

# SENATE BILL REPORT

## E2SSB 6175

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As Passed Senate, February 24, 2006

**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.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senator Jacobsen; by request of Department of Natural Resources).

**Brief History:**

**Committee Activity:** Natural Resources, Ocean & Recreation: 1/16/06, &half;5/06 [DPS-WM].

Ways & Means: 2/6/06, 2/7/06 [DP2S, DNP, w/oRec].

Passed Senate: 2/24/06, 47-0.

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### 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)

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### 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 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; and
- 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 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 monies must be used at the end of each fiscal biennium to survey and map sand and gravel sites in the state.

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.

**Appropriation:** None.

**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.

**House Amendment(s):** The language relating to metals mining reclamation is deleted leaving the existing requirements in tact. Technical changes are made to clarify the fees.