



## **Musselshell County Crow Revenue Act (CRA) – Talking Points October 29<sup>th</sup>, 2025, R1**

### **INTRODUCTION**

The Crow Revenue Act (CRA) as written, disproportionately harms Musselshell County financially. The County would lose its 12% share of federal mineral royalties (FMR) on the federal coal remaining under the Mine’s current federal lease. Musselshell County is a small rural county with limited revenue sources. The estimated FMR revenue loss to the county is in the \$6 million to \$12 million range<sup>1</sup>. This is a significant county revenue source and is vital to fund county governance. The County is proposing the CRA be amended to make Musselshell County whole in the CRA’s revenue sharing arrangement.

This would not materially change the benefits the CRA offers. The Protection for increased operational certainty against possible adverse federal actions would remain intact. Material components of all stakeholder benefits would remain:

1. Non-federal state and local coal revenues would continue.
2. Important local good-paying, full-time jobs would continue.
3. The Mine’s opportunity for potential future profits would continue.
4. The Hope Family and the Crow Tribe would still gain the majority of coal revenue from the sale of the Musselshell County federal coal.
5. Musselshell County taxpayers would retain their portion of FMR and avoid being financially harmed.

The only difference is that instead of the Hope Family and the Crow Tribe sharing 100% of the FMR, they would share 88%. This is still an attractive windfall for the Hope Family and the Crow Tribe. All stakeholders would still benefit, however under the amended version the Musselshell County taxpayers, who have already sacrificed substantial tax relief to support the mine, would retain their 12% FMR equivalent and avoid being unnecessarily financially harmed.

### **CROW REVENUE ACT OVERVIEW (Ref. 119th Congress H.R.725 & S.239)**

- The Hope Family transfers subsurface rights in Big Horn County (4,660 acres) to the Crow Tribe. (Note: We understand these subsurface interests are considered unlikely to be developed, as there are feasibility challenges.)
- In exchange for this transfer, the Federal Government conveys the remaining subsurface and surface rights of the Bull Mountain Mine’s Federal Lease Permit to the Hope Family, including 4,530 acres of subsurface mineral rights and 940 acres of surface rights.
- This mineral swap effectively converts approximately 22.8 million tons of federal coal in Musselshell County into private coal, which is no longer subject to federal jurisdiction.



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- The Act mandates that the Hope Family enter into a revenue-sharing agreement with the Crow Tribe for income generated from the subsurface and surface interests developed in Musselshell County within 60 days of the CRA's enactment.

### Benefits of the CRA:

1. Increase operational certainty for Signal Peak Energy LLC's Bull Mountain Coal mine by minimizing the risk of federal judicial, legislative, and regulatory actions that could disrupt mining activities.
2. Provide financial support to the Crow Tribe to help offset the loss of coal revenue following the closure of the Absaroka Mine coal mine.
3. To a lesser degree, facilitate increased access to public lands within the 940 acres of surface interest transferred to the Hope Family by the Federal Government in Musselshell County.

## DISCUSSION

1. **The Commission supports coal mining expansions in the Bull Mountains:** The Commission supports the safe environmentally responsible coal mining expansion in the Bull Mountains, which we understand holds over 40 years of reserves. We recognize and appreciate the Mine's vital role in funding local government and schools, providing quality jobs, supporting community grants, and contributing to the state severance fund, which also partially funds local coal board grants. We also recognize the contribution of mining operations to energy independence, which plays a crucial role in strengthening national security.

The Musselshell County Commission is not aligned with environmental groups or the far left, as expressed by the mayor's letter in our local newspaper. While we met with Northern Plains Resource Council and Bull Mountain Land Alliance, we made it evident that the commission cannot take actions that jeopardize the mine's operations, given its important contributions as noted above. The Commission acknowledged, however, that any expressed environmental concerns deemed to have merit, such as those related to groundwater and subsidence surface cracks, have remedies available through Montana Department of Environmental Quality (MT DEQ) and the courts. Such issues are beyond the expertise and authority of the Musselshell County Commission.



