining location is covered by an independent patent or is included under a single patent with other mining locations.

8. "Royalty" means a portion of the proceeds from mineral extraction which is paid for the privilege of extracting the mineral. The term does not include:

(a) Rents or other compensatory payments which are fixed and certain in amount and payable periodically over the duration of the lease regardless of the extent of extractions; or

(b) Minimum royalties covering periods when no mineral is extracted if the payments are fixed and certain in amount and payable on a regular periodic basis.

9. "Tax upon mineral extraction" means the excise tax upon mineral extraction imposed and collected pursuant to the provisions of NRS 362.100 to 362.240, inclusive.

10. "Tax upon royalties" means the excise tax upon royalties imposed and collected pursuant to the provisions of NRS 362.100 to 362.240, inclusive.

Sec. 12. NRS 362.100 is hereby amended to read as follows:

362.100 1. The provisions of NRS 362.100 to 362.240, inclusive:

(a) Impose, for the privilege of engaging in mineral extraction in the State of Nevada, an excise tax upon mineral extraction by each extractive operation based on the Department's determination and certification of the gross yield and net proceeds from the mineral extraction and upon all royalties paid by each extractive operation; and

(b) Do not impose an ad valorem or property tax upon the value of the mineral extracted or the gross yield or net proceeds from the mineral extraction by each extractive operation or the royalties paid by each extractive operation.

2. In administering the provisions of NRS 362.100 to 362.240, inclusive, the Department shall:

(a) Investigate and determine the gross yield and net proceeds ~~of all minerals extracted, from mineral extraction by each extractive operation~~ and certify ~~(them)~~ the gross yield and net proceeds as provided in NRS 362.100 to 362.240, inclusive.

(b) Appraise and assess all reduction, smelting and milling works, plants and facilities, whether or not associated with a mine, all drilling rigs, and all supplies, machinery, equipment, apparatus, facilities, buildings, structures and other improvements used in connection with any mining, drilling, reduction, smelting or milling operation as provided in chapter 361 of NRS.

~~12. As used in this section, "net proceeds of all minerals extracted" includes the proceeds of:~~

(c) Deposit all taxes, interest and penalties it receives pursuant to the provisions of NRS 362.100 to 362.240, inclusive, in the State Treasury for credit to the State General Fund and, after being apportioned and appropriated as required by law, for credit to the proper account or fund for distribution to local governments pursuant to NRS 362.170.

3. The provisions of NRS 362.100 to 362.240, inclusive, apply to all extractive operations, including, without limitation, all:

- (a) Operating mines;
- (b) Operating oil and gas wells;
- (c) Operations extracting geothermal resources for profit, except an operation which uses natural hot water to enhance the growth of animal or plant life; and
- (d) Operations extracting minerals from natural solutions.

Sec. 13. NRS 362.110 is hereby amended to read as follows:

362.110 1. ~~(Every)~~ Each person ~~(extracting any)~~ who engages in mineral ~~(in this State)~~ extraction:

(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)~~ extractive operation ~~(where a mineral is extracted by that person)~~ and all royalties paid by each extractive operation 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.

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 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~~ or, if the owner is a natural person, by someone authorized in his or her behalf.

Sec. 14. NRS 362.110 is hereby amended to read as follows:

362.110 1. ~~(Every)~~ Each person ~~(extracting any)~~ who engages in mineral ~~(in this State or receiving any royalty)~~ extraction:

(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~~ extractive operation ~~where a mineral is extracted by that person~~ and all royalties paid by each extractive operation 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.

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 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~~ or, if the owner is a natural person, by someone authorized in his or her behalf.

3. Each ~~recipient of a royalty as described in subsection 1~~ person who receives any royalties from an extractive operation shall annually file with the Department a ~~list~~ statement showing the amount of the royalties and each of the lessees or sublessees who paid the royalties and who is responsible for the taxes upon mineral extraction due ~~in connection with~~ from the extractive operation for operations included in the statement filed pursuant to subsections 1 and 2.

Sec. 15. NRS 362.115 is hereby amended to read as follows:

362.115 1. In addition to the statement ~~required by subsection 1 of~~ filed pursuant to NRS 362.110, each person ~~extracting any~~ who engages in mineral ~~in this State~~ extraction:

(a) Shall, on or before March 1 of each year, file with the Department a statement showing the estimated gross yield and estimated net proceeds from each ~~such~~ extractive operation for the entire current calendar year and an estimate of all royalties that will be paid ~~during~~ by each extractive operation for the entire current calendar year and shall pay the tax upon ~~the net proceeds~~ mineral extraction and the tax upon the royalties ~~so estimated~~ based on the estimates. The estimated payment may be reduced by the amount of any credit to which the taxpayer is entitled pursuant to NRS 362.130. The amount ~~to~~ paid for the tax ~~paid~~ upon royalties must be deducted from the payment of the royalties ~~to the recipient~~.

(b) May file with the Department a quarterly report stating an estimate for the year and the actual quarterly amounts of production, gross yield and net proceeds as of March 31, June 30, September 30 and December 31, and pay any additional amount due. The additional estimated tax liability must be calculated by determining the difference between the revised estimates of net proceeds based on the recent production figures as indicated by the quarterly reports and the original estimate supplied pursuant to paragraph (a). If the person chooses to submit such reports, the reports must be submitted on a form prescribed by the Department not later than the last day of the month following the end of the calendar quarter and payment must be made within 30 days after filing any quarterly report that indicates an additional estimated tax liability.

2. The Department shall:

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

(b) Submit those estimates to the affected local governments on or before March 15 of each year.

Sec. 16. NRS 362.115 is hereby amended to read as follows:

362.115 1. In addition to the statement ~~required by subsection 1 of~~ filed pursuant to NRS 362.110, each person ~~extracting any~~ who engages in mineral ~~in this State~~ extraction shall, on or before March 1 of each year, file with the Department a statement showing the estimated gross yield and estimated net proceeds from each ~~such~~ extractive operation for the entire current calendar year and an estimate of all royalties that will be paid ~~during~~ by each extractive operation for the entire 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 March 15 of each year.

Sec. 17. 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 ~~to~~ from each extractive operation for the calendar year immediately preceding the year in which the statement is filed.

2. The computation of the gross yield must include ~~the value of~~ , without limitation, any mineral extracted which , during that period, 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, ~~to~~ , during that period,

3. The computation of the net proceeds ~~are~~ must be 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, which is limited to direct costs for activities performed in the State of Nevada.

(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 delivering the mineral.

(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 Nevada Transportation Authority.

(f) 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.

(g) 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.

(h) The costs of employee travel which occurs within the State of Nevada and which is directly related to mining operations within the State of Nevada.

(i) The costs of Nevada-based corporate services relating to paragraphs (e) to (h), inclusive.

(j) The actual cost of developmental work in or about the mine or upon a group of mines when operated as a unit, which is limited to work that is necessary to the operation of the mine or group of mines.

(k) The costs of reclamation work in the years the reclamation work occurred, including, without limitation, costs associated with the remediation of a site.

