

# MONTANA

## Montana coal production down a third

**TOM LUTEY**

For the Independent Record

BILLINGS—Montana coal production through spring is down a third, a trend that doesn't seem to be letting up.

Through May 1, Montana coal mines have produced 9.6 million tons of coal, down 4 million tons compared to the same four months a year earlier. Should the mining trend continue, state programs dependent on coal revenue will feel it, said Bud Clinch of the Montana Coal Council.

"We were down about a million tons per month and then in April, the most recent month I have, we were down 720,000 tons," Clinch said. "I don't think that means were getting better."

At the current pace, Montana mines could dig about 28 million tons in 2016, down from 42 million a year ago. If that happens, Clinch said state tax revenue from coal is sure to drop.

Coal is facing several economic and environmental challenges, currently. The United States is getting more of its power from cheap natural gas and alternative energy. Consequently, energy produced by coal has declined. In the first quarter of this year, coal contributed 29 percent of the nation's power supply, down from 48 percent just a few years ago, according to the U.S. Energy Information Administration.

Internationally, there

is an oversupply of coal in regions like the Asian Pacific, where Powder River Basin coal from Montana and Wyoming is sold. That oversupply has driven prices so low shipping Powder River Basin coal has become unprofitable, according to mine owners.

The latest coal tax projections from the Montana Department of Revenue has the coal tax collections through May down \$7 million when compared to the collections a year earlier.

Montana coal severance taxes, which amount to roughly \$60 million a year, split between the state coal trust and several government programs that receive the coal taxes directly. The trust is a \$1 billion fund that contributes interest to pay

for some government programs, such as infrastructure and economic development.

The non-trust proceeds were about \$30 million last year. Some organizations rely on those funds, for example, Montana state libraries, which draws about \$470,000 a year it, say they're feeling the decline. The library system uses the coal money to pay for database services, for example Lexis-Nexis.

Coal money is a sizable piece of the state revenue stream, but it isn't the largest. Cigarette taxes, for example, outpace coal taxes by about \$10 million through May. More than \$1.5 billion in taxes have been deposited in the state general fund this year.