

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL FISCAL IMPACT

Drafting Number: LLS 14-0987
 Prime Sponsor(s): Sen. Hodge

Date: April 23, 2014
 Bill Status: Senate Health & Human Services
 Fiscal Analyst: Clare Pramuk (303-866-2677)

SHORT TITLE: URANIUM PROCESSING GROUNDWATER PROTECTION

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	\$1,238,400	\$1,238,400
Cash Funds	1,238,400	1,238,400
State Expenditures	\$957,971	\$873,160
Cash Funds	677,782	608,907
Centrally Appropriated Costs**	280,189	264,253
FTE Position Change	8.1	7.7
Appropriation Required: \$677,782 - Department of Public Health and Environment (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill requires that uranium and thorium mines obtain a radioactive materials license from the Colorado Department of Public Health and Environment (CDPHE). The bill eliminates the statutory deadline for the CDPHE to make an initial draft decision on a license application for a facility, site, or shipment for disposal of radioactive waste. It increases the amount an applicant must pay to the board of county commissioners of the county in which the radioactive waste is proposed to be received for storage, processing or disposal from \$50,000 to \$50,000 adjusted for inflation since 2003.

When remediating radioactive contamination to groundwater wells, the bill requires that all groundwater wells be restored to at least the numeric groundwater standards as established by the Water Quality Control Commission in CDPHE that apply to the historic uses of the wells. The licensee is required to remediate any release affecting groundwater wells in the most expedited manner reasonably possible using the best available active treatment and groundwater monitoring technologies. The licensee is required to provide notice to the CDPHE as soon as practicable upon discovery of any spill or release involving toxic or radioactive materials and provide an initial written report within seven days after the discovery. The CDPHE must post these reports on its website no later than seven days after receipt of the information.

State Revenue

This bill will increase cash fund revenue to the Hazardous Materials and Waste Management Division in CDPHE by **\$1,238,400 in FY 2014-15 and FY 2015-16** from fees for radioactive materials licenses. Licenses are \$29,900 and the fiscal note assumes that 16 facilities

will be licensed annually for a total of \$478,000. The division also collects a fee of \$152 per hour for license review. The fiscal note assumes 5,000 hours of license review will be conducted annually for a total of \$760,000. Fees are deposited into the Hazardous Substance Response Fund.

State Expenditures

This bill will increase cash fund expenditures for the Hazardous Materials and Waste Management Division in CDPHE by **\$957,971 and 8.1 FTE in FY 2014-15 and \$873,160 and 7.7 FTE in FY 2015-16** from the Hazardous Substance Response Fund.

Table 1. Expenditures Under SB14-192		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$628,463	\$601,582
FTE	8.1	7.7
Operating Expenses and Capital Outlay Costs	49,319	7,325
Centrally Appropriated Costs*	280,189	264,253
TOTAL	\$957,971	\$873,160

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. The following assumptions were used in the development of this fiscal note:

- 32 uranium mines are actively permitted in Colorado by the Department of Natural Resources; and
- all 32 mines will be licensed by the CDPHE under this bill.

To implement the bill, the division will develop rules for licensing uranium mining activities which will involve conducting a stakeholder process. Once the licensing structure is in place, division staff will begin to process license requests which are estimated at 16 per year. Each license application is expected to require 800 hours of environmental protection specialist time to conduct an intensive review which corresponds to 6.2 FTE per year. The remaining FTE will develop rules, inspect, and oversee the mining facilities.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under SB14-192*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$49,888	\$47,492
Supplemental Employee Retirement Payments	43,643	46,628
Indirect Costs	186,658	170,133
TOTAL	\$280,189	\$264,253

*More information is available at: <http://colorado.gov/fiscal/notes>

Local Government Impact

This bill may increase revenue to local governments by enabling a board of county commissioners to collect a higher amount from an applicant to cover their documented expenses for responding to an application for receipt or disposal of radioactive material. Expenses may include paying for an independent environmental analysis to assist the board in its response to CDPHE's permit process. The fiscal impact will only be for counties with uranium or thorium processing operations in their jurisdictions. The value of \$50,000 adjusted for inflation from 2003 is expected to be approximately \$64,000 in 2014.

Technical or Mechanical Defects

The bill does not identify which inflation index to apply to calculate the adjustment for county expenses, which can vary among jurisdictions. The remediation requirement of active treatment for groundwater wells may conflict with procedures established by the Environmental Protection Agency and the Nuclear Regulatory Commission.

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State Appropriations

The Department of Public Health and Environment requires an appropriation of \$677,782 and authorization for 8.1 FTE from the Hazardous Substance Response Fund.

State and Local Government Contacts

Public Health and Environment

Natural Resources

Counties