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FISCAL NOTE

Drafting Number: LLS 18-0990 Date: March 7, 2018
Prime Sponsors: Sen. Coram Bill Status: Senate Agriculture
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Bill Topic: PERMIT SHORT-TERM EXTRACTION CONSTRUCTION MATERIAL

- Summary of Fiscal Impact:
- State Revenue (decrease)
- State Expenditure (minimal workload)
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates a special use permit for the incidental extraction of construction materials. The bill decreases state revenue beginning in FY 2018-19. The bill minimally increases workload in FY 2018-19 only.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 18-184

Table with 4 columns: Category, Cash Funds, FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures, and Transfers.

Summary of Legislation

Under current law, excavation projects that extract construction materials must obtain a permit issued by the Department of Natural Resources (DNR). This bill allows an operator of a one-time excavation project that generates small quantities of construction materials that are incidental to the intent of the excavation project to obtain a special use permit from the DNR. An operation that qualifies for a special use permit must be clearly defined, of short duration and scope, affect no more than 30 acres, and not employ material processing activities typically associated with mining operations.

All affected lands subject to the new permit must be reclaimed within 12 months following the issuance of the permit. Project operators must convert to the appropriate regular construction materials permit if extraction and export of materials from the site are not completed within 12 months.

The bill specifies that the cost for the original permit is \$400, and the annual fee for each subsequent year of operation is \$200.

State Revenue

The bill results in a net decrease in state revenue from permit fees to the Mined Land Reclamation Fund. Fee revenue is reduced by about \$1,900 in FY 2018-19 and by about \$1,100 in FY 2019-20.

The number of special use permits issued by DNR for the incidental extraction of construction materials is anticipated to be small. Therefore, the initial permit fee and subsequent annual fee are not expected to apply to more than 15 excavation projects annually.

Fee impact on extraction operators. Under current law, the DNR issues permits for the extraction of construction materials by government and private enterprises, and for the reclamation of land affected by such extraction activities. Existing permits are issued based on the duration of the proposed excavation project and the amount of land affected. This bill creates another special purpose permit that may either replace existing permit options, or will be issued as an additional permit to existing permitted operations. For FY 2018-19, it is estimated that 15 permits will be issued. Of these, 11 are assumed to be new permits issued to extraction operators, and 4 are assumed to be issued to operators that would otherwise apply for existing permits under current law. Table 2 shows the fee revenue impact of the bill.

Table 2
Fee Impact on Department of Natural Resources

Fiscal Year	Type of Fee	Fee Amount	Number Affected	Total Fee Impact
	110C permits - < 10 acre impact operations	\$1,258	(2)	(\$2,516)
FY 2018-19	112C permits - < 30 acre impact operations	\$2,696	(2)	(\$5,392)
	New SB 184 Permits	\$400	15	\$6,000
			FY 2018-19 Total	(\$1,908)

Table 2
Fee Impact on Department of Natural Resources (Cont.)

Fiscal Year	Type of Fee	Fee Amount	Number Affected	Total Fee Impact
FY 2019-20	110C permits - < 10 acre impact operations	\$1,258	(2)	(\$2,516)
	112C permits - < 30 acre impact operations	\$2,696	(2)	(\$5,392)
	110C permit renewal fee	\$323	(2)	(\$646)
	112C permit renewal fee	\$791	(2)	(\$1,582)
	New SB 184 Permits	\$400	15	\$6,000
	SB 184 Permits Renewal	\$200	15	\$3,000
			FY 2019-20 Total	(\$1,136)

TABOR Refund

The bill decreases state revenue subject to TABOR by less than \$5,000 annually. State revenue is not currently expected to exceed the TABOR limit in the next two fiscal years, and no refund is required. Therefore, the bill is not expected to impact TABOR refunds in these years. However, refunds in future years when the state next collects a TABOR surplus will be decreased.

State Expenditures

The bill will minimally increase workload for the DNR to implement and administer the new permit. This workload can be accomplished within existing appropriations.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed, and applies to conduct occurring on or after this date.

State and Local Government Contacts

Judicial Law Natural Resources

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.