

News
From _____

CONGRESSMAN

HR 2325

Nick Rahall

WEST VIRGINIA-4th DISTRICT

FOR IMMEDIATE RELEASE
MARCH 4, 1981

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WASHINGTON D.C. --- WEST VIRGINIA'S FOURTH DISTRICT CONGRESSMAN NICK J. RAHALL, TODAY INTRODUCED LEGISLATION TO PROVIDE TAX INCENTIVES TO ELECTRIC UTILITIES WISHING TO CONVERT THEIR FACILITIES FROM OIL OR NATURAL GAS TO COAL.

CONGRESSMAN RAHALL, CHAIRMAN OF THE CONGRESSIONAL COAL GROUP, INTRODUCED THE UTILITY OIL-GAS BACKOUT BILL IN THE LAST SESSION OF CONGRESS, BUT TODAY POINTED OUT, "THIS NEW BILL IS MORE IN LINE WITH THE REAGAN ADMINISTRATION'S CONCEPT OF PROVIDING TAX INCENTIVES RATHER THAN SUBSIDIES."

RAHALL'S MEASURE ALREADY HAS THE SUPPORT OF THE NATIONAL COAL ASSOCIATION, THE UNITED MINE WORKERS OF AMERICA, THE MINING AND RECLAMATION COUNCIL OF AMERICA, AND THE AMERICAN MINING CONGRESS.

(SPECIFICS OF THE RAHALL COAL UTILIZATION INCENTIVES ACT OF 1981, ARE LISTED ON THE ATTACHED FACT SHEET.)

CONGRESSMAN RAHALL OBSERVED THAT, "PETROLEUM FIRED BOILERS PROVIDE A LITTLE OVER 37 PERCENT OF THE ELECTRICITY CONSUMED IN THIS COUNTRY, WHILE COAL PROVIDES ONLY 15 PERCENT."

"THOSE OF US WHO SUPPORT THIS LEGISLATION SHARE THE PRESIDENT'S VIEW THAT INFLATION MUST BE BROUGHT UNDER CONTROL," RAHALL STATED, "BUT TO CARRY OUR THIS INITIATIVE, A MAJOR DRIVE MUST BE MADE TO REDUCE AMERICA'S RELIANCE ON FOREIGN ENERGY SOURCES," CONGRESSMAN RAHALL STRESSED.

RAHALL'S MEASURE WILL PROVIDE NUMEROUS TAX INCENTIVES, SUCH AS: WRITE-OFFS FOR COAL-FIRED BOILERS AND POLLUTION EQUIPMENT, EXTENSION OF EXISTING ENERGY TAX CREDITS TO COAL FACILITIES, AND TO AMEND THE CLEAN AIR ACT TO PROVIDE SOME RELIEF FOR UTILITY PLANTS WHO VOLUNTARILY CONVERT TO COAL.

"IT WILL NOT BE AN EASY TASK TO GET THIS BILL PASSED," RAHALL STATED, "BUT WE WILL MAKE EVERY ATTEMPT POSSIBLE SO COAL USE WILL INCREASE AND MINERS WILL BE PUT BACK TO WORK."

COAL UTILIZATION INCENTIVES ACT OF 1981

SUMMARY

Title 1

Section 195 - AMORTIZATION OF COAL UTILIZATION PROPERTY

Under present law, an individual or entity is permitted to deduct from their tax liability, a portion of the declining value of a particular item. This bill, will allow coal utilization property (boiler or burner, pollution control equipment or coal cleaning equipment) to be written-off over a three-year period. However, at the election of the taxpayer, the coal utilization property may be amortized over a one year period.

Section 102 - ENERGY CREDIT ALLOWED TO PUBLIC UTILITIES FOR COAL UTILIZATION PROPERTY

Under present law, utilities are precluded from utilizing the 15% energy tax credit. This bill will allow utilities to receive the energy credit.

Section 103 - FULL INVESTMENT TAX CREDIT ALLOWANCE FOR COAL UTILIZATION PROPERTY

Present law allows the investment tax credit to absorb a certain portion of a taxpayers tax liability. What often occurs in the case of a utility is that their tax liability is less than the credit allowed, therefore they cannot utilize the credit. This legislation will enable utilities to utilize the investment tax credit to absorb their entire tax liability.

