

**As Introduced**

**136th General Assembly**

**Regular Session**

**2025-2026**

**H. B. No. 819**

**Representatives Rader, Synenberg**

**Cosponsors: Representatives Piccolantonio, Lett, Brennan, Brownlee, Somani,  
Miller, J., Cockley, McNally**

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To amend sections 1509.02, 1509.34, 5703.052, 1  
5749.01, 5749.02, 5749.04, 5749.06, 5749.07, 2  
5749.08, 5749.10, 5749.12, 5749.13, 5749.14, and 3  
5749.15; to enact sections 4928.57 and 4928.571; 4  
and to repeal section 1509.50 of the Revised 5  
Code to modify the rate and revenue allocation 6  
of the severance tax on oil and natural gas, to 7  
create an electric bill credit, and to make an 8  
appropriation. 9

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 1509.02, 1509.34, 5703.052, 10  
5749.01, 5749.02, 5749.04, 5749.06, 5749.07, 5749.08, 5749.10, 11  
5749.12, 5749.13, 5749.14, and 5749.15 be amended and sections 12  
4928.57 and 4928.571 of the Revised Code be enacted to read as 13  
follows: 14

**Sec. 1509.02.** There is hereby created in the department of 15  
natural resources the division of oil and gas resources 16  
management, which shall be administered by the chief of the 17  
division of oil and gas resources management. The division has 18  
sole and exclusive authority to regulate the permitting, 19

location, and spacing of oil and gas wells and production 20  
operations within the state, excepting only those activities 21  
regulated under federal laws for which oversight has been 22  
delegated to the environmental protection agency and activities 23  
regulated under sections 6111.02 to 6111.028 of the Revised 24  
Code. The regulation of oil and gas activities is a matter of 25  
general statewide interest that requires uniform statewide 26  
regulation, and this chapter and rules adopted under it 27  
constitute a comprehensive plan with respect to all aspects of 28  
the locating, drilling, well stimulation, completing, and 29  
operating of oil and gas wells within this state, including site 30  
construction and restoration, permitting related to those 31  
activities, and the disposal of wastes from those wells. In 32  
order to assist the division in the furtherance of its sole and 33  
exclusive authority as established in this section, the chief 34  
may enter into cooperative agreements with other state agencies 35  
for advice and consultation, including visitations at the 36  
surface location of a well on behalf of the division. Such 37  
cooperative agreements do not confer on other state agencies any 38  
authority to administer or enforce this chapter and rules 39  
adopted under it. In addition, such cooperative agreements shall 40  
not be construed to dilute or diminish the division's sole and 41  
exclusive authority as established in this section. Nothing in 42  
this section affects the authority granted to the director of 43  
transportation and local authorities in section 723.01 or 44  
4513.34 of the Revised Code, provided that the authority granted 45  
under those sections shall not be exercised in a manner that 46  
discriminates against, unfairly impedes, or obstructs oil and 47  
gas activities and operations regulated under this chapter. 48

The chief shall not hold any other public office, nor 49  
shall the chief be engaged in any occupation or business that 50

might interfere with or be inconsistent with the duties as 51  
chief. 52

Money collected by the chief pursuant to sections 1509.06, 53  
1509.061, 1509.062, 1509.071, 1509.13, 1509.22, 1509.222, 54  
1509.28, 1509.34, ~~1509.50~~, and 5749.02 of the Revised Code, all 55  
civil penalties paid under section 1509.33 of the Revised Code, 56  
and, notwithstanding any section of the Revised Code relating to 57  
the distribution or crediting of fines for violations of the 58  
Revised Code, all fines imposed under divisions (A) and (B) of 59  
section 1509.99 of the Revised Code and fines imposed under 60  
divisions (C) and (D) of section 1509.99 of the Revised Code for 61  
all violations prosecuted by the attorney general and for 62  
violations prosecuted by prosecuting attorneys that do not 63  
involve the transportation of brine by vehicle shall be 64  
deposited into the state treasury to the credit of the oil and 65  
gas well fund, which is hereby created. Fines imposed under 66  
divisions (C) and (D) of section 1509.99 of the Revised Code for 67  
violations prosecuted by prosecuting attorneys that involve the 68  
transportation of brine by vehicle and penalties associated with 69  
a compliance agreement entered into pursuant to this chapter 70  
shall be paid to the county treasury of the county where the 71  
violation occurred. 72

The fund shall be used solely and exclusively for the 73  
purposes enumerated in division (B) of section 1509.071 of the 74  
Revised Code, for the expenses of the division associated with 75  
the administration of this chapter and Chapter 1571. of the 76  
Revised Code and rules adopted under them, and for expenses that 77  
are critical and necessary for the protection of human health 78  
and safety and the environment related to oil and gas production 79  
in this state. The expenses of the division in excess of the 80  
moneys available in the fund shall be paid from general revenue 81

fund appropriations to the department. 82

**Sec. 1509.34.** (A) (1) If an owner fails to pay the fees 83  
imposed by this chapter, or if the chief of the division of oil 84  
and gas resources management incurs costs under division (F) of 85  
section 1509.071 of the Revised Code to correct conditions 86  
associated with the owner's well that the chief reasonably has 87  
determined are causing imminent health or safety risks, the 88  
division of oil and gas resources management shall have a 89  
priority lien against that owner's interest in the applicable 90  
well in front of all other creditors for the amount of any such 91  
unpaid fees and costs incurred. The chief shall file a statement 92  
in the office of the county recorder of the county in which the 93  
applicable well is located of the amount of the unpaid fees and 94  
costs incurred as described in this division. The statement 95  
shall constitute a lien on the owner's interest in the well as 96  
of the date of the filing. The lien shall remain in force so 97  
long as any portion of the lien remains unpaid or until the 98  
chief issues a certificate of release of the lien. If the chief 99  
issues a certificate of release of the lien, the chief shall 100  
file the certificate of release in the office of the applicable 101  
county recorder. 102

