



March 18, 2020

The President
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

The Honorable Nancy Pelosi
The Speaker of the House of Representatives
United States Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

Dear Mr. President, Speaker Pelosi, and Majority Leader McConnell:

As the country faces this unique and mounting challenge around the COVID-19 pandemic, U.S. coal miners continue to work to provide the resources necessary to power America while bracing for the severe financial distress facing all sectors across the nation. To minimize the impact of this crisis on the coal industry, Congress should ensure all businesses have the financial resources necessary to ride out the pandemic.

The coal industry is absolutely critical to securing a domestic, secure supply of affordable energy. As global supply chains are disrupted, countries close their borders and the shock of national quarantines buffets the global economy, American-mined coal is here when it is needed. The industry remains steadfast. The fuel security provided by coal reserves at power plants offers resiliency to a system that is bracing for uncertainty, and it is imperative to keep these plants online—whether through the use of the Defense Production Act or other means—in the interest of national security. Further, as an essential industry for the processing of raw materials for equipment essential to primary operations in the electric power sector under Presidential Policy Directive 21 (PPD-21) and the 2013 Department of Homeland Security National Infrastructure Protection Plan, additional designation is necessary to ensure the continued national operation of critical infrastructure and supply chains to allow uninterrupted operations.

To maintain this essential role, it is imperative that coal companies have access to the necessary cash flow they need to continue operations. Even before the recent crisis, the coal industry was struggling to recover from a series of disabling public policies

impairing coal demand and production. Compounding the impacts, late last year Congress imposed a \$220 million tax increase on the industry through the Black Lung Excise Tax (BLET). The U.S. Department of Labor recently testified that increasing the tax rate was unnecessary as the lower tax rate is sufficient to cover beneficiary payments and program administration costs. Congress should immediately reduce—not eliminate—the BLET to its 2019 levels. Doing so would provide much needed relief for the coal industry and ensure continued revenue for the payment of benefits under the program that could otherwise face financial stress.

Separately, coal companies paid approximately \$150 million in fees in fiscal year 2019 into the Abandoned Mine Land Fund to reclaim high-priority coal mines abandoned or not sufficiently reclaimed before 1977. Over the last 40 years, more than \$11 billion plus interest have been collected into the fund. Reclamation projects at existing operations and historic sites continue today even during this time of crisis. With an estimated \$2.2 billion already in the fund, Congress should provide a temporary 50 percent reduction in the amount of fees collected for surface-, underground- and lignite-mined coal to ensure the continued purpose of reclaiming high priority abandoned and active coal mines.

Congress should also suspend or reduce the federal royalty payments to the treasury. Royalty rates for federal coal are 30 percent to 65 percent higher than the prevailing rates for private coal in the East. Moreover, federal coal lessees pay bonus bids and surface rentals, financial features rarely found in private coal leasing transactions. Between taxes, fees and royalties, the federal, state and local governments receive almost 40 cents on every dollar of coal sold from the Powder River Basin. This relief, well in line with other industries, would help companies operating on federal lands to mitigate the economic impacts of COVID-19 while maintaining operational capacity and ensuring access to in-demand energy resources.

Recent policy announcements to immediately increase the availability of credit must also be expanded to make certain that the credit is readily available to all operating businesses in the short term without prejudice or discrimination. Under pressure from environment groups, financial institutions have divested from carbon-intensive industries, specifically coal, over the last decade, leaving very limited options available to the coal industry. Without access to available credit, the operations of hundreds of mines will be threatened, together with the nearly 81,000 miners they employ.

In a perilous time, the essential work of our coal miners to produce the fuel to keep the lights on and homes warm and the certainty and security provided by coal power is just what we need to keep the country moving forward. We appreciate your consideration and thank you for your leadership during these very difficult times.

Sincerely,

A handwritten signature in black ink, appearing to read "Rich Nolan", written in a cursive style.

Rich Nolan