WEST VIRGINIA LEGISLATURE

**FISCAL NOTE**

2022 REGULAR SESSION

Introduced

House Bill 4025

By Delegate Anderson

[Introduced January 12, 2022; Referred to the Committee on Energy and Manufacturing then Finance]

A BILL to amend and reenact §11-13A-3c of the Code of West Virginia, 1931, as amended, relating to imposition of tax on privilege of severing other natural resources; providing for an exemption from the imposition of the tax for a maximum period of 5 years beginning January 1, 2022, for severing rare earth elements and other critical minerals; and defining rare earth elements and other critical minerals.

*Be it enacted by the Legislature of West Virginia:*

ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE TAX ACT.

§11-13A-3c. Imposition of tax on privilege of severing other natural resources.

(a) Imposition of tax. -- For the privilege of engaging or continuing within this state in the business of severing, extracting, reducing to possession and producing for sale, profit or commercial use any other natural resource product or product not taxed under section three, three-a, three-b or four of this article, there is hereby levied and shall be collected from every person exercising this privilege an annual privilege tax.

(b) Rate and measure of tax. -- The tax imposed in subsection (a) of this section shall be four percent of the gross value of the natural resource produced, as shown by the gross proceeds derived from the sale thereof by producer, except as otherwise provided in this article: *Provided,* That beginning July 1, 1993, the tax imposed by this section shall be levied and collected at the rate of four and one-half percent, and beginning July 1, 1994, the tax imposed by this section shall be levied and collected at the rate of five percent: *Provided, however,* That there is an exemption from the imposition of the tax provided for in this article for a maximum period of five years beginning January 1, 2022, for severing, extracting, reducing to possession and producing for sale, profit or commercial use all rare earth elements and other critical minerals. For the purposes of this section “rare earth elements and other critical minerals” are defined as scandium, yttrium, lanthanum, cerium, praseodymium, neodymium, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium and other resources that are essential to the economy, whose supply may be disrupted, including, without limitation, metals such as lithium, cobalt, manganese, indium, tellurium, gallium, and platinum group elements.

(c) Tax in addition to other taxes. -- The tax imposed by this section shall apply to all persons severing other natural resources in this state, and shall be in addition to all other taxes imposed by law.

(d) Effective date. -- This section, as amended in the year 1993, shall apply to gross proceeds derived after May 31 of such year. The language of section three of this article, as in effect on January 1, of such year, shall apply to gross proceeds derived prior to June 1 of such year and, with respect to such gross proceeds, shall be fully and completely preserved.

NOTE: The purpose of this bill is to encourage economic development regarding rare earth elements and critical minerals, as defined, by proving temporary taxation relief.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.