(l) 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,}~~ from mineral extraction, and the tax upon ~~{which a tax}~~ royalties must be levied against the person to whom the ~~{royalty has been}~~ royalties are paid.

5. ~~{Every}~~ Each person ~~{acquiring}~~ who acquires any interest in property in the State of Nevada to engage in ~~{the}~~ mineral 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. The Department shall report annually to the Mining Oversight and Accountability Commission the expenses and deductions of each mining operation in the State of Nevada.

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;
- (e) The State of Nevada, in office, clerical or engineering work necessary or proper in connection with any of those operations; or
- (f) Nevada-based corporate services.

7. The following expenses are specifically excluded from any deductions from the gross yield:

- (a) The costs of employee housing.
- (b) Except as otherwise provided in paragraph (h) of subsection 3, the costs of employee travel.
- (c) The costs of severing the employment of any employees.
- (d) Any dues paid to a third-party organization or trade association to promote or advertise a product.
- (e) Expenses relating to governmental relations or to compensate a natural person or entity to influence legislative decisions.
- (f) The costs of mineral exploration.
- (g) Any federal, state or local taxes.

8. As used in this section, "Nevada-based corporate services" means corporate services which are performed in the State of Nevada from an office located in this State and which directly support mining operations in this State, including, without limitation, accounting functions relating to mining operations at a mine site in this State such as payroll, accounts payable, production reporting, cost reporting, state and local tax reporting and recordkeeping concerning property.

Sec. 18. 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 ~~to~~ from each extractive operation for the calendar year immediately preceding the year in which the statement is filed.

2. The computation of the gross yield must include ~~the value of~~ , without limitation, any mineral extracted which , during that period, 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. ~~to~~ , during that period,

3. The computation of the net proceeds ~~are~~ must be 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, which is limited to direct costs for activities performed in the State of Nevada.
- (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 delivering the mineral.
- (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 Nevada Transportation Authority.

(f) 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.

(g) All money expended for premiums for industrial insurance, and the actual cost of hospital and medical attention and accident benefits and group insurance for employees actually engaged in mining operations within the State of Nevada.

(h) 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.

(i) The costs of employee travel which occurs within the State of Nevada and which is directly related to mining operations within the State of Nevada.

(j) The costs of Nevada-based corporate services relating to paragraphs (e) to (i), inclusive.

(k) The actual cost of developmental work in or about the mine or upon a group of mines when operated as a unit, which is limited to work that is necessary to the operation of the mine or group of mines.

(l) The costs of reclamation work in the years the reclamation work occurred, including, without limitation, costs associated with the remediation of a site.

(m) 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,~~ from mineral extraction, and the tax upon

1 ~~{which a tax}~~ royalties must be levied against the person to whom the ~~{royalty has~~
2 ~~been}~~ royalties are paid.

3 5. ~~{Every}~~ Each person ~~{acquiring}~~ who acquires any interest in property in
4 the State of Nevada to engage in ~~{the}~~ mineral extraction ~~{of minerals}~~ and who
5 incurs any of the expenses mentioned in subsection 3 shall report those expenses
6 and the recipient of any royalty to the Department on forms provided by the
7 Department. The Department shall report annually to the Mining Oversight and
8 Accountability Commission the expenses and deductions of each mining operation
9 in the State of Nevada.

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

- 13 (a) The working of the mine;
14 (b) The operating of the mill, smelter or reduction works;
15 (c) The operating of the facilities or equipment for transportation;
16 (d) Superintending the management of any of those operations;
17 (e) The State of Nevada, in office, clerical or engineering work necessary or
18 proper in connection with any of those operations; or
19 (f) Nevada-based corporate services.

20 7. The following expenses are specifically excluded from any deductions
21 from the gross yield:

- 22 (a) The costs of employee housing.
23 (b) Except as otherwise provided in paragraph (i) of subsection 3, the costs of
24 employee travel.
25 (c) The costs of severing the employment of any employees.
26 (d) Any dues paid to a third-party organization or trade association to promote
27 or advertise a product.
28 (e) Expenses relating to governmental relations or to compensate a natural
29 person or entity to influence legislative decisions.
30 (f) The costs of mineral exploration.
31 (g) Any federal, state or local taxes.

32 8. As used in this section, "Nevada-based corporate services" means
33 corporate services which are performed in the State of Nevada from an office
34 located in this State and which directly support mining operations in this State,
35 including, without limitation, accounting functions relating to mining operations at
36 a mine site in this State such as payroll, accounts payable, production reporting,
37 cost reporting, state and local tax reporting and recordkeeping concerning property.

38 **Sec. 19. NRS 362.130 is hereby amended to read as follows:**

39 362.130 1. When the Department determines from the annual statement
40 filed pursuant to NRS 362.110 the net proceeds ~~{of any minerals extracted,}~~ from
41 mineral extraction, it shall prepare its certificate of the amount of the net proceeds,
42 the amount of the estimated tax paid in the prior calendar year pursuant to
43 paragraph (a) of subsection 1 of NRS 362.115 and any additional payments made
44 pursuant to paragraph (b) of subsection 1 of that section, and the balance of the tax
45 due, if any, and send a copy of the certificate to the owner or operator of the ~~{mine,}~~
46 extractive operation.

47 2. The certificate must be prepared and mailed not later than:

- 48 (a) April 20 immediately following the month of February during which the
49 annual statement was filed; or
50 (b) April 30 immediately thereafter if an amended statement is filed in a timely
51 manner.

52 3. The tax due as indicated in the certificate and any penalty must be paid on
53 or before May 10 of the year in which the certificate is received.

4. If the amount paid pursuant to paragraph (a) of subsection 1 of NRS 362.115 in the prior calendar year is less than 90 percent of the amount certified pursuant to this section, the amount due must include a penalty of 10 percent of the amount by which the tax was underpaid unless:

(a) The amount paid pursuant to paragraph (a) of subsection 1 of NRS 362.115 in the prior calendar year is equal to or greater than the total liability of the operation for the preceding calendar year; or

(b) The person files quarterly reports pursuant to paragraph (b) of subsection 1 of NRS 362.115 in a timely manner for that year and the total of all payments exceeds 90 percent of the amount certified.

5. If an overpayment was made, the overpayment must be credited toward the payment due on March 1 of the next calendar year. If the certificate 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, after being credited against any amount then due from the taxpayer in accordance with NRS 360.236, be refunded to the taxpayer within 30 days after the certification was sent to the taxpayer.

Sec. 20. 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~~ from mineral extraction, it shall prepare its certificate of the amount of the net proceeds and the tax due and send a copy of the certificate to the owner ~~of the mine~~ or operator of the ~~mine or~~ extractive operation and the recipient of ~~the~~ any royalty, as the case may be.

2. The certificate must be prepared and mailed not later than:

(a) April 20 immediately following the month of February during which the annual statement was filed; or

(b) April 30 immediately thereafter if an amended statement is filed in a timely manner.

