



Community Futures Initiative

Reinvesting in the Heartland

The coal industry has been active in Illinois for over 100 years, but it is time to refocus on the impact it is having on our economy today. Over time, tax exemptions and government subsidies have taken a toll on state and local budgets. By addressing these loopholes and missed opportunities, we can balance our finances while promoting diverse, vibrant economies that communities can rely on for the long haul.

1

Tax breaks and subsidies to the coal industry cost the Illinois state budget \$19.8 million in Fiscal Year 2011

Compared to other industries, coal companies have been given a free ride. Legislators have been propping up the industry on the taxpayer's dime, claiming it is one of the biggest economic drivers in the state.

In fact, coal mining and support industries play a relatively insignificant role in the Illinois economy, representing **only 0.17% of private industry economic activity** in 2010.

While the industry does support well-paying jobs, we find that overall, **the industry imposes a greater cost on state taxpayers.**

Taking all revenues into account alongside all costs to the state and taxpayers (including manufacturing and equipment tax exemptions, various tax incentives, and direct grants) the coal industry comes at a **net cost of \$19.8 million to the Illinois budget.**

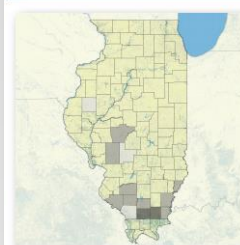
Rebalancing the budget and cutting the subsidies could help support the other 99.7% of economic activity in the state.

2

Coal also plays a small role in providing Illinois' power. Only 15% of Illinois Coal is used for in-state electricity

78% of coal mined in Illinois is consumed **out-of-state**, and only 15% is used for Illinois electricity. As coal power declines in Illinois, industry is gearing up for **more exports out-of-state and overseas.**

The Impact of Coal on the Illinois State Budget, FY2011



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The complete study and methodology by The Center for Tax and Budget Accountability and Downstream Strategies can be found at bit.ly/15T6tny

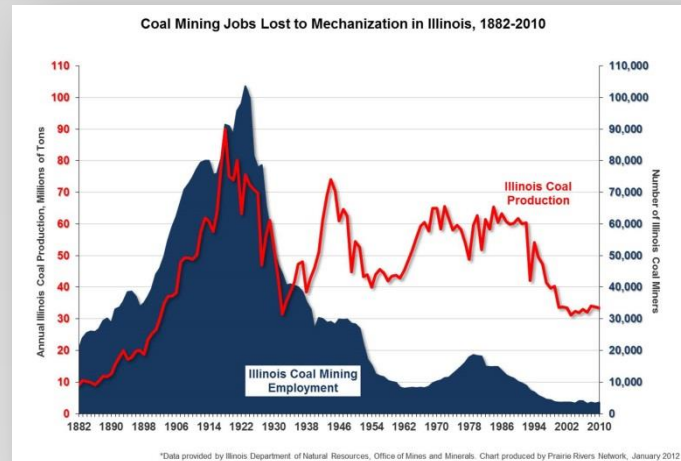
3

Coal mining jobs are declining - not because of policy, but because of industry mechanization

Today there are fewer than 4,000 coal miners in Illinois, **less than 0.1% of total employment**. Half of the counties that produce coal in Illinois rely on the industry for less than 1% of employment.

It now takes fewer miners than ever to produce a ton of coal. **Compared to 100 years ago, Illinois can produce half as much coal with just 3 percent of the miners.**

As the industry relies more on machines, it relies less on miners – leaving many unemployed. **Investing in the local economy ensures that those miners will not be left behind.**

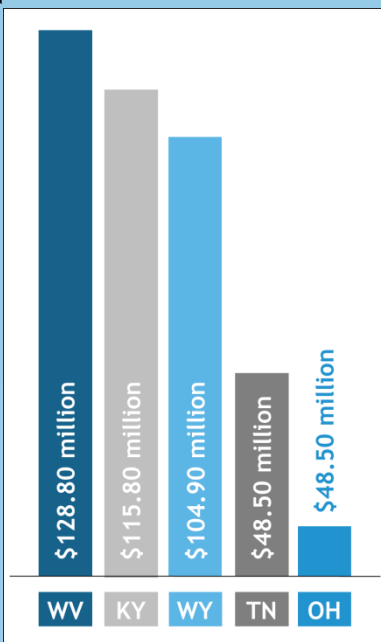


Coal mining (red line) now has less influence on employment (blue) than ever before. This means a coal “boom” will not bring the jobs it once did.

4

Illinois coal is leaving the state - and Illinois communities are missing out on a revenue source that could be reinvested to clean-up and diversify the economy

How much revenue would an Illinois coal severance tax have generated in 2012? (model state tax rates)



Illinois is one of the only major coal-producing states that does not collect a coal severance tax – an excise fee collected from the coal company based on the price or volume of coal mined.

Similar to other tax exemptions given to the coal industry, Illinois is missing out on a substantial revenue source (potentially \$100 million per year) that could go back to the community – building strong opportunities for the future.

5

Abandoned mine lands could cost the taxpayers millions or provide local job opportunities

2,625 abandoned mine lands have been littered across the state’s landscape. Reclamation projects to address these sites are funded by the Abandoned Mine Reclamation Fund, however, the **fund is set to sunset in 2022**. The cost of reclamation work in Illinois is estimated at \$129 million, which could fall on state taxpayers.

If reclamation projects are funded, we can clean-up these lands, not only providing reclamation work, but making spaces safe and useful.