(2) A lien imposed under division (A) (1) of this section 103  
shall be in addition to any lien imposed by the attorney general 104  
for failure to pay the assessment imposed by former section 105  
1509.50 of the Revised Code or the tax levied under division (A) 106  
(5) or (6) of section 5749.02 of the Revised Code, as 107  
applicable. 108

(3) If the attorney general cannot collect from a severer 109  
or an owner for an outstanding balance of amounts due under 110  
former section 1509.50 of the Revised Code or of unpaid taxes 111

levied under division (A) (5) or (6) of section 5749.02 of the Revised Code, as applicable, the tax commissioner may request the chief to impose a priority lien against the owner's interest in the applicable well. Such a lien has priority in front of all other creditors.

(B) The chief promptly shall issue a certificate of release of a lien under either of the following circumstances:

(1) Upon the repayment in full of the amount of unpaid fees imposed by this chapter or costs incurred by the chief under division (F) of section 1509.071 of the Revised Code to correct conditions associated with the owner's well that the chief reasonably has determined are causing imminent health or safety risks;

(2) Any other circumstance that the chief determines to be in the best interests of the state.

(C) The chief may modify the amount of a lien under this section. If the chief modifies a lien, the chief shall file a statement in the office of the county recorder of the applicable county of the new amount of the lien.

(D) An owner regarding which the division has recorded a lien against the owner's interest in a well in accordance with this section shall not transfer a well, lease, or mineral rights to another owner or person until the chief issues a certificate of release for each lien against the owner's interest in the well.

(E) All money from the collection of liens under this section shall be deposited in the state treasury to the credit of the oil and gas well fund created in section 1509.02 of the Revised Code.

(F) As used in this section, "former section 1509.50 of the Revised Code" means section 1509.50 of the Revised Code as it existed before its repeal by this act. 141  
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**Sec. 4928.57.** (A) The Ohio energy credit fund is created in the state treasury. The fund shall consist of all money credited to the fund under section 5749.02 of the Revised Code and any other money transferred to the fund. All investment earnings of the fund shall be credited to the fund. 144  
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(B) Disbursements from the fund shall be made to each electric distribution utility, at the direction of the public utilities commission, to pay for bill credit amounts applied to residential customer electricity bills under section 4928.571 of the Revised Code. 149  
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**Sec. 4928.571.** (A) Each electric distribution utility shall apply a bill credit to the electricity bill of all electric distribution utility residential customers in this state in accordance with this section. 154  
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(B) The bill credit shall be applied to customer bills at the following times: 158  
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(1) For the first bill credit, at the time ordered by the public utilities commission under division (D) (1) (b) of this section; 160  
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(2) After the first bill credit is issued, not later than each subsequent thirty-first day of December. 163  
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(C) The bill credit shall be in the following amounts: 165

(1) For the first bill credit, one hundred fifty dollars for each electric distribution utility residential customer; 166  
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(2) For each subsequent bill credit, the amount ordered by 168

<u>the commission under division (D) (2) (b) of this section for each</u>	169
<u>electric distribution utility residential customer.</u>	170
<u>(D) The commission shall do all of the following to</u>	171
<u>implement the bill credit under this section:</u>	172
<u>(1) For the first bill credit:</u>	173
<u>(a) Determine when the amount in the Ohio energy credit</u>	174
<u>fund is sufficient to pay the total cost of the first bill</u>	175
<u>credit amount to all electric distribution utility residential</u>	176
<u>customer electric bills in this state;</u>	177
<u>(b) After making the determination under division (D) (1)</u>	178
<u>(a) of this section, order each utility to promptly apply the</u>	179
<u>first bill credit amount to all of the utility's residential</u>	180
<u>customer electric bills;</u>	181
<u>(c) Direct the treasurer of state to disburse money from</u>	182
<u>the Ohio energy credit fund to each electric distribution</u>	183
<u>utility to pay all costs of applying the first bill credit</u>	184
<u>amount to residential customer electric bills.</u>	185
<u>(2) For each subsequent bill credit:</u>	186
<u>(a) Determine the bill credit amount for each electric</u>	187
<u>distribution utility residential customer electric bill by</u>	188
<u>evenly distributing, as near as practical, the total amount in</u>	189
<u>the Ohio energy credit fund among the total number of electric</u>	190
<u>distribution utility residential customers in this state;</u>	191
<u>(b) After determining the bill credit amount under</u>	192
<u>division (D) (2) (a) of this section, order each utility to apply</u>	193
<u>the bill credit amount to all of the utility's residential</u>	194
<u>customer electric bills by not later than the thirty-first day</u>	195
<u>of December of each year;</u>	196

