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Senate Republican Leadership Calls for Alternative Ballot Measure

(Carson City, NV) – Senate Republican leadership today called for their Democratic colleagues to support Senate Joint Resolution 15 (SJR15) and simultaneously work with them to craft legislation outlining mining tax reform to serve as a competing measure to the flawed margins tax in the 2014 General Election.

“We believe the current discussion relating to broadening the tax base and finding more money for education is important,” said Senate Minority Leader Michael Roberson, R-Henderson. “To that end, we will continue to work with our colleagues on both sides of the aisle to identify sensible structural reforms to Nevada’s revenue system.”

“In the meantime, we are all aware that the margins tax will be on the 2014 ballot,” Roberson said. “We believe this is a fatally flawed, job-killing tax on businesses large and small that will stall economic development, put employers out of business, and lead to even higher numbers of unemployed Nevadans.”

“We are proposing that we give voters a choice about how we generate more revenue to fund education in our state,” said Roberson.

The legislature has the authority to approve, by statute, an alternative measure that competes with the margins tax with the measure receiving the most votes becoming law, assuming it passes by a majority of voters. By forwarding to the voters both SJR15 and an alternative mining tax measure, the state could begin generating hundreds of millions of additional revenue for education beginning in the upcoming biennium.

“The competing measure will ask whether mining should contribute to the state’s education system at a level that more adequately reflects the benefit the industry gains by operating in our state,” said Senate Assistant Minority Leader Ben Kieckhefer, R-Reno.

“There are a variety of ways we could alternatively tax the mining industry following the passage of SJR15,” stated Kieckhefer. “We could levy a tax upon their gross proceeds, increase the existing net proceeds rate, apply a severance tax, or impose some other type of levy. What’s important is that this decision will finally be back in the hands of the people and the legislature following the approval of SJR15.”

Over the past two years, attempts have been made to convince legislators that SJR15 is flawed and that passing it into law could give the mining industry a tax cut. Senate Republican leadership disagrees with this argument.

“We are persuaded by an opinion from the legal division of the Legislative Counsel Bureau, which provides that passage of SJR15 will maintain the current tax structure with regard to the mining industry,” said Senate Minority Whip Joe Hardy, R-Boulder City. “Moreover, the legislature and the people will be empowered to adjust the manner and level at which mining is taxed. We urge our Democratic colleagues to allow SJR15 to be voted upon and sent to the people for their consideration, along with an alternative to the margins tax that specifically addresses the taxation of mining.”

In considering what this legislation should look like, some background and perspective is instructive.

In 2011, Nevada’s gold mining industry produced approximately \$8.8 billion in gross revenue. On this revenue, \$97 million was paid to the state’s general fund in net proceeds, along with another \$106 million paid to local government in net proceeds. This totals approximately 2.3% of gross revenues.

In contrast, Nevada’s gaming industry in FY 2012 produced \$10.8 billion in gross revenues and paid \$694 million. This amounts to 6.6% of gross revenues. The top-tier tax rate is 6.75% of gross gaming revenues.

If the net proceeds tax on gold mining dedicated to the state was set at 10%, Nevadans would expect an additional \$630 million over the biennium to fund education.

Alternatively, if gold mining was taxed on gross receipts at the same 6.75% rate that gaming pays, Nevadans could expect an additional \$780 million per biennium to fund education.

These figures and alternatives should be taken into account as legislators contemplate specific legislation.

Roberson emphasized that mining has been, and will continue to be, an essential industry to our state.

“We value the industry’s positive impact on Nevada’s economy and our communities, and we want the mining industry to be productive and profitable,” he said. “However, mining is different from every other industry in this state. Billions of dollars of nonrenewable natural resources are extracted from our state and shipped out-of-state every year. These resources cannot be replenished. At some point the gold will be gone. And, when the gold is gone, mining will be gone. It is imperative that we ensure that Nevadans get the best deal we can, while we can.”

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