



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 Fiscal Year 2004. Severers are licensed by the Tax Commissioner and other designated state agencies.

Taxpayer (Ohio Revised Code 5749.02):
Each severer.

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.

Exemption 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 is enacted if it is deemed in any year 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 during that year.

Filing and Payment Dates (R.C. 5749.06):

Quarterly — May 15, August 14, November 14, and 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):

1. To fund the Geological Mapping Fund, the following distributions are made:
 - (a) 6.3 percent of 7.0 of the 9.0 cents tax on coal;
 - (b) 15 percent of salt severance tax collections;
 - (c) 7.5 percent of limestone, dolomite, sand, and gravel severance tax collections; and
 - (d) 10 percent of oil and gas severance tax collections.
2. To fund the Unreclaimed Lands Fund, the following distributions are made:
 - (a) 21.6 percent of 7.0 of the 9.0 cents tax on coal;
 - (b) 42.5 percent of limestone, dolomite, sand, and gravel severance tax collections; and
 - (c) 85 percent of salt severance tax collections.

3. To fund the Oil and Gas Well Fund, 90 percent of the oil and gas severance tax collections is distributed to the fund.
4. To fund the Coal Mining Administration and Reclamation Reserve Fund, 57.9 percent of the remaining 7.0 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; and
 - (c) 14.2 percent of 7.0 of the 9.0 cents per ton levy on coal.
6. To fund the Surface Mining Administrative Fund, the following distributions are made:
 - (a) 50 percent of limestone, dolomite, sand, and gravel severance tax collections;
 - (b) 100 percent of the clay, sandstone or conglomerate, shale, gypsum, and quartzite severance tax collections.

Administration:

The tax is administered and distribution to the various funds is made by the Tax Commissioner.

Ohio Revised Code Citations:

Chapter 5749.

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

* Includes temporary tax of 1.0 cent per ton.

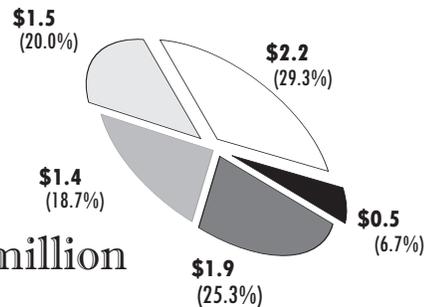
Severance Tax Collections by Type of Resource

Fiscal Year 2004

(figures in millions)

- Oil
- Natural Gas
- Limestone
- Coal
- Other

Total \$7.5 million



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

Table
Severance Tax Collections, Fiscal Years 2000–2004

Natural Resource	Tax Rate	2000	2001	2002	2003	2004
Coal	9.0 cents per ton*	\$1,979,668	\$2,094,472	\$2,202,444	\$1,897,705	\$1,992,269
Natural Gas	2.5 cents per 1,000 c.f.	2,472,707	2,322,192	2,245,761	2,251,683	2,155,185
Limestone	2.0 cents per ton	1,546,768	1,488,175	1,386,122	1,402,610	1,454,611
Oil	10.0 cents per barrel	616,931	561,682	553,643	570,225	535,399
Gravel	2.0 cents per ton	710,093	612,519	701,979	569,608	562,308
Sand	2.0 cents per ton	602,498	516,578	594,761	521,454	505,841
Dolomite	2.0 cents per ton	79,098	99,187	115,256	83,534	81,296
Salt	4.0 cents per ton	177,370	175,460	175,098	127,967	168,328
Clay	1.0 cent per ton	22,495	19,951	13,628	11,866	19,801
Sandstone	1.0 cent per ton	26,385	17,614	12,102	11,277	11,273
Shale	1.0 cent per ton	43,300	23,751	16,401	11,480	23,761
Gypsum	1.0 cent per ton	2,836	2,379	422	0	139
Quartzite	1.0 cent per ton	3,669	3,798	3,245	3,405	3,146
Total		\$8,283,818	\$7,937,758	\$8,020,862	\$7,462,814	\$7,513,357

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

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