



Eric Nelson  
Secretary of Revenue

Matthew Irby  
Tax Commissioner

September 2, 2025

The Honorable Kris Warner  
Secretary of State  
Building 1, Suite 157-K  
State Capitol  
Charleston, West Virginia 25305

Dear Secretary Warner:

Attached for filing in the State Register are final natural resource property valuation variables for the 2026 Tax Year that have been developed by the State Tax Division for use in determining the appraised value of coal, oil, natural gas, managed timberland, and other natural resource properties for ad valorem tax purposes.

In accordance with the requirements of §§110CSR1-I, 1-J, and 1-K, tentative variables were made available for public comments on July 1, 2024. The Division received comments on the tentative valuation variables.

The first comment the agency received related to the reserve oil and gas rates and the need to engage in an updated review of the rates. The current rates reflect the best information available at the time of filing.

The next comment related to the management fee increase from last year in the valuation of managed timberland. The agency undertook a detailed analysis of the industry following the use of a simple inflationary variable last year. After weighing the validity of sources, a rate of \$8.55 was determined.

The next comment related to historical risk rates not properly brought over from the prior year. This related to a clerical error in last year's final variables. The rate has been properly updated, but no change to the actual value of managed timberland was warranted.

The final comment related to the inflation rate utilized for managed timberland. After review of the rate, it was determined that no changes are necessary at this time.

Sincerely,  
  
Matthew Irby  
State Tax Commissioner

Attachment

## **OIL AND GAS PROPERTIES ANALYSIS**

**Tax Year 2026**

September 2, 2025  
Matthew R. Irby  
Tax Commissioner  
Department of Revenue

## OIL AND GAS CAPITALIZATION RATE

The Tax Year 2026 cost of capital analysis for West Virginia Oil and Gas was completed on 06/5/2025 using the Q4 2024 Cost of Capital Software (Business Valuation Resources), the Kroll Cost of Capital Data Sets and information available through the Federal Reserve Bank of Saint Louis. All data is valid as of December 31, 2024 Navigator. Returns were selected and calculated for the time period ranging from 1928 to 2024 using a geometric mean. The Capitalization Rate is based on the weighted cost of capital where the equity proportion is set at 79.15% and the debt portion is set at 20.85%.

### 5.4.2.a: Equity Portion:

The Build-Up Model was selected for the computation of the cost of equity capital. Given the components selected the formula used is as follows:

$$\begin{aligned} \text{CoE} &= \text{RFR} + \text{ERP} + \text{IRP} + \text{SP} \\ 13.62\% &= 4.86\% + 5.46\% + 2.40\% + 0.90\% \end{aligned}$$

**5.4.2.a.1** A **4.86%** Risk Free Rate (RFR) was selected, representing the 20-Year Treasury Constant Maturity Rate available on 12/31/2025 at the Federal Reserve Bank.

**5.4.2.a.2** A **5.46%** Equity Risk Premium (ERP) was selected, representing the Historical ERP calculated using the S&P 500 average annual return of 10.18% derived from Center for Research in Security Prices (CRSP) data for the 1928 - 2024 period and a 4.72% 20-year T-Bond average annual return (Reconstructed) for the same timeframe.

**5.4.2.a.3** An implied **2.40%** Industry Risk Premium (IRP) was calculated using an industry beta of 1.44 selected based on average of beta published by Salvidio & Partners and included 19 firm and selected West Virginia E & P firms (Antero Resources, Cabot Corp, Chesapeake Energy, Dominion Resources, EOG Resources, Range Resources, & Southwestern Energy). The Implied Industry Risk Premium is calculated as: (Industry Beta \* ERP) - ERP = (1.44 \* 5.46%) - 5.46%.

**5.4.2.a.4** A **0.90%** Size Premium (SP) was selected. The Size Premium was based on Center for Research in Security Prices (CRSP) decile 3 which included 212 firms with an equity market capitalization size ranging from \$9,937,935,000 to \$20,178,359,000 in Q4 2024. The CRSP decile 3 mean annual return reached 11.08% between 1928 and 2024. The mean annual return for the S&P 500 for the same period was 10.18%.

Cost of Equity is estimated at 13.62% for West Virginia Oil and Gas Cap Rate 2026 Tax Year as of 06/05/2024 based on the Build-Up Model.

### 5.4.2.b Debt Portion:

**5.4.2.b.1** A borrowing rate (pre-tax cost of debt) of **7.65%** was selected. Based on average of Prime Lending Rate +2% (7.5%+2%) and BAA Corp Bond Rate 5.81%. (December 31, 2024)

**5.4.2.b.2** A tax rate of **7.10%** was selected. Stern, NYU, Damodaran

The Weighted Average Cost of Capital (WACC) computed for WV Oil and Gas TY 2026. Given the components selected the formula used is as follows:

$$WACC = (CoE * We) + (KdPreTax * (1 - t) * Wd)$$

$$12.42\% = (13.62\% * 79.15\%) + (7.65\% * (1 - 7.10\%) * 20.85\%)$$

The West Virginia Weighted Average Cost of Capital for oil and gas is calculated as 12.42% WACC.

**Cost of Capital = 12.42% WACC for West Virginia Oil and Gas as of 07/01/2025.**

<b>CAPITALIZATION RATE - 12.42%</b>			
<b>Year</b>	<b>Multiplier</b>	<b>Year</b>	<b>Multiplier</b>
1	0.9431	16	0.1629
2	0.8389	17	0.1449
3	0.7463	18	0.1289
4	0.6638	19	0.1147
5	0.5905	20	0.1020
6	0.5252	21	0.0907
7	0.4672	22	0.0807
8	0.4156	23	0.0718
9	0.3697	24	0.0639
10	0.3288	25	0.0568
11	0.2925	26	0.0505
12	0.2602	27	0.0449
13	0.2314	28	0.0400
14	0.2059	29	0.0356
15	0.1831	30	0.0316

Decline Rates for Natural Gas and Oil Formations: Central					
Central: Braxton, Clay, Fayette, Nicholas, Webster					
Code	Formation	Year 1	Year 2	Year 3 +	
12	Alexander, Benson	-0.31	-0.20	-0.10	<b>Braxton</b>
14	Benson	-0.48	-0.08	-0.08	<b>Clay</b>
16	Benson, Balltown+	-0.45	-0.16	-0.12	<b>Fayette</b>
17	Gordon +	-0.30	-0.07	-0.07	<b>Nicholas</b>
18	Big Injun	-0.34	-0.13	-0.13	<b>Webster</b>
19	Big Injun, Big Lime	-0.36	-0.13	-0.13	
22	Big Lime	-0.34	-0.34	-0.13	
26	Ravencliff	-0.40	-0.40	-0.25	
93	4th Sand	-0.42	-0.32	-0.08	
94	50 Foot	-0.34	-0.26	-0.07	
95	Injun/Weir	-0.51	-0.26	-0.09	
96	Maxton	-0.70	-0.27	-0.08	
109	Trenton/Deeper	-0.41	-0.22	-0.09	
110	Marcellus	-0.41	-0.22	-0.09	
9	Exception (Median)	-0.41	-0.22	-0.09	
10	Non-Filer	-0.30	-0.07	-0.07	

