

**OPPOSE: HB665 (Del. Kilgore) / SB378 (Sen. Chafin)  
Extension of Ineffective Coal Tax Credits**

**What HB665 and SB378 do:**

- HB665 and SB378 extends from January 1, 2018, to July 1, 2023, the date by which coal employment and production incentive tax credits (known as “coal tax credits”) must be earned in order to be allocated to persons with an economic interest in coal.
  - o In addition, it authorizes any tax credit that hasn’t been used to be carried over to the extent usable for the next seven years or until the credits are utilized, whichever is sooner.

**Reasons to oppose HB665 and SB378:**

- Since the coal tax credits first started over 25 years ago, the Commonwealth of Virginia has sent over \$637 million in tax credits to coal companies in Southwest Virginia and electricity generators. The hundreds of millions of dollars provided through these coal tax credits go to corporations and other business entities in the coal industry, not the individual coal miners.
  - o The coal tax credits were intended to slow the decline of coal production and employment and they are not achieving this purpose. The 2012 Joint Legislative Audit and Review Commission (JLARC) review of the Effectiveness of Virginia Tax Preference, Senate Document No. 4, reported that the coal tax credits are not working and instead Virginia is seeing an exact inverse result in the loss of coal-related jobs.
    - When the coal tax credits first started in 1988, there were approximately 11,100 coal miners in Virginia and now there are less than 2,500 coal miners in Virginia.
  - o The JLARC study determined that coal production and employment was declining at the same rate or even faster than was anticipated when the coal tax credit was established.
- It is clear that the coal tax credits are not working to generate economic growth in the coalfields region and are wasting millions of taxpayer dollars to support an industry that is declining due to market forces.
- Virginia should not risk wasting additional taxpayer money with the expectation of a different result, and it should instead promote solutions that actually put money and opportunity back on the table for the coalfield region.
- We encourage you to oppose any extension of their sunset.