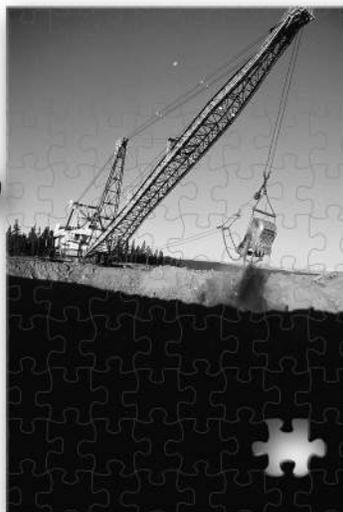




## Severance Tax

The severance tax, enacted by the Ohio General Assembly effective in 1972, is paid by persons or firms that extract, or sever, certain natural resources from the soil or waters of Ohio. The tax produced approximately \$11 million during fiscal year 2009. Severers are licensed by the Tax Commissioner and other designated state agencies.



### Taxpayer

(Ohio Revised Code 5749.02)

The tax is paid by holders of severance permits.

### Tax Base

(R.C. 5749.02)

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

### Rates

(R.C. 5749.02)

The tax rates on the severance of most natural resources are as follows:

Resource	Tax Rate
Clay, sandstone, shale, conglomerate, gypsum and quartzite	1 cent per ton
Dolomite, gravel, sand and limestone	2 cents per ton
Natural gas	2.5 cents per Mcf <sup>1</sup>
Oil	10 cents per barrel
Salt	4 cents per ton

The base tax rate on coal is 10 cents per ton. This does not include two additional levies that have applied since April 1, 2007:

- An additional 1.2 cents per ton on surface mining operations.
- An additional 12, 14 or 16 cents per ton reclamation tax on operations without a full cost bond, depending on the amount. This rate varies based on the amount remaining in the state Reclamation Forfeiture Fund at the end of each state budget 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.

<sup>1</sup> Mcf means 1,000 cubic feet.

### Exemptions and Credits

(R.C. 5749.03)

An annual exemption applies to natural resources used on the land from which they are taken by the severer, as part of the improvement of or use in the severer's homestead. The exemption is limited to resources with a yearly cumulative market value of \$1,000 or less.

### Special Provisions

The Chief of the Division of Mineral Resources Management certified on June 30, 2009 that the balance of the Reclamation Forfeiture Fund was less than \$5 million. As a result, the reclamation tax rate on coal mining operations without a full cost bond is 16 cents effective Jan. 1, 2010. The previous rate was 14 cents.

### Filing and Payment Dates

(R.C. 5749.06)

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.

### Disposition of Revenue

(R.C. 5749.02)

The Geological Mapping Fund receives:

- 4.76 percent of the 10 cent per ton base tax on coal;
- 15 percent of salt severance tax collections through Oct. 15, 2009 and all salt severance revenue thereafter.
- 7.5 percent of limestone, dolomite, sand, and gravel severance tax collections; and
- 10 percent of oil and gas severance tax collections.

The Unreclaimed Lands Fund receives:

- 14.29 percent of the 10 cents tax on coal;
- 42.5 percent of limestone, dolomite, sand, and gravel severance tax collections;
- 85 percent of salt severance tax collections through Oct. 15, 2009; and
- all of the 1.2 cent tax on coal mined using surface mining methods.

The Oil and Gas Well Fund receives 90 percent of the oil and gas severance tax collections.

The Coal Mining Administration Fund receives 80.95 percent of the 10 cents tax on coal. The Reclamation Forfeiture Fund receives all of the revenue from the tax on coal operations without a full cost bond, which may vary from 12 cents to 16 cents depending on the amount in the fund.

The Surface Mining Administrative Fund receives:

- 50 percent of limestone, dolomite, sand, and gravel severance tax collections;
- all clay, sandstone, conglomerate, shale, gypsum, and quartzite severance tax collections.

### Administration

The tax is administered by the Tax Commissioner, who also makes distribution to the various funds.

### Ohio Revised Code Citations

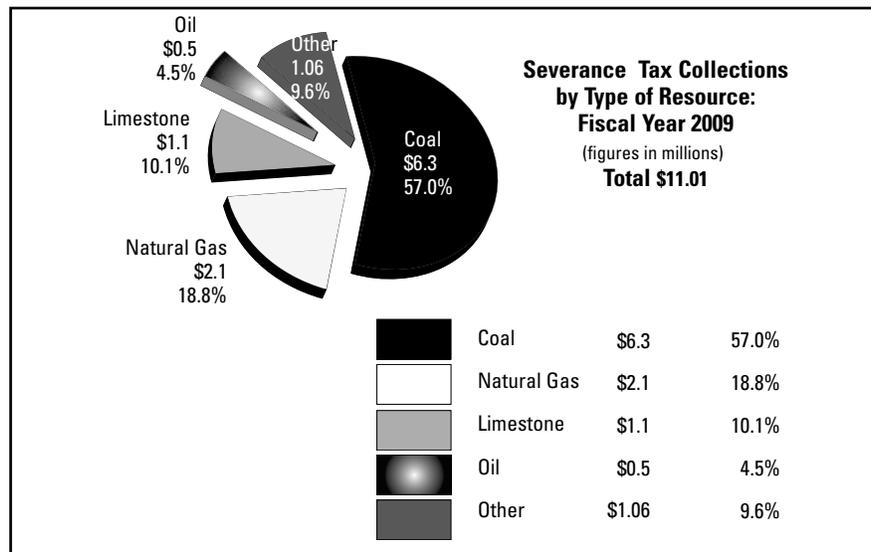
Chapter 5749.

### Recent Legislation

House Bill 1, 128th General Assembly

**Change to revenue distribution of salt severance tax** – This bill amended R.C. 5749.02(B), effective Oct. 16, 2009, to begin crediting all revenues from the salt component of the severance tax to the Geological Mapping Fund. Previously, the fund had only received 15 percent of revenue from salt severance.

Chart



Table

Natural Resource	Tax Rate	2005	2006	2007	2008	2009
Coal	10 cents per ton	\$2,052,560	\$2,216,710	\$2,016,846	\$2,224,007	\$2,717,837
Coal - Reclamation Tax	0.14 cents per ton	-	-	-	2,159,954	3,435,718
Coal - Surface Mining	0.012 cents per ton	-	-	-	79,891	118,923
Natural Gas	2.5 cents per Mcf	2,104,101	2,023,276	1,945,713	1,973,148	2,069,704
Limestone	2 cents per ton	1,512,348	1,360,579	1,252,499	1,299,974	1,111,512
Oil	10 cents per barrel	510,481	530,817	505,876	528,280	499,297
Gravel	2 cents per ton	621,376	718,526	580,400	394,991	337,919
Sand	2 cents per ton	506,396	510,446	475,825	405,561	369,937
Dolomite	2 cents per ton	41,278	41,539	11,840	19,443	41,464
Salt	4 cents per ton	186,956	200,422	167,562	211,046	245,660
Clay	1 cent per ton	19,742	23,230	14,847	21,982	12,890
Sandstone	1 cent per ton	15,594	23,542	16,631	17,669	14,321
Shale	1 cent per ton	23,833	25,379	27,292	24,693	33,895
Gypsum	1 cent per ton	-	-	-	-	-
Quartzite	1 cent per ton	2,986	2,364	3,343	2,152	2,155
<b>Total</b>		<b>\$7,597,651</b>	<b>\$7,676,830</b>	<b>\$7,018,674</b>	<b>\$9,362,791</b>	<b>\$11,011,233</b>

# Ohio

## Part III: Revenue Sharing

