

Virginia Coalfield Economic Development Authority

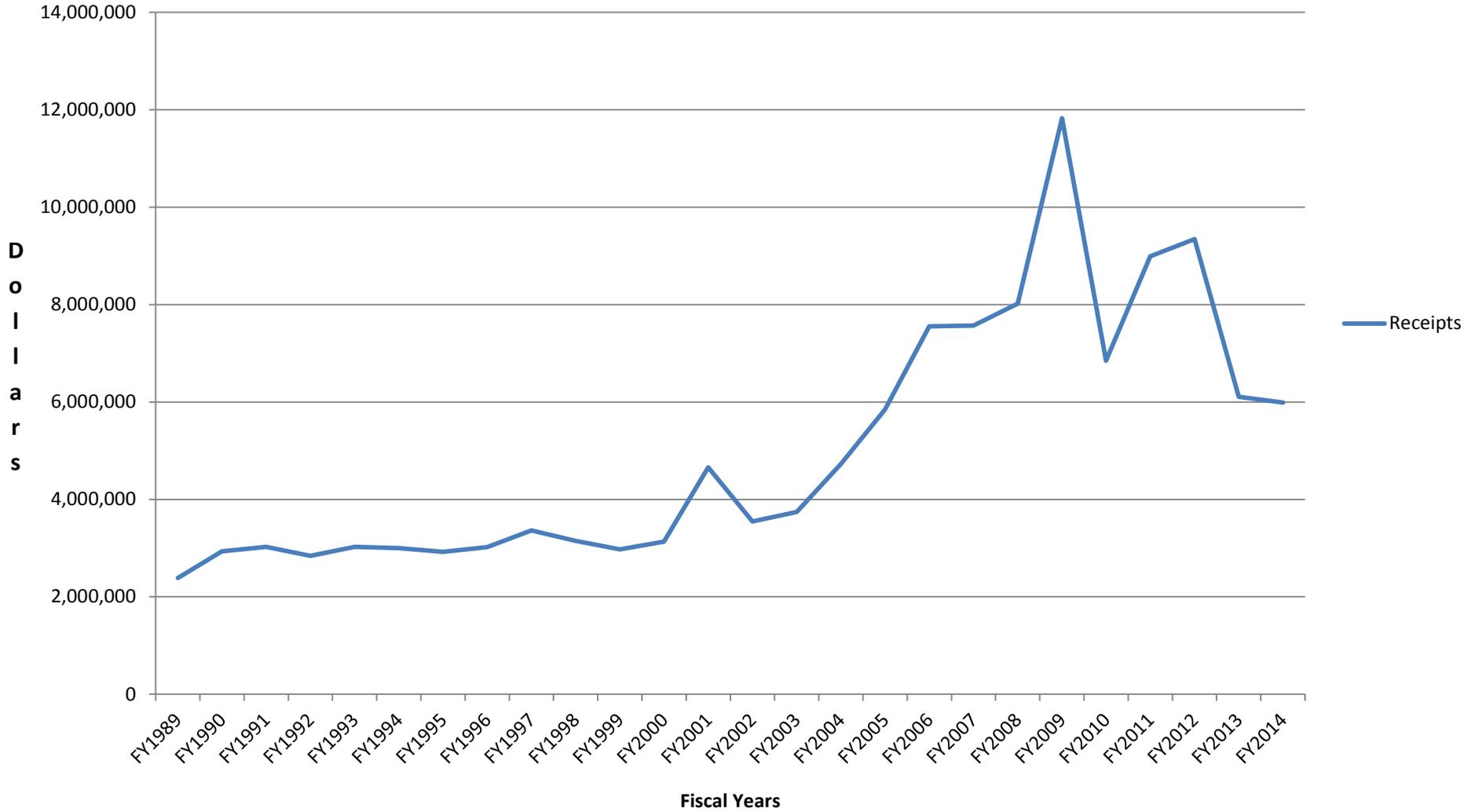


Severance Receipts and Funding

