

NEAL P. GOODMAN
DEMOCRATIC CAUCUS ADMINISTRATOR
1300 LEGISLATIVE DISTRICT
STATE MAIN CAPITOL BUILDING
300 BOS. BLDG.
HARRISBURG, PENNSYLVANIA 17120-0000
PHONE: (717) 772-2768
FAX: (717) 772-2936

300 W. CENTRE STREET
MAHANNA CITY, PENNSYLVANIA 17346
PHONE: (610) 775-3025
FAX: (610) 775-2495
COLLECT: (610) 775-3025

300 W. CENTRE STREET
1ST FLOOR, PENNSYLVANIA 17120
PHONE: (717) 772-2768



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES

HOUSE
SENATE

CAUCUSES

HOUSE OF REPRESENTATIVES
SENATE
AGRICULTURE
COMMERCE
CONSTITUTION
ENERGY
MANUFACTURING
HEALTH AND HUMAN SERVICES
INVESTMENT
NATURAL RESOURCES

May 27th, 2020

The Honorable Dennis M. Davin
Secretary, Pennsylvania Department of
Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Dear Secretary Davin:

As the Department of Community and Economic Development (DCED) works to address the economic hardships created by the current coronavirus pandemic, it is crucial the department maintain programs authorized by the General Assembly supporting essential businesses in the state. The Pennsylvania Coal Refuse Energy and Reclamation Tax Credit was created in 2016 providing vital support to maintain Pennsylvania's coal refuse reclamation-to-energy industry through a tax credit of up to \$4.00 per ton of polluting waste coal removed and consumed by this industry. This program was just last year doubled to \$20 million annually.

These plants which were designed to improve the environment by removing polluting coal refuse have for several years struggled to compete for funding in an electricity marketplace for which they were not designed to operate. The decline in funding from their electricity production has only worsened this year, first due to a warm winter and now with decreased demand from the coronavirus pandemic pushing power prices to historic lows. These circumstances make the tax credit program even more critical to the continued operation of these environmental remediation facilities now than it was in previous years.

I understand that DCED has completed processing applications for the 2019 Coal Refuse Energy and Reclamation Tax Credit; however, for some reason the administration is delaying distribution of tax credit

certificates to the coal refuse facilities. It is important to note that this tax credit is quite unique, as it is performance based and only paid when the coal refuse has been removed and remediation has occurred and after such activity has been certified by the Department of Environmental Protection and reviewed by the Department of Revenue.

While Pennsylvania's economy struggles and unemployment grows exponentially amid the coronavirus pandemic, we must provide the approved assistance if this industry is to survive. I understand the administration's desire to slow the expenditure of funds due to the impact the current situation is expected to have on the state budget. However, this industry is also responsible for nearly 3,000 Pennsylvania jobs which are largely located in economically distressed, rural communities that were already struggling before the current crisis.

As most of these facilities already struggle to make ends meet, these tax credits are a lifeline to keep their doors open. Even if the tax credits are issued to these facilities immediately, the companies will not see the economic benefit for 4-6 months or longer. Likewise, the state will not see the fiscal impact until that later time because nearly all of the facilities must first sell and transfer the credits to realize the financial benefit of the tax credits.

This tax credit transfer process requires companies to submit a request to DCED to transfer the credit to the buyer, which must then go through a full tax compliance review before being approved. Therefore, while the issuance of the tax credits is an important step to help these companies, it is nowhere near the final action needed to complete the tax credit process. If this process does not start soon, some of the facilities may not be able to keep their doors open until the credits are finally received.

Coal refuse piles pose measurable threats to our air and water quality due to acid mine drainage and coal refuse pile fire emissions and for which there is no viable, cost effective, alternative to the coal refuse energy industry. These coal refuse-to-energy facilities are the most important environment remediation technology available to the Commonwealth in its effort to resolve the multimedia threats posed by coal refuse piles in Pennsylvania. They play a leading role in cleaning up our environment by eliminating abandoned coal refuse sites and remediating land and streams polluted by acid mine drainage.

The removal and consumption of coal refuse by these facilities results in cleaner land, cleaner air and cleaner waterways, while also providing a beneficial source of alternative electricity and thousands of skilled Pennsylvania jobs in power generation, mining, logistics, trucking and handling. The presence of a healthy coal refuse energy industry, along with its family-sustaining jobs and significant reinvestment in businesses and localities, and payment of fees and taxes, in economically depressed communities throughout the Commonwealth also helps to alleviate pressure upon the state and local budgets of Pennsylvania. Without this industry, vastly greater levels of local and state taxpayer dollars would be required to reclaim these areas and address these serious environmental, health, and safety problems. Therefore, I respectfully request that DCED expedite the release of the 2019 Coal Refuse Energy and Reclamation Tax Credit. Please help keep these essential environmental remediation facilities, their employees, and the local businesses and communities they support from becoming another economic casualty of the coronavirus pandemic.

Respectfully,

A handwritten signature in black ink, appearing to read "Neal P. Goodman". The signature is fluid and cursive, with the first name "Neal" being particularly prominent.

Neal P. Goodman
State Representative
123rd Legislative District

CC: Jen Swails, Secretary, Governor's Budget Office
Will Danowski, Secretary, Governor's Office of Legislative Affairs
Barry Wicks, Director of Legislative Affairs, DCED