

Fiscal Estimate Narratives

DNR 11/2/2015

LRB Number	15-1864/1	Introduction Number	AB-0436	Estimate Type	Original
Description Regulation of ferrous metallic mining and related activities					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Natural Resources regulates activities related to ferrous mining under a specific regulatory framework created through enactment of 2013 Wisconsin Act 1. The primary statutes, subchapter III of Ch. 295, establishes the application, review and approval processes applicable to ferrous mineral exploration, bulk sampling, mining and mining waste disposal and includes specific decision-making criteria and considerations related to wetlands, navigable waterways and groundwater resources. This bill would repeal essentially all changes enacted under 2013 Wisconsin Act 1 and, as a result, ferrous mining activities would be regulated under the statutes and overall regulatory framework currently applied to non-ferrous metallic mining-related activities.

Given the variety of physical/geographical/geochemical characteristics of potential projects, the unknown number of potential applications, and the complexity of regulatory assumptions associated with potential mining projects that could be affected by this proposed change, the Department must characterize the fiscal impact of the proposed bill as indeterminate. There simply are too many significant unknowns which prevents formulation of a meaningful estimate of fiscal impacts.

Revenue Impacts

1. Currently, the application review costs for a proposed ferrous mining project are capped at \$2,000,000. Under the proposed bill, applicants for proposed ferrous mining projects would be responsible for the full cost of review from the pre-application phase through the contested case hearing and decision phase of a project.
2. Under current law, an applicant for a ferrous mining project is not required to pay application fees related to other permits and approvals that may be needed for the project. The only fee relates to the overall mining project review fee mentioned above. Under the proposed changes, an applicant would pay all applicable application fees for a proposed project as dictated by the specific permits and approvals required for development of that particular project.

The magnitude of the potential increases in revenue cannot be accurately estimated due to the extreme uncertainty regarding the nature of proposed projects, the specific approvals and permits that might be needed and the complexity of the environmental review necessary to adequately evaluate such projects.

Department Costs

1. Under current law, the review fee for a proposed ferrous mining project is capped at \$2 million. If the actual costs of the review exceed that amount, the State would need to absorb the costs by tapping other revenue sources. It is unknown whether the review costs would exceed the specified cap. Under the proposed bill, an applicant would be responsible for the full cost of the review including those related to regulatory reviews and completion of the Wisconsin Environmental Policy Act (WEPA) process.
2. Under current law, if a contested case is requested following issuance of a permitting decision related to a ferrous mining project the department would need to absorb the costs of participating in the hearing process. The estimated cost of participating in a contested case hearing under existing law is approximately \$250,000. Under the proposed bill, the permitting process includes a contested case hearing as part of the approval process and the department's costs related to the hearing would be part of the application/review fee assessed to the applicant.
3. Under the proposed bill, the department would be required to modify its existing administrative rules to essentially undo changes that were made in response to enactment of 2013 Act 1. It is estimated that a total of approximately 0.5 FTE staff time would be needed to complete this work with an estimated one-

time cost of about \$50,000.

4. Under existing law, public access to certain managed forest lands (MFL) shall be restricted if those lands are part of a proposed ferrous mining site, are being used for ferrous mining related purposes, and the owner pays the requisite penalty each year access is restricted. Under this bill, the special provisions related to ferrous mining would be rescinded and MFL lands near potential ferrous mining sites would be managed in the same manner as other lands in the MFL program. This would result in a minor reduction in administrative costs related to implementation of the existing provisions.

Other than the costs related to participation in a contested case hearing for each ferrous mining project, the limited costs associated with rule revisions and minor costs related to administration of MFL lands, other decreased or deferred costs cannot be accurately estimated due to the extreme uncertainty regarding the nature of proposed projects, the specific approvals and permits that might be needed and the complexity of the environmental review necessary to adequately evaluate such projects.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Regulation of ferrous metallic mining and related activities			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$50,000 for administrative rule changes			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
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