

## Department of Planning and Budget

### 2016 Fiscal Impact Statement

**1. Bill Number:** HB1169

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Pillion

**3. Committee:** Agriculture, Chesapeake and Natural Resources

**4. Title:** Mineral mining; bonding program; reclamation.

**5. Summary:** Mineral mining; bonding program; reclamation. Grants the Commonwealth a lien on land reclaimed by the Director of the Division of Mines, Minerals and Energy (the Director) for the amount of the increase in the value of former mining land that results from the reclamation of the land. The bill increases the amount of the reclamation bond that a mine operator must pay from a range of between \$200 and \$1,000 per acre to \$3,000 per acre and provides procedures related to the operation of the lien, including procedures for perfection, waiver, recordation, priority, amount determination, and satisfaction. The bill also modifies the existing Minerals Reclamation Fund (the Fund), establishing it as a nonlapsing revolving fund with a minimum size of \$2 million. Current law sets the Fund's floor at \$250,000 and does not prevent moneys in the Fund from reverting to the general fund at the end of each biennium.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate, see item 8, below.

**8. Fiscal Implications:** The fiscal impact of this legislation is indeterminate. The MOTC (Minerals Other Than Coal) Pool Surety Bond Fund, referred to as the Minerals Reclamation Fund in the bill, currently has a cash balance of \$5.6 million. Therefore, increasing the "floor" from \$200,000 to \$2.0 million is unlikely to have any impact on revenue in the short-term. However, if significant reclamation activities are necessary in the future, the increased "floor" for the MOTC Pool Surety Bond Fund will result in additional revenue to the Fund if the balance falls below the higher \$2.0 million threshold. However, the amount of potential increase in revenue is indeterminate.

The Department of Mines, Minerals and Energy (DMME) does not have a legislative appropriation for the MOTC Pool Surety Bond Fund. Funding for the Fund is appropriated administratively on an as needed basis. As a result, a budget amendment to adjust the agency's nongeneral fund appropriation is not needed.

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

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.