



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 704**

February 11, 2014 – Offered by Representative HULSEY.

1 **AN ACT** *to amend* chapter 295 (title) and subchapter I (title) of chapter 295
2 [precedes 295.11]; and *to create* 20.370 (6) (cs), 25.46 (13) and 295.24 of the
3 statutes; **relating to:** monitoring industrial sand mining and processing
4 operations, a fee on the extraction of certain sand, compensation for costs
5 incurred because of sand mining, increasing funding for inspection and repair
6 of state bridges, granting rule-making authority, and making an
7 appropriation.

Analysis by the Legislative Reference Bureau

This substitute amendment requires a person who engages in the mining of frac sand (a type of sand that can be used to prop open rock fissures and increase the flow of natural gas or oil) to pay a fee of one dollar per ton of frac sand extracted.

The substitute amendment requires the Department of Natural Resources (DNR) to use a portion of the revenue generated from the fee imposed on frac sand mining to provide compensation to cities, villages, towns, and counties for costs incurred due to the impacts of frac sand mining, including costs of road repair and repairing damaged wetlands.

1 NONMETALLIC MINING RECLAMATION

2 **SECTION 5.** 295.24 of the statutes is created to read:

3 **295.24 Frac sand mining fee and community impact program. (1)**

4 DEFINITIONS. In this section:

5 (a) “Frac sand” means a type of industrial sand that can be used in deep well
6 applications to prop open rock fissures and increase the flow rate of natural gas or
7 oil.

8 (b) “Political subdivision” means a city, village, town, or county.

9 **(2) FEE.** (a) A person who engages in frac sand mining shall pay to the
10 department a fee of \$1 for each ton of frac sand extracted by the person in this state.

11 (b) A person shall pay the fee under par. (a) for the frac sand extracted during
12 a calendar quarter no later than the 30th day after the last day of the calendar
13 quarter.

14 **(3) COMMUNITY IMPACT PROGRAM.** (a) From the appropriation under s. 20.370
15 (6) (cs), the department shall provide compensation to political subdivisions for costs
16 incurred due to the impacts of frac sand mining, including costs incurred for road
17 repair, cleaning up spilled sand, repairing damaged wetlands, and mitigating other
18 environmental impacts.

19 (b) The department shall promulgate rules for the program under this
20 subsection.

21 **SECTION 6. Fiscal changes.**

22 (1) SAND OPERATION MONITORING. In the schedule under section 20.005 (3) of the
23 statutes for the appropriation to the department of natural resources under section
24 20.370 (3) (mq) of the statutes, as affected by the acts of 2013, the dollar amount is
25 increased by \$279,250 for the first fiscal year of the fiscal biennium in which this

1 subsection takes effect to increase the authorized FTE positions for the department
2 by 10.0 SEG positions for monitoring industrial sand mining and processing
3 operations. In the schedule under section 20.005 (3) of the statutes for the
4 appropriation to the department of natural resources under section 20.370 (3) (mq)
5 of the statutes, as affected by the acts of 2013, the dollar amount is increased by
6 \$1,117,000 for the second fiscal year of the fiscal biennium in which this subsection
7 takes effect to provide funding for the positions authorized in this subsection.

8 (2) INSPECTION AND REPAIR OF STATE BRIDGES. In the schedule under section
9 20.005 (3) of the statutes for the appropriation to the department of transportation
10 under section 20.395 (3) (eq) of the statutes, as affected by the acts of 2013, the dollar
11 amount is increased by \$200,000,000 for the first fiscal year of the fiscal biennium
12 in which this subsection takes effect to increase funding for inspection and repair of
13 bridges on state trunk highways.

14 **SECTION 7. Initial applicability.**

15 (1) SAND MINING FEE. The treatment of section 295.24 (2) of the statutes first
16 applies to frac sand extracted on March 1, 2014.

17 (END)