Department of Natural Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Full funding of environmental research relating to mine permitting

Fiscal Impact ($000s)	FY 2018	FY 2019	FY 2020	FY 2021
Natural Resource Fund				
Expenditures	0	319	319	319
Revenues				
Net Fiscal Impact = (Expenditures – Revenues)	0	319	319	319
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends $319,000 anually from the Natural Resources Fund mineral management account. The funds will be used to continue conducting applied research projects and deliver final reports and peer reviewed publications. The results and conclusions of the reports and papers will be used to inform environmental review and permit decisions related to mine proposals. This amount restores the past level of funding, but changes the source from voluntary, non-state match to an ongoing appropriation. Absent this funding, the efforts of the program would be significantly reduced.

Rationale/Background:

We have been conducting environmental research related to mining since the 1970's. This long term research has provided critical information to support our review of proposed mining projects such as PolyMet, the Northshore mine expansion, and others. The research has provided valuable insight into the management of mine waste rock to reduce potential effects to water quality, the use of engineered wetlands to improve water quality, and the control of mercury emissions from ore processing.

Our research takes a proactive approach to help identify solutions related to the potential environmental effects of mining. This proactive work leads to more efficient review of proposed projects and to sound decision making based on the best available science. When companies submit mine waste management proposals, our research helps inform our evaluation of the proposals and the company's data to ensure accuracy and the long term viability of mine closure.

We are uniquely positioned to continue this research because its projects are specifically designed to provide critical data needed for our environmental review and permit decisions. We manage a research facility in Hibbing which provide the proper geographic setting, geologic features, and climactic setting relevant to Minnesota's metallic resources. This research facility is ideal for the type of long term research and data collection that is needed to fully understand potential mining impacts in Minnesota's environment and for the development of proactive solutions.

Proposal:

This proposal restores funding of environmental research relating to mine permitting to compensate for loss of industry match revenues. Changes made in the 2016 legislative session removed the requirement for a private match to expend the allotted general funds, however a gap of $319,000 remains due to lack of voluntary industry contributions to the program. While this produces a fiscal challenge, a shift to full state funding of the program enhances public confidence in the independence of our environmental research. This funding continues the our environmental mining research program at the same overall funding level ($638,000 per year) as when there was an industry match. Absent this additional funding, we may need to significantly reduce or eliminate much of the ongoing research critical to management of mine wastes and the protection of water quality and needed for efficient and effective environmental review and permitting decisions.

IT Related Proposals:

N/A

Results:

Success of this proposal will be measured by completion of a variety of research projects with final reports and peer reviewed publications. The results and conclusions of the reports and papers will be used to inform environmental review and permit

decisions related to mine proposals. Substantial reduction or avoidance of potential mining impacts are possible. The results from this work yield tools for industry and state regulators to use for solving common industry sector challenges, ultimately resulting in more effective evaluation, prevention, and reduction of environmental impacts from the state's large mining industry.

Statutory Change(s):
N/A