

COAL SEVERANCE TAX REBATE REPORT

REPORT TO THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE

July 1, 2025

Submitted by:

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State Tax Commissioner

COAL SEVERANCE TAX REBATE

This report is submitted to the Joint Committee on Government and Finance pursuant to the provisions of West Virginia Code §11-13EE-13(a), which requires in pertinent part:

“The Tax Commissioner shall provide to the Joint Committee on Government and Finance by July 1, 2022, and on the first day of July of each year thereafter, a report detailing the amount of rebate claimed pursuant to this article. The report is to include the amount of rebate claimed against the severance tax imposed pursuant to §11-13A-3 of this code”

In conformity with the above requirement, the following report provides details on the Coal Severance Tax Rebate (Coal Rebate Credit) from Severance Tax (SEV) returns in the State Tax Division database as of June 24, 2025.

Description of the Coal Rebate Credit

The Coal Severance Tax Rebate Credit as enacted during the 2019 legislative session and amended during the 2021 legislative session provides for a severance tax rebate for eligible taxpayers who make qualified capital investments at a coal mine in this state which results in increased coal production.

The maximum potential rebate amount is determined by multiplying the cost of the taxpayer's qualified capital investment, directly used in the production of coal at a coal mining operation in this state, by thirty-five percent. The amount of rebate allowable in any year cannot exceed 80 percent of the state portion of severance taxes payable that are attributable to, and the consequence of the taxpayer's qualified investment directly used at the coal mining operation in this state that results in increased coal production.

Coal Rebate Credit Claimed

This credit program is relatively new. As of June 24, 2025, the combined potential Coal Severance Rebate Credit which had been generated was roughly \$120.4 million. However, as of June 24, 2025, less than five companies have met the criteria for a Coal Severance Tax Rebate Credit disbursement. West Virginia Tax Division disclosure policy does not allow the disclosure of credit statistics when there are less than five claimants. Therefore, the number of claimants and the amount of Coal Severance Tax Rebate Credit claimed cannot be disclosed.