#### MINUTES

# MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

#### FREE CONFERENCE COMMITTEE ON SENATE BILL 382

Call to Order: By CHAIRMAN LORENTS GROSFIELD, on April 12, 1995, at 4:18 p.m. in Room 405.

## ROLL CALL

### Members Present:

Sen. Lorents Grosfield, Chairman (R)

Rep. Scott J. Orr, Vice-Chairman (R)

Sen. Mike Foster (R)

Sen. John "J.D." Lynch (D)

Rep. Dick Knox (R)

Rep. Carley Tuss (D)

Members Excused: None

Members Absent: None

Staff Present: Martha Colhoun, Environmental Quality Council

Carla Turk, Secretary

# Discussion:

CHAIRMAN GROSFIELD explained amendments sb038213.amc had been drafted at the request of SENATOR HARP, the sponsor of SB 382.

#### Motion:

SENATOR J.D. LYNCH MOVED TO ADOPT AMENDMENTS NUMBERED sb038213.amc.

# Discussion:

Paige Dringman, Mining Association, explained amendments #1-4 changed the title, #5 changed the numbering, and #6 gave the Department the discretion to require liable parties to pay for remedial action costs. Number 17 provided for the creation of a mixed funding pilot program to work in conjunction with the Bill's proposed two-year study regarding the elimination of joint and several liability, and necessary funding if joint and several liability were eliminated. She said this program would provide data regarding actual costs such as cleaning up a mining site, how feasible the voluntary clean-up plans were going to be, and how liability was going to be apportioned. She reiterated that this was only a two-year program and the funding source for the

program was 8.5% of the metalliferous mines license tax. clarified that the funding was to come from the flow into the Resource Indemnity Trust (RIT) Fund, not from the interest from the RIT, so it would not affect any existing programs which were funded from the interest from the RIT Program. She stated that the Budget Office, the Department of Natural Resources (DNRC), and Governor had agreed to keep as is that use of the Fund. explained that the amendments provided coordination instructions with HB 569 and its funding. She explained that Section 16, page 3 dealt with criteria. She said the pilot program requires a site where the owner purchased the property prior to 1989. The owner of the site or anyone who wanted to clean it up would have to submit a voluntary clean-up plan to the Montana Department of Health and Environmental Sciences (DHES) for the Department's approval. She said the applicant's plan would have to contain criteria which would comply with the clean-up standards, etc. in the Bill. She stated that once these requirements had been met the Department and the applicant would sit down and negotiate liability. She said Section 17 explained that apportionment of liability would be determined on the basis of the listed factors. She stated that Section 18 explained the claims process, and said that once the voluntary plan was completed, reimbursement could be applied for. She noted that reimbursement could not exceed 90% of eligible costs, and defined eligible costs as those costs over and above the applicant's share of liability. She clarified that, additionally, reimbursement was limited to a maximum of \$300,000 per facility. She reasoned that the limitation was proposed because this was only a two-year program with limited funding and clarified that only three sites would be eligible. She said those three sites would be selected from the Department of State Lands' abandoned mines high priority list. She explained that list ranks sites according to priority based on public health, toxicity, danger to the environment, etc. said owners, or applicants, of the top ten of those sites could submit voluntary plans and the Department would select three sites, based on the date of submission of the applications. attested that the limit of three sites, capped at \$300,000, would prevent costs from exceeding the RIT money going into the Special Revenue Account. She explained that if the money was not appropriated to the Special Revenue Account the program would not take affect. She maintained that the results of the clean-up of these sites would be incorporated into the study process. She said Section 21 provided for the disposition of the tax into the fund and Section 22 provided coordination instructions with HB She stated that the balance of the amendments dealt with renumbering and the termination date of June 30, 1997.

SENATOR FOSTER noted that when SENATOR BECK presented his bill before the Senate Natural Resources Committee the Department had provided a prioritized list of 52 clean-up sites. He asked, based on whatever prioritization had currently taken place, what were the top three sites? Ms. Dringman handed out a list of the top ten sites, as determined by the Department of State Lands.