(c) Direct the treasurer of state to disburse money from 197  
the Ohio energy credit fund to each electric distribution 198  
utility to pay all costs of applying the bill credit amount to 199  
residential customer bills. 200

(3) Take any other action the commission deems necessary. 201

**Sec. 5703.052.** (A) There is hereby created in the state 202  
treasury the tax refund fund, from which refunds shall be paid 203  
for amounts illegally or erroneously assessed or collected, or 204  
for any other reason overpaid, with respect to taxes levied by 205  
Chapter 3796., 4301., 4305., 5726., 5728., 5729., 5731., 5733., 206  
5735., 5736., 5739., 5741., 5743., 5747., 5748., 5749., 5751., 207  
or 5753. and sections 3737.71, 3905.35, 3905.36, 4303.33, 208  
5707.03, 5725.18, 5727.28, 5727.38, 5727.81, and 5727.811 of the 209  
Revised Code. Refunds for fees levied under sections 3734.90 to 210  
3734.9014 of the Revised Code, wireless 9-1-1 charges imposed 211  
under section 128.40 of the Revised Code, next generation 9-1-1 212  
access fees imposed under sections 128.41 and 128.42 of the 213  
Revised Code, or any penalties assessed with respect to such 214  
fees or charges, that are illegally or erroneously assessed or 215  
collected, or for any other reason overpaid, also shall be paid 216  
from the fund. Refunds for amounts illegally or erroneously 217  
assessed or collected by the tax commissioner, or for any other 218  
reason overpaid, that are due under former section 1509.50 of 219  
the Revised Code as that section existed before its repeal by 220  
this act shall be paid from the fund. Refunds for amounts 221  
illegally or erroneously assessed or collected by the 222  
commissioner, or for any other reason overpaid to the 223  
commissioner, under sections 718.80 to 718.95 of the Revised 224  
Code shall be paid from the fund. However, refunds for amounts 225  
illegally or erroneously assessed or collected by the 226  
commissioner, or for any other reason overpaid to the 227

commissioner, with respect to taxes levied under section 228  
5739.101 of the Revised Code shall not be paid from the tax 229  
refund fund, but shall be paid as provided in section 5739.104 230  
of the Revised Code. 231

(B) (1) Upon certification by the tax commissioner to the 232  
treasurer of state of a tax refund, a wireless 9-1-1 charge 233  
refund, a next generation 9-1-1 access fee refund, or another 234  
amount refunded, or by the superintendent of insurance of a 235  
domestic or foreign insurance tax refund, the treasurer of state 236  
shall place the amount certified to the credit of the fund. The 237  
certified amount transferred shall be derived from the receipts 238  
of the same tax, fee, wireless 9-1-1 charge, next generation 9- 239  
1-1 access fee, or other amount from which the refund arose. 240

(2) When a refund is for a tax, fee, wireless 9-1-1 241  
charge, next generation 9-1-1 access fee, or other amount that 242  
is not levied by the state or that was illegally or erroneously 243  
distributed to a taxing jurisdiction, the tax commissioner shall 244  
recover the amount of that refund from the next distribution of 245  
that tax, fee, wireless 9-1-1 charge, next generation 9-1-1 246  
access fee, or other amount that otherwise would be made to the 247  
taxing jurisdiction. If the amount to be recovered would exceed 248  
twenty-five per cent of the next distribution of that tax, fee, 249  
wireless 9-1-1 charge, next generation 9-1-1 access fee, or 250  
other amount, the commissioner may spread the recovery over more 251  
than one future distribution, taking into account the amount to 252  
be recovered and the amount of the anticipated future 253  
distributions. In no event may the commissioner spread the 254  
recovery over a period to exceed seventy-two months. 255

**Sec. 5749.01.** As used in this chapter: 256

(A) "Ton" shall mean two thousand pounds as measured at 257

the point and time of severance, after the removal of any 258  
impurities, under such rules and regulations as the tax 259  
commissioner may prescribe. 260

(B) "Taxpayer" means any person required to pay the tax 261  
levied by Chapter 5749. of the Revised Code. 262

(C) "Natural resource" means all forms of coal, salt, 263  
limestone, dolomite, sand, gravel, natural gas, and oil. 264

(D) ~~"Owner"~~ "Owner," "oil," and "exempt domestic well" have 265  
the same meanings as in section 1509.01 of the Revised Code. 266

(E) "Person" means any individual, firm, partnership, 267  
association, joint stock company, corporation, or estate, or 268  
combination thereof. 269

(F) "Return" means any report or statement required to be 270  
filed pursuant to Chapter 5749. of the Revised Code used to 271  
determine the tax due. 272

(G) "Severance" means the extraction or other removal of a 273  
natural resource from the soil or water of this state. 274

(H) "Severed" means the point at which the natural 275  
resource has been separated from the soil or water in this 276  
state. 277

(I) "Severer" means any person who actually removes the 278  
natural resources from the soil or water in this state. 279

(J) "Average quarterly spot price" means the following: 280

(1) For oil, the average of each day's closing spot price 281  
reported for one barrel of crude oil for the calendar quarter 282  
that begins six months before the current calendar quarter, as 283  
reported by a publicly available source determined by the 284

