

## 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	\$0.09 per ton(1)
Salt	\$0.04 per ton
Dolomite, gravel, sand and limestone	\$0.02 per ton
Oil	\$0.10 per barrel
Natural gas	\$0.025 per 1,000 cubic feet
Clay, sandstone, shale conglomerate, gypsum and quartzite	\$0.01 per ton

**Note:** (1)Includes a temporary \$0.01 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**

<u>Year</u>	<u>Total</u>
2000	\$8.3
2001	8.0
2002	8.0
2003	7.5
2004	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



## Severance Tax

- Reclamation Supplemental Forfeiture Fund
- 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 Ohio 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 are not sufficient to fund the reclaiming of 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% 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.

## Severance Tax



- 2000
- Created the Division of Mineral Resources Management in the Ohio 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 05/05)

State/ResourceRate**California**

Oil and gas	\$0.05089 per barrel of oil or 10,000 cubic feet of natural gas.
Timber	2.9% of total immediate harvest value.

**Florida**

Oil	5.0% of gross value for small well oil and tertiary oil; 8.0% of gross value for all other oil; escaped oil, 12.5% additional.
Gas	\$0.0321 per Mcf of gas (1,000 cubic feet) produced and sold or used by a producer.
Sulfur	\$3.00 per long ton.
Minerals (except phosphate rock and heavy minerals)	8.0% of market value.
Phosphate rock	\$1.69 per ton.
Heavy minerals	\$2.93 per ton.

**Illinois**

Timber	4.0% of purchase price.
--------	-------------------------

**Indiana**

Petroleum, oil, gas, and other hydrocarbons	The greater of 1.0% of value, \$0.03 per 1,000 cubic feet, or \$0.24 per barrel.
---	--

**Kentucky**

Oil	4.5% of market value.
Coal(1) and other natural resources	4.5% of gross value; the minimum tax for a reporting period is an



## Severance Tax

	amount determined by applying a rate of \$0.50 per ton to the total number of tons severed.
Limestone used in cement	\$0.14 per ton.
Clay	\$0.12 per ton.

**Michigan**

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

**Texas**

Gas(2)	7.5% of market value.
Oil and gas condensate(2)	4.6% of market value or \$0.046 per 42-gallon barrel, whichever is more.
Sulfur	\$1.03 per long ton.

**West Virginia**

(gross receipts tax)

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

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

**Notes:** (1)Coal used for burning solid waste is taxed at \$0.50 or 4.0% percent of the selling price per ton. (2)Rates shown do not include additional oil field and gas field clean-up fees. (3)Rate shown includes a 0.35% additional county and municipal severance tax on coal. However, the rate shown does not include the following: \$0.14 per ton of clean coal mined through a surface mine operation; \$0.02 per ton on all coal mined in the state (coal production privilege tax).