

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON NATURAL RESOURCES, AGRICULTURE,
AND MINING**

**Seventy-Eighth Session
March 19, 2015**

The Committee on Natural Resources, Agriculture, and Mining was called to order by Chair Robin L. Titus at 1:33 p.m. on Thursday, March 19, 2015, in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website: www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Robin L. Titus, Chair
Assemblyman Jim Wheeler, Vice Chair
Assemblyman Nelson Araujo
Assemblywoman Maggie Carlton
Assemblyman Richard Carrillo
Assemblywoman Victoria A. Dooling
Assemblyman Chris Edwards
Assemblyman John Ellison
Assemblyman David M. Gardner
Assemblyman Ira Hansen
Assemblyman James Oscarson
Assemblywoman Heidi Swank

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Susan E. Scholley, Committee Policy Analyst
Jim Penrose, Committee Counsel
Donna J. Ruiz, Committee Secretary
Cheryl L. Williams, Committee Assistant

OTHERS PRESENT:

Dana R. Bennett, Ph.D., President, Nevada Mining Association
Dylan Shaver, Director of Public Affairs, Nevada Mining Association
Lesley Pittman, representing Nevada Mineral Exploration Coalition
Ronald L. Parratt, Executive Chairman, Renaissance Gold, Inc.; and
Director, Nevada Mineral Exploration Coalition
Ivie Hatt, Program Officer, Emission Control Program, Division of
Compliance Enforcement, Department of Motor Vehicles
Robert D. Haughian, Chief, Operations, Department of Wildlife
Tim Rubald, Program Manager, Conservation Districts Program,
State Department of Conservation and Natural Resources
Steve Walker, representing Lyon County; Douglas County; and
Eureka County

Chair Titus:

[Roll was taken. Committee policies and procedures were explained.]
Today we are going to have an overview of the Nevada Mining Association and
then the Nevada Mineral Exploration Coalition. I very much appreciate their
willingness to come back today.

Dana R. Bennett, Ph.D., President, Nevada Mining Association:

With me this afternoon is Dylan Shaver, our Director of Public Affairs.
Thank you very much for the invitation to have us here to speak to the
Committee about the Nevada Mining Association and about the Nevada
mining industry. The Nevada Mining Association was founded in 1913,
one hundred and two years ago this month in Tonopah, with 35 operators
mostly from southern and western Nevada. It soon moved to Reno, where the
headquarters of the Association has been since that time. We are now
a statewide association with over 400 members located in every county and
nearly every community of the state. We represent the broad spectrum of this
industry from exploration, to construction, to operations, to suppliers,
and even the hotels where miners stay are members of our association.
The Nevada Mining Association is the public face of an industry that is often
working busily and in remote areas. We are essentially the ambassadors for the
industry. This is particularly important in Nevada because Nevada is such

a rapidly growing state. There are many people who have moved here from somewhere else and are not familiar with the mining industry. They may not be aware that Nevada is a trendsetter when it comes to mining operations and, indeed, in mining regulation.

Mining is a global industry and Nevada has a prominent part in that industry. As part of our efforts to explain mining, particularly modern mining, to Nevadans, we sponsor mine tours and workshops for Nevada teachers. The Southern Nevada Teachers Workshop is coming up at the end of this month, and we do a teachers' workshop in the summer for northern Nevada teachers. These are award-winning workshops and very popular among teachers who deal with science curriculum. You may have also seen our exhibit at the airport, which has turned out to be very popular with people who do not live in Nevada. We receive emails from folks across the country saying how much they enjoy looking at the exhibit.

As you may know, we also participate in the development of public policies that affect our members and the mining industry as a whole. We work closely with all of you and with regulators at the local and state level to ensure that our workplaces remain safe and that the environment in which we work is responsibly managed. We are also resources for you. We should be your first call if you have any questions about mining. Because of my background as a historian, I hope you will also call me about Nevada history and mining history as well. With that, I will turn it over to Dylan Shaver, who has some data on the industry throughout the state.

Dylan Shaver, Director, Public Affairs, Nevada Mining Association:

We have prepared a presentation about mining in Nevada today ([Exhibit C](#)), and we will be covering a handful of topics. Mines in Nevada are producing essential minerals, creating important jobs for Nevadans, sustaining through highs and lows, and generating significant contributions for the state. Unfortunately, today we are going over more of the lows than the highs. When Director Perry was here on March 3, 2015, he went into detail on the minerals we produce here in Nevada, so today we will give you a summary.

We produce about 20 minerals in Nevada that are essential for the advanced manufacturing sector; minerals, for example, that this cellphone could not exist without. We produce 20 minerals—things like lithium for the Tesla Factory that is coming in, and copper for wiring. In our airport display we mention that a Boeing 737 has somewhere near 200 miles worth of copper wire. These are all things we produce here in Nevada. In total, about 14 1/2 percent of all nonfuel minerals that Americans demand is produced right here in Nevada, and that is something we can all be proud of.

