

WEST VIRGINIA STATE TAX DEPARTMENT

Administrative Notice 2005-11

SUBJECT: **Property Tax -- State Tax Commissioner's Statement for Value Analysis of Reserve Coal Properties Pursuant to § 110 CSR 1I-4.2.**

On April 6, 1999, the State Tax Department filed Legislative Rule § 110 CSR 1I-1 et seq., relating to the appraisal of producing and reserve coal properties. This notice will address valuation of reserve coal properties conducted by the State Tax Department pursuant to § 110 CSR 1I-4.2.

DISCUSSION

Legislative Rule § 110 CSR 1I-4.2 requires reserve coal properties to be appraised based upon coal bed mapping information from which a reserve coal valuation model (RCVM) is derived. RCVM values were to be phased in over five years until Tax Year 2004. From Tax Year 2004 and forward, 100% of the RCVM value will be used.

RESERVE COAL VALUATION MODEL (RCVM)

Legislative Rule § 110 CSR 1I-4.2.3 requires the establishment of a reserve coal valuation model (RCVM) by the systematic analysis of Geographic Information System (GIS) data sets relating to the following: coal bed maps, mine maps, pricing and market analysis (including royalties), property transactions, environmental factors, property location, use conflicts and coal bed characteristics, including quality considerations. This analysis is designed to produce a valuation of individual coal beds per individual coal reserve properties.

Data sets for this analysis will be derived from a variety of sources, including but not limited to, the following: taxpayer annual returns, questionnaires, West Virginia Geological and Economic Survey, West Virginia Department of Environmental Protection, West Virginia Division of Natural Resources, United States Department of Interior, and any other reliable source(s) which may come to the attention of the Commissioner.

For more information concerning the calculations for developing the RCVM consult § 110 CSR 1I-1 et seq. or contact the State Tax Department at telephone number (304) 558-3940.

January 28, 2005

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