Decline Rates for Natural Gas and Oil Formations: East					
East: Berkeley, Grant, Greenbrier, Hampshire, Hardy, Jefferson, Mineral, Monroe, Morgan, Pendleton, Pocahontas, Preston, Randolph, Summers, Tucker					
Code	Formation	Year 1	Year 2	Year 3 +	
1	Oriskany	-0.30	-0.30	-0.19	<b>Berkeley</b>
14	Benson	-0.31	-0.17	-0.12	<b>Grant</b>
20	Benson +	-0.44	-0.20	-0.08	<b>Greenbrier</b>
21	Benson, Fifth	-0.29	-0.28	-0.09	<b>Hampshire</b>
32	Brallier +	-0.48	-0.20	-0.05	<b>Hardy</b>
33	Elk, Benson	-0.39	-0.21	-0.08	<b>Jefferson</b>
34	Elk, Benson, Riley	-0.53	-0.19	-0.05	<b>Mineral</b>
35	Elk, Benson, Riley +	-0.36	-0.19	-0.11	<b>Monroe</b>
36	Elk, Benson, Balltown	-0.34	-0.18	-0.11	<b>Morgan</b>
37	Elk, Alexander,Benson	-0.50	-0.07	-0.07	<b>Pendleton</b>
38	Elk, Alexander,Benson +	-0.40	-0.16	-0.16	<b>Pocahontas</b>
39	Huntermville	-0.31	-0.31	-0.14	<b>Preston</b>
40	Fox, Haverty	-0.36	-0.21	-0.15	<b>Randolph</b>
93	4th Sand	-0.42	-0.32	-0.08	<b>Summers</b>
94	50 Foot	-0.34	-0.26	-0.07	<b>Tucker</b>
95	Injun/Weir	-0.51	-0.26	-0.09	
96	Maxton	-0.70	-0.27	-0.08	
110	Marcellus	-0.59	-0.22	-0.17	
9	Exception (Median)	-0.41	-0.22	-0.10	
10	Non-Filer	-0.29	-0.07	-0.05	

Decline Rates for Natural Gas and Oil Formations: South					
South: McDowell, Mercer, Raleigh, Wyoming					
Code	Formation	Year 1	Year 2	Year 3 +	
8	Berea	-0.34	-0.15	-0.15	McDowell
22	Big Lime	-0.31	-0.19	-0.07	Mercer
23	Big Lime, Maxton	-0.31	-0.19	-0.07	Raleigh
24	Big Lime, Ravencliff	-0.29	-0.29	-0.17	Wyoming
25	Berea +	-0.37	-0.12	-0.08	
26	Ravencliff	-0.40	-0.08	-0.07	
28	Weir	-0.44	-0.20	-0.10	
29	Weir +	-0.28	-0.21	-0.08	
30	Weir, Big Lime	-0.37	-0.19	-0.13	
42	Maxton, Ravencliff	-0.40	-0.08	-0.07	
93	4th Sand	-0.42	-0.32	-0.08	
94	50 Foot	-0.34	-0.26	-0.07	
95	Injun/Weir	-0.51	-0.26	-0.09	
96	Maxton	-0.27	-0.13	-0.09	
97	Coalbed Methane (Vertical)	-0.03	-0.10	-0.05	
98	Coalbed Methane (Horizontal)	-0.05	-0.05	-0.32	
110	Marcellus	-0.36	-0.19	-0.09	
9	Exception (Median)	-0.36	-0.19	-0.09	
10	Non-Filer	-0.23	-0.08	-0.05	

### Decline Rates for Natural Gas and Oil Formations: South West

#### South West: Cabell, Lincoln, Logan, Mingo, Wayne

Code	Formation	Year 1	Year 2	Year 3 +	
3	Devonian Shale	-0.31	-0.15	-0.04	<b>Cabell</b>
8	Berea	-0.36	-0.11	-0.11	<b>Lincoln</b>
18	Big Injun	-0.38	-0.22	-0.04	<b>Logan</b>
22	Big Lime	-0.19	-0.19	-0.19	<b>Mingo</b>
43	Berea, Big Lime	-0.18	-0.18	-0.18	<b>Wayne</b>
93	4th Sand	-0.42	-0.32	-0.08	
94	50 Foot	-0.34	-0.26	-0.07	
95	Injun/Weir	-0.51	-0.26	-0.09	
96	Maxton	-0.70	-0.27	-0.08	
109	Trenton/Deeper	-0.38	-0.22	-0.10	
110	Marcellus	-0.38	-0.22	-0.10	
9	Exception (Median)	-0.38	-0.22	-0.10	
10	Non-Filer	-0.18	-0.11	-0.04	

Decline Rates for Natural Gas and Oil Formations: South Central					
South Central: Boone, Kanawha					
Code	Formation	Year 1	Year 2	Year 3 +	
3	Devonian Shale	-0.23	-0.08	-0.05	<b>Boone</b>
4	Huron	-0.31	-0.15	-0.04	<b>Kanawha</b>
8	Berea	-0.23	-0.14	-0.09	
18	Big Injun	-0.29	-0.25	-0.12	
27	Huron, Shales above Huron	-0.21	-0.08	-0.05	
28	Weir	-0.30	-0.21	-0.14	
29	Weir +	-0.31	-0.25	-0.09	
31	Devonian Shales +	-0.27	-0.07	-0.05	
86	Big Injun-Oil	-0.19	-0.18	-0.10	
93	4th Sand	-0.42	-0.32	-0.08	
94	50 Foot	-0.34	-0.26	-0.07	
95	Injun/Weir	-0.51	-0.26	-0.09	
96	Maxton	-0.70	-0.27	-0.08	
109	Trenton/Deeper	-0.33	-0.19	-0.08	
110	Marcellus	-0.33	-0.19	-0.08	
9	Exception (Median)	-0.33	-0.19	-0.08	
10	Non-Filer	-0.19	-0.07	-0.04	

Decline Rates for Natural Gas and Oil Formations: North					
North: Brooke, Hancock, Marshall, Ohio, Tyler, Wetzel					
Code	Formation	Year 1	Year 2	Year 3 +	
11	Gordon	-0.47	-0.31	-0.09	<b>Brooke</b>
13	Alexander, Benson, Riley	-0.26	-0.16	-0.15	<b>Hancock</b>
15	Benson, Riley	-0.18	-0.16	-0.06	<b>Marshall</b>
93	4th Sand	-0.42	-0.32	-0.08	<b>Ohio</b>
94	50 Foot	-0.34	-0.26	-0.07	<b>Tyler</b>
95	Injun/Weir	-0.51	-0.26	-0.09	<b>Wetzel</b>
96	Maxton	-0.70	-0.27	-0.08	
97	Coalbed Methane (Vertical)	-0.23	-0.08	-0.05	
110	Marcellus	-0.52	-0.23	-0.18	
9	Exception (Median)	-0.39	-0.23	-0.08	
10	Non-Filer	-0.18	-0.16	-0.06	

