



**OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT
FY 2016 AML ECONOMIC REVITALIZATION PROPOSAL:
A COMPONENT OF THE PRESIDENT'S POWER+ PLAN**



Un-reclaimed coal mine lands create life threatening hazards, such as open mine shafts, highwalls (man-made cliffs), dangerous piles and embankments, and floods. Acid drainage and heavy metals from un-reclaimed lands pollute surface and ground water, damaging ecosystems, recreational opportunities, and the clean water supplies needed for healthy communities and businesses. In addition to presenting threats to public health and safety, these conditions severely constrain the ability of affected communities to pursue economic development opportunities that build a better economic future.

The Abandoned Mine Land (AML) Reclamation Program, administered by the Department of the Interior's [Office of Surface Mining Reclamation and Enforcement](#) (OSMRE), working in partnership with States, Tribes, and watershed groups, has made great progress in reclaiming and restoring the nation's abandoned coal mine lands and waters since the enactment of the Surface Mining Control and Reclamation Act of 1977 (SMCRA).

The AML Reclamation Program has been remediating abandoned mine lands for almost four decades. Its accomplishments include:

- The closure of almost 19,000 abandoned underground mine shafts and openings;
- The elimination of more than 630 miles of dangerous highwalls, more than 2,400 dangerous water bodies and almost 13,000 acres of dangerous spoil piles and embankments;
- The restoration of over 23,000 acres of clogged streams and land; and
- The replacement of almost 50,000 polluted water supplies.

However, over \$4 billion worth of un-reclaimed high priority AML sites have been inventoried and, by some estimates, over \$9 billion worth of un-reclaimed AML problem sites remain. Most are located in Appalachia. The more serious problem sites are classified as Priority 1 (extreme danger to public health and safety or environmental problems adjacent to this Priority), Priority 2 (adverse effects to public health, safety, or environmental problems adjacent to this Priority), or Priority 3 (adverse effects to land or water resources, or other effects on the environment).

FY 2016 President's Budget "AML Economic Revitalization" Proposal

The President's Budget proposes to accelerate the disbursement of \$1 billion, over 5 years, from unappropriated balances in the Abandoned Mine Reclamation Fund (Fund) to States and Tribes to build new development opportunities and new jobs in communities impacted by abandoned mine lands. This \$1 billion of AML funding is in addition to the AML grants already provided to States under existing law. The accelerated AML funding would be used by States and Tribes for the reclamation of abandoned coal mine land sites and associated polluted waters in a manner that promotes economic diversification and development in economically distressed coal country communities. This proposal does not change the allocation formula or eligibility requirements for the existing AML Reclamation program.

The majority of abandoned coal mine lands and waters are concentrated in areas that have also experienced recent coal mining job losses. Reclaimed AML sites create opportunities for the creation of high-quality jobs and economic development that benefits local communities, States and Tribes (e.g. increased tax revenue, diversification of economic base). Additional AML reclamation will also provide communities with environmental and public health benefits such as cleaner water and healthier ecosystems.

The proposal will provide \$200 million per year for five years to States and Tribes where abandoned coal mine reclamation will facilitate job-creating economic development strategies. This proposal also envisions that stakeholders in these communities will play a key role in the effort to identify AML sites that will be reclaimed in conjunction with economic development strategies to revitalize their communities.

This proposal is part of the Administration's [POWER+ Plan](#), which targets investments in coal communities and workers, addresses important legacy costs in coal country, and drives the development and deployment of lower carbon coal technology.

The Importance of Using AML Funds Now:

When Congress passed SMCRA in 1977, it determined that abandoned mine lands and mine drainage adversely affect commerce and the public welfare by destroying or diminishing the utility of land for commercial, industrial, residential, recreational, agricultural, and forestry purposes. While significant progress has been made, as noted above, billions of dollars-worth of abandoned mine lands and mine drainage continue to impede the economic development and diversification of communities throughout coal country that are confronted with job loss, unemployment rates, and other indicators of economic distress that are higher, in some cases far higher, than national averages.

Under current law, the unappropriated balance of the Fund will begin to be disbursed to States and Tribes in 2023. This AML Economic Revitalization Proposal reflects an assessment that the need to address the economic and environmental challenges faced by many coal communities is urgent and therefore a substantial portion of the balance -- \$1 billion -- should be appropriated now. We have the need and the ability to make strategic investments that restore our lands and waters while creating the conditions for long-term economic growth and job creation.

[Innovative AML program practitioners](#) have used AML reclamation as a catalyst to attract other resources and go beyond the restoration of the land and water to create new opportunities, new jobs and economically viable communities. This proposal builds on that innovation.

Funding allocations to States and Tribes

The AML Economic Revitalization Proposal would provide funds to States and Tribes through a grants process. Every State and Tribe that has an approved AML Program would be eligible to receive funding.

