

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: SB1353

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: Watkins

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: Uranium mining; penalties.

5. Summary: This bill establishes a process for the Department of Mines, Minerals, and Energy (DMME) to issue permits for the mining of uranium ore. DMME, in consultation with the Department of Environmental Quality, Department of Health, State Corporation Commission, Department of Conservation and Recreation, Department of Game and Inland Fisheries, Department of Historic Resources, and Department of Agriculture and Consumer Services, is required to adopt regulations governing uranium mining.

The bill provides that DMME shall not accept an application for a uranium mining permit from an applicant unless the applicant had a valid permit for uranium exploration on July 1, 2013. The agency is not to accept an application for a permit to mine uranium at a location more than 10 miles from an area for which a uranium exploration permit was in effect on January 1, 2012. Permit holders are required to pay application fees and annual fees, which shall be sufficient to defray the costs of administering the uranium mining program.

Additionally, the measure establishes the Uranium Administrative Fund, Uranium Response Fund, and Long-Term Monitoring Fund, which will be funded by fees assessed on permittees. A permittee that violates a permit condition or provision of law or regulation may be subject to civil penalties. A person who conducts uranium mining without a permit, violates a condition of a permit, fails to comply with a regulation or order, makes certain false statements, violates recordkeeping requirements, or impedes the DMME in its performance of duties is subject to criminal penalties. A uranium mining permit shall not be issued to an applicant unless the applicant is licensed by the State Corporation Commission as a uranium development corporation, the requirements for which are established by this measure.

6. Budget Amendment Necessary: Potentially, item 119. The bill stipulates the creation of several funds to support the program. DMME is to assess an annual fee to be paid by permit holders that is sufficient to cover the costs of administering the uranium mining program. However, there would be some initial costs to set up and manage the program until such revenues are generated to fully fund the enterprise. DMME would require a treasury loan or a general fund appropriation in the interim.

7. Fiscal Impact Estimates: Preliminary; see line 8 below.

- 8. Fiscal Implications:** While the intent of the bill is to have mining applicants and operators fund this new activity through the several funds, several state agencies could incur a short term fiscal cost until the licensing and permit fee structure raises sufficient nongeneral fund revenue to support the operation. The following agencies have provided an estimate of the fiscal impact associated with bill:

Department of Mines Minerals, and Energy (DMME)

The agency anticipates needing five FTE positions in the areas of mine inspection, mine engineering, hydrology, and other technical specialists. DMME would also need additional equipment, vehicles, laboratory equipment and field supplies. ***The total annual fiscal impact for supporting these additional resources would be \$1.2 million.*** Again, the agency would require funding to fully develop and support the permitting program until anticipated permit and license fee revenue is available. Until sufficient revenue to support the program can be generated, DMME would require a treasury loan or a general fund appropriation. This funding could be provided directly to DMME or to the Uranium Administrative Fund with the agency as the fiscal agent.

Department of Environmental Quality (DEQ)

The agency anticipates utilizing existing staff such as hydrologists, engineers and biologists to review and issue environmental permitting. DEQ estimates needing four FTE positions in the areas of compliance, and monitoring. The agency would also need additional funding to support new equipment and lab analysis services. ***The total annual cost is estimated at \$800,000.*** DEQ would require a treasury loan or a general fund appropriation if funding was not provided through the Uranium Administrative Fund.

Virginia Department of Health (VDH)

VDH will be impacted by a demand for increased services and regulatory activities, particularly in communities and areas where uranium mining and milling activities occurred. The key organizational units in VDH that would be most impacted are:

- Division of Radiological Health (DRH);
- Office of Drinking Water (ODW);
- Office of Epidemiology (OEpi);
- Office of Environmental Health Services (OEHS); and,
- Office of Family Health Services (OFHS)

Estimated costs to the Offices/Divisions are summarized in the table below and then described in the text that follows.

