COAL AND GAS SEVERANCE TAXES VALUATION DETERMINATION –OTHER STATES**
Mcf = 1,000 cubic feet

State	Valuation of Coal	Valuation of Gas
Virginia	**Gross receipts - the gross receipts are the fair market value measured at the time the coal is utilized or sold for utilization in the locality or at the time it is placed in transit for shipment from the locality. In calculating the fair market value, persons engaged in severing coal are permitted to take deductions.**	**Gross receipts - the gross receipts are the fair market value measured at the time the gas is utilized or sold for utilization in the locality or at the time it is placed in transit for shipment from the locality.** **In calculating the fair market value, no person engaging in the production and operation of severing gases from the earth in connection with coal mining is permitted to take any deductions, including but not limited to, depreciation, compression, marketing fees, overhead, maintenance, transportation fees and personal property taxes.**
Tennessee	Rate is per ton (no valuation needed)	Sales price Tax is based on the sales price of oil and gas removed from the ground
Kentucky	Gross value Gross value is to be reported as follows: •If coal is processed and sold during a report period, the gross value is the amount received by the taxpayer. •If the coal is not sold, but is contracted for sale, the gross value is the contract price. •If the coal is not sold, and there is no contract of sale, the gross value is the fair market value for that grade and quality of coal. •In transactions involving related parties, the gross value is the fair market value for coal of a similar grade and quality. •If severed coal is purchased for resale, the gross value is the amount received for the coal less the amount paid to the taxpayer actually severing the coal. •If severed coal is purchased for consumption, gross value is the fair market value of a similar grade and quality of coal reduced by the amount paid to the taxpayer severing the coal.	Gross value "Gross value" means the gross income derived from the property as defined under IRC § 613(c) and related regulations. However, transportation expenses for shipping natural resources are not considered when calculating gross value. Gross value is to be reported as follows. •Natural resources that have been severed, processed and sold during a reporting period have a gross value of the amount received by the taxpayer. •If the resources are not sold, but are contracted for sale, the gross value is the contract price. •If the resources are not sold, and no contract for sale exists, the gross value is the fair market value of that grade and quality. •In transactions involving related parties (two or more persons or organizations owned or controlled by the same interests) the gross value cannot be less than the fair market value of resources of a similar grade and quality. •Purchases for resale have a gross value of the amount received during the reporting period reduced by the amount paid to the taxpayer who actually severs the resources. •Resources purchased for processing have a gross value of the amount paid to the severor, reduced by the taxes paid on the resource.
Maryland	Rate is per ton (no valuation needed)	N/A

State	Valuation of Coal	Valuation of Gas
West Virginia	Gross value Gross value is reduced by the amount of any federal energy tax imposed on the taxpayer. However, the value is not reduced by any other state or federal taxes, royalties, sales commissions or other expenses. The gross value of coal is determined by the sale price of the coal minus freight expenses incurred in transporting the coal to a customer, if the transportation is performed by a common carrier. Freight expenses are also deductible when performed by the taxpayer, if the charges are separately stated on the invoice. Only outgoing freight charges incurred in shipping coal to the customer are exempt. If coal is purchased from the miner and processed by another, the processor must pay tax on the value added by the processing, which is the sales price of the processed coal minus freight and the cost of the raw product.	Gross value Tax is based on the gross value of natural gas produced per producer's sale gross proceeds. Gross value is reduced by the amount of any federal energy tax imposed on the taxpayer. However, the value is not reduced by any other state or federal taxes, royalties, sales commissions or other expenses. "Gross value" generally means the market value of the natural resources where severed, determined after the application of any post production processing generally applied by the industry to obtain commercially marketable or usable natural resource products. In a transaction involving related parties, gross value may not be less than the fair market value for natural resources of similar grade and quality. In the absence of a sale, gross value is the fair market value for natural resources of similar grade and quality and in the same condition immediately preceding the processing of the natural resources in West Virginia.
Alabama	Rate is per ton (no valuation needed)	Gross value at point of production Tax applies to gas produced or severed from state's soil or the waters, or from beneath them, for sale, transport, storage, profit, or for use. Effective May 1, 2009, tax on offshore production produced from depths greater than 8,000 feet below mean sea level is imposed on the gross proceeds attributable to the offshore production. Gross proceeds for a month equal the sum of the month's market proceeds and non-market proceeds. No adjustments or deductions may be taken from the market proceeds or the non-market proceeds in computing gross proceeds. The market proceeds for a month equal the sum of the amounts due under all market sales transactions during the month. The amount due under each market sales transaction is determined by multiplying the unit sales price by the volume of severed oil or gas sold in each transaction. "Unit sales price" means the total cash or other consideration due for each unit of offshore production, sold under the terms of a market sales transaction, including any and all premiums, bonuses or other amounts received. If allowable actual transportation charges were paid by the producer or seller for transporting pipeline quality gas to the point of sale, the unit sales price may be adjusted to remove the transportation charge. No other adjustments or deductions may be taken from the actual amounts due in determining the unit sales price.

