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Wyoming mineral tax rates higher than W.Va.

By [Paul J. Nyden](#)

CHARLESTON, W.Va. -- Wyoming collects more taxes every year from its coal and natural gas producers than West Virginia does.

According to a "policy memo" just released by the West Virginia Center on Budget & Policy, Wyoming collected \$2.1 billion in taxes from its coal and natural gas operations. West Virginia collected only \$787 million.

Major taxes included in the analysis are severance, property, corporate income and sales taxes, as well as several additional taxes unique to each state.

Interesting comparisons in the report include:

n The "effective tax rate" on coal producers in Wyoming was 10.6 percent, compared to 6.5 percent in West Virginia."

n The "effective tax rate" on natural gas producers in Wyoming was 10.2 percent in Wyoming and 8.2 percent in West Virginia.

"If West Virginia had the same average tax rate on coal production in Wyoming in 2008, the state would have collected an additional \$402 million in tax revenue," the policy memo stated.

Wyoming produced 467.6 million tons of coal in 2008, while West Virginia produced 157.8 million tons.

But the total value of Wyoming's coal production was only \$5.2 billion, compared to \$9.7 billion in West Virginia, according to the center's policy memo.

The average price for a ton of Wyoming coal was \$11.39, compared to \$60.16 for a ton of West Virginia coal, according to data from the U.S. Energy Information Administration.

Wyoming coal is typically low-quality bituminous coal, while West Virginia has some of the world's best coal reserves in terms of energy content and low sulfur content.

High-quality metallurgical coal mined in West Virginia, typically in the southern coalfields, is often exported to foreign countries. That met coal is more expensive than the state's other high-quality coal reserves.

Wyoming collected more taxes from natural gas production largely because it produces so much more gas than West Virginia.

"The production value of natural gas in Wyoming is nearly eight times larger than it is in West Virginia," the report states.

"In 2008, Wyoming natural gas producers paid an estimated \$1.6 billion in state and local taxes, while natural gas producers in West Virginia paid only \$161.2 million."

That gap could be reduced if West Virginia's Marcellus Shale natural gas resources are developed in the near future.

Since the late 1970s, Wyoming has put some of its revenues from coal, natural gas and oil into a Permanent Mineral Trust Fund, which is worth \$5.4 billion today.

West Virginia does not have a similar trust fund that could help the state in difficult economic times.

Coal production varies widely among the 27 counties that produce coal in West Virginia.

In 2008, coal generated \$220.9 million in state property tax revenues. Coal mines in four counties -- Boone, Logan, Kanawha and Mingo -- generated \$109.2 million, or 49.5 percent of the total.

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