

MR. MEINHART: All right, [indiscernible] remember the rules here. My name is Brain Meinhart. I'm a Regional Director and Policy Advisor with the Office of Congressman Scott Tipton. Good morning. I really thank you guys for the opportunity to come and provide some remarks on behalf of the Congressman. I'll try and paraphrase and keep within my three, three minutes time limit here. Like you've already pointed out, we're here because BLM is conducting a Programmatic Environmental Impact Statement, or PEIS, to analyze the -- what we're going to do with the Federal Coal Program moving forward. And during the time when the PEIS is being analyzed, Interior has instituted a moratorium on new leases and also on many lease modifications until that's completed. I just wanted to touch real quickly on some of the issues that were already identified as concerns by Interior. Those include whether or not the public is receiving a fair return on public resources, the environmental impacts and the impacts that any potential decisions might have on goal-dependent communities. So, I'll address each of those in turn. I want to start off with the first concern, whether or not the public is receiving a fair return on public resources. When the Department conducted its listening sessions back last August, we agreed then, and we still agree, that that's a fair question to ask on its face. But, we do disagree that the premise with which DOI is asking this question. We, we think that that's definitely misguided. Much of the conversation surrounding this question seems to imply that the coal industry is raking in record profits while Joe Taxpayer is left with nothing more than a token return. Last March, the Secretary gave a speech in which she said that, "most Americans would be surprised to know that coal companies can make a winning bid for about \$1 a ton to mine taxpayer-owned coal". Now, surely that -- it sounds like that can't be fair. And you know, naturally that would be why she later suggested raising the royalty rate might be an option. Even the Interior Office of the Inspector General and the Government Accountability Office agree that the Federal Coal Program needs reform. Right? We're going to take a look at the accuracy of the Secretary's statements in that. First, Secretary Jewell's statement does not indicate what the market value for a ton of coal is. If coal is worth \$1,000 a ton, then yeah, a return of \$1 would surely be a giveaway. But, the recent spot price for a ton of Wyoming's Powder River Basin

coal, which we've already seen is over 80 percent of the Federal coal resources, is \$8.80. Second, the bonus payments received for [indiscernible] which the Secretary was referring, represent only one portion of the revenues generated by Federal coal production. And it's a smaller proportion of that. In Federal -- in fiscal year 2015, bonus payments for all Federal coal leases totaled just over \$454 million. The royalties, on the other hand, totaled over \$757 million for that same period. While those revenues do return to the Federal Treasury, the Secretary did not mention those. And it doesn't end there. You also have to include the State royalties and severance taxes. There is applicable County taxes. They're often in the form of an ad valorem or property tax. There are other Federal taxes, like the abandoned land mines tax, the black lung excise tax. Those are 2.8 percent and 5.5 percent respectively. If we were to take kind of a Colorado or local illustration here, we could say that maybe the spot price for a ton of coal is about \$20. Most of the mines here locally are underground. So, we would say that the royalty rate is currently -- would be 8 percent. You can have the State severance tax, which in Colorado would be about 3.8 percent. You've got the EML. You have the excise tax. The actual tax rate is actually closer to 20 percent. And then, you add the local taxes on top of that. Those are used for K through 12 education, road and bridge departments, other [indiscernible] infrastructure, healthcare facilities. The list goes on and on. In Colorado, those payments totaled \$16.6 million in 2014. And we can throw the rental payments, which were \$1.35 million, on top of that. So, it becomes very clear that the actual return to the public is much higher than \$1 per ton. So, when you view the Secretary's statements in that context, they start to look a little bit misleading. And then, you go back to the OIG and GAO reports. And they didn't actually suggest that a complete overhaul of the Federal Coal Program was necessary to ensure a fair, a fair return to taxpayers. Rather, they focused on some potential improvement to calculating fair market value to comply with the Mineral Leasing Act's requirements on fair market value standards. Now, that's just the revenue generated. It doesn't touch the jobs that are created by which miners and other industry workers support their families and their communities. And the harder to quantify, yet still incredibly important, value of

