

# An Act

ENROLLED HOUSE  
BILL NO. 6

BY: KLINGLESMTIH

AN ACT PROPOSING AN AMENDMENT TO THE CONSTITUTION OF OKLAHOMA BY ADDING THERETO AN ARTICLE TO BE KNOWN AS ARTICLE XXVI; AUTHORIZING THE LEGISLATURE TO PROVIDE COMPENSATION FOR SERVICE IN THE UNITED STATES ARMED FORCES TO PERSONS WHO HAD BEEN DOMICILED IN THE STATE OF OKLAHOMA FOR NOT LESS THAN ONE (1) YEAR IMMEDIATELY PRECEDING ENTRY INTO SUCH SERVICE, AND TO CREATE STATE INDEBTEDNESS TO BE PAID WITHIN FIFTEEN (15) YEARS NOT EXCEEDING ONE HUNDRED TWENTY FIVE MILLION DOLLARS (\$125,000,000.00), AND TO LEVY TAXES TO PAY SAID COMPENSATION AND INDEBTEDNESS; PROVIDING FOR A TAX ON THE SEVERANCE OF NATURAL RESOURCES, NONINTOXICATING BEVERAGES, CIGARS, TOBACCO PRODUCTS, CIGARETTES AND A SURTAX ON NET INCOMES; PROVIDING THAT THE OKLAHOMA TAX COMMISSION SHALL ADMINISTER THE TAX PROVISIONS AND THE WAR VETERANS COMMISSION OF OKLAHOMA SHALL ADMINISTER THE OTHER PROVISIONS OF THIS ARTICLE; AND AUTHORIZING THE LEGISLATURE TO CHANGE OR REPEAL THE PROVISIONS RELATING TO SAID TAXES AND PROVIDING FOR SUBMISSION OF THE PROPOSED AMENDMENT.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. The Secretary of State shall refer to the people for their approval or rejection, as in the manner provided by law, the following proposed amendment to the Constitution of Oklahoma, the same to be known as Article XXVI.

## ARTICLE XXVI

Section 1. The Oklahoma Legislature, by appropriate legislation, is authorized to provide for the payment of compensation for active duty in any of the armed forces of the United States at any time between March 6, 1917 and April 6, 1919 inclusive, October 15, 1940 and December 3, 1945 inclusive, and between July 1, 1950 and July 1, 1952 inclusive, or in the event the present armed hostilities are officially determined to cease before July 1, 1952, at such time as the armed hostilities are officially determined to be at an end, to persons domiciled and whose legal residence was in the State of Oklahoma not less than one (1) year immediately preceding their entry into the armed forces; provided, however, no person shall receive compensation

Correctly Enrolled: *William L. Jones* Chairman, COMMITTEE ON ENGROSSED AND ENROLLED BILLS

for more than one (1) period of duty. If any such person be deceased the compensation here provided shall be paid to his heirs at law. No such adjusted compensation shall exceed Ten Dollars (\$10.00) for each month or major fraction of a month of such service within the continental limits of the United States, or Fifteen Dollars (\$15.00) for each month or major fraction of a month of such service outside said limits, and shall not exceed a total of Three Hundred Dollars (\$300.00) to any such person whose service during said period was confined to the continental limits of the United States, or a total of Five Hundred Dollars (\$500.00) to any such person whose service during said period was not confined to said limits. No compensation shall be paid where a person's discharge is other than honorable. The compensation shall not be subject to any assignment, legal or equitable, to claims of creditors by attachment, garnishment, execution, court order, or other process, legal or equitable, nor be regarded as assets, legal or equitable, of the estate of any decedent, nor be the basis of administration proceedings; provided, however, that amounts due to the War Veterans Commission of Oklahoma or to the State Veterans Department shall be withheld and paid to the said agencies in paying compensation. Authority is given to provide that the compensation here provided for shall be diminished in the amount of like or similar compensation received from any state or territory of the United States other than Oklahoma. To provide sufficient sums of money to pay the said compensation, the Oklahoma Legislature is authorized to levy taxes for that purpose and said legislature is authorized to enact a law allowing the State of Oklahoma to become indebted in a total amount not to exceed One Hundred Twenty Five Million Dollars (\$125,000,000.00) for said purpose, and for the purpose of paying the cost of administering such law. Any such law or laws shall impose and provide sufficient taxes to pay the interest

on the debt as the same falls due, and to pay and to discharge the principal of such debt in not to exceed fifteen (15) years from the time the same is contracted.