CHAIRMAN GROSFIELD asked which Section of the amendments contained the language regarding the three sites and method for selection? Ms. Dringman stated that Section 16 contained that language.

CHAIRMAN GROSFIELD asked if Director Robinson had any comments regarding the amendments. Bob Robinson, Director, DHES, stated the Department's support of the amendments and reported that the Department had discussed the voluntary program with the Governor. He stated there was one clerical change needed on page 3, Section 16, (c) which should read "[sections 6 through 10]", not "[sections 7 through 10]". He also urged the Senate to adopt the House Amendments.

REPRESENTATIVE CARLEY TUSS asked, in Section 3 where "shall" was changed to "may" in terms of requiring remedial costs, if that change was intended to be coupled with Section 17 which determined liability? She asked if "may" was to be used when apportioning the liability of the applicant, and the applicant's liability was considered to be very minor, would the Department use discretion imposing the penalty in other significant circumstances? Mr. Robinson stated that Section was a substantive section which applied to all super-fund clean-ups. He said the Section gave the option as to whether or not the Department could require payment of the State's cost by the person liable. He clarified that there may be instances of clean-ups, other than provided for in this pilot program, whereby there was a bankrupt responsible party. He stated that Section would allow the Department to enter into those considerations with the option to decide whether or not the liable party was required to pay the Department's operating expenses.

CHAIRMAN GROSFIELD asked for comments from the perspective of the RIT and DNRC. Ray Beck, Department of Natural Resources, stated they had been involved in developing the coordination language with HB 569 and the amendments regarding the RIT Fund and they were in agreement.

#### Motion/Vote:

SENATOR LYNCH'S SUBSTITUTE MOTION THAT THE SENATE ACCEDE TO THE HOUSE AMENDMENTS AND ADOPT SB038213.AMC CARRIED UNANIMOUSLY.

#### Motion/Vote:

SENATOR LYNCH'S MOTION TO ADOPT THE FREE CONFERENCE COMMITTEE REPORT CARRIED UNANIMOUSLY.

# **ADJOURNMENT**

Adjournment: CHAIRMAN GROSFIELD adjourned the meeting at 4:32 p.m.

SEN. LORENTS GROSFIELD, Chairman

CARLA TURK, Secretary

LG/cmt

# Free Conference Committee on SB 382 Report No. 1, April 12, 1995

Page 1 of 8

Mr. President and Mr. Speaker:

We, your Free Conference Committee on SB 382, met and considered:

SB 382 in its entirety

We recommend that SB 382 (reference copy as amended - salmon) be amended as follows:

1. Title, line 6.

Following: "PROCESS;"

Insert: "ESTABLISHING THE MIXED FUNDING PILOT PROGRAM;"

2. Title, line 9.

Following: "SECTIONS"
Insert: "15-37-117,"
Following: "75-10-701"

Insert: ","

3. Title, line 10.

Strike: "AND"

Following: "85 1 604,"
Insert: "AND 75-10-722,"

4. Title, line 12.

Strike: "A"
Strike: "DATE"
Insert: "DATES"

5. Page 16, line 21.

Strike: "3" Insert: "4" Strike: "11" Insert: "12"

6. Page 21.

Following: line 25

Insert: "

Section 3. Section 75-10-722, MCA, is amended to read:
 "75-10-722. Payment of state costs and penalties. (1) The
department shall keep a record of the state's remedial action
costs.

(2) Based on this record, the department shall may require a person liable under 75-10-715 to pay the amount of the state's remedial action costs and, if applicable, penalties under 75-10-715(3).

