

SUMMARY *of* PROCEEDINGS



JOINT MINERALS, BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

COMMITTEE MEETING INFORMATION

June 14 & 15, 2012
Riverton City Chambers
Riverton, Wyoming

COMMITTEE MEMBERS PRESENT

Senator Eli Bebout, Cochairman
Representative Tom Lockhart, Cochairman
Senator Hank Coe (June 14th)
Senator Stan Cooper
Senator Kit Jennings
Senator Chris Rothfuss
Representative James Byrd
Representative Michael Greear
Representative Hans Hunt
Representative Norine Kasperik
Representative Glenn Moniz
Representative Jim Roscoe
Representative Tim Stubson
Representative Dave Zwonitzer

COMMITTEE MEMBERS EXCUSED

Senator Hank Coe (June 15th)

LEGISLATIVE SERVICE OFFICE STAFF

Matt Obrecht, Staff Attorney
Kelley Schepp, Research Associate

OTHERS PRESENT AT MEETING

Please refer to Appendix 1 to review the Committee Sign-in Sheet for a list of other individuals who attended the meeting.

The Committee Meeting Summary of Proceedings (meeting minutes) is prepared by the Legislative Service Office (LSO) and is the official record of the proceedings of a legislative committee meeting. This document does not represent a transcript of the meeting; it is a digest of the meeting and provides a record of official actions taken by the Committee. All meeting materials and handouts provided to the Committee by the Legislative Service Office, public officials, lobbyists, and the public are on file at the Legislative Service Office and are part of the official record of the meeting. An index of these materials is provided at the end of this document and these materials are on file at the Legislative Service Office. For more information or to review meeting materials, please contact the Legislative Service Office at (307) 777-7881 or by e-mail at lso@wyoleg.gov. The Summary of Proceedings for each legislative committee meeting can be found on the Wyoming Legislature's website at <http://legisweb.state.wy.us>.

EXECUTIVE SUMMARY

The Joint Minerals, Business and Economic Development Interim Committee met for two days in Riverton. The Committee heard testimony from the Governor's Office on the development of a state energy policy, the Department of Environmental Quality, the Wyoming Infrastructure Authority, small-scale renewable Energy installers, the Wyoming Business Council, the Division of Banking, a representative of the trona industry, proponents of natural gas as a transportation fuel, the Wyoming Economic Development Association, the Wyoming State Geologist, municipal solid waste operators and related committees.

The Committee received the budget reduction plans of the Wyoming Business Council, the State Geologic Survey, and the Wyoming Infrastructure Authority.

The Committee voted to have legislation drafted for its consideration concerning amendments to the innocent landowner statutes, economic development initiatives concerning data centers, and banking division amendments.

CALL TO ORDER (JUNE 14, 2012)

Chairman Lockhart called the meeting to order at 8:00 a.m. The following sections summarize the Committee proceedings by topic. Please refer to Appendix 2 to review the Committee meeting agenda.

OVERVIEW OF BUDGET REDUCTION PLAN PROCESS

LSO staff provided the Committee with an overview of the Budget Reduction Process. Section 319 of the 2012 Budget Bill requires agencies to present their proposed 8% budget reduction plan to an assigned standing committee not later than July 1, 2012. The standing committee will comment on the agencies proposed budget reduction plan by September 1, 2012 and LSO will provide a uniform report on the budget reduction plans by September 15, 2012. If a standing committee rejects all or part of an agency's budget reduction plan, the standing committee must provide a recommendation of additional cuts to achieve the total 8% budget cut.

Though agencies budget reduction hearings were scheduled to begin on July 1, some agencies were ready to present their budget reduction plans to the Committee at this meeting. The Committee Chairmen agreed not to take any formal action on the presented budget reduction plans until the Committee's August meeting.

WYOMING INFRASTRUCTURE AUTHORITY

Bryce Freeman, Treasurer of the Wyoming Infrastructure Authority (WIA) Board and Loyd Drain, WIA Executive Director provided the Committee with an update on WIA activities (Appendix 3). They reported that the federal "rapid response team" on siting of transmission lines was providing tangible benefits. Mr. Drain reported on efforts to provide Wyoming wind generated electricity to California and discussed WIA's support of conversion technologies or new uses for traditional fuels to help diversify Wyoming's energy portfolio.

