Nevada Mining Tax Facts

According to former Nevada State Archivist and historian Guy Rocha, the mining industry of Nevada Territory was so opposed to the level of mineral extraction taxation in the draft Nevada constitution in 1863, it compelled the constitutional delegates to draft new language that was much more favorable to the mining industry. Today, mining still strong-arms Nevadans in order to protect its unique and generous tax advantages. Let’s look at the facts:

According to the Legislative Counsel Bureau, removing mining’s sweetheart tax status from the Constitution will in no way change how mining is currently taxed. The Net Proceeds on Mining Tax, which is contained in NRS 362.140, remains unchanged under SJR 15.

Trans-national mining conglomerates took $8.76 billion in gold from Nevada in 2011, and paid a total of $104 million to the state general fund under the mining tax, an effective tax rate of 1.187%. In 2010, they mined $6.64 billion in gold, and paid $71.7 million to the state general fund, an effective tax rate of 1.079%. (Nevada Department of Taxation)

Mining does pay sales tax and they pay certain property taxes—but not on the value of the mine or their mining claims. Renters, the unemployed, and minimum wage workers also pay sales and property taxes. But gold mining is different, so it should be taxed differently. Once that gold is gone, it’s gone forever. The money will be in Canada and other foreign countries, leaving Nevada with clean-up costs and massive pits.

Producers of oil, gas and coal on U.S. public lands might pay state severance taxes – effectively a tax on gross value – of as much as 6 or 7 percent, plus federal mineral royalties that might be as high as 16 percent, plus state corporate income taxes. In Wyoming, the total tax load on a mineral producer can be as high as 25 or 30% on the value of minerals.

In the Dominican Republic, Barrick can easily afford a 36.95% tax rate. In 2012 Barrick will start paying 3.2 percent of gross production, 25 percent for income tax and 8.75 percent from net earnings. This will amount to $11 billion in tax revenue from one mine alone.

Thanks to deductions, 111 times over ten years, one Nevada gold mine or another claimed that gold produced at that mine had no taxable value. As a result, more than $4.3 billion was produced at gold mines where the mines paid no mining taxes whatsoever.

According to a 2011 report from the Fraser Institute, a highly respected international research firm, Nevada is one of the most stable, mineral-rich, least-taxed places to mine on the planet. Making mining pay what they pay in other states or countries would not cause them to suffer or abandon operations here.

Some of mining's sweetheart tax loopholes that were closed in 2011 will sunset unless the 2013 Legislature acts. Mining corporations will again be able to double-dip and claim health deductions from both the Modified Business Tax AND the Net Proceeds on Minerals. As a result, the Economic Forum predicts that the general fund contributions from the mining tax will shrink from $117 million in 2012 to $95 million in 2015—in spite of increases in both production and the price of gold.

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