



Interstate Mining Compact Commission

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May 3, 2016

The Honorable Gina McCarthy
Administrator
Office of the Administrator – Mail Code 1101A
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator McCarthy:

Please find attached a resolution that was unanimously adopted by the member states of the Interstate Mining Compact Commission at its recent annual meeting concerning a rulemaking being undertaken by the U.S. Environmental Protection Agency (EPA) concerning financial assurance requirements under Section 108(b) of the Comprehensive Emergency Response, Compensation and Liability Act (CERCLA). We appreciate the effective working relationship that we have enjoyed with the Office of Land and Emergency Management and look forward to addressing the several concerns set forth in the resolution over the coming months, particularly with regarding to federalism and preemption.

Sincerely,

Gregory E. Conrad
Executive Director

cc. Barnes Johnson

"Serving the States for Over 40 Years"

Resolution

Interstate Mining Compact Commission

Re. Financial Assurance for Hardrock Mine Reclamation

BE IT KNOWN THAT:

WHEREAS, the development of our Nation's minerals necessarily involves the surface disturbance of the land and often results in impacts to air and water resources; and

WHEREAS, state and national laws provide for the reclamation of land disturbed by mining and for the protection of human health and the environment related to those disturbances; and

WHEREAS, with regard to hardrock and noncoal minerals development, state governments have largely taken the lead in fashioning regulatory programs that address environmental protection and reclamation requirements; and

WHEREAS, an important component of state regulatory programs is the requirement that mining companies provide financial assurances in a form and amount sufficient to fund required reclamation if, for some reason, the company fails to do so in accordance with the state program. These types of financial assurances, often referred to as bonding, protect the public from having to finance reclamation and closure if the company goes out of business or fails to meet its reclamation obligation; and

WHEREAS, all states have developed regulatory bonding programs to evaluate and approve the financial assurances required of mining companies. States have also developed the staff and expertise necessary to calculate the appropriate amount of bonds, based on the unique circumstances of each mining operation, and to make informed predictions of how the real value of current financial assurance may change over the life of the mine, including post-closure; and

WHEREAS, Section 108(b) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. Sec. 9608(b), requires that the U.S. Environmental Protection Agency (EPA) consider promulgating financial responsibility requirements for industrial facilities that take into account the risks associated with their use and disposal of hazardous substances; and

WHEREAS, pursuant to a federal court decision in California (*Sierra Club v Johnson*, 2009 WL 2413094 (N.D. Cal. 2009)) which ordered EPA to move forward with the rulemaking, EPA announced in July 2009 that it selected hardrock mining as the first industry sector for which it would develop financial responsibility requirements under CERCLA Section 108(b) (74 Fed. Reg. 37213, July 28, 2009); and

WHEREAS, pursuant to a D.C. Circuit court decision (Order *In re: Idaho Conservation League, et al.*, No. 14-1149 (D.C. Cir. Jan. 29, 2016)) approving a settlement agreement between the EPA and several non-governmental organizations, EPA is required to publish a notice of proposed rulemaking regarding CERCLA Sec. 108(b) financial assurance for the hardrock mining industry by December 1, 2016; and

WHEREAS, in preparation for its rulemaking, EPA undertook an analysis of reclamation bonding requirements in approximately 20 state regulatory programs throughout the U.S.; and

WHEREAS, since the initiation of EPA's rulemaking initiative, a number of IMCC member states have expressed concern that any bonding requirements that EPA may develop for the hardrock and noncoal mining industry could be duplicative of state requirements, and could even preempt them entirely under EPA's reading of Section 114(d) of CERCLA. The states have also questioned whether EPA has the resources to implement reclamation bonding for hardrock and noncoal mines, since bond calculations usually reflect site-specific reclamation needs and costs; and

WHEREAS, the states are concerned that EPA may be attempting to fill alleged "gaps" in state reclamation bonding programs that either may not exist or that are unrelated to the purpose of a reclamation bonding program;

NOW THEREFORE BE IT RESOLVED THAT THE INTERSTATE MINING COMPACT COMMISSION:

Recognizes the states' lead and primary role in regulating the environmental impacts associated with hardrock and noncoal mining operations within their borders, including financial assurance requirements for reclamation; and

Affirms that IMCC member states are committed to environmental protection and to responsible and comprehensive regulation and bonding for hardrock mining operations; and

Affirms that the states have a proven track record in regulating mine reclamation, having developed appropriate statutory and regulatory controls and dedicated resources and staff to ensure full and effective implementation of their regulatory programs; and

Believes that the states currently have financial responsibility programs in place that are working well and as such should stand in-lieu of federal requirements under Section 108(b) of CERCLA; and

Recommends that an independent, impartial body (such as the National Academy of Sciences) conduct a study to review financial responsibility requirements under state

regulatory programs to determine their sufficiency, to identify any serious gaps, and to recommend whether a federal rulemaking on the matter is needed; and

Urges the EPA to engage with state regulators through the IMCC prior to publishing a notice of proposed rulemaking regarding CERCLA Sec. 108(b) financial assurance for the hardrock mining industry, which should include substantive consultation with and provision of proposals to state regulators before formal rulemaking is launched; and

Requests that EPA provide to state regulators the following: a detailed state consultation timeline and plan for obtaining individual state comments; all technical and scientific materials and analyses used to support any proposed rule, denoting whether any such materials were peer-reviewed; a statement indicating how the EPA solicited ideas about alternative methods of compliance and potential flexibilities in order to reduce the economic burden placed on affected entities; a statement indicating how EPA solicited information from state regulators as to whether the proposed rule will duplicate similar state requirements; a copy of a federalism assessment or the reason why EPA did not complete a federalism assessment; explanation of the reason existing state programs are insufficient to address financial assurance concerns and an analysis of any conflicts in the proposed rule with state programs; and an analysis of financial assurance instruments that would satisfy any proposed EPA requirement

Issued this 20th day of April, 2016

ATTEST:



Executive Director

