

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB525

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Wagner

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: Virginia Uranium Mining Commission

5. Summary: This bill creates a 17-member executive branch commission to assess the risks and benefits of developing uranium resources in Virginia, and establishes the Uranium Study Fund. The bill has a sunset clause of July 1, 2011.

6. Fiscal Impact Estimates: Preliminary. See Item 8.

6a. Expenditure Impact: *The expenditure impact does not reflect the adequate funding necessary for the Commission to contract for a study with the National Academy of Sciences, as this cost is unknown at this time.*

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	\$0	0.00	N/A
2009	\$12,924-\$14,724	0.00	NGF
2010	\$12,724-\$13,924	0.00	NGF
2011	\$0	0.00	NGF
2012	\$0	0.00	NGF
2013	\$0	0.00	NGF
2014	\$0	0.00	NGF

7. Budget Amendment Necessary: Yes, Item 295, and an amendment depositing funding into the Uranium Study Fund created by this bill.

8. Fiscal Implications: This bill establishes the Virginia Uranium Mining Commission (the Commission) to assess the risks and benefits of developing Virginia's uranium resources and to advise the Governor and General Assembly. The Commission is to be comprised of 17 members: eight legislators, six nonlegislative citizen members, the Director of the Department of Environmental Quality (DEQ), the Director of the Department of Mines, Minerals and Energy (DMME), and the Commissioner of Health.

Membership Expenses

The bill stipulates that all legislative members of the Commission shall receive such compensation as provided in §30-19.12, Code of Virginia, which provides for compensation of legislative councils as provided for in §2.2-2813, which sets the rate at \$50 per day unless a different rate of compensation is specified by statute. Item 1 of Chapter 847 of the 2007

Virginia Acts of Assembly, another statute, sets the level of compensation to members of the General Assembly at a rate of \$200 per day. While the bill does not specify when the Commission is to meet, assuming that semiannual meetings are held, and that all eight legislative members attend both annual meetings, total annual compensation costs for the legislative members would be approximately \$3,200. The bill stipulates that nonlegislative citizen members shall also receive compensation for the performance of their duties as provided in §2.2-2813. Again assuming semiannual meetings, the cost of the six nonlegislative citizen members would be approximately \$600 annually.

The bill states that all members of the Commission shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as provided in §§2.2-2813 and 2.2-2825. Assuming (1) semiannual meetings are held; (2) all 17 members attend each meeting; (3) each member will incur travel and lodging expenses for each meeting (average \$175 per meeting, per member), the total annual cost for reimbursement of necessary expenses would be approximately \$5,950. While many who are eligible for reimbursement historically do not seek payment, it is uncertain as to the level of reimbursement that will be sought by members of this Commission, and so full reimbursement was assumed.

All together, the total costs for membership of the Commission (compensation and reimbursable expenses) are estimated to be \$9,150 annually.

Staffing Expenses

According to the bill, administrative staff support to the Commission is to be provided by the Office of the Clerk of the Senate or the Office of the Clerk of the House of Delegates, depending on the house in which the chairman of the Commission serves. Whichever office is responsible for providing administrative staff support could incur staffing costs, although the fiscal impact of these added responsibilities is unknown at this time.

General staff support to the Commission is to be provided by DMME, DEQ, and the Department of Health (VDH). DMME does not anticipate any fiscal impact as a result of providing staff support to the Commission and estimates that any staffing costs can be absorbed within current staffing levels. Any fiscal impact for DEQ as a result of providing staffing to the Commission is unknown at this time. VDH estimates that this bill could have a fiscal impact on their agency. Based on the assumption that the Commission will meet only twice a year, and that VDH will not be used as the major source of scientific and technical support, the agency estimates that this bill may require approximately 80 hours of VDH dedicated staff support. As such, VDH anticipates additional staff may be needed at the cost of approximately \$3,184 (calculated at \$19.90/hr x 160 hrs). VDH notes that this bill is unclear on what agency is to conduct research, development, and issuance of requests for proposals for contracts to undertake the various scientific, environmental, and economic studies. If the Commission chooses to request that VDH conduct such research, then the fiscal impact to VDH could be substantially greater.

