

## **PCA Comments to Mining and Reclamation Advisory Board on Draft Remining Incentives Report**

PCA appreciates the opportunity to provide input to the Mining and Reclamation Advisory Board and the Department on the Remining Incentives Program report. Based on discussions with our members and evaluation of the issues involved, we offer the following comments:

### **General Comments**

Remining has declined over the past three years, both in terms of its share of reclamation of abandoned mine lands and in acres reclaimed. The reasons for this are complex, but the principal problem is economic. Pennsylvania operations are contending with difficult coal market conditions and slower economic growth generally, and many of the best candidate sites have been remined and reclaimed already. This makes it hard to economically remine and reclaim many abandoned sites. There needs to be a more aggressive approach to opening the middle ground between the government paying full price for traditional AML reclamation and getting the reclamation completely free as an incident to modern surface mining and reclamation of abandoned sites.

### **Specific Suggestions**

*Remining Bond Program.* We encourage the Department to expedite efforts to provide additional funds and authority for offsetting the bond at remining sites in an amount equal to the estimated value of the reclamation. Obtaining OSM approval for the use of Title IV AML funds for this purpose was a condition of the MRAB's recommended approval of the transition to the conventional bonding system. Although OSM rejected the Department's proposal, this avenue should be explored further with OSM.

The Department should also resolve quickly any remaining impediments to the expansion and improvement of the financial guarantees program proposed as an alternative to the OSM funding.

*Tax Credits.* PCA has proposed and pressed for a tax credit for remining operations as an incentive. PCA's legislation would provide a \$2 per ton credit against an operator's total state tax liability for each tone of coal mined from a Subchapter F or G permit. The Department should make this a priority item in the next legislative session.

*Direct Economic Support.* While tax credits are useful, there is no better incentive than a proposal that recognizes and rewards in part the direct value provided by remining through a compensation program or an offset against federal AML tax liabilities. Unlike income or capital stock taxes, a value added or excise tax such as the AML tax is collected on production regardless of the profitability or capital holdings of the company. If it is not economical to mine and sell the coal at a price, which includes the tax, the company will not elect to develop a remining project.

Providing a transferable credit or AML tax offset is one approach that could favorably affect the economics of re-mining and encourage more. It is possible that an appropriate incentive could engage more operators, including larger producers, in re-mining projects. As we have said before, it is not a subsidy when the state pays less than market value for desirable results: It is a bargain. We do recognize that an offset of the AML tax liability would require federal action, but we encourage the Department to evaluate that option along with a transferable credit approach as ways of providing meaningful economic support for re-mining operations.

*Elimination of Impediments to and Encouragement for Re-mining on Public Lands.*

Despite the economic and environmental benefits of re-mining, it is sometimes difficult to obtain re-mining permits for previously affected mine lands in state parks, game lands or forests, even where this would eliminate potential hazards to the public and existing water pollution problems. These impediments should be eliminated and re-mining should be encouraged as responsible management of public lands. In many cases, re-mining offers the best way to reclaim AML and can be accomplished in a way that complements and enhances the state resource. PCA will work with the Department to ensure the concerns of other resource management agencies are addressed, but the reclamation of public lands for public good, through efficient and effective modern re-mining should be encouraged as a matter of policy.

*Coordination of Re-mining With Other Reclamation Resources.* The Department should look to maximize reclamation and recovery of areas affected by past mining by giving priority to projects which coordinate re-mining with other reclamation efforts. First, the Department's evaluation of grant applications for reclamation projects should consider the potential for complete restoration of an affected area and the role re-mining could play in achieving that end. At the same time, the Department should consider contracting with the operator for the reclamation of adjacent AML: as a priority when this could achieve significant environmental benefits or more complete restoration of an affected area.

*Recognition of Re-mining as "Green" Energy Production.* Finally, the Department should press the administration to recognize that re-mining is "green" energy production. There must be recognition that green power goes beyond the reduction in air emissions and includes the significant water quality, public safety and environmental improvements provided by re-mining.