Decline Rates for Natural Gas and Oil Formations: North West					
North West: Pleasants, Ritchie, Wood					
Code	Formation	Year 1	Year 2	Year 3 +	
2	Huron, Rhinestreet	-0.41	-0.26	-0.07	Pleasants
4	Huron	-0.42	-0.24	-0.14	Ritchie
5	Huron, Shales above Huron	-0.39	-0.25	-0.14	Wood
8	Berea	-0.31	-0.15	-0.15	
11	Gordon	-0.38	-0.10	-0.10	
12	Alexander, Benson (No Riley)	-0.34	-0.23	-0.10	
13	Alexander, Benson, Riley	-0.32	-0.20	-0.10	
14	Benson	-0.19	-0.19	-0.10	
44	Rhinestreet, Huron, Shallow Shale	-0.43	-0.28	-0.11	
47	Alexander, Riley, (No Benson)	-0.41	-0.05	-0.05	
48	Rhinestreet, Alexander, Benson, Riley	-0.31	-0.24	-0.10	
49	Weir, Squaw, Big Injun	-0.27	-0.17	-0.07	
50	Rhinestreet	-0.40	-0.27	-0.27	
51	Rhinestreet +	-0.36	-0.21	-0.10	
52	All Upper Devonian (Undiv)	-0.48	-0.33	-0.19	
53	Huron, Chemung	-0.35	-0.11	-0.09	
54	Huron, Hampshire, Pocono	-0.12	-0.12	-0.11	
55	Upper Devonian (Above Huron)	-0.46	-0.33	-0.23	
56	Chemung Sands= Riley, Bradford, Balltown, Speechley, Warren (No Benson or Alexander)	-0.28	-0.18	-0.10	
83	Huron Oil	-0.74	-0.44	-0.40	
93	4th Sand	-0.42	-0.32	-0.08	
94	50 Foot	-0.34	-0.26	-0.07	
95	Injun/Weir	-0.51	-0.26	-0.09	
96	Maxton	-0.70	-0.27	-0.08	
109	Trenton/Deeper	-0.39	-0.23	-0.13	
110	Marcellus	-0.46	-0.29	-0.23	
111	Utica	-0.46	-0.29	-0.23	
9	Exception (Median)	-0.39	-0.23	-0.13	
10	Non-Filer	-0.12	-0.05	-0.05	

**North Central: Barbour, Doddridge, Gilmer, Harrison, Lewis, Marion, Monongalia, Taylor, Upshur**

<b>Code</b>	<b>Formation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3 +</b>	
11	Gordon	-0.41	-0.14	-0.12	<b>Barbour</b>
12	Alexander, Benson	-0.37	-0.19	-0.11	<b>Doddridge</b>
13	Alexander, Benson, Riley	-0.40	-0.28	-0.05	<b>Gilmer</b>
14	Benson	-0.31	-0.17	-0.12	<b>Harrison</b>
15	Benson, Riley	-0.34	-0.17	-0.14	<b>Lewis</b>
18	Big Injun	-0.36	-0.16	-0.13	<b>Marion</b>
21	Benson, Fifth	-0.31	-0.20	-0.14	<b>Monongalia</b>
28	Weir	-0.34	-0.34	-0.07	<b>Taylor</b>
29	Weir +	-0.28	-0.28	-0.23	<b>Upshur</b>
33	Elk, Benson	-0.34	-0.16	-0.11	
34	Elk, Benson, Riley	-0.42	-0.27	-0.08	
37	Elk, Alexander, Benson	-0.49	-0.23	-0.08	
38	Elk, Alexander, Benson +	-0.38	-0.20	-0.12	
40	Fox, Haverty	-0.46	-0.16	-0.08	
50	Rhinestreet	-0.28	-0.03	-0.03	
57	Alexander, Benson, Balltown	-0.39	-0.26	-0.08	
58	Alexander	-0.35	-0.20	-0.10	
59	Alexander +	-0.39	-0.22	-0.10	
60	Alexander, Benson, Riley +	-0.39	-0.35	-0.12	
61	Balltown	-0.35	-0.20	-0.10	
62	Balltown, Speechley	-0.28	-0.22	-0.10	
63	Balltown, Speechley +	-0.30	-0.13	-0.10	
64	Benson, Balltown, Speechley	-0.28	-0.22	-0.09	
65	Benson, Bradford	-0.37	-0.20	-0.10	
66	Benson, Balltown	-0.29	-0.23	-0.11	
67	Benson, Riley +	-0.38	-0.14	-0.10	
68	Benson, Speechley	-0.30	-0.22	-0.14	
69	Brallier, Elk	-0.42	-0.20	-0.13	

**North Central: continued**

<b>Code</b>	<b>Formation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3 +</b>
70	Brallier	-0.40	-0.22	-0.15
71	Deeper/Onondaga or Oriskany/Helderberg	-0.24	-0.24	-0.03
72	Elk, Alexander	-0.42	-0.22	-0.09
73	Elk, Benson +	-0.38	-0.20	-0.12
74	Elk	-0.43	-0.12	-0.10
75	Elk, Riley	-0.60	-0.35	-0.17
76	Fox +	-0.46	-0.18	-0.09
77	Haverty, Elk, Benson (No Alexander)	-0.35	-0.16	-0.16
78	Haverty	-0.45	-0.15	-0.15
79	Riley	-0.44	-0.22	-0.10
80	Speechley	-0.30	-0.18	-0.09
81	Alexander, Benson, Speechley	-0.39	-0.24	-0.10
82	Haverty, Elk, Alexander	-0.47	-0.14	-0.14
85	Fifth, Oil	-0.45	-0.25	-0.22
87	Bayard All	-0.30	-0.20	-0.05
88	Fifth	-0.29	-0.18	-0.12
89	Fifth +	-0.25	-0.15	-0.13
90	Gordon, Injun All	-0.41	-0.23	-0.23
91	Squaw	-0.37	-0.31	-0.06
92	Injun +	-0.34	-0.22	-0.22
93	4th Sand	-0.42	-0.32	-0.08
94	50 Foot	-0.34	-0.26	-0.07
95	Injun/Weir	-0.51	-0.26	-0.09
96	Maxton	-0.70	-0.27	-0.08
97	Coalbed Methane (Vertical)	-0.23	-0.08	-0.05
98	Coalbed Methane (Horizontal)	-0.05	-0.05	-0.32
109	Trenton/Deeper	-0.38	-0.21	-0.11
110	Marcellus	-0.59	-0.29	-0.23
9	Exception (Median)	-0.38	-0.21	-0.11
10	Non-Filer	-0.23	-0.03	-0.03

