

COAL ACCOUNTABILITY AND RETIRED EMPLOYEE ACT FOR
THE 21ST CENTURY

OCTOBER 27, 2000.—Ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Resources,
submitted the following

R E P O R T

[To accompany H.R. 4144]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 4144) to provide for the allocation of interest accruing to the Abandoned Mine Reclamation Fund, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Coal Accountability and Retired Employee Act for the 21st Century”.

SEC. 2. TREATMENT OF CERTAIN FUNDS FOR MINER BENEFITS.

Notwithstanding any other provision of law, interest credited to the fund established by section 401 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231) for fiscal years 1992 through 1995 that is not transferred to the combined benefit fund referred to in section 402(h)(2) of such Act (30 U.S.C. 1232(h)(2)) prior to the date of enactment of this Act shall be transferred to such combined benefit fund within 30 days after the date of enactment of this Act to pay the amount of any shortfall in any premium account for any plan year under the combined benefit fund. The entire amount transferred by this section is designated by the Congress as an emergency requirement pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902(e)).

PURPOSE OF THE BILL

The purpose of H.R. 4144 is to provide for the allocation of interest accruing to the Abandoned Mine Reclamation Fund, and for other purposes.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 4144 would require the Office of Surface Mining (OSM) to transfer any remaining interest credited to the Abandoned Mine Land Reclamation Fund (AML) from fiscal years 1992 through 1995 to the United Mine Workers of America Combined Benefit Fund (CBF).

The Surface Mining Control and Reclamation Act of 1977 (SMCRA, Public Law 95–87, codified at 30 U.S.C. 1201 et seq.) regulates surface coal mining operations by States and Indian tribes which host mineable coal deposits. Coal mines often went unreclaimed after the exhaustion of the coal resources until the federal government stepped in to create a level, highly regulated playing field through Title V of SMCRA to regulate the surface impacts of all active coal mines in the United States.

Title IV of SMCRA provides for the restoration of pre-1977 abandoned coal mines for instances where no former operator was obligated under State law to reclaim those sites. Title IV established the AML in the U.S. Treasury supported by a fee collected by OSM of 35 cents per ton of surface mined coal, 15 cents per ton of underground mined coal, and 10 cents per ton of lignite. The AML fee is levied on all coal mined anywhere within the United States and was originally slated to expire in 1992. Congress has acted twice to extend the fee collection authority. Section 6002 of Public Law 101–508 extended the fee to 1995; this law also established the AML as an interest-bearing account. Section 19143 of Public Law 102–486 extended the fee to September 30, 2004, and mandated that a portion of the interest in the AML be transferred to the CBF. Public Law 102–486 also required the AML fee to be extended beyond 2004 in the amount necessary to fulfill the interest-transfer obligation to the CBF.

This interest transfer device relates back to the Coal Act of 1992, which established the CBF by merging earlier retiree benefit programs negotiated between the Bituminous Coal Operators Association and the United Mine Workers of America beginning in 1950 when President Harry Truman ordered the end of a United Mine Worker nationwide strike. These were later followed by other wage and benefit agreements, the latest in 1988. The Coal Act created a “reach back” tax levied on former companies and individuals (no longer in the mining business) who signed those labor agreements to pay the escalating costs of retiree health benefits of their former workers.

However, an “unassigned beneficiaries” class of mining retirees exists where no entity exists to cover the premiums on their retirement and health benefits. To protect the solvency of the CBF, Congress opted to allow the transfer to the CBF of not more than \$70 million annually of interest from unappropriated balance of the AML trust fund for the unassigned class only. This transfer, which is not subject to appropriation, is made after an annual audit calculates the necessary amount. The transfer has never reached the maximum allowed and was approximately \$42 million in 1999. However, because of solvency concerns generated by several court decisions which limited the class of “reachback” entities and the size of the premiums owed by the remaining companies, transfer of additional AML interest is necessary to cover these benefits.