ADOPT

- (3) If the state's remedial action costs and penalties are not paid by the liable person to the department within 60 days after receipt of notice that the costs and penalties are due, the department shall bring an action in the name of the state to recover the amount owed plus reasonable legal expenses.
- (4) An action to recover remedial action costs may be brought under this section at any time after any remedial action costs have been incurred, and the court may enter a declaratory judgment on liability for remedial action costs that is binding on any subsequent action or actions to recover further remedial action costs. The court may disallow costs or damages only if the person liable under 75-10-715 can show on the record that the costs are not reasonable and are not consistent with this part.
- (5) An initial action for recovery of remedial action costs must be commenced within 6 years after initiation of physical onsite construction of the remedial action.
- (6) Remedial action costs and any penalties recovered by the state under 75-10-715 must be deposited into the environmental quality protection fund established in 75-10-704." Renumber: subsequent sections

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7. Page 21, line 26.
Strike: "3"
Insert: "4"
Strike: "11"
Insert: "12"
8. Page 21, line 30.
Strike: "3"
Insert: "4"
Strike: "11"
Insert: "12"
9. Page 23, line 18.
Strike: "9"
Insert: "10"
10. Page 24, lines 5, 7, and 20.
Strike: "7"
Insert: "8"
11. Page 24, line 26.
Strike: "3"
Insert: "4"
Strike: "11"
Insert: "12"
12. Page 26, lines 18 and 27.
Strike: "9(1)"
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Insert: "10(1)"

13. Page 28, line 12.

Strike: "7"
Insert: "8"

14. Page 29, line 5.

Strike: "<u>5(3)</u>" Insert: "6(3)"

15. Page 29, line 19.

Strike: "<u>11(2)(B)</u>" Insert: "12(2)(b)"

16. Page 30, line 15.

Strike: "3" Insert: "4" Strike: "11" Insert: "12"

17. Page 33.

Following: line 10

NEW SECTION. Section 14. Short title. [Sections 14 through 20] may be cited as the "Mixed Funding Pilot Program".

NEW SECTION. Section 15. Purpose -- legislative declaration. (1) The purposes of [sections 14 through 20] are to establish a pilot remediation program to operate in conjunction with the voluntary cleanup program provided for in [sections 4 through 12] and to provide information during the 2-year study process in [section 13].

- (2) The legislature further intends that the pilot program provide necessary data related to:
  - (a) actual costs incurred in the remediation of facilities;
- (b) the costs associated with the elimination of joint and several liability;
- (c) the potential use of resource indemnity trust fund money in remediating facilities;
  - (d) the feasibility of voluntary cleanup plans; and
- (e) the coordination between an applicant and the department in the use of voluntary cleanup programs.

NEW SECTION. Section 16. Criteria. (1) The pilot program must consist of remediation of three sites from the department of state lands' abandoned hard-rock mine priority list. The three sites must be selected from the top ten priority sites on that list as of April 1, 1995.

(2) Any site remediated under this pilot program must meet

the following criteria:

- (a) The owner of the property has, prior to May 22, 1989, purchased or entered into a lease purchase agreement or an option to purchase property where the facility is located.
- (b) The applicant has submitted a voluntary cleanup plan in accordance with the provisions of [sections 7 and 8].
- (c) The department has accepted and approved the application for a voluntary cleanup plan in accordance with the provisions of [sections 6 through 10].
- (3) The department and the applicant shall negotiate an apportionment of the applicant's liability pursuant to [section 17]. The department, as a trier of fact, shall make the final determination of the applicant's apportioned liability. If the applicant disagrees with the department's determination of the applicant's proportionate share of liability, the applicant may appeal the department's decision in accordance with the requirements of [section 6(4)].
- (4) If more than three applicants submit voluntary cleanup plans for the highest priority sites on the department of state lands' abandoned hard-rock mine priority list and the department approves more than three plans, the department shall select three plans to incorporate into the pilot program on a priority basis as determined by the date of submittal of a complete application.
- NEW SECTION. Section 17. Mixed funding -- determination of liability. (1) An applicant who satisfies the requirements of [section 16(2)] shall meet with the department within 30 days of approval of the voluntary cleanup plan to negotiate an apportionment of liability for the site. The burden is on the applicant to show how the applicant's liability should be apportioned. In apportioning the liability of the applicant under this section, the department shall balance all of the following factors:
- (a) the extent to which the applicant caused the release of the hazardous or deleterious substance;
- (b) the extent to which an applicant's contribution to the release of a hazardous or deleterious substance can be diminished;
- (c) the amount of the hazardous or deleterious substance involved;
- (d) the degree of toxicity of the hazardous or deleterious substance involved;
- (e) the degree of involvement of and care exercised by the applicant in manufacturing, treating, transporting, or disposing of the hazardous or deleterious substance;
- (f) the degree of cooperation by the applicant with state or local officials to prevent any harm to the public health, safety, or welfare or to the environment; and
  - (g) the applicant's knowledge of the hazardous nature of

