

Proposal could cost Wyo millions in AML payments

By MATT JOYCE

Associated Press writer

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CHEYENNE -- A provision in President Barack Obama's budget proposal is stirring concern among Wyoming officials that the state could lose hundreds of millions of dollars in Abandoned Mine Land payments -- funds Wyoming has used in recent years to bolster its energy industry.

The Abandoned Mine Land program taxes coal production to raise money to clean up abandoned coal mine sites and for other projects. In Wyoming, the funds have gone to cleaning up old mines as well as to projects related to coal gasification, carbon sequestration and the University of Wyoming School of Energy Resources.

Obama's budget proposal would end payments to coal-producing states that no longer need funds to clean up old mines.

Wyoming expects to receive at least \$82.7 million in AML payments for each of the next five years, or more than \$400 million, in addition to payments on future coal taxes through 2021. But officials say Wyoming has only about \$100 million worth of coal reclamation work to complete, and that should be done by 2012.

"The Obama administration is just wrong on this," said Gov. Dave Freudenthal, a Democrat. "It would have an impact on us, and not a good one."

Freudenthal said the state has not made plans with AML funds beyond the 2010 fiscal year.

Congress passed the Surface Mining Control and Reclamation Act in 1977, and the state has received about \$600 million in AML funds since then, said Rick Chancellor, administrator of the Abandoned Mine Land Division at the state Department of Environmental Quality. The federal government still collects a 35-cent tax on each ton of coal produced in the state for the AML fund.

Congress renewed the act in 2006 with a promise that the federal government would pay back AML funds it collected but never appropriated to the states, according to Wyoming's congressional delegation.

Chancellor said Wyoming is scheduled to receive \$580 million in backpayments, which started in fiscal year 2008. On top of that, Wyoming should also receive a portion of the ongoing coal-tax collections that are scheduled to take place each year through 2021.

Chancellor said the federal government requires the state to spend \$30 million each year on coal reclamation projects, which the state expects to finish by 2012. While most of the state's coal reclamation work is done, a few projects remain, like mitigating a crumbling highwall at the Playcheck Pit north of Sheridan, he said.

Wyoming has been using its extra AML payments for various energy projects. Just this week, Freudenthal signed the fiscal 2010 supplemental budget bill containing \$100.6 million in AML fund projects.

Along with coal-mine cleanup, the budget's AML funding includes \$30 million for the state's portion of a joint project with GE to build a small-scale plant to test coal gasification and clean-coal technologies. It also includes more than \$10 million for the UW School of Energy Resources and more than \$4 million for the DEQ Air Quality Division to address the impacts of energy development.

With huge sums of money at stake, Wyoming's congressional delegation is working to beat back the AML stipulation in Obama's proposed budget. U.S. Rep. Cynthia Lummis, R-Wyo., sent a letter Thursday to Rep. Nick Rahall, D-W.Va., chairman of the House Natural Resources Committee, seeking his help in stopping Obama's AML plan.

Freudenthal said the federal government wouldn't benefit from terminating AML payments to states, because the payments justify collecting the tax.

"Ultimately if you're going to do away with the payments to achieve the purpose of the fee, the coal industry is going to come in and say, 'Do away with the fee,' which is fair," Freudenthal said.