

February 2, 2004

Abandoned Mine Land (AML) Reclamation Program Extension and Reform Act of 2004

Summary

The Administration's bill will finish the job of addressing the \$3 billion in high priority health and safety abandoned mine land coal problems –

- ✓ Providing funds for all States and tribes to finish in less time than under a continuation of the current program (25 years – on average 22 years sooner but in many cases, decades sooner); at less cost (savings of \$3.2 billion); and removing more people at risk from the dangers of health and safety coal sites (142,000 per year or an increase of 87%);
- ✓ Honoring commitments made to States and Tribes;
- ✓ Providing additional funding for the 17,000 unassigned beneficiaries of the United Mine Worker's Combined Benefit Fund (CBF) while protecting the integrity of the AML fund;
- ✓ Provide for enhancements, efficiencies and the effective use of funds.

This will be accomplished by:

- Extending the reclamation fee collection authority through September 30, 2018. The reclamation fee rates will be modified in an effort to closely match anticipated appropriations from the fund with anticipated revenues. The proposed changes would reduce fee rates 15 percent for the five years beginning with FY 2005, 20 percent for the next five years, and 25 percent for the remaining years (through September 30, 2018) fostering savings to the consumers of coal and coal generated electricity.
- Change the current statutory allocation of fee collections which is directing funds away from the most serious coal-related problem sites, i.e., those that present a danger to public health or safety. This proposal will direct all future AML fee collections into a single account and distribute grants to non-certified states or tribes (i.e., those states that still have coal problems remaining) based upon historic production, which is directly correlated to the location of the high priority problems.
- Distributing the unappropriated balances of the State-share accounts, collected for and owed to certified States and tribes (States and tribes that have completed reclamation of all abandoned coal mine lands eligible for reclamation under SMCRA) on an expedited basis, in payments spread over ten years. There would be no restrictions on how those monies are spent, apart from a requirement that they be used to address in a timely fashion any newly discovered health, safety, or general welfare problems arising from coal mines abandoned prior to the enactment of SMCRA.
- Distributing to any non-certified state or tribe its unappropriated State-share balances as part of its reclamation grant over the first several years the new legislation takes effect, thus ensuring that the State-share account will be exhausted and that each State and tribe will ultimately receive all monies dedicated to it as of September 30, 2004.
- Removing the authorization of expenditures from the AML fund for the Rural Abandoned Mine Program (RAMP) under the jurisdiction of the Secretary of Agriculture. No funds have been appropriated for this program, which reclaimed lower priority AML sites, since FY 1995.
- Authorize the Secretary to adopt regulations prescribing conditions under which the AML fund could be used to promote re-mining and thus leverage those funds to achieve more reclamation of abandoned mine lands and waters.
- Authorizing expenditures for collection and audit of the black lung excise tax. This revision would synchronize collections and allow OSM auditors to conduct audits of black lung excise tax payments at the same time as they audit payment of reclamation fees under SMCRA. It would promote governmental efficiency, eliminate redundancies, and reduce the reporting and record keeping burden on industry.

- Removing the \$70 million funding limitation cap which currently exists on the amount of interest to be transferred annually to meet the needs of the unassigned beneficiaries (those beneficiaries covered under the CBF that were employed by companies that no longer exist).
- Making all interest earned on the account available for transfer as needed, including the \$76 million in “stranded” interest from prior years.
- Clarifying that the fund's investment policies shall reflect both the needs of the fund and the unassigned beneficiaries of the CBF, supporting the Administration's effort to increase the fund's return on investment. This change, along with the Administration's extension of the prescription drug program and the transfer of stranded interest, will make an additional \$310 million available to the CBF over the next two years alone.
- Removing the 30 percent cap on the amount of a State's allocation that may be used for water supply restoration and protection for coalfield residents. This change is consistent with the proposed legislation's goal of focusing fund expenditures on high-priority problems. The lack of potable water is one of the most serious problems resulting from past coal mining practices, particularly in Appalachia.
- Authorizing the Secretary to adopt regulations requiring a State not currently administering its own emergency reclamation program to assume responsibility for it.
- Providing for any State or tribe with high-priority problem sites to receive an annual allocation of no less than \$2 million. This provision would ensure that States and tribes with relatively little historic production receive an amount conducive to operation of a viable reclamation program.
- Removing the September 30, 2004, expiration date in existing subsection (e) for two current remining incentives, one providing reduced revegetation responsibility periods for remining operations and one providing an exemption from the permit block sanction of subsection (c) for violations resulting from an unanticipated event or condition on lands eligible for remining.
- Revision of the future reclamation set-aside program provisions to support the purpose of this set-aside, which is to provide States and tribes with a source of funding to address abandoned mine land problems that remain or arise after funds are no longer available under SMCRA.
- Simplification and streamlining of the requirements for the acid mine drainage treatment trust fund set-aside program.
- More clearly delineating the purposes for which the Secretary may spend appropriated monies to include research, supplemental grants to States and tribes, and conducting other activities consistent with Title IV.
- Providing clear authority for excess spoil generated by surface coal mining operations to be placed on abandoned mine lands for use in an approved abandoned mine land reclamation project under Title IV. This action would remove any legal cloud over the use of no-cost reclamation contracts involving the placement of such spoil on abandoned mine lands. It would promote cost-effective reclamation of abandoned mine lands in a manner that would benefit the public, the environment, and the operator.
- Revising the automatic lien waiver provisions, governing the filing of liens against properties reclaimed by AML reclamation projects to reduce administrative burdens on agencies conducting AML reclamation projects and removing a significant impediment to gaining voluntary right of entry to sites to conduct those projects.
- Providing for non-certified States or tribes to receive an annual allocation that would not exceed 25 percent of the total amount appropriated for grants each year. This provision would ensure that no one State receives too high a percentage of the grants in any one year.
- Allowing the Secretary to make the certification for a State or Tribe in which all coal-related reclamation work has been completed and clarifying that certification means that all coal-related reclamation has been achieved.