

## 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 \$7.7 million in FY 2006. 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.

**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.

**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.



**Temporary Coal Tax (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.



**(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:

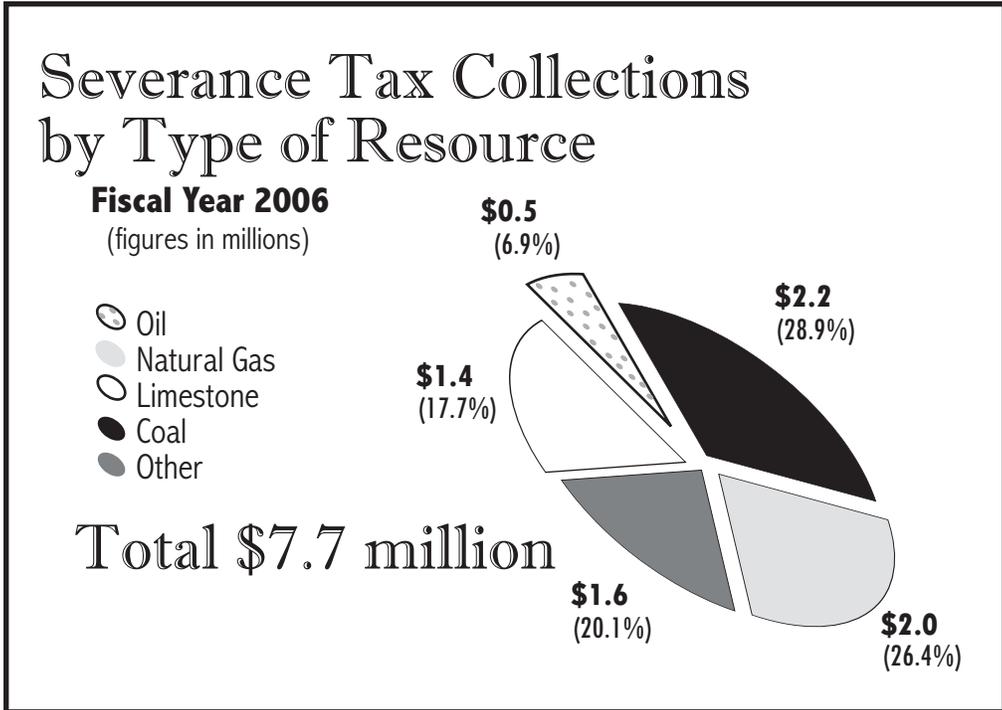
- (a) 50 percent of limestone, dolomite, sand, and gravel severance tax collections;
- (b) 100 percent of the clay, sandstone or conglomerate, shale, gypsum, and quartzite severance tax collections.

**ADMINISTRATION:**

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

**OHIO REVISED CODE CITATIONS:**

Chapter 5749.



SEVERANCE TAX COLLECTIONS  
FISCAL YEARS 2002 - 2006

Natural Resource	Tax Rate	2002	2003	2004	2005	2006
Coal	9.0 cents per ton	\$2,202,444	\$1,897,705	\$1,992,269	\$2,052,560	\$2,216,710
Natural Gas	2.5 cents per 1,000 c.f.	2,245,761	2,251,683	2,155,185	2,104,101	2,023,276
Limestone	2.0 cents per ton	1,386,122	1,402,610	1,454,611	1,512,348	1,360,579
Oil	10.0 cents per barrel	553,643	570,225	535,399	510,481	530,817
Gravel	2.0 cents per ton	701,979	569,608	562,308	621,376	718,526
Sand	2.0 cents per ton	594,761	521,454	505,841	506,396	510,446
Dolomite	2.0 cents per ton	115,256	83,534	81,296	41,278	41,539
Salt	4.0 cents per ton	175,098	127,967	168,328	186,956	200,422
Clay	1.0 cent per ton	13,628	11,866	19,801	19,742	23,230
Sandstone	1.0 cent per ton	12,102	11,277	11,273	15,594	23,542
Shale	1.0 cent per ton	16,401	11,480	23,761	23,833	25,379
Gypsum	1.0 cent per ton	422	0	139	0	0
Quartzite	1.0 cent per ton	3,245	3,405	3,146	2,986	2,364
<b>Total</b>		<b>\$8,020,862</b>	<b>\$7,462,814</b>	<b>\$7,513,357</b>	<b>\$7,597,651</b>	<b>\$7,676,830</b>

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