the substance.

(2) Once the department and the applicant have negotiated an apportionment of the applicant's liability, the applicant has a right of reimbursement subject to the requirements and limitations of [section 18].

NEW SECTION. Section 18. Claims for and limitations on reimbursement. (1) After completion of the voluntary cleanup plan approved by the department, the applicant may apply to and must, in accordance with this section, receive reimbursement from the abandoned mines state special revenue account. Reimbursement must be subject to the following requirements and limitations:

- (a) The applicant shall complete remediation prior to making a claim for reimbursement.
- (b) The reimbursement may not exceed 90% of eligible costs up to a maximum of \$300,000 per facility.
- (c) The claim for reimbursement may not include legal fees or department costs incurred in the oversight of the voluntary cleanup plan.
- (2) For purposes of this section, "eligible costs" means costs in excess of an applicant's proportionate share of total costs incurred in the remediation of the site during the 1996-97 biennium.
- (3) If costs are reimbursed out of the abandoned mines state special revenue account, nothing in [sections 14 through 20] prohibits the department from pursuing an action against other potentially liable parties to recover those costs.
- (4) If the abandoned mines state special revenue account does not contain sufficient money to pay received claims for reimbursement, the abandoned mines state special revenue account and the department are not liable for making any reimbursement at that time. All claims are subject to appropriations to the abandoned mines state special revenue account.

NEW SECTION. Section 19. Abandoned mines state special revenue account created. (1) There is an abandoned mines state special revenue account within the state special revenue account fund established in 17-2-102.

- (2) There must be paid into the abandoned mines state special revenue account money allocated from the metalliferous mines license tax pursuant to 15-37-117.
- (3) Deposits to the abandoned mines state special revenue account must be placed in short-term investments. The interest on short-term investments must be deposited in the abandoned mines state special revenue account.
- (4) The purpose of the abandoned mines state special revenue account is to provide the funding to the department of health and environmental sciences for the cleanup and reclamation of sites eligible for the pilot program in [sections 14 through

20].

NEW SECTION. Section 20. Incorporation into study process -- report to legislature. The department of health and environmental sciences and applicants participating in the pilot program shall submit reports to the 55th legislature detailing the success of and difficulties with the operation of the pilot program.

- Section 21. Section 15-37-117, MCA, is amended to read:
  "15-37-117. Disposition of metalliferous mines license
  taxes. (1) Metalliferous mines license taxes collected under the
  provisions of this part must, in accordance with the provisions
  of 15-1-501(6), be allocated as follows:
- (a) to the credit of the general fund of the state, 58% of total collections each year;
- (b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 1.5% of total collections each year;
- (c) to the state resource indemnity trust fund, 15.5% to the abandoned mines state special revenue account provided for in [section 19], 8.5% of total collections each year;
- (d) to the county or counties identified as experiencing fiscal and economic impacts, resulting in increased employment or local government costs, under an impact plan for a large-scale mineral development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic impacts determined in the plan or, if an impact plan has not been prepared, to the county in which the mine is located, 25% of total collections each year, to be allocated by the county commissioners as follows:
- (i) not less than 40% to the county hard-rock mine trust reserve account established in 7-6-2225; and
- (ii) all money not allocated to the account pursuant to subsection (1)(d)(i) to be further allocated as follows:
- (A) 33 1/3% is allocated to the county for planning or economic development activities;
- (B) 33 1/3% is allocated to the elementary school districts within the county that have been affected by the development or operation of the metal mine; and
- (C) 33 1/3% is allocated to the high school districts within the county that have been affected by the development or operation of the metal mine.
- (2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under subsection (1)(d) in a manner similar to that provided for property tax sharing under Title 90, chapter 6, part 4.

