

*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 1951,  
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 1951, 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) *all*  
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.)

*> new 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.

*> new pp. The Tax etc.*  
For the purpose of administering this Act, the Territorial Commissioner of Mines shall certify to the Tax Commissioner, the date (S) upon which production begins (THE PROPERTIES PRODUCING 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) ACLA 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.

<del>Over (\$1,000.00)</del>	<del>\$10,000.00</del>	<del>and not over</del>	
<del>(\$10,000.00)</del>	<del>\$20,000.00</del>	<del>.....</del>	<del>(4%)</del>
<del>Over (\$10,000.00)</del>	<del>\$20,000.00</del>	<del>and not over</del>	
<del>(\$20,000.00)</del>	<del>\$50,000.00</del>	<del>.....</del>	
<del>(\$360 PLUS 5% OF EXCESS OVER \$10,000.00)</del>			<del>5%</del>
<del>Over (\$20,000.00)</del>	<del>\$50,000.00</del>	<del>and not over</del>	
<del>(\$50,000.00)</del>	<del>\$100,000.00</del>	<del>.....</del>	
<del>(\$860 PLUS 6% OF EXCESS OVER \$20,000)</del>			<del>6%</del>
<del>Over \$100,000.00</del>	<del>(\$6160 PLUS 8% OF EXCESS OVER</del>		
<del>(\$100,000)</del>	<del>.....</del>		<del>8%</del>

Where mining operations are conducted in two or more places

*(Over \$70,000.00) \$100,000.00 and not over*  
*\$100,000.00*

*Handwritten notes on right margin*

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, fluorspar,  
17 flake graphite, vermiculite, beryl, feldspar, mica, talc,  
18 lepidolite, 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 (e) "Net income of the Taxpayer (computed without allowan-

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

1 apporportioned 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 <sup>April 1, 1953</sup> ~~the date of its passage and approval.~~

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29