

Abandoned Mine Land Reclamation Program



Managed and Regulated by the Office of Surface Mining Reclamation and Enforcement

The Abandoned Mine Land (AML) Reclamation Program uses fees paid by present-day coal mining companies to reclaim coal mines abandoned before 1977. This makes these areas safer for people and the environment. The Surface Mining Control and Reclamation Act (SMCRA) of 1977, created this program to use company fees to reclaim coal mines abandoned before 1977, to set standards for today's coal companies as they reclaim areas contemporaneously with their mining, and to post bonds to cover the cost if companies are unable to reclaim current coal mines.

Abandoned Mine Land Overview

AML Revenue & Disbursements

The AML Fund



ABANDONED MINE LAND AREAS

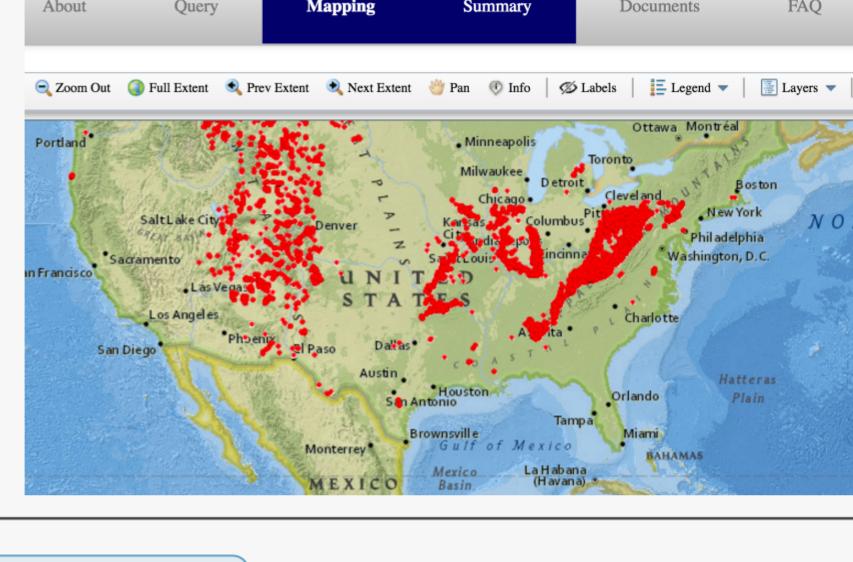
Abandoned mines pose risks to people and the environment. They can contaminate ground water, emit toxic waste, and cause injury when unsteady infrastructures collapse.

The government rates abandoned mine areas on a priority scale of 1–3; mines rated 1 and 2 are high priority and should be addressed first, with a few exceptions.¹

- | | |
|---------------|--|
| Priority
1 | Protection of public health safety, and property from extreme danger of adverse effects of coal mining practices pre-1977, including restoration of land, water, and the environment |
| Priority
2 | Protection of public health and safety from adverse effects of coal mining practices pre-1977, including restoration of land, water, and the environment |
| Priority
3 | Restoration of land and water resources and the environment previously degraded by adverse effects of coal mining practices pre-1977 |

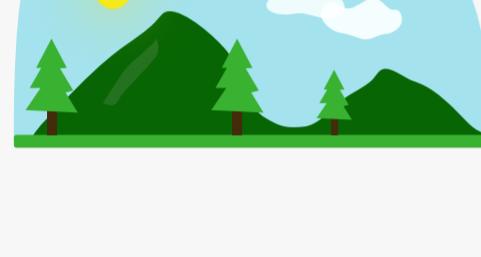
State and tribal AML programs rate abandoned mine land areas based on their need, as defined by the law:

To see AML data by location, visit OSMRE's data site (<https://amlis.osmre.gov/Default.aspx>) and click on "Mapping" in the navigation bar. To see the data by completed, funded, and unfunded sites, click on "Summary."



