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FISCAL IMPACT REPORT

SPONSOR SCONC **ORIGINAL DATE** 01/26/14
LAST UPDATED 02/13/14 **HB** _____

SHORT TITLE Exempt Humate Mines From Mining Act **SB** 80 & 95/SCONCS

ANALYST Weber

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

The Senate Conservation Committee substitute for Senate Bills 80 and 95 amends 69-36-7 (R) NMSA 1978. The change deletes a provision of the Act that prohibits a permittee from seeking a release of financial assurance for a mining operation more than once per year.

In addition the bill in Section 3 requires that on or before January 13, 2015 the director of Mining and Minerals Division of EMNRD propose rules for the frequency for the intervals a release of financial assurances can be requested.

The bill contains an emergency clause.

This substitute is also the substitute for Senate Bill 95.

FISCAL IMPLICATIONS

EMNRD notes that the removal of the limitation of one financial assurance release per year will require additional time 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. The agency will use these fees and existing resources to process the number of increased applications. The agency cannot anticipate the exact number of increased applications. Last year, the Mining and Minerals Division received 7 applications to release financial assurance.

SIGNIFICANT ISSUES

EMNRD continues that the bill would remove the limitation of requesting 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, and therefore, when an operator completes reclamation, and the agency releases the financial assurance, the operator can expand its operations. Therefore, an increase in financial assurance release applications from minimal impact operations is expected if enacted.

Allowing more than one financial assurance release per year will promote increased mined land reclamation and returning mined lands to other beneficial uses.

MW/svb