<u>commissioner;</u>	285
<u>(2) For natural gas, the average of each day's closing</u>	286
<u>spot price reported for one thousand cubic feet of natural gas</u>	287
<u>for the calendar quarter that begins six months before the</u>	288
<u>current calendar quarter, as reported by a publicly available</u>	289
<u>source determined by the commissioner.</u>	290
<u>(K) "Former section 1509.50 of the Revised Code" means</u>	291
<u>section 1509.50 of the Revised Code as it existed before its</u>	292
<u>repeal by this act.</u>	293
<b>Sec. 5749.02.</b> (A) For the purpose of providing revenue to	294
administer the state's coal mining and reclamation regulatory	295
program, to meet the environmental and resource management needs	296
of this state, <u>to reduce the electric bills of Ohioans,</u> and to	297
reclaim land affected by mining, an excise tax is hereby levied	298
on the privilege of engaging in the severance of natural	299
resources from the soil or water of this state. The tax shall be	300
imposed upon the severer at the rates prescribed by this	301
section:	302
(1) Eight cents per ton of coal;	303
(2) Four cents per ton of salt;	304
(3) Two cents per ton of limestone or dolomite;	305
(4) Two cents per ton of sand and gravel;	306
(5) <del>Ten cents per barrel</del> <u>Seven per cent of the total</u>	307
<u>volume of oil severed during the calendar quarter multiplied by</u>	308
<u>the average quarterly spot price for oil applicable to that</u>	309
<u>quarter;</u>	310
(6) <del>Two and one-half cents per thousand cubic feet</del> <u>Seven</u>	311
<u>per cent of the total volume of natural gas severed during the</u>	312

<u>calendar quarter multiplied by the average quarterly spot price</u>	313
<u>for natural gas applicable to that quarter;</u>	314
(7) One cent per ton of clay, sandstone or conglomerate,	315
shale, gypsum, or quartzite;	316
(8) Except as otherwise provided in this division or in	317
rules adopted by the reclamation forfeiture fund advisory board	318
under section 1513.182 of the Revised Code, an additional	319
fourteen cents per ton of coal produced from an area under a	320
coal mining and reclamation permit issued under Chapter 1513. of	321
the Revised Code for which the performance security is provided	322
under division (C) (2) of section 1513.08 of the Revised Code.	323
Beginning July 1, 2007, if at the end of a fiscal biennium the	324
balance of the reclamation forfeiture fund created in section	325
1513.18 of the Revised Code is equal to or greater than ten	326
million dollars, the rate levied shall be twelve cents per ton.	327
Beginning July 1, 2007, if at the end of a fiscal biennium the	328
balance of the fund is at least five million dollars, but less	329
than ten million dollars, the rate levied shall be fourteen	330
cents per ton. Beginning July 1, 2007, if at the end of a fiscal	331
biennium the balance of the fund is less than five million	332
dollars, the rate levied shall be sixteen cents per ton.	333
Beginning July 1, 2009, not later than thirty days after the	334
close of a fiscal biennium, the chief of the division of mineral	335
resources management shall certify to the tax commissioner the	336
amount of the balance of the reclamation forfeiture fund as of	337
the close of the fiscal biennium. Any necessary adjustment of	338
the rate levied shall take effect on the first day of the	339
following January and shall remain in effect during the calendar	340
biennium that begins on that date.	341
(9) An additional one and two-tenths cents per ton of coal	342

mined by surface mining methods. 343

(B) After the director of budget and management transfers 344  
money from the severance tax receipts fund as required in 345  
division (H) of section 5749.06 of the Revised Code, money 346  
remaining in the severance tax receipts fund, ~~except for money~~ 347  
~~in the fund from the amounts due under section 1509.50 of the~~ 348  
~~Revised Code,~~ shall be credited as follows: 349

(1) All of the moneys in the fund from the tax levied in 350  
division (A) (1) of this section shall be credited to the mining 351  
regulation and safety fund created in section 1513.30 of the 352  
Revised Code. 353

(2) The money in the fund from the tax levied in division 354  
(A) (2) of this section shall be credited to the mining 355  
regulation and safety fund. 356

(3) Of the moneys in the fund from the tax levied in 357  
divisions (A) (3) and (4) of this section, seven and five-tenths 358  
per cent shall be credited to the geological mapping fund and 359  
the remainder shall be credited to the mining regulation and 360  
safety fund created in section 1513.30 of the Revised Code. 361

(4) Of the moneys in the fund from the tax levied in 362  
divisions (A) (5) and (6) of this section, ~~ninety-eighty-five and~~ 363  
seven-tenths per cent shall be credited to the Ohio energy 364  
credit fund created in section 4928.57 of the Revised Code, 365  
twelve and nine-tenths per cent shall be credited to the oil and 366  
gas well fund, and ~~ten~~ one and four-tenths per cent shall be 367  
credited to the geological mapping fund. 368

(5) All of the moneys in the fund from the tax levied in 369  
division (A) (7) of this section shall be credited to the mining 370  
regulation and safety fund. 371

(6) All of the moneys in the fund from the tax levied in 372  
division (A) (8) of this section shall be credited to the 373  
reclamation forfeiture fund. 374

(7) All of the moneys in the fund from the tax levied in 375  
division (A) (9) of this section shall be credited to the mining 376  
regulation and safety fund. 377