### Decline Rates for Natural Gas and Oil Formations: West

#### West: Jackson, Mason, Putnam

Code	Formation	Year 1	Year 2	Year 3 +	
1	Oriskany	-0.40	-0.40	-0.29	<b>Jackson</b>
2	Huron, Rhinestreet	-0.13	-0.12	-0.03	<b>Mason</b>
3	Devonian Shale	-0.31	-0.15	-0.04	<b>Putnam</b>
4	Huron	-0.29	-0.14	-0.05	
5	Huron, Shales above Huron	-0.38	-0.15	-0.06	
6	Huron, Berea	-0.29	-0.08	-0.08	
7	Berea, Devonian Shale	-0.08	-0.08	-0.08	
8	Berea	-0.36	-0.16	-0.16	
93	4th Sand	-0.42	-0.32	-0.08	
94	50 Foot	-0.34	-0.26	-0.07	
95	Injun/Weir	-0.51	-0.26	-0.09	
96	Maxton	-0.70	-0.27	-0.08	
109	Trenton/Deeper	-0.35	-0.20	-0.09	
110	Marcellus	-0.35	-0.20	-0.09	
9	Exception (Median)	-0.35	-0.20	-0.09	
10	Non-Filer	-0.08	-0.08	-0.03	

Decline Rates for Natural Gas and Oil Formations: West Central					
West Central: Calhoun, Roane, Wirt					
Code	Formation	Year 1	Year 2	Year 3 +	
2	Huron, Rhinestreet	-0.49	-0.11	-0.06	Calhoun
4	Huron	-0.33	-0.22	-0.14	Roane
27	Huron, Shales above Huron	-0.42	-0.23	-0.12	Wirt
44	Rhinestreet, Huron, Shallow Shale	-0.51	-0.14	-0.11	
45	Devonian Shale, Pocono	-0.25	-0.17	-0.12	
46	Pocono	-0.29	-0.25	-0.12	
84	Big Injun, Oil	-0.41	-0.41	-0.11	
93	4th Sand	-0.42	-0.32	-0.08	
94	50 Foot	-0.34	-0.26	-0.07	
95	Injun/Weir	-0.51	-0.26	-0.09	
96	Maxton	-0.70	-0.27	-0.08	
109	Trenton/Deeper	-0.42	-0.24	-0.10	
110	Marcellus	-0.42	-0.24	-0.10	
9	Exception (Median)	-0.42	-0.24	-0.10	
10	Non-Filer	-0.25	-0.11	-0.06	

## Average Industry Operating Expense Results – Safe Harbor

## CONVENTIONAL GAS

<b>OIL</b>	- Average Operating Expenses	=	\$5,000
	- Coal Bed Methane, Vertical Wells Expenses	=	\$9,000
	- Average Operating Expenses	=	\$5,750
	- Average Enhanced Operating Expenses	=	\$9,000
	Minimum Working Interest Appraisal	=	\$500 per well
	Flat Rate Royalty Multiplier	=	5.75

### Home Use Only Wells:Appraised at \$500 per well

Industrial Use Only Wells:\* Gas MCF usage X \$2.31/MCF  
Oil BBL usage X \$65.00/BBL  
NGL BBL usage X \$27.00/BBL

*\*Also includes West Virginia Department of Environmental Protection reported wells.)*

## Non-Filer Pricing

Under W.Va. CSR § 110-1J-8 the Tax Commissioner shall now use the average industry price of the producing area and strata multiplied by the production of the well as reported to the West Virginia Department of Environmental Protection in determining the working interest income. The following prices will be used across the state:

Natural Gas = \$2.31 per MCF  
Oil = \$65 per barrel  
Natural Gas Liquids = \$27 per barrel

## Valuation

The previously discussed variables are used to establish a future income stream converted to present worth through application of a capitalization rate. The sum of the discounted future net income per year represents a reasonable estimate of market value.

## Lease Rate/Term Survey and Results

The non-producing property value for each county is determined by multiplying the average delay rental by a factor, which represents the average lease term under present economic conditions.

As a result of higher lease terms being inversely proportional to the value of oil and gas (thus counties with little leasing or production activities reflect inflated values) and with the volatile nature of county activity, necessary adjustments in the review have been made.

A compilation of lease terms produced a statewide average of 5 years. This term (5 years) was applied to all county lease rates and compared to the appraisal rates derived from calculations using individual county data as well as regional data. The resulting calculations were reviewed and considered in the assignment of an appraisal rate per acre.

The appraisal rate/acre amounts shown on the next page are preliminary figures, which may change if additional lease data is received. These rates have been applied to all county magisterial districts with either producing wells, lease activity within the past 5 years or both. Tax districts void of activity within the past 5 years have been assigned the minimum value per acre.

COUNTY	CO #	TY 2026 \$/AC BY COUNTY AND DISTRICT									
BARBOUR	1	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$55.00	\$1.00	\$55.00	\$55.00	\$55.00	\$1.00	\$55.00	\$55.00	\$55.00	\$55.00
BARBOUR	1	DIS 11									
		\$55.00									
BERKELEY	2	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8		
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00		
BOONE	3	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	
		\$20.00	\$1.00	\$1.00	\$20.00	\$20.00	\$20.00	\$1.00	\$20.00	\$1.00	
BRAXTON	4	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8		
		\$20.00	\$1.00	\$1.00	\$1.00	\$20.00	\$20.00	\$20.00	\$1.00		
BROOKE	5	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8		
		\$1.00	\$1.00	\$105.00	\$105.00	\$1.00	\$1.00	\$1.00	\$1.00		
CABELL	6	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$25.00	\$1.00	\$25.00	\$25.00	\$1.00	\$1.00	\$1.00	\$25.00	\$1.00	\$25.00
CALHOUN	7	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6				
		\$30.00	\$1.00	\$30.00	\$30.00	\$30.00	\$30.00				
CLAY	8	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6				
		\$20.00	\$1.00	\$20.00	\$20.00	\$20.00	\$20.00				
DODDRIDGE	9	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	
		\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1.00	
FAYETTE	10	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$20.00	\$20.00	\$20.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
FAYETTE	10	DIS 11	DIS 12	DIS 13							
		\$1.00	\$1.00	\$1.00							
GILMER	11	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6				
		\$25.00	\$25.00	\$25.00	\$1.00	\$1.00	\$25.00				
GRANT	12	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5					
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00					
GREENBRIER	13	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
GREENBRIER	13	DIS 11	DIS 12	DIS 13	DIS 14	DIS 15	DIS 16	DIS 17	DIS 18		
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00		
HAMPSHIRE	14	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
HANCOCK	15	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6				
		\$25.00	\$1.00	\$25.00	\$25.00	\$1.00	\$1.00				
HARDY	16	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6				
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00				
HARRISON	17	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$90.00	\$1.00	\$1.00	\$1.00	\$90.00	\$1.00	\$90.00	\$1.00	\$90.00	\$1.00
HARRISON	17	DIS 11	DIS 12	DIS 13	DIS 14	DIS 15	DIS 16	DIS 17	DIS 18	DIS 19	DIS 20
		\$90.00	\$90.00	\$1.00	\$90.00	\$90.00	\$1.00	\$1.00	\$90.00	\$1.00	\$90.00
HARRISON	17	DIS 21									
		\$1.00									
JACKSON	18	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7			
		\$40.00	\$40.00	\$1.00	\$40.00	\$1.00	\$40.00	\$40.00			
JEFFERSON	19	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00