State	Valuation of Coal	Valuation of Gas
Alaska	Varies depending on the locality Municipalities may levy a tax or special assessment, and impose a lien for its enforcement. No limitation on severance taxes is provided in the state law authorizing such special assessment.	Annual production tax value Generally, the annual production tax value of taxable gas is determined by subtracting the producer's lease expenditures (after adjustments) from the gross value at the point of production of the gas. If oil or gas was produced but not sold; if gas was produced but stored in a gas storage facility; or if oil or gas was produced and sold under circumstances where the sale price did not represent the prevailing value for oil or gas of like kind, character, or quality in the field or area from which the product was produced, the Department of Revenue could require the tax to be paid upon the basis of the value of oil or gas of the same kind, character, or quality prevailing for that field or area during the calendar month of production or sale. The monthly “production tax value” of taxable oil and gas is determined by subtracting 1/12 of the producer's “lease expenditures” for the calendar year (after adjustments) from the gross value at the point of production of the oil and gas. The “gross value at the point of production” for a producer's oil or gas is determined by first calculating the “destination value” for the oil or gas, usually sales price, and then subtracting the producer's reasonable costs of transportation from the destination value. A deduction is also allowed for the producer's gas processing cost. A producer's “lease expenditures” are costs (other than certain excluded items, discussed below) incurred by the producer during the calendar year to explore for, develop, or produce oil or gas deposits located within the producer's leases or properties in Alaska
Arizona	Gross income The tax base is the gross income derived from the business, including income derived from service or manufacturing charges. Gross income is reduced by state, municipal, and tribal transaction privilege taxes. But royalties are not deductible from the tax base. All actual freight costs incurred by a mining business in connection with a sale may be deducted from the tax base if the sale price of the product includes freight and are separately stated in the billing to the customer; if not separately stated, only freight costs paid to a third party may be deducted from the tax base provided books and records showing the actual freight paid are kept. Costs incurred before a sale for freight from the mining or production location to the sales location are not deductible.	N/A

State	Valuation of Coal	Valuation of Gas
Arkansas	Rate is per ton (no valuation needed)	Market value "Market value" is the producer's actual cash receipts from the sale of natural gas to the first purchaser less the actual costs to the producer of dehydrating, treating, compressing, and delivering the gas to the purchaser. Natural gas producers who incur marketing costs in connection with the sale of natural gas production may deduct such costs from cash receipts when computing the market value subject to tax. "Marketing costs" are reasonable and necessary non-production costs incurred to enable gas to be transported from the well to the first purchaser and include: (a) costs for compressing the gas sold to the first purchaser; (b) costs for dehydrating the gas sold to the first purchaser; (c) costs for treating the gas sold to the first purchaser; (d) costs for delivering the gas sold to the first purchaser. "Marketing costs" do not include costs incurred in producing natural gas; costs incurred in the normal lease separation of the oil, gas or condensate; or insurance premiums paid on the marketing facility.
Colorado	Rate is per ton (no valuation needed)	Gross income Gross income means the net amount realized by the taxpayer for sale of the gas, whether the sale occurs at the wellhead or after transportation, manufacturing, and processing of the product. Where the parties to the sale are related parties and the sales price is lower than the price for which that gas could otherwise have been sold to a ready, willing, and able buyer and where the taxpayer was legally able to sell the gas to such a buyer, gross income is determined by reference to comparable arms-length sales of like kind, quality, and quantity in the same field or area, less deductions for transportation, manufacturing, and processing done prior to the sale.
Florida	N/A	Rate is market value per Mcf of gas (no valuation needed)

