



EUREKA COUNTY BOARD OF COMMISSIONERS

J.J. Goicoechea, Chairman ♦ Mike Sharkozy, Vice Chair ♦ Rich McKay, Member

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May 10, 2022

Nevada Congressional Delegation members

The Honorable Senator Catherine Cortez Masto

The Honorable Senator Jacky Rosen

The Honorable Congressman Mark Amodei

The Honorable Congressman Steven Horsford

The Honorable Congresswoman Dina Titus

The Honorable Congresswoman Susie Lee

The Honorable Congressman Raul Grijalva, H.R. 7580 Sponsor

Subcommittee on Energy and Mineral Resources

The Honorable Congressman Alan Lowenthal, Chair

The Honorable Congressman Pete Stauber, Ranking Member

Via email

RE: Opposition to Clean Energy Minerals Reform Act of 2022

Dear Honorable Senators and Congressmembers:

The Eureka County Board of Commissioners is concerned with and opposes H.R. 7580, Clean Energy Minerals Reform Act of 2022.

Federally administered lands make up nearly 81% of Eureka County's land base. The majority of the County's employment is in the natural resources sector—mining, farming, and ranching—and our community's viability, economically and socially, is nearly fully dependent on business and recreational activities conducted on or in concert with federal lands. Currently, mining and mining related industry make up the bulk of our local socioeconomic stability. It is imperative that Congress engage and coordinate with local governments and communities so reliant on mining in the preparation of any legislation that would affect mining. This has not occurred with H.R. 7580.

Minerals are essential to our economy, livelihood, standard of living and national security. Nearly every facet of our lives depends on minerals including renewable energy, national defense equipment, agriculture and household items. The U.S. mining and minerals industries operate in a highly competitive global economy. The search for new mineral deposits occurs around the globe. Major mining companies operate internationally and weigh many factors in determining whether the potential return on mineral investment is worth the geologic, economic and political risk. Mining creates new wealth and provides

high paying jobs with indirect and induced benefits going even further. As mining companies weigh mineral potential, economic, and political risk, they will invest in mineral development where they can obtain access to the land, reasonable regulatory approvals, access to capital, and access to the resources necessary to build and operate a mine including a quality workforce. The Clean Energy Minerals Reform Act of 2022 disincentivizes domestic mineral development and pushes development to other countries threatening the national security of the U.S. and the stability of communities dependent on mining.

The Clean Energy Minerals Reform Act of 2022 is based on a specious claim that since mining does not pay a federal royalty that mines do not pay their “fair share.” However, mines pay every local, state, and federal tax any other business pays and in Nevada also pay a net proceeds tax on minerals. These tax revenues, especially during mining peak periods, are what allow very rural, frontier counties like Eureka County to invest, build and sustain the important services and amenities to ensure a quality of life for our residents and more importantly, our youth, especially in times of mining decline. In addition to substantially funding many of our capital improvement and public works projects, many of the other things such as school facilities and education events, cultural opportunities, recreational facilities, emergency and fire response, and natural resources management are all, at least partially, subsidized with mining taxes. Imposing any federal royalty on minerals, let alone a gross royalty, would undoubtedly have negative effects on our state by reducing the net proceeds of mines tax revenues.

Regardless of the impacts to state, county and school district revenues, imposing a federal royalty on mines would reduce the total tax revenues accrued in the State due to secondary and cascading negative effects. This would have a major chilling effect on exploration and pursuit of small or marginally profitable mines where there are huge upfront investments before there is ever a return. It takes mines many years, even larger operations, to turn a profit after recovering upfront investments. Mining carries more risk than other typical business enterprises. It is difficult to know in advance the exact production, quantity, and quality of the minerals to be mined. There are extremely long lead times between exploration, defining a mineable resource, permitting, and actual production. It is difficult to project what mineral prices will be after production and then sale. The risks, especially with a gross royalty, would preclude many mines from even pursuing a project. Many small mines take years of mining post-permitting to eventually make a profit. A gross royalty would be a death knell for mining and especially small or marginal mines. In addition, pure economics dictates reduction in discretionary spending by mining companies to ensure continued profits and returns. Discretionary funding likely be reduced includes employee pay, employee benefits, educational programs, community gifting programs, charitable contributions, and local event support.

Regarding the environmental considerations in the bill, these are duplicative, burdensome, and unnecessary. Mining is heavily regulated already through a plethora of laws and regulations including many state requirements and all mining Plans of Operations go through extensive environmental analyses through the National Environmental Policy Act. In fact, completing the federal and state environmental requirements currently in place to permit a mine takes many years and often a decade or longer. H.R. 7580 would also add an “undue degradation” requirement defined as “irreparable harm to significant scientific, cultural, or environmental resources on public lands” but this definition is so open-ended and subjective that “undue degradation” could be found on every mining project ever pursued. This provision alone shows that H.R. 7580 is not really about “reforming” mining but instead about shutting mining down.

Finally, the drastic change from a locatable claim-based system to a leasing system would be fraught with issues and would threaten to “take” valid existing rights. Our entire realty, land status, and recordation system for mining in Nevada is based on mining claims. Transitioning to a lease system would create a huge administrative and fiscal burden on county assessors and recorders, let alone state land status record systems. Further, as we have already noted, the process to define a viable mineral resource then permit and develop into a profitable project is often decades long. This seemingly interminable timeline is not conducive to a leasing system. Converting to a leasing system would undoubtedly add to uncertainty and chill mining development. Perhaps that is truly the goal of proponents of H.R. 7580.

In closing, we do believe that there is always room for improvements in how minerals are responsibly developed. However, it is our belief that H.R. 7580 does not improve the way mining occurs but instead would severely reduce, delay, and even preclude mining. This is not sound public policy and threatens the competitiveness and security of the U.S. in the world. H.R. 7580 would have an outsized, negative impact on rural communities like Eureka County. Please oppose and reject H.R. 7580.

Respectfully,



J.J. Goicoechea, DVM, Chairman
Eureka County Board of Commissioners