COUNTY	CO #	TY 2026 \$/AC BY COUNTY AND DISTRICT									
		DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
KANAWHA	20	\$30.00	\$1.00	\$30.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
KANAWHA	20	DIS 11	DIS 12	DIS 13	DIS 14	DIS 15	DIS 16	DIS 17	DIS 18	DIS 19	DIS 20
KANAWHA	20	\$1.00	\$1.00	\$1.00	\$1.00	\$30.00	\$30.00	\$1.00	\$1.00	\$30.00	\$1.00
KANAWHA	20	DIS 21	DIS 22	DIS 23	DIS 24	DIS 25	DIS 26	DIS 27	DIS 28	DIS 29	DIS 30
KANAWHA	20	\$1.00	\$1.00	\$30.00	\$30.00	\$30.00	\$1.00	\$1.00	\$30.00	\$1.00	\$1.00
LEWIS	21	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	
		\$35.00	\$35.00	\$35.00	\$35.00	\$1.00	\$35.00	\$1.00	\$1.00	\$1.00	
LINCOLN	22	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$25.00	\$25.00	\$1.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$1.00
LOGAN	23	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	
		\$15.00	\$15.00	\$15.00	\$15.00	\$1.00	\$1.00	\$1.00	\$15.00	\$1.00	
MARION	24	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$1.00	\$90.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$90.00	\$1.00
MARION	24	DIS 11	DIS 12	DIS 13	DIS 14	DIS 15	DIS 16	DIS 17	DIS 18	DIS 19	DIS 20
		\$90.00	\$90.00	\$1.00	\$1.00	\$1.00	\$90.00	\$1.00	\$90.00	\$90.00	\$1.00
MARION	24	DIS 21	DIS 22								
		\$1.00	\$1.00								
MARSHALL	25	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$1.00	\$1.00	\$105.00	\$105.00	\$105.00	\$1.00	\$105.00	\$1.00	\$105.00	\$1.00
MARSHALL	25	DIS 11	DIS 12	DIS 13	DIS 14	DIS 15	DIS 16				
		\$1.00	\$105.00	\$105.00	\$105.00	\$1.00					
MASON	26	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$1.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$1.00	\$1.00	\$1.00	\$25.00
MASON	26	DIS 11	DIS 12	DIS 13	DIS 14	DIS 15	DIS 16				
		\$1.00	\$1.00	\$1.00	\$25.00	\$25.00					
MCDOWELL	27	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$20.00	\$1.00	\$20.00	\$20.00	\$1.00	\$20.00	\$1.00	\$1.00	\$1.00	\$1.00
MCDOWELL	27	DIS 11	DIS 12	DIS 13	DIS 14	DIS 15	DIS 16				
		\$20.00	\$1.00	\$20.00	\$1.00	\$1.00					
MERCER	28	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$1.00	\$15.00	\$1.00	\$1.00	\$1.00	\$15.00	\$1.00	\$1.00	\$15.00	\$1.00
MERCER	28	DIS 11									
		\$15.00									
MINERAL	29	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
MINERAL	29	DIS 11									
		\$1.00									
MINGO	30	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$1.00	\$1.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$1.00	\$20.00	\$20.00
MINGO	30	DIS 11	DIS 12								
		\$20.00	\$1.00								
MONONGALIA	31	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
		\$35.00	\$1.00	\$35.00	\$35.00	\$35.00	\$1.00	\$35.00	\$35.00	\$1.00	\$1.00
MONONGALIA	31	DIS 11	DIS 12	DIS 13	DIS 14	DIS 15	DIS 16	DIS 17	DIS 18	DIS 19	
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$35.00	
MONROE	32	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	
MORGAN	33	DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8		
		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00		

COUNTY	CO #	TY 2026 \$/AC BY COUNTY AND DISTRICT									
		DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	DIS 9	DIS 10
NICHOLAS	34	\$1.00	\$15.00	\$15.00	\$15.00	\$1.00	\$1.00	\$15.00	\$1.00	\$1.00	\$1.00
OHIO	35	\$1.00	\$1.00	\$105.00	\$105.00	\$1.00	\$105.00	\$1.00	\$1.00	\$1.00	\$1.00
PENDLETON	36	\$1.00	\$10.00	\$1.00	\$1.00	\$1.00	\$1.00	\$10.00			
PLEASANTS	37	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$1.00	\$40.00	\$40.00		
POCAHONTAS	38	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00		
PRESTON	39	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$1.00	\$30.00	\$1.00	\$30.00	\$30.00
PRESTON	39	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
PUTNAM	40	\$25.00	\$25.00	\$1.00	\$25.00	\$1.00	\$1.00	\$25.00	\$1.00	\$25.00	\$25.00
PUTNAM	40	\$25.00	\$25.00	\$1.00							
RALEIGH	41	\$20.00	\$20.00	\$1.00	\$1.00	\$20.00	\$1.00	\$20.00	\$20.00	\$20.00	\$1.00
RALEIGH	41	\$20.00	\$20.00								
RANDOLPH	42	\$20.00	\$20.00	\$1.00	\$20.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$20.00
RANDOLPH	42	\$20.00	\$1.00	\$1.00	\$1.00	\$20.00	\$1.00	\$1.00			
RITCHIE	43	\$80.00	\$1.00	\$80.00	\$1.00	\$80.00	\$1.00	\$80.00	\$1.00	\$80.00	\$80.00
ROANE	44	\$35.00	\$35.00	\$35.00	\$35.00	\$1.00	\$35.00	\$35.00	\$1.00	\$35.00	
SUMMERS	45	\$1.00	\$1.00	\$1.00	\$1.00	\$5.00	\$1.00	\$1.00			
TAYLOR	46	\$1.00	\$1.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00			
TUCKER	47	\$15.00	\$15.00	\$1.00	\$1.00	\$15.00	\$1.00	\$1.00	\$1.00	\$15.00	\$1.00
TUCKER	47	\$15.00	\$1.00								
TYLER	48	\$100.00	\$100.00	\$1.00	\$100.00	\$100.00	\$100.00	\$1.00	\$1.00	\$1.00	\$100.00
UPSHUR	49	\$70.00	\$70.00	\$1.00	\$70.00	\$70.00	\$70.00	\$70.00			
WAYNE	50	\$20.00	\$20.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$20.00	\$20.00	\$20.00
WAYNE	50	\$1.00	\$20.00								
WEBSTER	51	\$1.00	\$1.00	\$1.00	\$15.00	\$15.00	\$15.00	\$1.00			
WETZEL	52	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1.00	\$100.00	\$1.00	\$1.00
WETZEL	52	\$1.00	\$100.00	\$1.00							