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2. **The risk of federal intervention is currently very low, there is now the opportunity to prevent the County’s loss of its Federal Mineral Royalties (FMR):** The commission supports and appreciates that the CRA offers greater operational certainty by minimizing future judicial, legislative, and regulatory federal impediments. However, with the Trump Administration’s enactment of the One Big Beautiful Bill Act (OBBBA) and the completion of the comprehensive 692-page Final Environmental Impact Statement (FEIS), currently the federal risk has been substantially reduced. This is a major favorable shift from the anti-fossil fuel position held under the Biden administration. This creates an opportunity to amend the CRA to protect Musselshell County from losing its Federal Mineral Royalties (FMR), which are conservatively (low) estimated to be between \$6 million and \$12 million<sup>1</sup>.
3. **The CRA presents a larger concern adversely affecting other energy-producing counties’ federal mineral revenue:** As written, the CRA sets a concerning precedent that not only jeopardizes Musselshell County’s current federal mineral royalties but also risks future revenues from federal permit expansions in the Bull Mountains and could lead to broader impacts on federal oil, gas, and coal royalty distributions statewide. The Montana Association of Oil, Gas, and Coal Counties (MAOGCC) and the Montana Association of Counties (MACo) share these concerns and support amending the act to make sure counties are made whole financially due to this federal “mineral swap” legislation. There are also nationwide concerns that the CRA could be used as a templated approach to protect other federal fossil fuel producing counties across the nation from federal authority, by implementing similar private-tribal mineral swaps. Hence the National Association of Counties (NACo) has also expressed concerns related to the CRA. In general, these associations support the protections against federal interventions offered by the CRA but believe as precedence, counties need to be made whole in revenue sharing arrangements.
4. **Federal Mineral Revenue is essential for reducing the tax burden on county residents:** These funds are crucial to maintaining county services, and their loss would force service reductions, employee layoffs, drive up taxes, drain reserves, and/or limit economic development. Already this year, for Musselshell County’s FY2025-2026 budget, rather than raise taxes, the Commission had to use \$1.1 million from reserves to offset revenue shortages, a practice that cannot be sustained. Simply put, losing the County’s FMR will result in higher taxes for our residents who have already sacrificed in the form of substantial tax relief in support of the mine. We strongly believe this outcome can be prevented by amending the CRA to ensure the County does not lose its FMR.
5. **Musselshell County bears a disproportional burden for the benefits of the CRA:** The Mine, the Federal Government, the State, and the County all benefit from the increased



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operational certainty the CRA offers, by preserving other coal revenues and retaining good paying full-time jobs. The mine also benefits from potential future profits by avoiding federal shutdowns. The Hope Family and the Crow Tribe benefit greatly, or “windfall,” from this arrangement at the expense of losing stakeholders. The Federal Government, the State of Montana, and Musselshell County will lose their share of the Federal Mineral Royalties, conservatively estimated to be in the \$49 million to \$95 million range<sup>1</sup>. The loss of revenue to both the Federal Government and the State is only a small fraction of their other revenue sources, whereas the loss to Musselshell County is a substantial portion of its revenue sources. Unfortunately, Musselshell County is carrying a disproportional burden to increase the mines operational certainty, unless the act is amended. Should the act be amended to include the County, the Hope Family and the Crow Tribe would still benefit substantially.

- 6. By forgoing significant tax abatement, the County has a rightful stake in the CRA revenue sharing:** The Signal Peak Energy (SPE) Bull Mountain Coal Mine has been very good to Musselshell County, however Musselshell County has also been very good to the Coal Mine. Our records indicate that since the mine’s inception in July 2008 through production year ending December 31<sup>st</sup>, 2024, the County has received \$86.4 million in coal revenue, but the County has also foregone \$56.4 million in tax relief in support of the mine’s financial success. We estimate that before the second decade of coal gross proceeds tax abatement expires on December 31<sup>st</sup>, 2030, the County will forego an additional \$24 million to \$48 million of tax abatement, representing total tax relief for two decades ranging between \$82 million and \$104 million, with \$58 million to \$80 million of tax relief occurring in the second decade alone<sup>1</sup>. It is important to note that the mine is a thriving profitable industrial enterprise, supported in part by tax relief, provided by the sacrifices from the Musselshell County taxpayers.
- 7. The Crow Revenue Act revenue sharing language is not transparent:** Whereas the specifics of revenue sharing between the Crow Tribe and The Hope Family are not directly quantified in the Act. A primary principle driving the Federal Governments financial consideration is the Hope Family sharing its Musselshell County federal mineral royalty revenue with the Crow Tribe to help alleviate the Tribe’s loss of coal revenue due to the shutting down of the Absarokee coal mine. The language as it stands does not quantify to what extent the Crow Tribe is supported. We have been advised by tribal members that the members have not voted to approve the CRA, specifically due to the act’s lack of written revenue sharing guarantees, or if such guarantees have been agreed by tribal elders, they have not been shared with its tribal members. We request that the CRA revenue sharing language, (ref. S.239 Section 3, paragraph d, starting page 5 line 24) be amended to make



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Musselshell County whole and receive its 12% of the FMR equivalent revenue. This leaves the majority of the FMR revenue, 88%, to be shared between the Hope Family Trust and the Crow Tribe. The Commission advocates the specific percentage split between the Hope Family Trust and the Crow Tribe also be included in the act's revenue sharing language. We believe the revenue sharing language's current vagueness regarding stakeholder shares unnecessarily raises questions, setting a bad precedence.

