

# Severance Tax

The severance tax, first levied in 1972, is paid by persons or firms that extract, or sever, certain natural resources from the soil or waters of Ohio. The tax produced approximately \$7.5 million in FY 2003. Severers are licensed by the Tax Commissioner and 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 <sup>(1)</sup>
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

<sup>(1)</sup> Includes temporary tax of 1.0 cent per ton.

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

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

## SPECIAL PROVISIONS (R.C. 5749.02 (D)):

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.

**Annually** — February 14 for annual returns.

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

- To fund the Geological Mapping Fund, the following distributions are made:
  - 6.3 percent of 7 of the 9 cents tax on coal;
  - 15 percent of salt severance tax collections;
  - 7.5 percent of limestone, dolomite, sand, and gravel severance tax collections; and
  - 10 percent of oil and gas severance tax collections.
- To fund the Unreclaimed Lands Fund, the following distributions are made:
  - 21.6 percent of 7 of the 9 cents tax on coal;
  - 42.5 percent of limestone, dolomite, sand, and gravel severance tax collections; and
  - 85 percent of salt severance tax collections.
- To fund the Oil and Gas Well Fund, 90 percent of the oil and gas severance tax collections is distributed to the fund.
- To fund the Coal Mining Administration and Reclamation Reserve Fund, 57.9 percent of the remaining 7 cents tax on coal is distributed to this fund.
- To fund the Reclamation Supplemental Forfeiture Fund, the following distributions are made:
  - One cent per ton levy on coal;
  - Revenue from the temporary one cent per ton levy on coal; and
  - 14.2 percent of 7 of the 9 cents per ton levy on coal.
- To fund the Surface Mining Administrative Fund, the following distributions are made:
  - 50 percent of limestone, dolomite, sand, and gravel severance tax collections;
  - 100 percent of the clay, sandstone or conglomerate, shale, gypsum, and quartzite severance tax collections.

## OHIO REVISED CODE CITATIONS:

Chapter 5749.

**RECENT LEGISLATION:**

**Am. Sub. H.B. 94, 124<sup>th</sup> General Assembly (effective September 6, 2001, FY 2002-2003 Biennial Budget Bill).**

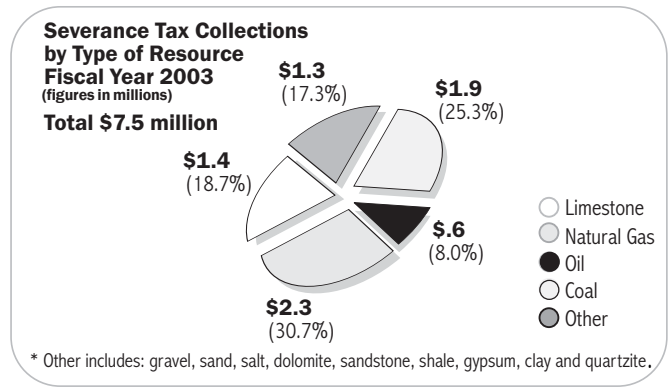
**R.C. 5749.06, effective January 1, 2003 –**

Transferred tax payment functions previously assigned to the Treasurer of State to the Tax Commissioner.

**H.B. 612, 123<sup>rd</sup> General Assembly (effective September 29, 2000).**

**R.C. 5749.08 –**

Interest was made payable on refunds based on an illegal or erroneous assessment.



**Table**  
**Severance Tax Collections**  
**Fiscal Years 1999 – 2003**

Natural Resource	Tax Rate	1999	2000	2001	2002	2003
Coal	9.0 cents per ton*	\$2,406,798	\$1,979,668	\$2,094,472	\$2,202,444	\$1,897,705
Natural Gas	2.5 cents per 1,000 c.f.	2,708,380	2,472,707	2,322,192	2,245,761	2,251,683
Limestone	2.0 cents per ton	1,468,751	1,546,768	1,488,175	1,386,122	1,402,610
Oil	10.0 cents per barrel	618,919	616,931	561,682	553,643	570,225
Gravel	2.0 cents per ton	711,825	710,093	612,519	701,979	569,608
Sand	2.0 cents per ton	594,886	602,498	516,578	594,761	521,454
Dolomite	2.0 cents per ton	124,138	79,098	99,187	115,256	83,534
Salt	4.0 cents per ton	177,288	177,370	175,460	175,098	127,967
Clay	1.0 cent per ton	16,580	22,495	19,951	13,628	11,866
Sandstone	1.0 cent per ton	14,359	26,385	17,614	12,102	11,277
Shale	1.0 cent per ton	40,627	43,300	23,751	16,401	11,480
Gypsum	1.0 cent per ton	2,786	2,836	2,379	422	0
Quartzite	1.0 cent per ton	3,963	3,669	3,798	3,245	3405
<b>Total</b>		<b>\$8,889,300</b>	<b>\$8,283,818</b>	<b>\$7,937,758</b>	<b>\$8,020,862</b>	<b>\$7,462,814</b>

\*Includes 1.0 cent in temporary levy (see **Special Provisions** section).  
 Source: Department of Taxation, as reported on tax returns.