COMMITTEE ACTION

Congressman Nick J. Rahall II (D–WV) introduced H.R. 4144 on March 30, 2000. The bill was referred to the Committee on Resources and within the Committee to the Subcommittee on Energy and Mineral Resources. The Subcommittee was discharged from consideration of the bill on April 11, 2000. On May 17, 2000, the Subcommittee held a hearing on assessing future needs and uses of the Abandoned Mine Reclamation Fund established under Title IV of the Surface Mining Control and Reclamation Act of 1977. On July 26, 2000, the Full Resources Committee met to consider the bill. The bill was ordered favorably reported with an amendment in the nature of a substitute offered by Congresswoman Barbara Cubin (R–WY) by unanimous consent. The Cubin amendment in the nature of a substitute, as does the original bill, allows the transfer of AML interest to the CBF without the limitation in current law that such funds be used only to cover the premium costs of unassigned beneficiaries. The Cubin amendment, however, limits such transfer to the amount available from the AML interest accrued during the period fiscal years 1992 through 1995 (approximately \$96.2 million). Interest accruing to the AML in subsequent years will remain limited to transfer only for the unassigned beneficiaries' premium costs and remain capped at \$70 million annually.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8 of the Constitution of the United States grants Congress the authority to enact this bill.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. According to the Congressional Budget Office, enactment of this bill would result in a net increase in direct spending in 2001 and 2002.

3. Government Reform Oversight Findings. Under clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee has received no report of oversight findings and rec-

ommendations from the Committee on Government Reform on this bill.

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

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Summary: H.R. 4144 would require the Office of Surface Mining to transfer any remaining interest credited to the Abandoned Mine Land Reclamation Fund (AML) from fiscal years 1992 through 1995 to the United Mine Workers of America Combined Benefit Fund (CBF). The Congress would designate the amount of the transfer as an emergency requirement pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act.

CBO estimates the transfer would increase direct spending by \$35 million in 2001 and \$62 million in 2002. Because the transfer would be designated as an emergency requirement, that spending would not be subject to pay-as-you-go procedures.

In addition, the legislation would decrease federal Medicaid spending by \$1 million in 2001 and \$2 million in 2002. Because federal Medicaid spending is mandatory, pay-as-you-go procedures would apply.

H.R. 4144 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would result in Medicaid savings for state governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 4144 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By fiscal year, in millions of dollars—				
	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING					
Interest Transfer from the AML Fund:					
Estimated Budget Authority	97	0	0	0	0
Estimated Outlays	35	62	0	0	0
Federal Share of Medicaid:					
Estimated Budget Authority	–1	–2	0	0	0
Estimated Outlays	–1	–2	0	0	0
Net Effect on Federal Spending:					
Estimated Budget Authority	96	–2	0	0	0
Estimated Outlays	34	60	0	0	0

Basis of estimate: H.R. 4144 would provide for the balance of the AML Fund from 1992 through 1995 to be transferred to the CBF within 30 days after the bill is enacted. According to the Office of Surface Mining, \$97 million of the interest earned during that period remains in the fund. Therefore, CBO estimates that \$97 million would be transferred to the CBF in 2001 as a result of that provision.

The money transferred would be used to cover the benefits of retired coal miners that would not otherwise be covered because premium collections were insufficient. CBO estimates that \$35 million

of the transfer would be used to pay for benefits in 2001 and \$62 million would be spent in 2002.

In the event of a deficit, the trustees of the CBF would first try to balance the fund through reducing spending on items and services other than health benefits. But if the deficit were large enough, they would have to cut benefits. For retired coal miners who are also enrolled in Medicaid, a portion of those benefits would be shifted to the Medicaid program. Under H.R. 4144, the \$97-million transfer to the CBF would reduce the amount of benefits that would otherwise be shifted to Medicaid. That change would decrease federal Medicaid spending by \$1 million in 2001 and \$2 million in 2002.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. Because H.R. 4144 would exempt the transfer from the AML Fund from these provisions, it is not included. The table below only shows the bill's effect on the federal Medicaid spending. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By fiscal year, in millions of dollars—										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	-1	-2	0	0	0	0	0	0	0	0
Changes in receipts	Not applicable										

Estimated impact on state, local, and tribal governments: H.R. 4144 contains no intergovernmental mandates as defined in UMRA. Because additional resources in the Combined Benefit Fund would provide health benefits to eligible retired coal miners, estimated Medicaid spending would decrease. Consequently, CBO estimates that states would save over \$500,000 in 2001 and over \$1.1 million in 2002 in the Medicaid program.

Estimated impact on the private sector: This bill contains no new private-sector mandates as defined in UMRA.

Estimate prepared by: Federal Costs: AML and CBF Funds: Cyndi Dudzinski Smith; Medicaid: Eric Rollins. Impact on State, Local, and Tribal Governments: Leo Lex. Impact on the Private Sector: Lauren Marks.

Estimated approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104-4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.