To date, coal mine companies have paid
\$9.2B in AML fees to reclaim
coal-related AML areas

Those fees have earned
\$1.5B in interest which has paid a portion of the costs for health care
plans for the United Mine Workers of America (UMWA)²



RECLAIMED AML AREAS

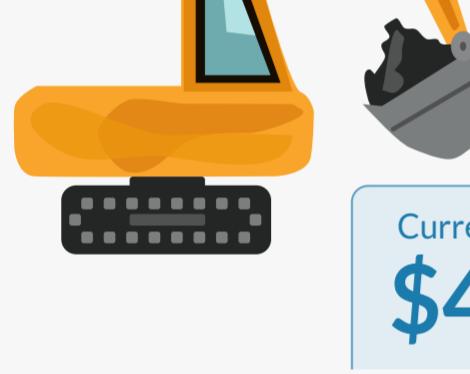
Since 1977

\$3.9B has been spent on the construction of completed reclamation projects³

When a state or tribe has reclaimed identified high priority coal sites, they may be eligible for "certification."⁴ The source of their funds from the Department of the Interior's Office of Surface Mining Reclamation & Enforcement (OSMRE) changes. Instead of receiving funds sourced from AML fees, they receive funds sourced from the General Fund of the U.S. Treasury. These funds can be used for a wider range of purposes beyond reclamation, including reclaiming abandoned hardrock mine sites. A certified state or tribe may still have abandoned coal mine areas to reclaim.

Five states and three tribes are considered certified—Wyoming, Montana, Texas, Louisiana, Mississippi, Crow Tribe, Hopi Tribe, and Navajo Nation.⁵

AML AREAS UNDERGOING OR REQUIRING RECLAMATION



The federal AML Reclamation Program distributes funds for reclamation to the state and tribal AML programs with remaining Priority 1 and 2 sites.

State and tribal AML programs use funds to prepare for reclamation projects, including permitting processes, environmental assessments, site surveys, and the development of reclamation plans. After completing project preparation, funds are used for construction to reclaim the site.

Currently, there are
\$488M funded but not
completed projects⁶

Encompassing
118,901 GPRA⁹ acres¹⁰

With an estimated, outstanding
\$9.8B required to reclaim remaining
coal-related AML areas.¹¹

More information about the process of identifying abandoned mine land areas can be found in the report here: <http://www.gao.gov/products/GAO-15-35>.

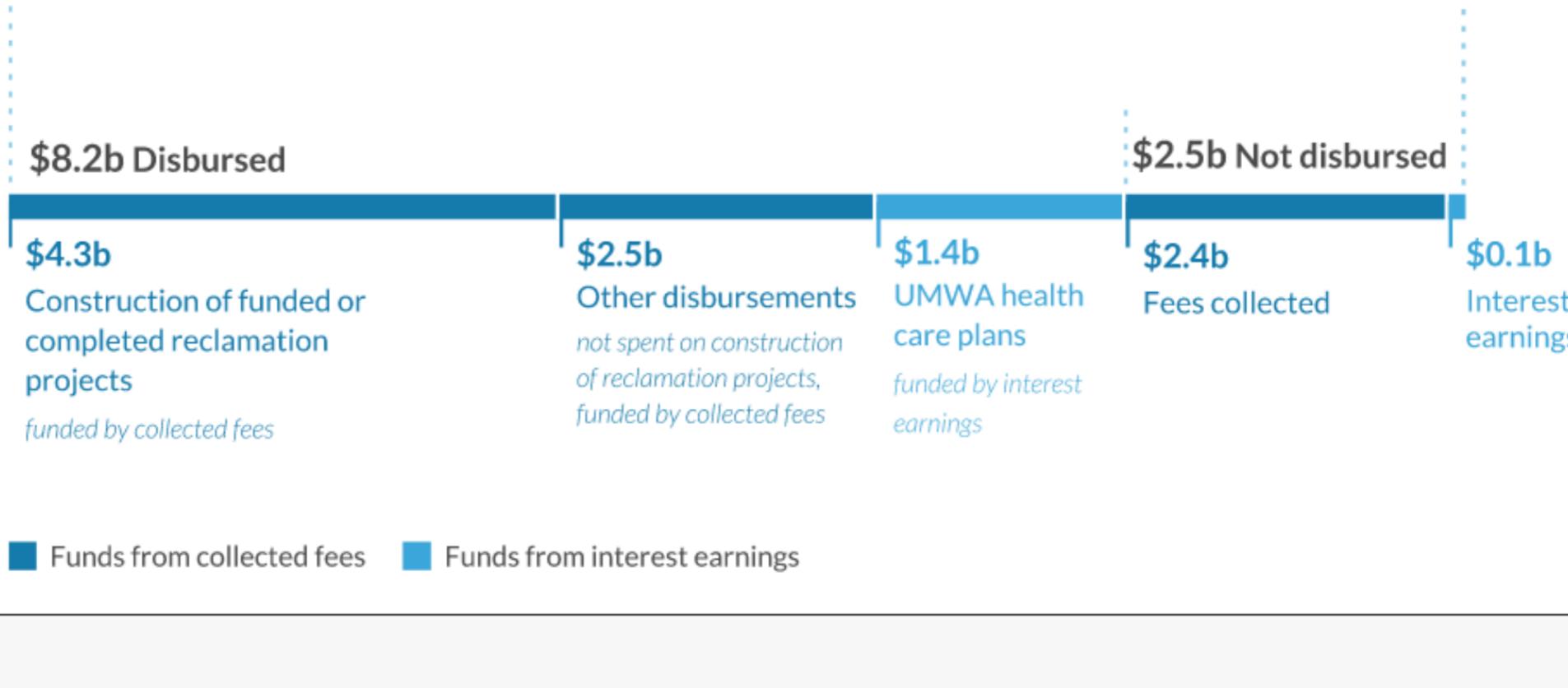
State and tribal contacts and programs can be found on OSMRE's website here: <http://www.osmre.gov/contacts/map.shtm>.

