

OSMRE 2016 Proposed Budget Highlights

- \$160.5M in current appropriations (~\$10M above 2015)
 - Regulation and Technology is \$128.4M (\$5.7M above 2015)
 - Includes \$ to expand ARRI
 - Includes cost recovery fees for permitting, admin of permits, etc
 - AMR Fund Expenses
 - Increased to ~\$32M (up from \$27M in 2015). Increases will go to more positions for inventorying sites, new positions to accelerate the projects with economic development priority, project monitoring, additional legal support, and applied science studies.
- Distribution to States for 2016 estimated at: \$185M (up from \$167.7M in 2015)

Proposed legislative measures in the 2016 budget:

Ends payments to certified states

Proposes \$200M/year in addition to normal grants, for 5 years (\$1B total) to be made available to states to fund reclamation projects that incorporate economic development/job creation component (economic development/job creation would not be funded with SMCRA funds). These grants would be prioritized differently. Funds would come from the unappropriated balance (the money in the pot that's left over at the end of 2021).

Expand retirement and health benefits for UMW miners/families. To revise the formula to include those not currently covered.

Sets up a hardrock fee similar to coal.

Increase fees back to where they were just after the 2006 amendment.

Some Questions/Concerns/Comments

\$200M would be taken from unappropriated balance. How will that affect funds due to PA in future? Where that money comes from in the unappropriated balance still needs to be determined. We understand however, that this will not be a “competition” for those funds. States will be granted their portions based on existing formula, then those funds need to be spent according to the rules about economic revitalization. It would seem best for PA if the distribution would be based on prior coal production. It’s possible that PA will have projects available to utilize these additional funds in areas where the economy has suffered.

Expanded UMW health and retirement funding. How will that affect PA and our push for reauthorization? If UMW succeeds in getting the increases it is asking for, then we may not have their support for reauthorization past 2021. Maybe we can push for reauthorization with these proposals sooner and strike a bargain with UMW.

Increasing fees. How is that perceived by industry? It is perceived poorly as can be expected. However, I feel there may be room for negotiation to garner industry support if we’re looking to push for reauthorization early.

How does the State feel about this budget? We will find out.

What’s the climate in DC? Specifically, how will legislative proposals be seen by Energy and Natural Resources committee?

With sequestration still in effect, will that affect the additional \$200M over each of the next 5 years. Unless sequestration is removed, it’s likely that these additional funds will also be subject to sequestration.

Can this additional \$200M/year be subject to set aside? Or, can these additional funds be used for OMR trust funds or are they only for on-the-ground reclamation?