

# SEVERANCE TAX

The severance tax, first levied in 1972, is paid by persons or firms which extract or sever certain natural resources from the soil or waters of Ohio. The tax produced \$7.9 million in fiscal year 2001, about \$2.3 million of it from the levy on natural gas. Severers are licensed by the Tax Commissioner or other designated state agencies.

## TAX BASE (R.C. 5749.02):

The tax is levied on the weight or volume of certain natural resources extracted from the soil or water of Ohio.

## TAXPAYER (R.C. 5749.02):

Each severer.

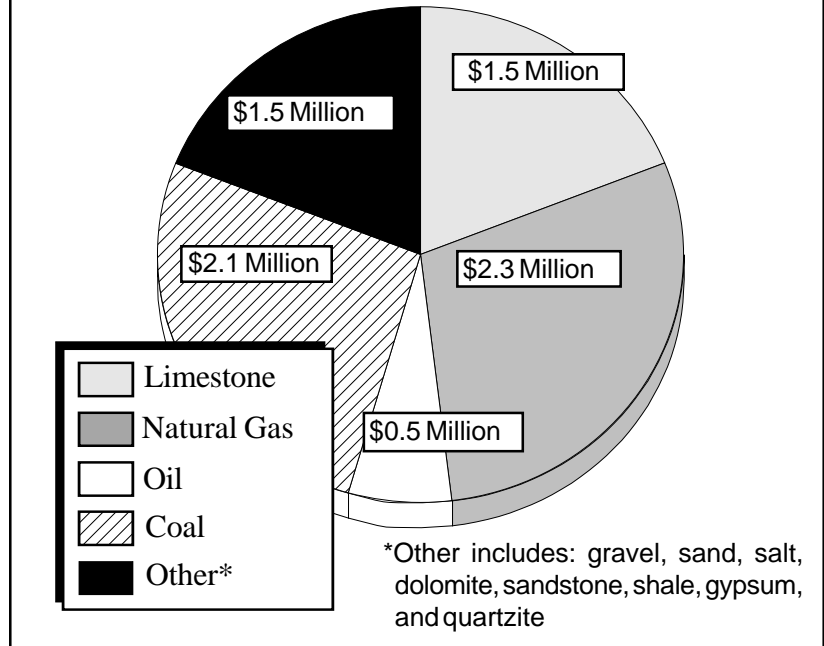
## RATES (R.C. 5749.02):

Type of Resource	Rate
Salt	4.0 cents per ton
Coal	9.0 cents per ton
Oil	10.0 cents per barrel
Natural Gas	2.5 cents per 1,000 cubic feet
Limestone, Dolomite, Sand, and Gravel	2.0 cents per ton
Clay, Conglomerate, Gypsum, Quartzite, Sandstone, and Shale	1.0 cent per ton

## EXEMPTIONS AND CREDITS (R.C. 5749.03):

Annual exemption for natural resources used on the land from which they are taken by the severer as part of the improvement of or use in his homestead which have a yearly cumulative market value of \$1,000 or less.

**Severance Tax Collections  
By Type of Resource  
Fiscal Year 2001 Total -- \$7.9 Million**



## SPECIAL PROVISIONS:

A temporary one-cent-per ton tax on coal may be enacted if it is deemed that the balance of the Reclamation Supplemental Forfeiture Fund plus transfers to the fund and the estimated revenue for the fund are not sufficient to reclaim lands.

## FILING AND PAYMENT DATES (R.C. 5749.06):

**Quarterly:** May 15, August 14, November 14, February 14, for quarterly periods ending the last day of March, June, September and December, respectively.

## DISPOSITION OF REVENUE (R.C. 5749.02) :

1. To fund the *Geological Mapping Fund*, the following distributions are made:
  - a) 6.3% of 7 of the 9 cents tax on coal;
  - b) 15% of salt severance tax collections;
  - c) 7.5% of limestone, dolomite, sand, and gravel severance tax collections;
  - d) 10% of oil and gas severance tax collections.

2. To fund the *Unreclaimed Lands Fund*, the following distributions are made:
  - a) 21.6% of 7 of the 9 cents tax on coal;
  - b) 42.5% of limestone, dolomite, sand, and gravel severance tax collections;
  - c) 85% of salt severance tax collections.
3. To fund the *Oil and Gas Well Fund*, 90% of oil and gas severance tax collections is allocated.
4. To fund the *Coal Mining Administration and Reclamation Reserve Fund*, 57.9% of the remaining 7 cents tax on coal is distributed to this fund.
5. To fund the *Reclamation Supplemental Forfeiture Fund*, the following distributions are made:
  - a) one-cent per ton levy on coal;
  - b) revenue from the temporary one-cent per ton levy on coal;
  - c) 14.2% of 7 of the 9 cent per ton levy on coal.
6. To fund the *Surface Mining Administrative Fund*, the following distributions are made:
  - a) 50% of limestone, dolomite, sand, and gravel severance tax collections;
  - b) 100% of the clay, sandstone or conglomerate, shale, gypsum, and quartzite severance tax collections.

**OHIO REVISED CODE CITATIONS:**

Chapter 5749.

**RECENT LEGISLATION:*****House Bill 601, Title 15; effective June 14, 2000.***

***R.C. 5749.02*** - Creates the Division of Mineral Resources Management in the Department of Natural Resources by combining the Division of Mines and Reclamation with the Division of Oil and Gas. Makes fiscal changes to the Reclamation Supplemental Forfeiture Fund, the Surface Mining Administrative Fund, and the Coal Mining Administration and Reclamation Reserve Fund.

***House Bill 283; effective June 30, 1999 (Biennial Budget Bill).***

***R.C. 5749.02*** - Changes the distribution of the oil and natural gas taxes to 90 percent to the Oil and Gas Well Fund and 10 percent to the Geological Mapping Fund.

**Table 71**  
**Severance Tax Collections, Fiscal Years 1998-2001**

Natural Resource	Tax Rate	1998	1999	2000	2001
Coal	9.0 cents per ton*	\$2,708,471	\$2,406,798	\$1,979,668	\$2,094,472
Natural Gas	2.5 cents per 1,000 c.f.	2,646,231	2,708,380	2,472,707	2,322,192
Limestone	2.0 cents per ton	1,362,552	1,468,751	1,546,768	1,488,175
Oil	10.0 cents per barrel	737,151	618,919	616,931	561,682
Gravel	2.0 cents per ton	694,022	711,825	710,093	612,519
Sand	2.0 cents per ton	562,672	594,886	602,498	516,578
Dolomite	2.0 cents per ton	135,947	124,138	79,098	99,187
Salt	4.0 cents per ton	164,004	177,288	177,370	175,460
Clay	1.0 cent per ton	14,192	16,580	22,495	19,951
Sandstone	1.0 cent per ton	16,131	14,359	26,385	17,614
Shale	1.0 cent per ton	30,228	40,627	43,300	23,751
Gypsum	1.0 cent per ton	2,443	2,786	2,836	2,379
Quartzite	1.0 cent per ton	<u>3,660</u>	<u>3,963</u>	<u>3,669</u>	<u>3,798</u>
Total		\$9,077,704	\$8,889,300	\$8,283,818	\$7,937,760

\*Includes 1 cent in temporary levy (see **SPECIAL PROVISIONS** section)