Section 2. In addition to all other taxes now levied in the State of Oklahoma, there is to be levied, for a period not to exceed fifteen (15) years from the effective date of this Article, an excise tax upon all natural resources severed from the soil or water in Oklahoma, including, but not being limited to, timber and other forest products, minerals, petroleum, crude petroleum, natural gas, distillate, condensate, casinghead gasoline, natural gasoline, coal, lignite, and ores, granite, stone, rock, gravel, clay and sand. The tax shall accrue at the point, or place of severance, notwithstanding that it may be necessary to measure the severed resources elsewhere. The tax shall be paid by producer severing these natural resources whether as owner, lessee, concessionaire, or contractor. The producer shall collect or withhold out of the proceeds of the sale of the severed natural resources the proportionate parts of the total severance tax due by the respective owners of such natural resources at the time of severance. Every producer actually operating any oil or gas well, quarry, or other property from which natural resources are severed, but under a contract or other obligation whereby payment directly to the owner of any royalty, excess royalty or working interest, either in money or in kind is authorized, is hereby empowered and required to deduct the amount of the severance tax in respect thereto from any such royalty, or other interest, before making such direct payment. All severed oil or gas sold or delivered to any pipe line company for transportation by it through pipes connected with the oil or gas well of the owner shall, notwithstanding such sale or delivery, be liable for the severance tax thereon. The tax shall operate as a first lien on the severed natural

resource which lien shall follow the severed natural resource into the hands of third persons whether purchasers in good or bad faith, and whether the severed natural resource is found in a manufactured or unmanufactured state.

There is to be levied an excise tax upon each barrel of nonintoxicating beverages sold in Oklahoma as the same are defined by Section 2, Title 37, Chapter 2 (a), Session Laws of Oklahoma, 1947, page 286, upon each package of cigarettes the subject of a sale in Oklahoma, upon cigars and tobacco products, the subject of a sale in Oklahoma, and a surtax upon net incomes.

Section 3. There is levied, and there shall be collected from each producer of natural resources in the State of Oklahoma an excise tax, to be known as a severance tax, predicated upon the quantity severed and paid at the rates here provided:

(1) Upon all types of timber, unless otherwise provided, ten cents (10¢) a thousand (1,000) board feet, log scale.

(2) Upon all pulp wood, five cents (5¢) a one hundred twenty-eight (128) cubic foot cord.

(3) Upon all handle bolts or billets, seven cents (7¢) a one hundred twenty-eight (128) cubic foot cord.

(4) Upon all veneer, splits, heading and stave bolts or billets, seven cents (7¢) a one hundred twenty-eight (128) cubic foot cord:

(5) Upon all piling, including, but without being limited, to piling, telephone poles, electric light and electric power poles, one and one-half cents (1½¢) each one hundred (100) lineal feet.

(6) Upon petroleum, crude oil, distillate, condensate, casinghead gasoline, natural gasoline or similar natural resources, five cents (5¢) a barrel of forty-two (42) gallons; provided, that when the combined potential production of a well upon the basis of twenty-four (24) hour day is ten (10) barrels or less

the tax shall be one cent (1¢) a barrel; and provided further, that where it is first necessary to process wet natural gas to extract its gasoline content the tax on such gasoline content shall be five cents (5¢) a barrel.

(7) Upon natural gas, two cents (2¢) a thousand (1,000) cubic feet. The gas shall be measured at a standard pressure base of 14.65 pounds a square inch absolute and at a standard temperature base of sixty (60) degrees Fahrenheit. Whenever conditions of pressure and temperature differ from the standard pressure base and from the standard temperature base conversion from these deviations to the standard bases shall be made in accordance with the Ideal Gas Laws, corrected for deviation. Where it is first necessary to process wet gas to obtain commercial or residue gas the tax shall be one cent (1¢) a thousand (1,000) cubic feet.

