

Opening Statement of
The Honorable Barbara Cubin
Chairman, Subcommittee on Energy & Mineral Resources
Oversight Hearing
on
Effect of Mining Claim Fees on Domestic Exploration: *Are they worth it?*
March 29, 2001

The Subcommittee meets today, in our oversight capacity to review the Bureau of Land Management's handling of the mining law administration program supported by claim fees. Since 1993, hardrock mining claim holders have been required to annually pay \$100 per lode claim, placer claim or millsite which they wish to hold for the following year. Holders of ten or fewer claims nationwide may elect to perform the traditional assessment work requirement rather than pay this fee.

This so-called holding fee will expire after the collection due this September 1st unless reauthorized. The current authorization is a product of an interior appropriations act "rider" from fiscal year 1999. Prior to this time the fee was levied upon miners via the 1993 budget reconciliation act, and initially it was a product of another appropriations bill.

A somewhat unusual aspect of the claim holding fee is that the BLM collects the funds from the miners but does not deposit them into the general treasury for later appropriation. Rather, the fees are an offset against what sums BLM is annually appropriated for "Management of Land and Resources." Then, if the fee collection falls short of mining law administration program needs, the difference is to come from general funds.

Our first panel will testify as to the manner in which BLM has spent the holding fees collected expressly for the purpose of mining law administration. Last Congress, our Senate counterparts and I asked the General Accounting Office to review these expenditures. We wanted to know how well, or poorly, the BLM was doing toward insuring that "expropriated" dollars from the miners wasn't being spent on salaries, contracts and other program costs which should have been paid from appropriated dollars out of the general fund.

Lo and behold, the GAO's auditors learned what many had surmised - BLM personnel too often code their time and expenses to budget accounts deemed to be flush with cash. Like Willie Sutton who said that he robbed banks "because that's where the money is", apparently some supervisors in BLM have elected to have folks code to mining law administration whether they worked in that area or not, because the funds were available.

While we should be no less concerned if appropriated dollars are misspent, the mis-expenditure of a fee collected directly for a specific purpose is especially worrisome to those paying the freight. How can Congress rationally debate reauthorization of this fee if we don't know how the BLM is actually spending the money? Likewise, the debate must consider the impacts of fee reauthorization upon our domestic industry and the economies of the rural communities which have supported public land minerals exploration over the decades.

Our second panel of witnesses today will address the issue of the large reduction of holding fees collected since the late 1980s. Initially the sum of holding fees collected was over \$35 million per year, but the drastic fall-off in mining claims has diminished this total to barely \$21 million last year. In the late 1980s, prior to this fee, BLM reported that some 1.2 million mining claims were of record in their database. Now the figure is less than 250,000. Most likely multiple factors were at work to cause this result, but imposition of the holding is clearly a candidate for part of the blame.

I look forward to our distinguished panel enlightening us upon these issues.

#