

**TAXES**

**Table 7.15  
STATE SEVERANCE TAXES: 2011**

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
<b>Alabama</b> .....	Iron Ore Mining Tax	\$.03/ton
	Forest Products Severance Tax	Varies by species and ultimate use.
	Oil and Gas Conservation & Regulation of Production Tax	2% of gross value at point of production, of all oil and gas produced. 1% of the gross value (for a 5-year period from the date production begins) for well, for which the initial permit issued by the Oil and Gas Board is dated on or after July 1, 1996 and before July 1, 2002, except a replacement well for which the initial permit was dated before July 1, 1996.
	Oil and Gas Privilege Tax on Production	8% of gross value at point of production; 4% of gross value at point of incremental production resulting from a qualified enhanced recovery project; 4% if wells produce 25 bbl. or less oil per day or 200,000 cu. ft. or less gas per day; 6% of gross value at point of production for certain on-shore and off-shore wells. A 50% rate reduction for wells permitted by the oil and gas board on or after July 1, 1996 and before July 1, 2002 for 5 years from initial production, except for replacement wells for which the initial permit was dated before July 1, 1996.
	Coal Severance Tax	\$.135/ton
	Coal and Lignite Severance Tax	\$.20/ton in addition to coal severance tax.
	Local Solid Minerals Tax	Varies by county.
<b>Alaska</b> .....	Uniform Natural Minerals Tax	\$.10/ton
	Cost Recovery Fisheries Assessment (b)	Elective; currently no assessments in place.
	Dive Fishery Management Assessment (b)	Elective; currently 7% of value for select dive fishery species in select management regions.
	Fisheries Business Tax	Tax based on unprocessed value of fishery resources processed in or exported from the state. 1% of value for shore-based processing in developing fisheries; 3% of value for floating processing in developing fisheries or shore-based processing in established fisheries; 4.5% of value for salmon cannery processing in established fisheries; 5% of value for floating processing in established fisheries.
	Fishery Resource Landing Tax	Tax based on unprocessed value of fishery resources processed outside and first landed in the state. 1% of value for developing fisheries; 3% of value for established fisheries.
	Mining License Tax	Up to 7% of net income and royalties received in connection with mining properties and activities in Alaska. New mining operations other than sand and gravel exempt for 3½ years after production begins.
	Petroleum Profits Tax (PPT)	22.5% net value at wellhead (excludes capital costs, operating costs and other qualified expenditures) minus credits. Additional 0.25% surcharge for each dollar that net value exceeds \$40 per barrel; surcharge cannot exceed 25% of the monthly production tax value of taxable oil and gas. Conservation surcharge of 4 cents per barrel; plus another 1 cent per barrel surcharge if there is less than \$50 million in the Hazardous Release Fund.
<b>Arizona</b> .....	Salmon Enhancement Tax (b)	Elective; 2% or 3% of value for salmon sold in or exported from select aquaculture regions.
	Seafood Development Tax (b)	Elective; currently 1% of value for select commercial fish species in select seafood development regions.
	Seafood Marketing Assessment (b)	Elective; currently 0.3% of value for all commercial fish species.
	Severance Tax	2.5% of net severance base for mining (metalliferous minerals); \$1.51/1000 board ft. (\$.213 for ponderosa pine) for timbering.
<b>Arkansas</b> .....	Natural Resources Severance Tax	Separate rate for each substance.
	Oil and Gas Conservation Tax	Natural gas 0.3 of \$.01 cent per MCF; crude oil 4% to 5% depending on production levels.
<b>California</b> .....	Oil and Gas Conservation Assessment	Maximum 43 mills/bbl. of oil and 9 mills per MCF produced of gas.
	Oil and Gas Production Assessment	Rate determined annually by Department of Conservation.
<b>Colorado</b> .....	Severance Tax (c)	Taxable years commencing prior to July 1, 1999, 2.25% of gross income exceeding \$11 million for metallic minerals and taxable years commencing after July 1, 1999, 2.25% of gross income exceeding \$19 million for metallic minerals; on or after July 1, 1999, \$.05/ton for each ton exceeding 625,000 tons each quarter for molybdenum ore; 2% to 5% based on gross income for oil, gas, CO <sub>2</sub> , and coalbed methane; after July 1, 1999, \$.36/ton adjusted by the producers' prices index for each ton exceeding 300,000 tons each quarter for coal; and 4% of gross proceeds on production exceeding 15,000 tons per day for oil shale.
	Oil and Gas Conservation Levy	Maximum 1.5 mills/\$1 of market value at wellhead. (d)

See footnotes at end of table.

