

**STATE
FISCAL IMPACT**

Drafting Number: LLS 08-0574	Date: January 28, 2008
Prime Sponsor(s): Rep. Kefalas; Fischer Sen. Johnson	Bill Status: House Agriculture
	Fiscal Analyst: Brad Denning (303-866-4777)

TITLE: CONCERNING AN INCREASE IN THE REGULATORY AUTHORITY OF THE MINED LAND RECLAMATION BOARD OVER MINING, AND, IN CONNECTION THEREWITH, ENSURING THE PROTECTION OF GROUND WATER AND PUBLIC HEALTH.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue	\$0	\$0
State Expenditures		
Cash Funds		
Mined Land Reclamation Fund	\$107,474	\$41,642
FTE Position Change	0.5 FTE	0.4 FTE
Effective Date: Upon signature of the Governor, or upon the bill becoming law without his signature.		
Appropriation Summary for FY 2008-2009: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

The bill increases the regulatory authority of the Mined Land Reclamation Board over mining activities. Specifically, the bill:

- clarifies the board's authority over uranium in situ leach mining operations;
- expands the reasons for the board to deny a permit;
- requires the restoration of groundwater to pre-mining conditions;
- requires mining operators to notify landowners within 3 miles of an in situ leaching mine; and
- requires mining operators to report within 24 hours any failure of a structure designed to detect, prevent, mitigate, or minimize adverse impacts on groundwater.

State Expenditures

The bill is expected to increase state expenditures in the Department of Natural Resources - Division of Reclamation, Mining, and Safety by **\$107,474 and 0.5 FTE in FY 2008-09**. Beginning in FY 2009-10, annual state expenditures are anticipated to increase \$41,642 and 0.4 FTE over the requirements of current law. These costs are shown in Table 1 and described in greater detail below.

Table 1. Department of Natural Resources Expenditures Under HB 08-1161		
Cost Components	FY 2008-09	FY 2009-10
Personal Services	\$33,965	\$28,677
FTE	0.5	0.4
Contract Services	\$51,900	\$0
Legal Services	\$21,609	\$12,965
TOTAL	\$107,474	\$41,642

Personal Services. The department will incur an estimated \$33,965 in personal services costs in FY 2008-09, including \$28,677 in annual costs for in-house staff (0.4 FTE - Environmental Specialist II) and \$5,288 in one-time costs for 0.1 FTE to revise rules for reclamation and permitting. Annual costs are for staff review of 2 applications per year, including the selection of contractors to conduct preliminary site characterizations and the comparison of proposed operations to actual operations.

Contract Services. In FY 2008-09, the department will incur an estimated \$51,900 in one-time costs to hire a contractor to develop a process for verifying the violation history of applicants. The process will be used to collect mining information from other state and federal agencies and determine the level of violation that would deny a Colorado permit. It will include requirements for mining applicants to report on past violations. Contractor costs are estimated based on a rate of \$100 per hour for 3 months of work.

Legal Services. Beginning in FY 2008-09, the department will incur an estimated \$21,609 in legal services costs, including \$8,644 in one-time costs to assist in rulemaking. Ongoing costs are for assisting in the selection of contractors to conduct preliminary site characterizations (80 hours) and handling one contest per year to distinguish between affected land and affected surface and groundwater in a reclamation plan (100 hours). Legal services are provided to state agencies by the Department of Law and billed at a rate of \$72.03 per hour.

State Appropriations

For FY 2008-09, the Department of Natural Resources requires a cash fund appropriation of \$107,474 and 0.5 FTE from the Mined Land Reclamation Fund. Of this amount, \$21,609 should be reappropriated to the Department of Law for legal services.

Departments Contacted

Law Natural Resources Public Health and Environment