

***For Immediate Release***

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## **How Do Counties Tax West Virginia's Richest Natural Resource? A New Guide Shows Us How**

Taxes on coal reserves became a hot topic this winter when coal property owners began getting notices that their tax assessments had gone up. The increases were due to improved methods of appraising coal reserves that the State Tax Department has been phasing in for the past ten years. The new system is based on mapping more than 700,000 coal reserve properties across the state. More than a third of the properties have been mapped to date, and the remainder will be completed by 2011.

Morgantown-based Downstream Strategies, in collaboration with the West Virginia Center on Budget and Policy, demystifies the complicated tax in a new publication released this month. "Taxing West Virginia's Coal Reserves: A Primer" describes the history and current methods of taxing one of the state's most valuable resources. The report is intended as a useful reference for county officials, coal companies, landowners, and local citizens. The primer can be downloaded for free at [www.wvpolicy.org](http://www.wvpolicy.org).

"Owners of coal reserves – whether large corporations that own thousands of acres or individuals who own just a few acres – deserve to be taxed fairly," said Evan Hansen, one of the report's authors. "And counties, which rely on coal reserve taxes to help fund important local services, also deserve to receive their fair share of taxes."

Coal reserves include coal that is mineable, but not part of an active mining property. There is little consensus about the state's total coal reserves, according to the report. Estimates range from 18 to 52 billion tons, with the State Tax Department using an estimate of 41 billion tons. For comparison, West Virginia coalmines produced 153 million tons in 2007.

Coal reserve property taxes generated about \$18 million of the \$1.3 billion collected in property taxes in West Virginia in 2008. About two-thirds of the property tax is used to fund public schools. Coal reserves are generally taxed as Class III properties, and tax

rates vary from county to county. Boone, Logan and Kanawha Counties each received more than \$1 million in coal reserve taxes in 2008.

The primer breaks down the appraisal process into three phases: (1) collecting basic statewide data, (2) calculating the total value of West Virginia coal reserves, and (3) appraising each individual coal property. Year by year, as more coal reserve properties are mapped and characterized, appraisals are expected to become more accurate and consistent.

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*Downstream Strategies ([www.downstreamstrategies.com](http://www.downstreamstrategies.com)) is an environmental consulting firm that provides science, research, and tools to organizations, businesses, and agencies. The organization combines sound interdisciplinary skills with a core belief in the importance of protecting the environment and linking economic development with natural resource stewardship.*

*The West Virginia Center on Budget and Policy ([www.wvpolicy.org](http://www.wvpolicy.org)) is a policy research organization that is nonpartisan, nonprofit, and statewide. The Center focuses on how policy decisions affect all West Virginians, especially low- and moderate-income families.*