

TAXES

Table 7.14
STATE SEVERANCE TAXES: 2002-2003

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
Alabama	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.
	Oil and Gas Privilege Tax on Production	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 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.
Alaska	Coal Severance Tax	\$.135/ton
	Coal and Lignite Severance Tax	\$.20/ton in addition to coal severance tax.
Alaska	Fisheries Business Tax	1% to 5% of fish value based on type of fish and processing.
	Fishery Resource Landing Tax	3% of the value of the fishery resource at the place of landing for a established commercial fish species; 1% of the value of the fishery resource at the place of landing for a developing commercial fish species.
	Seafood Marketing Assessment	.03% on all commercial fish species.
Alaska	Oil and Gas Properties Production Tax	(Oil) The greater of either \$0.80/bbl for old crude oil (\$0.60 for some older fields) or 15% of gross value at the production point, multiplied by the Economic Limit Factor; (Gas) The greater of either \$0.64/1000 cu. ft. of gas or 10% of gross value at the production point, multiplied by the Economic Limit Factor; and conservation surcharges of \$.03 cents per barrel, with an additional \$.05 cents per barrel as needed to maintain a \$50 million balance in the oil and hazardous substance response fund.
	Salmon Marketing Tax	1% of the value of salmon that is removed or transferred.
Arizona	Severance Tax (b)	2.5% of net severance base for mining; \$1.50/1000 board ft. (\$2.13 for ponderosa pine) for timbering.
Arkansas	Natural Resources Severance Tax	Separate rate for each substance.
Arkansas	Oil and Gas Conservation Tax	Maximum 25 mills/bbl. of oil and 5 mills/1,000 cu. ft. of gas. (c)
California	Oil and Gas Production Tax	Rate determined annually by Department of Conservation. (d)
Colorado	Severance Tax (e)	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 ₂ , 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.
Colorado	Oil and Gas Conservation Levy	Maximum 1.5 mills/\$1 of market value at wellhead. (f)
Florida	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 times the gas base adjustment rate each fiscal year for gas; and the sulfur base rate times the sulfur base rate adjustment each fiscal year for sulfur.
	Solid Minerals Tax (g)	8% of the value of the minerals severed, except phosphate rock (rate computed annually at \$1.08/ton times the changes in the producer price index) and heavy minerals (rate computed annually at a base rate of \$1.34/ton times the base rate adjustment).
Idaho	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. (c)
	Additional Oil and Gas Production Tax	2% of market value at site of production.
Illinois	Timber Fee	4% of purchase price (h)
Indiana	Petroleum Production Tax (i)	1% of value or \$.24 per barrel for oil or \$.03 per 1000 cu. Ft. of gas, whichever is greater.
Kansas	Severance Tax (j)	8% of gross value of oil and gas, less property tax credit of 3.67%; \$1/ton of coal.
	Oil and Gas Conservation Tax	27.27 mills/bbl. crude oil or petroleum marketed or used each month; 5.83 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.
Kentucky	Oil Production Tax	4.5% of market value
	Coal Severance Tax	4.5% of gross value, less transportation expense
	Natural Resource Severance Tax (k)	4.5% of gross value, less transportation expenses

See footnotes at end of table.

