

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 210 (Chair, Environmental Matters Committee)(By Request -
Departmental - Environment)

Environmental Matters Education, Health, and Environmental Affairs

Environment - Mining - Acid Mine Drainage Abatement and Treatment Fund

This departmental bill makes specified funding provisions of the State's abandoned mine reclamation law consistent with federal law by repealing an obsolete date in the Environment Article.

Fiscal Summary

State Effect: None. The change is technical in nature and is not anticipated to affect overall State finances. However, to the extent that certain federal law changes, the bill will preserve the flexibility of the Maryland Department of the Environment (MDE) in distributing federal abandoned mine reclamation funds; overall federal fund revenues are not affected.

Local Effect: The bill is not anticipated to affect local operations or finances.

Small Business Effect: MDE has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law/Background: In accordance with the federal Surface Mining Control and Reclamation Act (SMCRA), MDE administers the abandoned mine reclamation program and expends federal abandoned mine reclamation funds to reclaim abandoned surface mines, control mine subsidence, perform stream restoration, treat acid mine drainage, and for other water quality purposes. Use of these federal funds is ranked by priority, with first and second priority reserved for those projects affecting public health or safety, and

third priority granted to environmental restoration. MDE notes that currently all top priority health and safety projects have been completed, with work ongoing for lower priority projects.

Originally, only up to 10% of federal funds could be used for acid mine drainage treatment and other environmental restoration projects ranked as lowest priority. However, SMCRA was amended in 2006 to increase the limit from 10% to 30% of funds that may be deposited in the State's Acid Mine Drainage Abatement and Treatment Fund for environmental restoration activities. MDE advises that this bill merely updates Maryland law to be consistent with this change in federal law; by repealing the October 1, 1992 date reference in statute, the need for future statutory changes resulting from any future amendments is eliminated. And allowing the funding limit to increase in conformance with federal standards ensures that MDE will have the flexibility and discretion to commit up to 30% of federal abandoned mine reclamation funds to support the Maryland Bureau of Mines in its efforts to treat and improve State waters impaired by acid mine drainage from abandoned coal mines.

MDE advises, however, that this flexibility already exists as a result of the enactment of a separate provision in a 2009 federal appropriations law authorizing Maryland to expend the greater of \$1.0 million or 10% of federal abandoned mine reclamation funds on acid mine drainage activities; this authorization amounts to more than 30% of the \$2.7 million in federal abandoned mine reclamation grant funds that Maryland received in fiscal 2011. While this federal appropriations provision has no termination date, MDE cautions that this bill provides a backstop should the federal law be altered or repealed in the future.

State Fiscal Effect: To the extent that the 2009 federal appropriations law is altered or repealed in any future fiscal year, the bill ensures that MDE continues to have the flexibility to provide up to 30% of federal abandoned mine reclamation funds to the Acid Mine Drainage Abatement and Treatment Fund. MDE advises that it expects federal abandoned mine reclamation grant funds of \$3.0 million annually from fiscal 2012 through 2022. Thus, if the 2009 federal law were repealed, the bill would provide MDE with the discretion to appropriate an additional \$600,000 annually to the Acid Mine Drainage Abatement and Treatment Fund that would not otherwise be eligible for receipt by the fund.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment, Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2011
ncs/lgc

Analysis by: Evan M. Isaacson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Environment – Mining – Acid Mine Drainage Abatement and Treatment Fund

BILL NUMBER: HB 210

PREPARED BY: Maryland Department of the Environment

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

Currently Maryland receives approximately \$2.7 million annually in order to reclaim abandoned surface mines, perform stream restoration, treat acid mine drainage, control mine subsidence, expand public drinking water, etc. A maximum of 10%, or \$270,000, of that total is available for acid mine drainage remedial activities due to a restriction in current Maryland law. This bill will increase the amount of funding available in Maryland for these activities to as much as \$810,000. This could potentially increase the size of MDE's contracts for implementing acid mine drainage remediation, and thus contracts to small businesses in Maryland. However, these would still be considered to be small contracts, so there would be minimal economic impact on small businesses.