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# 2019 UPDATE: UNITED STATES OIL AND GAS TAX INFORMATION

Compiled and Presented by MHA Petroleum Consultants

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## ALABAMA

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### Oil and Gas Production Tax

2% of the gross value of gas or oil at point of production

Exceptions:

- 1% of the gross value for five years from first production for wells permitted July 1, 1996 through June 20, 2002
- 1.66% of the gross proceeds from offshore production at depths greater than 8,000 feet below mean sea level

### Oil and Gas Privilege Tax

8% of the gross value of gas or oil at point of production

Exceptions:

- 6% of the gross value of gas or oil at point of production for offshore wells producing more than 200 MCF per day at depths less than 8,000 feet and wells permitted after July 1, 1988.
- 4% of the gross value of gas or oil at point of production for: Offshore wells producing 200 MCF or 25 BBLs or less per day at depths less than 8,000 feet; Oil wells producing 25 BBLs or less per day; Gas wells producing 200 MCF or less per day; 3.65% of proceeds from offshore production from depths greater than 8,000 feet below mean sea level.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## ALASKA

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### Oil Production Tax – 35%

<http://tax.alaska.gov/programs/programs/index.aspx?60650>

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## ARIZONA

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### Transaction Privilege Tax

3.125% on oil and gas production, of which: 1% collected for distribution base; 2.125% collected for non-shared base.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## ARKANSAS

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Severance Classification	Gas Severance Tax Rate
Marginal	1.25%
Full Rate	5%

<http://www.aogc.state.ar.us/rules/tax/tax.aspx>

<http://www.aogc.state.ar.us/rules/tax/default.aspx>

Severance Classification	Oil Severance Tax Rate
10 Bbls or Less per Day	4%
More Than 10 Bbls per Day	5%

<https://www.dfa.arkansas.gov/excise-tax/miscellaneous-tax/oil/>

## CALIFORNIA

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### Oil and Gas Production Assessment

\$0.5038349 on each barrel of oil and 10,000 cubic feet of natural gas produced. Rate established annually each June. Ad valorem taxes administered by county.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

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## COLORADO

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### Severance Tax

Levied on the gross income from crude oil, natural gas and oil and gas based on gross income:

- 2% if income less than \$25,000
- 3% of the excess over \$24,999 for income \$25,000-\$99,999
- 4% of the excess over \$99,999 for income \$100,000-\$299,999
- 5% of the excess over \$299,999 for income over \$300,000

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Exception: Oil produced from any well that produces 15 barrels per day or less of oil, and gas produced from wells that produce 90,000 cubic feet or less of gas per day exempt.

Tax on oil shale gross proceeds:

- 1% in first year
- 2% in second year
- 3% in third year
- 4% in fourth and all successive years

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Exception: Oil Shale: The greater of 15,000 tons per day or 10,000 barrels per day are exempt.

**Ad Valorem Tax** - Rates vary by county. Severance tax can be reduced to credit 87.5% of ad valorem taxes.

**Oil and Gas Conservation Levy** - Maximum \$0.0017 of market value at wellhead; or 1.1. mills.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

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## FLORIDA

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### Oil, Gas and Sulfur Production Tax

Oil Rates (on gross value of oil):

- 12.5% on escaped oil
- 8% on ordinary oil production
- 5% on small well oil (less than 100 barrels/day)
- Tertiary oil based on tiered formula and updated annually: \$0.219 per MCF for gas (2018).

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## GEORGIA

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### Oil and Gas Severance Tax

Establishes a severance tax: 3 cents per barrel of oil, 1 cent per 1,000 cubic feet of gas.

Authorizes county and municipal governments to collect a severance tax on oil or gas severed within the jurisdiction of the county or municipality, as follows: An amount not to exceed 9 cents per barrel of oil. An amount not to exceed 2 cents per 1,000 cubic feet of gas.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## IDAHO

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**Oil and Gas Conservation Tax** - 2.5% of gross income earned on gas and oil production.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

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## ILLINOIS

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**Oil and Gas Production Assessment** - 0.1% fee per well of gross revenue for oil and natural gas

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## INDIANA

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**Petroleum Severance Tax** - 1% of value of petroleum; \$0.24 per barrel for oil; and \$0.03 per 1000 cu. ft. of natural gas.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## IOWA

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**No Oil and Gas Severance Taxes or Fees**

## KANSAS

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**Mineral Tax** - 8% of gross value of oil and gas, less property tax credit of 3.67%

