

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: SB564

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Ticer

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: **Coal surface mining; refuse control.**

5. Summary: This bill prohibits the issuing of a permit for coal surface mining operations unless the Director finds in writing and the applicant affirmatively demonstrates that no spoil, refuse, silt, slurry, tailings, or other waste materials from coal surface mining and reclamation operations will be disposed of in any waters of the Commonwealth, including any intermittent, perennial, or ephemeral stream.

6. Fiscal Impact Estimates: Indeterminate.

7. Budget Amendment Necessary: No, see item 8.

8. Fiscal Implications: This bill significantly impacts the coal surface mining industry in Virginia. On a state level, the largest impact would be felt by the Department of Mines, Minerals and Energy's (DMME), specifically in their regulatory, environmental and safety divisions related to surface coal mining. According to DMME, this bill's mandate that a coal surface mining operation provide written assurance that no spoil, refuse, silt, slurry, tailings or other waste materials would run-off into water of the Commonwealth would result in a substantial decrease, if not complete elimination, in the number of permits issued for coal surface mining in Virginia.

Should this bill substantially decrease or eliminate coal surface mining operations in Virginia, DMME would see a significant decrease in the workload associated with their Coal Environmental Protection and Land Reclamation and Coal Worker Safety divisions. This may result in an elimination of affiliated agency services and personnel. In addition, these DMME divisions are supported from revenue generated from permit fees, so as this bill would decrease the amount of revenue collected by the sale of permits, DMME would experience a revenue loss. Should levels of DMME revenue decrease too far below the federally-mandated state match for these regulatory safety and environmental functions, this may trigger a general fund obligation or subsequent federal action relating to environmental reclamation of previously-mined surface lands.

This bill would also have a significant impact at the local level, as the loss of coal surface mining operations would result in an elimination of a significant local revenue source from severance taxes, as well as may result in a significant job loss from the coal surface mining

industry. Associated costs and revenue loss associated with unemployment would be felt both by the localities and at the state level.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Mines Minerals and Energy, Virginia Coalfield Economic Development Authority, Department of Taxation, Virginia Employment Commission, localities.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/1/2010

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