

GOV. LITTLE SIGNS MINING BILL INTO LAW

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Courtesy photo The Kellogg Tunnel at the Bunker Hill Mine in Kellogg. In 1981, when then-owners of the Bunker Hill at the time, Gulf Resources Corporation, went bankrupt, the mine shut down and 2,200 people lost their jobs. Following the bankruptcy, no one was held responsible for the cleanup costs until 1983, when the Bunker Hill smelter was added to the National Priorities List as a Superfund site by the United States Environmental Protection

Agency. Cleanup work has been going on in the region ever since. As of 2007, more than \$200 million worth of work has been done to reclaim and remediate the area around the Bunker Hill Mine site.

New state legislation originating from Coeur d'Alene could change the way mining companies operate in the state of Idaho.

House Bill 141, which was introduced by Rep. James Addis of Coeur d'Alene, was signed into law by Idaho Governor Brad Little on Tuesday.

This legislation was met with substantial support in both the Idaho House and Senate, but others in the state concerned about the environment worry that the bill could give too much leeway to mining companies — which may lead to taxpayers footing the bill for any cleanup efforts that are required if a mine suddenly shuts down.

Shoshone County is no stranger to this type of situation — where mining companies have suddenly packed up and someone else has been left with the cleanup operations.

In the more than 20-page document, the bill explains how it is designed to protect taxpayers in three specific ways:

- Requires mining companies to actively calculate their actual costs for environmental reclamation instead of using the current arbitrary (and possibly insufficient) \$15,000 flat fee per acre. This basically ensures that the proper amount of money is set aside for proper reclamation.
- Changes the existing laws to require companies to pre-calculate for the possibility of long-term water treatment and post-closure at a mine site, if need be.

- Mine operators are now given more flexibility in what type of collateral they can use as financial assurances for possible reclamation and rehabilitation costs. Companies would also be required to have their bond amounts and financial assurances reviewed to make sure that they are still accurate and substantial enough to cover any reclamation costs (this five-year process would continue until reclamation is certified as finalized).

According to the Idaho Conservation League's website though, it argues the bill is one that may be good in theory, but a step in the wrong direction for the state. It also cites a very specific example in the Triumph Mine.

"House Bill 141 would update bonding requirements for surface mines, as well as the surface elements of underground mines (i.e., tailings piles, waste rock and polluted wastewater discharges). These bonds would be designed to protect taxpayers if mining companies are absent, bankrupt or can't ensure long-term water quality treatment.

While the bill may be one step forward, it's two steps back. Under the bill, bonding could be satisfied with 'corporate guarantees', which would be worthless if companies declare bankruptcy. Mining companies have a bad reputation for taking the ore, leaving a mess, skipping town and leaving taxpayers with the cleanup costs. This year, the legislature is figuring out how to fund millions in long-term water quality treatment at the historic Triumph Mine, which the state now (unfortunately) owns.

There's a reason why federal rules don't allow for 'corporate guarantees' to satisfy bonding. Also, the proposed bonds would only require assurances for 30 years, after which they'd need to be re-upped by the Idaho Land Board; even when we know many mines will require water treatment into perpetuity."

While the ICL is directly opposed to the bill, there are several groups who support it by saying it encourages business and make it easier to open and close a mine.

The Idaho Freedom Foundation looks at bills such as HB 141 and gives them a positive or negative Freedom index rating based on key points. Out of five weighted points (on this specific bill), the group gave the bill a plus one.

One of the biggest questions asked that yielded favorably on the bill was, "Does it directly or indirectly create or increase any taxes, fees, or other assessments? Conversely, does it eliminate or reduce any taxes, fees, or other assessments?"

This was what they had to say:

"Under current law, a mining company must provide a bond to the state to ensure that when a company concludes a mining operation, there will be money to pay for reclamation efforts and mitigate the environmental impacts of the mine. Without a financial assurance that the land will be reclaimed, mining facilities could be left unremediated indefinitely, with open pit mines, slag piles, or tailings ponds.

While maintaining the requirement for financial assurance, HB 141 would give companies more flexibility in providing it. Rather than only using bonds, a company could use a surety bond, a corporate guarantee, a letter of credit, a certificate of deposit, or a trust fund.

By allowing companies more options to show proof that they can pay for reclamation efforts, HB 141 would make it easier for them to operate. For example, if a company has a letter of credit from an investor, it could start

operations without having to raise the capital required to show financial assurance. The creditor may offer the credit based upon the future profits of the minerals mined by the company."

Luke Russell, Hecla Mining Company's vice president of external affairs, expressed support for the bill and explained why he believes that the concerns over bankruptcies are misplaced. According to Russell, the monies for these cleanup procedures are already in place.

"The whole point of the financial assurance is if the company is not able to fulfill its obligation, that financial assurance is in place at full estimated cost of reclamation for the state to obtain those funds via the financial assurance to complete the reclamation," he said. "It (the bill) gives the flexibility for the state and the operators to provide financial assurance in the best way that works for everybody."

HB-141 will go into effect beginning on July 1, but shall not apply to mining operations currently permitted or authorized to commence operations prior to July 1; or any mining operation that has permanently ceased operations prior to July 1.

The Shoshone News-Press will continue to follow this legislation and reach out for comment from local legislators and government agencies.

The bills' full text can be found by visiting
<https://legislature.idaho.gov/sessioninfo/2019/legislation/h0141/>