**Oil Inspection Fee** - \$0.015/barrel

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

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## KENTUCKY

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**Oil Production Tax** – 4.5% of market value

**Gas Severance Tax** – 4.5% of gross value, less transportation expenses

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## LOUISIANA

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### Natural Resources Severance and Processing Tax

Gas severance tax rate adjusted annually and never to be less than 7 cents per 1,000 cubic feet:

- Full Rate (July 1, 2018 to June 30, 2019): \$0.122
- Low-producing oil-well gas: \$0.013
- Low-producing gas-well gas: \$0.013
- Produced water-full rate (July 1, 2012 to June 30, 2013): \$0.118
- Produced water-incapable oil-well gas: \$0.024
- Produced water-incapable gas-well gas: \$0.0104 well.

Oil (percent of value):

- Full rate oil/condensate: 12.5%
- Low-producing oil rate: 6.25%
- Stripper oil rate: 3.125%
- Reclaimed oil: 3.125%
- Produced water-full rate: 10%
- Produced water-incapable oil rate: 5%
- Produced water-stripper oil rate: 2.5%

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Severance taxes on new discovery oil and natural gas wells suspended 24 months or until payout of well.

#### **Oil Field Restoration Fee**

\$0.015 for every barrel of oil and condensate produced and \$0.003 for every MCF of gas produced.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## **MAINE**

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**No Oil and Gas Severance Taxes or Fees**

## **MARYLAND**

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**No Oil and Gas Severance Taxes or Fees**

## **MASSACHUSETTS**

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**No Oil and Gas Severance Taxes or Fees**

## **MICHIGAN**

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#### **Oil and Gas Severance Tax**

- 5% of the gross market value of gas
- 6.6% of the gross market value of oil
- 4% of the gross market value for stripper well crude oil

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

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## MINNESOTA

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**No Oil and Gas Severance Taxes or Fees**

## MISSISSIPPI

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**Gas Severance Tax** - 6% of value at point of gas production; 1.3% for gas produced from a horizontally drilled well for the first 30 months from the first sale of production or until payout of the well cost is achieved, whichever comes first

**Oil Severance Tax** - 6% of value at point of oil production; 3% reduced rate for wells using the enhanced oil recovery method; 1.3% for oil produced from a horizontally drilled well for the first 30 months from the first sale of production or until payout of the well cost is achieved, whichever comes first.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## MISSOURI

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**No Oil and Gas Severance Taxes or Fees**

## MONTANA

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**Oil and Gas Conservation Tax** - Maximum 0.3% on the market value of each barrel of crude petroleum oil or 10,000 cu. ft. of natural gas produced, saved and marketed or stored within or exported from the state.

**Oil and Gas Production Tax** - Varies from 0.8% to 15.1% according to the type of well and type of production.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

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## NEBRASKA

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**Oil and Gas Severance Tax** - 3% of value of nonstripper oil and natural gas; 2% of value of stripper oil.

**Oil and Gas Conservation Tax** – 0.30%

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## NEVADA

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**Oil and Gas Conservation Fee** - Up to \$0.20 per 50,000 cubic feet of natural gas or barrel of oil.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## NEW MEXICO

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**Oil and Gas Severance Tax** - Rate varies according to type of well and production.

**Oil and Gas Emergency School Tax** - 3.15% of value of oil, other liquid hydrocarbons and carbon dioxide. 4% of value of natural gas.

**Natural Gas Processor's Tax** - \$0.0096/Mmbtu tax on volume.

**Oil and Gas Ad Valorem Production Tax** - Varies, based on property tax in district of production.

**Oil and Gas Conservation Tax** - 0.19% of value.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

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## NEW YORK

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### Real Property Tax on Oil and Gas Units

Each year the state charges gas producers:

- \$3000 for 1,000,000 MCF
- \$2000 for 500,000 to 999,999 MCF
- \$1000 for 100,000 to 499,999 MCF
- Tiered thereafter based on amount

Each year the state charges oil producers:

- \$600 for 20,000 barrels
- \$300 for 10,000 to 19,999

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## NORTH CAROLINA

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**Extracted Energy Minerals Tax** - Oil and condensates: 2% of gross price paid. Gas: 0.9% of the market value as determined in as determined in N.C. Gen. Stat. § 105-187.78.

