

Original

1 IN THE HOUSE

BY COMMITTEE ON MINES AND
MANUFACTURING

2 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 32

3 IN THE LEGISLATURE OF THE TERRITORY OF ALASKA

4 TWENTY-FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act to amend Section 35-1-31 (a) ACLA
7 1949, as amended by Chapter 64 SLA 1961,
8 and Section 35-1-31 (b), (c) and (e)
9 ACLA 1949, imposing a mining license tax;
10 and declaring an emergency, *and making*

11 BE IT ENACTED BY THE LEGISLATURE OF THE TERRITORY OF ALASKA:

12 Section 1. Section 35-1-31 (a) ACLA 1949, as amended by
13 Chapter 64, SLA 1961, is hereby amended to read as follows:

14 Section 35-1-31. MINING LICENSE REQUIRED: "MINING"
15 DEFINED: AMOUNT OF TAX: DEPLETION ALLOWANCE: GROSS AND NET
16 INCOME DEFINED: DEDUCTIONS: TAXES UPON ROYALTIES.

17 (a) Any person, firm or corporation, prosecuting or
18 attempting to prosecute, or engaging in the business of mining
19 in the Territory of Alaska during the calendar year 1947, and
20 in all subsequent years, shall apply for and obtain from the
21 Department of Taxation, a license and thereafter pay for such
22 license for the said business of mining.

23 "Mining" as used in this section means any operation by
24 which valuable metals, ores, minerals, asbestos, gypsum, coal,
25 marketable earth or stone, or any of them, are extracted, mined
26 or taken from the earth. Provided, however, that (BASE) *new*
27 mining operations (METALS) shall be exempted from the *provisions*
28 of (ARTICLE 3, CHAPTER 1, TITLE 35,) Section 35-1-31 ACLA 1949,
29 as amended by this Act, for a period of three and one-half (3½)

years from the date production begins. (THE TERM "BASE METALS"
AS HEREIN USED SHALL INCLUDE ALL METALS EXCEPT GOLD, PLATINUM,
COAL, SAND AND GRAVEL AND MARKETABLE EARTHS.)

See paragraph. New Mining Operations etc.
"Production" as used in this section means the date on
which the initial shipment of products from mining operations
is made.

See pp. 5 & 6 Tax etc.
For the purpose of administering this Act, the Territorial
Commissioner of Mines shall certify to the Tax Commissioner,
the date (B) upon which production begins (THE PROPERTIES PRO-
DUCING BASE METALS) as herein defined; (,SHALL HAVE COME INTO
PRODUCTION;) and the Tax Commissioner shall issue a certificate
of exemption to the producer, accordingly.

Section 2. Section 35-1-31 (b), (c) and (e) AOLA 1949 is
hereby amended to read as follows:

Section 35-1-31 (b). The license tax on mining shall be as
follows: Upon the net income of the taxpayer from the property
in Alaska (computed with allowable depletion) plus royalty
received in connection with mining property in Alaska.

Over (\$1,000.00)	\$1,000.00	and not over.	
(\$10,000.00)	\$20,000.00		(4%) 2%
Over (\$10,000.00)	\$20,000.00	and not over	
(\$20,000.00)	\$50,000.00		
(\$360 PLUS 5% OF EXCESS OVER \$10,000.00)			2%
Over (\$20,000.00)	\$50,000.00	and not over	
(\$50,000.00)	\$100,000.00		
(\$880 PLUS 6% OF EXCESS OVER \$20,000)			2%
Over \$100,000.00 (\$5160 PLUS 8% OF EXCESS OVER			
(\$100,000)			2%

Where mining operations are conducted in two or more places

(Handwritten notes on left margin, including "See pp. 5 & 6 Tax etc.")

(Handwritten notes on right margin, including "See pp. 5 & 6 Tax etc.")

1 by the same person, association, or company, or affiliated
2 association or company, such operations shall be treated as a
3 single mining operation and the tax hereunder shall be computed
4 upon the aggregate income derived from all such mining operations;
5 provided, further, that the lessor of any mine operated under a
6 lease shall be deemed to be engaged in mining within the
7 provisions of this Act, and the royalties received by him shall
8 be deemed to be the net income hereunder of his said mining
9 operations, and where such lessor receives royalties from more
10 than one mine or mining operation, the tax, payable hereunder by
11 such lessor, shall be computed upon the aggregate royalties
12 received by such lessor from all such mines or mining operations
13 as though they constituted a single mining operation,

14 (c) The allowance for depletion included as an allowable
15 deduction from gross income shall be, in the case of coal
16 mines, (5) 10 per centum, in the case of metal mines, fluorapatite,
17 flake graphite, vermiculite, beryl, feldspar, mica, talc,
18 lapidolite, spodumene, barite, ball and sagger clay, or rock
19 asphalt mines, and potash mines or deposits, 15 per centum, and
20 in the case of sulphur mines or deposits, 25 per centum, of the
21 gross income from the property during the taxable year, excluding
22 from such gross income an amount equal to any rents or royalties
23 paid or incurred by the taxpayer in respect of the property,
24 Such allowance shall not exceed 50 per centum of the net income
25 of the taxpayer (computed without allowance for depletion) from
26 the property, except that in no case shall the depletion allow-
27 able be less than it would be if computed on a reasonable cost
28 basis,

29 (c) "Net income of the Taxpayer (computed without allowan-

ces for depletion) from the Property", means the "Gross income
from the property" as defined in paragraph (d) less the
allowable deductions attributable to the mineral property upon
which the depletion is claimed and the allowable deductions
attributable to the processes listed in paragraph (d) insofar
as they relate to the product of such property, including over-
head and operating expenses, development costs properly charged
to expense, depreciation, taxes, losses sustained, etc. and in
the case of an individual or partnership, a reasonable
allowance for the salary or wages of the individual or partners
who are actively engaged in carrying out the activities or
business of the individual or partnership, but excluding any
allowance for depletion, and any deduction for Federal income
taxes, or for the tax imposed by this Act. Deductions not
directly attributable to particular properties or processes
shall be fairly allocated. To illustrate: In cases where the
taxpayer engages in activities in addition to mineral extraction
in the Territory of Alaska and to the processes listed in para-
graph (d), deductions for depreciation, taxes, general expenses,
and overhead, which cannot be directly attributed to any
specific activity, shall be fairly apportioned between (1) the
mineral extraction and processes listed in paragraph (d), and
(2) the additional activities taking into account the ratio
which the operating expenses directly attributable to the mineral
extraction and the processes listed in paragraph (d) bear to
the operating expenses directly attributable to the additional
activities. If more than one mineral property is involved, the
deductions apportioned to the mineral extraction and the
processes listed in paragraph (d) shall, in turn, be fairly

1 apportioned to the several properties taking into account their
2 relative production.

3 Section 3. EMERGENCY CLAUSE. An emergency is hereby de-
4 clared to exist, and this Act shall be in full force and effect
5 from and after ^{April 1, 1953,} ~~the date of its passage and approval.~~