

SENATE BILL REPORT

SB 6175

As Reported By Senate Committee On:
Natural Resources, Ocean & Recreation, January 25, 2006
Ways & Means, February 7, 2006

Title: An act relating to regulation of surface mining.

Brief Description: Concerning the regulation of surface mining.

Sponsors: Senator Jacobsen; by request of Department of Natural Resources.

Brief History:

Committee Activity: Natural Resources, Ocean & Recreation: 1/16/06, 1/25/06 [DPS-WM].
Ways & Means: 2/6/06, 2/7/06 [DP2S, DNP, w/oRec].

SENATE COMMITTEE ON NATURAL RESOURCES, OCEAN & RECREATION

Majority Report: That Substitute Senate Bill No. 6175 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Jacobsen, Chair; Doumit, Vice Chair; Oke, Ranking Minority Member; Hargrove, Morton, Stevens and Swecker.

Staff: Vic Moon (786-7469)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6175 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Brandland, Fairley, Kohl-Welles, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller and Thibaudeau.

Minority Report: Do not pass.

Signed by Senator Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member and Parlette.

Staff: Kirstan Arestad (786-7708)

Background: The surface mining act was developed in 1970 in response to the Centralia coal facility as well as a growing concern about sand and gravel pits and their future impacts.

The Department of Natural Resources, Geology and Earth Resources Division regulates surface mining and the reclamation plans which must be prepared by the mine operator prior to mining. "Reclamation" means rehabilitation for future use of areas that have been disturbed

by surface mining. The basic objective of reclamation is to reestablish the vegetative cover, soil, stability, and water conditions appropriate to the approved subsequent use of the surface mine and to prevent or mitigate future environmental degradation. Before the DNR can issue a permit, the applicant must provide an acceptable reclamation plan and must deposit performance security to guarantee that appropriate reclamation is completed

Surface mine reclamation permit holders pay \$1,000 for an application fee and \$1,000 for an annual permit fee. Current fees do not adequately cover the cost for the state operation of the surface mining program. In addition, performance security requirements are cumbersome and/or outdated.

Summary of Second Substitute Bill: The substitute bill restructures surface mining fees collected by the Department of Natural Resources, as follows:

- 1) The application fee for expansion or new reclamation permit is increased to \$2,500.
- 2) The second substitute bill adds a non-refundable reclamation plan revision fee of \$1,000, excluding expansions.
- 3) The annual permit fee is adjusted to \$900 (base fee) plus two cents per ton of aggregate or mineral mined or extracted during the previous twelve months. The base fee is payable prior to the reclamation permit being issued. The two cents per ton fee may be adjusted between zero per ton up to \$.25 per ton to allow the Department to reflect actual expenses in administering the program. (Production records, mineral assessments, and trade secrets submitted to the DNR by a permit holder, mine operator, or landowner are to remain confidential.)

The Department is authorized to refuse any performance security it deems inadequate to cover reclamation costs. Failure to perform required reclamation may result in a lien upon the permit holder's real and personal property. Acceptable forms of performance security is expanded to include irrevocable bank letters of credit and allows operators of multiple pits to provide blanket performance security.

An advisory committee is created to recommend long-term stable funding for the surface mining program.

Second Substitute Bill Compared to Substitute Bill: The bill removes provision creating the task force to address the long-term funding needs of the surface mining program. It removes the appropriation clause.

Substitute Bill Compared to Original Bill: The substitute sets the annual permit fee at \$900 and a two cents per ton fee as opposed to a flat \$1,000 fee. The language which would have revised the small county exemption is deleted. The substitute requires proprietary information provided to the Department be kept confidential.

Appropriation: \$500,000 in Fiscal Year 2007 from the surface mining reclamation account.

Fiscal Note: Requested on substitute bill. Available on original bill.

Committee/Commission/Task Force Created: No.

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

Testimony For (Natural Resources, Ocean & Recreation): An increase in fees and improved bonding and security procedures are needed if the surface mine reclamation program is to continue through 2007 when a completely updated program can be sent to the Legislature.

Testimony Against (Natural Resources, Ocean & Recreation): None.

Who Testified (Natural Resources, Ocean & Recreation): PRO: Ron Teissere, Department of Natural Resources; Clyde Gillespie, Kinross Gold; Heath Packard, Audubon Society; Julie Saxton, Association of Counties; Bruce Chattin, Washington Aggregate Association.

Testimony For (Ways & Means): The new fee structure is important to increasing revenue in order for the program to continue. As costs have been going up, revenues have not kept pace. The new fees are entirely funded by the industry with no general fund impact.

Testimony Against (Ways & Means): None.

Who Testified (Ways & Means): PRO: Ron Teissere, DNR.