Section 104 - INDUSTRIAL DEVELOPMENT BONDS FOR COAL CONVERSION AND USE.

Under present law, municipalities are precluded from issuing industrial development bonds for utility concerns. This legislation will allow the various local entities to issue these tax-free debentures to assist utilities through the massive expense of converting.

Title II

Section 201 - NEW SOURCE PERFORMANCE STANDARDS

This section amends Section 111(a)(8) of the Clean Air Act which defines modifications by existing sources. Under present law, when an existing source is modified, it is subject to New Source Performance Standards. Under this bill, voluntarily converting units, which convert to coal, would not be classified as a modification and therefore not subject to the New Source Performance Standards.

Section 202 - FACILITIES CONVERTING TO COAL

This section amends section 113(d)(5)(a) of the Clean Air Act. Under this bill, voluntarily converting units would be eligible for delayed compliance orders now available to units ordered converted under ESECA or PIFUA.

COMMONLY ASKED QUESTIONS ABOUT THIS LEGISLATION

1. HOW MANY PLANTS WILL CONVERT AND HOW MUCH COAL WILL BE USED?

An exact determination of fuel savings and additional coal use will vary. Under the most optimistic conditions, in excess of 1 million barrels of oil would be saved per day, and 100 million tons of coal would be used per year.

2. WHAT IS THE ADMINISTRATION'S POSITION ON THIS MEASURE?

It is felt that this measure is more in line with the present Administration's concept of tax incentives, rather than subsidies. Treasury, OMB, DOE and EPA have been asked to submit their views on the legislation. No response has yet been received.

3. WHO SUPPORTS THE BILL AS INTRODUCED?

The original co-sponsors, plus the National Coal Association, the United Mine Workers of America, the Mining and Reclamation Council of America, and the American Mining Congress.

4. HOW MUCH WILL THIS MEASURE COST?

Estimated savings to the American consumer due to lower fuels costs will be substantial. Also, there will be increased revenues through increased construction activity, employment gains, taxes on new mining activity and transportation activity. Therefore I believe there will be a revenue gain rather than a revenue loss from this measure.

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NICK J. RAHALL, II
4TH DISTRICT, WEST VIRGINIA

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TRANSPORTATION

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Congress of the United States
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March 4, 1981

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Mr. David Stockman
Director
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Old Executive Office Building
Washington, D.C. 20503

*****SIMILAR LETTERS
SENT TO THE DEPT.
OF TREASURY, EPA
& DOE *****

Dear Mr. ~~Stockman~~ *Dave*:

Enclosed is a copy of legislation I plan to introduce on behalf of myself and a number of my colleagues in the Congressional Coal Group. I am sending it to you for your information, and to solicit your comments and concerns.

As I am sure you are aware, various attempts were made in the last session of Congress to enact the "Utility Oil-Gas Backout" legislation. That measure would have required direct government subsidies to utilities wishing to convert their facilities from oil or natural gas to coal.

This new bill however, I believe is more in line with the Reagan Administration's concept of providing tax incentives to industry, rather than subsidies.

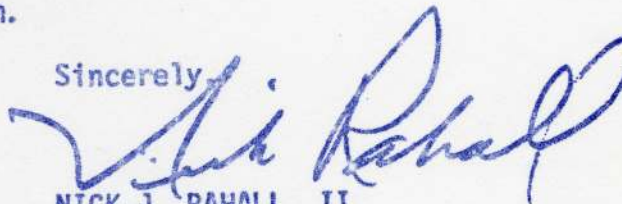
Those of us who support this legislation share the President's view that inflation must be brought under control, and to carry out this initiative, we feel a major drive must be made to reduce America's reliance on foreign energy sources.

The Coal Utilization Incentives Act of 1981 will increase coal use, and will in time put unemployed miners back to work.

Your views will be greatly appreciated.

With warm regard, I am.

Sincerely,



NICK J. RAHALL, II
Member of Congress

NJR/bhw

Enclosure