

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 \$8.9 million in fiscal year 1999, about \$2.7 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):

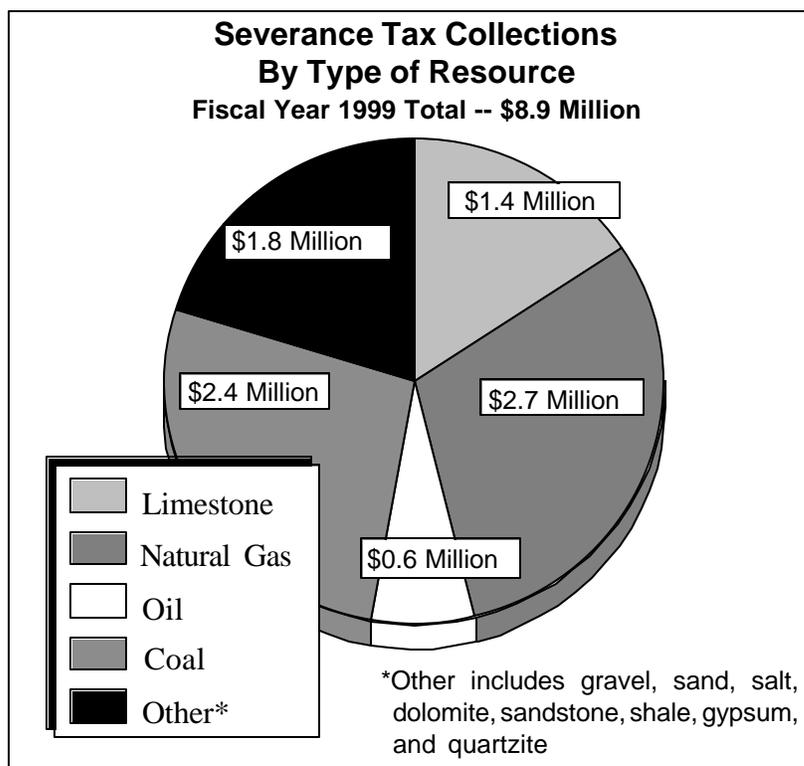
Each severer.

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 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, 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.

Severance Tax

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 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 *Coal Mining Administration and Reclamation Reserve Fund*, 57.9% of the remaining 7 cents tax on coal is distributed to this fund.

6. 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.

7. 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 283; effective June 30, 1999 (Biennial Budget Bill).

RC 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 74
Severance Tax Collections, Fiscal Years 1996-1999**

Natural Resource	Tax Rate	1996	1997	1998	1999
Coal	9.0 cents per ton*	\$2,317,105	\$2,608,505	\$2,708,471	\$2,406,798
Natural Gas	2.5 cents per 1,000 c.f.	2,991,816	2,918,670	2,646,231	2,708,380
Limestone	2.0 cents per ton	1,205,289	1,233,980	1,362,552	1,468,751
Oil	10.0 cents per barrel	747,142	736,394	737,151	618,919
Gravel	2.0 cents per ton	615,373	641,013	694,022	711,825
Sand	2.0 cents per ton	509,735	565,901	562,672	594,886
Dolomite	2.0 cents per ton	77,634	124,362	135,947	124,138
Salt	4.0 cents per ton	193,970	260,046	164,004	177,288
Clay	1.0 cent per ton	15,300	17,175	14,192	16,580
Sandstone	1.0 cent per ton	10,699	13,557	16,131	14,359
Shale	1.0 cent per ton	13,745	28,006	30,228	40,627
Gypsum	1.0 cent per ton	2,488	2,716	2,443	2,786
Quartzite	1.0 cent per ton	<u>5,396</u>	<u>4,441</u>	<u>3,660</u>	<u>3,963</u>
Total		\$8,705,691	\$9,154,766	\$9,077,704	\$8,889,300

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