Financial History

FY1988 – FY2014

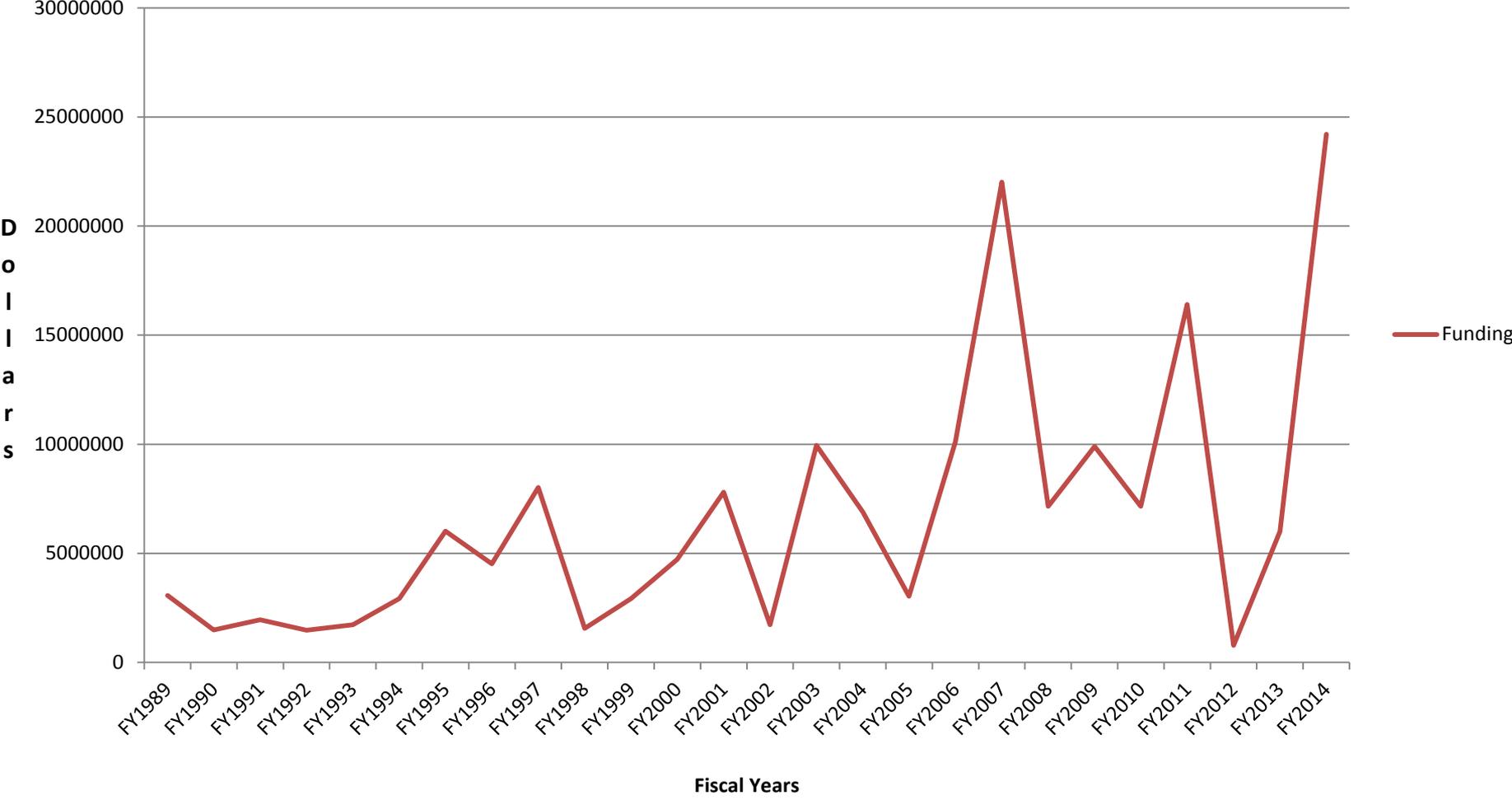
VCEDA Coal and Gas Severance Receipts 7/1/88 – 6/30/14



