

SEVERANCE TAX

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he 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 \$8.0 million in Fiscal Year 2002. 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 ⁽¹⁾
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

⁽¹⁾ Includes temporary tax of 1.0 cent per ton.

EXEMPTIONS AND CREDITS (R.C. 5749.03):

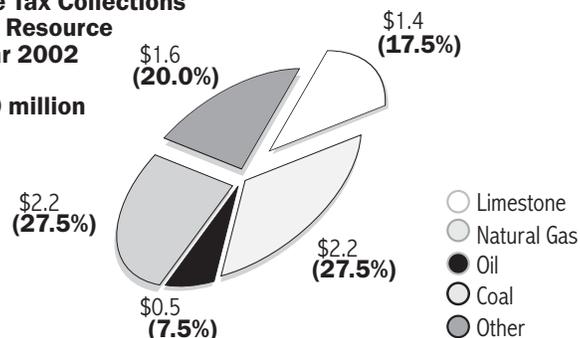
Annual exemption for natural resources used on the land from which they are taken by the severer, as part of the improvement of or use in his homestead, which have a yearly cumulative market value of \$1,000 or less.

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.

Severance Tax Collections by Type of Resource Fiscal Year 2002

Total \$8.0 million



* Other includes: gravel, sand, salt, dolomite, sandstone, shale, gypsum, clay and quartzite

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. February 14 for annual returns.

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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.

5. To fund the Reclamation Supplemental Forfeiture Fund, the following distributions are made:
- 1) One cent per ton levy on coal;
 - 2) Revenue from the temporary one cent per ton levy on coal; and
 - 3) 14.2 percent of 7 of the 9 cents per ton levy on coal.
6. To fund the Surface Mining Administrative Fund, the following distributions are made:
- 1) 50 percent of limestone, dolomite, sand, and gravel severance tax collections;
 - 2) 100 percent of the clay, sandstone or conglomerate, shale, gypsum, and quartzite severance tax collections.

OHIO REVISED CODE CITATIONS:

Chapter 5749.

RECENT LEGISLATION:

Amended Substitute House Bill 94; Effective September 6, 2001 (Biennial Budget Bill).

R.C. 5749.06; Effective January 1, 2003 –

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

House Bill 612; Effective September 29, 2000.

R.C. 5749.08 –

Interest is payable on refunds based on an illegal or erroneous assessment.

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 going to the Oil and Gas Well Fund and 10 percent to the Geological Mapping Fund.

**Table
Severance Tax Collections
Fiscal Years 1998 – 2002**

Natural Resource	Tax Rate	1998	1999	2000	2001	2002
Coal	9.0 cents per ton*	\$2,708,471	\$2,406,798	\$1,979,668	\$2,094,472	\$2,202,444
Natural Gas	2.5 cents per 1,000 c.f.	2,646,231	2,708,380	2,472,707	2,322,192	2,245,761
Limestone	2.0 cents per ton	1,362,552	1,468,751	1,546,768	1,488,175	1,386,122
Oil	10.0 cents per barrel	737,151	618,919	616,931	561,682	553,643
Gravel	2.0 cents per ton	694,022	711,825	710,093	612,519	701,979
Sand	2.0 cents per ton	562,672	594,886	602,498	516,578	594,761
Dolomite	2.0 cents per ton	135,947	124,138	79,098	99,187	115,256
Salt	4.0 cents per ton	164,004	177,288	177,370	175,460	175,098
Clay	1.0 cent per ton	14,192	16,580	22,495	19,951	13,628
Sandstone	1.0 cent per ton	16,131	14,359	26,385	17,614	12,102
Shale	1.0 cent per ton	30,228	40,627	43,300	23,751	16,401
Gypsum	1.0 cent per ton	2,443	2,786	2,836	2,379	422
Quartzite	1.0 cent per ton	3,660	3,963	3,669	3,798	3,245
Total		\$9,077,704	\$8,889,300	\$8,283,818	\$7,937,760	\$8,020,862

*Includes 1.0 cent in temporary levy (see **Special Provisions** section).

Source: Department of Taxation, as reported on tax returns.