COUNTY	CO #	TY 2026 \$/AC BY COUNTY AND DISTRICT								
		DIS 1	DIS 2	DIS 3	DIS 4	DIS 5	DIS 6	DIS 7	DIS 8	
WIRT	53	\$35.00	\$35.00	\$35.00	\$1.00	\$35.00	\$35.00	\$35.00	\$35.00	
WOOD	54	\$35.00	\$35.00	\$35.00	\$35.00	\$1.00	\$35.00	\$35.00	\$35.00	\$1.00
WOOD	54	DIS 11	DIS 12	DIS 13	DIS 14					
		\$35.00	\$35.00	\$1.00	\$1.00					
WYOMING	55	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$1.00	\$20.00	\$1.00	\$20.00

**MANAGED TIMBER  
PROPERTY ANALYSIS**

**Tax Year 2026**

September 2, 2025  
Matthew R. Irby  
Tax Commissioner  
Department of Revenue

## TIMBERLAND APPRAISAL RATES

TAX YEAR 2026

(Based on Market 2020-2024)

### Class II Parcels

	<u>Grade 1</u>	<u>Grade 2</u>	<u>Grade 3</u>
Region 1	<b>\$200</b>	<b>\$140</b>	<b>\$50</b>
Region 2	<b>\$200</b>	<b>\$140</b>	<b>\$50</b>
Region 3	<b>\$200</b>	<b>\$140</b>	<b>\$50</b>
Region 4	<b>\$200</b>	<b>\$140</b>	<b>\$50</b>
Region 5	<b>\$200</b>	<b>\$140</b>	<b>\$50</b>

### Class III/IV Parcels

	<u>Grade 1</u>	<u>Grade 2</u>	<u>Grade 3</u>
Region 1	<b>\$225</b>	<b>\$150</b>	<b>\$75</b>
Region 2	<b>\$225</b>	<b>\$150</b>	<b>\$75</b>
Region 3	<b>\$225</b>	<b>\$150</b>	<b>\$75</b>
Region 4	<b>\$225</b>	<b>\$150</b>	<b>\$75</b>
Region 5	<b>\$225</b>	<b>\$150</b>	<b>\$75</b>

Region 1 = Brooke, Cabell, Hancock, Jackson, Marshall, Mason, Ohio, Pleasants, Putnam, Tyler, Wetzel, and Wood Counties

Region 2 = Braxton, Calhoun, Clay, Doddridge, Gilmer, Harrison, Lewis, Marion, Monongalia, Ritchie, Roane, Taylor, and Wirt Counties

Region 3 = Barbour, Greenbrier, Monroe, Nicholas, Pendleton, Pocahontas, Preston, Randolph, Tucker, Upshur, and Webster Counties

Region 4 = Berkeley, Grant, Hampshire, Hardy, Jefferson, Mineral and Morgan Counties

Region 5 = Boone, Fayette, Kanawha, Lincoln, Logan, McDowell, Mercer, Mingo Raleigh, Summers, Wayne, and Wyoming Counties

### Harvest Volumes Per Acre

Harvest Interval <u>Grades</u>	<u>35 yrs.</u>	<u>45 yrs.</u>	<u>55 yrs.</u>	<u>80 yrs.</u>	-	<u>Total</u>
1 - Site Index 75 or More	4.6 cords	--	2.6 cords	3.3 cords		10.5 cords
	1.5 Mbff	--	4.4 Mbff	8.6 Mbff		14.5 Mbff
2 - Site Index 65 - 75	3.3 cords	--	7.0 cords	4.6 cords		14.9 cords
	1.0 Mbff	--	3.2 Mbff	5.5 Mbff		9.7 Mbff
3 - Site Index Less Than 65	--	3.1 cords	--	15.4 cords		18.5 cords
	--	0.8 Mbff	--	3.7 Mbff		4.5 Mbff

## Estimation of Required Rate of Return

### A. Safe Rate of Return (5 Year T-Bill or 5 Year Corp Bond Rate)

Year	Rate	W/A %	W/A Rate
2024	4.3800	33.33%	1.4599
2023	4.2400	26.67%	1.1308
2022	2.9992	20.00%	0.5998
2021	1.2600	13.33%	0.1680
2020	2.0700	6.67%	0.1381

3.497 %

### B. Nonliquidity Rate (20 Year T-Bill vs. 3 Month T-Bills)

Year	Rate	W/A %	W/A Rate
2024	0.4900	33.33%	0.1633
2023	0.9700	26.67%	0.2587
2022	0.7108	20.00%	0.1422
2021	1.8200	13.33%	0.2426
2020	1.0100	6.67%	0.0674

0.874 %

### C. Risk Rate (30 Year T-bills or 5 Year Corp Bond vs. 30 day T-bills)

Year	Rate	W/A %	W/A Rate
2024	0.4000	33.33%	0.1333
2023	0.1600	26.67%	0.0427
2022	1.1580	20.00%	0.2316
2021	1.2000	13.33%	0.1600
2020	1.7000	6.67%	0.1134

0.681 %

0.500 %

### D. Management Factor of 0.5%

### E. Property Tax Component (60% of Blended III&IV Rates)

Year	Rate	W/A %	W/A Rate
2024	0.720	33.33%	0.2400
2023	0.720	26.67%	0.1920
2022	0.720	20.00%	0.1440
2021	0.720	13.33%	0.0960
2020	0.720	6.67%	0.0480

0.720 %

### F. Inflation Rate (BLS – 20 Year Average)

Year	Rate	W/A %	W/A Rate
2024	1.920	33.33%	0.6399
2023	2.541	26.67%	0.6777
2022	2.480	20.00%	0.4960
2021	2.560	13.33%	0.3412
2020	1.360	6.67%	0.0907

(2.246) %

4.026 %

(0.720)

3.306 %

**TOTAL REQUIRED RATE OF RETURN (REAL)**

**LESS: PROPERTY TAX COMPONENT**

**TOTAL DISCOUNT COMPONENT**

## **Management Costs:**

<b>Region</b>	<b>\$/Acre (1)</b>
1	8.55
2	8.55
3	8.55
4	8.55
5	8.55

## **Tax Rates:**

Effective Federal Income Tax Rate	<u>21.00%</u>
Effective WV State Income Tax Rate	<u>5.14%</u>
Effective WV Severance Tax Rate	<u>0.00%</u>

## **Yield (Volumes) (80 year rotation)**

Timberland Productivity Grades	Site Index	Yield - MBF	Yield - Cords
<b>Grade I</b>	<b>75 or More</b>	<b>14.5</b>	<b>10.5</b>
<b>Grade II</b>	<b>65-74</b>	<b>9.7</b>	<b>14.9</b>
	<b>Less Than 65</b>	<b>4.5</b>	<b>18.5</b>
<b>Grade III</b>			

## **COAL PROPERTIES ANALYSIS**

**Tax Year 2026**

September 2, 2025  
Matthew R. Irby  
Tax Commissioner  
Department of Revenue

# COAL CAPITALIZATION RATE

In developing a capitalization rate for use in valuing specific income-producing properties consideration is given to the three approaches generally employed in estimating a discount rate. As a matter of practicality, the Bands-of-Investment and Summation Technique approaches are utilized in establishing discount rates for active coal. Data for analysis has been derived in accordance with current Legislative Rule Title 110, Series 1I.

