

SEVERANCE TAX

TAXPAYER

Holder of severance permit.

TAX BASE

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

RATES

<u>Resource</u>	<u>Tax Rate</u>
Coal	9.0 cents per ton (1)
Salt	4.0 cents per ton
Dolomite, gravel, sand and limestone	2.0 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	1.0 cent(s) per ton

Note: (1) 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)

<u>Fiscal Year</u>	<u>Total</u>
2000	\$8.3
2001	8.0
2002	8.0
2003	7.5

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

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Geological Mapping Fund
Surface Mining Administrative Fund

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 revenues for the fund are not sufficient to reclaim lands.

SECTIONS OF OHIO REVISED CODE

Chapter 5749.

RESPONSIBILITY FOR ADMINISTRATION

Tax Commissioner.

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.

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



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- 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.

COMPARISONS WITH OTHER STATES (AS OF 01/04)

<u>State/Resource</u>	<u>Rate</u>
California	
Oil and gas	4.43089 cents per barrel of oil or 10,000 cubic feet of natural gas.
Timber	6.0 percent of total immediate harvest value.
Florida	
Oil	5.0 percent of gross value for small well oil and tertiary oil; 8.0 percent of gross value for all other oil; escaped oil, 12.5 percent additional.
Gas	0.256 cents per Mcf of gas (1,000 cubic feet) produced and sold or used by a producer.
Sulfur	\$2.72 per long ton.
Minerals (except phosphate rock and heavy minerals)	8.0 percent of market value.
Phosphate rock	1.30 per ton.
Heavy minerals	3.02 per ton.
Illinois	
Timber	4.0 percent of purchase price.
Indiana	
Petroleum, oil, gas, and other hydrocarbons	1.0 percent of value.

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Kentucky

Oil	4.5 percent of market value.
Coal(1) and other natural resources	4.5 percent of gross value.

Michigan

Oil	6.6 percent of market value; 4.0 percent gross cash value for stripper well crude oil and crude from marginal producing properties.
Gas	5.0 percent of market value, plus an additional fee not to exceed 1.0 percent of total market value.

Ohio

Coal	9.0 cents per ton(2).
Salt	4.0 cents per ton.
Limestone and dolomite	2.0 cents per ton.
Sand and gravel	2.0 cents per ton.
Oil	10 cents per barrel.
Natural gas	2.5 cents per 1,000 cubic feet.
Clay, sandstone, and shale	1.0 cent per ton.
Conglomerate, gypsum, and quartzite	1.0 cent per ton.

Texas

Gas	7.5 percent of market value.
Oil	4.6 percent of market value or 4.6 cents per 42-gallon barrel, whichever is more.
Sulfur	\$1.03 per long ton.

Notes: (1) Coal used for burning solid waste is taxed at 50 cents or 4.0 percent of the selling price per ton. (2) Rate shown includes a temporary one cent per ton tax on coal (see **Special Provisions/Credits**).



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West Virginia

(gross receipts tax)

Coal(3)	5.0 percent of gross market value.
Coal refuse (or gob piles)	2.5 percent of gross market value.
Coal methane	5.0 percent of gross market value.
Limestone and sandstone	5.0 percent of gross market value.
Oil	5.0 percent of gross market value.
Natural gas	5.0 percent of gross market value.
Timber	3.22 percent of gross market value.
Other natural resources	5.0 percent of gross market value.

Massachusetts, New Jersey, New York, and Pennsylvania do not have severance taxes.

Notes: (3) Rate shown includes a 0.35 percent additional county and municipal severance tax on coal. However, the rate shown does not include the following: 14 cents per ton of clean coal mined through a surface mine operation; 2.0 cents per ton on all coal mined in the state (coal production privilege tax).