State	Valuation of Coal	Valuation of Gas
Idaho	N/A	Market value "Market value" means the price at the time of sale, in cash or on terms reasonably equivalent to cash, for which the oil or gas should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus from either party. The costs of marketing, transporting and processing oil and gas produced are borne entirely by the producer, and such cost shall not reduce the producer's tax directly or indirectly.
Illinois	N/A	Gross revenues The assessment is a percentage of the gross revenues of oil and gas produced from each well in Illinois. The assessment is deducted from the proceeds of production and collected by the first purchaser.
Indiana	N/A	Rate of value of petroleum The tax is based on the value of the petroleum at the time of severance from the land. "Value" means the price paid or offered to be paid for petroleum of a like grade or gravity in the field or pool in which the well is located, but if no price is paid or offered, then as determined under Department of Revenue rules
Kansas	Rate is per ton (no valuation needed)	Gross value "Gross value" means the sale price of gas at the time it is removed from the lease or production unit. If gas is exchanged for something other than cash, or if no sale occurs at the time the gas is removed, or if the Director of Taxation finds that the relationship between the buyer and the seller is such that the consideration paid does not reflect the true value or market price, then the Director must determine the value of the taxable gas based on the cash price paid to producers for like quality gas in the vicinity of the lease or production unit at the time the gas is removed from the lease or production unit. When no sale occurs at the time of removal from the lease or production unit, royalty statements will continue to be reviewed for an indication of the cash price paid to the producers. The gross value of gas production in Kansas is determined using the following method: The sum of net royalty proceeds divided by the sum of the royalty interest owners share of gross well-head production volume multiplied by the actual gross well-head production volume, from the same lease/well.

State	Valuation of Coal	Valuation of Gas
Louisiana	Rate is per ton (no valuation needed)	Rate is Per Mcf of gas (no valuation needed)
Michigan	N/A	Gross cash market value The value of all production is computed at the time and place where the oil or gas was severed or taken from the soil immediately after the severance. Usually, this is at the wellhead. If the market is away from the wellhead, the costs incurred to market the gas are allowable deductions. When a producer is paid or reimbursed for the cost of processing gas to put it in a marketable condition, the excess of any payments or credits over the actual marketing cost is included in the gross cash market value. A marketing deduction is allowed for the actual cost to the producer for the processing function, such as compression, sweetening, and dehydration. However, the normal lease separation of oil or condensate from the gas and all functions prior to the separation, are production costs and not allowable marketing cost deductions. All severed gas that is used or consumed to operate the on-lease or off-lease normal lease separation functions is included in the gross cash market value
Mississippi	N/A	Value of the gas produced "Value" means the sale price, or market value, at the mouth of the well. If the gas is exchanged for something other than cash, or if there is no sale at the time of severance, or if the relation between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the commissioner shall determine the value of the gas subject to tax, considering the sale price for cash of gas of like quality in the same or nearest gas-producing field.

State	Valuation of Coal	Valuation of Gas
Montana	Gross value Gross value of product at the time of extraction from the ground. For purposes of calculating the tax on mineral production, "gross value of product" is determined by multiplying the contract sales price by the tonnage produced. The Department may impute a value to the coal that approximates market value f.o.b. mine in a case where: (a) the operator of a coal mine is using the produced coal in an energy–conversion or other manufacturing process; or (b) a person sells coal under a contract that is not an arm's–length agreement. For purposes of subsection (1), "market value f.o.b. mine" means the value of the coal subsequent to being prepared for shipment on the mode of transportation taken to its final destination.	N/A
Nebraska	N/A	Market value Value computed immediately after severance Value of gas used in severance operations, or used in pressurizing or recycling, is not included in computation of gas severance tax due
Nevada	N/A	Ratio of net-to-gross proceeds The rate of tax is based on the net proceeds of each geographically separate extractive operation depending on the ratio of the net proceeds to the gross proceeds of that operation as a whole according to the following table: Net Proceeds as Percentage of Gross Proceeds — Rate of Tax as Percentage of Net Proceeds Less than 10 .... 2.00 10 or more but less than 18 .... 2.50 18 or more but less than 26 .... 3.00 26 or more but less than 34 .... 3.50 34 or more but less than 42 .... 4.00 42 or more but less than 50 .... 4.50 50 or more 5.00

