



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

HB 19-1113

**FINAL  
FISCAL NOTE**

---

<b>Drafting Number:</b>	LLS 19-0083	<b>Date:</b>	June 27, 2019
<b>Prime Sponsors:</b>	Rep. Roberts; McLachlan Sen. Donovan	<b>Bill Status:</b>	Signed into Law
		<b>Fiscal Analyst:</b>	Max Nardo   303-866-4776 Max.Nardo@state.co.us

---

**Bill Topic:** PROTECT WATER QUALITY ADVERSE MINING IMPACTS

---

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill modifies the way water quality treatment is addressed in mine reclamation plans and the methods by which mining operators may provide proof of financial responsibility. It will increase future state expenditures, which may require an increase in revenue.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the enacted bill.

---

## Summary of Legislation

Under current law, mining operators must adopt and execute a reclamation plan for the land affected by mining operations. On the anniversary date of the reclamation permit, operators must submit a report and a map to the Division of Reclamation, Mining and Safety in the Department of Natural Resources. This bill requires that the annual report describe the affected land and the surrounding area, including changes over the preceding year regarding any disturbances to the prevailing hydrological balance, and to the quality and quantity of water in surface and groundwater systems.

The bill requires that a reclamation plan for a new or amended permit demonstrate by substantial evidence a reasonably foreseeable end date for necessary water quality treatments to ensure compliance with applicable water quality standards. The Mined Land Reclamation Board may approve a reclamation plan that lacks evidence of a reasonably foreseeable end date for water quality treatment if the new or amended permit includes an environmental protection and reclamation plan adequate to ensure compliance with applicable water quality standards, or if the plan is limited to reclamation of already-mined ore or other waste materials as part of a cleanup.

Under current law, mining operators are allowed to submit an audited financial statement as proof that the operator has sufficient funds to perform reclamation in lieu of a bond or other financial assurance. The bill eliminates this option and requires that all reclamation bonds include financial assurances in an amount sufficient to protect water resources, including costs for any necessary

water quality protection, treatment, and monitoring. Operators that have used a financial statement as proof of financial responsibility will be given up to one year to obtain an alternative form of financial warranty.

## Background

There is currently one operator in the state that has demonstrated financial responsibility for reclamation through the use of an audited financial statement. This site is in the final stages of reclamation and may be completed by the time the bill would require the operator to obtain an alternative form of financial warranty.

## State Revenue

The Division of Reclamation, Mining and Safety sets permit fees administratively based on division expenditures. Because the bill is expected to eventually increase division expenditures, revenue will likely increase correspondingly.

## State Expenditures

The bill will increase workload in the Division of Reclamation, Mining and Safety to review the additional information required in annual reports, and as new permits are requested, to verify and approve the additional features of reclamation plans and verify that reclamation bonds have sufficient financial assurances. Amended reclamation plans and annual reports can be reviewed and approved by division staff without additional appropriations.

There may be instances where the division will need to contract with an outside consultant for support in evaluating water treatment plans and financial assurances for reclamation bonds, but no such expenditures are expected during the next two fiscal years. The cost for consultant services will depend on the size and complexity of the permit site. If the expenditures for outside consultants require additional appropriations, the division will request additional funding through the annual budget process.

## Effective Date

The bill was signed into law by the Governor April 4, 2019. The bill takes effect on August 2, 2019, except section 2, which will take effect August 2, 2020, assuming no referendum petition is filed.

## State and Local Government Contacts

Law

Natural Resources

Public Health and Environment