(C) When, at the close of any fiscal year, the chief finds 378  
that the balance of the reclamation forfeiture fund, plus the 379  
estimated revenues from the tax levied by division (A) (8) of 380  
this section for the remainder of the calendar year that 381  
includes the close of the fiscal year, are sufficient to 382  
complete the reclamation of all lands for which the performance 383  
security has been provided under division (C) (2) of section 384  
1513.08 of the Revised Code, the purposes for which the tax 385  
under division (A) (8) of this section is levied shall be deemed 386  
accomplished at the end of that calendar year. The chief, within 387  
thirty days after the close of the fiscal year, shall certify 388  
those findings to the tax commissioner, and the tax levied under 389  
division (A) (8) of this section shall cease to be imposed for 390  
the subsequent calendar year after the last day of that calendar 391  
year on coal produced under a coal mining and reclamation permit 392  
issued under Chapter 1513. of the Revised Code if the permittee 393  
has made tax payments under division (A) (8) of this section 394  
during each of the preceding five full calendar years. Not later 395  
than thirty days after the close of a fiscal year, the chief 396  
shall certify to the tax commissioner the identity of any 397  
permittees who accordingly no longer are required to pay the tax 398  
levied under division (A) (8) of this section for the subsequent 399  
calendar year. 400

(D) On or before the last day of the first month of each 401

calendar quarter, the tax commissioner shall certify and post to 402  
the department of taxation's web site the average quarterly spot 403  
price applicable to oil and natural gas for that quarter. 404

**Sec. 5749.04.** No severer shall sever or sell a natural 405  
resource in this state without first having obtained a permit 406  
from or having registered with the department of natural 407  
resources. 408

The commissioner may request that the department of 409  
natural resources revoke the permit or registration of a severer 410  
or owner if the commissioner finds that the severer or owner has 411  
failed to comply with former section 1509.50 or Chapter 5749. of 412  
the Revised Code. 413

Upon receipt of such a request, that officer may revoke 414  
the permit or registration. 415

Except as provided in section 5749.03 of the Revised Code, 416  
before severing a natural resource each severer shall file an 417  
application with the commissioner on a form prescribed by the 418  
commissioner to establish a severance tax account. The 419  
application may require the severer to disclose any information 420  
the commissioner considers necessary to establish that account. 421

**Sec. 5749.06.** (A) (1) Each severer liable for the tax 422  
imposed by section 5749.02 of the Revised Code ~~and each severer~~ 423  
~~or owner liable for the amounts due under section 1509.50 of the~~ 424  
~~Revised Code, except for any amount due under division (B) (2) of~~ 425  
~~that section,~~ shall make and file returns with the tax 426  
commissioner in the prescribed form and at the prescribed times, 427  
computing and reflecting therein the tax as required by this 428  
chapter ~~and amounts due under section 1509.50 of the Revised~~ 429  
Code. 430

(2) The returns shall be filed for every calendar quarter, 431  
as required by this section, unless a different return period is 432  
prescribed for a taxpayer by the commissioner. 433

(B) (1) A separate return shall be filed for each calendar 434  
quarter, or other period, or any part thereof, during which the 435  
severer holds a permit or has registered as provided by section 436  
5749.04 of the Revised Code, or is required to hold the permit 437  
or registration, or during which an owner is required to file a 438  
return. The return shall be filed on or before the fifteenth day 439  
of the second month following the end of each return period. The 440  
tax due is payable along with the return. All such returns shall 441  
contain such information as the commissioner may require to 442  
fairly administer the tax. 443

(2) All returns shall be signed by the severer ~~or owner,~~ 444  
~~as applicable,~~ shall contain the full and complete information 445  
requested, and shall be made under penalty of perjury. 446

(C) If the commissioner believes that quarterly payments 447  
of tax would result in a delay that might jeopardize the 448  
collection of such tax payments, the commissioner may order that 449  
such payments be made weekly, or more frequently if necessary, 450  
such payments to be made not later than seven days following the 451  
close of the period for which the jeopardy payment is required. 452  
Such an order shall be delivered to the taxpayer in the manner 453  
provided in section 5703.37 of the Revised Code and shall remain 454  
in effect until the commissioner notifies the taxpayer to the 455  
contrary. 456

(D) Upon good cause the commissioner may extend for thirty 457  
days the period for filing any notice or return required to be 458  
filed under this section, and may remit all or a part of 459  
penalties that may become due under this chapter. 460

(E) Any tax and ~~any amount due under section 1509.50 of~~ 461  
~~the Revised Code~~ not paid by the day the tax ~~or amount~~ is due 462  
shall bear interest computed at the rate per annum prescribed by 463  
section 5703.47 of the Revised Code ~~on that amount due~~ from the 464  
day that the ~~amount~~ tax was originally required to be paid to 465  
the day of actual payment or to the day an assessment was issued 466  
under section 5749.07 or 5749.10 of the Revised Code, whichever 467  
occurs first. 468

(F) A severer ~~or owner, as applicable,~~ that fails to file 469  
a complete return or pay the full amount due under this chapter 470  
within the time prescribed, including any extensions of time 471  
granted by the commissioner, shall be subject to a penalty not 472  
to exceed the greater of fifty dollars or ten per cent of the 473  
amount due for the period. 474

(G) (1) A severer ~~or owner, as applicable,~~ shall remit 475  
payments electronically and, if required by the commissioner, 476  
file each return electronically. The commissioner may require 477  
that the severer ~~or owner~~ use the Ohio business gateway, as 478  
defined in section 718.01 of the Revised Code, or another 479  
electronic means to file returns and remit payments 480  
electronically. 481

