

Chapter 6.56

SEVERANCE TAX

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6.56.010 Severance Tax Levied.

A. An excise tax, denominated as a severance tax, is hereby levied within the City and Borough of Yakutat on any severer of natural resources, for the following activities:

1. Mining, extracting, harvesting, removing or producing for sale, profit or commercial use any metallic or nonmetallic mineral product;
2. Felling, removing, or producing for sale, profit or commercial use any timber; and
3. Mining, quarrying, extracting, removing or producing for sale, profit or commercial use any gravel, sand, or coal.

B. The rate of tax for natural resources severed from lands within the Borough shall be as follows:

<u>Natural Resource</u>	<u>Amount of Levy</u>
Gravel/Sand/Coal	\$0.20 (twenty cents) per ton
Timber	\$5.00 (five dollars) per mbf(thousand board feet)
Any metallic or nonmetallic mineral product (other than Coal)	4%(four percent)of gross production value

C. The tax levied under this Chapter shall not apply to the severing of natural resources which is conducted under a contract executed prior to May 5, 2006, provided that the actual severance occurs prior to May 5, 2007.

6.56.020 Definitions.

A. "Borough" means the City and Borough of Yakutat.

B. "Calendar quarter" means any one of the following three month periods: December 1 through February 28/29; March 1 through May 31; June 1 through August 31; and September 1 through November 30.

C. "Gross Production Value" means the market value per unit at the point of severance, multiplied by the number of severed units of the natural resource.

D. "Lands within the Borough" includes all private, borough, state, federal, and native lands.

E. "Market Value per unit" is equal to the sale price per unit, as established by the first sale of the resource by the severer to an unrelated party. Under conditions wherein the sale price represents less than the true market value of the resource, the value of the resource shall be determined as nearly as possible according to the selling price of a resource of like quality or character.

F. "Metallic mineral products" are those that are composed of metals; this includes but is not limited to copper, gold, silver, zinc, lead, tin, molybdenum, and nickel.

G. "Nonmetallic mineral products" are those that are not composed of metals; this includes but is not limited to limestone, coal, garnet, and gypsum.

H. "Point of Severance" means:

1. For gravel, sand, and coal, the scale at the pit, quarry or mine;

2. For timber, the yard scale; and

3. For all other metallic and nonmetallic mineral products, prepared for transport at the mining site.

I. "severed units" means all units mined, harvested, produced, quarried, extracted, felled, or removed directly or contractually.

J. "severer" means a person, company, corporation or other entity engaged in the business of severing natural resources.

K. "severing of natural resources" is the conduct of any of the activities set forth in subparagraphs (A)(1) through (A)(3) of section 6.56.010.

L. "unit" means unit of measurement for a natural resource, as follows:

1. Ton, for gravel, sand, and coal;

2. board feet, for timber; and

3 standard unit utilized for commercial use or sale, for all other metallic and nonmetallic mineral product.

6.56.030 Exemptions. The following activities are exempt from taxation:

A. The severance of gravel, sand, or coal in an amount less than 15,000 tons in a single calendar quarter.

B. The severance of timber in an amount less than 150 mbf in a single calendar quarter.

C. The severance of any other metallic or nonmetallic mineral product, if the gross production value is less than \$18,750.00 in a single calendar quarter.

6.56.040 Registration. Every severer subject to taxation hereunder shall register with the Borough tax department prior to beginning a severance activity.

6.56.050 Accrual and Remittance of Tax.

A. Every severer subject to taxation under this Chapter shall accrue the taxes imposed by this ordinance at the time of sale. The tax imposed shall be shown on the bill of sale as a separate and distinct item.

B. The severance tax shall be paid quarterly. The severer shall on or before the last day of the month succeeding the end of each calendar quarter prepare a return for the preceding quarter, upon forms furnished by the Borough, and pay the tax due. In the event the last day of the month falls on a legal holiday, the return may be filed and payment made on the first business day following. Any tax not paid when due shall be deemed delinquent.

C. The return shall, at a minimum, contain the following information:

1. The legal description of the properties from which natural resources were severed, and the name, address and contact numbers of the owner(s) of the properties;

2. The name, address and contact numbers of the severer, and the severer's State of Alaska and Borough business license numbers;

3. The amount of units severed from all properties during the quarter, and, in the case of severance of metallic and nonmetallic mineral product, the market value of those units; and

4. The name, address and contact numbers of the first purchaser(s) of the resource, and the number of severed units purchased by each such purchaser.

D. The return shall be signed and its completeness and accuracy sworn to by the severer under penalty of perjury.

E. Amounts received with the return shall be applied in the following order:

1. penalties due, beginning with the oldest penalty;

2. interest due, beginning with the interest due on the oldest quarter; and

3. tax due, beginning with the tax due from the oldest quarter.

F. Any severer, whose return and payment for any quarter is timely, is entitled to a discount, equal to ten percent (10%) of the tax due or the sum of one thousand dollars, whichever is less, in the form of a deduction from the amount of the tax due, provided that:

1. The severer files a return and remits the tax due in compliance with all other provisions of this Chapter; and

2. The severer does not exhibit a manifest failure to maintain proper accounting records and returns of the tax due.