

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 673 w/CS Mining Activities; Explosives

SPONSOR(S): Barreiro, Arza, and others

TIED BILLS: **IDEN./SIM. BILLS:** CS/CS/SB 472

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Judiciary	18 Y, 0 N w/CS	Birtman	Havlicak
2) Insurance		Cheek	Schulte
3) Appropriations			
4)			
5)			

SUMMARY ANALYSIS

This bill creates the "Florida Construction Materials Mining Activities Administrative Recovery Act," which provides an exclusive administrative remedy for recovery of damages to real or personal property caused by the use of explosives in connection with construction materials mining activities. The administrative remedy provided in the bill preempts any claims, recovery, or similar procedure of any subdivision of the state. The administrative remedy includes mandatory, nonbinding mediation; an optional expedited summary administrative hearing; an optional formal administrative hearing; the right to appeal to the district court of appeal; and limited recovery of costs and attorney's fees. Applicability of the bill is limited to claims filed after the effective date of the act.

The bill does not appear to have a substantial fiscal impact on state or local government.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0673b.in.doc

DATE: March 26, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

To the extent that the bill creates a new administrative remedy, it would appear that the size of government is not reduced.

B. EFFECT OF PROPOSED CHANGES:

Background

Construction Materials Mining

Large quantities of limestone aggregate and other materials that are mined in Florida are used in the construction of roads, highway embankments, and pavements. Mines in Dade County provide an estimated half of the limestone aggregate used by the State Department of Transportation, other governmental entities, and the construction industries for their projects. The aggregate and other materials are mined using explosives.

The use of explosives in mining activities is regulated by the federal, state, and to a lesser extent, local governments. On the federal level, Title 30 of the U.S. Code and its various implementing regulations establish the basic safety, health, certification, reporting, and environmental requirements for the use of explosives in mining operations. In Florida, chapter 552, F.S., governs the requirements and the enforcement for the manufacture, distribution, and use of explosives. Chapter 4A-2 of the Florida Administrative Code sets out the rules regarding construction materials mining activities related to permits, ground vibration limits, air blast, time and date of explosives use, reporting requirements, disciplinary actions, and peak particle velocity.

The State Fire Marshal

The State Fire Marshal has the sole and exclusive authority to promulgate standards, limits, and regulations regarding the use of explosives in conjunction with construction mining materials. The Division of the State Fire Marshal has the authority to restrict the quantity and use of explosives at any state location if it is determined the use of such explosives is likely to cause injury to life or property. In making such restriction, the Division shall consider the distance of blasting activity to structures, the use, and occupancy of structures near blasting activity, the geology of the area, and the type of construction use in structures near blasting activities.

The State Fire Marshal has sole and exclusive authority to promulgate standards, limits, and regulations regarding the use of explosives in conjunction with construction materials mining activities. "Construction materials mining activities" includes the extraction of limestone and sand suitable for production of construction aggregates, sand, cement, and road-based materials by any person or company primarily engaged in the commercial mining of any such materials.

Remedies for damages caused by the use of explosives:

Liability in connection with the use of explosives may be predicated on negligence, nuisance, the violation of a statute or ordinance, or on strict liability. According to the St. Petersburg Times (see "Mining blasts away at Glades' future," St. Petersburg Times; May 9, 2001) homeowners' groups are filing suit against mining companies alleging that the blasting done by the mining companies is damaging their homes. Currently, there is a class action suit involving a group called "Citizens Against Blasting," which involves approximately 200 individuals with claims averaging between \$5,000-\$7,000. The bill will not affect any claim filed in any tribunal before the effective date of the act. Therefore, the bill will not impact the class action suite.

Effect of Proposed Changes

The bill creates the Florida Construction Materials Mining Activities Administrative Recovery Act, which establishes an exclusive administrative process within the Division of Administrative Hearings (DOAH) for recovery of damages to real and personal property caused by construction materials mining activities. The act does not apply to any claim seeking redress for personal injury, emotional distress, or punitive damages. As relates to claims, recovery, or other similar procedure, this act preempts the authority of municipalities, counties, or other local governmental entities to regulate matters relating to explosives. The act sets forth the following administrative process:

- **Filing**
 - ✓ Provides that a person may initiate an administrative proceeding by filing a petition and paying a \$100 fee within 180 days after the occurrence of the alleged damage.
- **Petitioners with annual income less than 150% of the federal poverty guidelines**
 - ✓ Provides that if the petitioner submits an affidavit stating that their annual income is less than 150 percent of the federal poverty guideline, the filing fee must be waived. The respondent is required to pay the full cost of mediation, and the petitioner is not responsible to pay attorney's fees and costs if they do not prevail.
- **Order of assignment**
 - ✓ Provides that within 5 days of receipt of the petition by DOAH, the division shall issue an order assigning the case to a specific administrative law judge and advise that a summary hearing is available and that a mandatory, non-binding mediation is required prior to a summary or final administrative hearing.
- **Mediation**
 - ✓ Provides that the administrative law judge shall issue an order directing mediation pursuant to the Florida Rules of Civil Procedure. The parties are required to jointly select a mediator and location; if they fail to do so within 30 days, the administrative law judge will do so for the parties. The petitioner and respondent each pay half of the cost of mediation. Mediation must be concluded within 60 days of designation of the mediator unless the parties mutually agree otherwise.
- **Formal administrative hearing**
 - ✓ Provides that if the parties do not reach an agreement within 30 days after the conclusion of mediation, the matter may be set for a formal administrative hearing.

- **Summary hearing**
 - ✓ Provides that In lieu of proceeding directly to a formal administrative hearing, the parties may agree to file a petition for a summary hearing. The petition must be filed within 15 days after the conclusion of the unsuccessful mediation. The hearing, governed by s. 120.574, F.S., must be held in the county where the alleged damage occurred.