To do that, though, we need a lot of hardworking and talented employees. Believe it or not, miners make up just 1 percent of Nevada's workforce. Their jobs are very different from what you have in mind. When I first met Assemblywoman Swank, I told her that we fired the guy with the long grizzled beard and the donkey took an early retirement. Now we are using hydrologists, metallurgists, engineers of every stripe, surveyors, draftsmen, lawyers, accountants, and safety professionals. Any of you that have been out to the mines with us know exactly how much energy goes into keeping people safe.

These are good jobs. A mining job pays about double Nevada's average salary: \$90,428 per year as compared to about \$44,000 for the average Nevada employee. A good job does not mean just a good salary. On top of that, mines pay out about \$400 million per year in various benefits and insurances. Ninety-three percent of miners have employer-provided health insurance as compared to about 56 percent of Nevadans on average [page 9, [Exhibit C](#)]. We like to hover around this slide: 93 percent of miners have employer-provided health insurance. There are 12,100 jobs that are direct employees of mines. On top of that, there is a pool of about 5,000 contractors and the like that come out to mine sites to help accomplish the mission that we are out there to do every day. About 1 percent of Nevada's employment comes from those induced jobs, the grocery stores, movie theaters, and the like. In addition to those employees, we work with about 2,200 Nevada-based businesses worth more than a \$1 billion in economic investment in the state. Those 2,200 Nevada-based vendors are in all 17 of Nevada's counties. Las Vegas are surprised when I tell them that we have more than 100 mining vendors in southern Nevada alone.

Putting all that together requires a lot of energy and requires a plan because, as you know, mineral prices are volatile [page 13, [Exhibit C](#)]. We saw during the recession that the price of gold spiked. Commodities are countercyclical, so when the economy fares poorly, people move their money into commodities and those prices go up. What happens when the economy recovers? We have seen a 34 percent decline in gold values from their peak. Someone asked me if I really thought gold could go down one day. It is possible. Unfortunately, we were correct. It is not just gold, though. Silver is down 60 percent from its peak and copper is down about one third. On top of that, it is getting more expensive to mine in Nevada. Ore bodies are getting deeper as mines age. You have to move more earth to get to the same amount of ore. That makes sense. What we are finding is that when you get to that ore, it is actually more dispersed. Once you get to that ore body, you are actually mining lower-quality minerals, meaning you have to mine even more rock to produce the same amount of commodity you are looking for.

Costs are rising in addition to that. We found the producer price indices for a handful of things that we use in the industry. As you can see here [page 19, [Exhibit C](#)], there has been a 30 percent inflation in equipment prices just since the start of the recession; a 25 percent equipment inflation in maintenance costs [page 20, [Exhibit C](#)]; and a 25 percent increase in tire costs [page 21, [Exhibit C](#)]. I was talking to a mine manager just last week who told me he has seen a little bit of a price relief in tires. A tire now only costs \$40,000. Think about if you have a truck with six tires on it and they cost \$40,000 apiece. That is a quarter million dollars. I do not want to get too personal in this hearing, but that is more than my house cost.

We are proud of our wage numbers in Nevada [page 22, [Exhibit C](#)]. Like I said before, miners make more than \$90,000 a year, but it is a cost to the business like any other. Those wages would not be as high if our employees were not so talented and people were not demanding their services all over the world.

There are also policy challenges at the federal level, such as sage grouse, tax uncertainty, and waters of the U.S. rulings; primarily federal issues that are of concern to the industry that have the potential to impact the way we do business. All of these challenges are reflected in the marketplace.

Barrick and Newmont, two international mining companies and some of the biggest in the world, have seen their stocks decline 80 percent. Comstock, just 20 miles from here, has fallen about 70 percent. This is an out-of-date slide put together for our March 3, 2015 presentation. Allied Nevada was once one of the most promising—and we believe still one of the most promising—operators in the state. There was so much confidence in what they were doing just outside Winnemucca that their stock once rose to \$45 per share. It fell to 50 cents per share and unfortunately, they declared Chapter 11 bankruptcy. It is not just gold producers. Coeur d'Alene Mines, which operates the only primary silver mine in the state outside of Rochester, is down; General Moly, which mines molybdenum, an industrial mineral outside of Eureka, has stock which has fallen dramatically. Western Lithium and Nevada Copper are two projects that there should be a lot of hope for; Western Lithium because of the work the Legislature did with Tesla, and Nevada Copper because of the recent federal land transfer, should be seeing a lot of confidence, but it just does not translate into their stocks. When the stocks are low like this, it means they are having trouble getting the capital they need to do the exploration, to do the buildouts they need to build their mines, and to keep this industry going [pages 24 through 27, [Exhibit C](#)].

