

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

ENGROSSED

House Bill 5687

By Delegates Criss, Riley, Gearheart, Hornbuckle,
Cooper, Canterbury, Dittman, Ellington,
Fehrenbacher, Hott and Rohrbach

[Originating in the Committee on Finance; reported on
February 27, 2026]

1 A BILL to amend and reenact §11-13A-3 of the Code of West Virginia, 1931, as amended, relating
2 to reducing the tax rate imposed on the gross value of metallurgical coal produced in this
3 state.

Be it enacted by the Legislature of West Virginia:

ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE TAX ACT.

1 **§11-13A-3. Imposition of tax on privilege of severing coal, limestone or sandstone, or**
2 **furnishing certain health care services, effective dates therefor; reduction of**
3 **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.* — Subject to the provisions of subsection (h) of this section,
7 the tax imposed in subsection (a) of this section is five percent of the gross value of the natural
8 resource produced or the health care service provided, as shown by the gross income derived
9 from the sale or furnishing thereof by the producer or the provider of the health care service,
10 except as otherwise provided in this article: *Provided*, That effective July 1, 2019, the tax rate
11 imposed by this subsection on the gross value of thermal or steam coal produced shall be reduced
12 incrementally over the next three tax years for a total reduction of two percent by July 1, 2021. That
13 on July 1, 2019, the reduction shall occur at the rate of 35 percent of the two percent reduction, on
14 July 1, 2020, the reduction shall occur at the rate of 65 percent of the two percent reduction, and on
15 July 1, 2021, at the rate of 100 percent of the two percent reduction: *Provided, however, That*
16 *effective July 1, 2026, the tax rate imposed by this subsection on the gross value of metallurgical*
17 *coal produced shall be reduced as follows; the rate imposed by this subsection on the gross value*
18 *of metallurgical coal severed between July 1, 2026, and June 30, 2027 shall be four and one-half*

19 percent (4.5%); the rate imposed by this subsection on the gross value of metallurgical coal
20 severed between July 1, 2027, and June 30, 2028 shall be four percent (4%); and the rate
21 imposed by this subsection on the gross value of metallurgical coal severed beginning July 1,
22 2028, and thereafter shall be three and one-half percent (3.5%). In the case of coal, the rate of tax
23 includes the thirty-five one hundredths of one percent additional severance tax on coal imposed by
24 the state for the benefit of counties and municipalities as provided in §11-13A-6 of this code and
25 the additional severance tax on coal imposed by the state for the benefit of coal-producing
26 counties as provided in §11-13A-6a of this code.

27 (c) “Thermal or steam coal” defined. - For purposes of this section the term “thermal or
28 steam coal” means coal sold for the purpose of generating electricity.

29 (d) “Metallurgical coal” defined. – For purposes of this section the term “metallurgical coal”
30 means coal that does not otherwise meet the definition of “thermal or steam coal” under
31 subsection (c) of this section and which is not otherwise classifiable as thin seam coal, with
32 average seam thickness below 45 inches, as set forth in subsection (h) of this section.

33 (d) ~~(e)~~ “Certain health care services” defined. — For purposes of this section, the term
34 “certain health care services” means, and is limited to, behavioral health services.

35 ~~(e)~~ (f) Tax in addition to other taxes. — The tax imposed by this section applies to all
36 persons severing or processing, or both severing and processing, in this state natural resources
37 enumerated in subsection (a) of this section and to all persons providing certain health care
38 services in this state as enumerated in subsection (d) of this section and shall be in addition to all
39 other taxes imposed by law.

40 (f) ~~(g)~~ Effective date. — This section, as amended in 1993, shall apply to gross proceeds
41 derived after May 31, 1993. The language of this section, as in effect on January 1, 1993, shall
42 apply to gross proceeds derived prior to June 1, 1993 and, with respect to such gross proceeds,
43 shall be fully and completely preserved.

44 ~~(g)~~ (h) Reduction of severance tax rate. — For tax years beginning after the effective date
45 of this subsection, any person exercising the privilege of engaging within this state in the business
46 of severing coal for the purposes provided in subsection (a) of this section shall be allowed a
47 reduced rate of tax on coal mined by underground methods in accordance with the following:

48 (1) For coal mined by underground methods from seams with an average thickness of 37
49 inches to 45 inches, the tax imposed in subsection (a) of this section shall be two percent of the
50 gross value of the coal produced. For coal mined by underground methods from seams with an
51 average thickness of less than 37 inches, the tax imposed in subsection (a) of this section shall be
52 one percent of the gross value of the coal produced. Gross value is determined from the sale of the
53 mined coal by the producer. This rate of tax includes the thirty-five one hundredths of one percent
54 additional severance tax imposed by the state for the benefit of counties and municipalities as
55 provided in §11-13A-6 of this code.

56 (2) This reduced rate of tax applies to any new underground mine producing coal after the
57 effective date of this subsection, from seams of less than 45 inches in average thickness or any
58 existing mine that has not produced coal from seams 45 inches or less in thickness in the 180 days
59 immediately preceding the effective date of this subsection.

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

62 ~~(h)~~ (i) (1) Termination and expiration of the behavioral health severance and business
63 privilege tax. — The tax imposed upon providers of health care services under the provisions of
64 this article shall expire, terminate and cease to be imposed with respect to privileges exercised on
65 or after July 1, 2016. Expiration of the tax as provided in this subsection does not relieve any
66 person from payment of any tax imposed with respect to privileges exercised before the expiration
67 date.

68 (2) Refunds made. — The Tax Commissioner shall issue a requisition on the Treasury for
69 any amount finally, administratively or judicially determined to be an overpayment of the tax

70 terminated under this subsection. The Auditor shall issue a warrant on the Treasurer for any refund
71 requisitioned under this subsection payable to the taxpayer entitled to the refund, and the
72 Treasurer shall pay the warrant out of the fund into which the amount refunded was originally paid.

73 ~~(i)~~ (j) Termination and expiration of the privilege tax on limestone or sandstone. — The
74 taxes imposed under this section for persons exercising the privilege of engaging or continuing
75 within this state in the business of severing, extracting, reducing to possession and producing for
76 sale, profit or commercial use limestone or sandstone shall cease, terminate and be of no further
77 force or effect on and after July 1, 2019. Termination of the taxes imposed under this section do not
78 relieve any person of any liability or duty to pay tax imposed under this article with respect to
79 privileges exercised before the effective date of the termination.