

Gross Production Taxes Still Effective

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4/26/2013

Several days ago, a link was provided by a participant of the Osage Shareholders' Discussion Forum concerning Gross Production Tax. Another participant suggested that it didn't apply to the Osage Minerals Estate. I have now received other very reliable information that 50.134.153.153 was right. It does not pertain to the Osage Minerals Estate.

State gross production taxes are taxes imposed on production of minerals from the Osage mineral estate pursuant to the Act of April 25, 1940, 54 Stat. 168. The amount is limited to the higher of the state rate on everyone else or 5%. The article refers to tax language in 25 C.F.R. § 162.017, which generally exempts permanent improvements on Indian land, activities on Indian land, or leasehold interests in Indian land. However, these are surface lease regulations. § 162.003 defines Indian land as any interest in the surface estate. In addition, § 162.017 states in each of the three subdivisions, that the rule is subject to ". . . applicable Federal law. . . "

Therefore, the Osage Mineral Estate continues to be subject to Oklahoma gross production taxes.

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