Despite all the gloom and doom I just gave you, a lot of operators are optimistic. We were out at Nevada Copper two weeks ago, and you can feel the energy in

the air in Yerington. They have done such an amazing job putting that project together. American Vanadium is working on pilot programs to use vanadium to build batteries the size of this room that can power entire buildings. Western Lithium is confident for reasons we have already discussed, and General Moly is the little mine that could. Every time I talk to those folks, they are telling me it is just another couple of months to get that last piece of financing. There is still hope and they are still committed to staying in Nevada.

I know what you are thinking when you think of mines and ghost towns and old shafts that are probably haunted for all I know. The average mine in Nevada was established in 1984. When you are thinking about mines and how long they are there, mines are here to stay in Nevada. There are challenges and we will work to get through those challenges. We have been through slumps before, and we will go through slumps again. We are committed to this state, committed to our employees, and committed to you to be good corporate citizens while we are here.

All that means is that we are generating significant contributions. If you want to see one of those trucks where the tires are about \$40,000 apiece, I put one right here on this slide [page 30, [Exhibit C](#)]. There are six tires, and they last from six to eight months. Somebody told me they once saw a tire last two years so they had a retirement ceremony for it. That is actually not a joke.

Mines here create 6.1 percent of Nevada's economy. Through the recession we went from about the tenth-largest sector of the economy to the fifth-largest sector. We are still smaller than retail, government, food services, and of course the hospitality industry. From that 6.1 percent of Nevada's economy, we generate 7.4 percent of every tax dollar in Nevada's General Fund. That is pretty impressive when you think about it. I know it is tough to talk about charts and graphs right after lunch, but we like to think that mines are 1 percent of Nevada's employees and that 1 percent of Nevada's employees get paid more than 2 percent of all the salaries and wages paid out in this state. They generate 6.1 percent of Nevada's entire economy and nearly 7.5 percent of Nevada's General Fund, all the way back to that 1 percent of our state's employees. That is amazing to me. Of course, mines pay the same taxes as every other business in the state. In 2013, the last year for which we have numbers, mines paid \$176.9 million in generally assessed business taxes. We are compiling last year's numbers now. If we were a Starbucks or a Walmart or anything else, that would have been the sum total of mines' tax contribution to the state. Since they are mines when they break into the ground and pull something out, there is another tax layer on top that effectively doubled the tax burden to \$347.9 million [pages 31 through 34, [Exhibit C](#)].

Of course, taxes are not the only way that mines give back. Last year there were more than \$12 million in charitable contributions to schools, parks, and community programs that are attributable to the mining industry. This is probably, in my opinion, the weakest slide in the presentation [page 35, ([Exhibit C](#))] because our members do not brag about these things, so it is tough for us to get this data together. This information is pulled from different places, but from what we know, it was about \$12 million last year. Through employee programs, not what employees are doing on their own time at home, but through employee programs, they have dedicated about 7,400 hours to community service programs [page 36, ([Exhibit C](#))]. We are very proud of these numbers.

We talked about producing 14.6 percent of the minerals produced in the United States; creating 1 percent of Nevada's jobs, that get paid out 2 percent of the economy; generating about 6 percent of Nevada's economy that we work to do through highs and lows; and of course 7.4 percent of Nevada's General Fund revenues are attributable to the mining industry. If you have any questions, we will be happy to answer them for you.

Chair Titus:

Thank you, Mr. Shaver, that was great and also updated. We really appreciate seeing what the current activity is.

Assemblyman Ellison:

What are the gold and silver prices today?

Dylan Shaver:

Gold is at \$1,172 an ounce, silver is at about \$17 per ounce, and copper is about \$2.65 a pound.

Assemblyman Ellison:

The reason I asked that question is because a lot of people do not realize when gold gets to a point below the \$1,100 mark, that is where they start going into a deficit. They still keep those people employed and they still keep them moving. I think that is amazing because most businesses, when they start losing revenue, just stop right then and there. Mining seems to keep that trend going. They try to stockpile what they can, but they still have to have the revenue coming in. I am proud of the mining industry and not because it is in my community, but because I have seen what they have done for everybody in rural Nevada.

I have the most amazing book in my office. I have people coming in and asking to see this book. This book was written by Dr. Bennett about Battle Mountain and its history. It is great, and the pictures in the book are wonderful. If anyone here would like to see it, please come by and look at it. It is really a great book.

Assemblyman Oscarson:

I know of no industry that supports Nye County the way Round Mountain Gold does with the impact it has on that community and the dollars they have spent on everything from school programs to hospitals. That mining component is what is keeping that whole northern end of Nye County really moving forward. We appreciate that. I have had the opportunity to tour an underground mine. It was a great experience and I enjoyed it very much. I cannot echo enough the things that the mining industry does for our state as well and the things that they do in my district. In my district there may be a kitty litter mine. I am not sure but that is what I have heard. Maybe you can comment on that.

Dylan Shaver:

I am certainly well versed enough in the 31 slides that I presented you here today; however, to the specifics of your question, I will have to defer. I do not believe there is a kitty litter mine in your district. There may very well be, I may very well be wrong, but I do not know of one.

