

The Hardrock Mining and Reclamation Act (HR 2262)

Energy and Minerals Resources Subcommittee
Committee on Natural Resources
United States House of Representatives

Statement of Elaine Barkdull Spencer, Executive Director
Elko County Economic Diversification Authority

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Elko, Nevada

Mr. Chairman and Members of the Committee –

My name is Elaine Barkdull Spencer. I am the Executive Director of Elko County Economic Diversification Authority and the former CEO of the Elko Area Chamber of Commerce. First of all, I would like to thank the Subcommittee for inviting me to participate in this public hearing on the Hard Rock Mining and Reclamation Act of 2007. Most importantly, I would like to thank Senator Reid for his many years of advocacy and leadership on mining law reform issues. Without his diligent efforts to stop unfair attacks on Nevada's mining industry, it is unlikely that Nevada would even have a viable mining industry to discuss with you today.

I appreciate the opportunity to speak on the impacts of mining on communities such as those I represent in Elko County. In my position at the helm of ECDA, I am very familiar with the impacts of mining on local businesses and the economies of mining communities, but my experience with mining is a lifelong. I am a native Nevadan and have lived in more than a handful of the cities and towns in this great state. My family has lived in Nevada for generations and our heritage is directly related to mining. My mother's family started in Nevada as prospectors, my father worked as a heavy equipment operator for several mines throughout the state. To save money for college I worked for a barite mine near Battle Mountain. Today I have two sons who work in mining. My oldest son is an electrician at a mine in Washington. A Nevada mine helped to pay for his college education and his electrical certification. My younger son is only 25 years old and is a mill supervisor for Round Mountain Gold near Tonopah, Nevada. I am very proud of both my sons' accomplishments and I credit the mining industry for the opportunities they have offered my family. While I may have personal reasons for being an advocate for mining, as a community representative I have high respect for any industry that gives back to the community.

Mining represents a substantial asset to the State of Nevada. Last year Nevada mines exported billions of dollars worth of precious metals. Mines are the largest employers in at least six of Nevada's counties and the average miner can make an average of \$68,000 a year. The economic impacts of mining can easily be identified by the thousands of great paying jobs they offer, the local goods and services utilized by the industry and their employees, plus the millions of dollars in net proceeds of mines taxes, sales taxes, employee taxes and numerous other taxes and fees that benefit this great State and the counties where mining occurs. This revenue is absolutely critical to the annual budgets of these rural counties.

Mining continually gives back to the communities where they exist. Our local mines have contributed city infrastructure, parks and schools. Recent contributions from the mines include a partnership with the community for the new community health clinic, major contributions to Great Basin College's infrastructure, new facilities and specific training programs, plus many years of support for communities' children's programs and special community needs.

In addition to the obvious economic benefits of mining, I would like to explain the role mining plays in the diversification efforts of mining communities. Our local mines support ECEDA (Elko County Economic Diversification Authority), a private-public partnership. Representatives serve on our Board and contribute to studies and programs. Most notably, mining companies have played a major role in developing sustainable communities and the job skills of the people that live in those communities. Because of mining, Elko County has become an attractive community to new types of industry. Our strong economy has allowed us to do long-term planning for the future. The expanded infrastructure and resources, including industrial parks, expanding housing developments and new retail growth are all due to mining.

Elko County is growing and thriving. Norman Crampton listed the City of Elko as the number-one "Best Small Town, in his 1993 book, the 100 Best Small Towns in America. This recognition was based on quality of life, good jobs, cost of living, good schools and high levels of public safety. The City of Elko wore this badge with pride and we contributed our advantages to the gold mining industry.

Chairman Costa and members of the Committee, I have read through HR 2262 and I am concerned about what it will do to Nevada's economy. I am particularly concerned about the potential impacts of the proposed 8% net smelter return royalty called for in the legislation. For Nevada's gold miners, a net smelter return royalty is basically the equivalent of a gross royalty, and a gross royalty would create an enormous financial burden on the State's mining industry. Since gold is traded on the commodities market, none of this additional financial burden can be added to the price of the gold that is sold. All of the royalty costs will have to be absorbed by the mining companies and this will have a direct adverse impact on the amount of mining tax revenue that flows to the State and to

the counties. There will be less investment in mining, and fewer exploration and mining jobs. New projects will be shelved; expansion plans put on hold or cancelled entirely. Secondary impacts will be felt throughout the entire community. Mr. Chairman, you will hear more detail about the impacts of the proposed royalty in H.R. 2262 from Mr. Fields and Dr. Dobra later in this hearing. Having spoken with many of the miners in this community who are very familiar with the legislation before you today, I am convinced that this bill will make mining in the United States less competitive. If the resources our country needs can no longer be affordably mined from our own land - they will be imported from more affordable locations in other countries. This would be a disservice to our country, a threat to the integrity of our strategic metals and minerals supply and a devastating blow to the rural economies of the Western United States, which depend on mining for their economic security.

We Nevadans are not mindless people that will allow unsafe mining practices and destruction of public lands. We demand the best for our communities, our state and our people. We believe our local mining industry goes above and beyond legal and regulatory requirements, embraces its responsibility as stewards of the public lands, and serves our community as thoughtful and generous corporate citizens. As a state we are fortunate to have an industry, such as mining, that will pay its employees well, provide exceptional benefits, and positively impact rural areas with opportunities and strong, sustainable economies. I come before you today to ask that you work with Nevada's senior Senator and our mining companies to develop a fair, reasonable and workable mining law reform package that will provide the long-term certainty and stability needed to protect existing investments and to attract new capital and not harm these communities which are so dependent on a healthy and sustainable mining industry. Mr. Chairman, the importance of mining to our national security, our economy and even our way of life is at stake in this debate.

Thank you again for the opportunity to speak today on behalf of Elko County's Economic Diversification Authority.