SMGB Information Report 2012-09

STATE MINING AND GEOLOGY BOARD

A Survey of California Surface Mining Operations: Satisfaction with Annual Mining Operation Reporting Fees

Natural Resources Agency
California Department of Conservation

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GOVERNOR

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This report does not set forth policy, but rather presents information that the SMGB relies on in considering policy.

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A Survey of California Surface Mining Operations: Satisfaction with Annual Mining Operation Reporting Fees

Stephen M. Testa[1]

ABSTRACT

Public Resources Code (PRC) Section 2207(d) requires the State Mining and Geology Board (SMGB) to impose by regulation an annual reporting fee on each active and idle surface mining operation. Active and idle surface mining operations are defined in PRC Sections 2207(f), 2714, 2727.1, 2735, and Title 14 California Code of Regulations (CCR) Section 3501. The definition includes operations conducted by public agencies. As of 2010, there are currently 1,355 mining operations subject to the reporting fee regulation. PRC Section 2207(d) states the annual fee imposed shall not be less than $100 or more than $4,000 for each operation. Statute requires that these amounts be adjusted annually for cost of living, as measured by the California Consumer Price Index. The SMGB is currently considering the equity of the current reporting fee schedule. In considering changes to the SMGB regulations, the SMGB conducted a survey of affected mining operations. An eight-question survey was conducted of all 1,355 surface mining operations during the period of December 2011 and February 2012. Changing the basis on which Annual Mine Fees are calculated, or increasing the cap for total revenues generated, was considered. Raising the single mining operation cap to about $8,000, without changing the way or basis in which the fees are calculated, or raising the total revenues generated, provided a more equitable distribution of Annual Mine Fees, and most closely addresses the intent of PRC Section 2207(d)(2).

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INTRODUCTION

The State Mining and Geology Board (SMGB) under t he Surface Mining and Reclamation Act of 1975 (SMARA) is authorized to represent the State's interests in the development, utilization and conservation of mineral resources, and reclamation of mined lands. Public Resources Code (PRC) Sections 2710 et seq. provides a comprehensive surface mining and reclamation policy for the regulation of surface mining operations. In addition, PRC Section 2207 also provides annual reporting requirements for all mines in the State, under which the SMGB also is granted authority and obligations. PRC Section 2207(d)(2)(A) also requires that the SMGB establish a reporting fee schedule. Specifically, the SMGB is directed "*In establishing the schedule of fees to be paid by each active and idle mining operation, the fees shall be calculated on an equitable basis reflecting the size and type of surface mining operations*." In establishing the fees, "*The SMGB shall also consider total assessed value of the operation, the acreage disturbed by mining, and acreage subject to the reclamation plan*." Additionally, the SMGB is not restricted from considering other issues, such as mineral production.

<u>Surface Mining Operation Annual Reporting Fees</u>

Under the Surface Mining and Reclamation Act (SMARA), PRC Section 2207(d)(2) SMARA outlines the amount of revenue to be generated by the fee schedule. The fee schedule must provide for the collection of the amount specified in the Governor's Budget for the Department of Conservation's annual costs in implementing SMARA and its annual reporting requirements (PRC Section 2207 et seq). The total revenue generated by the reporting fees shall not exceed, and may be less than, $3,500,000. This amount shall be adjusted for the cost of living beginning with the 2005-2006 Fiscal Year (FY), and annually thereafter (PRC Section 2207(d)(3)). The 2010 reporting year cap as adjusted for the cost of living was $4,173,834. Further, if the Director of the Department of Conservation determines that the revenue collected in the preceding FY was greater or less than the cost to implement SMARA and PRC Section 2207, the SMGB shall adjust the fees to compensate for the over collection or under collection of revenues.

PRC Section 2207(d)(4) requires the reporting fees be deposited in the Mine Reclamation Account to be used to carry out the provisions of SMARA and PRC Section 2207. In addition, this subdivision provides for additional reporting fees on gold and silver production, which are to be collected by the SMGB and deposited into a special Abandoned Mine Reclamation and Minerals Fund Subaccount. Monies in this Subaccount may only be used to implement SMARA Sections 2796.5 and 2797, and used to remediate or complete remediation of abandoned mined lands.