## STATE SEVERANCE TAXES: 2011 — Continued

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
<b>Florida</b> .....	Oil, Gas and Sulfur Production Tax	5% of gross value for small well oil, and 8% of gross value for all other, and an additional 12.5% for escaped oil; the gas base rate (\$0.171) times the gas base adjustment rate each fiscal year for gas; and the sulfur base rate (\$2.43) times the sulfur base rate adjustment each fiscal year for sulfur.
	Solid Minerals Tax (c)	8% of the value of the minerals severed, except phosphate rock (rate computed annually at \$1.95/ton plus year 2010 surcharge rate of \$1.38/ton) and heavy minerals (rate computed annually at a base rate of \$1.34/ton times the base rate adjustment). Yet solid minerals, except phosphate rock and heavy minerals, upon which the sales tax is ultimately paid to the state are exempt from severance tax.
<b>Idaho</b> .....	Ore Severance Tax	1% of net value
	Oil and Gas Production Tax	Maximum of 5 mills/bbl. of oil and 5 mills/50,000 cu. ft. of gas. (f)
	Additional Oil and Gas Production Tax	2% of market value at site of production.
<b>Illinois</b> .....	Timber Fee	4% of purchase price (g)
<b>Indiana</b> .....	Petroleum Production Tax (h)	1% of value or \$.24 per barrel for oil or \$.03 per 1000 cu. ft. of gas, whichever is greater.
<b>Kansas</b> .....	Severance Tax (i)	8% of gross value of oil and gas, less property tax credit of 3.67%; \$1/ton of coal.
	Oil and Gas Conservation Tax	91.00 mills/bbl. crude oil or petroleum marketed or used each month; 12.9 mills/1,000 cu. ft. of gas sold or marketed each month.
	Mined-Land Conservation & Reclamation Tax	\$50, plus per ton fee of between \$.03 and \$.10.
<b>Kentucky</b> .....	Oil Production Tax	4.5% of market value
	Coal Severance Tax	4.5% of gross value, less transportation expenses
	Natural Resource Severance Tax (j)	4.5% of gross value, less transportation expenses
<b>Louisiana</b> .....	Natural Resources Severance Tax	Rate varies according to substance.
	Oil Field Site Restoration Fee	Rate varies according to type of well and production.
	Freshwater Mussel Tax	5% of revenues from the sale of whole freshwater mussels, at the point of first sale.
<b>Maine</b> .....	Mining Excise Tax	The greater of a tax on facilities and equipment or a tax on gross proceeds.
<b>Maryland</b> .....	Mine Reclamation Surcharge	\$.17/ton of coal removed by open-pit, strip or deep mine methods. Of the \$.15, \$.06 is remitted to the county from which the coal was removed.
<b>Michigan</b> .....	Gas and Oil Severance Tax	5% (gas), 6.6% (oil) and 4% (oil from stripper wells and marginal properties) of gross cash market value of the total production. Maximum additional fee of 1% of gross cash market value on all oil and gas produced in state in previous year.
<b>Minnesota</b> .....	Taconite and Iron Sulfides	\$2.38 per ton of concentrates or pellets
	Direct Reduced Iron (k)	\$2.38 per ton of concentrates plus an additional \$.03 per ton for each 1% that the iron content exceeds 72%.
<b>Mississippi</b> .....	Oil and Gas Severance Tax	6% of value at point of gas production; 3% of gross value of occluded natural gas from coal seams at point of production for well's first five years; also, maximum 35 mills/bbl. oil or 4 mills/1,000 cu. ft. gas (Oil and Gas Board maintenance tax). 6% of value at point of oil production; 3% of value at production when enhanced oil recovery method used.
	Timber Severance Tax	Varies depending on type of wood and ultimate use.
	Salt Severance Tax	3% of value of entire production in state.
<b>Montana</b> .....	Coal Severance Tax	Varies from 3% to 15% depending on quality of coal and type of mine.
	Metalliferous Mines License Tax (l)	Progressive rate, taxed on amounts in excess of \$250,000. For concentrate shipped to smelter, mill or reduction work, 1.81%. Gold, silver or any platinum group metal shipped to refinery, 1.6%.
	Oil or Gas Conservation Tax	Maximum 0.3% on the market value of each barrel of crude petroleum oil or 10,000 cu. ft. of natural gas produced, saved and marketed or stored within or exported from the state. (m)
	Oil and Natural Gas Production Tax	Varies from 0.5% to 14.8% according to the type of well and type of production.
	Micaceous Minerals License Tax	\$.05/ton
	Cement License Tax (n)	\$.22/ton of cement, \$.05/ton of cement, plaster, gypsum or gypsum products.
	Resource Indemnity Trust Tax	\$25 plus 0.5% of gross value greater than \$5,000. For talc, \$25 plus 4% of gross value greater than \$625. For coal, \$25 plus 0.40% of gross value greater than \$6,250. For vermiculite, \$25 plus 2% of gross value greater than \$1,250. For limestone, \$25 plus 10% of gross value greater than \$250. For industrial garnets, \$25 plus 1% of gross value greater than \$2,500.00.