(2) A severer ~~or owner~~ that is required to remit payments 482  
electronically under this section may apply to the commissioner, 483  
in the manner prescribed by the commissioner, to be excused from 484  
that requirement. The commissioner may excuse a severer ~~or owner~~ 485  
from the requirements of division (G) of this section for good 486  
cause. 487

(3) If a severer ~~or owner~~ that is required to remit 488  
payments or file returns electronically under this section fails 489  
to do so, the commissioner may impose a penalty on the severer 490

~~or owner~~ not to exceed the following: 491

(a) For the first or second payment or return the severer 492  
~~or owner~~ fails to remit or file electronically, the greater of 493  
five per cent of the amount of the payment that was required to 494  
be remitted or twenty-five dollars; 495

(b) For every payment or return after the second that the 496  
severer ~~or owner~~ fails to remit or file electronically, the 497  
greater of ten per cent of the amount of the payment that was 498  
required to be remitted or fifty dollars. 499

(H) (1) All amounts that the commissioner receives under 500  
this section shall be deemed to be revenue from taxes imposed 501  
under this chapter or from the amount due under section 1509.50 502  
of the Revised Code, as applicable, and shall be deposited in 503  
the severance tax receipts fund, which is hereby created in the 504  
state treasury. 505

(2) The director of budget and management shall transfer 506  
from the severance tax receipts fund, as necessary, to the tax 507  
refund fund amounts equal to the refunds certified by the 508  
commissioner under section 5749.08 of the Revised Code. Any 509  
amount transferred under division (H) (2) of this section shall 510  
be derived from receipts of the same tax or other amount from 511  
which the refund arose. 512

(3) After the director of budget and management makes any 513  
transfer required by division (H) (2) of this section, but not 514  
later than the twenty-fifth day of each month, the commissioner 515  
shall certify to the director the total amount remaining in the 516  
severance tax receipts fund organized according to the amount 517  
attributable to each natural resource and according to the 518  
amount attributable to a tax imposed by this chapter ~~and the~~ 519

~~amounts due under section 1509.50 of the Revised Code,~~ and shall 520  
provide for payment to the funds specified in division (B) of 521  
section 5749.02 of the Revised Code. 522

(I) Penalties imposed under this section are in addition 523  
to any other penalty imposed under this chapter and shall be 524  
considered as revenue arising from the tax levied under this 525  
chapter or the amount due under former section 1509.50 of the 526  
Revised Code, as applicable. The commissioner may collect any 527  
penalty or interest imposed under this section in the same 528  
manner as provided for the making of an assessment in section 529  
5749.07 of the Revised Code. The commissioner may abate all or a 530  
portion of such interest or penalties and may adopt rules 531  
governing such abatements. 532

(J) For purposes of this section: 533

(1) "Tax imposed by section 5749.02 of the Revised Code" 534  
or "tax" includes amounts due under former section 1509.50 of 535  
the Revised Code. 536

(2) "Severer" includes an owner as defined in section 537  
1509.01 of the Revised Code, with regard to amounts due from an 538  
owner under former section 1509.50 of the Revised Code. 539

**Sec. 5749.07.** (A) If any severer required by this chapter 540  
to make and file returns and pay the tax ~~levied~~ imposed by 541  
section 5749.02 of the Revised Code, ~~or any severer or owner~~ 542  
~~liable for the amounts due under section 1509.50 of the Revised~~ 543  
~~Code,~~ fails to make such return or pay such tax ~~or amounts,~~ the 544  
tax commissioner may make an assessment against the severer ~~or~~ 545  
~~owner~~ based upon any information in the commissioner's 546  
possession. 547

No assessment shall be made or issued against any severer 548

for any tax imposed by section 5749.02 of the Revised Code ~~or~~ 549  
~~against any severer or owner for any amount due under section~~ 550  
~~1509.50 of the Revised Code~~ more than four years after the 551  
return was due or was filed, whichever is later. This section 552  
does not bar an assessment against a severer ~~or owner~~ who fails 553  
to file a return as required by this chapter, or who files a 554  
fraudulent return. 555

The commissioner shall give the party assessed written 556  
notice of such assessment in the manner provided in section 557  
5703.37 of the Revised Code. With the notice, the commissioner 558  
shall provide instructions on how to petition for reassessment 559  
and request a hearing on the petition. 560

(B) Unless the party assessed files with the commissioner 561  
within sixty days after service of the notice of assessment a 562  
written petition for reassessment signed by the party assessed 563  
or that party's authorized agent having knowledge of the facts, 564  
the assessment becomes final and the amount of the assessment is 565  
due and payable from the party assessed to the treasurer of 566  
state. The petition shall indicate the objections of the party 567  
assessed, but additional objections may be raised in writing if 568  
received by the commissioner prior to the date shown on the 569  
final determination. If the petition has been properly filed, 570  
the commissioner shall proceed under section 5703.60 of the 571  
Revised Code. 572

(C) After an assessment becomes final, if any portion of 573  
the assessment remains unpaid, including accrued interest, a 574  
certified copy of the commissioner's entry making the assessment 575  
final may be filed in the office of the clerk of the court of 576  
common pleas in the county in which the party assessed resides 577  
or in which the party's business is conducted. Such filing shall 578

include the debtor's name and last known address. If the party 579  
assessed maintains no place of business in this state and is not 580  
a resident of this state, the certified copy of the entry may be 581  
filed in the office of the clerk of the court of common pleas of 582  
Franklin county. 583