affordable energy to the overall American economy. Well, what about environmental impacts? What about CO2 emissions? Are they skyrocketing? Well, according to the Environmental Protection Agency, their data shows that CO2 emissions for 2014 were about equal to the mid-1990s. That was a downward trend. What about methane? Those levels are lower than the 1990s. As the Congressman is fond of saying, if you want to develop a resource the right way, the most environmentally responsible way, then no one does it better than we do here in American. And that includes our coal industry. Yet despite those facts, the administration insists on pushing forward with rules and regulations, like the [indiscernible] power plan, which some economists estimated will cost a whopping \$366 to \$479 billion from 2017 to 2031, and would result in a decrease in CO2 emissions by 2030 of less than 1 percent of current level emissions. So, if you can't make a compelling case that the coal industry is unfairly benefiting from a public resource, and you can't demonstrate that the industry is the cause of some large-scale environmental crisis, then why push forward with these efforts? It's because coal does not have a role to play in this administration's misguided energy vision. In 2008, the President famously advocated an energy policy in which he said, "if someone wants to build a coal-fired power plant, they can. It's just it will bankrupt them". And there is absolutely no ambiguity in that statement whatsoever. So, that leads us to our last question. How is this going to impact our coal-dependent communities? And I think you've got that answer right now in Colorado's Third Congressional District. Our coal industry is already having to cope with an avalanche of new rules and regulations and a litany of frivolous anti-coal lawsuits. If the Department of the Interior insists on also raising royalty rates, or pursuing some other mechanism to incur increased revenues, that will only succeed in making coal far less economical and cause demand to plummet. Production will follow suit. And those working in the coal industry will be left in the lurch. And we're already seeing those effects. Just a few weeks ago, we received news that the last coal mine standing in Delta County's [indiscernible] had to lay off another 80 workers. In just a few years, Delta County has lost about 900 of its once 1200-strong coal mining workforce. Our office, and the other members of Colorado's Congressional Delegation, and the

Governor's Office, are currently working with the Forest Service, BLM, and OMB to reinstate a long negotiated and widely accepted coal exception to the Colorado [indiscernible]. That action was necessitated by anti-coal litigation. And we had to do that in order to keep the mine operating and those few remaining coal jobs safe. Anti-coal litigation threatened another 400 jobs in Rio Blanco and Moffat Counties. Again, we and our other bipartisan members in the Colorado Congressional Delegation and the Governor's Office had to step in to try and keep those mines going. That's not the only one. There are another 300 jobs at stake down in Southwest Colorado that, that may be threatened because the lease modification may not go through. We're not sure because the agency currently doesn't seem to be sure if that mine falls within the lease moratorium or not. Now, I want to point out -- here's my main point that I really want to get across is that these numbers are not just statistics on a page. They are real people with families to support. They're friends. They're neighbors. They're patrons of local small businesses. Yet the [indiscernible] manner in which the administration is addressing the likely lost of these jobs, which are great paying jobs with good benefits, is frankly a little insulting. For instance, OSM's stream protection rule flat out acknowledges that it will cost jobs. But, in their analysis they said don't worry. We're actually going to create jobs in the compliant sector for the companies that have to comply with our new rule. They're going to be losing production jobs. But, they're, they're trying to, they're trying to make the case that they're actually creating jobs in the compliance sector. That, that's absurd. Now, coal mining is honest work. It pays well. And it produces over half of Colorado's electric generation. We all benefit from this. And it's turning out that it's unfortunately pretty thankless work. So, to end, yeah, we should utilize all forms of energy at our disposal. Yes, we should ensure that the public receives a fair return on publicly-owned resources. And absolutely yes, these resources should be developed in an environmentally responsible way. But, the Department has not made a compelling case that a complete overhaul of the Coal Program and a delay in new leasing would achieve a cost-effective and measurable improvement to any of those questions above. It seems like it's more just another blow to an

industry that's vital to our economic wellbeing. But, is nonetheless squarely in the sites of this administration. So, again, thank you so much for the opportunity to provide these comments. And I look forward to hearing from everybody else, as well. Thanks.