Comparison of FY2012 and FY2014 Severance Receipts

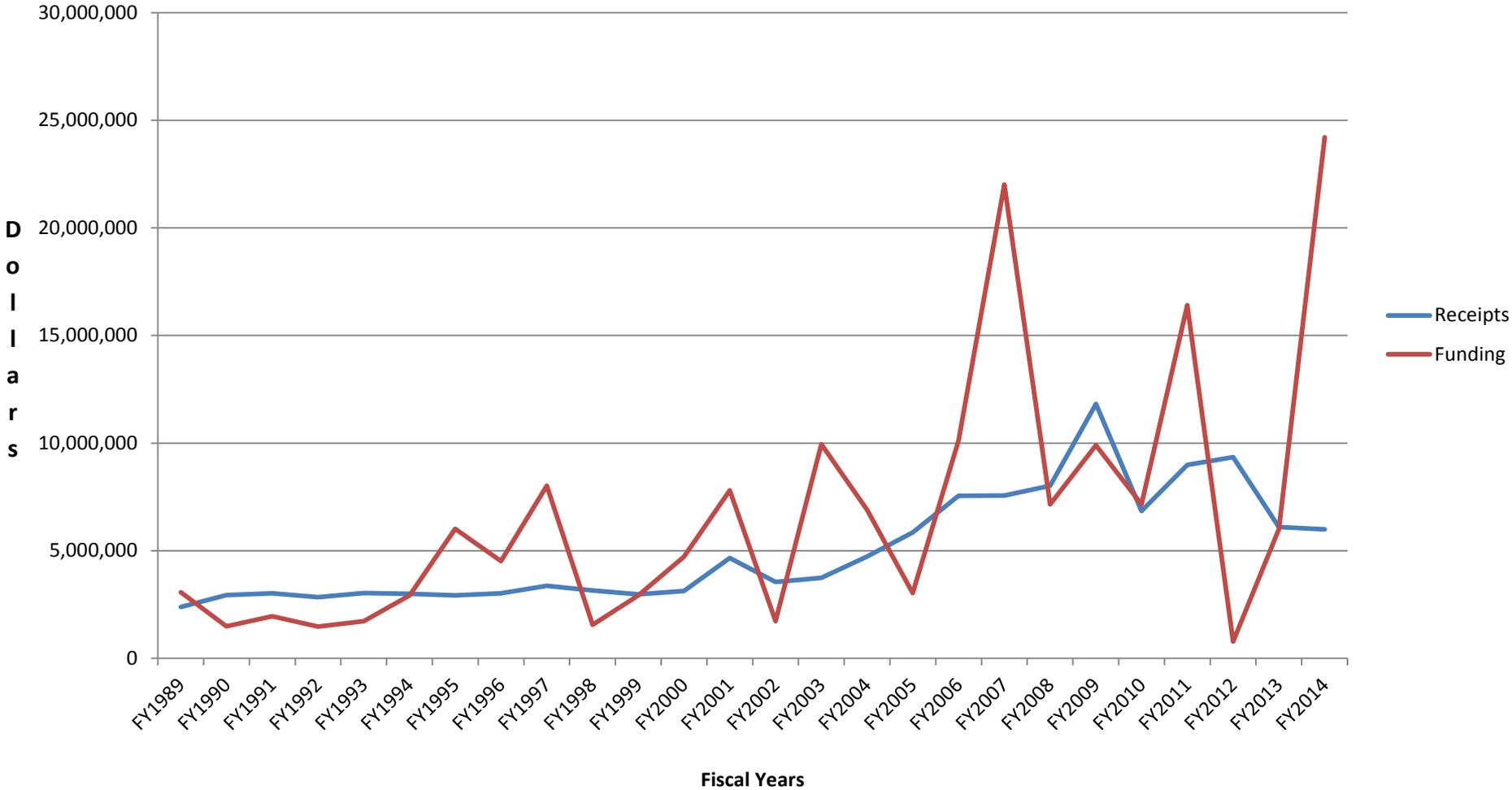
County	Coal -- % Change	Gas -- % Change
Buchanan	-45%	+4%
Dickenson	-32%	+4%
Lee	-100%	-43%
Russell	-56%	+35%
Scott	-40%	N/A
Tazewell	-12%	+14%
Wise	-66%	-8%
Total	-46%	+6%

VCEDA Funding Approved 7/1/88 – 6/30/14



Note: Funding approved is from all sources. This includes up to \$10 million earmarked for Project Jonah.

