



I'M
MINING
AND PROUD.

Nevada's Mining Industry Mining Overview

Mining is important to Nevada's economy and has been since the state's founding. Nevada's vast mineral deposits helped inspire settlement of the west in the late 1800's, fulfill the need for heavy armaments during the world wars, and are currently helping to supply essential raw materials for our modern society.

Mining Today

Mining represents an important part of Nevada's economy, directly or indirectly generating \$9.5 billion in total economic activity, 5.6 percent of the state's GDP and 50,000 high-paying jobs. While relatively small on a state-wide scale, mining's contributions in rural Nevada are significant and the potential for growth is profound. Gold accounts for the lion's share of this economic activity (representing nearly 88 percent of the state's mineral production value), while the state also produces significant amounts of silver, copper, industrial minerals, and enough geothermal energy to power 80,000 homes.

Over the past three decades, the mining industry has built a large, efficient, and viable capital base in Nevada through the investment of over \$30 billion in exploration and expenditures on plants and equipment. This investment, as well as the existence of vast mineral resources, holds promise for continued mine development in the state's future.

Contributions to the State

The mining industry's support for economic development and the state's economy are key elements of the industry's corporate responsibility, and are particularly important in the current economic climate. The industry contributes to Nevada's economy in a variety of ways, including:

- » **Creating high-paying jobs.** The Nevada mining industry directly employed 11,600 people in 2009 and generated 50,000 total jobs in the state. Average annual earnings for direct mining employees was \$78,700 (\$81,800 in metal mining), compared to statewide average earnings of under \$43,000.
- » **Investments in infrastructure and services benefiting host communities.** Mining companies invest in road construction, utility improvements, education and health care in host communities.
- » **Stimulating the housing industry and local businesses.** The influx of workers associated with mines and company assistance for home purchases generates demand for housing and other goods and services such as retail, entertainment and recreation which creates additional jobs and can attract other long-term industries.

- » **Paying all conventional and mining-specific taxes.** Mine operators paid approximately \$204 million in 2009 taxes, including property, sales and use, and payroll taxes, as well as the industry-specific Net Proceeds of Minerals tax. On average, the industry pays over \$14,000 more in state and local taxes per employee than other industries.
- » **Supporting the state through the financial crisis.** In addition to regular tax revenues and other contributions, the mining industry has helped close significant state budget shortfalls through increased claim fees of approximately \$25 million, and pre-paying over \$123 million in anticipated taxes.

Net Proceeds of Minerals Tax

Mines pay the Net Proceeds of Minerals Tax (NPMT) in addition to all other conventional business taxes. The NPMT is a property tax established by Article 10 of the Nevada Constitution. Minerals may be taxed at the Constitutional maximum rate of 5 percent rather than the 3.64 percent cap imposed on all other property in Nevada. In addition, minerals are taxed at full value; other property, in contrast, is taxed at 35 percent of assessed value. This means, for example, that the tax on \$1 million of mineral product is \$50,000, compared to the \$12,740 tax on a \$1 million restaurant.

Full value of the minerals in the ground is calculated by assessing cost of goods sold and deducting the expenses essential for extracting, processing and getting the minerals to market. These deductions don't include any other corporate expenses incurred by the mining operations. In the end, an accurate valuation of the minerals is determined and taxed at 5 percent.

Community Contributions

In addition to mining's tax revenue and jobs, the Silver State relies on the industry for a variety of other economic and social contributions - international investment, civic stewardship, and community support and involvement. Mining helps fuel and support schools, roads, housing, real estate market stability, and economic diversity in a majority of the communities outside of Clark and Washoe counties. In fact, since 1985 mining has made more than \$20 billion in capital investments in Nevada.

While 90 percent of mining tax revenue goes directly or indirectly to Clark and Washoe Counties, mining is responsible for an estimated 40–50 percent of rural Nevada's revenue. Mining provides critical infrastructure for education, health and welfare in much of rural Nevada and is firmly entrenched in the social infrastructure. Some of these contributions include:

- » **Charitable contributions.** Last year, mining companies contributed more than \$3 million to numerous charitable and nonprofit organizations across the state.
- » **Support for K-12 education.** The state mining industry helps provide all Nevada schoolchildren with a solid understanding of math and science and exposes them to career opportunities through hands-on learning exercises, teacher workshops and the Nevada Mineral Education website (<http://www.nvmineraleducation.org/>).
- » **Investment in higher education.** The mining industry has offered extensive support to the Great Basin Community College in Elko, as well as other institutions in the state.

Safety

Employee health and safety is the most important responsibility mining companies have. Nevada mines are committed to going beyond regulatory compliance, emphasizing safety in all aspects of work and continuous improvement over time. Examples of these efforts include:

- » **Formal health and safety management programs,** integrate protective measures and practices into job performance, and encourage overall health and well-being both on and off the job.
- » **Heavy investment in ongoing training and evaluations** to ensure that employees understand safety practices.
- » **Certification of health and safety management systems** to the Occupational Health and Safety Audit System (OHSAS) 18001 standard.

Environment Management

Environmental stewardship is a key issue for the industry. Important aspects of this responsibility include addressing our actual and potential impacts to land, water, and air; reducing resource use; applying best practices in mine closure; and working to maintain, enhance, and restore natural habitat.

Mining is one of the most heavily regulated industries in the world, subject to a comprehensive set of federal, state, and county laws and regulations designed to prevent or minimize environmental impacts. This framework of regulations requires thorough analysis—before, during, and after operation—of potential impacts to surface and groundwater, air, soil, plants, wildlife, aquatic organisms, archaeological resources, human health, social conditions, and economic conditions by technical experts and scientists. Important environmental management activities include:

- » **Investments to obtain necessary mining permits and permissions.** It can take up to 10 years and over \$1 billion in investment before producing any minerals.
- » **Implementation of formal environmental management systems.** These systems are often used to meet the requirements of applicable laws and regulations, integrate evolving best practices, and strive for continuous improvement in environmental performance.
- » **Water management.** Because Nevada is the driest state in the nation, the mining industry uses a variety of techniques to reduce, conserve and recycle water needed for mining processes while preserving and protecting water supplies for other uses.
- » **Controlling mercury emissions.** The gold industry works with the federal and state governments through the Voluntary Mercury Air Emissions Reduction Program, which has reduced mercury emissions by over 75 percent.
- » **Reclamation and remediation.** Before any ground is disturbed, mining companies must meet funding and regulatory requirements for mine reclamation and remediation activities that will leave healthy and productive post-mining landscapes. Reclamation plans and cost estimates are prepared and must be approved by state and federal regulatory agencies prior to project approval, and financial information must be provided to ensure funds are available. Bond funds for exploration and mine closure currently amount to over \$1.2 billion.

Looking Forward

Just as it was 150 years ago, Mining remains a fundamental part of our everyday lives. The mining industry in Nevada, while relatively small compared to other industries, is critical to the state's economy, contributing significant amounts of tax revenue to rural Nevada communities, Clark and Washoe counties and the state general fund.

Nevada mining is not only a necessary part of the state's economic stability. It also demonstrates leadership and innovation in employee safety and environmental responsibility, setting the benchmark for the country and the world.

For more information about the mining industry's efforts and contributions to Nevada, please visit the Nevada Mining Association website at www.nevadamining.org.