



# County Technical Assistance Service

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## Coal Severance Tax

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Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other e-Li material.

Sincerely,

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## Table of Contents

Coal Severance Tax.....	3
-------------------------	---

## Coal Severance Tax

**Reference Number:** CTAS-1612

*Authority.* T.C.A. §§ 67-7-101 through 67-7-110.

*Description.* The state levies a per ton severance tax on all coal products severed from the ground in Tennessee. T.C.A. § 67-7-104. The coal severance tax is \$1.00 per ton. "Coal products" means coal ore and any other substance that might be severed from the earth by the process of producing salable coal, by whatever method of severance used. T.C.A. § 67-7-101.

*Distribution.* According to T.C.A. § 67-7-110, the tax is collected by the Tennessee Department of Revenue and is distributed as follows:

1. 1.125% is retained by the department of revenue and credited to its current service revenue to cover administrative expenses and tax collection expenses.
  2. 98.875% to the county in which the coal products were severed.
    - a. 50 percent for the educational systems of the county.
    - b. 50 percent for county highways and stream cleaning systems.
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