Mr. Freeman discussed WIA's proposed budget reduction plan (Appendix 3). WIA's 8% proposed budget reduction plan reduces funding from Budget Code 900 (Contractual Services) by \$67,566. This budget

cut will reduce the amount of funds available for consultant services and transmission line studies and reports.

DEVELOPMENT OF STATE ENERGY POLICY

Shawn Reese, Governor Matt Mead's Policy Director and Rob Hurless, Governor Mead's Energy Strategy Advisor, discussed the efforts of the Governor's Office to develop a State Energy Policy (Appendix 4). A group dedicated to development of the State Energy Policy met May 24th in Casper. The group started out with a vision statement from the Governor that "Wyoming will promote energy development balanced with stewardship of its natural resources for the highest benefit of its citizens." Mike Easley, Chief Executive Officer of PRECorp and Chairman of the Board of the WIA acted as the planning facilitator for the group. Mr. Reese stated that one principle developed at the meeting was the need for each state agency which is involved in any way in the energy arena to have a "clear line of sight" from their mission to the goals and objectives of the State Energy Policy. In the coming months, the Governor's policy advisors will continue to refine the strategy map and will continue to develop a parallel planning process. They are also working on a portal on the Governor's website for an energy policy clearinghouse. Mr. Reese stated that the State Energy Policy and the collection of baseline scientific data outlined in 2012 HB 90 will be essential as Wyoming continues to develop its energy resources in the 21st century. The State Energy Policy will be used to promote Wyoming Energy Resources but will also express Wyoming values to companies considering relocating to Wyoming. Chairman Lockhart expressed his desire that the Committee be represented at the State Energy Policy developmental meetings.

Mr. Hurless discussed letters written by Ron Harper, Chairman of the Clean Coal Task Force (CCTF), to the Chairmen of the Committee and of the Joint Appropriations Committee (Appendix 5). Mr. Hurless stated that the CCTF is seeking clarification on appropriations in the 2012 Abandoned Mine Lands bill (2012 HB 121) for a glass manufacturing study in Wyoming and the appropriate expenditure of funds for a commercial scale minerals to value added products facility. LSO staff discussed constitutional issues which arise when an executive branch agency requests guidance from a committee of the legislative branch on specific meaning of a statutory language. The Committee requested LSO staff draft response letters to the CCTF on the issues presented.

SMALL-SCALE RENEWABLE ENERGY

Members of the Wyoming Alliance for Renewable Energy and Energy Efficiency - Shannon Anderson from the Powder River Basin Resource Council (PRBC), Scott Kane of Creative Energies in Lander and Deb Theriault of Range Solar and Wind in Casper - discussed the importance of small-scale, off-grid renewable energy systems to Wyoming (Appendix 6). From 2009 through 2011, many Wyoming residents took advantage of the sales tax exemption for residential renewable energy installation. The State of Wyoming can promote residential scale renewable energy products through:

- State Tax Incentives – Renewal of the State Sales Tax Exemption
- State Grant Program
- State Purchasing and Use of Renewable Systems
- Promoting Education and Training
- Improvements to Wyoming's Net Metering Rules

Mr. Kane and Ms. Theriault suggested that Wyoming's net metering statutes¹ could be improved by: 1) Implementing a higher cap allowed for net metering systems which are currently restricted to 25 kilowatt; and 2) allow aggregation of multiple meters from one renewable energy installation.

Jeff Hohn, General Manager of High Plain Power, stated that the Wyoming Rural Electric Association supports the choice of member-owners to install small renewable energy facilities, but opposes changes to the net-metering law and state subsidization of small scale renewable energy facilities (Appendix 7).

WYOMING BUSINESS COUNCIL

Mike Martin, Wyoming Business Council (WBC), discussed the report on WBC's Wyoming Partnership Challenge Loan Program (Appendix 8). Mr. Martin stated that due to the current commercial lending environment, utilization of the program has slipped slightly. Mr. Martin suggested possibly tweaking the interest rate charged to make the program more competitive. A possibility may be to issue loans under the program with a variable interest rate which is capped at 4%.

