Nevada Senate Oks Repeal of Mining Tax Protections

SANDRA CHEREB, Associated Press

CARSON CITY, Nev. (AP) — The Nevada Senate on Monday approved a resolution to repeal mining tax protections in the state constitution, a move supporters say will give legislators leeway to determine appropriate tax rates on a booming industry.

Senate Joint Resolution 15 passed on a 17-4 vote and now goes to the Assembly. If approved there, it would go to voters in 2014 for final ratification.

First approved by the 2011 Legislature, SJR15 would repeal a constitutional provision that allows for the taxation of net proceeds on minerals. A 5 percent cap added is 1989 is calculated after costs for extracting minerals and other business expenses are deducted.

Backers say repeal would give state lawmakers flexibility to set the rate for mining taxes.

It "would allow the Legislature to determine net proceeds of minerals and distribution of those taxes," Sen. Ruben Kihuen, D-Las Vegas, said on the Senate floor before votes were cast.

Kihuen, chairman of the Senate Revenue Committee that unanimously recommended approval of the resolution, added, "We feel this is the right thing for our constituents and the state of Nevada."

"This bill neither increases nor decreases taxes on mining," stressed Senate Majority Leader Mo Denis. D-Las Vegas.

But mining taxes are in the crosshairs of some Republican senators, who want to eliminate mining's constitutional protections and propose higher mining taxes to compete with a 2 percent margins tax proposal that voters will decided in November 2014.

Senate Minority Leader Michael Roberson, R-Henderson, is at the forefront of that effort but no detailed proposal has yet been released. Roberson did not speak on the floor before the vote.

Rural Republicans and other cited arguments made by the industry that removing the mining cap would actually reduce taxes paid by the industry because the constitution requires tax rates to be "fair and equal."

"I'm very concerned about taking this out," said Sen. Pete Goicoechea, R-Elko, whose district includes some of the state's largest gold mines.

Sen. Barbara Cegavske, R-Las Vegas, noted $89 million in tax incentives granted to Apple Inc. last year to set up operations in northern Nevada. She said targeting one industry for higher taxes while granting others tax breaks "shows no foresight."

Republican Sen. James Settelmeyer of Minden and Don Gustavson of Sparks also voted against the resolution.

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