

Immediate Release

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Coal Industry Costs State Taxpayers Millions in 2009 Report Shows Both the Benefits and Costs of Industry to State

While coal contributes millions each year to West Virginia's economy while providing tens of thousands of jobs, the industry costs the state more than it provides due to taxpayer subsidy of road repair and other costs, according to a new report released today by the WV Center on Budget and Policy, Downstream Strategies and the Sierra Club.

"Previous reports have not shown the true costs of the coal industry to West Virginia taxpayers. While coal has a huge roll in our state's economy it is important to account for its impacts, both positive and negative, to taxpayers. This report takes a wider view as well as considers legacy costs associated with reclamation and damage to roads and bridges from coal haul trucks, costs that will have a lasting negative impact on state taxpayers and on economic development for decades to come," said lead report author Rory McIlmoil.

While providing 20 percent of all coal mined in the United States, West Virginia's coal mining industry provides 3 percent of the state's total employment and an additional 6 percent of indirect employment. The report also states that mining in the state may have had its last peak in 1997 when 177.5 million tons of coal were mined. That quantity of production has not been repeated since.

"The aim of this report is to broaden discussion about the coal industry's effect on the people and economy of West Virginia. It shows that while the coal industry does contribute significantly to state revenue and jobs, it also relies heavily on taxpayers for support," stated Ted Boettner, Executive Director for the WV Center on Budget and Policy.

Key findings in the report include:

- In fiscal year 2009, coal industry revenues totaled \$307.3 million or 8 percent of total state-generated revenues. When combined with indirect benefits, the industry provided more than \$600 million in revenues to the state.
- Tax expenditures subsidizing the coal industry totaled an estimated \$173.8 million.
- In fiscal year 2009, West Virginia taxpayers spent \$93 million to repair damage to roads from coal trucks, some of which travel carrying over the legal weight.

- After costs and benefits are fully accounted for, the industry actually cost West Virginia tax payers \$97.5 million in 2009.

The report is part of a series on coal's real economic impact in Central Appalachian states.

The report includes policy recommendations to ensure that the costs are covered through revenues collected from the coal industry, rather than from tax payers. These include:

- Maintain the revenues currently generated by the workers' compensation coal tax and create a Permanent Economic Diversification Fund,
- Increase the coal severance tax rate and distribute the additional funds to coal-producing counties,
- Reexamine the thin seam tax credit, and consider reforming the structure of the credit,
- Ensure that funds for reclamation and water treatment are sufficient for meeting all present and future needs,
- Increase the per-ton fee on coal haul trucks, and
- Increase fines for exceeding permitted haul weights.

"We often hear the one-sided argument that the coal industry is our state's chief source of jobs and revenue, but we never look at the amount of taxpayer subsidy the industry needs to make this happen," continued Boettner. "We hope this report moves our state toward a comprehensive discussion of how we can work toward a more sustainable economy."

A full copy of the report can be found at www.wvpolicy.org or www.downstreamstrategies.com

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The West Virginia Center on Budget and Policy (www.wvpolicy.org) is a public policy research organization that is nonpartisan, nonprofit, and statewide. The Center focuses on how policy decisions affect all West Virginians, especially low- and moderate-income families.

Downstream Strategies (www.downstreamstrategies.com) provides science, research, and tools to organizations, businesses, and agencies. Its staff has a background in environmental science and policy, geographic information systems, field monitoring, watershed planning, chemistry, permitting, and acid mine drainage treatment design.