

these charges, by registered mail at his last known address. On the owner's failure to pay *these charges* within ten days after such notice has been given, the persons so holding said wearing apparel, bedding, linens, flatwork and household furnishings shall then be authorized to sell said wearing apparel, bedding, linens, flatwork and household furnishings. Said sale may be public or private and the proceeds of the same shall be applied toward the payment of the charges and any balance shall be paid over to the person entitled to the same. If the owner's residence is beyond the state, or is unknown, the person holding said wearing apparel, bedding, linens, flatwork and household furnishings shall not be required to give such notice before proceeding to sell.

Approved April 12, 1947.

CHAPTER 310—H. F. No. 791

An act relating to royalty taxes; amending Minnesota Statutes 1945, Sections 299.05, 299.06 and 299.08.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1945, Section 299.05, is amended to read as follows:

299.05. Tax on royalties; assessment by commissioner. Upon the receipt by the commissioner of taxation of the report provided for in section 299.03, he shall determine, from such information as he may possess, or obtain, whether the same is correct, or otherwise; and, if found correct, he shall determine therefrom the amount of tax due from such person, enter the amount thereof in his records, make his certificate of taxes due thereon from such person, and the amount that has been paid thereon; and, on or before the first day of May, of each year, file the same with the state auditor and file a duplicate thereof with the state treasurer. The commissioner of taxation shall have power, in case he shall deem the report incorrect, or in case the report is not made and filed with the commissioner as provided in section 299.03, to make his findings as to the amount of such taxes due after hearing upon notice to the person interested, and his findings shall have the same effect as the determination of the amount of such taxes upon a report made as hereinbefore provided.

A person subletting land for the use of which he received

royalty shall be required to pay taxes only on the difference between the amount of royalty paid by him and the amount received.

Sec. 2. Minnesota Statutes 1945, Section 299.06, is amended to read as follows:

299.06. Failure to make reports; penalty; procedure. If any person subject to the tax provided by this chapter shall fail to make the report provided for in section 299.03, at the time and in the manner therein provided, there shall accrue upon the tax herein imposed a penalty in an amount equal to ten per cent of the tax so imposed, *the said penalty to be imposed ratably in proportion to the number of days delinquent but not exceeding 60 days after which the full penalty of ten per cent shall be applied. After the said penalty or any proportion thereof has been assessed the commissioner of taxation shall serve notice by registered mail to the royalty recipient at his last known address of the amount of penalty due and of his intention to demand payment thereof from the royalty payor by withholding the same in the same manner as provided for withholding the royalty tax under section 299.08. Thereupon the commissioner not earlier than ten days after notice to the royalty recipient shall direct the royalty payor to withhold from any royalties due, or thereafter to become due said recipient, the amount of the penalty so assessed and remit the same to the state treasurer in the same manner and under the same conditions as prescribed by said section 299.08 for the withholding and remitting of the royalty tax.*

Sec. 3. Minnesota Statutes 1945, Section 299.08, is amended to read as follows:

299.08. Lien of tax. The situs of royalty, for all purposes of this chapter, shall be in this state; and the tax herein provided for shall be a specific lien from the time the royalty accrues upon all and singular the right, title, and interest of the person to whom such royalty is payable, in and to the land, for permission to explore, mine, take out, and remove ore on which the royalty is paid, and shall be a specific lien upon such royalties as they accrue. Every person paying royalty to another which is subject to tax hereunder, upon which the royalty tax has not been paid, shall withhold the amount of the tax upon such royalty and remit the same to the state treasurer at the time the royalty is paid. Such payment to the state treasurer shall operate to discharge to that extent the liability of the person paying such royalty to the royalty recipient. At the time of such payment he shall file with the

state treasurer and with the commissioner of taxation a report thereof on forms to be prescribed by the commissioner of taxation. If any person paying royalty to another shall fail to withhold the tax thereon *or the penalty imposed by section 299.06 after notice thereof as therein provided*, and pay the same to the state treasurer, he shall be liable for the amount of such tax *and penalty*, with interest at the rate of 12 per cent per annum from the time the same should have been paid, to be recovered in an action by the attorney general for and on behalf of the state. The commissioner of taxation, may, upon petition of any royalty payor or recipient, upon such conditions as he may impose, permit the paying of the tax in one annual payment instead of as such royalty accrues, in which case such annual payment shall be made at such times as the commissioner of taxation directs, not later than May thirty-one of the year following the accrual of the royalty. No such extension of time shall be granted unless, as one of the conditions thereof, the royalty payor shall guarantee the payment of the tax.

In the event the royalty is paid in ore instead of in cash the tax provided for herein shall be a specific lien upon the ore apportioned to the royalty recipient; or, if such ore be not apportioned, upon the royalty recipient's interest in the ore mined, and such ore shall not be shipped from this state unless:

- (1) The royalty tax be paid; or
- (2) A bond be given to secure such payment upon a form and with sureties approved by the commissioner of taxation, in an amount 25 per cent in excess of his estimate of the tax; or
- (3) The estimated amount of the tax, such estimate to be made by the commissioner of taxation, be deposited with the state treasurer as security for such payment; or
- (4) The payment of the tax be guaranteed or secured in some other manner satisfactory to the commissioner of taxation.

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