

TAX ENERGY FAIRLY

West Virginia's property tax law, which is used to determine the true and actual value of natural resource property, is old and outdated. It needs substantial revision based upon the modernization of the oil and natural gas industry.

WHY CHANGE?



MODERN DRILLING TECHNOLOGY

West Virginia's tax code doesn't account for advances in horizontal drilling technology that enable operators to reach natural gas trapped more than 3 miles away.



FAIR, CONSISTENT LAWS

House Bill 2581 is a mutual agreement between the industry and State Tax Department. It would ensure tax methods comply with the law and discourage ongoing litigation involving counties and private parties over oil and gas producing property values. It provides the Tax Department a method to value and tax natural gas liquids – something they cannot do now under current laws.



MAKING WV COMPETITIVE

WV is losing the competition for good-paying, long-term jobs. Pennsylvania does not charge a property tax on oil and gas wells. Ohio's is much less because its system recognizes all industry costs to sell the gas and oil. On the same well, operators pay almost three times as much property taxes in West Virginia as they do in Ohio.

WHAT'S THE CHANGE?

1

CONSIDERS TRUE VALUE

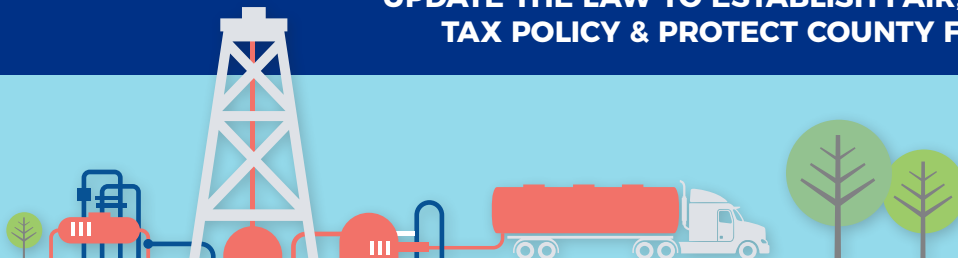
House Bill 2581 would allow for the true and actual value of natural gas liquids to be assessed. It considers the value of the gas and oil. The bill would also correctly determine the true and actual value of a well by allowing the actual operating expenses to be included in the calculation. Valuing all components of the natural gas and deducting actual expenses is the only true method of reaching actual value for taxation.

2

ALIGNS WV WITH SURROUNDING STATES

A modernized natural gas well property tax law would put West Virginia in line with surrounding states, where assessed values of wells are more predictable. It would provide more certainty for natural gas producers and for county governments. Tax Department methodology would reflect true and actual value of property, as mandated by law.

UPDATE THE LAW TO ESTABLISH FAIR, CONSISTENT TAX POLICY & PROTECT COUNTY FINANCES.



MODERNIZING THE TAX CODE

It is a commonsense measure that keeps up with technological advancements and improves our state's ability to attract job-creating investment.



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