

DRAFT MEMO

TO: All Members of the House of Representatives

FROM: Representative Mike Tobash

DATE: June 29, 2011

SUBJECT: Co-sponsorship of Legislation – Amending the Surface Mining Conservation and Reclamation Act.

I plan to introduce legislation which would amend the Surface Mining Conservation and Reclamation Act. Specifically, this legislation will allow the Department of Environmental Protection (DEP) to utilize existing funding sources to create a permanent fund to be used to fund the construction, operation and maintenance of abandoned mine discharge systems.

In 2000, as a result of legal action, DEP transitioned from an alternate bonding system to a full-cost conventional bonding system. To ease the impact and to aid in the transition to the new system, the General Assembly appropriated \$7 million to create the Conversion Assistance Fund. This fund was to be used expressly for conversion assistance and, by law, cannot be used to write new bonds.

Recently, a federal court has ruled that DEP has an obligation to treat more than 100 abandoned mine discharges. However, even after DEP utilized the available bonds posted to these forfeited sites, the Department still lacked sufficient funds to construct and maintain treatment facilities at these sites.

Consequently, the Department has been forced to seek other revenue streams to cover these costs. The amendments I am proposing to the Surface Mining Conservation and Reclamation Act will allow DEP to create a Land Reclamation Financial Guarantee Account (LRFG) and to assess and collect premiums for land reclamation financial guarantees from qualified operators choosing to obtain these guarantees. My proposal also would authorize DEP to utilize existing funds within the Conversion Assistance Program to help fund the LRFG Account. It would also permit the Department to transfer up to \$2 million from the gross receipts tax and premiums and interest earned from the LRFG Account, while ensuring the account remains financially stable. I believe this change in current law will not only provide for a long-term safeguard that ensures the Commonwealth has the financial resources available for abandoned mine reclamation and for treating acid mine drainage sites.

If you are interested in joining me as a co-sponsor, please contact Tya L. Bostwick at 260-6148, or email at tbostwick@pahousegop.com.

Thank you.