State	Valuation of Coal	Valuation of Gas
New Mexico	Rate is per ton (no valuation needed)	Average taxable value Average taxable value per Mcf of all natural gas produced in New Mexico. To determine the taxable value, the following is deducted from the value of products when the actual price is established in an arm's length transaction among non-affiliated persons at the production unit: •royalties paid or due the United States or the state of New Mexico; •royalties paid or due any Indian tribe, Indian pueblo or Indian that is a ward of the United States of America; and •the reasonable expense of trucking any product from the production unit to the first place of market. For natural gas and carbon dioxide wells, the first place of physical measurement is the outlet of the custody transfer meter, the allocation meter or the sales meter, whichever occurs first.
North Dakota	Rate is per ton (no valuation needed)	Rate is Mcf of nonexempt gas (no valuation needed)
Ohio	Rate is per ton (no valuation needed)	Rate is per Mcf of gas (no valuation needed)

State	Valuation of Coal	Valuation of Gas
Oklahoma	N/A	Gross value of the production of gas The tax is based on gross value. If gas is sold for a price other than the prevailing price for gas of similar quality, the Commission may recompute the tax based on the prevailing price at the time of production. Producers of natural gas and casinghead gas who incur marketing costs for the gas produced may deduct those costs when computing the gross value. Marketing costs are nonproduction costs incurred by the producer to enable the transport of gas from the well to the market, including costs for: compressing the gas sold; dehydrating the gas sold; sweetening the gas sold; and delivering the gas to the purchaser. Marketing costs do not include: costs incurred in producing the gas; costs incurred in normal lease separation of the oil, gas or condensate; or insurance premiums on the marketing facility. Marketing costs are determined by adding: •charges for depreciation of the marketing facility being used, provided that, if the facility is rented, the actual rental fee is added; •a return on the producer-owned investment equal to 6% per year on the average depreciable balance; •costs of direct or allocated labor associated with the marketing facility; •costs of materials, supplies, maintenance, repairs, and fuel associated with the marketing facility; and •ad valorem taxes paid on the marketing facility.
Oregon	N/A	Gross Value "Gross value" or "gross sales value" means the actual cash price prevailing for oil or gas of the kind, character and quality of the oil or gas subject to the tax at the time of production, as determined by the Department. If oil or gas is sold at a price not representative of the cash price prevailing for oil or gas, the Department can require the tax to be paid on the basis of the prevailing cash price. Tax is measured by the value of the whole production including the royalty interest.

State	Valuation of Coal	Valuation of Gas
South Dakota	Taxable value The taxable value of any energy mineral that has been sold is the sale price of that mineral less any rental or royalty payment to the government. The taxable value of any severed and saved energy mineral that has not been sold is the market value of the mineral less any rental or royalty payment belonging to the government. “Sale price” is the total consideration received in exchange for energy minerals. “Market value” is the price at which the property would change hands between a willing buyer and willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. However, when any energy mineral has a posted field price at the point of production, the taxable value of the mineral is the posted field price.	Taxable value The taxable value of any energy mineral that has been sold is the sale price of that mineral less any rental or royalty payment to the government. The taxable value of any severed and saved energy mineral that has not been sold is the market value of the mineral less any rental or royalty payment belonging to the government. “Sale price” is the total consideration received in exchange for energy minerals. “Market value” is the price at which the property would change hands between a willing buyer and willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. However, when any energy mineral has a posted field price at the point of production, the taxable value of the mineral is the posted field price.
Texas	N/A	Market value Tax is based on the “market value” of the gas, which is its value at the mouth of the well from which it is produced. The value of gas at the mouth of the well is determined by ascertaining the producer's actual marketing costs and subtracting those costs from the producer's gross cash receipts from the sale of the gas. Marketing costs are the costs incurred by the producer to get the gas from the mouth of the well to the market, including costs for compressing the gas sold, costs for dehydrating the gas sold, costs for sweetening the gas sold, and costs for delivering the gas to the purchaser. [Tex. Tax Code Ann. §201.101(b).] Marketing costs do not include costs incurred in producing the gas, costs incurred in normal lease separation of the oil or condensate, or insurance premiums on the marketing facility. Marketing costs are determined by adding: •charges for depreciation of the marketing facility being used, provided that, if the facility is rented, the actual rental fee is added; •a return on the producer-owned investment equal to 6% per year on the average depreciable balance; •costs of direct or allocated labor associated with the marketing facility; •costs of materials, supplies, maintenance, repairs, and fuel associated with the marketing facility; and •ad valorem taxes paid on the marketing facility.