Ryan Whitehead, Small Business Investment Credit (SBIC) Program Manager, discussed the SBIC (Appendix 9). Mr. Whitehead stated that Enhanced Capital Wyoming Fund, LLC had been approved as a SBIC company. That company is currently in the process of finalizing investments with insurance companies licensed in Wyoming with tax liabilities. Mr. Whitehead is working with WBC Regional Directors to promote the SBIC across Wyoming.

Bob Jensen, CEO of WBC and Molly Spangler, Investment Ready Communities Director, discussed WBC's proposed 8% budget reduction plan (Appendix 10). WBC is proposing budget cuts of \$3,148,800.00. Of that budget reduction proposal, the vast majority of the reduction will come from the Community Facilities Program (\$2,987,600.00). This program provides grants to communities to convert vacant school buildings to community facilities. Mr. Jensen stated that many buildings in communities with a need of a community center have already taken advantage of this program to convert a vacant school to a community center. Mr. Jensen also noted that in many instances, it may actually be cheaper to build a new community center than to convert an existing vacant school.

DIVISION OF BANKING

Albert Forkner, Commissioner of the Wyoming Banking Division, discussed statutory changes proposed by the Banking Division (Appendix 11). The Banking Division proposed legislation: 1) resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act; 2) Clean-up and updating of the Uniform Consumer Credit Code; 3) Clean-up and updating of the Money Transmitter Act; 4) Authorization to use a nationwide licensing system; and 5) Relinquishment of Regulation Z exemption. LSO staff was directed to work with the Banking Division to develop legislation for the Committee's consideration at its August meeting.

TRONA INDUSTRY IN WYOMING

Randy Pitts of Tata Chemicals gave an overview of the economic impact of soda ash to Wyoming, the future of the trona industry and discussed Tata's allocation of capital into Wyoming trona mining. Sweetwater County has the largest deposit of trona in the world. Half of the trona mined in Wyoming is sent overseas, with the majority being used in China. Most, if not all, of the soda ash industry growth will

¹ W.S. 37-16-101(a)(vii) defines "net metering" as "measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator that is fed back to the electric utility over the applicable billing period".

occur overseas. Tata Group is an Indian based multinational corporation in which Tata Chemicals is a subsidiary. Tata Chemicals has invested heavily in its Wyoming trona operations and is bullish on the future of trona mining. Tata has a long term vision for soda ash which Mr. Pitts states is a change from some previous owners of the mining operation.

NATURAL GAS AS A TRANSPORTATION FUEL

Rep. Roscoe and Paul Ulrich, EnCana, discussed advancement and support of natural gas powered vehicles in Wyoming. Mr. Ulrich stated that the current goals are education and outreach for natural gas vehicles. There has recently been a private compressed natural gas filling station constructed in Riverton. There are currently four more filling stations planned in the state, with two stations set to open early in the fall. There are many natural gas vehicle conversions occurring in Wyoming right now, led by the state, UW, the community colleges and local school districts. Mr. Ulrich thanked the Committee for its legislative support of natural gas powered vehicles. Rep. Roscoe stated that the Committee and the state can do more to support natural gas as a transportation fuel. Such support will be rewarded by adding value to natural gas, an abundant Wyoming product, and also helping to secure American's energy supply.

Mark Larson, Petroleum Marketers' Association, stated that the Marketer's Association is starting to come on board to install natural gas pumping facilities.

DEPARTMENT OF ENVIRONMENTAL QUALITY

John Corra, Director of DEQ appeared before the Committee to discuss DEQ current items of interest. Mr. Corra and Jeremiah Williamson of the Attorney General's Office testified on the issuance of General Permits following the passage of 2012 SF 85 (Appendix 12). DEQ has been issuing general permits for water quality and pesticide and has been looking to expand the practice into such areas as air quality. Litigation continues on general permits, but is being driven primarily by ancillary issues.

Mr. Corra provided the Committee with a history of Greenhouse Gas (GHG) (Appendix 13). Mr. Corra stated that DEQ has developed rules on GHG regulations which are no more stringent than the rules of the Environmental Protection Agency. DEQ has received permit applications for GHG emissions. Until the DEQ GHG regulations become effective, which will require an additional act of the Wyoming Legislature, regulated industries and activities in this state are required to obtain air quality permits from both EPA and DEQ. Mr. Corra is in support of legislation to authorize the State to take primacy of GHG regulations in Wyoming.