(3) The department shall return to the county in which metals are produced the tax collections allocated under subsection (1)(d). The allocation to the county described by subsection (1)(d) is a statutory appropriation pursuant to 17-7-502."

NEW SECTION. Section 22. Coordination instruction. If House Bill No. 569 and [this act] are both passed and approved, the amendment to 15-37-117(1)(c) in House Bill No. 569, relating to the percentage allocation to the resource indemnity trust fund, is void."

Renumber: subsequent sections

18. Page 33, line 18.

Strike: "3" Insert: "4" Strike: "11" Insert: "12"

19. Page 33, line 19.

Strike: "3"
Insert: "4"

20. Page 33, line 20.

Strike: "11" Insert: "12"

21. Page 33, line 27.

Strike: "2"
Insert: "4"
Strike: "10"
Insert: "12"

22. Page 34, line 4

Following: "TERMINATION."

Insert: "(1)"
Strike: "2"
Insert: "4"
Strike: "10"
Insert: "12"

23. Page 34.

Following: line 5

Insert: "(2) [Sections 14 through 21] terminate June 30, 1997."

And that this Free Conference Committee report be adopted.

For the Senate:

Grosfield

Chair

Lynch

oster ///

Amd. Coord.

Sec. of Senate

For the House:

Orr

Chair

Knox

Tuss

# Amendments to Senate Bill No. 382 Reference Copy

Requested by Sen. Harp For the Free Conference Committee

Prepared by Martha Colhoun April 12, 1995

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- (3) If the state's remedial action costs and penalties are not paid by the liable person to the department within 60 days after receipt of notice that the costs and penalties are due, the department shall bring an action in the name of the state to recover the amount owed plus reasonable legal expenses.
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on any subsequent action or actions to recover further remedial action costs. The court may disallow costs or damages only if the person liable under 75-10-715 can show on the record that the costs are not reasonable and are not consistent with this part.

- (5) An initial action for recovery of remedial action costs must be commenced within 6 years after initiation of physical onsite construction of the remedial action.
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(2) The legislature further intends that the pilot program

provide necessary data related to:

- (a) actual costs incurred in the remediation of facilities;
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- (b) The applicant has submitted a voluntary cleanup plan in accordance with the provisions of [sections 7 and 8].
- (c) The department has accepted and approved the application for a voluntary cleanup plan in accordance with the provisions of [sections 7 through 10].
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- (b) the extent to which an applicant's contribution to the release of a hazardous or deleterious substance can be diminished:
- (c) the amount of the hazardous or deleterious substance involved;
- (d) the degree of toxicity of the hazardous or deleterious substance involved;
- (e) the degree of involvement of and care exercised by the applicant in manufacturing, treating, transporting, or disposing of the hazardous or deleterious substance;
- (f) the degree of cooperation by the applicant with state or local officials to prevent any harm to the public health, safety, or welfare or to the environment; and
- (g) the applicant's knowledge of the hazardous nature of the substance.
- (2) Once the department and the applicant have negotiated an apportionment of the applicant's liability, the applicant has a right of reimbursement subject to the requirements and limitations of [section 18].