<u>Safe Rate</u>	90 Day Treasury Bills	<u>Safe Rate</u>
2024	December	4.000%
2023	December	4.560%
2022	December	4.360%

<u>Risk Rate</u>	Interest differential between Loan Rate and 90 Day Treasury Bills	<u>Debt Risk Rate</u>
	<u>Loan Rate*</u>	
2024	9.50%	5.500%
2023	10.10%	5.540%
2022	9.50%	5.140%

\*Prime plus 2%

<u>Equity</u>	Differential between Equity Rates and 90 Day Treasury Bills	<u>Equity Risk Rate</u>
	<u>Equity Rate**</u>	
2024	13.00%	17.656%
2023	12.57%	17.072%
2022	12.93%	19.048%

\*\* CoE: BVR Cost of Capital Professional (CRSP, Center for Research in Security Prices, Salvador Partners, Damodaran, Stern School)

<u>Composite Risk Rate</u>	Loan and Equity Rates weighted by industry estimated capital structure.			
	<u>Equity Rate</u>	<u>Debt/(Debt+Equity)</u>	<u>Debt Rate</u>	<u>Composite Risk</u>
2024	14.125%	20.0%	1.100%	15.225%
2023	13.658%	20.0%	1.108%	14.766%
2022	13.333%	30.0%	1.542%	14.875%

<u>Non Liquidity Rate</u>	Interest differential between 90 Day Treasury Bills and a 1 Year Treasury Bill which reflects a reasonable time necessary to sell active property.		
	<u>1yr T Bill</u>	<u>90d T Bill</u>	<u>Non Liquidity Rate</u>
2024	December	4.920%	0.920%
2023	December	4.790%	0.230%
2022	December	4.680%	0.320%

<u>Management Rate</u>	Charges for the management of investment portfolios.
Fixed Rate (by Rule)	0.500%

**Inflation Rate (5 Breakeven Year)**

2024	December	20 year average as of 12/31/2024	1.920%
2023	December		2.540%
2022	December		2.480%

**Property Tax**

2024	1.380%
2023	1.380%
2022	1.380%

**Capitalization Rate**

Since the valuation of active coal property is predicated on a three year production average, the capitalization rate is considered in a similar manner.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Inflation Rate	-1.920%	-2.540%	-2.480%
Safe Rate	4.000%	4.560%	4.360%
Composite Risk Rate	15.225%	14.766%	14.875%
Non Liquidity Rate	0.920%	0.230%	0.320%
Management Rate	0.500%	0.500%	0.500%
Property Tax	N/A	N/A	N/A
Total	18.725%	17.516%	17.575%

**Rounded Three Yr Average: 17.90**

<b>CAPITALIZATION RATE – 17.90%</b>	<b>Year</b>	<b>Multiplier</b>	<b>Year</b>	<b>Multiplier</b>
	1	0.848	9	4.317
	2	1.568	10	4.510
	3	2.178	11	4.674
	4	2.695	12	4.812
	5	3.134	13	4.930
	6	3.507	14	5.029
	7	3.822	15	5.114
	8	4.090		

## COAL SALE PRICES FOR TY26 APPLICATION

### Price and Royalty Rate Analysis

The development of royalty rates for the various categories of mines and markets involves information collection and review from a variety of sources. Coal lease rates have been derived from transaction information provided by active operations, assessors, tax auditors, and by individual lessors/lessees involved in the specific transaction. The prices for mined coal, as per 110-CSR-1I, have been calculated from information provided by the WV Public Service Commission and U.S. Energy Information Administration concerning power plant fuel purchases. Prices provided by producers as part of tax filing and from data obtained from market summaries are included for comparison. Because a large portion of the data used in this analysis is, by law, considered confidential, only a summary of the results are published.

<b>GRAND SUMMARY ALL SOURCES</b>	<b>STEAM SPOT</b>	<b>STEAM TERM</b>	<b>MET</b>
PSC (2024)	\$75.22	\$51.93	
FERC (2024)	\$63.92	\$18.60	
Active Return (AR) Summary (2024)	\$77.21	\$79.42	\$143.24 (as of 6/15)
Coal Market Publication (3 year average – Platts) (Includes transportation)	\$49.75 PGH (13/3) Rail \$47.82 UOR (12/6) Barge \$71.74 CAPP (12/1.67) Barge \$74.21 Thacker/Kenova (12.5/1.2)		\$207.49 Low Vol HCC \$205.05 High Vol A \$181.85 High Vol B
<b>State Steam Price</b>	\$69.63	PSC – FERC 3 Year Average Short Term	
<b>State Met Price</b>	\$150.78	Active Return 3 Year Average	
	Spot Sales	Term Sales	Total
2024 WV-PSC Reported Tons	\$7,601,159	\$5,464,859	\$13,066,018

<b>COAL TY26 ROYALTY RATES</b>	2024 - Active Return		2023		2022		2021		2020	
	1YR	2YR	%S	%D	%S	%D	%S	%D	%S	%D
TOTAL RECORDS	34	136	152	31	142	38	36	26	27	25
Sum of Weighted Royalty (000)	956	691	776	661	2624	1048	1160	704	134	727
Sum of Reported Production (000)	15,829	12,287	12,876	11,998	45,160	16,291	18,984	15,210	2002	13,497
STRAIGHT AVERAGE	6.05	6.39	7.00	6.02	6.29	6.16	6.21	6.25	5.81	5.04
MEDIAN	6.00	6.95	8.00	6.00	6.00	6.00	6.20	6.19	6.50	6.00
WEIGHTED AVERAGE	6.04	5.63	6.03	5.51	5.81	6.43	6.11	4.63	6.68	5.39
ROYALTY RATE DEEP (%)	5.52									
ROYALTY RATE SURFACE (%)	6.13									

ROYALTY RATE CALCULATIONS						
Steam Coal/ Deep Mine	\$69.63	<b>per ton</b>	5.52%	=	\$3.84	per ton
Metallurgical Coal/ Deep Mine	\$150.78	<b>per ton</b>	5.52%	=	\$8.32	per ton
Steam Coal/ Surface Mine	\$69.63	<b>per ton</b>	6.13%	=	\$4.27	per ton
Metallurgical Coal/ Surface Mine	\$150.78	<b>per ton</b>	6.13%	=	\$9.25	per ton

# **Explanation of Reserve Coal Valuation**

The Reserve Coal Valuation Method (RCVM) consists of a computer model, which utilizes a database consisting of coal beds and characteristics, property locations, mine locations, sales, transportation, etc., for the entire state. An extensive algorithm calculates in-place tonnage, expected time of mining, and present value for all the mineable coal on every property.

There are, therefore, no set "rates" available on reserve coal under the Rule. The RCVM values on each property will not be available until all data has been entered, after October 15 of each year. Please refer to the State Register, Legislative Rules, Title 110 Series 1I for details.