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

4. If an overpayment was made, the overpayment must be credited toward the payment due on May 10 of the next calendar year. If the certificate 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, after being credited against any amount then due from the taxpayer in accordance with NRS 360.236, be refunded to the taxpayer within 30 days after the certification was sent to the taxpayer.

Sec. 21. NRS 362.135 is hereby amended to read as follows:

362.135 1. Any person dissatisfied by any certification ~~of~~ or taxation by the Department pursuant to the provisions of NRS 362.100 to 362.240, inclusive, may appeal from that determination to the ~~State Board of Equalization. The appeal must be filed within 30 days after the certification is sent to the taxpayer.~~ Nevada Tax Commission by filing a notice of appeal in accordance with the requirements set forth in NRS 360.245.

2. Pending determination of the appeal, the person certified as owing the tax shall pay it on or before the date due, and the tax is considered to be paid under protest.

Sec. 22. NRS 362.140 is hereby amended to read as follows:

362.140 1. There is hereby imposed an excise tax upon mineral extraction by each extractive operation. Except as otherwise provided in this section, the rate of tax upon ~~the net proceeds of~~ mineral extraction by each ~~geographically separate~~ extractive operation depends upon the ratio of the net proceeds to the

gross proceeds ~~to~~ from that operation as a whole, according to the following table:

Net Proceeds as Percentage of Gross Proceeds	Rate of Tax as Percentage of Net Proceeds
Less than 10	2.00
10 or more but less than 18	2.50
18 or more but less than 26	3.00
26 or more but less than 34	3.50
34 or more but less than 42	4.00
42 or more but less than 50	4.50
50 or more	5.00

2. If the combined rate of tax ad valorem, ~~which would be assessed but for the provisions of Section 5 of Article 10 of the Constitution of this state,~~ including any rate levied by the State of Nevada, ~~upon~~ for property at the situs of the extractive operation is more than 2 percent, the minimum rate of tax ~~under this section equals that~~ upon mineral extraction by the operation is an amount equal to the combined rate of tax ad valorem, ~~multiplied by the net proceeds.~~

3. There is hereby imposed an excise tax upon royalties. The rate of tax upon royalties is 5 percent ~~plus~~.

~~4. The~~ regardless of the rate of tax upon ~~the net proceeds of~~ mineral extraction which is imposed on the extractive operation that pays the royalties.

4. If a geothermal operation is taxable pursuant to NRS 362.100 to 362.240, inclusive, the rate of tax upon mineral extraction by the operation is an amount equal to the combined rate of tax ad valorem ~~applicable to the~~, including any rate levied by the State of Nevada, for property at the situs of the operation ~~plus~~.

~~5. The rate of tax upon~~ multiplied by the net proceeds.

5. Except as otherwise provided in subsection 4, if an extractive operation extracts minerals for which the net proceeds in a calendar year exceed \$4,000,000, the rate of tax upon mineral extraction by the operation is an amount equal to 5 percent ~~plus~~ multiplied by the net proceeds.

Sec. 23. NRS 362.150 is hereby amended to read as follows:

362.150 1. Every tax ~~levied under the authority or provisions of NRS 362.100 to 362.240, inclusive, on the proceeds of minerals extracted~~ upon mineral extraction is hereby made a lien on ~~the~~ :

(a) The mines of the taxpayer from which the minerals are extracted ~~for sale or reduction, and also on all~~ ; and

(b) All machinery, fixtures, equipment and stockpiles of the taxpayer located at the ~~mine site~~ mines of the taxpayer or elsewhere in the State.

2. The lien attaches on ~~the 1st day of~~ January 1 of each year, for the calendar year commencing on that day, and may not be removed or satisfied until the taxes are all paid ~~plus~~ or the title to ~~those~~ the mines or property of the taxpayer has vested absolutely in a purchaser under a sale for ~~those~~ the unpaid taxes.

Sec. 24. NRS 362.160 is hereby amended to read as follows:

362.160 1. Except as otherwise provided in NRS 360.232 and 360.320, if the amount of any tax ~~required by NRS 362.100 to 362.240, inclusive,~~ upon mineral extraction or royalties is not paid by the taxpayer within 10 days after it is due, it is delinquent and must be collected as other delinquent taxes are collected by law, together with a penalty of 10 percent of the amount of the tax which is owed, as determined by the Department, in addition to the tax, plus interest at the rate of 1

percent per month, or fraction of a month, from the date the tax was due until the date of payment.

2. Any ~~person extracting any mineral or receiving a royalty~~ taxpayer against whom a penalty and interest is imposed pursuant to this section may appeal from the imposition of the penalty and interest to the Nevada Tax Commission by filing a notice of appeal in accordance with the requirements set forth in NRS 360.245.

Sec. 25. 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 ~~from~~ that operation and any royalties paid by that operation, as estimated and paid pursuant to NRS 362.115, plus any amounts paid pursuant to NRS 362.130 by the combined rate of tax ad valorem for the fiscal year to which the payments apply, excluding any rate levied by the State of Nevada, for property at ~~that site~~ the situs of the operation, 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 May 25 of each year the amount appropriated to each county, as calculated for each operation from the estimate provided pursuant to NRS 362.115 for the current calendar year and any adjustments made pursuant to NRS 362.130 for the preceding calendar year. The State Controller shall distribute all money due to a county on or before May 30 of each year. The Department shall report to the State Controller any additional payments made pursuant to paragraph (b) of subsection 1 of NRS 362.115 within 15 days after receipt of the payment, and the State Controller shall distribute the money to the appropriate county within 5 days after receipt of the report from the Department. For the purposes of this subsection, payments made pursuant to paragraph (b) of subsection 1 of NRS 362.115 apply to the fiscal year in which the statement of the estimated net proceeds is filed pursuant to paragraph (a) of subsection 1 of NRS 362.115.

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 ~~from~~ that operation and any ~~royalty payments~~ royalties paid by that operation, by the rate of tax ad valorem 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 other local entity; and

(c) Subtracting from the amount determined pursuant to paragraph (b) a commission of 5 percent of that amount, of which 3 percent must be deposited in the county general fund and 2 percent must be accounted for separately in the account for the acquisition and improvement of technology in the office of the county assessor created pursuant to NRS 250.085.

3. The amounts apportioned pursuant to subsection 2, including, without limitation, the amount retained by the county ~~and~~ , but excluding the county's 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 total amount received ~~for the benefit of the State of Nevada from the~~ tax upon ~~the net proceeds of~~ mineral extraction by geothermal resources ~~operations~~ , which equals the product of those ~~the~~ net proceeds from those operations multiplied by the rate of tax ~~levied~~ ad valorem levied by the State of Nevada.

Sec. 26. 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 ~~from~~ from 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,~~ the situs of the operation, 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 May 25 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. The State Controller shall distribute all money due to a county on or before May 30 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 ~~from~~ from that operation and any ~~royalty payments,~~ royalties paid by that operation, by the rate of tax ad valorem 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 other local entity; and

(c) Subtracting from the amount determined pursuant to paragraph (b) a 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,~~ , but excluding the county's 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 total amount received ~~for the benefit of the State of Nevada from the~~ tax upon ~~the net proceeds of~~ mineral extraction by geothermal ~~resources,~~ operations, which equals the product of ~~those~~ the net proceeds from those operations multiplied by the rate of tax ~~levied~~ ad valorem levied by the State of Nevada.