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- Section 21. Section 15-37-117, MCA, is amended to read:
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  taxes. (1) Metalliferous mines license taxes collected under the
  provisions of this part must, in accordance with the provisions
  of 15-1-501(6), be allocated as follows:
- (a) to the credit of the general fund of the state, 58% of total collections each year;
- (b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 1.5% of total collections each year;
- (c) to the state resource indemnity trust fund, 15.5% to the abandoned mines state special revenue account provided for in [section 19], 8.5% of total collections each year;
- (d) to the county or counties identified as experiencing fiscal and economic impacts, resulting in increased employment or local government costs, under an impact plan for a large-scale mineral development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic impacts determined in the plan or, if an impact plan has not been prepared, to the county in which the mine is located, 25% of total collections each year, to be allocated by the county commissioners as follows:
- (i) not less than 40% to the county hard-rock mine trust reserve account established in 7-6-2225; and

- (ii) all money not allocated to the account pursuant to subsection (1)(d)(i) to be further allocated as follows:
- (A) 33 1/3% is allocated to the county for planning or economic development activities;
- (B) 33 1/3% is allocated to the elementary school districts within the county that have been affected by the development or operation of the metal mine; and
- (C) 33 1/3% is allocated to the high school districts within the county that have been affected by the development or operation of the metal mine.
- (2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under subsection (1)(d) in a manner similar to that provided for property tax sharing under Title 90, chapter 6, part 4.
- (3) The department shall return to the county in which metals are produced the tax collections allocated under subsection (1)(d). The allocation to the county described by subsection (1)(d) is a statutory appropriation pursuant to 17-7-502."

NEW SECTION. Section 22. Coordination instruction. If House Bill No. 569 and [this act] are both passed and approved, the amendment to 15-37-117(1)(c) in House Bill No. 569, relating to the percentage allocation to the resource indemnity trust fund, is void."

Renumber: subsequent sections

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Strike: "10"

Insert: "12"

23. Page 34. Following: line 5 Insert: "(2) [Sections 14 through 21] terminate June 30, 1997."



# MONTANA DEPARTMENT OF STATE LANDS HARD ROCK MINE PRIORITY SITES

Site	Mining District/ Countx	Priority Ranking	Remarks	Reclamation Status
Corbin Flats	Colorado/Jefferson		700,000 cubic yards tailings, high in arsenic, lead, copper, and zinc. Spring Creek flows directly through tailings.	discussions between DHES and private owner
Joslyn Street	Helena/Lewis & Clark	7	4900 cubic yards tailings, high in arsenic and lead. Very near Helena residential area.	discussions between DHES and private owner
Red Mountain	Rimini/Lewis & Clark	ε	13,300 cubic yards tailings, high in arsenic, lead, and mercury. Seeps directly into Ten Mile Creek.	no action
National Extension	Rimini/Lewis & Clark	4	7,530 cubic yards tailings, high in arsenic and lead. Discharge adit into Beaver Creek and Ten Mile Creek.	no action
Emery	Rimini/Powell	٧,	21,400 cubic yards tailings, 244,625 cubic yards waste rock, high in arsenic, copper, lead, and zinc. Near residences.	no action
Red Water	Rimini/Lewis & Clark	9	7,000 cubic yards waste rock and discharging adits, both high in arsenic, lead, and zinc. Seeps into Ten Mile Creek.	no action

Curlew	Curlew/Ravalli		41,000 cubic yards tailings, high in arsenic, lead, and zinc. In site of housing developments.	no action
Piegan Goster Mill	Marysville/Lewis & Clark	8	335,820 cubic yards tailings, high in Icad and zinc. Piegan Creek flows through the site.	no action
Block P Tailings	Hughesville/Cascade	6	625,000 cubic yards tailings, high in arsenic, lead, and iron. Galena Creek highly contaminated.	dicussions between USFS and private owner
Comet	High Ore/Jefferson	10	500,000 cubic yards tailings, high in arsenic, copper, lead, and zinc. High Ore Creek flows through tailings.	no action s.