AML FUNDING AND SPENDING¹²



The AML database (e-AMLIS) only accounts for construction costs. It doesn't include other work on which a state or tribe may spend AML funds that are necessary for the reclamation of a site, such as the costs of identification, site assessments, and contracting, nor does it include other types of spending, such as set-asides and emergency projects. 30 U.S. Code § 1231 describes other types of spending here: <https://www.law.cornell.edu/us-code/text/30/1231>.

\$10.7 billion total funds



Footnotes

¹30 U.S.C. §1233(a); ²Office of Surface Mining Reclamation and Enforcement, "FY 2017 OSMRE Budget Justification," 2016; ³e-AMLIS generated Excel Spreadsheet; includes all priorities and problem types; generated February 9, 2016.; ⁴e-AMLIS generated report "Cost Summary National;" includes all priorities and problem types; generated February 10, 2016; ⁵30 U.S.C. §1240(a); ⁶Office of Surface Mining Reclamation and Enforcement, "FY2016 OSMRE AML Grant Distribution," 2016; ⁷e-AMLIS generated Excel Spreadsheet; includes all priorities and problem types; generated February 9, 2016; ⁸e-AMLIS generated report "Problem Type Unit & Cost (State) w/ GPRA;" includes all priorities and problem types; generated February 10, 2016; ⁹e-AMLIS generated report "Problem Type Unit & Cost (State) w/ GPRA;" includes all priorities and problem types; generated February 10, 2016; ¹⁰e-AMLIS generated report "Problem Type Unit & Cost (State) w/ GPRA;" includes all priorities and problem types; generated February 10, 2016; ¹¹e-AMLIS generated report "Problem Type Unit & Cost (State) w/ GPRA;" includes all priorities and problem types; generated February 10, 2016; ¹²e-AMLIS generated report "Cost Summary National;" includes all priorities and problem types; generated February 10, 2016; ¹³e-AMLIS generated report "Cost Summary National;" includes all priorities and problem types; generated February 10, 2016; ¹⁴e-AMLIS generated report "Cost Summary National;" including only Priority 1 and Priority 2 and all problem types; generated February 10, 2016; ¹⁵Source for total collected fees: FY 2017 Budget Justifications and Performance Information (PDF); Source for interest total: FY 2017 Budget Justifications and Performance Information (PDF); Source for funds disbursed – Construction of funded or completed reclamation projects: \$4.3 billion figure is the sum of total "funded cost" plus total "completed cost" in the e-AMLIS report, "Cost Summary National," generated on February 10, 2016, including all priorities and problem types. Source for other disbursements: \$2.5 billion figure equals ("cumulative appropriated balance" – sum of "transfers to UMWA health & retirement funds") – (total "funded cost" + total "completed cost"). Source for funds disbursed to UMWA health care plans: FY 2017 Budget Justifications and Performance Information (PDF); Source for funds and interest not yet disbursed: FY 2017 Budget Justifications and Performance Information (PDF); unappropriated interest figure equals (sum of "interest earned" - sum of "transfers to UMWA health & retirement funds")