Mr. Corra next described the regulation of municipal water well plugging. Mr. Corra acknowledged the discrepancies between plugging private and public source water wells. Mr. Corra will meet with Pat Tyrell, State Engineer, to discuss possible changes in regulatory responsibility for plugging water wells.

DEQ will present Innocent Landowner Amendment draft legislation at the Committee's next meeting.

PUBLIC COMMENT

Joel Bousman, Wyoming County Commissioners Association President, discussed development of legislation to develop county land use plans which the federal government will consider in their land use planning decision process. Mr. Bousman would also like to explore development of a program to catalog economic assets within a county. Mr. Bousman will present his ideas in a further developed format at a later meeting of the Joint Subcommittee on Federal Natural Resource Management.

Shawn Reese discussed the potential impact of the EPA emission rule known as the "New Source Rule" on Wyoming. The rule will restrict emissions of CO₂ to 1000 tons per megawatt of energy generated. This proposed rule will not only preempt construction of new coal fired electrical generation facilities, it will also stymie development of clean coal technologies.

Mr. Reese and Chairman Lockhart discussed their recent trip to China.

MEETING RECESS

The Committee recessed at 5:30 p.m.

CALL TO ORDER (JUNE 15, 2012)

Chairman Bebout called the meeting to order at 8:00 a.m. The following sections summarize the Committee proceedings by topic. Please refer to Appendix 2 to review the Committee meeting agenda.

WEDA PROPOSED LEGISLATION

Scott Sutherland of the Wyoming Economic Development Association (WEDA) presented the Committee with three ideas for potential legislation: 1) Amend the term discrepancy in the data center buy-down program (W.S. 9-12-601); 2) Allow co-located data centers to obtain the data center sales tax exemption under W.S. 39-15-105(a)(iv); and 3) Move the sunset date of the railroad sales tax exemption further into the future (W.S. 39-15-105(a)(viii)(Q)). The Committee directed LSO staff to draft legislation for the first two listed proposals.

WYOMING GEOLOGICAL SURVEY

Tom Drea, Wyoming State Geologist presented the Committee with an update on minerals and mining in Wyoming and presented the Committee with the Geological Survey's budget reduction plan (Appendix 14). Mr. Drea stated that Wyoming produces 40% of all American coal, with 18 active mines in 5 counties. Additionally, Wyoming leads the nation in trona production, and has vast reserves and producing resources of natural gas, bentonite, uranium and petroleum. Wyoming also has untapped reserves of rare earth minerals, gold, iron, platinum and diamonds.

The Geological Survey proposes to meet its 8% budget reduction by not filling two currently unoccupied geoscience positions. This will result in a budget reduction of \$220,877.00.

PAVILLION WATER

John Corra, Director of DEQ, gave a short update on the Pavillion water contamination. Testing on the potentially polluted wells by both the Environmental Protection Agency and the DEQ is ongoing. The State has offered to install cisterns for those properties which do not have a drinking water well with safe water.

UPDATES FROM RELATED SELECT COMMITTEES AND SUBCOMMITTEES

Sen. Cooper reported that the Nuclear Energy Task Force had a productive meeting in April and would meet again in August in junction with the Committee's meeting in Casper.

Sen. Jennings and Rep. Greear stated that the Select Committee on Resident Contractor Preference laws had met in Casper in May. The meeting was opened up for all interested parties to discuss their issues with the current state of the contractor preference laws. Sen. Jennings stated that the Select Committee has placed the onus on resident contractors to develop a solution to the contractor preference law issues.

Chairmen Bebout and Lockhart discussed the Joint Subcommittee on Federal Natural Resource Management and the Energy Producing States Coalition. The Joint Subcommittee met May 14th in Rock Springs. The meeting focused on a possible transfer of land surrounding the Seedskaadee National Wildlife Refuge from management by the Bureau of Reclamation to the United States Fish and Wildlife Service. Joint Subcommittee members have expressed their concern that such a transfer would restrict the land in question to a single use (wildlife) from its current management for multiple uses. The Joint Subcommittee also heard testimony on BLM Resource Management Plans, and concerns from interested parties on federal land management issues. The Joint Subcommittee will recommend legislation to this Committee or the Joint Agriculture, State and Public Lands and Water Interim Committee.