Sec. 27. 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,~~ upon mineral extraction 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,~~ received by the county from the tax upon mineral extraction.

2. Each school district to which money is apportioned by a county pursuant to subsection 2 of NRS 362.170 may set aside a percentage of the amount apportioned to establish a school district fund for mitigation. Except as otherwise provided in subsection 3, 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,~~ upon mineral extraction;

(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,~~ received by the school district from the tax upon mineral extraction; or

(c) Expenses incurred by the school district arising from a natural disaster.

3. In addition to the authorized uses for mitigation set forth in subsection 2, a school district in a county whose population is less than 4,500 may, as the board of trustees of the school district determines is necessary, use the money from the fund established pursuant to subsection 2:

(a) To retire bonds issued by the school district or any other outstanding obligations of the school district; and

(b) To continue the instructional programs of the school district or the services and activities that are necessary to support those instructional programs, which would otherwise be reduced or eliminated if not for the provisions of this section.

➤ Before authorizing the expenditure of money pursuant to this subsection, the board of trustees shall hold at least one public hearing on the matter.

Sec. 28. NRS 362.175 is hereby amended to read as follows:

362.175 1. If at any time, in the opinion of the Executive Director, it becomes impossible or impractical to collect any unpaid tax ~~certified on the proceeds of minerals extracted,~~ upon mineral extraction or royalties, the Executive Director may apply to the Nevada Tax Commission to have the amount of the unpaid tax and the name of the ~~person against whom the tax is certified~~ delinquent taxpayer removed from the tax records of the Department.

2. If the Nevada Tax Commission approves the application, the Department may remove the name and amount from its tax records.

Sec. 29. NRS 362.180 is hereby amended to read as follows:

362.180 In any ~~suit~~ action arising ~~concerning the certification and taxation of the net proceeds of minerals extracted,~~ pursuant to the provisions of NRS 362.100 to 362.240, inclusive, the burden of proof is upon the taxpayer to show, if the taxpayer so alleges or contends, that ~~the~~ any certification or taxation by the Department is unjust, improper or otherwise invalid.

Sec. 30. NRS 362.200 is hereby amended to read as follows:

362.200 1. The Department may examine the records of any person ~~operating or receiving~~ who engages in mineral extraction or receives royalties from any extractive operation. ~~in this state.~~ The records are subject to examination at all times by the Department or its authorized agents and must remain available for examination for a period of 4 years from the date of any entry therein.

2. If the Department examines the records of any person whose gross yield from an extractive operation was \$100,000 or more, as reported to the Department for any annual reporting period during the 4 years immediately preceding the examination ~~was \$100,000 or more,~~ and the person keeps his or her ~~books and~~ records pertaining to that operation or royalties outside this state, the person shall pay an amount per day equal to the amount set by law for out-of-state travel for each day or fraction thereof during which an examiner is actually engaged in examining the ~~books,~~ records, plus the actual expenses of that examiner during the time he or she is absent from Carson City, Nevada, for the purpose of making the examination, but the time must not exceed 1 day going to and 1 day coming from the place of examination. No more than one examination may be charged against a person in any 1 fiscal year.

3. The Department may hold hearings and summon and subpoena witnesses to appear and testify upon any subject material to ~~the determination of the net proceeds of minerals extracted,~~ any certification or taxation by the Department pursuant to the provisions of NRS 362.100 to 362.240, inclusive. The hearings

may be held at any place the Department designates, after not less than 10 days' notice of the time and place of the hearing given in writing to the ~~owner or operator of the mine,~~ taxpayer. The ~~owner or operator,~~ taxpayer is entitled, on request made to the Executive Director, to the issuance of the Department's subpoena requiring witnesses in behalf of the ~~owner or operator,~~ taxpayer to appear and testify at such hearing.

4. The failure of a witness to obey the subpoena of the Department subjects the witness to the same penalties prescribed by law for failure to obey a subpoena of a district court.

Sec. 31. NRS 362.230 is hereby amended to read as follows:

362.230 1. ~~Every~~ If any person ~~extracting any~~ engages in mineral ~~in this state, or receiving a royalty in connection therewith, who,~~ extraction or receives royalties from any extractive operation and fails to file with the Department ~~the statements provided for in~~ a statement required by NRS 362.100 to 362.240, inclusive, during the time and in the manner ~~provided for in NRS 362.100 to 362.240, inclusive,~~ required by those sections:

(a) The person shall pay a penalty of not more than \$5,000 ~~if any such person fails to file the statement, then~~ for each such violation; and

(b) The Department may ascertain and certify the amount of the gross yield, net proceeds ~~of the minerals extracted or the value of the royalty,~~ and royalties received from the extractive operation from all data and information obtainable, and the amount of the tax due must be computed on the basis of the ~~amount due,~~ amounts so ascertained and certified ~~by the Department.~~

2. The Executive Director shall determine the amount of the penalty ~~if this~~ imposed against the person, and the penalty becomes a debt due the State of Nevada ~~and, upon collection, must be deposited in the State Treasury to the credit of the State General Fund.~~

3. Any person ~~extracting any mineral or receiving a royalty,~~ against whom a penalty is imposed pursuant to this section may appeal from the imposition of the penalty to the Nevada Tax Commission by filing a notice of appeal in accordance with the requirements set forth in NRS 360.245.

Sec. 32. NRS 362.240 is hereby amended to read as follows:

362.240 ~~Any person who~~

1. If any person verifies under oath to the truthfulness of a statement required by NRS 362.100 to 362.240, inclusive, that is false in any material respect , the person shall ~~be liable to~~ pay a penalty of not more than 15 percent of the amount of the tax ~~as determined by the~~ due as a result of the violation.

2. The Executive Director ~~after reasonable notice and hearing,~~ shall determine the amount of the penalty imposed against the person, and the penalty becomes a debt due the State of Nevada.

3. Any person against whom a penalty is imposed pursuant to this section may appeal from the imposition of the penalty to the Nevada Tax Commission by filing a notice of appeal in accordance with the requirements set forth in NRS 360.245.

~~Sec. 10.~~ **Sec. 33. NRS 377B.170 is hereby amended to read as follows:**

377B.170 1. In a county whose population is 700,000 or more and in which a water authority exists, the water authority shall enter into an interlocal agreement with a city or town located in the county whose territory is not within the boundaries of the area served by the water authority or with a public entity in the county which provides water or wastewater services and which is not a member of the water authority to provide a distribution from the infrastructure fund of the water authority to the city, town or public entity after the city, town or public entity has filed with the water authority a detailed plan for acquiring, establishing,

1 constructing, improving or equipping, or any combination thereof, a water or
2 wastewater facility.