Continue to learn more about how the government collects and spends money for the AML Program



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FEE COLLECTION

Fees paid by coal mine operators fund the AML Reclamation Program. Companies pay a per-ton fee to OSMRE:¹

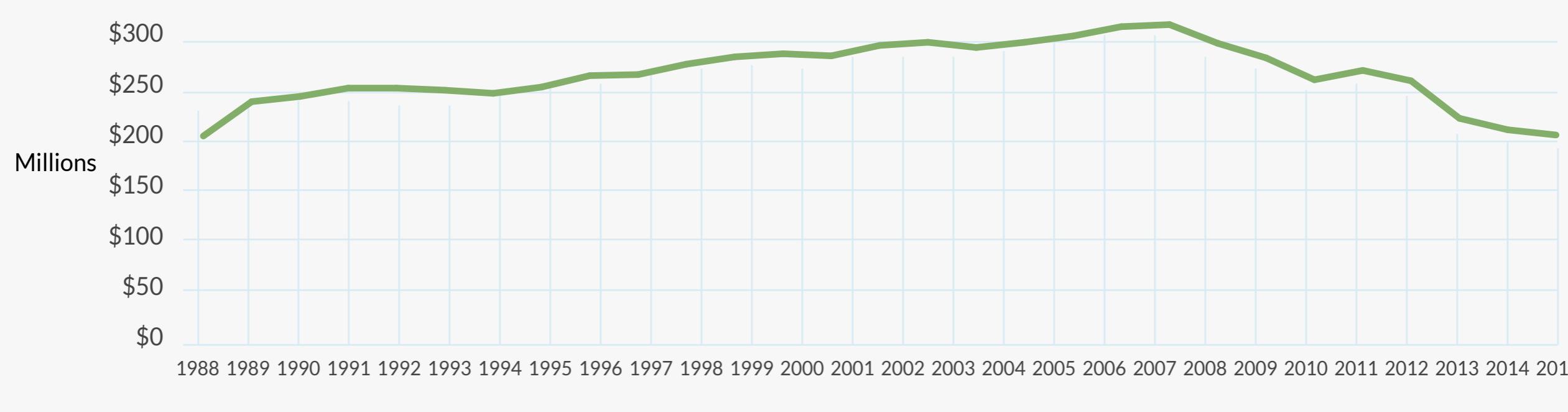
\$0.28/ton
on surface-mined coal

\$0.12/ton
on deep-mined coal

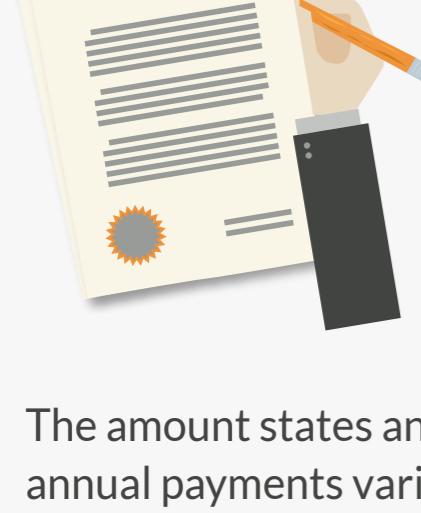
\$0.08/ton
on lignite

Congress set the current rates when the fee was extended in the Tax Relief and Health Care Act of 2006, lowering the rates 20% from the original amounts set in 1977.

Since 1978, the coal industry has contributed **\$9.2B** to the AML Fund² which has earned **\$1.5B** in interest³



DISTRIBUTION TO STATES



Since passage of the Tax Relief and Health Care Act of 2006, distribution of AML grants are mandatory. Prior to 2006, distribution was subject to Congress' annual appropriations process.