8. **Given future revenue uncertainties, the Commission has an obligation to its taxpayers to protect ALL its coal revenue:** Musselshell County has a fiduciary duty to the county taxpayers to avoid losing any coal revenue, federal or non-federal. The revenue at stake is potentially greater than royalties from federal coal remaining within the boundaries of its current federal lease, but also likely to put at risk mineral royalties from the federal coal that may be part of the 40+ years of federal and non-federal reserves outside the boundaries of the federal lease. Unfortunately, there are no guarantees as to how long the County can count on coal revenue from the mine. Should market, political, or other unknown conditions result in disruptions or the unexpected shutting down of mining operations, the county has no back-up or contingency plan to replace this potential loss of its vital coal revenue. The County needs all its coal revenues, including those from Federal Mineral Royalties, not only to sustain county operations but to help mitigate the unfortunate risk of the potential future decline in coal income.
9. **Counties are out resourced by industry lobbyists and need legislative advocates:** Musselshell County is a poor county and simply should not be, given it is blessed with an abundance of high-BTU, low sulfur, "clean" coal, a highly valuable sought after commodity on the international markets. Unfortunately, counties are often outmatched by industry lobbying efforts. Counties urgently need strong advocacy to safeguard their public interests. It is important to recognize that Signal Peak Energy LLC's Bull Mountain Coal Mine has been both successful and profitable and has earned its success. It is also true that since its operations began in 2009, decisions regarding coal revenues and tax relief have largely been shaped by state and federal legislation, outside the control of the county elected officials. Unfortunately, these legislative actions have tended to favor private interests over those of Musselshell County, we believe in part because the county's perspective was not effectively represented. It could be argued that the mine's financial success is partly due to tax relief forgone by the county taxpayers as a result of the below listed legislative actions:
  - a. State Property Tax Abatement – reference MCA 15-24-1402 for new or expanding industry for 10-year tax relief taxed at 50% for the first 5 years and additional 10% per



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- year so that by the 10<sup>th</sup> and succeeding years taxed at 100%, impacting Musselshell County personal property tax revenue from 2009 to 2018.
- b. State Coal Gross Proceeds (CGP) – 1<sup>st</sup> Decade of Tax Relief - reference Montana Senate Bill 266, in 62nd legislation 2011, which: 1) established a 5% full coal gross proceeds tax, a special rate for subsurface mining and substantially lower than surface mining rates and; 2) 50% abatement from 5% full rate to 2.5% for period starting January 1<sup>st</sup>, 2011, and ending December 31<sup>st</sup>, 2020.
  - c. Federal Mineral Royalties lost on approximately 7600 acres of Federal Land in Musselshell County via Defense Act 2014 Section 3077 LAND TAKEN INTO TRUST FOR BENEFIT OF THE NORTHERN CHEYENNE TRIBE, page 558 – approximately 1.65 times the 4660 acres addressed under the Crow Revenue Act.
  - d. State Coal Gross Proceeds (CGP) – 2<sup>nd</sup> Decade of Tax Relief - was basically and extension of SB266 noted above, via HB0403, signed into law April 4<sup>th</sup>, 2019, effective January 1<sup>st</sup>, 2020, to December 30<sup>th</sup>, 2030.

### CLOSING

By amending the act to include Musselshell County in the revenue sharing, the benefits to all stakeholders would not be materially changed. The only difference is that instead of the Hope Family and the Crow Tribe sharing 100% of the FMR, they will share 88%. This is still a substantial windfall for the private-tribal interest. The protections against future federal interventions would remain intact. Musselshell County taxpayers would retain their 12% revenue share and not be further harmed. All parties would win.

<sup>1</sup>Coal revenue estimates have two key variables, 1) tons of coal, and 2) sales price per ton. Sales price per ton is subject to volatile market conditions, which historically vary dramatically year by year. Forecasted Taxable Sales Price for Federal Coal Mineral Royalties is based on a correlation factor applied to the future Asian seaborne coal price forecast, measured at the Newcastle Port in Australia, known as KPMG Pricing Index, as of May 2025. The World Bank Commodity Markets are predicting lower but stable coal prices due to weak import demand in Asia, large coal stocks, and increasing seaborne supply. Subjectively, we believe this may be a pessimistic forecast, particularly given Musselshell County's high-BTU, and low sulfur content – high quality “clean” coal, with high international demand relative to other market coal sources and that the actual value of the federal mineral royalties may likely be higher than the world market forecast. Further with increased energy base load demand, driven by the surging AI market, coal demand may be increased, which could drive higher coal prices. The other variable included in FMR estimates is based on OSRME's FEIS estimate of 22.8 million tons of federal coal +/- 10% remaining within the boundaries of the current federal lease. Estimate does not include potential multiple coal seams and/or federal coal outside the boundaries in the current federal lease. There is a likely potential that the quantity of federal tons could be greater than the current forecast.