3 2. Such a city, town or public entity may request annually from the
4 infrastructure fund of the water authority an amount of the proceeds of the tax for
5 infrastructure received annually by the water authority that is equal to the
6 proportion that the assessed valuation of taxable property within the boundaries of
7 the city or town or the area served by the public entity , except any assessed
8 valuation attributable to the net proceeds ~~of minerals,~~ from mineral extraction
9 and royalties subject to the excise tax pursuant to the provisions of NRS 362.100
10 to 362.240, inclusive, bears to the total assessed valuation of taxable property
11 within the county ~~that~~ , except any assessed valuation attributable to the net proceeds
12 ~~of minerals,~~ from mineral extraction and royalties subject to the excise tax
13 pursuant to the provisions of NRS 362.100 to 362.240, inclusive. If the boundaries
14 of such a city or town overlap with the boundaries of a public entity in such a
15 county which provides water or wastewater services and which is not a member of
16 the water authority, the water authority shall apportion equally between the city or
17 town and the public entity the distribution from the infrastructure fund attributable
18 to the assessed valuation in the area where the boundaries overlap.

19 3. The water authority shall not unreasonably refuse a request from such a
20 city, town or public entity for a distribution from the infrastructure fund pursuant to
21 the provisions of this section.

22 ~~[Sec. 11.]~~ **Sec. 34.** NRS 349.238 is hereby amended to read as follows:

23 349.238 1. There must be levied annually a special tax on all property, both
24 real and personal, subject to taxation within the boundaries of the State of Nevada,
25 that is fully sufficient, together with the revenue which will result from application
26 of the rate to the net proceeds ~~of minerals,~~ from mineral extraction and royalties
27 subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240,
28 inclusive, and without regard to any statutory limitations now or hereafter existing,
29 to pay the interest on the general obligation state securities and to pay and retire the
30 securities as provided in the State Securities Law and in any act supplemental
31 hereto. The amount of money to be raised by the tax must be included in the annual
32 estimate or budget for each county in the state for each year for which the tax is
33 hereby required to be levied. The tax must be levied and collected in the same
34 manner and at the same time as other taxes are levied and collected.

35 2. The proceeds thereof levied to pay interest on the securities must be kept
36 by the State Treasurer in a special fund, separate and apart from all other funds, and
37 the proceeds of the tax levied to pay the principal of the securities must be kept by
38 the Treasurer in a special fund, separate and apart from all other funds. The two
39 special funds must be used for no other purpose than the payment of the interest on
40 the securities and the principal thereof, respectively, when due.

41 ~~[Sec. 12.]~~ **Sec. 35.** NRS 350.592 is hereby amended to read as follows:

42 350.592 1. There must be levied annually in due season a special tax on all
43 property, both real and personal, subject to taxation within the boundaries of the
44 municipality, that is fully sufficient, together with the revenue which will result
45 from application of the rate to the net proceeds ~~of minerals,~~ from mineral
46 extraction and royalties subject to the excise tax pursuant to the provisions of
47 NRS 362.100 to 362.240, inclusive, and without regard to any statutory or charter
48 tax limitations other than the limitation set forth in NRS 361.453, to pay the interest
49 on the general obligation municipal securities and to pay and retire the securities as
50 provided in the Local Government Securities Law and in any act supplemental
51 hereto. The amount of money to be raised by the tax must be included in the annual
52 estimate or budget for each county within the state for each year for which the tax is

hereby required to be levied. The tax must be levied and collected in the same manner and at the same time as other taxes are levied and collected.

2. The proceeds thereof levied to pay interest on the securities must be kept by the treasurer in a special fund, separate and apart from all other funds, and the proceeds of the tax levied to pay the principal of the securities must be kept by the treasurer in a special fund, separate and apart from all other funds. The two special funds must be used for no other purpose than the payment of the interest on the securities and the principal thereof, respectively, when due; but, except as prevented by any contractual limitations imposed upon the municipality by proceedings appertaining to its outstanding securities, the municipality may provide for a consolidated debt service fund to pay principal of and interest on outstanding securities, when due.

~~Sec. 13.~~ **Sec. 36.** NRS 354.59811 is hereby amended to read as follows:

354.59811 1. Except as otherwise provided in NRS 244.377, 278C.260, 354.59813, 354.59815, 354.59818, 354.5982, 354.5987, 354.705, 354.723, 450.425, 450.760, 540A.265 and 543.600, for each fiscal year beginning on or after July 1, 1989, the maximum amount of money that a local government, except a school district, a district to provide a telephone number for emergencies or a redevelopment agency, may receive from taxes ad valorem, other than ~~those~~ taxes attributable to the net proceeds of minerals or those from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, or taxes levied for the payment of bonded indebtedness and interest thereon incurred as general long-term debt of the issuer, or for the payment of obligations issued to pay the cost of a water project pursuant to NRS 349.950, or for the payment of obligations under a capital lease executed before April 30, 1981, must be calculated as follows:

(a) The rate must be set so that when applied to the current fiscal year's assessed valuation of all property which was on the preceding fiscal year's assessment roll, together with the assessed valuation of property on the central assessment roll which was allocated to the local government, but excluding any assessed valuation attributable to the net proceeds of minerals from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, assessed valuation attributable to a redevelopment area and assessed valuation of a fire protection district attributable to real property which is transferred from private ownership to public ownership for the purpose of conservation, it will produce 106 percent of the maximum revenue allowable from taxes ad valorem for the preceding fiscal year, except that the rate so determined must not be less than the rate allowed for the previous fiscal year, except for any decrease attributable to the imposition of a tax pursuant to NRS 354.59813 in the previous year.

(b) This rate must then be applied to the total assessed valuation, excluding the assessed valuation attributable to the net proceeds of minerals from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, and the assessed valuation of a fire protection district attributable to real property which is transferred from private ownership to public ownership for the purpose of conservation, but including new real property, possessory interests and mobile homes, for the current fiscal year to determine the allowed revenue from taxes ad valorem for the local government.

2. As used in this section, "general long-term debt" does not include debt created for medium-term obligations pursuant to NRS 350.087 to 350.095, inclusive.

~~Sec. 14.~~ **Sec. 37.** NRS 354.59813 is hereby amended to read as follows:

354.59813 1. In addition to the allowed revenue from taxes ad valorem determined pursuant to NRS 354.59811, if the estimate of the revenue available from the supplemental city-county relief tax to the county as determined by the Executive Director of the Department of Taxation pursuant to the provisions of subsection 11 of NRS 360.690 is less than the amount of money that would be generated by applying a tax rate of \$1.15 per \$100 of assessed valuation to the assessed valuation of the county, except any assessed valuation attributable to the net proceeds of minerals, from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, the governing body of each local government may levy an additional tax ad valorem for operating purposes. The total tax levied by the governing body of a local government pursuant to this section must not exceed a rate calculated to produce revenue equal to the difference between the:

(a) Amount of revenue from supplemental city-county relief tax estimated to be received by the county pursuant to subsection 11 of NRS 360.690; and

(b) The tax that the county would have been estimated to receive if the estimate for the total revenue available from the tax was equal to the amount of money that would be generated by applying a tax rate of \$1.15 per \$100 of assessed valuation to the assessed valuation of the county,

multiplied by the proportion determined for the local government pursuant to subparagraph (2) of paragraph (a) of subsection 4 of NRS 360.690, subparagraph (2) of paragraph (a) of subsection 6 of NRS 360.690 or subparagraph (2) of paragraph (a) of subsection 7 of NRS 360.690, as appropriate.