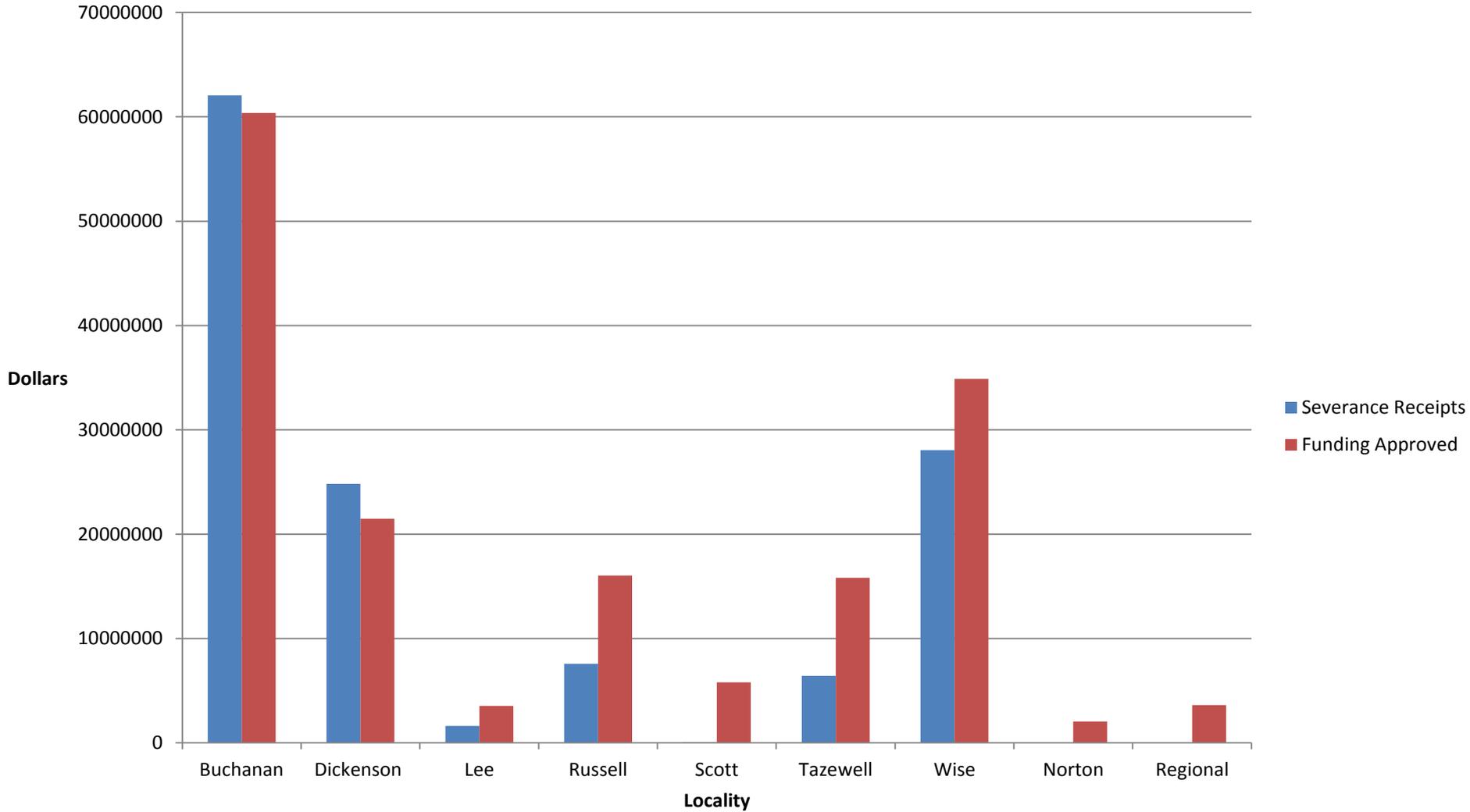
VCEDA Coal and Gas Severance Receipts and Funding Approved 7/1/88 – 6/30/14



Note: Funding approved is from all sources. Includes up to \$10 million earmarked for Project Jonah.

