



BEFORE THE STATE BOARD OF EQUALIZATION
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of)
MILHAM EXPLORATION COMPANY)

Appearances:

For Appellant: Arthur R. Smiley, Attorney

For Respondent: Chas. J. McColgan, Franchise Tax Commissioner

O P I N I O N

This is an appeal pursuant to Section 25 of the Bank and Corporation Franchise Tax Act (Chap. 13, Stats. 1929, as amended) from the action of the Franchise Tax Commissioner in overruling the protest of Milham Exploration Company, a corporation, to a proposed assessment of an additional tax in the amount of \$20,980.68 for the year 1932 based upon its return for the year ended December 31, 1931.

The only problem involved in this appeal relates to the proper classification for offset purposes under the Act of taxes paid locally upon oil leases and mineral rights. The Commissioner classified such taxes as real property taxes, and, accordingly, considered but ten per cent thereof in computing the amount of the offset to which the Appellant was entitled. The Appellant contends that these taxes should be classified as personal property taxes and that the full amount thereof should be considered for offset purposes.

A similar problem was presented for our determination in the Appeal of Catalina View Oil Company decided by us on April 20, 1932, and in the Appeal of Barnsdall Oil Company of California decided by us on February 11, 1933. We there held that taxes paid locally upon oil leases and mineral rights should be classified as real property taxes. These decisions we think, control our decision in the instant appeal, and accordingly, we must hold **that** the Commissioner acted properly in considering for offset purposes under the Act of but ten per cent of the taxes paid locally by Appellant upon its oil leases and mineral rights.

O R D E R

Pursuant to the views expressed in the opinion of the Board on file in this proceeding, and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that the action of Charles J. McColgan, Franchise Tax Commissioner, in overruling, the protest of Milham Exploration Company, a corporation, against

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a proposed assessment of an additional tax in the amount of \$20,980.68 based upon the return of said corporation for the year ended December 31, 1931, pursuant to Chapter 13, Statutes of 1929, as amended, be and the same is hereby **sustained**.

Done at Sacramento, California, this 21st day of May, 1934,
by the State Board of Equalization.

R. E. Collins, Chairman
Fred E. Stewart, Member
Jno. C. Corbett, Member
H. G. Cattell, Member

ATTEST:: Dixwell L, Pierce, Secretary