## **Title 110, Series 1I**

### **Valuation of Active and Reserve Coal Property for Ad Valorem Property Tax Purposes**

The above Legislative Rule was modified during the 2005 Legislative Session requiring biennial (every other year) updating of the geostatistical basis for several valuation factors used in the Reserve Coal Valuation Model. To satisfy that requirement, maps and data files concerning the Market Interest Factor, the Market Mineability Factor, the Use Conflict Factor and the Environmental Factor were revised for Tax Year 2026 (next update in TY27). Preliminary research has been conducted to determine the effects of the factors on coal valuation. The results are as follows:

#### **Market Interest Factor**

This is the relationship between transactions (sales, leases, prospects, permit applications, etc.) and mining as it relates to properties and locations. Trans\_Ct is the number of transactions counted within the radius.

Radius = 5 miles

```
If Trans_Ct >= 100 Then TransFactor = 20
If Trans_Ct < 100 And Trans_Ct >= 70 Then TransFactor = 40
Else TransFactor = 80
```

#### **Market Mineability Factor**

This is the relationship between property location and mining, through time. Determining feature is count of mines within the radius.

Radius = 2.5 miles

```
Surface Mines: Smine
Deep Mines: Dmine
Boom Mines: Bmine
Historic Mines: Omine
Current Mines: Cmine
To assign MineFactor:
If Cmine > 0 Then MineFactor = 20
```

```
If Cmine = 0 And (Omine > 0 Or Bmine > 0) Then MineFactor= 40
Else MineFactor = 80
```

## Use Conflict Factor

This is the relationship between oil & gas well drilling and mining as it relates to property location. Well density is in wells per square mile.

```
WellDensity < 3 Then WellFactor = 0
WellDensity >= 3 And WellDensity < 5 Then WellFactor = 20
WellDensity >= 5 And WellDensity < 7 Then WellFactor = 40
WellDensity >= 7 Then WellFactor = 80
```

## Environmental Factor

This is the relationship of known environmental hazards and impediments to the likelihood of mining occurring at this location. The rates are compiled from maps and represent densities of problems mapped.

```
Envrate <= 10 or Null Then EnvFactor = 0
Envrate > 10 and Envrate <= 20 Then EnvFactor = 20
Envrate > 20 and Envrate <= 30 Then EnvFactor = 40
Envrate > 30 Then EnvFactor = 80
```

**OTHER MINED MINERAL  
PROPERTY ANALYSIS**

**Tax Year 2026**

September 2, 2025  
Matthew R. Irby  
Tax Commissioner  
Department of Revenue

## NON-COAL MINERALS CAPITALIZATION RATE TY 26

### Capitalization Rate Analysis and Results:

In developing a capitalization rate for use in valuing specific income-producing properties consideration is given to the three approaches generally employed in estimating a discount rate. As a matter of practicality, the Bands-of -Investment and Summation Technique approaches are utilized in establishing discount rates for active coal. Data for analysis has been derived in accordance with current Legislative Rule Title 110, Series 1I.

<b><u>Safe Rate</u></b>	90 Day Treasury Bills	<b><u>Safe Rate</u></b>
2024	December	4.000%
2023	December	4.560%
2022	December	4.360%

<b><u>Risk Rate</u></b>	Interest differential between Loan Rate and 90 Day Treasury Bills	<b><u>Debt Risk Rate</u></b>
	<b><u>Loan Rate*</u></b>	
2024	9.50%	5.500%
2023	10.10%	5.540%
2022	9.50%	5.140%

\*Prime plus 2%

<b><u>Equity</u></b>	Differential between Equity Rates and 90 Day Treasury Bills	<b><u>Equity Risk Rate</u></b>
	<b><u>Equity Rate</u></b>	
2024	12.73%	17.290%
2023	12.57%	17.072%
2022	11.53%	16.985%

\*\* CoE: BVR Cost of Capital Professional (CRSP, Center for Research in Security Prices, Salvador Partners, Damodaran, Stern School)

<b><u>Composite Risk Rate</u></b>	Loan and Equity Rates weighted by industry estimated capital structure.			
	<b><u>Equity Rate</u></b>	<b><u>Debt/(Debt+Equity)</u></b>	<b><u>Debt Rate</u></b>	<b><u>Composite Risk</u></b>
2024	12.970%	25.0%	1.375%	14.342%
2023	13.660%	20.0%	1.108%	14.766%
2022	13.250%	22.0%	1.131%	14.379%

<b><u>Non Liquidity Rate</u></b>	Interest differential between 90 Day Treasury Bills and a 1 Year Treasury Bill which reflects a reasonable time necessary to sell active property.		
	<b><u>1yr T Bill</u></b>	<b><u>90d T Bill</u></b>	<b><u>Non Liquidity Rate</u></b>
2024	December	4.920%	4.000%
2023	December	4.790%	4.560%
2022	December	4.680%	4.360%

<b><u>Management Rate</u></b>	Charges for the management of investment portfolios.	
	Fixed Rate (by Rule)	0.500%

**Inflation Rate (5 Breakeven Year)**

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**Property Tax**

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**Capitalization Rate**

Since the valuation of active coal property is predicated on a three year production average, the capitalization rate is considered in a similar manner.

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Composite Risk Rate	14.342%	14.766%	14.379%
Non Liquidity Rate	0.920%	0.230%	0.320%
Management Rate	0.500%	0.500%	0.500%
Property Tax	N/A	N/A	N/A
Total	17.842%	17.516%	17.079%

**Rounded Three Yr Average: 17.50**

<b><u>CAPITALIZATION RATE – 17.50%</u></b>	<b>Year</b>	<b>Multiplier</b>	<b>Year</b>	<b>Multiplier</b>
	1	0.851	9	4.376
	2	1.575	10	4.575
	3	2.192	11	4.745
	4	2.716	12	4.889
	5	3.163	13	5.012
	6	3.543	14	5.117
	7	3.866	15	5.206
	8	4.142		

## Other Mined Minerals Royalty Rate Survey

The determination of royalty rates for other mined minerals within the State of West Virginia is dependent upon the availability of leasehold information. Since this information is limited, the Tax Division has chosen to review data for the most recent thirty-year period. A summary only of this review is shown below to protect the confidentiality of parties involved.

<b>Resource</b>	<b># of Data Sources</b>	<b>Average Royalty</b>	<b>Median Royalty</b>	<b>TY2026 Rate</b>
LIMESTONE	9	\$0.61	\$0.20	\$0.61
SANDSTONE	8	\$0.31	\$0.25	\$0.30
CLAY/SHALE	34	\$0.12	\$0.10	\$0.11
SAND/GRAVEL	10	\$0.35	\$0.40	\$0.40
SALT BRINE	1	N/A	N/A	N/A

<b>Reserve Values</b>	<b># of Sales</b>	<b>\$/AC</b>
LIMESTONE	5	\$3,000
SANDSTONE	8	\$2,300
CLAY/SHALE	16	\$850
SAND/GRAVEL	6	\$4,000
SALT	2	\$1,140