



U.S. Office of Surface Mining

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Contact: Joe Pally, (202) 208-2565
jpally@osmre.gov

Bush Administration Proposal Accelerates Reclamation of Dangerous Coal Mines

3.5 million Americans living less than a mile from health and safety hazards of abandoned coal mines to be safer, will remove an average of 66,000 more residents from danger annually than under current law

Secretary of the Interior Gale Norton today unveiled the Bush Administration's proposal to accelerate the cleanup of dangerous abandoned coal mines, and direct funds to the highest-priority areas. The reauthorization proposal would provide sufficient funding to eliminate all significant health and safety problems within 25 years, removing an average of 142,000 people from risk annually.

"The Abandoned Mine Land (AML) program has made thousands of Americans living in the coalfields safer," said Norton. "But the job is not finished; this is our opportunity to ensure not only that the job will be completed, but completed on average 22 years sooner and in some cases, several decades sooner, at a savings of \$3.2 billion."

The 1977 Surface Mining Control and Reclamation Act established the Office of Surface Mining (OSM) and authorized the office to collect fees to finance reclamation of abandoned mine lands. Through the AML program, problems at many high-priority sites have been addressed. However, when AML coal fee collection authority expires in September 2004, approximately \$3 billion in significant health and safety problems will still remain. These are not merely "ugly landscapes" that need to be cleaned up; these are serious health and safety hazards. A recent study conducted by OSM found that 3.5 million Americans live less than one mile from health and safety hazards created by abandoned coal mines.

There is a fundamental imbalance between the goals established by the 1977 Act and the requirements for allocating funds under the Act. The statutory allocation formula limits the ability of the AML program to meet its primary objective of abating AML problems on a priority basis. The majority of grant funding, or 71 percent, is distributed to states on the basis of current production. Yet there is no relationship between current production and the magnitude of the AML problem in each State. As a result, some States have completed reclamation on all of the abandoned coal mine sites or are working on low-priority sites, while others are still decades away from completing reclamation of the most critical high-priority sites.

Interwoven with the allocation issue is the need to address States and Indian Tribes that have been certified as having completed the reclamation of coal mining related AML sites. Unappropriated balances in the AML fund that would be available under the 1977 Act to certified States and Tribes are expected to reach about \$530.0 million by the end of September 2004.

An Administration legislative proposal accompanying the 2005 budget will correct the fundamental imbalance in the current law. To support this legislation, the President is requesting a record increase of \$53 million for the AML program in his FY 2005 budget proposal; this is the largest funding increase since states established their AML programs almost 20 years ago. The reauthorization proposal will direct resources to sites where the danger is greatest, by allocating grants solely on a historic production basis. States and Tribes having certified as to the completion of all high priority projects will not receive allocations from new collections under the proposal but will receive unappropriated balances due them on an expedited basis, over a ten-year period, at a rate of \$53.0 million per year. By focusing the allocation of AML dollars this proposal will yield a savings of \$3.2 billion over the life of the program. In addition the proposed reforms will allow for a phased in fee reduction of nearly 20%.

Jeff Jarrett, Director of OSM said, "Congress passed the Surface Mining Control and Reclamation Act of 1977 to clean up billions of dollars worth of lands and water damaged by the adverse affects of past mining activities. This legislation keeps the promise made to states 25 years ago, and makes a new promise to the American people to finish the job."

The proposed reauthorization will not only direct dollars to the most serious reclamation problems, it will also increase AML fund interest transfers to the United Mine Workers of America Combined Benefit Fund for the health benefit expenses of the unassigned beneficiaries (the 17,000 beneficiaries covered under the CBF that were employed by companies that no longer exist). The Administration's proposal will remove the \$70 million cap on the amount of interest that may be transferred annually and will make all interest earned on the account available for transfer as needed, including the \$76 million in "stranded" interest from prior years. Moreover, this proposal will clarify the AML Fund's investment policies to reflect both the needs of the fund and the unassigned beneficiaries of the CBF, supporting the Administration's on-going effort to increase the fund's return on investment. This change, along with the Administration's recently announced extension of the prescription drug program and the transfer of stranded interest will provide the CBF with an additional \$310 million over the next two years alone.

The budget supports the reauthorization proposal, providing \$149.5 million in the AML fund to continue reclamation activities and \$53.0 million for the first payment of unappropriated balances to the certified States and Tribes. The budget also provides \$9.4 million to address emergencies in States and Tribes that do not have emergency programs and \$31.9 million for Federal Reclamation programs.

Total funding requested for the Regulation and Technology program is \$108.9 million, an increase of \$3.5 million compared to the 2004 enacted budget. A portion of the increase, \$1.2 million, will go to State Regulatory grants to help States meet rising costs.

"Our proposed legislation will reauthorize our fee collection authority, solve some of the AML program's inherent problems and continue this valuable program in a way that is fair and makes sense, while making America's lands safer." said Jarrett.