

HOUSE BILL REPORT

E2SSB 6175

As Reported by House Committee On:
Appropriations

Title: An act relating to regulation of surface mining by ensuring adequate performance security to cover reclamation costs for mines and providing fees for the operation of the surface mining program.

Brief Description: Concerning the regulation of surface mining.

Brief History:

Committee Activity:

Appropriations: 2/27/06 [DPA].

**Brief Summary of Engrossed Second Substitute Bill
(As Amended by House Committee)**

- Increases application and annual fees for surface mining permits and creates a graduated fee system.
- Expands the types of performance security the Department of Natural Resources may accept to insure that the costs of mine reclamation is covered by a permit holder.
- Creates a Surface Mining Advisory Committee.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 30 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Chandler, Clements, Cody, Darneille, Dunshee, Grant, Haigh, Hinkle, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia, Pearson, Priest, Schual-Berke, P. Sullivan, Talcott and Walsh.

Staff: Alicia Paatsch (786-7178).

Background:

The Department of Natural Resources (Department) regulates surface mining in the state, which operates rock, sand and gravel mines, primarily. The Department also has responsibility for surface mine reclamation, which is restoring the vegetation and soil on

mined land after mining is complete. Before a permit to mine may be issued, an applicant must have a reclamation plan approved by the Department and provide adequate performance security to cover the cost of reclamation in the event that the Department itself must undertake the reclamation.

For each permit the Department charges a \$1,000 initial application fee and a \$1,000 annual fee thereafter. The Department may accept many types of performance security, including cash, interest in real property, savings certificates, negotiable securities, and corporate security bonds, as it deems appropriate. The fees collected go into the Surface Mining Reclamation Account.

Metal mining is regulated separately by the Department of Ecology.

Summary of Amended Bill:

Fees

The application fee is raised from \$1,000 to \$2,500, and is expanded to apply to applications to expand or combine existing reclamation permits. A fee of \$1,000 is established for submitting a revised reclamation plan. The flat annual fee is replaced by a graduated annual fee based on tonnage of material mined in the previous 12 months, as follows: up to 50,000 tons, \$1,250; over 50,000 and up to 350,000 tons, \$2,500; and over 350,000 tons, \$3,500.

If money is left over in the Surface Mining Reclamation Account, residual moneys must be used at the end of each fiscal biennium to survey and map sand and gravel sites in the state.

Performance Security

The Department may accept as performance security participation in a state security pool, if one is established. If several criteria are met, the Department may accept a blanket performance security to cover several mines operated by one permit holder.

Trade Secret Protection

The Department must keep confidential any trade secrets, production records, or mineral assessments submitted by permit holders. This information is exempt from public disclosure.

Collections Authority

The Department may refer past due accounts to a collection agency, and put liens on all personal and real property held by a permit holder who has not provided adequate performance security.

Metal Mining

The Department of Ecology must transfer the appropriate annual fees it collects for metal surface mines to the Department's Surface Mining Reclamation Account.

Advisory Committee

The Department must establish a Surface Mining Advisory Committee to recommend methods to promote effective reclamation and reclamation administration. The state geologist

shall select the committee's members, which shall include representatives of mining interests, state and local governments, environmental groups, private landowners, and others. The Department must submit the committee's findings to the Legislature by September 1, 2006.

Amended Bill Compared to Engrossed Second Substitute Bill:

A technical error is corrected by removing the 1,000 ton gap in the aggregate or mineral mined or extracted tonnage scale between 50,000 tons and 51,000 tons.

Appropriation: None.

Fiscal Note: Requested on February 25, 2006.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed, except for section 5 relating to the exemption of disclosure of financial information, which takes effect July 1, 2006.

Testimony For: The key function of the bill is to raise fees to allow the program to continue. Without funding the program would fade away and could not support existing staff due to increasing administration costs. This bill is the result of involved negotiations with the industry and we believe everyone is on board and that we have industry support. It is important to understand that even though there isn't a lot of testimony for this bill there is widespread support to maintain an effective mine reclamation program in the state.

Testimony Against: None.

Persons Testifying: Ron Teissere, Department of Natural Resources.

Persons Signed In To Testify But Not Testifying: None.