

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: SB559

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

2. Patron: Puckett

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: Mineral mining; license fees.

5. Summary: This bill increases the license fee for a mineral mine license from \$180 to \$400, or \$330 for applications submitted electronically, and the license fee for any person engaged in mining sand or gravel on an area of five acres or less from \$48 to \$100, or \$80 for applications submitted electronically.

6. Fiscal Impact Estimates: Preliminary.

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	n/a
2011	\$84,040	Nongeneral fund
2012	\$84,040	Nongeneral fund
2013	\$84,040	Nongeneral fund
2014	\$84,040	Nongeneral fund
2015	\$84,040	Nongeneral fund
2016	\$84,040	Nongeneral fund

7. Budget Amendment Necessary: No, SB/HB 30 (the Budget bills) account for a nongeneral fund increase of \$66,120 resulting from these fee increases (based on an increase in the fees to \$350 for mineral mines and \$94 for sand or gravel operations, with no discount for electronic submission). The revenue impact figures in the table in Item 6b of this statement are based on maximum revenue generated from this bill and do not consider the lower fee for electronic submission. As such, it is estimated that actual revenue collections would be lower. Should any adjustments to the agency's nongeneral fund appropriation from revenue collections be necessary, they may be made administratively.

8. Fiscal Implications: This bill would increase the annual mineral mine license fee from \$180 to \$400, or an increase of \$220 per license, and for sand or gravel operations from its current level of \$48, to \$100, or an annual increase of \$52. This bill sets the accompanying fees for applications submitted electronically at \$330 and \$80, respectively. These fees were last increased in 2003.

Currently, mineral mine operators must apply to the Department of Mines, Minerals and Energy (DMME) for a license to operate each mine. The current license fee is \$180 for

standard mineral mines and \$48 for sand and gravel operations of less than five acres, paid annually. Per §45.1-292.31 of the Code of Virginia, these fees are paid into a nongeneral fund administered by DMME, which must be used to support the activities of the agency's Mineral Mining Environmental Protection, Worker Safety, and Land Reclamation service area. There are currently about 440 mineral mines in Virginia. Of the 440, about 370 are standard mineral mines currently paying \$180 a year for their license, and 70 are small sand and gravel operations that currently pay the lower \$48 annual license fee. Multiplying the current number of standard mines (370) by the proposed fee increase of \$220, and the number of small sand and gravel operations (70) by the proposed fee increase of \$52, then adding the sums, would result in approximately \$84,000 a year in additional fee revenue, starting in FY 2011. While this bill provides for separate fees for those applications submitted electronically, it is not known how many will be submitted this way and qualify for the lower fee. The revenue projection in the table in Item 6b of this statement assumes the maximum revenue generation based on the full fees.

Note that any estimate on the amount of revenue generated from these fee increases is susceptible to economic conditions affecting the mineral market, such as the price of fuel and highway construction budgets. Since there is a high degree of uncertainty in predicting these conditions for even a few years, it has been assumed that the number of mineral mines in Virginia will remain relatively constant for the foreseeable future.

HB/SB 30 (the Budget Bills) currently account for \$66,120 in anticipated additional revenue generated from these fee increases.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals and Energy.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to HB1183, as amended.

Date: 2/10/2010 dpbaek

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