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Revenue and Taxation; net proceeds from extraction of minerals, net proceeds of minerals, and valuation of taxable mine property

NEV. REV. STAT. §§ 362.020, 362.210, 362.220 (repealed); § 362... (new); §§ 269.120, 269.155, 349.238, 350.592, 354.220, 354.59805, 354.5982, 354.59811, 354.59816, 360.417, 361.405, 362.010, 362.030, 362.040, 362.050, 362.070, 362.090, 362.095, 362.100, 362.105, 362.115, 362.120, 362.130, 362.135, 362.140, 362.150, 362.160, 362.170, 362.175, 362.180, 362.200, 362.230, 377.057, 380.130, 450.660, 474.200, 474.510, 517.213, 517.390, 517.400, 517.420, 517.450, 517.460 (amended).

SB 61 (Committee on Taxation); 1989 STAT. Ch. 25

AB 770 (Sheerin); 1989 STAT. Ch. 667

Chapter 25 was enacted pursuant to Senate Joint Resolution Number 22 of the 64th Session of the legislature.¹ The legislature intended to create a single method of taxation for certain types of active mines² by subjecting mining claims on land not owned by the mine operators to the same tax treatment as patented mines.³

The singular method of taxation delineated by Chapter 25 defers taxation until after the minerals are extracted and converted into revenue.⁴ Prior law provided that the proceeds of mines be taxed in the same manner as other property.⁵ By contrast, under the method imposed by Chapter 25, each mining operation is taxed separately on a sliding scale that takes into account the relationship between the net and gross proceeds at that location.⁶ However, Chapter 667 imposes a flat five percent tax on the proceeds of any mining operation that has net proceeds of more than \$4,000,000 per year.⁷

Prior law imposed a tax on the surface of mines in addition to

1. 1989 Nev. Stat. ch. 25, sec. 1, at 31.

2. *See id.* sec. 4, at 33 (amending NEV. REV. STAT. § 362.010) (defining minerals to include oil, gas, and other hydrocarbons).

3. *Id.* sec. 1 at 31. *See* NEV. REV. STAT. § 362.010 (1987) (amended by 1989 Nev. Stat. ch. 25, sec. 4, at 33) (definition of patented mine).

4. 1989 Nev. Stat. ch. 25, sec. 1, at 31.

5. 1891 Nev. Stat. ch. 99, sec. 75 (amended by 1989 Nev. Stat. ch. 25, sec. 18, at 38).

6. 1989 Nev. Stat. ch. 25, sec. 18, at 38 (amending NEV. REV. STAT. § 362.140).

7. 1989 Nev. Stat. ch. 667, sec. 4, at 1537 (amending NEV. REV. STAT. § 362.140).

that on the proceeds.⁸ However, prior law exempted active patented mines which incurred annual mining costs of \$100 or more from such surface tax.⁹ Chapter 25 continues to exempt active patented mines owned by the mining operations from the tax on the surface and expands the exemption to include mining claims¹⁰ that have also incurred more than \$100 in annual development costs.¹¹ Chapter 25 also prescribes procedural requirements for obtaining the exemption.¹²

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8. 1933 Nev. Stat. ch. 170, sec. 2, at 234 (repealed by 1989 Nev. Stat. ch. 25, sec. 46, at 52). See 1989 Nev. Stat. ch. 25, sec. 5, at 33 (continues the exemption of active patented mines but includes mining claims as well).

9. 1933 Nev. Stat. ch. 170, sec. 2, at 234 (repealed by 1989 Nev. Stat. ch. 25, sec. 46, at 52).

10. See 1989 Nev. Stat. ch. 25, sec. 4, at 33 (amending NEV. REV. STAT. § 362.010) (definition of mining claim).

11. *Id.* secs. 4-9, at 33 (amending NEV. REV. STAT. §§ 362.010, 362.030, 362.040, 362.050, 362.070, 362.090).

12. *Id.* sec. 7, at 33 (amending NEV. REV. STAT. § 362.050) (specification of content and deadlines for affidavits for exemption).

Revenue and Taxation; property tax rates—new local governments

NEV. REV. STAT. § 354.5987 (amended).

AB 276 (Committee on Taxation); 1989 STAT. CH. 672

Existing law limits the revenue that local governments can receive from ad valorem property taxes.¹ The property tax rate for a local government created after July 1, 1983, is initially set by the Nevada Tax Commission.² Chapter 672 requires the Commission to set an

1. NEV. REV. STAT. § 354.59805 (1987). See *id.* § 361.227 (1987) (method of determining the taxable value of real property, possessory interests, and personal property). A county whose tax rate, other than for debt service, for the fiscal year ending on June 30, 1981, was less than 50 cents per \$100 of assessed valuation, is entitled to a tax rate no greater than 80 cents per \$100 of assessed valuation beginning with the fiscal year which began on July 1, 1981. *Id.* § 354.59805 (1987). A county whose tax rate as of June 30, 1981, was more than 50 cents is entitled to a tax rate no greater than \$1.10 per \$100 of assessed valuation beginning with the fiscal year which began on July 1, 1981. *Id.* See *id.* § 354.59811 (1987) (establishes formula limiting annual revenue increases from property taxes beginning with the fiscal year that began on July 1, 1983).

2. *Id.* § 354.5987 (1987) (amended by 1989 Nev. Stat. ch. 672, sec. 1, at 1564). See *id.* §§ 361.315-.330 (1987) (description and duties of Nevada Tax Commission).