2. Any additional taxes ad valorem levied as a result of the application of this section must not be included in the base from which the allowed revenue from taxes ad valorem for the next subsequent year is computed.

3. As used in this section, "local government" has the meaning ascribed to it in NRS 360.640.

~~Sec. 15.~~ **Sec. 38.** NRS 354.598747 is hereby amended to read as follows:

354.598747 1. To calculate the amount to be distributed pursuant to the provisions of NRS 360.680 and 360.690 from a county's subaccount in the Local Government Tax Distribution Account to a local government, special district or enterprise district after it assumes the functions of another local government, special district or enterprise district:

(a) Except as otherwise provided in this section, the Executive Director of the Department of Taxation shall:

(1) Add the amounts calculated pursuant to subsection 1 or 2 of NRS 360.680 for each local government, special district or enterprise district and allocate the combined amount to the local government, special district or enterprise district that assumes the functions; and

(2) If applicable, add the average change in population and average change in the assessed valuation of taxable property that would otherwise be allowed to the local government or special district whose functions are assumed, including the assessed valuation attributable to a redevelopment agency ~~but~~ but excluding the portion attributable to the net proceeds of minerals, pursuant to, from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, as appropriate under subsection 4, 5, 6 or 7 of NRS 360.690, ~~as appropriate,~~ to the average change in population and average change in assessed valuation for the local government, special district or enterprise district that assumes the functions.

(b) If two or more local governments, special districts or enterprise districts assume the functions of another local government, special district or enterprise district, the additional revenue must be divided among the local governments,

special districts or enterprise districts that assume the functions on the basis of the proportionate costs of the functions assumed.

The Nevada Tax Commission shall not allow any increase in the allowed revenue from the taxes contained in the county's subaccount in the Local Government Tax Distribution Account if the increase would result in a decrease in revenue of any local government, special district or enterprise district in the county that does not assume those functions. If more than one local government, special district or enterprise district assumes the functions, the Nevada Tax Commission shall determine the appropriate amounts calculated pursuant to subparagraphs (1) and (2) of paragraph (a).

2. If a city disincorporates, the board of county commissioners of the county in which the city is located must determine the amount the unincorporated town created by the disincorporation will receive pursuant to the provisions of NRS 360.600 to 360.740, inclusive.

3. As used in this section:

(a) "Enterprise district" has the meaning ascribed to it in NRS 360.620.

(b) "Local government" has the meaning ascribed to it in NRS 360.640.

(c) "Special district" has the meaning ascribed to it in NRS 360.650.

~~Sec. 16.~~ **Sec. 39.** NRS 380.130 is hereby amended to read as follows:

380.130 1. Whenever it appears to the board of county commissioners of any county having a law library that for any reason any debt incurred in the purchase and establishment of the library has not been fully paid or materially reduced with the money provided by the provisions of NRS 380.110, within the period of 5 years immediately preceding, the board of county commissioners may, at the next annual tax levy, levy a special tax upon all taxable property within the county, both real and personal, that is sufficient, together with the revenue which will result from application of the rate to the net proceeds of minerals, from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, to raise a sum which will discharge any such indebtedness, but no more. The money must be placed in the law library fund in the county treasury and must be used for the payment of the indebtedness and for no other purpose.

2. In lieu of the levy of a special tax as provided in subsection 1, the board of county commissioners of any county having a law library may, in the discretion of the board of county commissioners, transfer from the general funds of the county to the law library fund a sufficient sum of money to pay any debts incurred in the purchase and establishment and maintenance of the library, which has not been fully paid or materially reduced with the money provided by the provisions of NRS 380.110, within the period of 5 years immediately preceding March 1, 1959.

~~Sec. 17.~~ **Sec. 40.** NRS 387.1235 is hereby amended to read as follows:

387.1235 1. Except as otherwise provided in subsection 2, local

~~local~~ funds available are the sum of:

(a) ~~1.~~ The amount of one-third of the tax collected pursuant to subsection 1 of NRS 387.195 for the school district for the concurrent school year; and

(b) ~~2.~~ The proceeds of the local school support tax imposed by chapter 374 of NRS, excluding any amounts required to be remitted pursuant to NRS 360.850 and 360.855. The Department of Taxation shall furnish an estimate of these proceeds to the Superintendent of Public Instruction on or before July 15 for the fiscal year then begun, and the Superintendent shall adjust the final apportionment of the current school year to reflect any difference between the estimate and actual receipts.

2. The amount of the local funds computed under pursuant to subsection 1 that is attributable to based on any assessed valuation attributable to the net

proceeds ~~of minerals~~ from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, must be held in reserve and may not be considered as local funds available until the succeeding fiscal year.

~~[Sec. 18.]~~ **Sec. 41.** NRS 387.195 is hereby amended to read as follows:

387.195 1. Each board of county commissioners shall levy a tax of 75 cents on each \$100 of assessed valuation of taxable property within the county for the support of the public schools within the county school district.

2. The amount of the tax collected pursuant to subsection 1 that is based on any assessed valuation attributable to the net proceeds ~~of minerals~~ from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, must not be considered as available to pay liabilities of the fiscal year in which the tax is collected but must be deferred for use in the subsequent fiscal year. The annual budget for the school district must only consider as an available source the amount of the tax ~~on the net proceeds of minerals which was~~ collected in the prior fiscal year ~~+~~ that is based on any assessed valuation attributable to the net proceeds from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive.

3. In addition to any tax levied in accordance with subsection 1, each board of county commissioners shall levy a tax for the payment of interest and redemption of outstanding bonds of the county school district.

4. ~~13.~~ The tax collected pursuant to subsection 1 and any interest earned from the investment of the proceeds of that tax must be credited to the county's school district fund.

5. ~~14.~~ The tax collected pursuant to subsection 3 ~~13~~ and any interest earned from the investment of the proceeds of that tax must be credited to the county school district's debt service fund.

~~[Sec. 19.]~~ **Sec. 42.** NRS 450.660 is hereby amended to read as follows:

450.660 1. At the time of making the levy of county taxes for that year, each board of trustees shall levy a tax that is sufficient, together with the revenue which will result from application of the rate to the net proceeds ~~of minerals~~ from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, to raise the amount so budgeted upon any real and personal property that is subject to taxation within the boundaries of the district. Any tax levied on interstate or intercounty telephone lines, power lines and other public utility lines pursuant to this section must be based upon valuations as established by the Nevada Tax Commission pursuant to the provisions of NRS 361.315 to 361.330, inclusive.