(8) Upon coal, two and a half cents (2½¢) a ton of two thousand (2,000) pounds.

(9) Upon lignite, ten cents (10¢) a ton of two thousand (2,000) pounds.

(10) Upon all ores of whatever kind or description, ten cents (10¢) a ton of two thousand (2,000) pounds; provided, that the term ore, when used with respect to lead and zinc ores, means lead and zinc concentrates after milling by lead and zinc milling processes now or hereafter used in the lead and zinc industry. Neither this Section nor Section 2 of this Article shall be construed as levying a severance tax upon that chat which is an incident to the severance of lead or zinc ores.

(11) Upon granite, removed from place mined, ten cents (10¢) a ton of two thousand (2,000) pounds.

(12) Upon dolomite, and chemical grade limestone, silica, sand, potash, and dimension stone, four cents (4¢) a ton of two thousand (2,000) pounds.

(13) Upon crushed stone and crushed gravel, including but without being limited to chert, granite, slate and limestone, one cent (1¢) a ton of two thousand (2,000) pounds.

(14) Upon clay, two cents (2¢) a ton of two thousand (2,000) pounds.

(15) Upon construction sand, one cent (1¢) a ton of two thousand (2,000) pounds.

(16) Upon cadmium, fuller's earth, germanium, indium, sulphur, salt, titanium, volcanic ash and upon all other natural resources, except gypsum, four percent (4%) of the market value at the time of severance.

Section 4. There is levied and there shall be collected an excise tax upon all nonintoxicating beverages, as defined in Section 2 (a), Chapter 2, Title 37, Oklahoma Session Laws 1947, page 286, which are manufactured and sold, or removed for consumption or sale, within the State of Oklahoma, as follows:

(1) A tax of Three Dollars (\$3.00) upon every barrel containing not more than thirty-one (31) gallons, and at a like rate for any other quantity, or for a fractional part of a barrel. This tax is in addition to all taxes now, or which hereafter may be, levied upon nonintoxicating beverages.

Section 5. There is levied and there shall be collected an excise tax upon all cigars and tobacco products, as defined in 68 O.S. 1941 § 591.2 (a) to 591.2 (e) inclusive, the subject of a sale within Oklahoma as follows:

(a) Little cigars, one-fourth cent ( $\frac{1}{4}$ ¢) for each ten (10) cigars, or a fraction thereof.

(b) Cheroots, stogies, etc., One Dollar (\$1.00) a thousand (1,000).

(c) Cigars, Two Dollars (\$2.00) a thousand (1,000).

(d) Smoking tobacco, five percent (5%) of the factory list price exclusive of trade or special discounts or deals.

(e) Chewing tobacco, five percent (5%) of the factory list price exclusive of trade or special discounts or deals. These taxes are in addition to all taxes now, or which hereafter may be, levied on cigars and tobacco products.

Section 6. There is levied and there shall be collected an excise tax upon cigarettes, as defined by Section 1 (a), Title 68, Oklahoma Session Laws 1943, page 173, the subject of a sale within Oklahoma, as follows:

(a) Each package of ten (10) cigarettes or less, one-half cent ( $\frac{1}{2}\phi$ ).

(b) Each package containing more than ten (10) cigarettes but less than twenty-one (21) cigarettes, one cent (1 $\phi$ ).

(c) Each package containing more than twenty (20) cigarettes, one cent (1 $\phi$ ) for each twenty (20) cigarettes or major fraction thereof. These taxes are in addition to all taxes now, or which hereafter may be, levied upon cigarettes.

