Prepared by the North Dakota Legislative Council staff for the Taxation Committee
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URANIUM SEVERANCE TAXES IN OTHER STATES

Most uranium mining in the United States is done by in situ leach (ISL) methods. In situ leach mining involves injection of fluids to dissolve the underground uranium ore and pumping the resulting solution to the surface for extraction of the ore from the solution.

The states with the largest known uranium ore reserves in the United States ranked by size of reserves are Wyoming, New Mexico, and Colorado. Rising uranium prices have increased interest in uranium mining in Arizona, Colorado, Texas, and Utah. Uranium reserves have been identified in 21 states, including North Dakota. From 1965 to 1967, Union Carbide operated a mill near Belfield to burn uranium-bearing lignite and extract uranium from the ash. Recent exploration has identified uranium deposits in North Dakota which could be extracted by ISL methods if uranium prices make the operations economically feasible.

Uranium market prices have been volatile for several decades, and as a result mining operations have been started and closed in several locations. The uranium mining boomtown of Jeffrey City, Wyoming, lost 95 percent of its population in three years. By 2006, the only active uranium mining operation in Wyoming was one located in the Powder River Basin, which is the leading uranium producing mining operation in the United States.

Uranium Severance Tax Rates	
Colorado[1]	2.25%
Nebraska[2]	2.00%
New Mexico[3]	2.55%
South Dakota	4.50%
Wyoming[4]	4.00%

[1]The first $19 million gross value per year per producer is exempt from the severance tax, and ad valorem taxes are allowed as a credit against the severance tax. There has never been any severance tax collection on uranium production in Colorado. Colorado assesses and imposes property taxes on uranium.

[2]The first $5 million per producer per year is exempt from severance taxes, and transportation and processing costs are deductible from the taxable gross value. Nebraska assesses and imposes property taxes.

[3]The Navajo Nation contains most of the known deposits of uranium in New Mexico. Federal, state, and tribal royalties are exempt from a portion of the combined taxes imposed by New Mexico, so the effective tax rate in New Mexico is less than the rate shown in the table.

[4]The Wyoming severance tax does not apply unless the market price of uranium is at least $14 per pound, and above that price, the severance tax is imposed at graduated rates from 1 percent to 4 percent, based on the market price of uranium. Deductions are allowed for royalties and processing costs. Wyoming assesses and imposes property taxes.