**Oil Gross Production Tax** - 5% of gross value at well.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## NORTH DAKOTA

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### Oil and Gas Gross Production Tax

- \$.0705 per MCF of gas (changes annually on July 1)
- Gross production tax rate on oil is 5%of the gross value

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## Oil Extraction Tax

- 5% of gross oil value.
- Reduced to 2% for qualified production from wells outside the Bakken and Three Forks formations.
- If the trigger price of \$90 is exceeded for three consecutive months the oil extraction tax rate increases to 6% and will revert to 5% after the trigger price is below \$90 for three consecutive months.
- Stripper wells exempt.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## OHIO

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**Resource Severance Tax** - \$.10/bbl of oil; \$.025/1,000 cu. Ft. of natural gas

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## OKLAHOMA

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### Gross Production Severance Tax

Tax on gross production and based on monthly average crude oil and gas prices:

- 7% for gross value of oil and gas production
- 2% levy on oil and gas wells drilled after July 2015 for 36 months; then increased to 7%

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#### Exceptions:

- Incremental production from secondary and tertiary enhanced recovery projects
- Horizontally drilled wells
- Reestablished production from inactive wells

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- Incremental production from production enhancement projects
- Production from deep wells
- Production from new discovery wells
- Production from wells drilled based on 3-D seismic surveys

#### **Additional Excise Tax on Petroleum and Gas**

0.085% of the gross value on each barrel of petroleum oil (0.085 of 1%); 0.095% of the gross value of all-natural gas and/or casinghead gas (0.095 of 1%).

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## **OREGON**

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**Oil and Gas Production Tax** – 6% of gross value at well

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## **PENNSYLVANIA**

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**Unconventional Gas Well Fee (no severance tax)** - Fee on oil or gas well. Fee changes annually with price of natural gas. For the years 2015 to 2016, natural gas was taxed at 5%. For 2017 to 2018, the fee was 6.5%.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## **SOUTH CAROLINA**

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**No Oil and Gas Severance Taxes or Fees**

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## SOUTH DAKOTA

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**Energy Minerals Severance Tax** - 4.5% of taxable value of energy minerals (including oil and gas).

**Conservation Tax on Severance of Energy Materials** - Excise tax of 2.4 mills of the taxable value of any energy minerals (including oil and gas) severed and saved.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## TENNESSEE

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**Oil and Gas Severance Tax** – 3% of sales price

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## TEXAS

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### Gas and Oil Production Tax

- 7.5% tax of gas and liquid hydrocarbons market value
- 4.6% tax of oil market value or 4.6 cents for each barrel of 42 standard gallons of oil produced in this state, whichever rate results in the greater amount of tax
- 4.6% tax of gas condensate market value for gas condensate
- Incentives and exemptions for inactive wells, marginal wells and high cost gas wells

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

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## UTAH

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### Oil and Gas Severance Tax

Oil (percent of market value): 3% if valued at \$13 or less per barrel; 5% if valued above \$13 per barrel. Gas (percent of market value): 3% if valued at \$1.50 or less per MCF; 5% if valued above \$1.51 per MCF and 4% of value for natural gas liquids.

Taxes not imposed on oil and gas stockpiled for over two years, stripper wells and the first six months of production for development wells. Enhanced recovery projects receive a 50% tax reduction.

**Oil and Gas Conservation Fee** - \$0.002 of the value of gas or oil.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## VIRGINIA

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### City and County License Taxes on Severed Materials

County or city governing bodies authorized to impose: 1% gross severance tax gross receipts from the sale of gas and an additional 1% tax for local road improvement. Counties and cities can levy additional 1% gross tax on gas.

The Counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell and Wise and the City of Norton: one-half of the revenues from this tax to be paid to the Virginia Coalfield Economic Development Fund.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## WASHINGTON

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### No Severance Tax on oil and gas production

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## WEST VIRGINIA

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**Natural Resource Severance Tax** – 5% for oil and natural gas

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## WISCONSIN

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**Oil and Gas Severance Tax** - 7% of market value of oil or gas at the mouth of the well.

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

## WYOMING

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**Oil and Natural Gas Severance Tax** – 6% of fair market value for natural gas or oil.

Exceptions:

- Oil stripper wells: 4%
- Tertiary oil production: 4% for first five years
- Renewed production: 1.5% for first 60 months
- Workover/recompletion production: 2% for first 24 months
- New wells drilled: 2% for first 24 months of production up to 60 bpd or 6 MCF/bbl gas equivalent

**Oil and Gas Conservation Tax** - 0.05%

<http://www.ncsl.org/research/energy/oil-and-gas-severance-taxes.aspx>

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