2. When levied, the tax must be:

(a) Entered upon the assessment rolls of each county that is included within the district; and

(b) Collected in the same manner as state and county taxes.

3. When the tax is collected it must be:

(a) Placed in the treasury of the county in which the district hospital is located;

(b) Credited to the current expense fund of the district; and

(c) Used only for the purpose for which it was raised.

~~[Sec. 20.]~~ **Sec. 43.** NRS 474.190 is hereby amended to read as follows:

474.190 1. Subject to the provisions of subsection 3, the board of directors of each county fire protection district shall prepare annual budgets in accordance with NRS 354.470 to 354.626, inclusive.

2. The budget of a district must be based on estimates of the amount of money that will be needed to defray the expenses of the district and to meet unforeseen

emergencies and the amount of a fire protection tax that is sufficient , together with the revenue which will result from application of the rate to the net proceeds of ~~minerals, from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive,~~ to raise such sums.

3. The amount of money to be raised for the purpose of establishing, equipping and maintaining the district with fire-fighting facilities must not in any 1 year exceed 1 percent of the assessed value of the property described in NRS 474.200 ~~and any net proceeds of minerals derived from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive,~~ within the boundaries of the district.

~~Sec. 44.~~ Sec. 44. NRS 474.510 is hereby amended to read as follows:

474.510 1. The board of fire commissioners shall prepare an annual budget in accordance with the provisions of NRS 354.470 to 354.626, inclusive, for each district organized in accordance with NRS 474.460.

2. Each budget must be based on estimates of the amount of money which will be needed to defray the expenses of the district and to meet unforeseen emergencies and the amount of a fire protection tax that is sufficient , together with the revenue which will result from application of the rate to the net proceeds of ~~minerals, from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive,~~ to raise such sums.

3. At the time of making the levy of county taxes for the year, the board of county commissioners shall levy the tax provided by subsection 2, upon all property, both real and personal, subject to taxation within the boundaries of the district. Any tax levied on interstate or intercounty telephone lines, power lines and other public utility lines as authorized in this section must be based upon valuations established by the Nevada Tax Commission pursuant to the provisions of NRS 361.315 to 361.330, inclusive.

4. The amount of tax to be collected for the purposes of this section must not exceed, in any 1 year, 1 percent of the value of the property described in subsection 3 ~~and any net proceeds of minerals derived from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive,~~ within the boundaries of the district.

5. If levied, the tax must be entered upon the assessment roll and collected in the same manner as state and county taxes. Taxes may be paid in four approximately equal installments at the times specified in NRS 361.483, and the same penalties as specified in NRS 361.483 must be added for failure to pay the taxes.

6. For the purposes of NRS 474.460 to 474.540, inclusive, the treasurer of the district shall keep two separate funds for each district, one to be known as the district fire protection operating fund and one to be known as the district emergency fund. The money collected to defray the expenses of any district organized pursuant to NRS 474.460 must be deposited in the district fire protection operating fund, and the money collected to meet unforeseen emergencies must be deposited in the district emergency fund. The district emergency fund must be used solely for emergencies and must not be used for regular operating expenses. The money deposited in the district emergency fund must not exceed the sum of \$1,000,000. Any interest earned on the money in the district emergency fund that causes the balance in that fund to exceed \$1,000,000 must be credited to the district fire protection operating fund.

7. For the purposes of subsection 6, an emergency includes, without limitation, any event that:

(a) Causes widespread or severe damage to property or injury to or the death of persons within the district;

(b) As determined by the district fire chief, requires immediate action to protect the health, safety and welfare of persons who reside within the district; and
(c) Requires the district to provide money to obtain a matching grant from an agency of the Federal Government to repair damage caused by a natural disaster that occurred within the district.

~~Sec. 22.~~ **Sec. 45.** NRS 514A.060 is hereby amended to read as follows:

514A.060 Notwithstanding any other provision of law, the Commission shall provide oversight of compliance with Nevada law relating to the activities of each state agency, board, bureau, commission, department or division with respect to the taxation, operation, safety and environmental regulation of mines and mining in this State, including, without limitation, the activities of:

1. The Nevada Tax Commission and the Department of Taxation in the administration of the provisions of NRS 362.100 to 362.240, inclusive, concerning the taxation of the net proceeds ~~of minerals pursuant to chapter 362 of NRS, and Section 5 of Article 10 of the Nevada Constitution,~~ from mineral extraction and royalties.

2. The Division of Industrial Relations of the Department of Business and Industry in ~~administering~~ the administration of the provisions of chapter 512 of NRS concerning the safe and healthful working conditions at mines.

3. The Commission on Mineral Resources and the Division of Minerals of the Commission in the administration of the provisions of chapters 513 and 522 of NRS concerning the conduct of mining operations and operations for the production of oil, gas and geothermal energy in the State.

4. The Bureau of Mines and Geology of the State of Nevada in the Public Service Division of the Nevada System of Higher Education in ~~its~~ the administration of the provisions of chapter 514 of NRS.

5. The Division of Environmental Protection of the State Department of Conservation and Natural Resources in ~~its~~ the administration of the provisions of chapter 519A of NRS concerning the reclamation of mined land, areas of exploration and former areas of mining or exploration.

Sec. 46. NRS 514A.110 is hereby amended to read as follows:

514A.110 A permanent regulation adopted by the:

1. Nevada Tax Commission, pursuant to NRS 360.090, concerning any taxation related to the extraction of any mineral in this State, including, without limitation, the taxation of the net proceeds from mineral extraction and royalties pursuant to ~~chapter 362 of NRS and Section 5 of Article 10 of the Nevada Constitution,~~ NRS 362.100 to 362.240, inclusive;

2. Administrator of the Division of Industrial Relations of the Department of Business and Industry for mine health and safety pursuant to NRS 512.131;

3. Commission on Mineral Resources pursuant to NRS 513.063, 513.094 or 519A.290; and

4. State Environmental Commission pursuant to NRS 519A.160,
is not effective unless it is reviewed by the Mining Oversight and Accountability Commission before it is approved pursuant to chapter 233B of NRS by the Legislative Commission or the Subcommittee to Review Regulations appointed pursuant to subsection 6 of NRS 233B.067. After conducting its review of the regulation, the Mining Oversight and Accountability Commission shall provide a report of its findings and recommendations regarding the regulation to the Legislative Counsel for submission to the Legislative Commission or the Subcommittee to Review Regulations, as appropriate.

Sec. 47. NRS 522.115 is hereby amended to read as follows:

522.115 1. For purposes of determining the respective rights of the lessor and lessee and the owners of a royalty interest, overriding royalty interest and any

other nonworking interest in the money earned from an oil and gas lease or other agreement concerning the sale of the production from an oil or gas well located in this state:

(a) The lessee is liable for all of the costs of production, which must be deducted from the working interest.

(b) The lessor's interest, the mineral owner's royalty interest and the overriding royalty interest must not be decreased by the costs of production.

