

BEECHWOOD COAL, LLC

February 25, 2020

The Honorable Guy Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Building, Room 3
11 Bladen Street
Annapolis, MD 21401

RE: **SB 865**, Credit for Purchase of Maryland-Mined Coal - Extension
Position: FAVORABLE

Dear Chairman Guzzone:

On behalf of Beechwood Coal, LLC, this is written to recommend that the Senate Budget and Taxation Committee give a favorable report on Senate Bill 865, Credit for Purchase of Maryland-Mined Coal - Extension

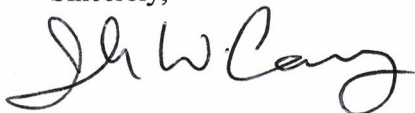
Beechwood Coal is a privately owned surface coal mining company located in Frostburg, MD. All of our operations are in Maryland and we only mine Maryland coal. We directly employ 65 individuals with an indirect effect on hundreds more individuals through contractors, truck drivers, parts and maintenance material suppliers etc. We provide above average wages for Garrett and Allegany Counties and offer full health insurance coverage and an employer matched 401k program.

Beechwood Coal's main sales contract is with AES Warrior Run power plant in Cumberland, MD. In 2019, coal sales to AES Warrior Run comprised 75% of our total coal sales for the year. The tax credit that we receive from selling this coal helps to directly offset the ever increasing cost of providing quality health insurance coverage and equipment maintenance. Our contract with AES Warrior Run is due to be renewed this year which will secure coal sales for Maryland-Mined coal for the next 3-5 years or longer. It is imperative that the coal tax credit remain in effect for us to be competitive from outside coal suppliers from West Virginia and Pennsylvania.

Garrett and Allegany Counties have already suffered a tremendous loss in quality higher paying jobs due to the recent closing of Verso Luke Paper Mill. The jobs that remain in this area don't need the additional stress of losing this coal tax credit that may jeopardize additional jobs. Let's keep these jobs in Maryland by helping Maryland businesses stay competitive.

In closing, Beechwood Coal respectfully requests that the Senate Budget and Taxation Committee give a favorable report on Senate Bill 865. Thank you for your consideration of our request.

Sincerely,



John W. Carey
Permits Manager
Beechwood Coal, LLC

*See Attached Sheet for Additional Points to Consider

BEECHWOOD COAL, LLC

February 25, 2020

The Honorable Guy Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Building, Room 3
11 Bladen Street
Annapolis, MD 21401

RE: **SB 865**, Credit for Purchase of Maryland-Mined Coal - Extension
Position: FAVORABLE

SB 902, Maryland-Mined Coal Tax Credit – Repeal
Position: UNFAVORABLE

Additional Points to Consider:

- We would acknowledge that a reduction in the tax credit cap down to \$2.0 million annually for FY 2022 through 2031 would be sufficient to meet the tax credit that has been applied for in the previous three years.
- The industry representatives (Arch Coal, formerly Vindex Energy) that in 2006 negotiated the termination of the coal tax credit for 2020 are no longer mining coal in Maryland. They represented a large publicly owned company that would better be able to absorb the loss of the tax credit. The mining companies that currently remain in Maryland and would benefit from the tax credit are privately owned small businesses.
- AES Warrior Run in Cumberland, MD to my knowledge is the only public utility company that uses Maryland-Mined coal. They have a PURPA (Public Utility Regulatory Policies Act) contract to produce electric power through 2030. They will be burning coal under their current contract until 2030 regardless of whether it is Maryland-Mined coal or coal from out of state. AES Warrior Run is a clean coal technology facility producing electricity with emission rates 8-10 times cleaner than typical coal facilities.
- It is vital to the environment of Western Maryland to keep these coal mining companies in business. We are actively re-mining areas that were previously impacted by pre-law mining (Prior to Surface Mining Control and Reclamation Act of 1977).
 - In conjunction with the Maryland Department of the Environment, Bureau of Mines, active coal mining companies use BMP's (Best Management Practices) to help mitigate acid mine drainage from old pre-law mines and reclaim areas that were effected by old pre-law mining.
 - Should coal mining in Maryland cease to exist, the State would be responsible to reclaim and mitigate these pre-law mining sites which would be cost prohibitive to the order of tens of millions of dollars to the taxpayers of Maryland.