Correctly Enrolled: *William L. Jones* Chairman, COMMITTEE ON ENGROSSED AND ENROLLED BILLS

Section 7. (a) There is levied and there shall be collected a surtax from every person as defined in 68 O. S. 1941 § 874 (b), which surtax shall be collected and paid, for each taxable year, upon, and with respect to, the entire net income of such person, which is derived from all property owned and business transacted within Oklahoma. And a like surtax is levied upon every person as defined in 68 O.S. 1941 § 874 (b), which surtax shall be collected and paid, for each taxable year, upon, and with respect to, the entire net income of such person which is derived from all property owned partly within and partly without Oklahoma and business done partly within and partly without Oklahoma (commonly known as interstate business), such income derived from property owned partly within and partly without Oklahoma and business transacted partly within and partly without Oklahoma, upon which said surtax is hereby levied, to be determined or allocated under the formula or formulae as provided in 68 O.S. 1941 § 878, as amended by Section 1, Title 68, Oklahoma Session Laws 1945, page 270, and as further amended by Section 1, Title 68, Oklahoma Session Laws 1949, page 478. Every resident individual shall likewise be subject to the surtax hereby levied upon the entire net income of such individual, derived from wages, salaries, commissions, professional or occupational earnings or other compensation received from personal services.

(b) In the case of an individual, the surtax herein levied shall be imposed, collected, and paid at the following rates:

(1) one-eighth of one percent ( $\frac{1}{8}$  of 1%) of the first \$1,500.00 of the amount of net income in excess of the credits against net income;

(2) one-fourth of one percent ( $\frac{1}{4}$  of 1%) of the next \$1,500.00 of such excess amount;

(3) three-eighths of one percent ( $3/8$  of 1%) of the next \$1,500.00 of such excess amount;

(4) one-half of one percent ( $1/2$  of 1%) of the next \$1,500.00 of such excess amount;

(5) five-eighths of one percent ( $5/8$  of 1%) of the next \$1,500.00 of such excess amount;

(6) three-fourths of one percent ( $3/4$  of 1%) of the remainder of such excess amount.

(c) In the case of corporations, the surtax herein levied shall be imposed, collected, and paid at the following rate:

(1) one-half of one percent ( $1/2$  of 1%) of the amount of net income in excess of the credits against net income.

Section 8. There are exempted from the taxes levied under the authority of this Article:

(1) All natural resources severed for the use of the severer and which are not for sale, commercial gain or profit.

(2) Gas used for repressuring and secondary recovery, for primary lifting of oil, or like purposes on the lease or unitized area where produced; provided, that hydrocarbons extracted from such gas after production and prior to its injection or reinjection into the earth are taxable at the rates previously set forth.

Section 9. There is created in the State Treasury a special fund known as the "Armed Services Compensation Fund" into which shall be deposited all tax monies, together with interest and penalties, collected under, and by virtue of, this Article; provided that such collections shall not in the aggregate exceed One Hundred Twenty-five Million Dollars (\$125,000,000.00).

Section 10. The Oklahoma Legislature shall authorize the levy and collection of these taxes by the Oklahoma Tax Com-

Correctly Enrolled: *William L. Jones* Chairman, COMMITTEE ON ENGROSSED AND ENROLLED BILLS

mission, and the War Veterans Commission of Oklahoma shall be authorized to administer those provisions of this Article with respect to the payment of compensation for service in the armed forces.

(a) In enforcing the tax provisions of this Article, the Oklahoma Tax Commission is authorized and directed to prescribe and to promulgate rules and regulations (a) to insure the making and filing of timely reports and returns by taxpayers, and by those persons dealing in natural resources, (b) to insure the payment of such tax, including at the Commission's option and discretion a bond to insure the payment of taxes which may accrue, and (c) to enforce the tax provisions of this Article. In so doing the Commission shall authorize the reporting taxpayer to collect or withhold out of the proceeds of the sale of the natural resources severed the proportionate parts of the total severance tax due by the respective owners of such natural resources at the time of severance. Every producer actually operating any oil or gas well, quarry or other property from which natural resources are severed, but under contract or other obligation whereby payment directly to the owner of any royalty, excess royalty or working interest, either in money or in kind is authorized, is hereby empowered, and required to deduct the amount of the severance tax in respect thereto from any such royalty or other interest before making such direct payment. All severed oil or gas sold or delivered to any pipe line company for transportation by it through pipes connected with the oil or gas well of the owner shall, notwithstanding such sale or delivery, be liable for the severance tax thereon. The provisions of the State Tax Uniform Procedure Act of 1939, as the same is, or may hereafter be amended, shall apply to all things and to all matters not specifically provided for here, or by any legislative act adopted in connection

herewith, or by the rules and regulations now or hereafter adopted by the Oklahoma Tax Commission.

