Federal Coal Leasing Review: Taxing Our Way to Unaffordable Energy

The U.S. Department of the Interior's ongoing review of the federal coal leasing program questions the value to the taxpayer of a program that provides hundreds of millions of dollars of federal, state and local revenue per year.

Increased royalty rates will cut production on federal lands forcing consumers to pay for less reliable and more expensive forms of power generation, leading states to cut services, raise taxes or both.

Current taxes paid on federal coal are above market; increasing them further will only result in decreased production, less revenue for taxpayers and state and local communities that rely on lease sale revenues for education, public safety and infrastructure projects, and deprive consumers of an irreplaceable source of affordable energy.

Did You Know?

- Producers pay twice. Coal producers pay first in sealed bids to the federal government that must exceed a fair market price determined by the Bureau of Land Management. Then they pay again through royalties, fees and associated extraction costs as coal is mined.
- The current federal coal leasing program pays extraordinary dividends to American taxpayers and consumers.
  - The current coal leasing program is a rare example of positive return on investment from the federal government. In 2014 alone, the program generated revenues of $1 billion for American taxpayers and was responsible for 40 percent of total coal-generated electricity in the U.S.[1]
  - Taxpayers receive almost 40 cents on every dollar of coal sales.

[1] http://www.gao.gov/products/GAO-14-1401