

INDIAN COAL COUNTRY

QUICK STATS

- ✘ **CONFERENCE:** Spending
- ✘ **TEAM:** Internal Revenue Service
- **FUMBLE:** \$76 million for a two-year extension of a coal production tax credit
- **HOW TO RECOVER THE BALL:** Sunset the production tax credit and eliminate unnecessary regulatory burdens to economic development in Indian coal country

Over the last few years, conversations involving coal have generally revolved around the federal government's forced retirement of coal-fired power plants. Individuals interested in coal production may find it difficult to believe that some coal subsidies still exist. Since 2005 coal produced in Indian country (areas within the borders or reservation of an Indian Tribe) has been subsidized at about \$2 per ton of coal sold.²²⁴ Each time the credit is extended an additional two years, it costs a projected \$76 million.²²⁵ The purpose of the subsidy was to make production on Indian lands competitive with coal produced elsewhere and to support historically depressed economies. This is a familiar theme in government; if federal policies and regulations make a product more expensive, Congress simply provides additional financial support for its production. Instead of just writing a check on the taxpayer dime, the federal government needs to look at the reasons why production on Tribal lands is so expensive.

In the two highest coal-producing states, Wyoming and West Virginia, state regulators have primacy over mining programs.²²⁶

For more information, please visit:

[GPO: Committee on the Budget Committee Print](#)

[OSMRE: Regulating Coal Mines](#)

However, on Indian lands, the federal government is the regulator, which in turn results in additional permitting requirements that do not exist on state and private lands. These requirements translate to more time and more money spent to develop projects that provide high-paying jobs. BIA and federal regulations have made it so difficult and so expensive to develop energy on Indian land that the government gives a subsidy to incentivize production.

RECOVERY

Finding sustainable ways to grow the economy is critical for the next generation, especially in Indian Country in light of its historically high unemployment rate. Congress should work with Tribes to either allow them to develop their own regulatory process or at least ensure federal regulations enforced in Indian Country are no more stringent than in surrounding areas. This will allow increased energy production and more employment in Tribal areas and also save some of the tax money paid by hard-working American families.