(c) The following information must be reported with each remittance, unless otherwise reported each month, to the owner of an interest:

(1) The name or number used to identify the lease, property or well;
(2) The month and year during which any sale occurred for which payment is being made;

(3) The total number of barrels of oil or thousands of cubic feet of gas sold;

(4) The price per barrel of oil or the price per thousand cubic feet of gas;

(5) The total amount of state taxes on the net proceeds ~~of minerals,~~ from mineral extraction and royalties subject to the excise tax pursuant to the provisions of NRS 362.100 to 362.240, inclusive, taxes ad valorem and other taxes on the production from an oil or gas well, if the payment of those taxes reduces the amount paid to the owner of an interest;

(6) An itemized list of any other deductions or adjustments that reduce the amount paid to the owner of an interest;

(7) The net value of total sales after deductions or adjustments that reduce the amount paid to the owner of an interest;

(8) The percentage share of the owner of an interest in the sales of the production from the oil or gas well, lease or property as expressed by a decimal number;

(9) The share of the total value attributed to the owner of an interest in the sales of the production from the oil or gas well, lease or property before any deductions or adjustments and after any deductions or adjustments; and

(10) A name and an address where the owner of an interest may receive clarification of the information reported pursuant to this paragraph and additional information concerning the owner's interest. If information is requested by certified mail, an answer must be mailed by certified mail within 30 days after receipt of the request.

2. Any person who fails to report information pursuant to paragraph (c) of subsection 1 is liable to the affected owner of an interest, except for the working interest, in the amount of \$100 for each violation and \$100 for each month that elapses thereafter until the information is provided.

3. As used in this section, the term "costs of production" means all costs incurred for the exploration and development of, primary or enhanced recovery of oil or gas from, and operations associated with the abandonment of, an oil or gas well, including costs associated with the:

(a) Acquisition of an oil and gas lease;

(b) Drilling and completion of the well;

(c) Pumping or lifting, recycling, gathering, compressing, pressurizing, heater treating, dehydrating, separating and storing of oil or gas; and

(d) Transporting of oil to storage tanks, or gas into the pipeline for delivery.

↪ The term does not include the reasonable and actual direct costs associated with transporting oil from storage tanks to the market, gas from the point of entry into the pipeline to the market or the processing of gas in a processing plant.

~~Sec. 23. Sec. 48. NRS 361.075, 362.030, 362.040, 362.050, 362.060, 362.070, 362.090 and 362.095 are~~ 362.105 hereby repealed.

Sec. 49. In accordance with Section 6 of Article 10 of the Nevada Constitution and NRS 218D.350, the Legislature hereby finds and declares that each exemption provided by this act from any ad valorem tax on property:

1. Will achieve a bona fide social or economic purpose and that the benefits of the exemption are expected to exceed any adverse effect of the exemption on the provision of services to the public by the State or a local government that would otherwise receive revenue from the tax from which the exemption would be granted;

2. Will not impair adversely the ability of the State or a local government to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from the tax from which the exemption would be granted was pledged; and

3. Will cease to be effective on the specific date set forth in section 50 of this act.

~~Sec. 24.~~ Sec. 50. ~~This~~

1. Except as otherwise provided in this section, this act becomes effective on ~~January 1, 2015, if and~~ November 25, 2014, only if pursuant to Section 1 of Article 16 of the Nevada Constitution, the provisions of Senate Joint Resolution No. 15, which were proposed, agreed to and passed by the 76th Session of the Legislature and published as file number 44, Statutes of Nevada 2011, at page 3871, and which were also agreed to and passed by the 77th Session of the Legislature, are approved and ratified by the voters at the general election on November 4, 2014.

2. If this act becomes effective pursuant to subsection 1:

(a) Sections 13, 15, 19 and 25 of this act become effective on November 25, 2014, only if sections 1, 2, 3 and 5 of chapter 4, Statutes of Nevada 2008, 25th Special Session, at pages 15, 16 and 17, have not expired by limitation on or before that date. If sections 13, 15, 19 and 25 of this act become effective on November 25, 2014, and sections 1, 2, 3 and 5 of chapter 4, Statutes of Nevada 2008, 25th Special Session, at pages 15, 16 and 17, expire by limitation after November 25, 2014, sections 13, 15, 19 and 25 of this act expire by limitation on the day on which sections 1, 2, 3 and 5 of chapter 4, Statutes of Nevada 2008, 25th Special Session, at pages 15, 16 and 17, expire by limitation.

(b) Sections 14, 16, 20 and 26 of this act become effective:

(1) On November 25, 2014, only if sections 13, 15, 19 and 25 of this act do not become effective on November 25, 2014, pursuant to paragraph (a); or

(2) On the day after sections 13, 15, 19 and 25 of this act expire by limitation only if those sections become effective on November 25, 2014, and thereafter expire by limitation pursuant to paragraph (a).

3. If this act becomes effective pursuant to subsection 1:

(a) Section 17 of this act becomes effective on November 25, 2014, only if section 12.7 of chapter 449, Statutes of Nevada 2011, at page 2696, does not become effective on or before that date. If section 17 of this act becomes effective on November 25, 2014, and section 12.7 of chapter 449, Statutes of Nevada 2011, at page 2696, becomes effective after November 25, 2014, section 17 of this act expires by limitation on the day on which section 12.7 of chapter 449, Statutes of Nevada 2011, at page 2696, becomes effective.

(b) Section 18 of this act becomes effective:

(1) On November 25, 2014, only if section 17 of this act does not become effective on November 25, 2014, pursuant to paragraph (a); or

(2) On the day after section 17 of this act expires by limitation only if that section becomes effective on November 25, 2014, and thereafter expires by limitation pursuant to paragraph (a).

4. Sections 2.5 and 2.7 of this act expire by limitation on June 30, 2053.

~~{HEADLINES}~~ TEXT OF REPEALED {SECTIONS} SECTION

~~{ 361.075 Exemption of unpatented mines and mining claims.~~

~~362.030 County assessor to assess surface of patented mines and mining claims; exceptions.~~

~~362.040 Exclusion of assessment from roll.~~

~~362.050 Affidavit of labor: Requirement for exemption of surface of patented mine or mining claim from taxation; form and contents.~~

~~362.060 Who may make affidavit.~~

~~362.070 Contiguous patented mines or mining claims: Performance of work on one mine.~~

~~362.090 One affidavit may be recorded for labor on several patented mines or mining claims.~~

~~362.095 Method of taxation of patented mine or mining claim used for purpose other than mining or agriculture.~~

362.105 "Royalty" defined. As used in NRS 362.100 to 362.240, inclusive, unless the context otherwise requires:

1. "Royalty" means a portion of the proceeds from extraction of a mineral which is paid for the privilege of extracting the mineral.

2. "Royalties" do not include:

(a) Rents or other compensatory payments which are fixed and certain in amount and payable periodically over the duration of the lease regardless of the extent of extractions; or

(b) Minimum royalties covering periods when no mineral is extracted if the payments are fixed and certain in amount and payable on a regular periodic basis.