

News
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CONGRESSMAN

Nick Rahall

WEST VIRGINIA-4th DISTRICT

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RAHALL CALLS PLAN TO TAX BLACK LUNG 'MEAN'

Washington, D.C. -- Terming an Administration proposal to tax black lung benefits "mean-spirited", U.S. Rep. Nick Rahall (D-WV) today accused the Reagan Administration of reneging on commitments made to the disabled coal miners of this nation.

Testifying before the House Ways and Means Committee, Rahall charged that victims of black lung were being unfairly targeted in an effort to reduce the Administration's crippling budget deficit. "Taxing black lung benefits would not keep faith to the commitment we made to the nation's low and no-income population only last year," he noted. Rahall, chairman of the Interior Subcommittee on Mining and Natural Resources, was instrumental in heading off a previous Administration attempt to tax black lung compensation.

"This is so mean-spirited that it belies the imagination," Rahall pointed out. "Black lung victims and their survivors are the poorest of Americans. A disabled miner, or his/her survivor with no dependents, receives less than \$5,000 per year in black lung benefits, while a miner or survivor with three or more dependents receives approximately \$8,000 per year."

Rahall also took exception to the Administration's proposal to renege on the agreement it had reached with Congress to ensure the solvency of the Black Lung Trust Fund. The Administration is proposing a 65% increase in the coal excise tax which funds the black lung program. In 1985, Rahall and his colleagues negotiated an agreement with the Administration that imposed only a 10% increase in excise tax and thereby ensured the solvency of the Black Lung Trust Fund.

"I believe this approach not only brought a measure of security to the Trust Fund, but did so in a fashion which does not jeopardize future coal production and coal mine employment," Rahall testified. "An additional tax increase is not needed and, in fact, would be a serious breach of faith with the various parties who just last year agreed to the compromise funding mechanism."

Rahall also warned of the dangers of the Administration's failure to live up to its word on the black lung compromise. "A further increase in the black lung excise tax would have the opposite effect than that intended by the Administration," Rahall said. "Such an increase would put many marginally profitable coal producers out of business. This would lead to less coal production and consequently a decline in tonnage that is subject to the excise tax. The result: a greater deficit in the Black Lung Trust Fund."

The Ways and Means Committee held hearings on various proposals to comply with the FY88 budget resolution.

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STATEMENT OF HON. NICK J. RAHALL, II
COMMITTEE ON WAYS AND MEANS
July 15, 1987

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Mr. Chairman and Members of the Committee. Among the possible options being examined to comply with the fiscal year 1988 Budget Resolution are two proposals affecting the federal black lung program. They are: to raise the coal excise tax by 65% and to include black lung benefits as taxable income.

As you may recall, for fiscal year 1985 the Administration proposed a 50% increase in the coal excise tax to address what it believed was the underfunding of the Black Lung Disability Trust Fund. To your great credit, Mr. Chairman, the conference on the fiscal year 1985 budget reconciliation bill agreed instead to a 10% increase reflecting a compromise approach which we all worked out that would bring the Trust Fund into solvency by the year 2014.

I believe this approach not only brought a measure of security to the Trust Fund, but did so in a fashion which does not jeopardize future coal production and coal mine employment. An additional tax increase is not needed and, in fact, would be a serious breach of faith with the various parties who just last year agreed to the compromise funding mechanism.

It should also be noted that a further increase in the black lung excise tax would have the opposite effect than that intended by the Administration. Such an increase would put many marginally profitable coal producers out of business. This would lead to less coal production and consequently a decline in tonnage that is subject to the excise tax. The result: a greater deficit in the Black Lung Trust Fund.

The second proposal, also advanced by the Administration, is so mean spirited that it belies the imagination. Black lung victims and their survivors are among the poorest of Americans. A disabled miner, or his or her survivor with no dependents, receives less than \$5,000 per year in black lung benefits while a miner or survivor with three or more dependents receives approximately \$8,000 per year. Since the black lung program began, the IRS has treated these benefits as modest subsistence payments and not as net income replacement.

Last year, this committee authored the most far reaching tax reform bill in recent history. One of your greatest achievements was to remove over 6 million poor people from the tax rolls. Taxing black lung benefits at this time would not keep faith to the commitment we made to the Nation's low and no-income population only last year.

Thank you for giving me this opportunity to appear before the Committee. And Mr. Chairman, I want to again express not only my deep appreciation but that of the active and retired American coal miner for your assistance in matters pertaining to the black lung program.