WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1997

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ENROLLED

Committee Substitute for
SENATE BILL NO. 142

(By Senator Chaifin, et al.)

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PASSED APRIL 11, 1997

In Effect FROM Passage
ENROLLED

COMMITTEE SUBSTITUTE
FOR

Senate Bill No. 142

(SENATORS CHAFIN, FANNING, MINEAR, HELMICK, SHARPE AND ROSS, original sponsors)

[Passed April 11, 1997; in effect from passage.]

AN ACT to amend and reenact section three, article thirteen-a, chapter eleven of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to a reduction of the severance tax rate for coal mined in West Virginia by underground methods based upon seam thickness.

Be it enacted by the Legislature of West Virginia:

That section three, article thirteen-a, chapter eleven of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:
ARTICLE 13A. SEVERANCE TAXES.

§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.

(a) **Imposition of tax.** — Upon every person exercising 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 coal, limestone or sandstone, or in the business of furnishing certain health care services, there is hereby levied and shall be collected from every person exercising such privilege an annual privilege tax.

(b) **Rate and measure of tax.** — The tax imposed in subsection (a) of this section shall be five percent of the gross value of the natural resource produced or the health care service provided, as shown by the gross income derived from the sale or furnishing thereof by the producer or the provider of the health care service, except as otherwise provided in this article. In the case of coal, this five percent rate of tax includes the thirty-five one hundredths of one percent additional severance tax on coal imposed by the state for the benefit of counties and municipalities as provided in section six of this article.

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

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

(e) **Effective date.** — This section, as amended in the year one thousand nine hundred ninety-three, shall apply to
33 gross proceeds derived after the thirty-first day of May of 34 such year. The language of this section, as in effect on the 35 first day of January of such year, shall apply to gross 36 proceeds derived prior to the first day of June of such year 37 and, with respect to such gross proceeds, shall be fully and 38 completely preserved.

39 (f) **Reduction of severance tax rate**. — For tax years 40 beginning after the effective date of this subsection, any 41 person exercising the privilege of engaging within this 42 state in the business of severing coal for the purposes 43 provided in subsection (a) of this section, shall be allowed 44 a reduced rate of tax on coal mined by underground 45 methods in accordance with the following:

46 (i) For coal mined by underground methods from seams 47 with an average thickness of thirty-seven inches to forty- 48 five inches, the tax imposed in subsection (a) of this 49 section, shall be two percent of the gross value of the coal 50 produced. For coal mined by underground methods from 51 seams with an average thickness of less than thirty-seven 52 inches, the tax imposed in subsection (a) of this section, 53 shall be one percent of the gross value of the coal pro- 54 duced. Gross value is determined from the sale of the 55 mined coal by the producer. This rate of tax includes the 56 thirty-five one hundredths of one percent additional 57 severance tax imposed by the state for the benefit of 58 counties and municipalities as provided in section six of 59 this article.

60 (ii) This reduced rate of tax applies to any new under- 61 ground mine producing coal after the effective date of this 62 subsection, from seams of less than forty-five inches in 63 average thickness or any existing mine that has not 64 produced coal from seams forty-five inches or less in 65 thickness in the one hundred eighty days immediately 66 preceding the effective date of this subsection.

67 (iii) The seam thickness shall be based on the weighted 68 average isopach mapping of actual coal thickness by mine 69 as certified by a professional engineer.
That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originated in the Senate.
In effect from passage

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within is approved this the 5th day of May, 1997.

Governor