See footnotes at end of table.

**TAXES**

**STATE SEVERANCE TAXES: 2011 — Continued**

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
<b>Nebraska</b> .....	Oil and Gas Severance Tax	3% of value of nonstripper oil and natural gas; 2% of value of stripper oil.
	Oil and Gas Conservation Tax	Maximum 15 mills/\$1 of value at wellhead, as of January 1, 2000. (f)
	Uranium Tax	2% of gross value over \$5 million. The value of the uranium severed subject to tax is the gross value less transportation and processing costs.
<b>Nevada</b> .....	Minerals Extraction Tax	Between 2% and 5% of net proceeds of each geographically separate extractive operation, based on ratio of net proceeds to gross proceeds of whole operation.
	Oil and Gas Conservation Tax	\$50/mills/bbl. of oil and 50 mills/50,000 cu. ft. of gas.
<b>New Hampshire</b> .....	Refined Petroleum Products Tax	0.1% of fair market value
	Excavation Tax	\$.02 per cubic yard of earth excavated.
	Timber Tax	10% of stumpage value at the time of cutting.
<b>New Mexico</b> .....	Resources Excise Tax (o)	Potash .5%, molybdenum .125%, all others .75% of value.
	Severance Tax (o)	Copper .5%, timber .125% of value. Pumice, gypsum, sand, gravel, clay, fluorspar and other non-metallic minerals, .125% of value. Gold, silver .20%. Lead, zinc, thorium, molybdenum, manganese, rare earth and other .125% of value.
	Oil and Gas Severance Tax	3.75% of value of oil, other liquid hydrocarbons, natural gas and carbon dioxide.
	Oil and Gas Emergency School Tax	3.15% of value of oil, other liquid hydrocarbons and carbon dioxide. 4% of value of natural gas.
	Natural Gas Processor's Tax	\$0.0220/Mmbtu tax on volume.
	Oil and Gas Ad Valorem Production Tax Oil and Gas Conservation Tax (p)	Varies, based on property tax in district of production. 0.19% of value.
<b>North Carolina</b> .....	Oil and Gas Conservation Tax	Maximum 5 mills/barrel of oil and 0.5 mill/1,000 cu. ft. of gas.
	Primary Forest Product Assessment Tax	\$.50/1,000 board ft. for softwood sawtimber, \$.40/1,000 board ft. for hardwood sawtimber, \$.20/cord for softwood pulpwood, \$.12/cord hardwood pulpwood.
<b>North Dakota</b> .....	Oil Gross Production Tax	5% of gross value at well.
	Gas Gross Production Tax	\$.04/1000 cu.ft. of gas produced (the rate is subject to a gas rate adjustment each fiscal year). For FY05, the rate was 10.37 cents per mcf.
	Coal Severance Tax	\$.375/ton plus \$.02/ton. (q)
	Oil Extraction Tax	6.5% of gross value at well (with exceptions due to production volumes and and production incentives for enhanced recovery projects).
<b>Ohio</b> .....	Resource Severance Tax	\$.10/bbl. of oil; \$.025/1,000 cu. ft. of natural gas; \$.04/ton of salt; \$.02/ton of sand, gravel, limestone and dolomite; \$.10/ton of coal; and \$.01/ton of clay, sandstone or conglomerate, shale, gypsum or quartzite.
<b>Oklahoma</b> .....	Oil, Gas and Mineral Gross Production Tax and Petroleum Excise Tax (r)	Rate: 0.75% levied on asphalt and metals, 7% (if greater than \$2.10 mcf) 4% (if greater than \$1.75 mcf, but less than \$2.10 mcf) 1% (if less than \$1.75 mcf) casinghead gas and natural gas as well as 0.95% being levied on crude oil, casinghead gas and natural gas. Oil Gross Production Tax is now a variable rate tax, beginning with January 1999 production, at the following rates based on the average price of Oklahoma oil: a) If the average price equals or exceeds \$17/bbl, the tax shall be 7%; b) If the average price is less than \$17/bbl, but is equal to or exceeds \$14/bbl, the tax shall be 4%; c) If the average price is less than \$14/bbl, the tax shall be 1%.
<b>Oregon</b> .....	Forest Products Harvest Tax	\$3.5750/1000 board ft. harvested from public and private land. (rate is for 2009 harvests).
	Oil and Gas Production Tax	6% of gross value at well.
	STF Severance Tax—Eastern Oregon Forestland Option	\$3.60/1000 board ft. harvested from land under the Small Tract Forestland Option.
	STF Severance Tax—Western Oregon Forestland Option	\$4.61/1000 board ft. harvested from land under the Small Tract Forestland Option.
<b>South Carolina</b> .....	Forest Renewal Tax	Softwood products: 50 cents per 1,000 board feet or 25 cents per cord. Hardwood products: 25 cents per 1,000 board feet or 7 cents per cord.
<b>South Dakota</b> .....	Precious Metals Severance Tax	\$4 per ounce of gold severed plus additional tax depending on price of gold; 10% on net profits or royalties from sale of precious metals, and 8% of royalty value.
	Energy Minerals Severance Tax (s)	4.5% of taxable value of any energy minerals.
	Conservation Tax	2.4 mills of taxable value of any energy minerals.
<b>Tennessee</b> .....	Oil and Gas Severance Tax	3% of sales price.
	Coal Severance Tax (t)	\$.50/ton (effective 7/1/09)
	Mineral Tax	Up to \$0.15 per ton, rate set by county legislative body.