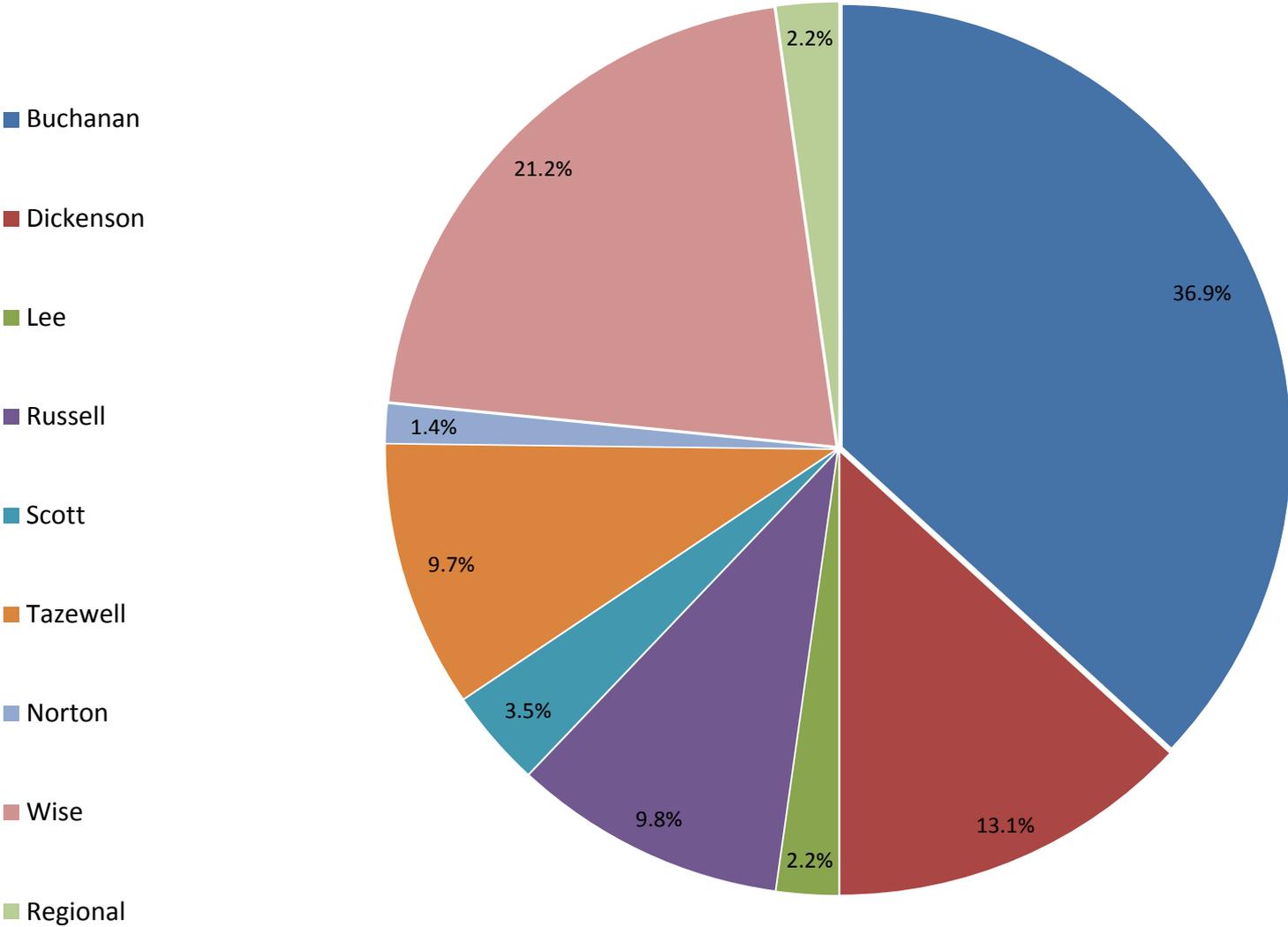
VCEDA Receipts and Funding By Locality

7/1/88 - 6/30/14



Note: Funding approved is from all sources. This chart does not include the up to \$10 million earmarked for Project Jonah.

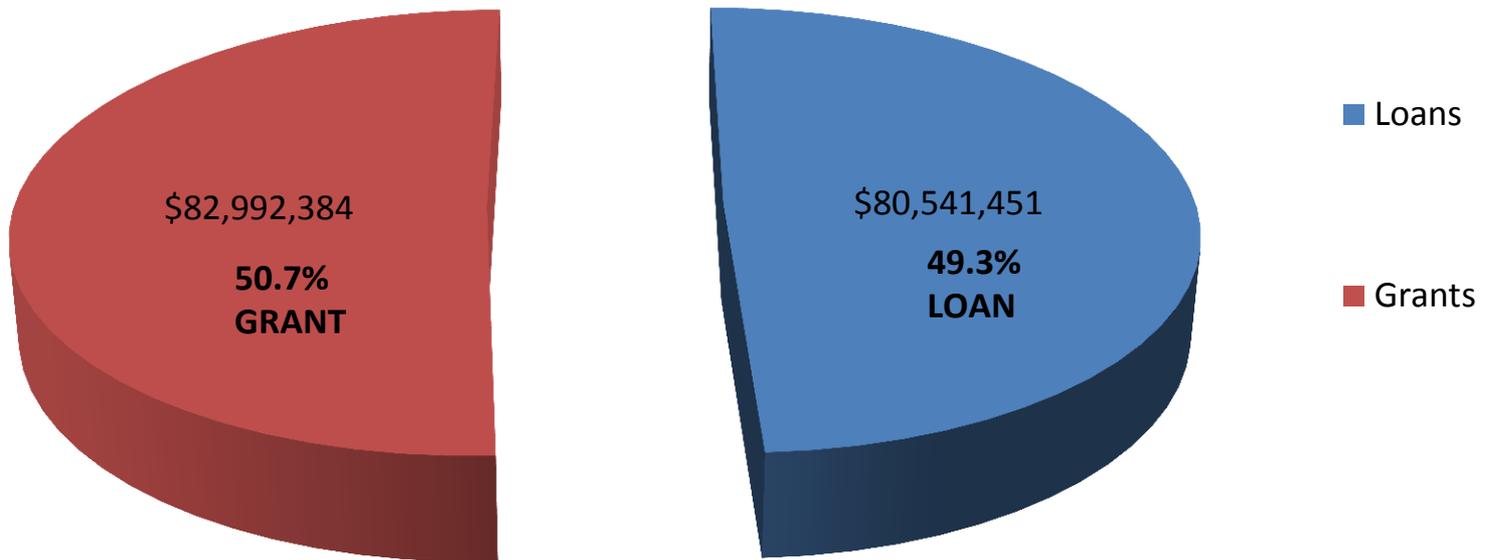
VCEDA Funding Approved By Locality 7/1/88 - 6/30/14



