



Ohio Legislative Service Commission

Bill Analysis

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H.B. 489

131st General Assembly
(As Introduced)

Reps. Cera, Rogers, Leland, M. O'Brien, Antonio, K. Smith

BILL SUMMARY

- Credits a portion of kilowatt-hour tax receipts to abandoned mine reclamation, acid mine drainage abatement, and mine safety programs.
- Authorizes Department of Natural Resources (DNR) to transfer money between abandoned mine reclamation and acid mine drainage abatement programs.
- Requires DNR to create procedures to encourage the employment of dislocated coal miners in projects funded under DNR's mine reclamation program and acid mine drainage abatement and treatment program.
- Requires DNR to obtain approval from the Council on Unreclaimed Strip Mined Lands before awarding acid mine drainage abatement grants.
- Authorizes mine safety funding to be used for personnel, infrastructure, and programming costs related to mine safety training.

CONTENT AND OPERATION

Allocation of kilowatt-hour tax receipts

The bill changes how receipts from the kilowatt-hour tax are allocated. In particular, the bill credits a portion of those receipts to abandoned mine reclamation, acid mine drainage abatement, and mine safety programs administered by DNR. Under continuing law, a tax is levied on electric distribution companies with end users in Ohio, as well as on certain large-scale commercial or industrial electricity users that are taxed on the basis of their consumption. This tax is often referred to as the "kilowatt-hour tax" (kWh tax) because rates are tiered and vary according to the kWh consumption of individual end users of electricity.

Under current law, since fiscal year 2016, nearly all kWh tax revenue is credited to the General Revenue Fund (GRF).¹ The bill allocates some of the revenue to fund three DNR programs related to mine reclamation (1.5%), acid mine drainage abatement and treatment (1.5%), and mine safety (0.75%). In accord with the change in the revenue distribution, the bill changes the statement of the purpose of the kWh tax.² The bill also states that it would reallocate some of the kWh tax revenue to reimburse school districts (9%) and local governments (3%) for reductions in the assessed value of electric company tangible personal property in 2001.³

DNR mine reclamation and safety programs

In addition to changing the allocation of the kWh tax, the bill makes several modifications to the three DNR programs to be funded by kWh tax revenue under the bill – mine reclamation, acid mine drainage abatement and treatment, and mine safety.

Mine fund transfers

The bill authorizes DNR to transfer funds between its mine reclamation and acid mine drainage abatement and treatment programs, to the extent not otherwise prohibited under federal law. Though the bill dedicates 1.5% of kWh tax revenue to each (see "**Allocation of kilowatt-hour tax receipts**," above), under continuing law both programs are funded largely by federal funds reserved for those purposes.⁴

This federal funding is part of the state's allocation from the federal Abandoned Mine Reclamation Fund administered by the United States Department of the Interior and funded by reclamation fees paid by coal mine operators.⁵ Money from this fund may be used by a state for coal mine reclamation and state acid mine drainage abatement and treatment programs.⁶ Federal law proscribes the state's ability to transfer revenue allocated for either purpose to the other purpose.⁷

¹ R.C. 5727.81(E).

² R.C. 5727.84(A).

³ R.C. 5727.84. Recent changes to the allocation of kWh tax revenue made by the FY 2016-2017 main budget act (H.B. 64) shifted the source of such reimbursements entirely onto the commercial activity tax (R.C. 5751.02) and away from the kWh tax. It can be inferred that the bill's restoration of such reimbursements being paid from kWh tax revenue is not intended.

⁴ R.C. 1513.37(A) and (E).

⁵ 30 U.S.C. 1232.

⁶ 30 Code of Federal Regulations (C.F.R.) 872.16.

⁷ 30 C.F.R. 872.12(c) and 876.12(a).

Project employment preference: dislocated coal industry workers

The bill requires DNR to adopt policies and procedures to encourage contractors to employ dislocated coal miners for projects funded through DNR's mine reclamation or acid mine drainage abatement and treatment programs.⁸

Acid mine drainage abatement grants

The bill requires DNR to obtain approval from the Council on Unreclaimed Strip Mined Lands before awarding acid mine drainage abatement grants.⁹ Similar approval is already required for mine reclamation grants.¹⁰ Under continuing law, the Council is composed of legislators, public members, and the Chief of DNR's Division of Mineral Resources Management. The Council gathers information, studies, and makes recommendations identifying and evaluating lands damaged or eroded by strip mining and designates such areas as eligible to receive funding from DNR's mine reclamation program.¹¹

Mine safety fund usage

The bill authorizes DNR to use mine safety program funds to fund mine safety training infrastructure, programming, and personnel costs. Continuing law generally limits this funding to the following purposes:

- Mine safety and health inspections and audits;
- Purchases and maintenance of mine rescue and inspection equipment;
- Purchases or leases of mine rescue stations and mine rescue and safety training facilities;
- Mine rescue and safety and health training for miners;
- Certification of mine officials.¹²

⁸ R.C. 1513.37(M).

⁹ R.C. 1513.37(E)(3).

¹⁰ R.C. 1513.37(D)(4).

¹¹ R.C. 1513.29 and 1513.30, not in the bill.

¹² R.C. 1561.24(F).

HISTORY

ACTION

Introduced

DATE

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