

SEVERANCE TAX

TAX BASE

The tax is levied on the weight or volume of certain natural resources extracted from the soil or water of Ohio.

RATES

Resource	Tax Rate
Coal	9 cents per ton*
Salt	4 cents per ton
Dolomite, Gravel, Sand and Limestone	2 cents per ton
Oil	10 cents per barrel
Natural Gas	2.5 cents per 1,000 cubic feet
Clay, Sandstone, Shale Conglomerate, Gypsum and Quartzite	1 cent per ton

* Includes a temporary one cent per ton tax on coal (**See SPECIAL PROVISIONS / CREDITS.**)

MAJOR EXEMPTIONS

Natural resources with a market value not exceeding \$1,000 annually, when used in the owner's homestead or for improvement thereon, if the homestead is located on the same property from which the minerals were severed.

REVENUE (IN MILLIONS)

Fiscal Year	Total
1998	\$9.1
1999	8.8
2000	8.3
2001	8.0

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DISPOSITION OF REVENUE

Fractional amounts of the severance tax are allocated to the following funds:

- Oil and Gas Well Fund
- Unreclaimed Lands Fund
- Coal Mining Administration and Reclamation Reserve Fund
- Reclamation Supplemental Forfeiture Fund
- Geological Mapping Fund
- Surface Mining Administrative Fund

SECTIONS OF OHIO REVISED CODE

Chapter 5749.

RESPONSIBILITY FOR ADMINISTRATION

Tax Commissioner.

REMITTER OF TAX

Holder of severance permit.

PAYMENT DATES

May 15, August 14, November 14, February 14, for quarterly periods ending last day of March, June, September, and December, respectively. February 14 for annual period ending December 31.

SPECIAL PROVISIONS / CREDITS

The Department of Natural Resources may impose a one-cent-per-ton tax on coal if the balance of the Reclamation Supplemental Forfeiture Fund plus transfers to the fund and current revenue for the fund are not sufficient to reclaim lands.

HISTORY OF MAJOR CHANGES

- 1972 • Tax became effective.
- 1983 • Tax rates increased on oil and natural gas.
- 1985 • Rate on coal temporarily increased by two cents per ton for the Defaulted Areas Fund.
 - Rate on coal permanently increased by three cents.
- 1989 • Rate on limestone, dolomite, sand, and gravel increased by one cent per ton.
 - Tax of one cent per ton on clay, sandstone, shale, conglomerate, gypsum, and quartzite became effective.

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HISTORY OF MAJOR CHANGES (con't)

- 1999 • Changed the distribution of the oil and natural gas taxes to 90% to the Oil and Gas Well Fund and 10% to the General Mapping Fund. Changed one of the temporary one cent tax levies on coal to permanent.

- 2000 • Created 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.
- Made fiscal changes to the Reclamation Supplemental Forfeiture Fund, the Surface Mining Administrative Fund, and the Coal Mining Administration and Reclamation Reserve Fund.

COMPARISON WITH OTHER STATES (AS OF 12/01)

State/Resource	Rate
California	
Oil and Gas	A uniform rate is determined annually by the Department of Conservation based on the previous year's production. Current rate is 3.48447 cents per barrel of oil or 10,000 cubic feet of natural gas.
Florida	
Oil	5% of gross value for small well oil and tertiary oil; 8% of gross value for all other oil; escaped oil, 12.5% additional.
Gas	23.5 cents per Mcf of gas produced and sold or used by a producer.
Sulfur	\$2.73 per long ton.
Indiana	
Oil and Gas	1% of value.
Illinois	
Timber	4% of purchase price.
Kentucky	
Oil	4.5% of market value.
Coal and Other	
Natural Resources	4.5% of gross value.

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COMPARISON WITH OTHER STATES (con't.) (AS OF 12/01)

State/Resource	Rate
Michigan	
Oil	6.6% of market value; 4% gross cash value for stripper well crude oil.
Gas	5% of market value, plus an additional fee not to exceed 1% of total market value.
Ohio	
Coal	9 cents per ton.
Salt	4 cents per ton.
Limestone, Dolomite, Sand, & Gravel	2 cents per ton.
Clay, Sandstone, Shale, Conglomerate, Gypsum, & Quartzite	1 cent per ton.
Oil	10 cents per barrel.
Natural Gas	2.5 cents per 1,000 cubic feet.
Texas	
Gas	7.5% of market value.
Oil	4.6% of market value or 4.6 cents per 42 gallon barrel, whichever is more.
Sulfur	\$1.03 per long ton.
West Virginia (gross receipts tax)	
Coal	5% of gross value.
Limestone	5% of gross value.
Sandstone	5% of gross value.
Oil	5% of gross value.
Natural Gas	5% of gross value.
Other Minerals	5% of market value.
Timbers	3.22%
Coal Refuse	2.5%
Massachusetts, New Jersey, New York, and Pennsylvania do not have severance taxes.	

LOCAL TAXES