STATE SEVERANCE TAXES — Continued

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
Louisiana	Natural Resources Severance Tax Oil Field Site Restoration Fee Freshwater Mussel Tax	Rate varies according to substance. Rate varies according to type of well and production. 5% of revenues from the sale of whole freshwater mussels, at the point of first sale.
Maine	Mining Excise Tax	The greater of a tax on facilities and equipment or a tax on gross proceeds.
Maryland	Mine Reclamation Surcharge	\$.15/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.
Michigan	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.
Minnesota	Taconite and Iron Sulfides Direct Reduced Iron (I)	\$2.173 per ton of concentrates or pellets \$2.173 per ton of concentrates plus an additional \$.03 per ton for each 1% that the iron content exceeds 72%
Mississippi	Oil and Gas Severance Tax Timber Severance Tax Salt Severance Tax	6% of value at point of gas production; 3.5% 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. Varies depending on type of wood and ultimate use. 3% of value of entire production in state.
Missouri	Assessment on Surface Coal Mining Permitees	\$.45/ton for first 50,000 tons sold, shipped or otherwise disposed of in calendar year, and \$.30/ton for next 50,000 tons. Whenever Coal Mine Land Reclamation Fund balance is less than \$7 million, \$.25/ton for first 50,000 tons and \$.15/ton for second 50,000 tons. Whenever Fund is less than \$2 million, \$.30/ton for first 50,000 tons and \$.20 for the second 50,000 tons.
Montana	Coal Severance Tax Metalliferous Mines License Tax (m) Oil or Gas Conservation Tax Oil and Natural Gas Production Tax Micaeous Minerals License Tax Cement License Tax (o) Mineral Mining Tax	Varies by quality of coal and type of mine. 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%. 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. (n) Varies according to the type of well and type of production. \$.05/ton \$.22/ton of cement, \$.05/ton of cement, plaster, gypsum or gypsum products. \$.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
Nebraska	Oil and Gas Severance Tax Oil and Gas Conservation Tax Uranium Tax	3% of value of nonstripper oil and natural gas; 2% of value of stripper oil. Maximum 15 mills/\$1 of value at wellhead, as of January 1, 2000 (c) 2% of gross value over \$5 million.
Nevada	Minerals Extraction Tax Oil and Gas Conservation 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. \$50/mills/bbl. of oil and 50 mills/50,000 cu. ft. of gas.
New Hampshire	Refined Petroleum Products Tax Excavation Tax Excavation Activity Tax Timber Tax	0.1% of fair market value \$.02 per cubic yard of earth excavated. Replaces real property tax on the land area that has been excavated and not reclaimed. The assessed per acre value and tax varies depending upon municipality. (x) 10% of stumpage value
New Mexico	Resources Excise Tax (p) Severance Tax (p) Oil and Gas Severance Tax Oil and Gas Emergency School Tax Natural Gas Processor's Tax Oil and Gas Ad Valorem Production Tax Oil and Gas Conservation Tax (q)	Varies according to substance. Varies according to substance. 3.75% of value of oil, other liquid hydrocarbons, natural gas and carbon dioxide. 3.15% of value of oil, other liquid hydrocarbons and carbon dioxide. 4% of value of natural gas. 0.45% of value of products. Varies, based on property tax in district of production. 0.19% of value.
North Carolina	Oil and Gas Conservation Tax Primary Forest Product Assessment Tax	Maximum 5 mills/barrel of oil and 0.5 mill/1,000 cu. ft. of gas. Varies according to species.

See footnotes at end of table.

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STATE SEVERANCE TAXES — Continued

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
North Dakota	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).
	Coal Severance Tax	\$.375/ton plus \$.02/ton. (r)
	Oil Extraction Tax	6.5% of gross value at well (with exceptions due to date of well completion, production volumes and production incentives).
Ohio	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; \$.09/ton of coal; and \$.01/ton of clay, sandstone or conglomerate, shale, gypsum or quartzite.
Oklahoma	Oil, Gas and Mineral Gross Production Tax and Petroleum Excise Tax (s)	Rate; 0.75% levied on asphalt and metals. 7% 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%.
Oregon	Forest Products Harvest Tax	\$2.87/1000 board ft. harvested from public and private land. (rate is for 2002 harvests)
	Oil and Gas Production Tax	6% of gross value at well
	Privilege Tax on Eastern Oregon Timber	0.8% of immediate harvest value from privately owned land. (>=5,000 acre forestland ownership) 1.8% of immediate harvest value from privately owned land. (<5,000 acre forestland ownership)
	Privilege Tax on Western Oregon Timber	1.4% of immediate harvest value from privately owned land. (>=5,000 acre forestland ownership) 3.2% of immediate harvest value from privately owned land (<5,000 acre forestland ownership)
South Dakota	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 (t) Conservation Tax	4.5% of taxable value of any energy minerals. 2.4 mills of taxable value of any energy minerals
Tennessee	Oil and Gas Severance Tax Coal Severance Tax (u)	3% of sales price \$.20/to
Texas	Gas Production Tax	7.5% of market value.
	Oil Production Tax	The greater of 4.6% of market value or \$.046/bbl. 2.3% of market value for oil produced from qualified enhanced recovery projects.
	Sulphur Production Tax	\$1.03/long ton or fraction thereof.
	Cement Production Tax	\$.0275/100 lbs. or fraction thereof
	Oil-Field Cleanup Regulatory Fees	5/8 of \$.01/barrel; 1/15 of \$.01/1000 cubic feet of gas. (v)
Utah	Metalliferous Minerals Tax	2.6% of taxable value for metals.
	Oil and Gas 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.
	Oil and Gas Conservation Tax	.2% of market value at wellhead.
Virginia	Forest Products Tax	Varies by species and ultimate use.
	Coal Surface Mining Reclamation Tax (w)	Varies depending on balance of Coal Surface Mining Reclamation Fund.
Washington	Uranium and Thorium Milling Tax	\$.02/per kilogram.
	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.
West Virginia	Natural Resource Severance Taxes	Coal, state rate is greater of 4.65% or \$.75 per ton. Local rate is .35%. Special state rates for coal from new low seam mines. For seams between 37" and 45" the rate is greater of 1.65% or \$.75/ton. For seams less than 37" the rate is greater of .65% or \$.75/ton. Limestone or sandstone quarried or mined, 5% of gross value. Oil, 5% of gross value. Natural gas, 5% of gross value. Timber, 3.22% of gross value. Other natural resources, 5% of gross value.
Wisconsin	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. There are no wells in the state

