



December 12, 2012

TO: Mining Oversight and Advisory Commission  
FR: Bob Fulkerson, State Director Progressive Leadership Alliance of Nevada  
RE: Commission Hearing Statement

First, let's review the facts about gold mining in Nevada, which constitutes 92% of all mining here, according to the Nevada Department of Taxation. Trans-national gold mining conglomerates took almost \$9 billion in gold from Nevada in 2011, and paid a total of \$104 million to the state general fund under the mining tax, an effective tax rate of less than 1.2%. In 2010, they mined \$6.6 billion in gold, and paid just under \$72 million in taxes, an effective tax rate of just under 1.1%. (Nevada Department of Taxation)

111 times over ten years, one Nevada gold mine or another claimed that gold produced at that mine had no taxable value. As a result, more than \$4.3 billion was produced at gold mines where the mines paid no mining taxes whatsoever.

The second-largest mine and the most profitable mine in the world, is owned by Barrick corporation, based in Canada. This single mine will exceed \$1 billion in profits in 2012, having reaped \$500 million in the second quarter and \$313 million in the third quarter of 2012 alone.

Barrick pays next to nothing in taxes on the huge windfall profits from the world's most profitable gold mine—paying a mere 1% on gross production value in taxes to Nevada's General Fund in 2010, according to the state's 2010-11 net proceeds of minerals tax (NPOM) bulletin.

Yes, they pay sales tax and they pay certain property taxes—but not on the value of the mine or their mining claims. Renters, the unemployed, and minimum wage workers also pay sales and property taxes. But gold mining is different, so it should be taxed differently. Once that gold is gone, it's gone forever. The money will be in Canada and other foreign countries, leaving Nevada with clean up costs and massive pits.

According to a 2011 report from the Fraser Institute, a highly respected international research firm, Nevada is one of the most stable, mineral-rich, least-taxed places to mine on the planet. Making mining pay what they pay in other states or countries would not cause them to suffer or abandon operations here.

Senate Joint Resolution 15, which passed in the 2011 session, would allow Nevada voters to decide whether mining's sweetheart tax loopholes should continue to be chiseled in the stone of the state constitution. Currently legislators **have no flexibility** and cannot adjust the Net Proceeds on Minerals Tax based on a more equitable tax load compared to our non-extractive industries. S.J.R. 15, would allow the voters to decide whether legislators should have that flexibility.

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Some of mining's tax loopholes that were closed in the last session will sunset unless the 2013 Legislature acts. Transnational mining conglomerates will again be able to double-dip and claim health deductions from both the Modified Business Tax AND the Net Proceeds on Minerals Tax.

Removing mining's sweetheart tax status from the Constitution will in no way change how mining is currently taxed. The Net Proceeds on Mining Tax, which is contained in NRS 362.140, remains unchanged under SJR 15.

Barrick Mining gave more than \$30,000 to the Keystone Corporation, one of the most strident anti-tax groups in the state, even while their lobbyists were saying they wanted to contribute to Nevada's tax discussions. Mining has more lobbyists than any other industry in the state, and they are there to ensure mining corporations pay minimal taxes.

When the Legislature isn't in session, the mining industry plays a huge role in determining who gets elected by playing big in Nevada politics.

Transnational mining companies from far and wide thought it was important to triple down on a northern Nevada State Senate race, including Coeur d'Alene Mines, Barrick Goldstrike Mines Inc., Kinross Gold U.S.A., Inc., Newmont Mining Corporation, Nevada Mineral Exploration Coalition, the Nevada Mining Association Inc. Political Action Committee, Nevada Mineral Exploration Coalition. Newmont is the only U.S.-based mining corporation on this list.

Not only is mining getting a pass on taxes, it's also the largest polluter in the state. According a report from the US EPA, Nevada mining corporations produced 98 percent of all the 294 million pounds of toxic chemical releases in Nevada in 2010 including mercury, arsenic, uranium and radium. The top five Nevada facilities are mines owned by Newmont and Barrick. The massive quantities of earth moved for mining -- and the exposure of elements and compounds once safely underground to air and water -- starts a chemical chain reaction that causes perpetual pollution, known to pollute our streams, rivers and lakes over the long term.

And Nevada taxpayers could be picking up the clean up costs. Last year, the General Accounting Office expressed strong concerns about inadequate reclamation bonding in Nevada: "We determined that 57 hardrock operations (in 12 western states) had inadequate financial assurances—amounting to about \$24 million less than needed to fully cover estimated reclamation costs." GAO, Abandoned Mines: Information on the Number of Hardrock Mines, Cost of Cleanup, and Value of Financial Assurances, GAO-11-834T (Washington, D.C.: July 14, 2011). Nevada's share of that \$24 million is \$23,853,662 (over 99.4% of the total of the 12 western states.)

In spite of record profits by gold mining corporations, Nevada still lacks funds to pay for mine safety inspectors (two vacancies) and more top-educated mining tax auditors. Yet we have funds for 10 staff at the Division of Minerals, which exists to protect and advocate for mining corporations and which is overseen by a commission that includes mostly people on the the payroll of extractive industries.

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To summarize, mining is far from the manna from heaven the industry's PR campaigns, lobbyists, and entitled corporate bosses make it out to be. It is not paying its fair share of taxes compared to other major (and non extractive) industries in Nevada. It is undermining good government through unprecedented influence on Nevada's elected officials.

Following is a clear path forward to make mining work for Nevada-and not the other way around:

1. Pass SJR 15
2. Pass legislation requiring mining corporations to take responsibility for monitoring and safeguarding their pit lakes after the gold is gone.
3. Permanently eliminate the double dipping allowed to mining corporations.
4. Eliminate the state-funded cheerleading squad for transnational mining corporations (NV Department of Minerals) and direct funds to hiring worker safety inspectors and mining tax auditors.

Thank you for considering my views.