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Contact:

Angel Amaya, WORC Communications Director, aamaya@worc.org, (361) 779-2572

Dustin Ogdin, Northern Plains Resource Council, dustin@northernplains.org, (615) 522-2335

Bob LeResche, (907) 723-2506

PRESS RELEASE

Corporate bailout proposed by coal lobbyists would mean massive shortfalls in revenue for rural communities

The National Mining Association's use of the COVID-19 crisis to roll back royalty rates puts revenue streams for states and coal communities dealing with the crisis in jeopardy.

Billings, Mont. -- The Western Organization of Resource Councils (WORC) and its member groups in Wyoming, Montana, and Colorado are asking Congress and the White House to reject a recent appeal from the National Mining Association (NMA) to use the COVID-19 crisis as an excuse to roll back royalties paid to the federal government.

A March 18, 2020 letter from the NMA (attached) details a series of unprecedented and unwarranted asks. The letter was sent to the White House and Congressional leadership the day before Senate leadership released text for a \$1 trillion dollar legislative stimulus package that would direct payments to individuals, small businesses, and the airline industry, along with other "severely distressed sectors" of the U.S. economy. Although the coal industry was not one of the industries named, this text is considered to be just the first step, leaving ample opportunity for the NMA to continue to lobby for rollbacks.

If implemented, these gifts to industry would dramatically reduce revenue to both states and the federal government from coal mined across the country. Western states will be particularly hard hit if the NMA receives reduced or eliminated federal mineral royalties,

which are paid on publicly-owned coal mined and sold by coal companies. Royalties are not a tax, but rather a payment to the owner of the resource – in this case the federal government – when minerals are taken from public land and sold. They are the price the mineral owner receives, and are determined by the mineral's value when sold by coal companies. In the case of federal surface coal, this royalty is 12.5%. Approximately half of federal royalties collected are returned to the state where mining occurs. This means royalty income is crucial for public services in a state like Wyoming, which produces approximately 40% of the nation's coal. Any loss in federal royalties results in large revenue losses for the states.

“This is so obvious it shouldn't have to be said: Coal companies need to be paying American taxpayers for the public coal they mine and sell,” said Bob LeResche, a Powder River Basin Resource Council Board Member from Clearmont, WY. “Congress has a duty to ensure state and federal taxpayers get the full value for our minerals. Cutting royalties would not increase the demand for coal. It would only further hurt states like Wyoming, which are already struggling from revenue lost from shrinking coal markets.”

"Coal executives' troubles are based on a long history of poor management and poor planning for changing energy markets," said Ellen Pfister, a Northern Plains Resource Council member who ranches above an underground coal mine near Shepherd, MT. “Reducing the Black Lung Excise Tax passes the burden onto people who are least able to bear it. CEOs are seeking to manipulate a global public health crisis for private gain. We should use funds to help workers and communities, not give sweetheart deals to massive coal companies."

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The Western Organization of Resource Councils (WORC) is a network of eight grassroots organizations in seven Western states with 15,000 members, many of them ranchers and farmers committed to common-sense reform in agriculture, oil and gas development, coal mine reclamation, and rural economic development. Headquartered in Billings, Mont., WORC also has offices in Colorado and Washington, D.C.

Bob LeResche is a former Commissioner of Natural Resources for Alaska, Executive Director of the Alaska Energy Authority and investment banker. He is a Board Member of the Powder River Basin Resource Council and the Western Organization of Resource Councils. With his wife Carol, he operates a ranch and organic heirloom vegetable farm near Clearmont, Wyoming.

The Powder River Basin Resource Council, founded in 1973, is a family agriculture and conservation organization in Wyoming. Resource Council members are family farmers and ranchers and concerned citizens who are committed to conservation of our unique land, mineral, water, and clean air resources.

Northern Plains is a grassroots conservation and family agriculture group that organizes Montanans to protect our water quality, family farms and ranches, and unique quality of life.