(b) In enforcing the compensation provisions of this Article, the War Veterans Commission of Oklahoma is authorized and directed to prescribe and to promulgate rules and regulations to insure the payment of compensation to those entitled thereto, and to no others. The rules and regulations shall provide for the filing of a written verified application for compensation for the establishment of an applicant's right to compensation, and for such other matters as satisfy the objects and purposes of this Article.

(c) The War Veterans Commission of Oklahoma, in connection with each application for compensation, shall make and enter an order determining the rights of the applicant, and a copy of the order shall forthwith be mailed to the applicant. The order which determines his rights shall become final and absolute at the expiration of thirty (30) days' time from the entrance of such order unless the applicant within said thirty (30) days' period shall file a protest in writing, in which event the applicant's protest must be set for a hearing after at least ten (10) days' notice in writing to the applicant. The War Veterans Commission of Oklahoma shall within fifteen (15) days' time after the hearing make and enter its order covering its finding and conclusions on the protest, a copy of which order shall forthwith be mailed to the applicant. The applicant shall perfect his appeal to the Supreme Court of Oklahoma from the action of the War Veterans Commission of Oklahoma upon his protest by filing with such Commission a notice of intention to appeal within twenty (20) days' time from the date of the entrance of the order relating to his protest which is appealed from, and by filing in the Supreme Court of Oklahoma within thirty (30) days'

time from the date of the entrance of such order, a petition in error specifying the grounds of appeal. To the petition in error, the applicant shall attach a certified transcript covering all proceedings had before the War Veterans Commission of Oklahoma that bear upon the matters complained of, including a transcript of any oral evidence introduced. The said Commission shall furnish the transcript.

Section 11. The Oklahoma Legislature may, by law from time to time, alter, amend, revise or repeal Sections 2 to 8 inclusive of this Article, or any one or more of them, or any amendments made to such section or sections after such indebtedness is paid; provided, that no amendment made under the authority of this section shall contravene the provisions of any part of the Constitution of Oklahoma other than these sections above referred to or to any amendments hereto.

Section 12. As used in this Article, unless the contract otherwise requires:

(a) The term sale when used in connection with Sections 4, 5, and 6 of this Article means, and includes, sale, barter, exchange and every other method, manner and form of transferring the ownership of personal property from one person to another, and is declared to be the use or consumption in the State of Oklahoma in the first instance of cigars, tobacco products, and cigarettes received from without the State of Oklahoma or of any other cigars, tobacco products, and cigarettes upon which the tax has not been paid.

(b) The term natural resources means and includes all the natural products of the soil or water of the State of Oklahoma including, but not limited to asphalt, cadmium, chalk, chert, clay, coal, dolomite, fuller's earth, germanium, indium, natural gas, granite, gravel, iron, lead ore, lignite, limestone, marble, oil, phosphate, potash, salt, sand, shale, slate, stone and stone prod-

ucts, sulphur, timber and timber products, titanium ore, volcanic ash and zinc ore.

(c) The term sever means and includes to cut or to have cut, to mine, dredge, or otherwise take or remove natural resources from the soil or water of Oklahoma.

(d) The term producer means and includes any person, firm, receiver or other fiduciary, corporation, or association engaging in the business of severing natural resources in Oklahoma.

(e) The term person, except as defined in Section 7 of this Article, means and includes any natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary, or other representative of any kind, and includes any department, agency, or instrumentality of the state or of any governmental subdivision thereof; the masculine gender, in referring to a person, includes the feminine and the neuter genders.

(f) The word "and" includes the word "or" and the use of the word "or" includes the word "and". The use of the plural includes the singular and the use of the singular includes the plural.

