

Title: Withdrawing Illinois' Coal Subsidies is a Moral Imperative

By: Marc J. Lane

Copyright: Crain's Chicago Business

Date: February 25, 2014



If Illinois' "King Coal" is deposed as many predict, his subjects should herald the peaceful revolution.

The economics of the state's coal economy have remained virtually unchanged since Francis Peabody founded Peabody Daniels & Co., now Peabody Energy Corp., at age 24 in 1883 and became fabulously wealthy buying coal from established mines and selling it for use in Chicago's homes and businesses. Then as now, miners in southern Illinois helped create wealth for others at the expense of their own health and safety. Their land is strip-mined, their water poisoned.

The state's policymakers always have responded favorably to the coal industry's special pleadings. Recently enacted legislation has green-lighted a surface mining operation in a state park and eased the permitting process for strip mines.

Illinois gives tax credits to coal investors and generous grants to coal companies and researchers. Unlike other states, it has never enacted a "coal severance tax" on companies that sell Illinois coal out of state, often at enormous profits. The Center for Tax and Budget Accountability estimates that a severance tax on coal extraction would raise \$100 million in annual revenue. What's more, those out-of-state coal sales escape Illinois sales tax.

The arguments in favor of state subsidies for the coal industry are familiar. Not only does the industry contribute to the public coffers through the payment of taxes; it also generates significant economic activity. While coal needs to remain an integral part of our national energy strategy, any claim that coal is cheap, clean and creates jobs is pure fiction.

When revenues, subsidies and the expenses of regulation are netted out, the coal industry actually cost Illinois taxpayers \$19.8 million in 2011, according to a recent report published by the CTBA. And that doesn't include legacy expenses in health care and education that will be incurred in future years.

But the drain on the state's budget at a time of fiscal crisis is only part of the story. There is no deadlier power source than coal. Miners tend to die at an early age because the air they breathe contributes to heart disease and respiratory problems. Black lung disease alone kills hundreds of miners and retired miners every year.

Most scientists agree that, over the long run, burning fossil fuels poses an existential threat to the planet. And even many onetime advocates of "clean coal" now admit that carbon sequestration isn't economically viable.

As alternative sources of energy are earning broader acceptance in the marketplace and the U. S. Environmental Protection Agency is committed to limiting carbon emissions from new and existing coal-fired power plants, coal's share of the American energy market is shrinking. But, for now, the nation must rely upon a mix of energy sources, coal prominently among them.

Still, Illinois' policies must protect its environment and its residents' health and financial security. Let's kill the state subsidies that prolong King Coal's unchecked and less-than-benevolent reign.



Marc J. Lane is a Chicago attorney and chairman of the Illinois Task Force on Social Innovation, Entrepreneurship, and Enterprise.

*Reprinted from Marc Lane's February 25, 2014 editorial which appeared in Crain's Chicago Business. Crain Communication Inc.'s permission is gratefully acknowledged. Copyright © 2014 by Crain's Communications Inc. Read more:
<http://www.chicagobusiness.com/article/20140225/OPINION/140219732/withdrawing-illinois-coal-subsidies-is-a-moral-imperative>*