Office/Division	Positions	Initial Year	Out Years
Division of Radiological Health (DRH) - personnel and ancillary costs	1 FTE + 1 Part-time	\$ 151,134.94	\$ 144,145.94
Office of Drinking Water - personnel and ancillary costs	1 Part-time	\$ 42,072.97	\$ 42,072.97

Office of Epidemiology - personnel and ancillary costs	3 FTE + 1 Part-time (PT first year only)	\$ 356,100.86	\$ 283,291.88
Office of Environmental Health Services - personnel and ancillary costs	6 FTEs	\$ 468,800.00	\$ 442,400.00
Well sampling and analyses		\$ 1,840,000.00	\$ 1,840,000.00
Office of Family Health Services	1 Part-time	\$ 8,776.00	\$ 8,776.00
QA, Training, Cancer Registry		\$ 7,500.00	\$ 1,000.00
BRFSS Sampling		\$ 30,000.00	\$ 30,000.00
Total	Year 1: 10 FTEs + 4 PT Out Years: 10 FTEs + 3 PT	\$ 2,904,384.77	\$ 2,791,686.79

VDH would require a treasury loan or a general fund appropriation if funding was not provided through the Uranium Administrative Fund.

9. Specific Agency or Political Subdivisions Affected: Localities, Department of Mines, Minerals, and Energy, Department of Environmental Quality, Department of Health, State Corporation Commission, Department of Conservation and Recreation, Department of Game and Inland Fisheries, Department of Historic Resources, and Department of Agriculture and Consumer Services.

10. Technical Amendment Necessary: The Virginia Department of Health has provided the following technical amendments:

- Amendment No. 1, Page No. 6, Line No. 316: After “*requirements*” strike “*for sampling and analysis at summer camps and campgrounds*”
- Amendment No. 2, Page No. 6, Line No. 316: After “*requirements*” insert “*for the sampling and analysis of recreational waters at summer camps and campgrounds within the ground water management area of a uranium production operation*”
- Amendment No. 3, Page No. 7, Line No. 376: After “*ground water*” strike “*drinking*”
- Amendment No. 4, Page No. 7, Line No. 376: After “*ground water*” insert “*public or private*”
- Amendment No. 5, Page No. 9, Line No. 492 – 493: After “*of any uranium mining operation*” strike “*or of any uranium milling operation*”
- Amendment No. 6, Page No. 9, Line No. 499 – 500: After “*state regulatory program*” strike “*that shall include any review of documents and supporting data submitted to*” and insert a “,” (comma) before “*the U.S. Nuclear Regulatory Commission*”
- Amendment No. 7, Page No. 9, Line No. 521 – 522: Delete all of lines 521 – 522.
- Amendment No. 8, Page No. 10, Line No. 601: After “*adjacent thereto*,” insert “*all public and private water supplies, as defined by Va. Code § 32.1-176.3 and located on the area of land to be affected*,”
- Amendment No. 9, Page No. 11, Line No. 615 – 618: After “*operation.*” strike “*The mining permit application shall confirm that an environmental impact statement meeting the requirements of the federal National Environmental Policy Act, 42 U.S.C. § 4321 et seq., has been completed or will be completed prior to the issuance of the federal source material license.*”
- Amendment No. 10, Page No. 11, Line No. 624 – 628: Delete all of lines 624 – 628.

- Amendment No. 11, Page No. 13, Line No. 769 – 771: After “*planning agency*” strike “*and sewage and water treatment authority, or water works situated in the locality in which the proposed mining will take place, or all permitted private well owners*”
- Amendment No. 12, Page No. 13, Line No. 769-771: After “*planning agency*” insert “*sewage and water treatment authority, water works situated in the locality in which the proposed mining will take place, and all private water supply owners*”
- Amendment No. 13, Page No. 16, Line No. 971: After “*one-half*” insert “*mile*”
- Amendment No. 14, Page No. 17, Line No. 1014: After “*State Water Control Board*” insert “*and the Board of Health pursuant to Va. § Code § 32.1-176.8 for*”
- Amendment No. 15, Page No. 21, Line No. 1253 – 1254: After “*planning agencies,*” strike “*and sewage and water treatment authorities, or water works, or all permitted private well owners*”
- Amendment No. 16, Page No. 21, Line No. 1253-1254: After “*Planning agencies,*” insert “*sewage and water treatment authorities, water works, and all private water supply owners*”
- Amendment No. 17, Page No. 22, Line No. 1335: After “*contaminant*” insert “*, at levels above regulatory limits,*”

11. Other Comments: HB2330 is the companion bill.

Date: 01/28/2013

Document: G:\ACD\Legislative Session 2013\FIS\DMME\SB1353.docx