

News
From _____

CONGRESSMAN

Nick Rahall

WEST VIRGINIA-4th DISTRICT

FOR IMMEDIATE RELEASE
September 11, 1981

CONTACT: Mike Serpe
202-225-3452

RAHALL BILL TO HELP SMALL COAL OPERATIONS

Washington D.C. --- "Small coal producers are being driven out of the business because of their inability to raise the necessary capital to remain competitive," said West Virginia's 4th District Congressman Nick J. Rahall. "It is for this reason, I have introduced legislation to help these small operators remain a viable force in the industry," Rahall said.

Congressman Rahall's measure, similar to one he submitted in the 96th Congress, is designed to expand and refine the scope of the Coal Loan Guarantee Program. "This program was set up by the Energy Bill of 1975," Rahall pointed out, "however, since enactment of this law, not one single coal operator has been able to qualify for a loan!"

Rahall stressed, "While Congress continues to fund this program, the money continues to languish unused at the Department of Energy. This is due to needlessly strict criteria for loan applications."

Congressman Rahall's measure is designed to address the following problems with the Coal Loan Guarantee Program:

- the bill would remove the stipulation that loan guarantees be made only to underground mines, by expanding the program to include all coal operations.
- coal operations which meet applicable Clean Air Act standards would be eligible--the current program requires a sulfur content no greater than 0.6 pounds. Only 7 percent of the coal in the Appalachian region can meet this present standard.
- amend the current law to allow the Secretary of Energy discretion in the area of contract duration and repayment of the loan. At this time, the loan is required to be repaid over the duration of a contract between the producer and the customer. In many cases, it is difficult for a new producer to obtain such a contract when he cannot prove he has the financing to start-up his operation.

Congressman Rahall pointed out, "The situation in southern West Virginia is critical, because in the past coal operators could obtain funding from the Farmers Home Administration or the Small Business Administration. With the funding from these agencies now restricted, a strong, functioning coal loan program is essential to the future of coal in West Virginia and in America."