

**BUREAU OF MINING PROGRAMS: COAL MINING PROGRAM FEES  
3-YEAR REGULATORY FEE AND PROGRAM COST ANALYSIS REPORT  
TO THE ENVIRONMENTAL QUALITY BOARD**

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**BACKGROUND:** The coal mining program fees were developed over a period of several years in collaboration with the Mining and Reclamation Advisory Board. This collaboration resulted in a final fee schedule that was intended to cover a portion of the costs for the review of applications. The coal mining program is funded (up to 50%) by a grant under Title V of the Surface Mining Control and Reclamation Act. The coal mining program fees were designed to cover about 37%, amounting to about \$400,000, of the state share of the costs to review applications, which is a subset of the permitting costs. The current fee schedule was finalized in November 2012.

The coal mining program includes a compliance component in addition to the permitting costs. The compliance program is implemented through routine inspections in order to administer the approved permit. The existing fee schedule does not address the compliance component of the coal mining program.

Program efficiencies have been achieved in the compliance program through the use of aerial inspections. Efficiency is also achieved through operation of the coal and noncoal mining programs together. Inspectors are responsible for oversight of all of the mining activities in a geographic area, reducing overall travel time.

**PROGRAM COST ANALYSIS:**

<b>Fee Collections:</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
	\$126,000	\$327,000	\$325,000	\$325,000	\$325,000
<b>Program Costs:</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
Total	\$21,500,000	\$21,500,000	\$22,000,000	\$26,000,000	\$27,000,000
State Share (50%)	\$10,750,000	\$10,750,000	\$11,000,000	\$13,000,000	\$13,500,000
Permitting Costs	\$2,257,500	\$2,257,500	\$2,310,000	\$2,700,000	\$2,730,000

**TREND ANALYSIS:** The coal mining program fees were intended to cover only a portion of the permitting costs, which is why the analysis of the fee/cost ratio is focused on the state's permitting costs. Currently, the fees amount to about 14% of the permitting program costs. Since 2012, fees have failed to generate the designated level of revenue for which they were designed. Consistently, the revenue falls around \$75,000 short of the designated \$400,000. In addition, projected revenue is expected to be flat, while costs will increase due to higher wage and benefits costs.

**ADVISORY COMMITTEE REVIEW:** The draft report was presented to the Mining and Reclamation Advisory Board at its April 23, 2015 meeting. The MRAB noted that it was prepared to work with the Department beginning with collaboration with the Regulation, Legislation and Technical committee to develop a revised regulation.

**RECOMMENDATION AND COMMENT:** In order to adequately maintain the coal mining program, an updated fee schedule is recommended. The Department intends to work with the Mining and Reclamation Advisory Board to develop this schedule. The fee amounts will be updated to account for current costs for benefits, overhead and support. In addition fees will be evaluated for additional applications which were omitted from the existing fee schedule. Annual administration fees will also be considered through this process, as the administration of the permit generates more cost than permitting a facility.