

HOUSE BILL REPORT

HB 1483

As Reported By House Committee On:
Natural Resources & Parks
Revenue

Title: An act relating to mines.

Brief Description: Creating the surface mining reclamation account.

Sponsors: Representatives Pruitt, R. Johnson and Kremen; by request of Office of Financial Management.

Brief History:

Reported by House Committee on:
Natural Resources & Parks, February 24, 1993, DPS;
Revenue, March 8, 1993, DPS(NRP-A REV).

HOUSE COMMITTEE ON NATURAL RESOURCES & PARKS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Pruitt, Chair; R. Johnson, Vice Chair; Dunshee; Linville; Sheldon; Valle; and Wolfe.

Minority Report: Do not pass. Signed by 4 members: Representatives Morton, Ranking Minority Member; Stevens, Assistant Ranking Minority Member; Schoesler; and Thomas.

Staff: Linda Byers (786-7129).

Background: There are some 1,750 surface mines and pits in Washington. Of these, approximately half fall under the jurisdiction of the Department of Natural Resources' Surface Mining Regulatory Program. Of 906 permitted mines, over 70 percent are permitted for sand and gravel production. Currently the department regulates some 766 privately-owned surface mines and approximately 140 surface mines owned by state agencies such as Department of Natural Resources (DNR) and the Department of Transportation, or by local governments.

A person planning an operation which meets the statutory definition of surface mining must obtain an operating permit from the department prior to beginning the operation. In applying for an operating permit, a person must supply the department with several pieces of information. A key

component of the application is submission of a reclamation plan. The reclamation plan must be acceptable to, and approved by, the department.

Under current law, the fee for an operating permit is \$250 per permit per year for each mine. The first payment is made with submission of the permit application, and the payment is due annually thereafter. In addition, there is a \$5 per acre fee for all acreage exceeding 10 acres of land newly disturbed by surface mining in the previous permit year. All of these surface mining fees are deposited in the general fund.

Currently the surface mining program is funded by an appropriation of \$916,000 per biennium from the general fund. Of this total, approximately 51 percent comes from the fees currently charged for surface mining operating permits. The Gardner New Revenue (Book II) budget eliminates any general fund appropriation for the surface mining program and assumes that new fees will generate \$1.2 million per biennium to support the program.

Summary of Substitute Bill: A new surface mining reclamation account is created in the state treasury. Fees for operating permits, funds received by the department for mining research, and fines collected for surface mining violations are deposited into this new account rather than into the general fund. Expenditures of funds from the new account may only be used for purposes identified in the legislation, and the funds are subject to appropriation.

Application and annual operating permit fees are increased to \$650. Beginning July 1, 1994, fees are to be adjusted annually in accordance with a specific inflation measure. The bill contains an emergency clause and takes effect immediately.

This legislation changes the amount and the source of funding for the Surface Mining Regulatory Program. The program is supported entirely by fees, rather than through a general fund appropriation. The program also receives an estimated enhancement of \$284,000 per biennium.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that the permit and application fees are \$650 during the period June 30, 1993 and June 30, 1994, then adjusted for inflation beginning July 1, 1994. The substitute bill also directs the Department of Natural Resources to develop by rule a procedure for owners of inactive surface mines to petition the department for an exemption from the annual fee.

Fiscal Note: Available. New fiscal note requested on March 8, 1993.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For (Original Bill): The consequence of not passing this legislation would be reducing the Surface Mining Regulatory Program to about 40 percent of its current activity. There has been no fee increase since 1982 or 1983. The staff in the program are spread very thinly now and could use some additional help. People who are using these resources should help pay for the program. It would be good to remove the general fund subsidy. Industry supports DNR's program and the proposed fees. The new fee is a reasonable amount of money.

Testimony Against (Original Bill): In many rural areas, there are numerous small, inactive pits, and it would be expensive to pay for these surface mines. Some counties use their gravel pits intermittently. The \$650 may not be enough to cover the cost of regular field inspections. The Legislature might want to expand DNR's authority to regulate mining operations, rather than just reclamation.

Witnesses: Dan Swecker, Northwest Mining Association; Pat McElroy, Department of Natural Resources; Chris Parsons, Washington Coalition for Responsible Mining; James Cahill, Office of Financial Management (all in favor); Eric Berger, County Road Administrative Board (with concerns); and K.O. Rosenberg, Northeast Tri-Counties (opposed).

HOUSE COMMITTEE ON REVENUE

Majority Report: The substitute bill by Committee on Natural Resources & Parks be substituted therefor and the substitute bill as amended by Committee on Revenue do pass. Signed by 10 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Anderson; Brown; Cothorn; Leonard; Morris; Rust; Thibaudeau; and Wang.

Minority Report: Do not pass. Signed by 5 members: Representatives Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Silver; Talcott; and Van Luyen.

Staff: Keitlyn Watson (786-7310).

Summary of Recommendation of Committee on Revenue Compared to Recommendation of Committee on Natural Resources & Parks:

The operating permit fee is changed from \$650 to \$458, which funds the program at current level without enhancements.

Fiscal Note: Requested March 3, 1993.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The fee increase will result in a self-supporting program.

Testimony Against: None.

Witnesses: Pat McElroy, Department of Natural Resources; and Chris Parsons, Washington Coalition for Responsible Mining (both in favor).