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Massey Pays One-Sixth of 35% Federal Tax Rate, Little in State Income Tax

A new analysis shows that Massey Energy, which owned the Upper Big Branch mine where 29 West Virginia miners were killed last week, paid an average of 5.6 percent of its profits in federal income taxes over the last three years—despite having large profits in each year. This is less than one-sixth of the statutory federal corporate income tax rate of 35 percent.

In particular:

- In 2009, Massey reported \$137 million in pre-tax profits, and paid 10.4 percent of its pre-tax income in federal income taxes.
- In 2008, Massey reported \$49 million in pre-tax profits, but didn't pay any federal income tax at all on those profits. Instead, the company claimed an outright tax rebate of \$4.5 million.
- In 2007, the company reported \$129 million in pre-tax profits, and paid a paltry 6.1 percent federal income tax rate on those profits.
- Over the three-year period from 2007 to 2009, the company paid an average of just 5.6 percent of its profits in federal taxes, less than one sixth of the 35 percent statutory rate.

The data, which is based on Massey's tax filings with the Securities and Exchange Commission, also show that Massey pays virtually nothing in state income taxes nationwide: in each of the three years, Massey paid between 0.1% and 0.2% of its pre-tax income in state income taxes. (Massey's tax filings with the Securities and Exchange Commission report only the total amount of state income taxes they paid nationwide, not the amount specifically paid to West Virginia and other states.)

"The high profits and low taxes paid by Massey Energy are difficult to reconcile with their inability to create a safe mine," said Ted Boettner, executive director of the WV Center on Budget and Policy.

Corporate Tax Payments by Massey Corporation, 2007 to 2009

\$-millions	Pretax US Profits			
	2009	2008	2007	2007-09
Pretax US Profits	\$ 137	\$ 49	\$ 129	\$ 315
Federal Income Taxes	14	-5	8	18
Effective Federal Tax Rates	10.4%	-9.4%	6.1%	5.6%
State Income Taxes	0.1	0.1	0.1	0.4
Effective State Income Tax Rates	0.1%	0.2%	0.1%	0.1%

Source: Corporate annual report for 2009.