



Severance Tax

History of Major Changes

1971 General Assembly enacts House Bill 475, creating the tax effective Jan. 1, 1972.

1981 House Bill 1051 enacts a temporary 1 cent per ton additional tax on coal, to be collected depending on the balance in the Defaulted Areas Fund.

1983 Effective July 1, 1983, House Bill 291 increases rates from 3 cents to 10 cents per barrel on oil and from 1 cent to 2. Cents per Mcf of natural gas.

1985 House Bill 238 increases the permanent rate on coal from 4 cents to 7 cents per ton, and includes a second 1 cent per ton temporary tax on coal, also conditioned on the balance in the Defaulted Areas Fund. On July 1, 1985, collection begins on both temporary coal levies.

1989 Effective July 1, House Bill 111 increases the rate on limestone, dolomite, sand, and gravel by 1 cent per ton. The bill also levies a 1cent per ton tax on clay, sandstone, shale, conglomerate, gypsum, and quartzite.

1998 The 122nd General Assembly enacts Senate Bill 187, making one of the temporary 1 cent per ton coal levies permanent effective the following year.

2006 Effective April 1, 2007, House Bill 443 changes the base rate on coal to 10 cents per ton, eliminating the old temporary levy. The bill also 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.

2009 House Bill 1 directs all revenue from the salt component of the tax to the Geological Mapping Fund; previously, the fund received only 15 % of this revenue.

2010 Senate Bill 150 creates an oil and gas “regulatory cost recovery assessment” effective July 1, 2010. While not part of the severance tax, the assessment is reported on severance tax returns.