Assemblyman Oscarson:

Did Mr. Wall own a mine that was purchased that had a product similar to kitty litter?

Dylan Shaver:

Diatomaceous earth is a product that we mine here in Nevada, and that among other things is used in kitty litter. I believe that is what Mr. Wall's mine may have been; however, I will have to look into that and get back to you.

Assemblyman Wheeler:

I wanted to echo my two colleagues' comments. I know that the small mine in my district, the Comstock, even though the prices are going down and their profits are dropping, is actually investing more into the historic preservation around Virginia City and in Storey County. Those are good neighbors, and those are the type of businesses we want to keep.

Chair Titus:

Are there any other questions? [There were none.] I just want to echo what my fellow Committee members have already said. I am big into the history of this great state, as my great-grandfather came here as a gold miner in the 1860s. History is very important to me and the sustainability of this wonderful Nevada industry is very important.

Dana Bennett:

Thank you, Assemblyman Ellison, for the kind comments about the book on Battle Mountain. That book was published by the Lander County Historical Society as a fundraiser for the Battle Mountain Museum. It was underwritten by several businesses in Battle Mountain, so all proceeds from that book go directly to the museum.

Assemblyman Ellison:

If anyone is interested in it, please come by to look at it. I am not sure if they are selling it in the gift shop, but the book has amazing information.

Dana Bennett:

The book is available through the Battle Mountain Museum and their website is <battlemountainmuseum.com>. The Director of the Museum will be here next week, and I believe is bringing some books, so I will make sure that the information gets out.

Chair Titus:

Next we will hear from the Nevada Mineral Exploration Coalition.

Lesley Pittman, representing Nevada Mineral Exploration Coalition:

We want to extend our appreciation. We know how busy you are but appreciate your carving out some time for us to present some information about the Mineral Exploration Coalition and the mineral exploration industry in Nevada. I would like to introduce to you Mr. Ron Parratt. He is a board member of the Nevada Mineral Exploration Coalition and Executive Chairman of Renaissance Gold. He is going to walk you through some information about our industry here in Nevada.

Ronald L. Parratt, Executive Chairman, Renaissance Gold, Inc.; and Director, Nevada Mineral Exploration Coalition:

The Mineral Exploration Coalition is a nonpartisan grassroots coalition of individuals and corporate explorers. Our members range from individual geologists who are prospectors, to small public companies, to a number of larger exploration companies here in Nevada. They do not mine at this point but have hopes to mine here. [Submitted written testimony ([Exhibit D](#)).]

Like the Nevada Mineral Association, we have a number of suppliers and other companies who provide services to us and are members of the organization as well. Our mission is really twofold [page 3, [Exhibit E](#)]. The first is to preserve the exploration industry in Nevada through education and through general awareness. I have lived in Reno for 35 years, and I have been in this business for a long time. It always amazes me how many people, both within our state and within our country, really have no idea of the extent of the size and the importance of our mineral industry. Education is very important for us. I will say we are a separate and distinct organization from the Nevada Mining Association. Obviously, we have very similar interests, as Dana Bennett mentioned. The Nevada Mining Association has interest in exploration, and they have an exploration committee. In addition to that, we have the Nevada Mineral Exploration Coalition. We promote the value and the benefits that exploration brings to Nevada and its local communities. We have many members who are service providers to us, and we occupy a lot of motel rooms, eat at a lot of restaurants, and support a lot of businesses in rural Nevada.

Our second mission is to help promote Nevada in its exploration industry beyond our state's borders [page 4, [Exhibit E](#)]. Certainly here in the state, we are talking to people, and we are promoting this wonderful place that we have to explore and to find and develop the many minerals that are here within the state. However, we do spend a fair bit of time outside of the state and in Canada. Vancouver and Toronto, in particular, are two important locations for venture capital that is brought in and spent in the state. We as explorers do not generate much money in the line of business that we run. We raise money on the venture capital markets, and we bring money into Nevada. We spend it here trying to find the next generation of gold mines.

Exploration is really the research and development segment of Nevada's mining industry [page 5, [Exhibit E](#)]. We are the research guys who go out, and we are the first ones in the field to try to find a new place that could yield a new gold mine. Many times I liken what we do to the pharmaceutical business where you hire a bunch of bright Ph.D. biochemists and have them find the next superdrug for somebody. They trace down a lot of false leads before they come up with that one drug, but that one thing can pay for all the missed steps that they have taken along the way. For us in exploration, it is much the same. We explore a lot of projects that do not really yield anything of benefit to us, but it is that one new big discovery that pays for the whole activity. We focus our efforts not commonly in the trends where Barrick and Newmont and the other major companies are; we are generally in other areas that have not seen new mines developed. There are a lot of places in Nevada where geologists believe that the current wisdom is that that is not a place to go look for gold because there is not going to be any gold found there. That contrarian thinking

sometimes leads us into new areas where we come up with new discoveries. It is our job to determine if there is something that exists, whether it is copper, gold, or kitty litter, whatever the material might be, that can be mined profitably in the future and continue to support our industry.