See footnotes at end of table.

## STATE SEVERANCE TAXES: 2011 — Continued

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
<b>Texas</b> .....	Natural Gas Production Tax	7.5% of market value of gas. Condensate Production Tax: 4.6% of market value of gas.
	Crude Oil Production Tax	4.6% of market value or \$.046/bbl.
	Sulphur Production Tax	\$1.03/long ton or fraction thereof.
	Cement Production Tax	\$0.55 per ton or \$.0275/100 lbs. or fraction of 100 pounds of taxable cement.
	Oil-Field Cleanup Regulatory Fees	5/8 of \$.01/barrel; 1/15 of \$.01/1000 cubic feet of gas. (u)
<b>Utah</b> .....	Oyster Sales Fee	\$1 per 300 lb. barrel of oysters taken from Texas waters.
	Mining Severance Tax	2.6% of taxable value for metals or metalliferous minerals sold or otherwise disposed of.
	Oil and Gas Severance Tax	3% of value for the first \$13 per barrel of oil, 5% from \$13.01 and above; 3% of value for first \$1.50/mcf, 5% from \$1.51 and above; and 4% of taxable value of natural gas liquids.
<b>Virginia</b> .....	Oil and Gas Conservation Fee	.002% of market value at wellhead.
	Forest Products Tax	\$1.15 per 1000 feet B.M. of pine lumber and 1000 board feet of pine logs. \$0.475 collected per cord of pine pulpwood.
	Coal Surface Mining Reclamation Tax	Varies depending on balance of Coal Surface Mining Reclamation Fund.
<b>Washington</b> .....	Uranium and Thorium Milling Tax (tax reported as inactive)	\$0.05/per pound.
	Enhanced Food Fish Tax	0.09% to 5.62% of value (depending on species) at point of landing.
	Timber Excise Tax	5% of stumpage value for harvests on public and private lands.
<b>West Virginia</b> .....	Natural Resource Severance Taxes	Coal: State rate is greater of 5% or \$.75 per ton (4.65% for state purposes and .35% for distribution to local governments). Special state rates for coal from new low seam mines. For seams between 37" and 45" the rate is greater of 2% or \$.75/ton (1.65% for state purposes and .35% for distribution to local governments). For seams less than 37" the rate is greater of 1% or \$.75/ton (.65% for state purposes and .35% for distribution to local governments). For coal from gob, refuse piles, or other sources of waste coal, the rate is 2.5% (distributed to local governments). Additional tax for workers' compensation debt reduction is \$.56/ton. Two special reclamation taxes at \$.07/clean ton and \$.02/clean ton. Limestone or sandstone, quarried or mined, and other natural resources: 5% of gross value. Natural gas: 5% of gross value (10% of net tax distributed to local governments), additional tax for workers' compensation debt reduction is \$.047/mcf of natural gas produced. Oil: 5% of gross value (10% of net tax distributed to local governments). Sand, gravel or other mineral products not quarried or mined: 5% of gross value. Timber: 1.22%, additional tax for workers' compensation debt reduction is 2.78%.
<b>Wisconsin</b> .....	Mining Net Proceeds Tax	Progressive net proceeds tax ranging from 3% to 15% is imposed on the net proceeds from mining metalliferous minerals. The tax brackets are annually adjusted for inflation based on the change in the GNP deflator.
	Oil and Gas Severance Tax	7% of market value of oil or gas at the mouth of the well.
	Forest Crop Law Severance Tax	10% of stumpage.
	Managed Forest Law Yield Tax	5% yield tax. This tax will be waived for the first five years of most MFL land.
<b>Wyoming</b> .....	Severance Taxes	Severance Tax is defined as an excise tax imposed on the present and continuing privilege of removing, extracting, severing or producing any mineral in this state. Except as otherwise provided by W.S. 39-14-205. The total Severance Tax on crude oil, lease condensate or natural gas shall be six percent (6%). Stripper oil is taxed at four percent (4%). Surface coal is taxed at seven percent (7%). Underground coal is taxed at three and three-fourths percent (3.75%). Trona is taxed at four percent (4%). Bentonite, sand and gravel, and all other minerals are taxed at two percent (2%). Uranium is taxed at four percent (4%).