Correctly Enrolled: *William L. Jones* Chairman, COMMITTEE ON ENGROSSED AND ENROLLED BILLS

SECTION 2. The ballot title for said proposed amendment shall be in the following form: \_\_\_\_\_

BALLOT TITLE \_\_\_\_\_

Legislative Referendum No. \_\_\_\_\_

State Question No. \_\_\_\_\_

THE GIST OF THE PROPOSITION IS AS FOLLOWS:

Shall a Constitutional Amendment

Authorizing the State to become indebted in an amount not in excess of One Hundred Twenty-Five Million Dollars (\$125,000,000.00) to pay compensation for service in the armed forces of the United States to persons domiciled in the State not less than one (1) year immediately preceding entry into service, together with costs of administration, to levy taxes upon the severance of natural resources, upon nonintoxicating beverages, upon cigars, tobacco products, cigarettes, and a surtax upon all net incomes, to discharge the indebtedness, be enacted:

Shall the proposed amendment be approved?

YES

NO

SECTION 3. The Speaker of the House of Representatives shall, immediately after the effective date hereof, prepare and file one (1) copy thereof with the Secretary of State, and one (1) copy thereof with the Attorney General. \_\_\_\_\_

Correctly Enrolled: *William L. Jones* Chairman, COMMITTEE ON ENGROSSED AND ENROLLED BILLS

Passed the House of Representatives the 7th day of May, 1951.

*T. K. Wigglesworth*  
acting Speaker of the House of Representatives

Passed the Senate the 15th day of May, 1951.

*James E. Berry*  
President of the Senate

APPROVED by the GOVERNOR of the State of Oklahoma the 17 day of May, 1951.

*Gov.*  
GOVERNOR of the State of Oklahoma

*Signed Copy  
Recd. 5/17/51  
@ 3:20 P.M.*

OFFICE OF SECRETARY OF STATE

Received by the Secretary of State this 16 day of May, 1951 at 2:00 o'clock P.M.

*Chas. J. Cannon*  
By: \_\_\_\_\_

ff.

Correctly Enrolled: *William L. Jones* Chairman, COMMITTEE ON ENGROSSED AND ENROLLED BILLS

MAC Q. WILLIAMSON  
ATTORNEY GENERAL



STATE OF OKLAHOMA  
OFFICE OF THE ATTORNEY GENERAL  
OKLAHOMA CITY

May 18, 1951

Honorable John D. Conner  
Secretary of State  
B U I L D I N G

Dear Sir:

You are hereby notified that pursuant to the discretion and duty lodged in and imposed upon the Attorney General by 34 O. S. 1941 § 9, he has examined the proposed ballot title of Enrolled House Bill No. 6 of the Regular Session of the Twenty-third Legislature of the State of Oklahoma, which, together with a copy of said bill, was delivered to him on May 17, 1951, by the Honorable Guy K. Horton, Chief Clerk of said House of Representatives, and from said examination finds that said ballot title is not in legal form and in harmony with the law.

Therefore, pursuant to the provisions of the above section, the Attorney General has prepared and is submitting herewith, same to be filed in your office, a ballot title for said measure, which, in his opinion, does conform to the law. Said ballot title is as follows:

BALLOT TITLE

Legislative Referendum No. 102

State Question No. 355

THE GIST OF THE PROPOSITION IS AS FOLLOWS:

Shall a Constitutional Amendment

Authorizing the State to become indebted not exceeding One Hundred Twenty Five Million Dollars to pay compensation for active duty during prescribed periods in the armed forces of the United States to persons domiciled and having legal residence in Oklahoma not less than one year immediately preceding their entry into such armed forces, including costs of administration; and to levy taxes

to discharge said indebtedness upon the severance of defined natural resources, upon nonintoxicating beverages, upon cigars, tobacco products and cigarettes and a surtax upon all net incomes,

be approved by the people?

....  
: : YES  
....

SHALL THE PROPOSED AMENDMENT BE APPROVED?

....  
: : NO.  
....

Yours very truly

FOR THE ATTORNEY GENERAL

*Fred Hansen*  
Fred Hansen  
First Assistant Attorney General

FH:LW  
Enc.