

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: HB2213

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

2. Patron: Guzman

3. Committee: Rules

4. Title: Study; gold mining; prohibition on permitting; report.

5. Summary: Directs the Secretary of Natural Resources, the Secretary of Health and Human Resources, and the Secretary of Commerce and Trade to establish a work group to study the mining of gold in the Commonwealth. The bill requires that the study be conducted in consultation with the Virginia Council on Environmental Justice and appropriate stakeholders, including experts in mining, hydrology, toxicology, and other fields; environmental organizations; representatives of potentially affected communities in localities with significant deposits of gold; and residents of Native American communities in such counties.

The bill provides that the work group shall evaluate the impacts of gold mining on public health, safety, and welfare; evaluate whether existing air and water quality regulations are sufficient to protect air and water quality from the mining and processing of gold; and evaluate whether existing bonding, reclamation, closure, and long-term monitoring of sites for such mining or processing are sufficient; and report its findings to the General Assembly by July 1, 2022. The bill also prohibits the issuance of any permit by the Department of Mines, Minerals and Energy to operate a gold mine of an area larger than 10 acres until July 1, 2023.

6. Budget Amendment Necessary: Yes to Item 124 of HB1800/SB1100.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021			
2022	\$250,000	n/a	GF

7b. Revenue Impact: N/A

8. Fiscal Implications: It is anticipated that this bill will result in a fiscal impact to the Department of Mines, Minerals, and Energy (DMME). The agency has stated that if it is charged with leading the study, it anticipates that a contract with a consultant will be necessary at a rate of \$250,000. In 2014, DMME paid \$225,000 for a one-year study on the

readiness of Virginia's ports for the offshore oil and gas industry. DMME assumed a 1.5 percent inflation rate.

House amendments to HB1800/SB1100 include \$250,000 from the general fund in the second year to administer the provisions of this bill.

The bill also prohibits the issuance of any permit by DMME to operate a gold mine of an area larger than 10 acres until July 1, 2023. The agency does not anticipate a fiscal impact as a result of this provision.

- 9. Specific Agency or Political Subdivisions Affected:** Secretaries of Natural Resources, Commerce and Trade, and Health and Human Resources; Department of Mines, Minerals, and Energy.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.