WEST VIRGINIA LEGISLATURE
SECOND REGULAR SESSION, 2000

ENROLLED

House Bill No. 4416

(By Delegates Beane, Federick, Facemyer, Coleman, Yeager, Michael and Kominar)

Passed March 11, 2000

In Effect Ninety Days from Passage
AN ACT to amend and reenact article thirteen-a, chapter eleven of the code of West Virginia, one thousand nine hundred thirty-one, as amended, by adding thereto a new section, designated section three-d, relating to exemptions of coalbed methane production from imposition of the severance tax.

Be it enacted by the Legislature of West Virginia:

That article thirteen-a, chapter eleven of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended by adding thereto a new section, designated section three-d, to read as follows:

ARTICLE 13A. SEVERANCE TAXES.

§11-13A-3d. Imposition of tax on privilege of severing coalbed methane.

1 (a) The Legislature hereby finds and declares the following:

2 (1) That coalbed methane is underdeveloped and an under-utilized resource within this state which, where practicable, should be captured and not be vented or wasted;
(2) The health and safety of persons engaged in coal mining is a paramount concern to the state. The Legislature intends to preserve coal seams for future safe mining, to facilitate the expeditious, safe evacuation of coalbed methane from the coalbeds of this state, and to ensure the safety of miners by encouraging the advance removal of coalbed methane;

(3) The United States environmental protection agency’s coalbed methane outreach program encourages United States coal mines in the United States to remove and use methane that is otherwise wasted during mining. These projects have important economic benefits for the mines and their local economies while they also reduce emissions of methane; and

(4) The initial costs of development of coalbed methane wells can be large in comparison to conventional wells and deoxygenation and water removal increase development expenditures.

The Legislature, therefore, concludes that an incentive to coalbed methane development should be implemented to encourage capture of methane gas that would otherwise be vented to the atmosphere.

(b) Imposition of tax. — In lieu of the annual privilege tax imposed on the severance of natural gas or oil pursuant to section three-a, article thirteen-a, for the privilege of engaging or continuing within this state in the business of severing coalbed methane for sale, profit or commercial use, there is hereby levied and shall be collected from every person exercising such privilege an annual privilege tax: Provided, That effective for taxable years beginning on or after the first day of January, two thousand one, there is an exemption from the imposition of the tax provided for in this article for a maximum period of five years for all coalbed methane produced from any coalbed methane well placed in service after the first day of
January, two thousand. For purposes of this section, the terms “coalbed methane” and “coalbed methane well” have the meaning ascribed to them in section two, article twenty-one, chapter twenty-two of this code. The exemption from tax provided by this section is applicable to any coalbed methane well placed in service before the first day of January, two thousand eleven.

(c) Rate and measure of tax. — The tax imposed on subsection (b) of this section is five percent of the gross value of the coalbed methane produced, as shown by the gross proceeds derived from the sale thereof by the producer, except as otherwise provided in this article.

(d) Tax in addition to other taxes. — The tax imposed by this section applies to all persons severing coalbed methane in this state, and is in addition to all other taxes imposed by law.

(e) Except as specifically provided in this section, application of the provisions of this article apply to coalbed methane in the same manner and with like effect as the provisions apply to natural gas.
Enr. H. B. 4416

That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled:

Chairman Senate Committee

Chairman House Committee

Originating in the House.

In effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker of the House of Delegates

The within approved this the 24th day of March 2000.

Governor
PRESENTED TO THE
GOVERNOR
Date: 3/18/11
Time: 12:50 PM