

## **Fact Sheet: Federal Coal Royalties and their Impact on Western States**

Royalty revenue collected by the U.S. Department of the Interior is an important part of both federal and state budgets, particularly in Western states where a majority of the coal is mined on federal lands. Under the Mineral Leasing Act of 1920, as amended, the federal government collects royalties on every ton of coal that is mined on federal lands. The Department's Office of Natural Resources Revenue (ONRR) subsequently forwards approximately half of these royalty revenues to states, which in turn distribute the money toward road construction, schools, universities, communities affected by energy development and general funds.

- States received nearly \$2.1 billion from oil, gas, coal and other energy royalties in FY2012, according to ONRR.<sup>1</sup>
- More than 460.3 million tons of coal mined on federal lands was sold in FY2012.
- This coal had a total sales value of \$8.1 billion.
- This coal generated more than \$875.8 million in royalty revenue.
- The federal government has collected more than \$6.8 billion in royalties between FY2003 and FY2012.
- More than 118 million tons of coal mined in Utah, Colorado, Montana and Wyoming was exported between 2001 and 2011, according to the Energy Information Administration (EIA).<sup>2</sup>

### **Wyoming**

- Wyoming is the nation's largest coal producer, annually mining more than 400 million tons of coal; more than 80% of the coal is mined on federal lands.<sup>3</sup>
- More than 374.8 million tons was mined from federal lands in the state in FY2012, according to ONRR.
- The reported sales value of this coal was \$5.2 billion, generating royalty revenue of \$637.4 million, according to ONRR.
- The state's mines exported more than 72.5 million tons of coal between 2001 and 2011, according to EIA.
- The Economic Analysis Division of Wyoming's Department of Administration & Information [projected](#) last year that coal royalty receipts would total \$631 million during the state's two-year budget, representing 38% of the state's projected federal mineral royalty revenue.
- Federal mineral royalty receipts help fund schools and colleges, highway and road construction, city and town budgets and the state's budget reserve.

### **Montana**

- Montana coal exports have increased almost six-fold from 2 million tons in 2009 to 13.2 million tons in 2011; the state is now the third largest coal exporter, according to EIA.

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<sup>1</sup> All production, sales value and royalty data for federal lands was retrieved from the Office of Natural Resources Revenue statistical information database, <http://statistics.onrr.gov/Default.aspx>.

<sup>2</sup> Energy Information Administration, *U.S. Coal and Foreign Coal Distribution by State of Origin, 2001-2011*, <http://www.eia.gov/coal/distribution/annual/archive.cfm>.

<sup>3</sup> Energy Information Administration, *Annual Coal Report 2011, 2012*, <http://www.eia.gov/coal/annual/pdf/table1.pdf>.

- More than 26.7 million tons of coal was produced from federal lands in Montana in FY2012, according to ONRR; roughly 60% of coal mined in the state comes from federal lands.
- The reported sales value of this coal was \$439.1 million, generating royalty revenue of \$48.1 million, according to ONRR.
- The state received \$41.4 million from all federal mineral royalty payments (oil, gas, coal, etc.), according to the [Montana Department of Revenue](#).
- Counties affected by mineral development receive 25% of the money distributed by federal royalties; the remaining 75% of goes to the state general fund.

## **Colorado**

- Colorado coal exports more than tripled between 2009 and 2011 to 3 million tons, according to EIA.
- More than 18.6 million tons of coal was produced from federal lands in Colorado in FY2012, according to ONRR; roughly 75% of coal mined in the state comes from federal lands.
- The reported sales value of this coal was \$918.1 million, generating royalty revenue of \$57.7 million, according to ONRR.
- Federal mineral royalties are deposited in the Colorado Mineral Leasing Fund, which [distributes](#) money to local communities affected by energy development, schools and the Water Conservation Board.

## **Utah**

- Coal exported from Utah topped 1 million tons in 2011 for the first time since 2002, according to EIA.
- More than 13 million tons of coal was produced from federal lands in Utah in FY2012, according to ONRR; roughly 66% of coal mined in the state comes from federal lands.
- The reported sales value of this coal was \$521.3 million, generating royalty revenue of nearly \$36 million, according to ONRR.

## Reference Tables

<b>Coal production &amp; royalty collection on federal lands</b>			
<b>Fiscal Year</b>	<b>Tons Mined</b>	<b>Reported Sales Value</b>	<b>Royalties Collected</b>
<b>2003</b>	451,571,677	\$4,173,250,128	\$465,103,525
<b>2004</b>	489,136,635	\$4,798,022,987	\$875,802,375
<b>2005</b>	488,433,225	\$5,012,647,534	\$536,869,235
<b>2006</b>	466,461,389	\$5,406,014,648	\$597,021,638
<b>2007</b>	468,410,512	\$5,783,448,444	\$634,164,518
<b>2008</b>	505,815,826	\$6,776,367,137	\$753,122,906
<b>2009</b>	490,518,901	\$7,010,958,561	\$780,118,751
<b>2010</b>	476,492,536	\$7,228,703,823	\$809,273,674
<b>2011</b>	472,818,006	\$7,593,486,681	\$848,597,725
<b>2012</b>	460,372,287	\$8,148,928,622	\$875,802,375

**Source: ONRR**

<b>Coal exported from Western coal-producing states</b>					
<b>Calendar Year</b>	<b>Wyoming</b>	<b>Montana</b>	<b>Colorado</b>	<b>Utah</b>	<b>Total</b>
<b>2001</b>	8,731,000	485,000	894,000	2,144,000	<b>12,245,000</b>
<b>2002</b>	7,370,000	180,000	843,000	1,142,000	<b>9,535,000</b>
<b>2003</b>	8,823,000	541,000	898,000	318,000	<b>10,580,000</b>
<b>2004</b>	8,224,000	1,142,000	1,239,000	346,000	<b>10,951,000</b>
<b>2005</b>	7,365,000	653,000	706,000	351,000	<b>9,075,000</b>
<b>2006</b>	5,622,000	447,000	799,000	55,000	<b>6,923,000</b>
<b>2007</b>	7,626,000	387,000	345,000	0	<b>8,358,000</b>
<b>2008</b>	6,094,000	1,480,000	874,000	541,000	<b>8,989,000</b>
<b>2009</b>	3,016,000	2,065,000	850,000	148,000	<b>6,079,000</b>
<b>2010</b>	5,237,000	6,432,000	2,195,000	634,000	<b>14,498,000</b>
<b>2011</b>	4,471,000	13,199,000	3,000,000	1,081,000	<b>21,751,000</b>
<b>Total (2001-2011)</b>	<b>72,579,000</b>	<b>27,011,000</b>	<b>12,643,000</b>	<b>6,760,000</b>	<b>118,993,000</b>

**Source: EIA**