This chart [page 6, ([Exhibit E](#))] is a bit busy and I am not going to go through it all, but there is a point I want to make from it. Basically, if you look at the left-hand side, it says "Exploration Phase" and then to the far right "Design/Construct/Produce." The exploration process is initially defining areas of land that you would like to acquire, exploring that property, and taking a prospect through feasibility. Building a mine is not something that happens in 3 to 5 years. You are looking at at least a decade, and more commonly more than one decade, before a discovery can be turned into a gold mine. This is for a variety of reasons. It could be economics or technology. There are a number of different reasons why a property may not become a mine. I will have an example of this in just a little bit.

It starts with a phase of selection where teams of geologists will identify areas within Nevada where land is available where they can go in, but not wilderness areas or military withdrawals, of which we have a lot. They will identify areas that they think broadly are of interest. Geologists will then go out into the field, walk on these areas, and look at them. Using a number here to establish the ratios, there may be 1,000 different prospects, if you will, that they might look at. Of those 1,000 maybe only 100 or 1 in 10 would result in an exploration play actually being developed where you acquire property and then go through all the steps of geologic mapping, geophysics, geochemistry, and all of the science that we would apply, including drilling. Unfortunately, even with these 100 projects, most of them very quickly flush out because we do not find something of interest or it is small and is never going to be economical. You might end up with three properties that are actually ones in which you would pursue the more expensive detailed drilling, metallurgy, all the work that needs to be done to see if you have an economic deposit present. Even with those three that I have identified, there may be only one that makes it to where it really looks good and you go through the final steps of getting permitted, building a project, several hundred million dollars-worth of work, and it becomes a mine. All this, as you have heard earlier, in an environment where prices are generally up and down. They may have been up when you made the discovery, and they may not be up when you operate and produce that mine, as I have seen happen.

You have already heard some of the minerals that we look for. Copper, silver, and gold are the three predominant ones in the way of metals. We also look for molybdenum, lithium, and vanadium among others [page 7, ([Exhibit E](#))]. Nevada has great geothermal energy resources. It is an industry that has been growing significantly over the last several years and shows great future promise. We had good discoveries of oil and gas in the 1950s, but we have not had a real explosion with a new super discovery lately. With oil prices declining now, those activities are going to be curtailed in the near term.

Nonmetallic minerals we look for are barite and bentonite [page 8, ([Exhibit E](#))], which are used primarily as drilling mud additives in the oil and gas industry, but there are other applications. We look for limestone for cement, which is used every day throughout the state; and perlite, which is a volcanic rock that has an interesting property of expanding significantly when it is heated. That is important when it is used in products where weight is a concern. Drywall used in building homes is made lighter by the addition of fine particles of expanded perlite. Diatomite, which was mentioned, is used quite a bit for kitty litter. There are many specialty clays that are produced. I believe Mr. Wall's mine was a specialty clay project that had application for kitty litter and other uses as well. We do have gemstones. We do not have diamonds that we know of yet in Nevada, which is perhaps a possibility, but we produce some of the finest turquoise in the country, agates, and other minerals as well.

I mentioned lithium, and it is an interesting commodity these days as I think most of you know [page 9, ([Exhibit E](#))]. The Silver Peak operation has been in production for many decades producing lithium carbonate. It is a big supplier on a global scale for lithium. The Kings Valley project of Western Lithium is something relatively new, and undoubtedly these two projects played some role in Tesla's decision to bring the gigafactory battery plant here. As this indicates, discoveries do not happen overnight. It is interesting to note that the Kings Valley lithium deposit was actually found in 1975, and it has taken 40 years for this property to get to the point where it is actually of economic interest. It is moving forward to development and it contains, I believe, the fifth largest lithium deposit known in the world. It is not an insignificant resource and hopefully, it will be a contributor to Nevada's economy for a long time.

This slide [page 10, ([Exhibit E](#))] has a very busy map. I am not going to go through all of it. I just want to make a couple of points. Everything on the left-hand side would be either past mines, current mines, or prospects for minerals within Nevada. This could be metals or nonmetallic minerals, but the point is, Nevada is a very rich state from a mineral point of view. We have great opportunities here. It is supporting a great industry and hopefully there is a lot more to come. Of interest on the upper right-hand side you can see people

employed by exploration companies. This is 2011 data showing just over 1,000 people who were employed by exploration companies. This was a peak tied with gold prices. The exploration industry alone expended over \$670 million in Nevada. That is a big contribution to the State's economy and includes geologists, drilling contractors, assay laboratories, and permitting agencies. This is all money spent hoping to find the next generation that could be mined within the state. Unfortunately, as you heard, the price of gold and other commodities have been declining.

