

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 \$9.4 million during fiscal year 2008. 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)

Resource	Tax Rate
Coal	10 cents per ton ¹
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

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 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. The rate is 12 cents if the balance of the fund

¹ 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.

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.

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 distribution formulas described below became effective on April 1, 2007.

The Geological Mapping Fund receives:

- 4.76 percent of the 10 cents tax on coal;
- 15 percent of salt severance tax collections;
- 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; and
- 100 percent 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;
- 100 percent of clay, sandstone, conglomerate, shale, gypsum, and quartzite severance tax collections.

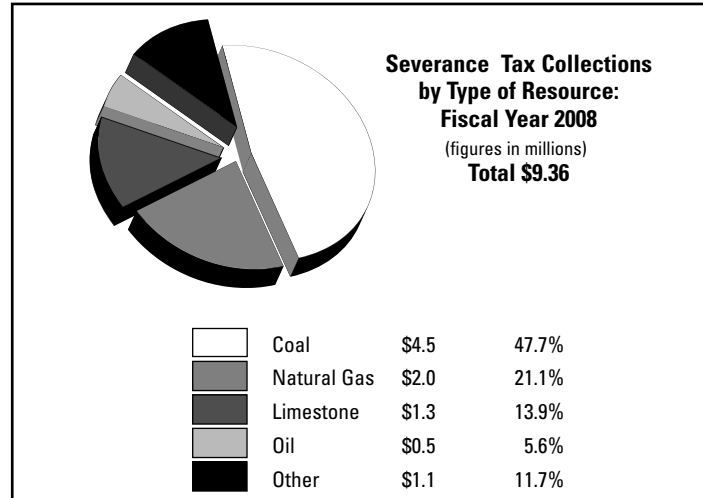
Administration

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

Ohio Revised Code Citations

Chapter 5749.

Chart



Table

Severance Tax Collections Fiscal Years 2004-2008						
Natural Resource	Tax Rate	2004	2005	2006	2007	2008
Coal	10.0 cents per ton	\$1,992,269	\$2,052,560	\$2,216,710	\$2,016,846	\$2,224,007
Coal - Reclamation Tax	14.0 cents per ton	-	-	-	-	2,159,954
Coal - Surface Mining	1.2 cents per ton	-	-	-	-	79,891
Natural Gas	2.5 per Mcf ¹	2,155,185	2,104,101	2,023,276	1,945,713	1,973,148
Limestone	2.0 cents per ton	1,454,611	1,512,348	1,360,579	1,252,499	1,299,974
Oil	10.0 cents per barrel	535,399	510,481	530,817	505,876	528,280
Gravel	2.0 cents per ton	562,308	621,376	718,526	580,400	394,991
Sand	2.0 cents per ton	505,841	506,396	510,446	475,825	405,561
Dolomite	2.0 cents per ton	81,296	41,278	41,539	11,840	19,443
Salt	4.0 cents per ton	168,328	186,956	200,422	167,562	211,046
Clay	1.0 cents per ton	19,801	19,742	23,230	14,847	21,982
Sandstone	1.0 cents per ton	11,273	15,594	23,542	16,631	17,669
Shale	1.0 cents per ton	23,761	23,833	25,379	27,292	24,693
Gypsum	1.0 cents per ton	139	-	-	-	-
Quartzite	1.0 cents per ton	3,146	2,986	2,364	3,343	2,152
Total		\$7,513,357	\$7,597,651	\$7,676,830	\$7,018,674	\$9,362,791

¹ Mcf means 1,000 cubic feet.