Funding approved is from all sources. This does not include up to \$10 million earmarked for Project Jonah.

VCEDA Loans vs. Grants

July 1, 1988 – June 30, 2014



Note: Grants include loans converted into grants.

VCEDA Severance Receipts and Funding Activities

7/1/88 – 6/30/14

Locality	Severance Tax Receipts	% Total	Funds Approved *	% Total	Total Projects
Buchanan	\$62,047,562	47.5%	\$60,369,136	36.9%	67
Dickenson	24,803,443	19.0%	21,473,492	13.1%	37
Lee	1,616,526	1.2%	3,527,796	2.2%	17
Russell	7,565,869	5.8%	16,033,888	9.8%	24
Scott	45,977	0.04%	5,799,686	3.5%	13
Tazewell	6,407,249	4.9%	15,804,114	9.7%	36
Wise	28,037,446	21.5%	34,879,359	21.3%	51
Norton	0	0.0%	2,046,364	1.3%	4
Regional	N/A	N/A	3,600,000	2.2%	4
TOTAL	\$130,524,074	100.0%	\$163,533,835	100.0%	253

- From all funding sources This does not include up to \$10,000,000 earmarked for Project Jonah.

Summary

- **VCEDA experienced extraordinarily high receipts during FY2006 – FY2012 while the coal and gas industries were doing well.**
- **This has now reversed itself with VCEDA experiencing a 36% decline in coal and gas severance receipts comparing FY2014 to FY2012, a 46% decline in coal severance receipts comparing FY2014 to FY2012, and a 43% decline in coal and gas severance receipts comparing 1Q FY2015 to 1Q FY2012. And FY2012 was not even the peak year.**
- **For example, FY2014 coal and gas severance receipts were only \$5,988,365.**
- **Meanwhile, VCEDA approved funding has averaged \$11,527,804 per year during FY2006 – FY2014. In FY2014, VCEDA approved and/or earmarked \$24,209,717 in loans and grants, which was 4x severance receipts.**
- **If approved funding continues at just the average rate, VCEDA eventually will go broke at the current rate of receipts.**
- **Number of loans repaid and how much the funds can be revolved also plays an important role.**

The Importance of VCEDA

“The total aggregate economic impacts resulting from these direct impacts [of VCEDA] are 121,620 jobs, \$14.7 billion in output, and \$5.3 billion in value added over the 1988-2006 period. The contribution to the economy is also impressive: total employment that can be traced to VCEDA activities is equal to 8.1 percent of total employment, and the total value added associated with this is 13.2 percent of total value added in the region. All three measures of economic impact – jobs, output, and value added – indicate that VCEDA targeted firms are an integral part of the region’s economy and support a significant share of economic activity in the region. Also, because the value added share exceeds the employment share, the VCEDA-assisted firms help raise average incomes in the region.”

Source: Virginia Tech (2007)

VCEDA Economic Impacts

“The economic impact of the Virginia Coalfield Economic Development Authority (VCEDA), which is funded by taxes paid by the coal industry, is estimated to be \$4.4 billion that supported 27,787 jobs in Southwest Virginia in 2011, and \$5.5 billion that supported 34,987 jobs in the state. The Virginia coal industry also contributed significant tax and fee revenues for state and local governments while VCEDA has played an important role in reducing the unemployment rate and diversifying the economy of Southwest Virginia.”

Source: Chmura Economics & Analytics (2012)