

Information on the South Dakota Mineral Severance Tax

South Dakota Underground Pipeline
Task Force

October 23, 2008

Authority

- SDCL 10-39 Mineral Severance Tax
- SDCL 10-39A Energy Minerals Severance Tax
- SDCL 10-39B Conservation Tax on Severance of Energy Minerals
- ARSD 64:27 Mineral Tax

Authority Continued

- 10-39A-1. Severance tax imposed on energy minerals--Rate. For the privilege of severing energy minerals in this state, there is imposed on the owner or operator of any energy mineral an excise tax, to be termed a "severance tax," equal to four and one-half percent of the taxable value of any energy minerals severed and saved by or for the owner or operator.

Energy Minerals Taxed

- Oil
 - Gas
 - Coal (no coal mining currently underway)
 - Uranium (no uranium mining currently underway)
- Therefore: 100% of the Energy Minerals Tax Revenue comes from Oil and Gas Production

How is the Revenue Allocated?

- 50% to the State General Fund
- 50% to the County Where the Mineral was Severed

Revenue FY 2000 - 2008

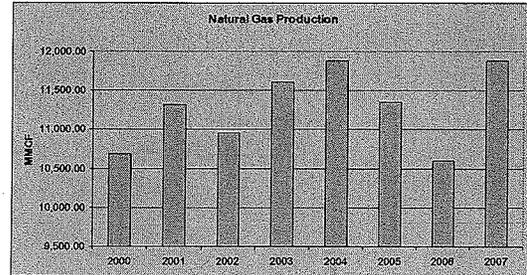
Fiscal Year	State Share	County Share	Gross Amount Collected
2000	\$ 525,526.35	\$ 525,526.04	\$ 1,051,052.39
2001	\$ 782,898.52	\$ 782,898.00	\$ 1,565,796.52
2002	\$ 614,985.29	\$ 614,984.97	\$ 1,229,970.26
2003	\$ 722,404.30	\$ 722,392.05	\$ 1,444,796.35
2004	\$ 829,182.25	\$ 829,182.00	\$ 1,658,364.25
2005	\$1,253,465.64	\$1,253,465.42	\$ 2,506,931.06
2006	\$1,627,927.75	\$1,627,925.34	\$ 3,255,853.09
2007	\$1,576,445.11	\$1,576,444.54	\$ 3,152,889.65
2008	\$2,763,495.11	\$2,763,494.53	\$ 5,526,989.64

Data provided by South Dakota Department of Revenue and Regulation

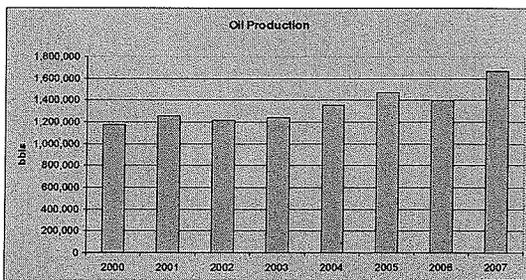
What Drives the Amount of Tax Collected

- > Volume Produced and the Price of the Commodity
- > Amount of Tax Collected Primarily Driven by the Price of the Commodity

Natural Gas Production Since 2000



Oil Production Since 2000



Questions?