



For Immediate Release:
March 30, 2006

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Citizens to Sharp Commission: “Tax Coal, Penalize Polluters to Raise More Money for Schools”

Austin, Texas – Armed with over 600 letters addressed to Governor Rick Perry, Lt. Governor David Dewhurst, and Chair of the Texas Tax Reform Commission John Sharp, Texas Clean Water Action State Program Director David Foster called on the state to finally implement a coal tax and raise penalties on law-breaking polluters to help shore up the “Sharp” plan during public testimony before the Tax Reform Commission Friday at the Texas Legislature.

“The citizens of Texas agree: taxing pollution and environmental law-breakers will provide needed revenues while discouraging future pollution,” Foster announced to the Texas Tax Reform Commission. Foster said the statewide group – which has 70,000 members in Texas – has been actively asking Texans whether or not they would support taxing pollution as a way to raise revenues for Texas schools and the answer has been yes.

The two proposals – implementing a 7.5 % tax on coal use and increasing penalties on environmental lawbreakers by recovering the economic benefit they gained from not complying with the law – are just two of the seven “green tax” options outlined in a plan released last week by environmental, consumer and religious organizations. According to “Bridging the Gap: Green Tax Options for Funding Texas Schools,” the tax measures – which include both “consumption” and “pollution” taxes – could generate \$1.5 billion over the next two years if implemented. The resulting funds could be used to help lower property taxes or increase the amount of state funds earmarked for schools, as the Legislature takes yet another stab at solving the school finance maze in April.

“Just as we tax cigarettes, alcohol and other “sins”, in part to influence behavior and pay for the impacts of that behavior, taxing pollution is smart economic and environmental policy,” said Cyrus Reed, Director of the Texas Center for Policy Studies and the report’s main author. “It makes plain sense to tax the ‘bads’ before you tax the ‘goods’”.

One of the proposals – to recover “economic benefit” from those violating Texas laws when assessing a penalty – is currently being considered by the Texas Commission on Environmental Quality, and has been endorsed by TCEQ Executive Director Glenn Shankle in the review of enforcement policy at the agency. The TCEQ commissioners have not made a final decision on whether to change current policy, which does not recover the economic benefit of non-compliance. Other states – as well as the federal government – do recover economic benefit when assessing penalties against those breaking the law. One recent study found that law-breaking Texas industries were gaining eight times as much in economic benefit as they were receiving in penalties from TCEQ and that recovering economic benefit would increase revenues by millions of dollars.

Similarly, while other major coal producing states like Wyoming, Montana and West Virginia earn millions of dollars per year for state government operations by taxing coal mining and coal use, Texas earns nothing, even as it raised some \$2 billion last year from oil and natural gas taxes. The failure to tax coal encourages its use, even as coal power plants contribute the majority of pollution – about 55 percent – of all criteria air pollutants coming from industries to Texas skies. Reed said coal could be taxed as it is extracted from the ground, when it is burned, or as a tax on the actual emissions which are so harmful to Texan’s health. A straight coal use tax of 7.5% could raise \$275 million over two years. *Report available on-line at www.texascenter.org.*