



Senate Environmental Resources and Energy Committee

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Summary House Bill 1813, P.N. 2901

Prime Sponsor: Representative Tobash

Analysis

- Amends the Surface Mining Conservation and Reclamation to provide for land reclamation financial guarantees.
- Provides for the use of Land Reclamation Financial Guarantees (LRFGs) as an alternative to satisfy surface mine reclamation bonding obligations for qualified mine operators.
- Under this program, the Department of Environmental Protection (DEP) shall assess and collect premiums for LRFGs from qualified operators who choose to obtain such guarantees. Premiums under this program must be sufficient to assure the financial stability of the LRFGs program and to cover DEP's costs to administer the program.
- All premium payments are to be deposited in the Land Reclamation Financial Guarantee Account within the Surface Mining Conservation and Reclamation Fund to pay the cost of reclamation in the event of operator forfeiture.
- DEP shall use all the funds previously appropriated and collected for sum-certain financial guarantees for LRFGs, convert any existing sum-certain financial guarantee into an LRFG, and use up to \$500,000 of the funds originally appropriated for the sum-certain financial guarantees to support re-mining financial guarantees.
- DEP may also transfer premiums or interest earned on the funds in the Land Reclamation Financial Guarantee Account into the Reclamation Fee O&M Trust Account.
- Provides for a 25-year period beginning in 2012 and sunseting in 2038, up to \$2 million collected from the Gross Receipts Tax on sales of electric energy may be transferred annually by DEP, with approval of the Governor, to the Reclamation Fee O&M Trust Account as an additional supplement.
- In determining eligibility for an LRFG, DEP shall consider both site and operator eligibility, including such factors as:

1. The environmental and safety hazards of the site.
 2. The availability of coal reserves at the site.
 3. The operator's long-term financial stability.
 4. The operator's prior denial of coverage, if any, by surety bond companies.
 5. The operator's length of time in business and compliance history.
 6. Any other factor DEP considers indicative of an operator's ability to complete reclamation and pay required premiums under the program.
- LRFG program may be discontinued if 25% or greater of the outstanding bond obligations are subject to forfeiture.

Effective Date

- The act shall take effect in 60 days.