See footnotes at end of table.

## TAXES

### STATE SEVERANCE TAXES: 2011 — Continued

*Source:* The Council of State Governments, 2011.

*Note:* Severance tax collection totals may be found in the Chapter Seven table entitled "State Government Revenue, By Type of Tax: 2008."

*Key:*

(a) Application of tax is same as that of title unless otherwise indicated by a footnote.

(b) Tax rates and applicability for these severance taxes determined by a vote of the appropriate association within the seafood industry, by the Alaska Seafood Marketing Institute, or by the Department of Revenue. Proceeds from these elective assessments are customarily appropriated for benefit of the seafood industry.

(c) Metallic minerals, molybdenum ore, coal, oil shale, oil, gas, CO<sub>2</sub>, and coalbed methane.

(d) As of July 1, 2004, set at .0005 mill/\$1.

(e) Clay, gravel, phosphate rock, lime, shells, stone, sand, heavy minerals and rare earths.

(f) Actual rate set by administrative actions. Idaho—Current conservation rate is 5 mills (.005); Nebraska—Current conservation rate is 3 mills (.003).

(g) Buyer deducts amount from payment to grower; amount forwarded to Department of Natural Resources.

(h) Petroleum, oil, gas and other hydrocarbons.

(i) Coal, oil and gas.

(j) Coal and oil excepted.

(k) Production is considered commercial when it exceeds 50,000 tons annually. There is a six-year phase-in of the tax. In years one and two, the rate is zero. In year three, it is 25% of the statutory rate and 50% and 75% in years four and five respectively. An Aggregate Materials Tax is

imposed by resolution of of county boards. It is not required that any county impose the tax, which is \$.10/cubic yard or \$.07/ton on materials produced in the county.

(l) Metals, precious and semi-precious stones and gems.

(m) The maximum rate of 0.3% is split between the Oil or Gas Conservation Tax and the Oil, Gas and Coal Natural Resource Account Fund. Currently the Oil or Gas Conservation Tax is .18% and the Oil, Gas and Coal Natural Resource Account fund tax rate is .08%.

(n) Cement and gypsum or allied products.

(o) Natural resources except oil, natural gas, liquid hydrocarbons or carbon dioxide.

(p) Oil, coal, gas, liquid hydrocarbons, geothermal energy, carbon dioxide and uranium.

(q) Rate reduced by 50 percent if burned in cogeneration facility using renewable resources as fuel to generate at least 10 percent of its energy output. Coal shipped out of state is subject to the \$.02/ton tax and 30% of the \$.375/ton tax. The coal may be subject to up to the \$.375/ton tax at the option of the county in which the coal is mined.

(r) Asphalt and ores bearing lead, zinc, jack, gold, silver, copper or petroleum or other crude oil or other mineral oil, natural gas or casing-head gas and uranium ore.

(s) Any mineral fuel used in the production of energy, including coal, lignite, petroleum, oil, natural gas, uranium and thorium.

(t) Counties and municipalities also authorized to levy severance taxes on sand, gravel, sandstone, chert and limestone at a rate up to \$.15/ton.

(u) Fees will not be collected when Oil-Field Cleanup Fund reaches \$20 million, but will again be collected when fund falls below \$10 million.