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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/14

SPONSOR Griego LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE NM Mining Act Financial Assurances SB 95

ANALYST Weber

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		NFI	NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to, Conflicts with, Senate Bill 80

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Attorney General Office (AGO)

Energy, Minerals and Natural Resources Department (EMNRD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 95 amends Section 69-36-7(R) of the New Mexico Mining Act by removing the limitation that allows a permittee to file for release of financial assurance no more than once per year for each mining operation. It also mandates that the director of the Mining and Minerals Division of the Energy, Minerals and Natural Resources Department propose for the Mining Commission's consideration a new set of regulations relating to the release of a permittee's financial assurance by January 15, 2015.

If enacted the bill would take effect immediately pursuant to its emergency clause.

### FISCAL IMPLICATIONS

EMNRD estimates the removal of the limitation of one financial assurance release per year will require additional time and resources on the part of the agency to approve releases. Under the Mining Act, each application for release of financial assurance require application review, field

inspections, coordination with other agencies, and the possibility for public review and hearing. See 69-36-7(R) NMSA 1978. The Mining Act also provides that the Mining Commission establish a fee schedule to cover the costs of implementing the Act. Each financial assurance release requires a written modification of the permit. The current fee for modification of a regular permit is \$1000 and for modification of a minimal impact operation permit, the fee is \$250. We cannot anticipate the exact number of increased applications. Last year, MMD received 7 applications to release financial assurance.

However, additional fee revenue will essentially balance out any added costs.

### **SIGNIFICANT ISSUES**

EMNRD notes the bill removes the limitation of only one release of financial assurance per year per mining operation. For large, existing mines, the release of financial assurance is linked to ongoing reclamation activities; these mines may or may not take advantage of the removal of the limitation. “Minimal impact” mines, however, are limited in size (the Mining Commission recently increased the size limit from ten to twenty acres), and therefore, when an operator completes reclamation, and the agency releases the financial assurance, the operator can expand its operations. We, therefore, expect an increase in financial assurance release applications from minimal impact operations if SB 95 is enacted.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB 80 and SB 95 amend the same section of the Mining Act, Section 69-36-7 NMSA 1978. SB 80 and 95 make the same change to the financial assurance subsection, 69-36-7(R). SB 95 amends subsection V (69-36-7(V)) to add a rulemaking deadline to implement the change to subsection R. SB 80 does not include any rulemaking requirement for financial assurance but adds a new subsection to encompass the exemption for humate mines.

MW/ds