



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0201	Title:	Revise opencut mine laws and set fees
Primary Sponsor:	Jopek, Mike	Status:	Third Reading

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
State Special Revenue	\$100,697	\$99,317	\$101,800	\$104,345
Revenue:				
State Special Revenue	\$98,250	\$98,250	\$98,250	\$98,250
Net Impact-General Fund Balance	\$0	\$0	\$0	\$0

Description of Fiscal Impact:

Permit fees totaling approximately \$102,075 would be collected annually from opencut mining permittees in the private sector to fund the addition of 1.00 FTE and to provide contracted services support to the opencut mining program. The level of fees assessed to any one operator would be based on the schedule amended into the bill, consisting of the number of permits held by the operator and the sizes of those permits.

FISCAL ANALYSIS

Assumptions:

Department of Environmental Quality (DEQ)

1. This bill as amended would provide the DEQ the authority to impose annual fees on opencut mining permittees in the private sector, but not on any county government permittees, to fund portions of the opencut mining program budget that are not funded through general fund or resource indemnity trust appropriations. A fee schedule has been amended into the bill.
2. The purpose of the annual fee proposal would be to provide DEQ with additional funding to hire additional staff for the program. The number of additional staff would depend on the amount of revenue generated by the fee program.

3. Using January 2007 opencut mining permit numbers for the private sector, and using the current acreage distribution of these permits in the categories of the fee schedule as amended into the bill, the amount of annual revenue generated by the annual fee schedule would be \$102,075, as shown by the following calculations:

Up to 25 acres -	751 permits x \$75/permit =	\$ 56,325
25 – 50 acres -	95 permits x \$150/permit =	\$ 14,250
50 – 100 acres -	43 permits x \$300/permit =	\$ 12,900
over 100 acres -	31 permits x \$600/permit =	<u>\$ 18,600</u>
	TOTAL =	\$102,075

Assuming that the program will have a similar number of private company permits in the next two biennia, and that these permits will be similarly distributed in the acreage categories indicated above, the annual revenue generated by the fee system would remain at approximately \$102,075 for the next two biennia. The revenue billing cycle may be based on permits on October 1 of each year.

4. This bill also proposes to delete the requirement for a fee of \$50 to be filed with the submittal of a new permit application. DEQ received an average of approximately \$3,825 per year in opencut mining permit application fees for the last two calendar years. These fees are deposited into the Environmental Rehabilitation and Response Account. Thus, assuming that the number of permit applications submitted annually to DEQ in the next two biennia would average the same as in the last two calendar years, the revenue figures for state special revenue reflect a reduction of \$3,825 per year in FY 2008-FY 2011.
5. Total state special revenue impact is estimated at \$98,250 (\$102,075 - \$3,825).
6. This level of annual revenue would be sufficient for 1.00 FTE environmental specialist. Personal services (salaries and benefits) costs would be: \$50,430 in FY 2008 and \$50,430 in FY 2009. Operating expenses would be \$50,267 in FY 2008 and \$48,887 in FY 2009, which includes supplies, travel, communications, education/training, vehicle lease, contracts, and indirect costs. The costs for FY 2008 are higher due to office set up purposes. Contracted services of \$15,000 per year would be used for setting up and managing the fee program. A 2.5% inflation factor has been applied for FY 2010 and FY 2011.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$50,430	\$50,430	\$51,691	\$52,983
Operating Expenses	<u>\$50,267</u>	<u>\$48,887</u>	<u>\$50,109</u>	<u>\$51,362</u>
TOTAL Expenditures	<u><u>\$100,697</u></u>	<u><u>\$99,317</u></u>	<u><u>\$101,800</u></u>	<u><u>\$104,345</u></u>
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$100,697	\$99,317	\$101,800	\$104,345
<u>Revenues:</u>				
State Special Revenue (02)	\$98,250	\$98,250	\$98,250	\$98,250
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	(\$2,447)	(\$1,067)	(\$3,550)	(\$6,095)

Sponsor's Initials

Date

Budget Director's Initials

Date