



February 9, 2016

Chair Edwards, thank you for the opportunity to present additional testimony related to SB 1530.

On February 5<sup>th</sup>, 2016 Senator Olsen sent the following inquiry to DOGAMI

*I would like you to explain the following:*

- 1. Fiscal impact, defining 2 FTEs' that you had that you would move to implement this work. Are these FTEs paid for by someone else?*
- 2. If so, what is the new fiscal to your agency?*
- 3. Does 1530 give you enough guidance to provide a new set of rules?*

### **Answer to question # 1**

DOGAMI's MLRR program is 100% supported by other funds, and receives no Federal Funds or State general funds. MLRR revenue comes from fees associated with mining, and oil, gas and geothermal permits, the administration of DEQ's Water Pollution Control Facility 1000 and the National Pollution Discharge Elimination System 1200A permits, and reimbursement from applicants under the chemical process mining statutes, pursuant to ORS 517.973. All MLRR positions are supported by the wide variety of revenue streams that come into the program, and no single source of revenue supports just one position.

### **Answer to question # 2**

Due to uncertainty in the number of DOGAMI permit applicants that may be received as a result of passage of SB 1530, I cannot provide a firm answer regarding fiscal impacts. However, assuming a "worst case scenario" in which DOGAMI receives 1,531 new applications, I have prepared the following maximum fiscal impact:

#### Assumptions

- DEQ has issued 1,531 WPCF 600 permits. The WPCF 600 permit is required for small-scale mining activities (motorized or manual excavation) in upland areas above ordinary high water. Therefore 1,531 is the upper bound of potential new applicants.
- MLRR field staff conducts approximately 300 unique site visits per biennium, in addition to their administrative workload. Each permitted site will be visited once per biennium.
- 1.0 FTE, PSR3 (permit coordinator) for 12 months is approximately \$43,000 (salary and OPE). We would need an additional PSR 3 for every additional 500 permit applications, for a maximum of three additional permit coordinators if DOGAMI were to receive 1,531 new applicants. The estimate for 3.0 FTE is \$129,000 per year for two years. After the initial surge of applications is processed (approx 24 months), we need one permit coordinator per 1,000 permits indefinitely, therefore an additional 1.5 FTE; approximately \$64,500 per year.
- 1.0 FTE NRS3 (field staff) for 12 months is approximately \$70,500 (salary and OPE). We would need one NRS 3 for every 300 new applicants, for a maximum of 5 additional staff for 1,531 new applicants. Estimate for 5.0 FTE is \$352,500 per year.

**Due to the unknown number of miners that may apply for a DOGAMI operating permit, it is impossible to provide an exact fiscal impact.**



### **Answer to Question #3**

Assuming passage of SB 1530, MLRR rules associated with Exclusion Certificates will need to be updated.

SB1530 clarifies problems that have arisen due to passage of HB3563. Current statutory language requires all mine activity below the thresholds of ORS 517.750 to apply for an Exclusion Certificate (EC). HB 3563 (2015 session) created exclusion certificates, and under DOJ's interpretation of HB 3563, an EC is currently required for all types of small scale mining below the statutory thresholds, even if manual means (non-motorized) are used for site preparation and excavation.

SB 1530 simplifies the administration of ECs since all miners using non-motorized site preparation and excavation techniques would be exempt from DOGAMI regulation. Although rule making would be required, it is anticipated that the proposed rules would be widely accepted by the mining community as they would exempt non-motorized miners from DOGAMI regulation. Therefore we expect minimal fiscal impact due to rule making.

Thank you again for the opportunity to address this committee. I'd be happy to take any questions you may have.