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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/13

SPONSOR Munoz LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Exclude Humate as Mineral in Mining Act SB 120

ANALYST McCoy

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	(\$5.0)	Recurring	Mining Act Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	(\$5.0)	(\$5.0)	Recurring	Mining Act Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

## SOURCES OF INFORMATION

LFC Files

### Responses Received From

New Mexico Environment Department (NMED)

Energy, Minerals and Natural Resources Department (EMNRD)

## SUMMARY

### Synopsis of Bill

Senate Bill 120 (SB120) adds humate to the list of minerals that are excluded from the definitions of “mineral” and “mining” in the New Mexico Mining Act, effectively removing humate operations from the jurisdiction of the Mining and Minerals Division of the Energy, Minerals and Natural Resources Department (EMNRD). Additionally, SB120 makes minor adjustments and clarification to language existing in the act, such as replacing “the effective date of the New Mexico Mining Act,” with “June 18, 1993”.

## **FISCAL IMPLICATIONS**

The EMNRD notes, the exclusion of humate as mineral in the New Mexico Mining Act in SB120 signifies the mining of humate would no longer be subject to the requirements to receive a permit, which would impact revenues collected for humate mining permit application fees and annual fees paid deposited in the mining act fund. The fiscal impact of SB120 would be a reduction in revenue to the fund of approximately \$5.0 thousand per year.

## **SIGNIFICANT ISSUES**

The EMNRD reports, the Mining Act requires exploration and mining operators to address environmental impacts of mining, to reclaim the permitted area, and to establish a productive post mine land-use. The agency notes, SB120 relieves operators of humate mines and mills from the current requirement to obtain a permit, to reclaim and stabilize areas disturbed by mining, and to post financial assurance with the agency to cover reclamation costs if the operator fails to reclaim the site. The twelve humate mine operations currently permitted under the Mining Act all hold minimal impact mine permits, which limits surface disturbance for an operation to ten acres. A humate operation in excess of ten acres currently is required to obtain a regular mining permit, which is more complex and costly. According to the EMNRD, the removal of humate from the Mining Act not only would eliminate the obligation to reclaim, it would also remove any acreage limits on existing mines.

According to the NMED, to the extent that the requirements applied under the current implementation of the Mining Act serve to reduce fugitive dust from mining activities or closed mines, emissions could increase as a result of removing humate mines from the Mining Act. In the event that fugitive emissions increase, it may become necessary for control of such emissions under the Air Quality Control Act regulated by the NMED in order to meet state and national air quality standards. The department also notes, humate mines could also present a threat to surface water in the form of suspended solids.

## **PERFORMANCE IMPLICATIONS**

One objective of the NMED strategic plan is to improve and protect air quality by decreasing the number of areas that fail to attain the national ambient air quality standards and proactively address air quality where it is degrading. If emission of air pollutants from humate mines increase as the result of removing their regulatory requirements under the Mining Act, it may become necessary for the NMED to address those air emissions to avoid nonattainment status.

## **ADMINISTRATIVE IMPLICATIONS**

The NMED reports, additional Air Quality Bureau permit action may be necessary in the event that humate mines emit excess fugitive emissions. According to the EMNRD if humate is removed from the Mining Act, agency staff will no longer permit, administer or inspect humate operations. Additionally, the agency notes the proposed changes in SB120 will require the Mining Commission to amend the regulations to remain consistent with the Mining Act.