The Energy Producing States Coalition (EPSC) met May 3, 2012 in Houston, Texas. Chairmen Bebout and Lockhart attended the meeting. Both expressed disappointment that no legislator from the host state attended the meeting. While supporting the mission of the EPSC, the Chairmen expressed frustration with the lack of interest from other states.

OIL AND GAS ACTIVITY

Bruce Hinchey, President of the Wyoming Petroleum Association, discussed the current oil and gas activity in the state. The number of drilling rigs in the state was down slightly from the same time last year. Mr. Hinchey discussed the impact the BLM fracking rule would have on Oil and Gas drilling in Wyoming. Mr. Hinchey believes the rule is duplicative of the rules of the Wyoming Oil and Gas Conservation Commission and not necessary.

Shawn Reese, Governor Mead's Policy Director, stated that the current timeframe on drilling on BLM land in Wyoming is 5-8 years for an Environmental Impact Statement and 2-18 months for a drilling permit. The proposed BLM hydraulic fracturing rules would unnecessarily increase the length of these delays. Mr. Reese pointed out that the Wyoming Oil and Gas Conservation Commission hydraulic fracturing disclosure rules apply to BLM lands in Wyoming by agreement.

MUNICIPAL SOLID WASTE

Carl Anderson, Administrator of the DEQ Solid Waste Division, provided the Committee with a report on the Landfill Remediation Reserve Account (Appendix 14). Mr. Anderson stated that DEQ was currently working to develop the priority list of polluted and leaking solid waste landfills which should be addresses first pursuant to 2011 Session Law Chapter 58. The priority list is due to the Legislature on or before December 31, 2012.

Glenn Sugano and Myron Heny of the Governor's Citizen Advisory Committee on Solid Waste Management (CAG) provided the Committee with a letter stating CAG's position and preference for the use on funds in the Landfill Remediation Account. CAG would like to have waste transfer activities included as activities which qualify as "remediation" for purposes of funding from the Landfill Remediation Reserve Account. CAG would also like the Water and Waste Advisory Committee to oversee the landfill remediation program.

PUBLIC COMMENT

The Committee received public from Marion Loomis of the Wyoming Mining Association on the possibility of sharing mineral data and from Richard Garrett of the Wyoming Outdoor Council on BLM hydraulic fracturing rules.

MEETING ADJOURNMENT

There being no further business, Chairman Bebout adjourned the meeting at 1:00 p.m. The Committee received testimony from Chairmen or members of related and reporting select committees or subcommittees.

Respectfully submitted,

Eli Bebout, Chairman

Committee Meeting Materials Index

Appendix	Agenda Item	Appendix Description	Appendix Provider
1	Committee Sign-In Sheet	Lists meeting attendees	LSO
2	Committee Meeting Agenda	Provides an outline of the topics the Committee planned to address at meeting	LSO
3	WIA	Current activities of the Wyoming Infrastructure Authority/ Budget Reduction Plan	WIA
4	State Energy Policy	Documents on Development of State Energy Policy	Governor's Office
5	Letters from SER/CCTF	Requesting Legislative Guidance on 2012 HB 121	UW - CCTF
6	Small Scale Renewable Energy Projects	Presentation on Small Scale Renewable Energy Projects	PRBRC & Small Scale Renewable Energy System Installers.
7	Small Scale Renewable Energy Projects	Position of WREA on Small Scale Renewable Energy Projects	WREA
8	WBC	Report required by W.S. 9-12-306	WBC
9	WBC	Small Business Investment Credit Program Report	WBC
10	WBC	WBC Budget Reduction Plan	WBC
11	Division of Banking	Proposed Legislation	Division of Banking
12	DEQ	General Permits	DEQ
13	DEQ	GHG Update	DEQ
14	DEQ	Landfill Remediation Reserve Account	DEQ
15	DEQ	Letter from Governor's Citizens Advisory Committee on Solid Waste Management	CAG