- **Damages**
 - ✓ If the administrative law judge finds that the preponderance of the evidence presented demonstrates that the petitioner's damages were caused by the respondent's use of explosives, the final order shall reflect precise findings and direct the respondent to pay an amount supported by the findings. Damages shall be paid within 30 days after the final order is issued, unless the matter is appealed. If the respondent fails to pay within 30 days of the final order or appellate mandate, the petitioner may request that the damages be paid from the security bond and have a judgment entered for any amount not satisfied by the security bond. If the administrative law judge finds that the preponderance of the evidence demonstrates that the petitioner's damages were not caused by the respondent's use of explosives, the final order shall set forth precise findings as to the lack of responsibility of the respondent.

- **Attorney's fees and costs**
 - ✓ The prevailing party is entitled to the recovery of taxable costs for the administrative proceedings, including expert witness fees. The prevailing party is also entitled to recover reasonable attorney's fees, if the administrative law judge determines that the claim or defense of the non-prevailing party: was not supported by the material facts necessary to establish the claim or defense; would not be supported by the application of then-existing law to those material facts; or was brought or advanced primarily to harass, cause unnecessary delay, for frivolous purposes, or to needlessly increase the costs incurred by the opposition. The losing party has 120 days to pay attorney's fees and taxable costs assessed.

- **Appeal**
 - ✓ Either party may appeal to the district court of appeal with jurisdiction over the county where the hearing was held. The payment of any award is stayed during the pendency of the appeal.

- **Filing fees**
 - ✓ Filing fees are to be deposited into the Administrative Trust Fund of DOAH to defray the expenses and costs associated with the administration of the act.

- **License requirement**
 - ✓ Currently, users of explosives are required to possess a valid license or permit issued by the Division of the State Fire Marshal. The bill requires the posting and maintenance of a bond or letter of credit as security as a prerequisite to obtaining or renewing a valid user license. Evidence of compliance with this section must be maintained as a part of required records maintenance in accordance with s. 552.112, F.S. The amount of the bond must not be less than \$100,000. The bond or letter may be released when the user license expires or 181 days after the final use of explosives under the license occurs, whichever is later, if the user of explosives has not been identified as the respondent in any pending claim for damages.

- **Definition**

- ✓ Changes the definition of “construction materials mining activities” to include road based materials for shipment offsite.

C. SECTION DIRECTORY:

Section 1: Amends s. 552.30, F.S., to change the definition of “construction materials mining activities” as it relates to the State Fire Marshal’s exclusive authority to promulgate standards regarding the use of explosives.

Section 2: Creates s. 552.32, F.S., the “Florida Construction Materials Mining Activities Administrative Recovery Act.”

Section 3: Creates s. 552.34, F.S., providing for legislative findings and public purpose.

Section 4: Creates s. 552.36, F.S., providing for exclusive jurisdiction of DOAH.

Section 5: Creates s. 552.38, F.S., providing for a security requirement.

Section 6: Creates s. 552.40, F.S., providing for the administrative remedy for alleged damage due to the use of explosives in connection with construction materials mining activities.

Section 7: Creates s. 552.42, F.S., providing for appeal.

Section 8: Creates s. 552.44, F.S., providing that this act does not affect any claim filed in any tribunal before the effective date of the act.

Section 9: Provides that the act becomes effective upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill requires a \$100 filing fee to be paid into the Administrative Trust Fund of DOAH. It is unknown how many petitions for damages due to the use of explosives in connection with construction materials mining activities will be filed.

2. Expenditures:

The \$100 filing fee is to be used to defray the expenses and costs associated with the administration of the act.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill may provide a more cost-effective, expedient, and mutually beneficial administrative remedy to the traditional judicial process. It is unknown how many properties have allegedly been damaged, or will be damaged, by the use of explosives in connection with construction materials mining activities. It is also unknown how many of those who petition will also have annual incomes less than 150 percent of the federal poverty guidelines, which would entitle such persons to have filing fees waived.

Users of explosives will be required to post a bond or letter of security.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require the counties or cities to spend funds or take action requiring the expenditure of funds.

2. Other:

Access to Courts: The Florida Constitution provides that the courts shall be open to every person for redress of any injury, and justice shall be administered without sale, denial, or delay. Where citizens have enjoyed a historical right of access to the courts, the Legislature may only eliminate a judicial remedy under two circumstances: (1) a valid public purpose coupled with a reasonable alternative or (2) overriding public necessity. In this case, both a formal and an expedited administrative process with attendant due process protections have been provided.

B. RULE-MAKING AUTHORITY:

Section 5 of the bill creates s. 552.38, F.S., relating to the bond or letter of credit required as a prerequisite for obtaining or renewing a valid user license. Section 552.38(3), F.S., allows the State Fire Marshal to adopt rules for the administration of this section.

C. DRAFTING ISSUES OR OTHER COMMENTS:

On line 237 the term "decision" is used incorrectly in lieu of the appropriate "final order" for purposes of an appeal.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 12, 2003, the Judiciary Committee adopted 4 main amendments and 1 amendment to the amendment, all of which are incorporated in the committee substitute, as follows:

- Amendment 1 extends the security requirement to persons who obtain or renew a valid license or permit pursuant to s. 552.30, F.S., and allows multiple licenses and permit holders to maintain a single bond in the aggregate amount of not less than \$100,000.
- Amendment 2, as amended, deletes the limit on attorney's fees and provides that the prevailing party is entitled to recover taxable costs and reasonable attorney's fees in enumerated circumstances.

- Amendment 3 clarifies that the name and address of the applicable user license or permit holder must be included in the petition.
- Amendment 4 corrects terminology regarding the appeal process.