

Committee on Resources, Subcommittee on Energy & Mineral Resources

[energy](#) - - Rep. Barbara Cubin, Chairman

U.S. House of Representatives, Washington, D.C. 20515-6208 - - (202) 225-9297

Witness Statement

Chairman Cubin, members of the committee, my name is John Milton and I am a member of the Board of County Commissioners from Humboldt County, Nevada.

Humboldt County is located in the northwest portion of Nevada and comprises an area of approximately 10,000 square miles which is larger than the States of Massachusetts and Rhode Island combined. Of those 10,000 square miles, about 80 percent is public land managed or controlled by the Bureau of Land Management, Forest Service, or the U.S. Fish and Wildlife Service. The economy of Humboldt County is primarily dominated by mining, followed closely by ranching and agriculture. The majority of the mining and ranching actually takes place on the public land. So it is safe to say that the economy of Humboldt County is tied directly to the way the public land is regulated or controlled.

I was first elected in November of 1992 and took office in January 1993. That was the year the Bureau of Land Management instituted the first major change in the mining law-the annual claim maintenance fee of \$100 and the one-time filing fee of \$25 added to the cost of locating a mining claim. Prior to that time, the cost of filing a claim with the BLM was \$10. The claim maintenance fee had three effects on mining exploration in Nevada. First, it increased the cost to file a mining claim with the BLM by 1250 percent. Second, it caused the exploration costs to double because prior to the maintenance fee, that is assessed at the time of location and every year thereafter, it was only necessary to do \$100 worth of exploration work each year in order to maintain the validity of a mining claim. Now an owner must pay the maintenance fee and do exploration work to prove the viability of the claims. And last, the maintenance fee has run the small mining operator out of the exploration business. Sure, there is an exemption for the holder of 10 claims or less, but the small independent miner usually had numerous groups of claims that could number 100 or better. Now it is simply too expensive for those miners to operate. To illustrate, in 1992 almost 3400 claims were located in Humboldt County. In 1993 only 1100 were located, in 1994 and 1995 about 1200 claims were located, and in 2000, the last year of complete records, only a total of 884 claims were located. This 2/3 reduction of exploration in Humboldt County has resulted in a substantial loss of revenue to the county and loss of income to business that benefitted from the exploration activities and in the long run the discovery of new mining sites has almost come to a halt.

Even more disturbing to Humboldt County would be the imposition of a federal royalty on the production of minerals. A federal royalty would reduce the amount of profit a mining company would make which would cause a reduction of the net proceeds of mines tax that is levied against mining company profits and is shared by the state and county governments. It could also cause marginal mining operations to close during this period of depressed mineral prices. A great deal of capital is invested by a mining company to bring on line a mine that provides jobs for our citizens and taxes for the county before any income from operations is achieved. With the volatility of mineral prices in the last few years, the anticipation of payment of yet another fee or royalty could doom further exploration and close operating mines.

There is yet another problem that has the potential to destroy the economy of Humboldt County. Over the

last few years, a series of events undertaken by the Bureau of Land Management, the Forest Service, and Congress has caused great concern. It is the accumulated effect of increased regulation and the limiting of access to the public land. As I stated before, Humboldt County's economy is directly tied to the public land. Through the implementation of proposed roadless areas in the national forest, new 3809 regulations on mining, grazing reform, BLM off-road regulations, and just recently the closure to mining and geothermal development of approximately a million acres of Humboldt County by the Black Rock NCA/Wilderness Bill passed in the last days of the last Congress, Humboldt County is being pushed toward economic collapse.

For almost 150 years mining and ranching have been the primary industries for our county. Without the continued use of the public land, both of these industries will cease and Humboldt County will no longer have the growing and viable economy that we have had in the past.

Thank you for allowing me this opportunity to address your committee.

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