50%
State & Tribal Share Grants

Non-certified states receive 50% of the AML revenue originating from coal production in their states. This accounts for 50% of overall distribution of AML fees in a given year. Certified states receive amounts equal to their respective share grant totals sourced from the Treasury's General Fund.⁴



30%
Historic Coal Grants

Thirty percent of overall AML fees go toward Historic Coal Grants for non-certified states. OSMRE allocates Historic Coal grants based on each state's percentage of coal tonnage produced prior to 1977. Congress created Historic Coal grants so that states with large numbers of abandoned mines, but little current coal production, would not be left without funds to reclaim them.⁵



20%
Federal Expenditures (Including Minimum Program Make-Up Grants)

The Federal Expenditure portion of the AML Reclamation Program must first be used to fund Minimum Program Make-Up grants to non-certified states. These ensure that non-certified states receive at least \$3M a year or the amount necessary to reclaim their remaining high priority AML areas, whichever is lower. OSMRE uses the remaining amount to fund operations, emergency projects, and other efforts.⁶

Largest Grant Recipients in FY2016⁷



You can see the full breakdown of FY2016 grants and view grant distribution reports from past years here: <http://www.osmre.gov/resources/grants.shtm>.



STATE AND TRIBAL SPENDING

State and tribal AML programs use funds to prepare for reclamation through an extensive permitting process, environmental assessments, site surveys, and the development of reclamation plans. Generally, states and tribes must reclaim all Priority 1 and 2 coal sites before using AML funds on Priority 3 coal sites, but a number of exceptions exist.

In addition to scheduled reclamation projects, states and tribes can use AML funds for related efforts, such as:⁸

- > Covering the costs of administering and enforcing their AML programs
- > Funding emergency AML reclamation projects
- > Setting aside annual funds (up to 30%) for projects related to acid mine drainage

State and tribal AML contacts and programs can be found here: <http://www.osmre.gov/contacts/map.shtm>.

Continue to learn about the AML Fund



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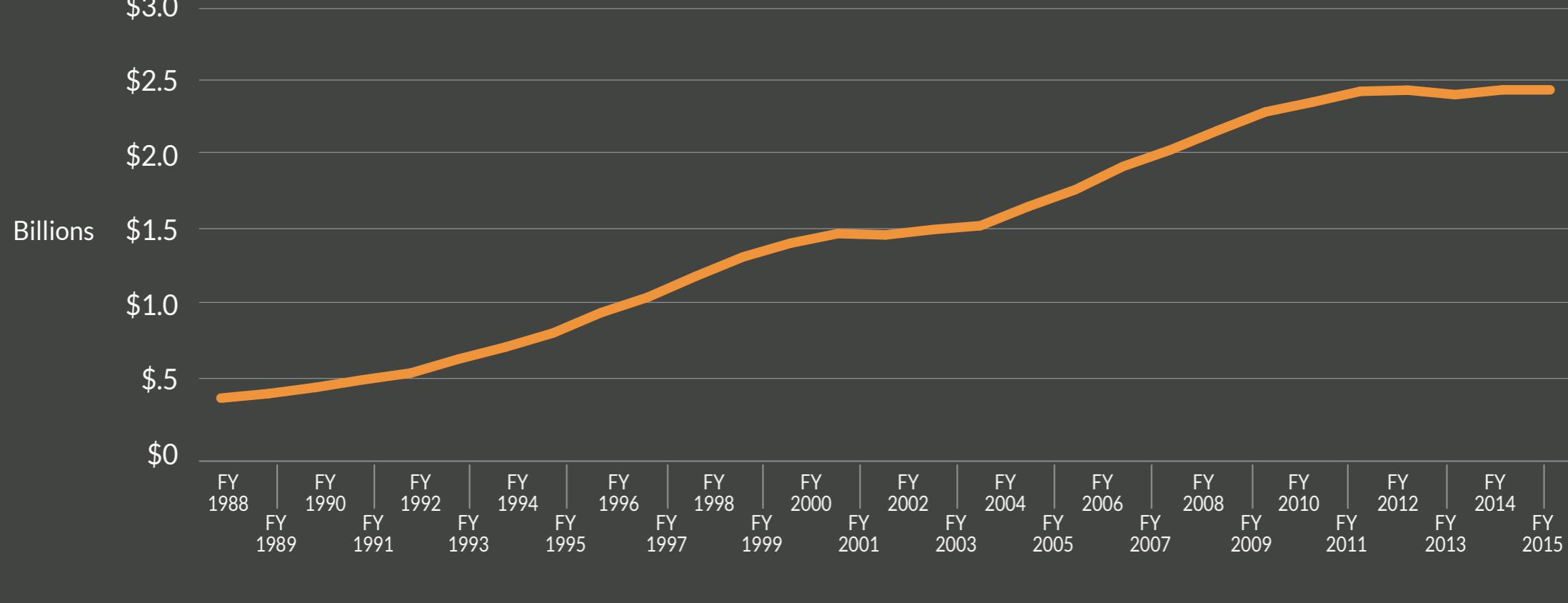
The AML Fund



