



## 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 <sup>1</sup>
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

### Major Exemptions

Natural resources with a market value of \$1,000 or less annually are exempt if they are used on the same property from which the property owner extracted them.

### Revenue (In Millions)

Fiscal Year	Total
2004	\$7.5
2005	7.6
2006	7.7
2007	7.0
2008	9.4

<sup>1</sup> This base rate does not include an additional 1.2 cents per ton levy for surface mining operations or an additional 12, 14 or 16 cents per ton levy on operations without a full cost bond. Both of these additional rates took effect on April 1, 2007. The additional rate on operations without a full cost bond varies based on the amount remaining in the Reclamation Forfeiture Fund at the end of each state fiscal biennium. The rate is 12 cents if the balance of the fund is \$10 million or more; 14 cents if it is between \$10 million and \$5 million; and 16 cents if it is \$5 million or less.

## 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

Payments are due May 15, Aug. 14, Nov. 14, and Feb. 14 for the quarterly periods ending the last day of March, June, September, and December, respectively. Annual returns are due Feb. 14.

## Special Provisions/Credits

The levy imposed on coal operations without a full cost bond can vary from 12 cents to 16 cents depending on the amount in the Reclamation Forfeiture Fund at the end of each fiscal biennium.

## Sections of Ohio Revised Code

Chapter 5749.

## Responsibility for Administration

Tax Commissioner.

## History of Major Changes

- 1972** Tax becomes effective.
- 1983** Tax rates increase on oil and natural gas.
- 1985** Rate on coal temporarily increases by two cents per ton for the Defaulted Areas Fund. Rate on coal later permanently increases by three cents.
- 1989** Rate on limestone, dolomite, sand, and gravel increases by one cent per ton. Tax of one cent per ton on clay, sandstone, shale, conglomerate, gypsum, and quartzite becomes effective.
- 1999** Distribution of oil and natural gas taxes changes to 90 percent to the Oil and Gas Well Fund and 10 percent to the General Mapping Fund. One of the temporary one cent-per-ton levies on coal is made permanent.
- 2006** Effective April 1, 2007, the General Assembly changes the base rate on coal to 10 cents per ton, adds an additional levy of 1.2 cents per ton for surface mining operations and an additional levy of up to 16 cents per ton on operations without a full cost bond.

**Comparisons with Other States** (As of 03/09)**State/Resource****Rate****California**

Oil and gas	7.90758 cents per barrel of oil or 10,000 cubic feet of natural gas.
Timber	2.9 percent of total immediate harvest value.

**Florida**

Oil	5 percent of gross value for small well oil and tertiary oil; 8 percent of gross value for all other oil; escaped oil, 12.5 percent additional.
Gas	45.7 cents per 1,000 cubic feet of gas produced.
Sulfur	\$4.78 per long ton.
Minerals <sup>1</sup>	8 percent of market value.

**Illinois**

Timber	4 percent of market value.
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**Indiana**

Petroleum, oil, gas, and other hydrocarbons	The greater of 1 percent of value, 3 cents per 1,000 cubic feet, or 24 cents per barrel.
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**Kentucky**

Oil	4.5 percent of market value.
Coal <sup>2</sup> and other natural resources <sup>3</sup>	4.5 percent of gross value; the minimum on coal for a reporting period is 50 cents per ton severed.

**Michigan**

Oil	7.6 percent of gross value; 5 percent of gross cash market value for stripper well crude oil and crude from marginal producing properties.
Gas	6 percent of gross value.

**Ohio**

(As described in the **Rates** section in this chapter.)

<sup>1</sup> Except phosphate rock and heavy minerals.

<sup>2</sup> Coal used for burning solid waste is taxed at the lesser of 50 cents or 4 percent of the selling price per ton.

<sup>3</sup> The tax on limestone for specified purposes is limited to 14 cents per ton; the tax on clay used for specified purposes is 12 cents per ton. Taxpayers who sell and process clay within the state to landfill owners for the purpose of landfill construction are eligible for a credit equal to tax paid.

State/Resource	Rate
<b>Texas<sup>1</sup></b>	
Gas	7.5 percent of market value.
Oil and gas condensate	The greater of 4.6 percent of market value or 4.6 cents per 42-gallon barrel.
Recovered oil rate	2.3 percent of market value.
Sulfur	\$1.03 per long ton.
<b>West Virginia</b>	
Coal <sup>2</sup>	5 percent of gross market value.
Coal refuse (or gob piles)	2.5 percent of gross market value.
Coal bed methane	5 percent of gross market value.
Limestone and sandstone	5 percent of gross market value.
Oil	5 percent of gross market value.
Natural gas <sup>3</sup>	5 percent of gross market value.
Timber	4 percent of gross market value.
Other natural resources	5 percent of gross market value.

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

1 Rates shown for Texas do not include additional oil field and gas field clean-up fees.

2 Rate shown includes a 0.35 percent additional local tax on coal. However, the rate shown does not include the following: 14.4 cents per ton of clean coal mined through a surface mine operation, and 58 cents per ton on all coal mined in the state.

3 Rate shown does not include additional tax of 4.7 cents per 1,000 cubic feet of natural gas.