Next I am going to talk a little bit about mining claims [page 11, ([Exhibit E](#))]. You can see from fiscal year 2013 to 2014, we had about 220,000 claims. In fiscal year 2013, that dropped about 10.7 percent between those two fiscal years down to about 195,000 claims in 2014.

Assemblyman Ellison:

When you talk about the drop in the mining claims in 2009 and 2010, I heard they were going to start charging a fee on mining claims. Is that when that dropped?

Ronald Parratt:

You can see in 1992 a large drop in the number of claims which was due principally to the Bureau of Land Management (BLM), U.S. Department of the Interior, modifying mining law. We could no longer expend money exploring and doing physical work but instead were required to pay a fee to the BLM. It caused a substantial number of claims to be dropped. We were over 350,000 at the peak, and you can see there was probably a 100,000-claim drop. A big benefit was lost. A lot of physical work that was being done toward discovery was replaced by a fee that was paid to the BLM at that point.

Assemblyman Ellison:

If they would have left that alone, there could have been oil, gold, and silver finds that could have been out there at that point in time. Is that not correct?

Ronald Parratt:

There certainly could have been, and it is possible that some of those claims could have been relocated since and may have had discoveries on them as well. Oil, gas, and geothermal were handled by the mineral leasing laws, so they do not fall under mining claims as far as acquisition.

You can see the change in the number of claims over the years. This accounts for about 34 years of activity, obviously tied in the early 1980s to the large rise in the price of gold that took place starting in the 1970s. It was really the beginning of Nevada's boom in gold mining, making it such an important industry globally. After the big drop in 1992, which we discussed, there was

another drop that took place around 2000 or 2001 when the price of gold reached its lowest level in a long time, getting down to about \$254 an ounce. It began rising again in 2002 and 2003, and the number of claims rose appropriately with it and peaked out around 200,000. It has been reasonably level since then, but with prices down, we saw the drop I mentioned before.

On this slide [page 12, ([Exhibit E](#))] you can see in the next fiscal year we had about an 8 1/2 percent decrease, which is the most recent information. We are presently at about 176,000 mining claims in the state.

This is an interesting slide [page 13, ([Exhibit E](#))] to show the importance of the exploration community. The cylinder on the left-hand side shows 84,051 claims, or about 48 percent of those alive. Those are the claims held by producing companies Barrick, Newmont, Nevada Gold Corp, Kinross, as well as the industrial minerals producers. On the other side are 92,147 claims, 52 percent held by exploration-oriented companies. It could be these prospectors, the small junior companies, and other larger companies that are hoping to make discoveries here in Nevada, that are investing their money here as well.

This chart [page 14, ([Exhibit E](#))] shows where the claims are located in the state. You can see all of Nevada's counties. Those on the left-hand side are up in north central Nevada: Elko, Eureka, Lander, Humboldt, White Pine, Nye, and Pershing counties. That is where the majority of the claims are in the state, but obviously not all. The more urban counties, the smaller counties, Washoe, Clark, Storey, and others, are the counties that have the fewest numbers. A good discovery in any one county can very quickly add 10,000 claims overnight in a new location. This does vary but it shows where a majority of the mining claims are located. I will be happy to answer any questions.

Assemblyman Hansen:

If sage grouse are listed, what kind of an impact will that have on your industry?

Ronald Parratt:

A very negative one. The sage grouse terrains are widespread in north central Nevada, and that is where many of our mines are. It is going to be a difficult thing. If it does happen, we will have to deal with it. We will have to find a way to work through it.

Chair Titus:

Any other questions? [There were none.] I thank you very much for the information to help us as we make some decisions and move forward. I will now open up the hearing on Senate Bill 34.

Senate Bill 34: Eliminates provisions relating to authorized maintenance stations licensed to install, repair and adjust devices for the control of pollution from motor vehicle engines. (BDR 40-380)

Ivie Hatt, Program Officer, Emission Control Program, Division of Compliance Enforcement, Department of Motor Vehicles:

Senate Bill 34 is presented before the Committee as a Department clean-up bill. This bill is eliminating the provision related to authorized maintenance stations. The Department currently licenses two different types of emission stations. Authorized inspection stations are emission-test-only stations, and authorized stations are emission test and repair stations. The provisions for an authorized maintenance station are already encompassed under the authorized station license, which is the test and repair station. Therefore, there is no need for this designation of license type within statute. I am available for any questions.

Chair Titus:

Does anyone have any questions? [There were none.] Is there any testimony in support of Senate Bill 34? [There was none.] Would anyone like to testify in opposition? [There was no one.] Is there anyone who would like to testify as neutral? [There was no one.] I will close the hearing on Senate Bill 34 and open the hearing on Senate Bill 41.

Senate Bill 41: Revises provisions governing the stamp required for the hunting of migratory waterfowl. (BDR 45-364)

Robert D. Haughian, Chief, Operations, Department of Wildlife:

I am here to address Senate Bill 41. I have a brief document here I would like to walk through (Exhibit F), which contains some background about duck stamps.