The Commission is to consult with the Joint Legislative Audit and Review Commission (JLARC) in preparing request for proposals and reviewing proposals for services in connection with the Commission's duties and responsibilities. At this time the fiscal impact on JLARC is unknown.

Other Operating Expenses

The Commission is to publish notice at least 10 days in advance of each meeting in one or more newspapers of general circulation in the locality and planning district where the meeting is to be held and in any locality and planning district where uranium mining is being proposed, and is to hold a public meeting prior to commencing its work. Assuming the Commission meets semi-annually after the meeting prior to commencing its work, notices would need to be published at least three times in FY 2009, and at least twice in FY 2010.

The total cost of these publications depends on (i) where these meetings are held, (ii) the number of different publications used (depending on the frequency of the distribution of publications in that area), (iii) the size of the ad, (iv) the circulation of the publication, and (v) the legal notice publication rates. Since the bill defines “where uranium mining is currently proposed” as the localities within the Southside and West Piedmont Planning District Commissions, rates for publishing legal notices would need to be evaluated in this area. Taking into consideration these variables, and basing calculations on similar historical expenditures by other another state board, preliminary estimates range from \$200-\$800 per published notice. Assuming three meetings the first year of the Commission (the initial meeting prior to the commencement of the Commission and two semi-annual meetings), and two meetings the second year of the Commission, publishing costs could range from \$600-\$2,400 in FY 2009, and from \$400-\$1,600 in FY 2010.

In addition, the Commission is to hold at least three public hearings in any area of the Commonwealth where mining is proposed, and while the bill does not mandate that notices need to be published for public hearings, costs could be incurred if the Commission chooses to advertise for such hearings. Finally, the Commission may experience costs related to the actual meetings. These costs are dependent upon the location and size of these meetings, and are indeterminate.

Total Expenses for Operation and Administration of the Commission:

Total annual costs for operation and administration of the Commission are estimated to range from \$12,924-\$14,724 in FY 2009 and \$12,724-\$13,924 in FY 2010. The bill provides that all costs of compensation and expenses of the members of the Commission, and all costs for the operation and administration of the Commission are to be funded from the Uranium Study Fund (the Fund).

Study Expenses:

The Commission is given the power to contract for a comprehensive and independent scientific study that is adequately funded to evaluate the various aspects of uranium mining in Virginia. The bill mandates that the Commission is to ensure that funding for the study is identified and committed to the Fund before entering into any contractual agreement with the National Academy of Sciences (NSA). At this time, the cost of the study is unknown, but the bill stipulates that the cost of the study is to be covered with monies in the Fund.

Uranium Study Fund:

The Uranium Study Fund is created by this bill as a special nonreverting fund, to be administered by the Commission. The Fund is to consist of gifts, donations, grants, and bequests on behalf of the Commission. The bill specifies that moneys in the fund are to be

used solely for the purpose set forth in the chapter, and that expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Chairman of the Commission.

The bill provides that the total costs for the operation and administration of the Commission shall be funded from the newly-established Uranium Study Fund (the Fund). The bill also stipulates that the Commission shall ensure that funding has been identified and committed to the Fund in the amount sufficient for the Commission's work and for a comprehensive, independent scientific study prior to (i) the commencement of the Commission's work and (ii) entering into a contract for a study. As such, there would need to be monies deposited to the Fund to cover both the costs of the Commission and the costs of a study. There is no provision in the bill for a general fund appropriation to the Fund, but any gifts, donations, grants and bequests on behalf of the Commission made to the Fund can be appropriated administratively.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Mines, Mineral and Energy, the Department of Environmental Quality, the Department of Health, General Assembly, Joint Legislative Audit and Review Commission, state universities, all state agencies.

10. Technical Amendment Necessary: None.

11. Other Comments: None.

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cc: Secretary of Commerce and Trade
Secretary of Finance