

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6890**

**BILL NUMBER: HB 1568**

**DATE PREPARED:** Feb 8, 1999

**BILL AMENDED:**

**SUBJECT:** Abandoned Mine Reclamation Fund.

**FISCAL ANALYST:** Bernadette Bartlett

**PHONE NUMBER:** 232-9586

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill permits the use of the Post-1977 Abandoned Mine Reclamation Fund to replace water supplies disrupted or affected by coal mining activities.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** (Revised) Currently, the Post-1977 Abandoned Mine Reclamation Fund is used to restore land not otherwise eligible for federal funding on which there has been surface mining activity after August 3, 1977. With subsequent amendments to federal law, the fund now only needs to be used to reclaim lands abandoned after July 1982. Under the proposal, the DNR could use revenue in the Fund to replace disrupted or affected supplies.

At the end of fiscal year 1998, the Fund had a balance of \$1.9 million. (The large balance is the result of a one-time infusion into the Fund of Annual Operator Fees. These fees no longer exist.) State law requires the fund to maintain a minimum balance of \$500,000 (IC 14-34-6-15(c)), and the federal government requires an additional \$300,000. Thus, \$800,000 of the balance is obligated, leaving a remainder of \$1.1 million.

As of December 1998, a total of 147,000 acres were bonded in Indiana. Many acres are in various stages of being reclaimed from surety bonds revenue. Costs of ongoing projects as well as estimated income will result in a Fund balance of \$1.32 million by the end of fiscal year 2000. Subtracting the state and federal obligations of \$800,000 will leave the Fund with \$520,000. The fund receives revenue from interest and civil penalties on an on-going basis. The fund receives penalty revenue at a rate of approximately \$60,000 per year. Interest is projected at \$72,500 for the year 2000. As bond forfeiture projects are conducted, interest income decreases. Long-term use of this fund for reclamation purposes is limited due to changes in federal and state law since the fund was established.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Natural Resources.

**Local Agencies Affected:**

**Information Sources:** Bill Stuart, Legislative Liaison, Jack McGriffin, Executive Assistant, and Robert W. Stum, Budget Officer, Administrative Services, Division of Reclamation, Indiana Department of Natural Resources (317) 232-1551.