The purpose of S.B. 41 is to make a minor change to statute that will allow the Department and Nevada's waterfowl hunters to participate in the U.S. Fish and Wildlife Service federal electronic duck stamp program. For those who are not familiar with the federal duck stamp, it is very similar to the state duck stamp. You have seen the artwork on various walls in the building. It is a pictorial stamp produced by the U.S. Fish and Wildlife Service. It was created in 1934, and it is part of the federal licensing system to hunt migratory waterfowl.

Understandably, it is not a valid postage stamp. In the document you have ([Exhibit F](#)), there are a couple of examples of what the stamps look like. You can see the first one from 1934 and that was a \$1 stamp. The one in the middle is a beautiful portrait of some redhead ducks and that was a \$10 stamp. The most recent stamp this last year portrays a pair of canvasbacks. I think by far that is one of the most beautiful stamps that has been developed.

I would like to give you an idea of how the stamp works and the way the federal law reads. It states that no person who has attained the age of 16 years shall take any migratory waterfowl unless at the time of such taking he carries on his person an unexpired federal migratory bird hunting and conservation stamp, validated by his signature, written by himself, in ink across the face of the stamp. As a benefit going back to 1934, the revenue garnered from the sale of the stamps has exceeded \$850 million, and that has been used to purchase various wetlands across the nation. The most recent information indicates a little over 5 1/2 million acres of wetlands have been purchased. We have two beautiful examples in Nevada. The first is Pahrangat National Wildlife Refuge, which is north of Las Vegas. Of the 5,300 acres in that refuge, 3,900 acres were purchased through federal duck stamp monies. In Ruby Lake National Wildlife Refuge, approximately 30,000 of the 40,000-acre refuge was purchased with federal duck stamp monies. If you are a trout fisherman, a state record trout has come from that area. It happens to have a significant population of breeding canvasbacks, the bird that is on the most recent stamp.

I grabbed some statistics from the U.S. Fish and Wildlife Service's website, and you can see the first year it was offered there were 635,000 federal stamps sold nationally [page 2, ([Exhibit F](#))]. With Nevada being a rather dry state, we do not have that many sales. The high point was in 1971 and 1972. The most recent numbers that the U.S. Fish and Wildlife Service has are from 2010 and 2011, and that was 1 1/2 million stamps sold.

To participate in this electronic duck stamp program, a state must have an electronic license sales system, which we do have. States were required to submit an application to participate and be selected by the U.S. Fish and Wildlife Service. We submitted our application last year, but we knew we would not be able to participate because we had to go through this legislative process to make this minor change. Thirteen states are in this program now, and this year and next year there will be ten other states that will participate. The way federal stamps are sold traditionally is through the U.S. Postal Service. You can also get them through our seven regional customer service locations and a number of our licensed agents around the state. They purchase them on their own and then they resell them to the public. We have an electronic sales system, and the hunter can either purchase the stamp from roughly

120 licensed agents throughout the state—Walmart, for example—or on our website. This process will work with all of those. When the sale occurs, there is an electronic receipt that is generally printed on a license, and that makes the stamp immediately available. The receipt indicates a period of 45 days that it is valid. During that time, that sales data is transmitted through this process to the U.S. Fish and Wildlife Service. The U.S. Fish and Wildlife Service then mails the stamp to the member. The stamp itself will not go away, the requirement to sign it will not go away, but what this does is make this electronic process very easy for them. It is very convenient for the hunters. I will be happy to address any questions.

Assemblywoman Carlton:

The money from the duck stamps is used to buy the sensitive land. Who actually buys the land? Who is in charge of purchasing it?

Robert D. Haughian:

I cannot answer that because I am not sure. I know it is through the federal process, and I do not believe we have much of a role in that. I am sure there is a collaborative discussion on those types of things, but I do not know the answer to that question.

Assemblywoman Carlton:

I am just concerned because there is legislation at the Congressional level that would limit the purchase of land. I would hate to see people buy these stamps and not have the ground purchased. I am just curious as to who actually does the buying.

Chair Titus:

Are there any other questions? [There were none.] Is there anyone wishing to testify in support of S.B. 41? [There was no one.] Is there anyone in opposition to S.B. 41? [There was no one.] Is there any neutral testimony? [There was none.] I will close the hearing on Senate Bill 41 and open the hearing on Senate Bill 45.

Senate Bill 45: Revises provisions governing the distribution of grants of money by the State Conservation Commission to conservation districts. (BDR 49-361)

Tim Rubald, Program Manager, Conservation Districts Program, State Department of Conservation and Natural Resources:

I am the Program Manager for the States Conservation Districts Program. In that capacity I also serve as the Secretary to the State Conservation Commission, which is a group of nine appointed individuals from different areas

throughout Nevada who work to conserve the renewable resources of the state for use by future generations. By way of background for the Committee, there are 28 conservation districts covering every inch of the state. [Mr. Rubald continued to read from prepared testimony ([Exhibit G](#)).] I will be happy to answer any questions the Committee may have.

