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Fact sheet: Federal Coal Program Reforms

Long-overdue coal leasing reform includes a review of existing programs, a "pause on new federal leasing," and better accounting and management that will bring a fair return to taxpayers

In early 2016 Interior Secretary Sally Jewell announced a complete review of the federal coal program, which could bring significant changes to future leasing of federally owned coal. This action is consistent with programmatic reviews taken by previous administrations in 1973-1981 and 1984-1989 under Presidents Nixon, Ford, Carter Reagan and Bush. The need for coal leasing reforms is well documented. Current flaws in the leasing program include: loopholes and subsidies that allow an effective royalty rate of 4.9 percent far below 12.5% required by law (Headwaters Economics); billions of dollars in lost royalty payments due to corporate self-dealing and subsidy manipulation; a lack of competitive bidding; and insufficient reclamation bonding that may make taxpayers pay for cleanup costs, and a failure to account for environmental impacts, including climate consequences.

The Interior Department's formal, comprehensive review of the Federal Coal Program review follows listening sessions where the public called for changes to coal leasing.

On March 30, 2016 the Bureau of Land Management (BLM) issued a Notice of Intent (http://on.doi.gov/1T9TUpb) that it will consider, through a Programmatic Environmental Impact Statement (PEIS), the following changes to the federal coal program: 1) when, where and how leasing occurs, 2) the scale of leasing based on changes in program goals, 3) an understanding on how to account the environmental and public health impacts of the coal program, and 4) policies to ensure that the American people are fairly compensated for the sale of their public resources.

During the scoping phase of the PEIS, it is incumbent on the public to tell the BLM their concerns about the Federal coal program, issues that must be addressed in the PEIS; and potential modifications to the Federal coal program that should be considered in the review. As the PEIS moves forward, the federal government can commence a federal rulemaking process that would make durable and sustainable changes to the program based on the findings and analysis from the PEIS.

The announcement puts in effect a pause in issuing new coal leases, with some exceptions for safety and other considerations, during the review of program changes.

Over the last 45 years, the federal coal program has undergone two federal coal-leasing pauses: one from 1973-1981 and one from 1984-1989. These were done because of significant findings of wrongdoing and mismanagement. In order to correct these issues, the federal government determined that a pause had to be instituted until reforms could be implemented. The pause in 1973 lasted nearly a decade until the government felt that reforms had addressed the underlying issues. In 1984, the pause lasted just a few of years. Most importantly, the government did not start leasing federal coal again until it was comfortable that the issues had been resolved. The current pause will act in much the same way; it will only occur until the Department of the Interior can be confident that coal leases will be carried out in a responsible manner with a fair return to taxpayers assured.

New carbon accounting and management to better reflect the costs they impose on taxpayers and our planet, and consideration of fair return to taxpayers

The USGS will launch a new database accounting for carbon emissions from fossil fuel developed on federal lands. Better data gathering and analysis regarding the consequences and impacts of the BLM's leasing and planning decisions, we can illustrate the costs imposed on society and the environment.

The coal reviewing will also ensure taxpayers are receiving "fair market value" for federal coal, and consider reforms related to non-competitive bidding, loopholes and deductions, and a below-market royalty rate that has not changed since 1920. Federal royalty rates are set at 12.5%, but the effective rate is 4.9% thus shortchanging taxpayers a billion dollars.

BLM's Notice of Intent solicited public comments and announced public scoping meetings to be held in Casper, Wyo. on May 17; Salt Lake City, Utah on May 19; Knoxville, Tenn. on May 26; Pittsburg, Pa. on June 16; Grand Junction, Colo. on June 23; and in Seattle, date TBA.

The meetings in Casper, Seattle and Pittsburgh will be live-streamed at www.blm.gov/live, and all six meetings will have a listen-only audio link via telephone. Those who attend the meetings in person and who wish to speak will be asked to sign-in. Speakers will be called upon on a first-come, first-served basis and will be accommodated to the fullest extent possible given the space and time available. Those

interested in attending should check the BLM Coal PEIS website prior to the meeting for additional information.

In addition, the BLM will consider emailed comments to: *BLM_WO_Coal_Program_PEIS_Comments@blm.gov*, or by mail to: Coal Programmatic EIS Scoping, Bureau of Land Management, 20 M St. SE., Room 2134LM, Washington, DC 20003.

For additional information contact Mitchell Leverette, Chief, Division of Solid Minerals, email: *mleveret@ blm.gov,* telephone: 202–912–7113, or visit the Coal Programmatic EIS Web site at: *http://www.blm.gov/wo/st/en/ prog/energy/coal_and_non-energy/ details_on_coal_peis.html*