

STATE TAXES  
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

Resource	Tax Rate
Coal	10 cents per ton*
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:** \* Includes a temporary one cent per ton tax on coal. Additional levies of 1.2 cents per ton for surface mining operations and 16 cents per ton for operations without a full cost bond were enacted in 2006.

## 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
2002	\$8.0
2003	7.5
2004	7.5
2005	7.6
2006	7.7

## 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

### **Payment Dates**

May 15, August 14, November 14, and 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.
- 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.
- 2006 • Changed the taxes levied on the extraction of coal: eliminated the temporary provision and increased the

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base rate to 10.0 cents per ton; added an additional levy of 1.2 cents per ton for surface mining operations; and added an additional levy of up to 16.0 cents per ton on operations without a full cost bond.

**Comparisons with Other States** (As of 05/07)

<b>State/Resource</b>	<b>Rate</b>
<b>California</b>	
Oil and gas	\$0.061889 per barrel of oil or 10,000 cubic feet of natural gas.
Timber	2.9% of total immediate harvest value.
<b>Florida</b>	
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(1)	\$0.447 per Mcf of gas (1,000 cubic feet) produced and sold or used by a producer.
Sulfur(1)	\$4.51 per long ton.
Minerals (except phosphate rock and heavy minerals)	8.0% of market value.
Phosphate rock	\$1.71 per ton.
Heavy minerals	\$2.96 per ton.
<b>Illinois</b>	
Timber	4.0% of purchase price.
<b>Indiana</b>	
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.
<b>Kentucky</b>	
Oil	4.5% of market value.
Coal(2) and other natural resources	4.5% of gross value; the minimum tax for a reporting period is an 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.

**Notes:** (1) Effective July 1, 2007. (2) Coal used for burning solid waste is taxed at \$0.50 or 4.0% percent of the selling price per ton. (3) Rates shown do not include additional oil field and gas field clean-up fees.

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**Michigan****Rate**

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. An additional fee not to exceed 1.0% of gross cash market value is levied on both oil and gas.

**Texas**

Gas (3)	7.5% of market value.
Oil and gas condensate(3)	4.6% of market value or 4.6 cents per 42-gallon barrel, whichever is more.
Recovered oil rate	2.3% of market value.
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.

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