Assemblywoman Swank:

Do the board members write the grants in each district?

Tim Rubald:

That varies by district. In some districts the board members do actually write the grants themselves. Some of the districts actually have a varying level of staff. Very few districts have full-time staff and some of the other districts have part-time staff. In addition, we have what I refer to as three field staff in the state program. They are conservation specialists who are in Winnemucca, Elko, and Ely, and I handle the southern and western parts of the state. Those folks also help with technical aspects of writing the grant applications.

Assemblywoman Swank:

My only concern is that we have some that do not have support staff. Are they going to be able to be competitive in this grant process? It sounds like they may have some other outside support in the grant writing. We just want to make sure if it is competitive, it is competitive in terms of the ideas, not one's expertise or ability to be able to write a grant, if you are a smaller, less lucky, or less funded district.

Tim Rubald:

I understand that concern and I can assure you that is something the commissioners themselves take very seriously. We are not a very formal group, quite frankly. We are a bunch of folks trying to get things done. We are governed by state law and state regulations, but the idea is to get things on the ground. I can assure you that they will take the highest and best projects and try to get them put on the ground as long as they are feasible.

Chair Titus:

Are there any other questions from the Committee? [There were none.]
Is there anyone wishing to testify in support of [Senate Bill 45](#)?

Steve Walker, representing Lyon County; Douglas County; and Eureka County:

Lyon County, Douglas County, and Eureka County are all in support of [S.B. 45](#). Lyon and Douglas Counties are home to the bi-state population, the one that may be listed. Eureka County has the greater sage grouse. In response to Assemblywoman Swank's question, the conservation districts are also tied to the National Resource Conservation Service, which used to be called

the Soil Conservation Service. They provide technical assistance to the conservation districts. In my former life I was district conservationist and had three conservation districts, so that is another line of assistance.

Chair Titus:

Are there any questions for Mr. Walker? [There were none.] Is there anyone else wishing to testify in support of S.B. 45? [There was no one.] Is there anyone wishing to testify in opposition to S.B. 45? [There was no one.] Is there anyone wishing to testify as neutral? [There was no one.] I will now close the hearing on S.B.45.

I am going to introduce a Committee bill draft request (BDR). I would like to introduce BDR 48-928.

BDR 48-928—Relating to water; revising provisions relating to the use of water on certain lands in a federal reclamation project; and providing other matters properly relating thereto. (Later introduced as [Assembly Bill 415](#).)

This is limited to the district of Churchill County and providing matters thereof. It changes the definition of a farm for this particular district. Farm means a tract of land under same ownership, and the term includes two or more tracts of land regardless of whether the tracts are contiguous or not. Passage out of this Committee does not mean that you support this bill. I will entertain a motion.

ASSEMBLYMAN WHEELER MOVED FOR COMMITTEE
INTRODUCTION OF BDR 48-928.

ASSEMBLYMAN HANSEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Titus:

I will entertain a motion to suspend Rule No. 57 of Assembly Resolution 1 in order to have a work session on Senate Bill 34, Senate Bill 41, and Senate Bill 45.

ASSEMBLYMAN WHEELER MOVED TO SUSPEND RULE NO. 57 OF
ASSEMBLY RESOLUTION 1.

ASSEMBLYMAN HANSEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Titus:

We will go ahead and start the work session on Senate Bill 34. I will entertain a motion.

ASSEMBLYMAN WHEELER MOVED TO DO PASS
SENATE BILL 34.

ASSEMBLYMAN OSCARSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Titus:

I will now open the work session on Senate Bill 41. I will entertain a motion.

ASSEMBLYMAN OSCARSON MOVED TO DO PASS
SENATE BILL 41.

ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Titus:

I will open the work session on Senate Bill 45. I will entertain a motion.

ASSEMBLYMAN EDWARDS MOVED TO DO PASS
SENATE BILL 45.

ASSEMBLYMAN HANSEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Titus:

I will take the floor statement on S.B. 41. Assemblyman Gardner will take the floor statement for S.B. 34. Assemblyman Wheeler will take the floor statement for S.B. 45.

Is there any public comment? [There was none.] This meeting is adjourned [at 2:38 p.m.].

RESPECTFULLY SUBMITTED:

Donna J. Ruiz
Committee Secretary

APPROVED BY:

Assemblywoman Robin L. Titus, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Natural Resources, Agriculture, and Mining

Date: March 19, 2015

Time of Meeting: 1:33 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Dylan Shaver, Nevada Mining Association	Presentation
	D	Ron Parratt, Nevada Mineral Exploration Coalition	Written Testimony
	E	Ron Parratt, Nevada Mineral Exploration Coalition	Presentation
S.B. 41	F	Robert D. Haughian, NDOW	Handout on Duck Stamps
S.B. 45	G	Tim Rubald, Department of Conservation and Natural Resources	Written Testimony