Op-ed: Reform coal leasing to give taxpayers their fair share

BY JACK THOMAS

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When Secretary of Interior Sally Jewell gave remarks on the agency’s priorities for 2015 and 2016, she directed our attention to something that has been overlooked for too long — America’s federal coal leasing program needs reform. Jewell rightly noted that surprisingly, “Coal companies can make a winning bid for about a dollar a ton to mine taxpayer-owned coal.” That’s a bad deal for taxpayers.

As the mayor of Park City, I’ve spoken to many business owners and residents worried that the financial and environmental toll facing western communities due to climate change will impact the tourism revenue on which many families rely. I share their concerns.

Park City, like many mountain communities out west, is threatened by climate change on both a financial and environmental level. Temperatures and pollution levels in the Wasatch Mountains of north central Utah are predicted to continue to rise. As a result, total snowpack and snow coverage will be reduced, the ski season will be shorter, and less of Park City Mountain Resort and Deer Valley Resort will be skiable each year. That means smaller revenues for already cash-strapped businesses.
As we deal with these challenges, numerous reports from the Government Accountability Office and Interior’s own inspector general show that coal companies are taking advantage of loopholes that allow them to pay less to states and the American taxpayer than they owe. When coal and other taxpayer-owned resources are extracted from public lands, we should receive a fair return on those resources. The federal coal program must be reformed to ensure a fair return to the taxpayer. Studies have shown states and taxpayers are missing out on up to $1 billion a year in revenue.

Reforming the program would increase revenues to the states — easing financial pressures facing mountain towns that are threatened by wildfires, reduced snowpack and mounting climate concerns.

Climate change can and will change the landscape of the West. Mountain communities like Park City know that we’ll be on the hook for adapting to that changing climate. We shouldn’t be saving for the future while coal companies benefit from gaping loopholes and dodge royalty payments owed to American taxpayers. Those funds should be fairly paid out to taxpayers and state governments that need the revenue for local schools, roads and other priorities.

By 2030, the forecasted decrease in snowpack in Park City alone is estimated to result in $120 million in lost output, 1,137 lost jobs and $20.4 million in the form of lost earnings. Reforming the coal leasing process would allow taxpayers to receive their fair share of royalty payouts, providing a much needed source of revenue to assist Park City’s implementation of an action plan structured to address these issues.

Fortunately, Interior has put forth a proposal to address some of these loopholes and begin reforming the federal coal program. Currently, Interior often accepts less than full value for coal sold on public lands — the effective coal royalty rate is 4.9 percent of the gross market value of coal, well below the 12.5 percent that is mandated by law — costing taxpayers $1 billion a year. This has to change, and I commend the department and Secretary Jewell for their leadership on this issue.

I support Secretary Jewell’s statement that now is the “time for an honest and open conversation” about reforming the federal coal program and ensuring the correct royalty rate is given to taxpayers. Mountain communities across the West are looking to the future with trepidation, yet Interior has the power to ease the economic and environmental burden facing towns like Park City. Let’s work together to close loopholes and ensure that taxpayers finally receive their fair share.

Jack Thomas is mayor of Park City.