

**COMMENTARY**

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**Ted Boettner: West Virginians must face coal's future**

We need to tax coal to help cover what it costs us

by

Ted Boettner: West Virginians must face coal's future

The Daily Mail's Sept. 15 editorial, "Another coal study is not worth it," asserted that the costs imposed by the coal industry are not "facts" and that the Legislature shouldn't waste its time with such trivial matters.

This should not prevent us from having an honest and evidence-based discussion about the costs and future of coal.

While the coal industry provides tremendous economic benefits to the state, the costs associated with coal are real and significant. We ignore them at our own peril.

The costs of regulating and supporting the industry, the legacy costs from past mining, and the external costs such as health care, damage to property and the environment add up to billions of dollars.

Without these important public structures and the ability of the coal industry to externalize these costs, it would shut down tomorrow.

While nobody wants to see this happen, we must diversify our state's economy.

Coal production, whether we like it or not, will continue to diminish over the coming decades.

According to the U.S. Energy Information Administration, coal production in West Virginia is projected to decline by 35 percent, to about 107 million tons per year in 25 years.

In the southern coalfields, production is expected to drop by more than half.

Refusing to acknowledge or accept this could have dramatic consequences for working families now and into the future.

Amazingly, these forecasts do not factor in the potential regulation of mountaintop removal or a federal cap on carbon emissions.

The forecast is based primarily on economic forces, such as increased production costs and competition from other coal-producing regions and from other energy sources like natural gas.

Given these projections, we have two choices. We can bury our heads in the sand and hope for a miracle, or we can behave rationally and start planning for the future.

And that planning should include adequate taxes on coal.

Taxing coal makes economic sense largely because taxes on coal are highly exportable, with approximately 85 percent (including electricity generation) being exported out of state.

If the costs are passed on to out-of-state consumers, it's a net gain for the state.

From an historical perspective, taxing coal is also the right thing to do.

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As the late Sen. Robert C. Byrd pointed out, West Virginia "is a state whose rich resources have been largely owned and exploited by outside interests.

"Absentee owners, while living outside the state, wrested from the West Virginia earth the wealth that made them rich - rich from the toil and sweat and blood and tears of the people in the hill country who worked out their lives, all too often, for a pittance."

One part of a new strategy would be to maintain the worker's compensation coal tax and create a Permanent Economic Diversification Trust Fund to help prepare for the projected decline in coal production.

The state and the communities most affected could use the interest from the trust toward short-term and long-term economic development, to help displaced miners transition to new jobs, and to ensure that future generations benefit from coal.

By pretending that the costs of the coal industry are not "facts" and by turning a blind eye toward the future, we risk further economic insecurity and uncertainty.

Boettner is executive director of the West Virginia Center on Budget and Policy.

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