HART RESEARCH ASSOCIATES

MEMORANDUM

TO: Center for American Progress, The Mountain Pact

FROM: Hart Research Associates

DATE: April 17, 2015

RE: Public Opinion on Coal Mining Reforms on Public Lands

On behalf of the Center for American Progress and The Mountain Pact, Hart Research conducted a national survey of 803 likely 2016 voters. These interviews were conducted by telephone from January 16 to 19, 30% of which were conducted on cell phones. The survey explored likely voters' views about coal mining on national public lands and proposals to reform federal coal policy.

The key findings as reviewed in this memo reveal that voters have mixed views about the idea of leasing public lands to coal companies, but there is broad bipartisan support for several reforms to federal coal policy, including cutting subsidies and charging royalties based on the true market price at which coal is sold to a power plant or exporter.

1) While voters have mixed opinions on whether the federal government should lease public lands for coal mining, there is strong bipartisan agreement that coal companies should pay royalties on the coal mined from these lands.

- About the same proportion of voters have a favorable reaction (42%) as unfavorable reaction (41%) to learning that the federal government leases national public lands to coal companies for mining. Opinions generally fall along party lines; Republicans feel relatively more favorable (58% favorable, 25% unfavorable), Democrats are more negative (29% favorable, 54% unfavorable) and independents are mixed (41% favorable, 44% unfavorable).
- Nearly seven in 10 (69%) voters have a favorable reaction to hearing that coal companies are required to pay royalties to the government for coal mined from public lands. Support for charging coal companies royalties cuts across party lines, with solid majorities of Democrats (66%), independents (68%), and Republicans (77%) all in favor.

2) The public's initial inclination is that royalties should be assessed on the price of coal when it is sold to a power plant or exporter, rather than on the price of coal when it is sold from the mine to a broker or middleman. Voters feel even more strongly this way after being presented with information that coal companies pay less in royalties by selling coal to subsidiary companies at a lower price.

- When first asked and prior to hearing any other information, many voters' inclination is to believe that coal companies should pay royalties based on the market price of coal when it is sold to a power plant or exporter (40%) rather than the price at the mine when it is first sold to a middleman (20%). The remaining 40% do not have an opinion either way.
- Voters have a strongly negative reaction to learning that recent investigations have found that coal companies are selling coal to their own subsidiary companies, allowing coal companies to set prices for themselves and pay less in royalties to taxpayers (70% are unfavorable, including 59% who are strongly unfavorable). Democrats (84%), independents (83%), and Republicans (76%) alike have unfavorable reactions to this information. Even voters who support leasing public lands to coal companies react negatively (76% unfavorable).
- There is solid support for a proposal to require coal companies to pay royalties based on the true market price of coal when it is sold to a power plant or exporter, rather than the lower price at which coal is first sold to middlemen or coal companies' own subsidiary companies. Seven in 10 (69%) voters support this proposal, including 75% of Democrats, 70% of Republicans, and 68% of voters who favor leasing public lands to coal companies.

3) Highlighting how coal companies are using loopholes to shortchange American taxpayers and state governments is the strongest message for advancing a proposal to reform how royalties are calculated and collected.

- The strongest reasons (shown below) to support the proposal to charge royalties based on the true market price of coal reinforce voters' first impressions that coal companies' royalty evasions are unfair.

> By taking advantage of this gaping loophole, major coal companies are costing US taxpayers and state governments more than $1 billion a year in lost royalty payments for money that is owed them from coal mined on taxpayer-owned public lands. That is lost revenue that state governments could be using for local schools, roads, and other needs.
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> Coal companies are cheating taxpayers by selling coal to their own shell companies so they can pay royalties or fees based on artificially low prices. In fact, more than 40% of all coal in Wyoming is being sold to coal companies' shell companies to avoid paying their fair share to US taxpayers.

- Arguments against changing how royalties are calculated are received less favorably than reasons to support the proposal. The argument that this proposal is being pushed by anti-coal environmentalists and is part of the

Obama administration's war on coal only resonates with Republicans. While Republicans rate this 'war on coal' message as the strongest reason to oppose the proposal, it is the lowest-rated reason among voters overall, including among independents and voters who initially are unsure about their position.

4) In addition to supporting a proposal to reform how federal coal royalties are calculated, voters strongly object to the federal government providing subsidies to companies that mine coal on public lands.

- 64% of voters say they have an unfavorable reaction to the federal government providing subsidies to companies that mine coal on national public lands, including 67% of Democrats, 66% of independents, and 62% of Republicans.
- By a nearly two-to-one margin, voters favor ending subsidies to coal companies that mine on public lands (53%) over keeping subsidies (29%).

5) There is ample opportunity to pursue fiscally-responsible reforms in the federal coal leasing program. Voters endorse several other reform proposals, including requiring coal companies to pay for environmental damage and requiring that coal mined on public lands be sold domestically.

- Large majorities of voters support proposals to reform the federal coal leasing program.

Support for Proposals to Reform the Federal Coal Leasing Program

	Support (7-10)[1] %
Require coal companies to pay a fee to compensate for the environmental damage and water and air pollution that results from strip mining and burning coal.	71
Require that coal mined on taxpayer-owned lands be used in the United States, rather than shipped to China and other foreign countries.	69
Cut subsidies for coal production on federal lands in the West and use the revenues to help struggling communities that are dependent on coal to diversify their economies and create new jobs. Many of these struggling coal communities are in the Appalachian region, including West Virginia, Pennsylvania, and Kentucky.	64
Increase the royalty rate for coal mining on taxpayer-owned national public lands from 12.5% to 18.5% so that coal companies pay the same royalty rate that oil and gas companies pay for drilling in federal waters offshore such as the Gulf of Mexico.	62
Stop auctioning off America's public lands to coal companies to be strip mined.	57

[1]Ratings on a zero-to-10 scale on which a "10" means strongly support and a "0" means do not support at all.

- Requiring coal companies to pay a fee to compensate for environmental damage is the most highly rated proposal among Democrats (82% support) and independents (68%). A solid majority of Republicans (63%) also support this proposal.

- Republicans show the strongest support for requiring coal mined on public lands to be used in the United States rather than sold abroad (66% support). Similarly large majorities of Democrats (75%) and independents (64%) also support this proposal.