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

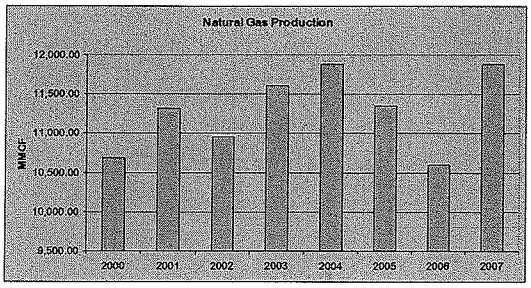
Fiscal Year	State Share	County Share	Gross Amount Collected
2000	$ 525,526.35	$ 525,526.04	$ 1,051,052.39
2001	$ 782,898.52	$ 782,898.00	$ 1,565,796.52
2002	$ 614,985.29	$ 614,984.97	$ 1,229,970.26
2003	$ 722,404.30	$ 722,392.05	$ 1,444,796.35
2004	$ 829,182.25	$ 829,182.00	$ 1,658,364.25
2005	$1,253,465.64	$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

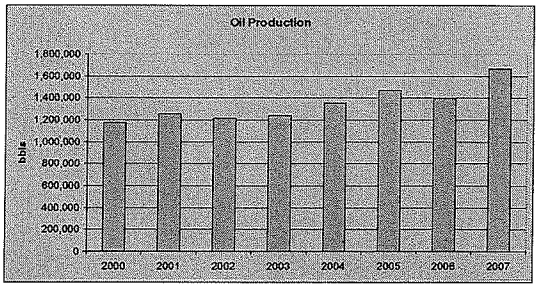
What Drives the Amount of Tax Collected

- 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?