

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

Originating

Senate Bill 705

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[Originating in the Committee on Finance; Reported
on February 29, 2016]

1 A BILL to amend and reenact §11-13A-3 of the Code of West Virginia, 1931, as amended, relating
2 to reducing the severance tax on coal to three percent over two years; and specifying
3 effective dates.

Be it enacted by the Legislature of West Virginia:

1 That §11-13A-3 of the Code of West Virginia, 1931, as amended, be amended and
2 reenacted, to read as follows:

ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE TAX ACT.

**§11-13A-3. Imposition of tax or privilege of severing coal, limestone or sandstone, or
furnishing certain health care services, effective dates therefor; reduction of
severance rate for coal mined by underground methods based on seam
thickness.**

1 (a) *Imposition of tax.* — Upon every person exercising the privilege of engaging or
2 continuing within this state in the business of severing, extracting, reducing to possession and
3 producing for sale, profit or commercial use coal, limestone or sandstone, or in the business of
4 furnishing certain health care services, there is hereby levied and shall be collected from every
5 person exercising such privilege an annual privilege tax.

6 (b) *Rate and measure of tax.* — ~~The Beginning July 1, 2018, the tax imposed in subsection~~
7 (a) of this section shall be ~~five~~ four percent of the gross value of the natural resource produced
8 and beginning July 1, 2019, the tax imposed in subsection (a) of this section shall be three percent
9 of the gross value of the natural resource produced ~~or the health care service provided~~, as shown
10 by the gross income derived from the sale or furnishing thereof by the producer ~~or the provider of~~
11 ~~the health care service~~, except as otherwise provided in this article. For health care services, the
12 tax imposed in subsection (a) of this section shall be five percent of the gross value of the health
13 care service provided, as shown by the gross income derived from the sale or furnishing thereof
14 by the provider of the health care service. In the case of coal, ~~this five percent~~ the rate of tax
15 includes the thirty-five one hundredths of one percent additional severance tax on coal imposed

16 by the state for the benefit of counties and municipalities as provided in section six of this article.

17 (c) *“Certain health care services” defined.* — For purposes of this section, the term “certain
18 health care services” means, and is limited to, behavioral health services.

19 (d) *Tax in addition to other taxes.* — The tax imposed by this section shall apply to all
20 persons severing or processing, or both severing and processing, in this state natural resources
21 enumerated in subsection (a) of this section and to all persons providing certain health care
22 services in this state as enumerated in subsection (c) of this section and shall be in addition to all
23 other taxes imposed by law.

24 (e) *Effective date.* — This section, as amended in the year 1993, shall apply to gross
25 proceeds derived after May 31 of such year. The language of this section, as in effect on January
26 1, of such year, shall apply to gross proceeds derived prior to June 1 of such year and, with
27 respect to such gross proceeds, shall be fully and completely preserved.

28 (f) *Reduction of severance tax rate.* — For tax years beginning after the effective date of
29 this subsection, any person exercising the privilege of engaging within this state in the business
30 of severing coal for the purposes provided in subsection (a) of this section shall be allowed a
31 reduced rate of tax on coal mined by underground methods in accordance with the following:

32 (i) For coal mined by underground methods from seams with an average thickness of
33 thirty-seven inches to forty-five inches, the tax imposed in subsection (a) of this section shall be
34 two percent of the gross value of the coal produced. For coal mined by underground methods
35 from seams with an average thickness of less than thirty-seven inches, the tax imposed in
36 subsection (a) of this section shall be one percent of the gross value of the coal produced. Gross
37 value is determined from the sale of the mined coal by the producer. This rate of tax includes the
38 thirty-five one hundredths of one percent additional severance tax imposed by the state for the
39 benefit of counties and municipalities as provided in section six of this article.

40 (ii) This reduced rate of tax applies to any new underground mine producing coal after the
41 effective date of this subsection, from seams of less than forty-five inches in average thickness

42 or any existing mine that has not produced coal from seams forty-five inches or less in thickness
43 in the one hundred eighty days immediately preceding the effective date of this subsection.

44 (iii) The seam thickness shall be based on the weighted average isopach mapping of
45 actual coal thickness by mine as certified by a professional engineer.