FY 2016 appropriation would consist of \$195 million of Historic Coal Share funds allocated among uncertified states based on their historic coal production tonnage and \$5 million of Federal Expense funds available for certified States and Tribes to be awarded by the OSMRE Director, on a competitive basis, to eligible projects that meet the prioritization criteria listed below.

FY 2017 appropriation would include \$195 million of Historic Coal Share funds and \$5 million of Federal Expense Funds. Each uncertified state must demonstrate the amount of its FY 2016 allocation that is obligated to fund eligible projects that meet the prioritization criteria listed below.

- If 100% of an uncertified state’s FY 2016 Historic Coal Share Allocation is obligated to eligible projects, then that state’s FY 2017 allocation would be the same amount as its FY 2016 allocation based on its historic coal tonnage production.
- If less than 100% of an uncertified state’s FY 2016 Historic Coal Share Allocation is obligated to eligible projects, then that state’s FY 2017 allocation would be equal to the amount of the state’s FY 2016 Historic Coal Share Allocation that is obligated to eligible projects.

FY 2018-FY2020 appropriations would include \$195 million of Historic Coal Share funds and \$5 million of Federal Expense Funds annually.

- If 100% of the previous fiscal year’s allocation is obligated to eligible projects, then that state’s FY 2018 allocation would be the same amount as its previous year allocation based on its historic coal tonnage production.
- If less than 100% of the previous fiscal year’s allocation is obligated to eligible projects, then that state’s allocation would be equal to the amount of its previous year allocation that is obligated to eligible projects.
- All funds appropriated in the two prior years that have not been obligated to an eligible project are eligible to be used by other states and will be allocated to states (that have no unobligated funds) based on their proportion by value of inventoried un-reclaimed sites nationally for eligible projects that meet the prioritization criteria listed below until all proposed AML projects are funded or until all funds are obligated.

For FY 2021 all funds appropriated in FY 2016, FY 2017, FY 2018, FY 2019 and FY 2020 that have not been committed to an eligible project can be used by other states and will be allocated to states (that have no unobligated funds) based on their proportion by value of inventoried un-reclaimed sites nationally for eligible projects that meet the criteria listed below until all proposed

AML projects are funded or until all FY 2016, FY 2017, FY 2018, FY 2019 and FY 2020 funds are committed.

Site Eligibility and Project Prioritization Criteria (For Use of FY2016-FY2020 AML Economic Revitalization Proposal Funds):

All lands and waters eligible for reclamation under the current AML Reclamation Program, regardless of priority, are eligible for funding under this AML Economic Revitalization Proposal. This includes all properties mined for coal and abandoned without proper reclamation prior to August 3, 1977, as well as acid mine drainage and water pollution problem sites.

Among sites that meet these eligibility standards, States and Tribes in collaboration with stakeholders should prioritize projects that meet the following criteria:

- Projects where reclamation of lands and/or waters can create the conditions for the community's economic development, as documented through an economic development partner's Comprehensive Economic Development Strategy, another economic development planning process, or other documentation that demonstrates the planned beneficial economic use of the site upon reclamation, such as:
 - Increased recreation/tourism activity;
 - Reforestation;
 - Agricultural or horticultural production; and
 - Siting of a business or another entity that contributes to the property tax base of the community.
- Among these projects, priority should be given to those in regions where one or more subdivisions (e.g., counties) has one or more of the following:
 - An unemployment rate that is, for the most recent 24-month period for which data are available, at least one percentage point greater than the national average unemployment rate;
 - Per capita income that is, for the most recent period for which data are available, 80 percent or less of the national average per capita income; and
 - Coal mining employment loss over the previous 5 years.

Per its grants process with states, OSMRE can provide an initial grant to uncertified states, up to 10 percent of the annual allocation. These funds will be used by uncertified states to develop a plan that identifies the projects they propose to remediate under this program, documents how these sites meet the eligibility and prioritization criteria listed above, estimates the reclamation cost of each project, and demonstrates how the state program administering these funds consulted and plans to partner with, at a minimum, the following stakeholders:

- Watershed groups and other community-based organizations engaged in habitat restoration and economic development efforts in regions of the state where the proposed projects are located;

- Economic development organizations and workforce investment boards, and other local government entities as appropriate, in regions of the state where the proposed projects are located; and
- The state's economic development agency.

Upon completion, states will submit their plans to OSMRE, which must review and approve the plans. After OSMRE approval, the remainder of the annual allocation will be awarded. States and Tribes would then prepare detailed documentation packages on specific AML projects for OSMRE's review and approval prior to the commencement of field reclamation activities. States and Tribes will also submit to OSMRE an annual post award progress and financial expenditure report, which is the current practice in the regular AML program.