

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1939



ENROLLED

HOUSE BILL No. 442

(By Mr. McClung of Kanawha)



PASSED March 11, 1939

In Effect ninety days from Passage

**ENROLLED**

**House Bill No. 442**

(BY MR. MCCLUNG, of Kanawha)

---

[Passed March 11, 1939; in effect ninety days from passage.]

---

AN ACT to amend article thirteen, chapter eleven of the code of West Virginia, one thousand nine hundred thirty-one, by adding thereto section two-j, relating to tax on oil and gas.

*Be it enacted by the Legislature of West Virginia:*

That article thirteen, chapter eleven of the code of West Virginia, one thousand nine hundred thirty-one, be amended by adding thereto a new section, designated section two-j, to read as follows:

Section 2-j. *Deductions From Tax; Exemptions.* Every  
2 person engaging or continuing within this state in the business  
3 of severing oil, natural gas or petroleum products from the  
4 strata of the earth, or of operating oil or gas properties, shall  
5 use as the measure of the tax imposed by section two-a of this  
6 article the value of the entire production, with no deduction

7 by reason of payments under contracts or agreements requir-  
8 ing payment, either in money or in kind, to the owners of the  
9 royalty interest, excess royalty or working interest in such  
10 properties; where such payments are made in kind, the mar-  
11 ket value of the natural resource product or other thing so  
12 paid, at the time of payment, shall be included in the measure  
13 of said tax. Every person who is hereby required to pay  
14 said tax measured by the entire production of the property  
15 operated, is hereby authorized and empowered to deduct from  
16 any payment, in money or in kind, to the owners of any  
17 royalty interest, excess royalty or working interest in such  
18 properties, that proportion of the tax paid which the said  
19 royalty, excess royalty or working interest bears to the entire  
20 production; and there is hereby levied upon such royalty  
21 interest, excess royalty or working interest, such proportion-  
22 ate part of the tax imposed by said section two-a. The ex-  
23 emption of five thousand dollars granted to producers of  
24 natural gas, by said section two-a, shall be for the benefit of  
25 the owners of such royalty interest, excess royalty or working  
26 interest in the same proportion which the said royalty interest,  
27 excess royalty or working interest bears to the entire produc-

28 tion, and the balance of said exemption shall be for the benefit  
29 of the person operating such properties.

30 No person shall be required to pay the tax imposed by  
31 section two-i of this article, upon income which is included  
32 in the measure of the tax imposed upon the production of  
33 oil, natural gas or other petroleum products by section two-a  
34 of this article.

I certify that the foregoing act, having been presented to the Governor for his approval, and not having been returned by him to the House of the Legislature in which it originated within the time prescribed by the constitution of the state, has become a law without his approval.

This the \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_



SECRETARY OF STATE

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

*E. O. Wiseman*

Chairman Senate Committee

*Dee G. Walter*

Chairman House Committee

Originated in the

*House of Delegates*

Takes effect

*ninety days from* passage.

*Charles Crump*

Clerk of the Senate

*Geo S Hall*

Clerk of the House of Delegates

*James M. ...*

President of the Senate

*James Kay Thomas*

Speaker House of Delegates

I certify that the foregoing act, having been presented to the Governor for his approval, and not having been returned by him to the House of the Legislature in which it originated within the time prescribed by the constitution of the state, has become a law without his approval.

The within

this the

1939.

This the *17* day of *March*

Governor.

*Geo S. O'Brien*

SECRETARY OF STATE

1939