Immediately upon the filing of such entry, the clerk shall 584  
enter a judgment for the state against the party assessed in the 585  
amount shown on the entry. The judgment may be filed by the 586  
clerk in a loose-leaf book entitled "special judgments for state 587  
severance tax," and shall have the same effect as other 588  
judgments. Execution shall issue upon the judgment upon the 589  
request of the commissioner, and all laws applicable to sales on 590  
execution shall apply to sales made under the judgment. 591

If the assessment is not paid in its entirety within sixty 592  
days after the day the assessment is issued, the portion of the 593  
assessment consisting of tax due ~~or amounts due under section~~ 594  
~~1509.50 of the Revised Code~~ shall bear interest at the rate per 595  
annum prescribed by section 5703.47 of the Revised Code from the 596  
day the commissioner issues the assessment until it is paid or 597  
until it is certified to the attorney general for collection 598  
under section 131.02 of the Revised Code, whichever comes first. 599  
If the unpaid portion of the assessment is certified to the 600  
attorney general for collection, the entire unpaid portion of 601  
the assessment shall bear interest at the rate per annum 602  
prescribed by section 5703.47 of the Revised Code from the date 603  
of certification until the date it is paid in its entirety. 604  
Interest shall be paid in the same manner as the tax and may be 605  
collected by the issuance of an assessment under this section. 606

(D) All money collected by the commissioner under this 607  
section shall be paid to the treasurer of state, and when paid 608

shall be considered as revenue arising from the tax imposed by 609  
section 5749.02 of the Revised Code ~~and the amount due under~~ 610  
~~section 1509.50 of the Revised Code, as applicable.~~ 611

(E) For purposes of this section: 612

(1) "Tax imposed by section 5749.02 of the Revised Code" 613  
or "tax" includes amounts due under former section 1509.50 of 614  
the Revised Code. 615

(2) "Severer" includes an owner as defined in section 616  
1509.01 of the Revised Code, with regard to amounts due from an 617  
owner under former section 1509.50 of the Revised Code. 618

**Sec. 5749.08.** The tax commissioner shall refund ~~to~~ 619  
~~taxpayers~~ amounts paid under this chapter or former section 620  
1509.50 of the Revised Code that were paid illegally or 621  
erroneously or paid on an illegal or erroneous assessment. 622  
Applications for refund shall be filed with the commissioner, on 623  
the form prescribed by the commissioner, within four years from 624  
the date of the illegal or erroneous payment. On the filing of 625  
the application, the commissioner shall determine the amount of 626  
refund to which the applicant is entitled, plus interest 627  
computed in accordance with section 5703.47 of the Revised Code 628  
from the date of the payment of an erroneous or illegal 629  
assessment until the date the refund is paid. If the amount is 630  
not less than that claimed, the commissioner shall certify the 631  
amount to the director of budget and management and treasurer of 632  
state for payment from the tax refund fund created by section 633  
5703.052 of the Revised Code. If the amount is less than that 634  
claimed, the commissioner shall proceed in accordance with 635  
section 5703.70 of the Revised Code. 636

**Sec. 5749.10.** If the tax commissioner finds that a 637

~~taxpayer, person~~ liable for tax under this chapter or for any 638  
amount due under former section 1509.50 of the Revised Code is 639  
about to depart from the state, or remove the ~~taxpayer's~~ 640  
person's property therefrom, or conceal ~~the taxpayer's~~ its 641  
person or property, or do any other act tending to prejudice or 642  
to render wholly or partly ineffectual proceedings to collect 643  
such tax or other amount due unless such proceedings are brought 644  
without delay, or if the commissioner believes that the 645  
collection of the tax or amount due from any ~~taxpayer~~ person 646  
will be jeopardized by delay, the commissioner shall give notice 647  
of such findings to ~~such taxpayer~~ the person together with the 648  
demand for an immediate return and immediate payment of such tax 649  
or other amount due, with penalty as provided in section 5749.15 650  
of the Revised Code, whereupon such tax or other amount due 651  
shall become immediately due and payable. In such cases the 652  
commissioner may immediately file an entry with the clerk of the 653  
court of common pleas in the same manner and with the same 654  
effect as provided in section 5749.07 of the Revised Code, 655  
provided that if ~~such taxpayer~~ the person, within five days from 656  
notice of the assessment, furnishes evidence satisfactory to the 657  
commissioner, under ~~the regulations prescribed~~ rules adopted by 658  
the commissioner, that the ~~taxpayer~~ person is not in default in 659  
making returns or paying any tax prescribed by this chapter or 660  
amount due under former section 1509.50 of the Revised Code, or 661  
that the ~~taxpayer~~ person will duly return and pay, or post bond 662  
satisfactory to the commissioner conditioned upon payment of the 663  
tax or other amount finally determined to be due, then such tax 664  
or other amount due shall not be payable prior to the time and 665  
manner otherwise fixed for payment under section 5749.07 of the 666  
Revised Code, and the person assessed shall be restored the 667  
rights granted under such section. Upon satisfaction of the 668  
assessment the commissioner shall order the bond cancelled, 669

securities released, and judgment vacated. 670

Any assessment issued under this section shall bear 671  
interest as prescribed under section 5749.07 of the Revised 672  
Code. 673

