WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1939

ENROLLED

HOUSE BILL No. 442

(By Mr. McCrory of Kanawha)

PASSED March 14, 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 ad-
dding 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 Vir-
ginia, 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
person engaging or continuing within this state in the business
of severing oil, natural gas or petroleum products from the
strata of the earth, or of operating oil or gas properties, shall
use as the measure of the tax imposed by section two-a of this
article the value of the entire production, with no deduction
by reason of payments under contracts or agreements requiring payment, either in money or in kind, to the owners of the royalty interest, excess royalty or working interest in such properties; where such payments are made in kind, the market value of the natural resource product or other thing so paid, at the time of payment, shall be included in the measure of said tax. Every person who is hereby required to pay said tax measured by the entire production of the property operated, is hereby authorized and empowered to deduct from any payment, in money or in kind, to the owners of any royalty interest, excess royalty or working interest in such properties, that proportion of the tax paid which the said royalty, excess royalty or working interest bears to the entire production; and there is hereby levied upon such royalty interest, excess royalty or working interest, such proportionate part of the tax imposed by said section two-a. The exemption of five thousand dollars granted to producers of natural gas, by said section two-a, shall be for the benefit of the owners of such royalty interest, excess royalty or working interest in the same proportion which the said royalty interest, excess royalty or working interest bears to the entire produc-
tion, and the balance of said exemption shall be for the benefit of the person operating such properties.

No person shall be required to pay the tax imposed by section two-i of this article, upon income which is included in the measure of the tax imposed upon the production of oil, natural gas or other petroleum products by section two-a of this article.
The Joint Committee on Enrolled Bills hereby certifies that the
foregoing bill is correctly enrolled.

E. O. Neeley
Chairman Senate Committee

Chairman House Committee

Originated in the House of Delegates

Takes effect...day from...passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

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.

This the... day of... 1939.

Governer.

SECRETARY OF STATE