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STATE SEVERANCE TAXES — Continued

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
Wyoming	Severance Tax	<p>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 (Tax Exemptions), The total Severance Tax on crude oil, lease condensate or natural gas shall be six percent (6%), comprising one and one-half percent (1.5%) imposed by the Wyoming constitution article 15, section 19 and four and one-half percent (4.5%) imposed by Wyoming statute. The tax shall be distributed as provided in W.S. 39-14-211 and is imposed as follows:</p> <ul style="list-style-type: none"> i. One and one-half percent (1.5%); plus ii. One-half percent (.5%); plus iii. Two percent (2%); plus iv. Two percent (2%). <p>Severance Tax is applied to the taxable value of crude oil, lease condensate or natural gas. The taxable value is the gross sales value of the product less Federal, State or Tribal Royalties paid and less allowable transportation deductions. If the product produced is natural gas, an additional deduction is allowed for processing. Rates vary from 1.50% to 6.0% on different grades of oil. Taxes on coal and other minerals varies from 2% to 4%.</p>
	<p><i>Sources:</i> The Council of State Governments' survey, January 2002, and state web sites, January 2003.</p> <p><i>Key:</i></p> <ul style="list-style-type: none"> (a) Application of tax is same as that of title unless otherwise indicated by a footnote. (b) Timber, metalliferous minerals. (c) Actual rate set by administrative actions. Current conservation rate is 5 mills (.005). (d) For 2001, \$.0373354/bbl of oil or 10,000 cu. ft. of natural gas. (e) Metallic minerals, molybdenum ore, coal, oil shale, oil, gas, CO₂, and coalbed methane. (f) As of January 31, 2000, set at 1.2 mills/\$1. (g) Clay, gravel, phosphate rock, lime, shells, stone, sand, heavy minerals and rare earths. (h) Buyer deducts amount from payment to grower; amount forwarded to Department of Conservation. (i) Petroleum, oil, gas and other hydrocarbons. (j) Coal, oil and gas. (k) Coal and oil excepted. (l) State also has two related taxes: Mining Occupation Tax and Net Proceeds Tax. Also selected counties must impose an Aggregate Materials Tax of \$.10/cubic yard or \$.07/ton on materials produced in the county. (m) Metals, precious and semi-precious stones and gems. (n) Currently, the tax is levied at the rate of 0.3%. (o) Cement and gypsum or allied products. (p) Natural resources except oil, natural gas, liquid hydrocarbons or carbon dioxide. (q) Oil, coal, gas, liquid hydrocarbons, geothermal energy, carbon dioxide and uranium. 	<p>(r) 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. Between June 30, 1995 and July 1, 2000, the rate is reduced by 50% for coal mined for out-of-state shipment. Between June 30, 1999 and July 1, 2003, the rate is reduced by 50% for coal burned in coal-fired boilers where the generating station has a total capacity of not more than 210 megawatts.</p> <p>(s) Asphalt and ores bearing lead, zinc, jack, gold, silver, copper or petroleum or other crude oil or other mineral oil, natural gas or casinghead gas and uranium ore.</p> <p>(t) Any mineral fuel used in the production of energy, including coal, lignite, petroleum, oil, natural gas, uranium and thorium.</p> <p>(u) Counties and municipalities also authorized to levy severance taxes on sand, gravel, sandstone, chert and limestone and a privilege tax on nuclear materials.</p> <p>(v) Fees will not be collected when Oil-Field Cleanup Fund reaches \$10 million, but will again be collected when fund falls below \$6 million.</p> <p>(w) Until 2003, any county and city may adopt a license tax at a rate not over 1% of gross receipts on persons engaged in the business of severing coal or gases.</p> <p>(x) On November 26, 2001, the New Hampshire Supreme Court issued a ruling in the case of Nash Family Investments v. Town of Hudson and Ballinger Properties, et. al. v. Town of Londonderry. The Court ruled that the method of valuing property subject to the Excavation Activity Tax as set forth in RSA 72-B: 12, III was unconstitutional.</p>