State	Valuation of Coal	Valuation of Gas
Utah	N/A	Market value The value of oil or gas is determined at the first point closest to the well at which the fair market value for the oil or gas may be determined by: (a) a sale pursuant to an arm's-length contract; or (b) for a sale other than a sale described in (a), comparison to other sales of oil or gas. For purposes of determining the fair market value of oil or gas, a person subject to severance tax can deduct: (1) processing costs from the value of oil or gas; and (2) transportation costs from the value of both oil and gas, which cannot exceed 50% of the value of the oil or gas. However, valuation based on a comparison of other sales of oil or gas applies to a sale of oil or gas between: (a) a parent company and a subsidiary company; (b) companies wholly owned or partially owned by a common parent company; or (c) companies otherwise affiliated.
Wisconsin	N/A	Market value The severance tax is imposed on the market value of the total production of gas during the previous year. "Market value" means the sales price or market value of the gas at the mouth of the well. However, if the gas is exchanged for something other than cash, or if there is no sale between the time of severance and the due date of the tax, or if the Department of Revenue determines that there was no "arm's-length" transaction, market value is determined by the Department of Revenue based on consideration of the sales price of gas of similar quality.

State	Valuation of Coal	Valuation of Gas
Wyoming	Value of gross product Imposed on the value of the gross product. The “taxable value” is 100% of the product's fair market value, after the production process is completed. “Fair market value” includes expenses incurred by the producer prior to the point of valuation. The value of the gross product is the fair market value of the coal at the mouth of the mine where the product was produced, after the mining or production process is completed. The point at which the “production process” is complete for coal is when the mineral product reaches the mouth of the mine. The value of the coal does not include any processing functions or operation, regardless of where the processing is performed. If the product is sold at the mouth of the mine, the fair market value is the price established by a bona fide arms-length sale. If the product is sold at the mouth of the mine without further movement or processing, the fair market value is the price established by a bona fide arms-length sale minus exempt royalties. If the coal is not sold at the mouth of the mine by bona fide arms-length sale, or is used without sale, the Department determines the fair market value by application of recognized appraisal techniques. If the coal is sold away from the mouth of the mine pursuant to a bona fide arms-length sale, the Department will calculate the fair market value of coal by multiplying the sales value of extracted coal, minus transportation to market provided by a third party to the extent included in the sales value, all royalties, ad valorem production taxes, severance taxes, black lung excise taxes and abandoned mine lands fees, by the ratio of direct mining costs to total direct costs. Nonexempt royalties, ad valorem production taxes, severance taxes, black lung excise taxes and abandoned mine lands fees are then be added to determine fair market value.	Value of gross product Imposed on the value of the gross product extracted from well. The “taxable value” is 100% of the product's fair market value, after the production process is completed. “Fair market value” includes expenses incurred by the producer prior to the point of valuation. The production process for natural gas is completed after extracting from the well, gathering, separating, injecting, and any other activity which occurs before the outlet of the initial dehydrator. When no dehydration is performed, other than within a processing facility, the production process is completed at the inlet to the initial transportation related compressor, custody transfer meter or processing facility, whichever happens first. If the natural gas is sold to a third party, or processed or transported by a third party at or prior to the point of valuation, the fair market value is the value established by bona fide arms-length transaction. In the event the natural gas is not sold at or prior to the point of valuation by bona fide arms-length sale or, if the minerals are used without being sold, one of the following methods must be used: (1) Comparable sales—The fair market value is the representative arms-length market price for minerals of like quality and quantity used or sold at the point of valuation; (2) Comparable value—The fair market value is the arms-length sales price less processing and transportation fees charged to other parties for minerals of like quantity; (3) Netback—The fair market value is the sales price minus expenses incurred by the producer for transporting produced minerals to the point of sale and third party processing fees. The netback method may not be used to determine the taxable value of natural gas that is processed by the producer of the natural gas; or (4) Proportionate profits—The fair market value is: The total amount received from the sale of the minerals minus royalties and production taxes times the quotient of the direct cost of producing the minerals divided by the direct cost of producing, processing and transporting the minerals; plus nonexempt royalties and production taxes.

****Source: RIA (as of July 6, 2012)**

**** The following states do not impose a severance tax on gas: Arizona, California, Connecticut, Delaware, Georgia, Hawaii, Iowa, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Washington, and Washington, D.C.**

**** The following states do not impose a severance tax on coal: California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Vermont, Washington, Wisconsin and Washington, D.C.**