



Question 2: An Amendment to the *Nevada Constitution*

Executive Summary

This Fact Sheet presents information about Question 2, the proposed constitutional amendment to remove the separate tax rate and manner of assessing the tax on the proceeds of minerals. This Fact Sheet explains what will happen if Question 2 passes or fails to pass, and presents information about the mining industry in Nevada and the distribution of current net proceeds of minerals taxes.

Question 2 is a proposal to amend Sections 1 and 5 of Article 10 of the *Nevada Constitution* and will be on the ballot of the general election in November 2014.

Question 2 reads: "Shall the *Nevada Constitution* be amended to remove the cap on the taxation of minerals and other requirements and restrictions relating to the taxation of mines, mining claims, and minerals and the distribution of money collected from such taxation?"

If passed, Question 2 would remove provisions related to the taxation of the net proceeds of minerals and the distribution of tax revenue from the *Nevada Constitution*, also known as the Net Proceeds of Minerals Tax. This tax is an "ad valorem property tax assessed on minerals mined or produced in Nevada when they are sold or removed from the state. This tax is separate from, and in addition to, any property tax paid on land, equipment and other assets."¹

Under current law, the *Nevada Constitution* caps taxation of minerals at 5 percent of net proceeds. Voter approval of Question 2 would enable the Nevada Legislature to exceed the 5 percent limitation on the taxation of net proceeds of minerals in the future via statute. The *Constitution* also requires that the revenue be allocated to local government entities within each county based on the property tax rate in each county. Provisions regarding administration of the tax are contained in statute.

The *Fact Sheet on Question 2: An Amendment to the Nevada Constitution* provides the following:

- A description of Question 2 and why it is coming before the voters;
- A summary of Senate Bill 400, which will go into effect on November 25, 2014 if a majority of voters approve Question 2;
- The calculation of net proceeds of mineral taxes, by county;
- The state-wide distribution of the net proceeds of mineral taxes, by county;
- A description of the economic impact of the mining industry in Nevada; and
- A summary of the arguments for and against Question 2.