THE AML FUND OVERVIEW

Prior to 2006, companies often paid more money into the AML fund each year than Congress chose to appropriate. A large, unappropriated balance grew over time.

Growth of the AML Fund's Unappropriated Balance¹



Note: X-axis denotes totals collected and obligated; Y-axis denotes total growth of unappropriated balance in the AML fund.



Interest on the Fund

In 1990, Congress authorized the federal government to invest the unappropriated balance in U.S. Treasury Securities.

\$1.5 billion in interest.

Since 1996, almost all of the interest on the AML fund has gone toward paying a portion of the cost for select health care plans for the United Mine Workers of America (UMWA).²

Grants to States and Tribes

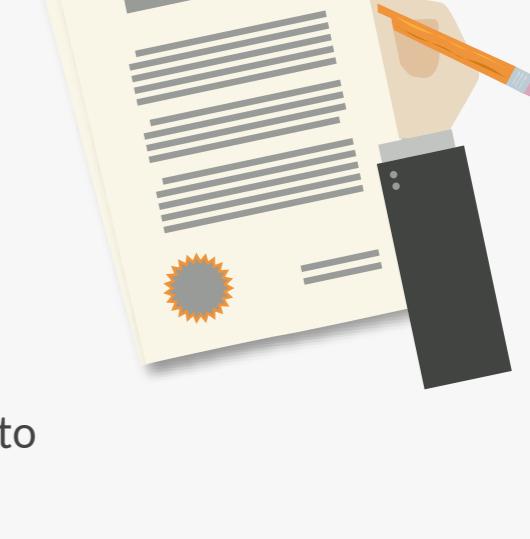
By 2007, the state and tribal share of the unappropriated balance had reached **\$1.34 billion**³

Congress resolved to pay both state and tribe's unappropriated balance out in the form of "Prior Balance Replacement Grants," which pay states and tribes **50%** of what companies operating in their jurisdictions paid into the AML Fund from 2008–2014. Payments were made over **7 years** in equal, annual installments.⁴



OSMRE paid states and tribes a collective total of **\$1.3 billion** broken out into roughly equal installments over the course of seven years.

This money, however, did not come directly from the AML Fund; instead, it was sourced directly from the Treasury's General Fund.



The Fund Today

As of November 2015, the fund's balance stood at **\$2.5 billion**⁵

The reauthorization for AML fees expires in FY2021. The unappropriated balance has been divided into different allocations to be used starting in FY2023, as follows:

Allocation of Unappropriated Balance⁶

4.7%
is allocated to a reserve for UMWA health care plans and retirement funds



60.4%
is allocated to Historic Coal grants

16.9%
is allocated to federal expenses, subject to Congressional appropriation

18%
is allocated to states and tribes

Currently, Congress is considering multiple proposals that would reallocate money away from the AML fund toward economic revitalization in areas of significant need with a history of coal mining.

Footnotes

¹Office of Surface Mining Reclamation and Enforcement, "FY2017 OSMRE Budget Justification," 2016; ²Ibid.; ³Office of Surface Mining Reclamation and Enforcement, "FY2008 AML Grant Distribution," 2008; ⁴Office of Surface Mining Reclamation and Enforcement, "FY2016 OSMRE AML Grant Distribution," 2016; ⁵Ibid. This figure includes interest earned but not appropriated; ⁶Ibid.