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SFA**BILL ANALYSIS**

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Senate Bills 742 (Substitute S-1)
Sponsor: Senator Don Koivisto
Committee: Appropriations

Date Completed: 10-20-97

CONTENT

The bill would amend Part 631 of the Natural Resources and Environmental Protection Act (NREPA) to establish statutorily a Metallic Mining Permit Program administered by the Department of Environmental Quality (DEQ).

Metallic Mining Permit

The bill would require that a metallic mineral operator apply for a permit within one year after the bill's effective date, and include a Mining and Reclamation Plan with the application. The Department would have 60 days to review the application to determine if it was accurate and complete. If not, the DEQ would be required to tell the applicant what was needed, and review the additional information within 30 days. Upon approval, the permit would be valid for the life of the mine.

Mining and Reclamation Plan

A Mining and Reclamation Plan, as required by the permit, would include the following information:

- Method and direction of mining operation.
- Surface overburden stripping plans.
- Depth of grade level over the site from which the metallic mineral would be removed.
- Provisions for minimization of soil erosion.
- Location of buildings and other improvements.
- Interim use of reclaimed areas before cessation of mining.
- Maps and other supporting documents required by the Department.
- Fencing to minimize trespass.
- Hydro geological survey, if mining activity would be below the water table.
- Protection for or mitigation of damage to threatened or endangered species.
- Beneficiation and treatment methods, if they were to be included in the operation.

Annual Report

The bill also would require that a metallic mineral operator file an annual report on or before February 15 of each year. The report would include annual production of metallic product from each metallic mineral mine. The operator would be required to retain the records the annual report was based upon for three years.

Permit Revocation and Suspension

A Metallic Mining Permit could be revoked if:

- Mining had not commenced within three years of permit issuance.
- Revocation were requested by the permittee.

- The permittee failed to submit an annual report.
- The permittee were not in compliance with the Act or administrative rules.

The Department could order emergency suspension of activities at the site if public health and safety were endangered, or there were an imminent threat to the natural resources of the State. The order suspending operations would be in effect for not more than 10 days or until the operation was in compliance, whichever was shorter. Suspension could go beyond 10 days with an emergency order and hearings, but the total duration could not be more than 30 days.

Permit Transfer

The bill would allow transfer of a Metallic Mining Permit to a new person with the approval of the Department. The person acquiring the permit would be required to accept the conditions of the existing permit and adhere to the requirements set forth on the approved Mining and Reclamation Plan. A permit could not be transferred to anyone who was in violation of the Act, rules, or permit conditions. Prior to transfer, either a permittee would be required to complete any needed corrective actions at the site or the receiving person would need to agree to do so in writing.

Metallic Mineral Surveillance Fee

The bill would assess a Metallic Mineral Surveillance Fee on the product produced, as follows:

- Gold - not more than 9.4 cents per troy ounce
- Silver - not more than .13 cents per troy ounce
- Copper - not more than .03 cents per pound
- Iron - not more than 1 cent per pound

Funds collected by the assessment could not exceed the actual costs to the Department of surveillance, monitoring, administration, and enforcement activities. Unexpended fee revenue would be carried forward in a separate fund for use in the next fiscal year. The surveillance fee would be due within 30 days after the Department sent a written notice.

A penalty equal to 10% of the amount due, or \$1,000, whichever was greater, would be assessed against the operator for a surveillance fee that was not paid when due. Penalty revenue would be used for implementation, administration, and enforcement of this part.

MCL 324.63101 et al.

FISCAL IMPACT

In the current fiscal year, the bill could generate approximately \$63,000 in revenue to the State. There would be no fiscal impact on local governments.

This estimate is based on the FY 1997-98 Department of Environmental Quality budget, which appropriates \$62,800 for the Metallic Mining Program. The bill is designed to generate only enough revenue to cover these costs.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.