**Sec. 5749.12.** Any nonresident of this state who accepts 674  
the privilege extended by the laws of this state to nonresidents 675  
severing natural resources in this state, and any resident of 676  
this state who subsequently becomes a nonresident or conceals 677  
the resident's whereabouts, makes the secretary of state of Ohio 678  
the person's agent for the service of process or notice in any 679  
assessment, action, or proceedings instituted in this state 680  
against such person under this chapter or for purposes of 681  
amounts due under former section 1509.50 of the Revised Code. 682

Such process or notice shall be served as provided under 683  
section 5703.37 of the Revised Code. 684

**Sec. 5749.13.** The tax commissioner may prescribe 685  
requirements as to the keeping of records and other pertinent 686  
documents and the filing of copies of federal income tax returns 687  
and determinations. The commissioner may require any person, by 688  
rule or by notice served on that person, to keep such records as 689  
the commissioner considers necessary to show whether that person 690  
is liable, and the extent of liability, for the tax imposed 691  
under this chapter and the amount due under former section 692  
1509.50 of the Revised Code. Such records and other documents 693  
shall be open during business hours to the inspection of the 694  
commissioner, and shall be preserved for a period of four years 695  
after the date the return was required to be filed or actually 696  
was filed, whichever is later, unless the commissioner, in 697  
writing, consents to their destruction within that period, or by 698  
order requires that they be kept longer. 699

**Sec. 5749.14.** The tax commissioner shall enforce and 700  
administer this chapter ~~and applicable provisions of section~~ 701  
~~1509.50 of the Revised Code.~~ In addition to any other powers 702  
conferred upon the commissioner by law, the commissioner may: 703

(A) Prescribe all forms required to be filed pursuant to 704  
this chapter; 705

(B) ~~Promulgate~~ Adopt such rules as the commissioner finds 706  
necessary to carry out this chapter ~~and applicable provisions of~~ 707  
~~section 1509.50 of the Revised Code;~~ 708

(C) Appoint and employ such personnel as may be necessary 709  
to carry out the duties imposed upon the commissioner by this 710  
chapter. 711

**Sec. 5749.15.** Any person who fails to file a return or pay 712  
the tax as required under this chapter or other amount due under 713  
former section 1509.50 of the Revised Code who is assessed such 714  
taxes or other amount due pursuant to section 5749.07 or 5749.10 715  
of the Revised Code may be liable for a penalty of up to twenty- 716  
five per cent of the amount assessed. The tax commissioner may 717  
adopt rules relating to the imposition and remission of 718  
penalties imposed under this section. 719

**Section 2.** That existing sections 1509.02, 1509.34, 720  
5703.052, 5749.01, 5749.02, 5749.04, 5749.06, 5749.07, 5749.08, 721  
5749.10, 5749.12, 5749.13, 5749.14, and 5749.15 of the Revised 722  
Code are hereby repealed. 723

**Section 3.** That section 1509.50 of the Revised Code is 724  
hereby repealed, effective on the first day of the first 725  
calendar quarter beginning on or after the effective date of 726  
this section. 727

**Section 4.** Not later than ten days after the effective 728

date of this section, the Director of Budget and Management 729  
shall transfer \$150,000,000 from the Oil and Gas Well Fund (Fund 730  
5180), used by the Department of Natural Resources, to the Ohio 731  
Energy Credit Fund (Fund 5DT1) created in section 4928.57 of the 732  
Revised Code, as enacted by this act. 733

**Section 5.** All items in this act are hereby appropriated 734  
as designated out of any moneys in the state treasury to the 735  
credit of the designated fund. For all operating appropriations 736  
made in this act, those in the first column are for fiscal year 737  
2026 and those in the second column are for fiscal year 2027. 738  
The operating appropriations made in this act are in addition to 739  
any other operating appropriations made for these fiscal years. 740

**Section 6.** 741  
742

	1	2	3	4	5
A	PUC PUBLIC UTILITIES COMMISSION OF OHIO				
B	Dedicated Purpose Fund Group				
C	5DT1	870652	Ohio Energy Credit Fund	\$0	\$150,000,000
D	Dedicated Purpose Fund Group Total			\$0	\$150,000,000

OHIO ENERGY CREDIT FUND 743

The foregoing appropriation item 870652, Energy Credit 744  
Fund, shall be used to pay for bill credit amounts applied to 745  
residential customer electricity bills pursuant to section 746  
4928.571 of the Revised Code. 747

**Section 7.** Within the limits set forth in this act, the 748  
Director of Budget and Management shall establish accounts 749

indicating the source and amount of funds for each appropriation 750  
made in this act, and shall determine the manner in which 751  
appropriation accounts shall be maintained. Expenditures from 752  
operating appropriations contained in this act shall be 753  
accounted for as though made in, and are subject to all 754  
applicable provisions of, H.B. 96 of the 136th General Assembly. 755

**Section 8.** The amendment by this act of sections 1509.02, 756  
1509.34, 5703.052, 5749.01, 5749.02, 5749.04, 5749.06, 5749.07, 757  
5749.08, 5749.10, 5749.12, 5749.13, 5749.14, and 5749.15 of the 758  
Revised Code applies on and after the first day of the first 759  
calendar quarter beginning on or after the effective date of 760  
this section. 761