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# West Virginia Timber Severance Tax Reestablished, Additional Severance on Coal, Natural Gas and Timber Terminated

ENERGY & RESOURCES, TAX  
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The Governor of West Virginia signed legislation on February 29, 2016 that reestablished and imposed a severance tax of 1.50% of the gross value of timber produced, effective July 1, 2016. The gross value for the timber produced is defined as the gross proceeds derived from the sale of the timber. It should be noted that the enacted legislation also terminates the severance tax on timber produced on and after July 1, 2019.

The enacted legislation also terminates the additional severance taxes for the benefit of the Workers' Compensation Debt Reduction Fund on severances of coal, natural gas and timber on and after July 1, 2016. Currently, any person exercising the privilege of severing, extracting, reducing to possession or producing coal for sale, profit or commercial use, pays an additional annual severance tax of 56 cents per ton for exercising that privilege. Natural gas producers are currently subject to the additional annual severance tax of 4.7 cents per mcf of natural gas produced. It should also be noted that the governor is authorized to terminate the tax by Executive Order before July 1, 2016.

In addition, West Virginia Senate Bill 705 proposes to lower the severance tax by 1% per year for each of the next two years starting July 1 2017. That would decrease the tax from 5% to 3% of gross value of the natural resource produce by July 1 2019. This rate reduction would apply to the severance of coal, limestone, or sandstone.

Contact us with questions about the West Virginia severance tax and visit our Energy and Resources Industry Group page to learn more about the services that we offer our clients.

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