

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 \$9.1 million in fiscal year 1998, about \$2.6 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

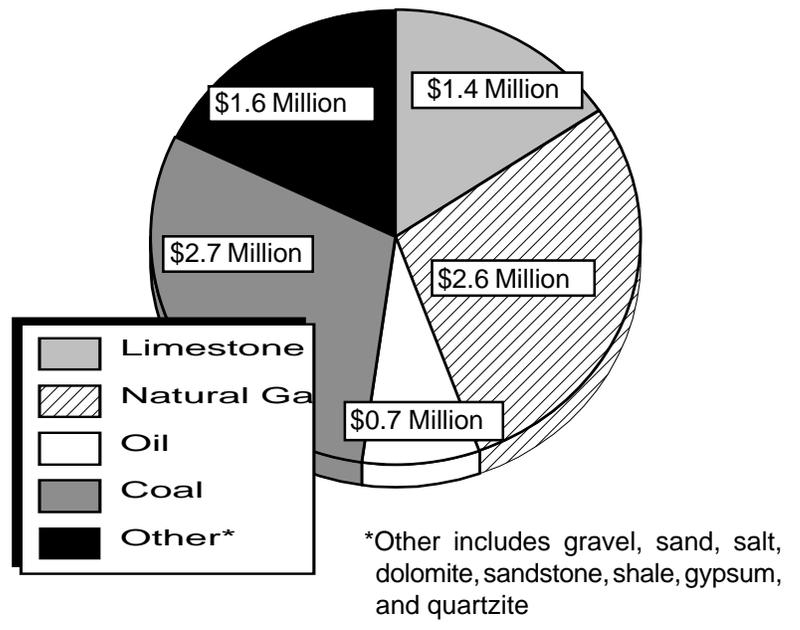
EXEMPTIONS AND CREDITS (R.C. 5749.03):

One thousand dollar exemption annually 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.

SPECIAL PROVISIONS:

A temporary one-cent-per-ton tax on coal may be enacted in the event the balance in the Reclamation Fund falls below \$2 million and \$500,000 has already been transferred to the fund by the Auditor of State in the fiscal year. An additional temporary

**Severance Tax Collections
By Type of Resource
Fiscal Year 1998 Total -- \$9.0 Million**



one cent-per-ton tax on coal may be enacted if it is deemed that the balance of the Defaulted Areas 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, 5749.021):

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:
- 21.6% of 7 of the 9 cents tax on coal;
 - 42.5% of limestone, dolomite, sand and gravel severance tax collections;
 - 85% of salt severance tax collections
3. To fund the *Oil and Gas Well Plugging Fund*, 20% of oil and gas severance tax collections is allocated.
4. To fund the *Oil and Gas Permit Fee Fund*, 70% of oil and gas severance tax collections is allocated.
5. To fund the *Defaulted Areas Fund*, the following distributions are made:
- Revenue from one cent levied on coal;
 - 14.2% of 7 of the 9 cents tax on coal
6. 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.
7. To fund the *Reclamation Supplemental Forfeiture Fund*, the revenue from the additional one cent levied on coal is distributed to this fund.
8. To fund the *Surface Mining Administrative Fund* the following distributions are made:
- 50% of limestone, dolomite, sand and gravel severance collections
 - 100% of clay, sandstone or conglomerate, shale, gypsum and quartzite severance tax collections

OHIO REVISED CODE CITATIONS:

Chapter 5749

Table 74
Severance Tax Collections, Fiscal Years 1995-1998

Natural Resource	Tax Rate	1995	1996	1997	1998
Coal	9.0 cents per ton*	\$2,578,141	\$2,317,105	\$2,608,505	\$2,708,471
Natural Gas	2.5 cents per 1,000 c.f.	3,133,673	2,991,816	2,918,670	2,646,231
Limestone	2.0 cents per ton	1,216,228	1,205,289	1,233,980	1,362,552
Oil	10.0 cents per barrel	785,893	747,142	736,394	737,151
Gravel	2.0 cents per ton	629,934	615,373	641,013	694,022
Sand	2.0 cents per ton	491,851	509,735	565,901	562,672
Dolomite	2.0 cents per ton	53,228	77,634	124,362	135,947
Salt	4.0 cents per ton	178,847	193,970	260,046	164,004
Clay	1.0 cent per ton	20,298	15,300	17,175	14,192
Sandstone	1.0 cent per ton	16,147	10,699	13,557	16,131
Shale	1.0 cent per ton	21,803	13,745	28,006	30,228
Gypsum	1.0 cent per ton	2,997	2,488	2,716	2,443
Quartzite	1.0 cent per ton	<u>5,306</u>	<u>5,396</u>	<u>4,441</u>	<u>3,660</u>
Total		\$9,134,346	\$8,705,691	\$9,154,766	\$9,077,704

*Includes 2 cents in temporary levies (see **SPECIAL PROVISIONS** section)