PRC Section 2207(d)(5) authorizes the assessment of a penalty on surface mining operations for late payment of annual reporting fees. This statute also requires new mining operations to submit an initial annual reporting fee according to the fee schedule adopted by the SMGB.

PRC Section 2207(d) states the annual fee imposed shall not be less than $100 or more than $4,000 for each operation. Statute requires that these amounts be adjusted annually for cost of living, as measured by the California Consumer Price Index.

Equity of the Surface Mining Operation Annual Reporting Fee Schedule

The current annual reporting fee schedule is based on the annual production amount of each surface mining operation; the lower the production amount, the lower the annual reporting fee. As noted, statute establishes a cap on the maximum annual reporting fee amount at $4,000. Fees for all categories, including the cap, are adjusted annually to account for the cost of living. Over the years, the annual cost of living adjustment has moved medium and smaller mines (in terms of production) upwards, while mines in the highest fee category remain capped (Figure 1). Based on the annual production amount, the $4,000 Cap is adjusted annually for cost of living, the annual adjustment generally increases fee, and lower producing mines are paying a higher fee.

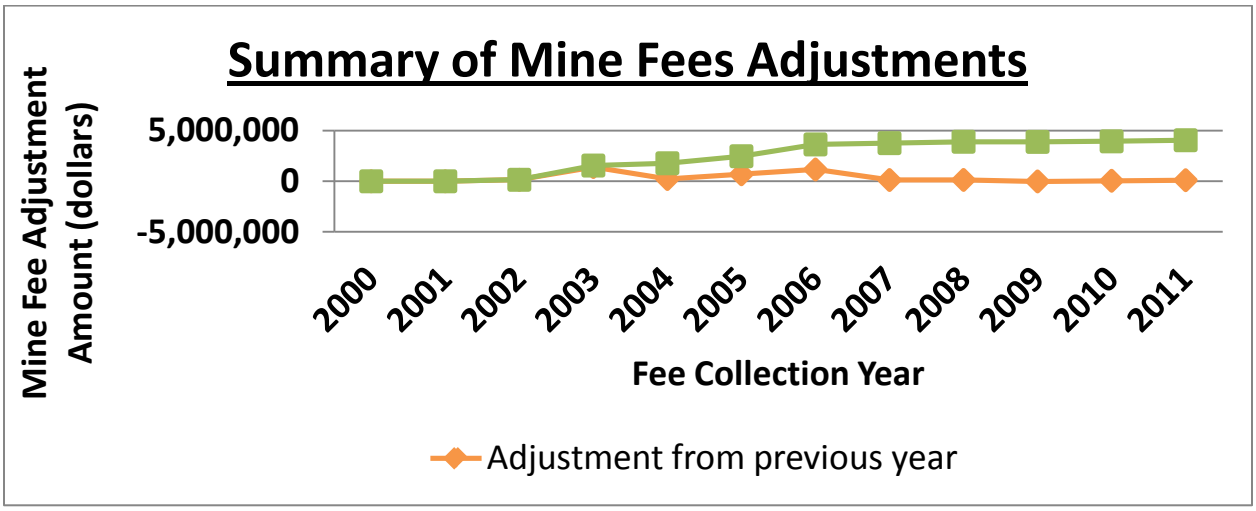


Figure 1. Summary of Annual Mine Fees Adjustments from 2000 through 2011.

The effect of a capped fee with an annual adjustment that is generally upwards is that most mines are paying, or moving towards paying, the highest fee amount. The number of mining operations that are at the maximum fee (at cap) has increased by 113%, from only 32% of mine operations in 2003, to 68% of mine operations in 2010 (Figure 2). This upwards fee movement has flattened the graduated fee structure. For example, of the six production reporting ranges in the Aggregate Category of the 2010 Fee Schedule, five production ranges were subject to the cap fee. In 2003, only the two

highest categories were subject to the cap fee. If left unchanged, the current fee schedule will result in eventually all mines paying at the highest annual fee category. The combination of the statutory fee cap and Cost of Living adjustment presents a question of the equity of the current surface mining operation annual reporting fee schedule.

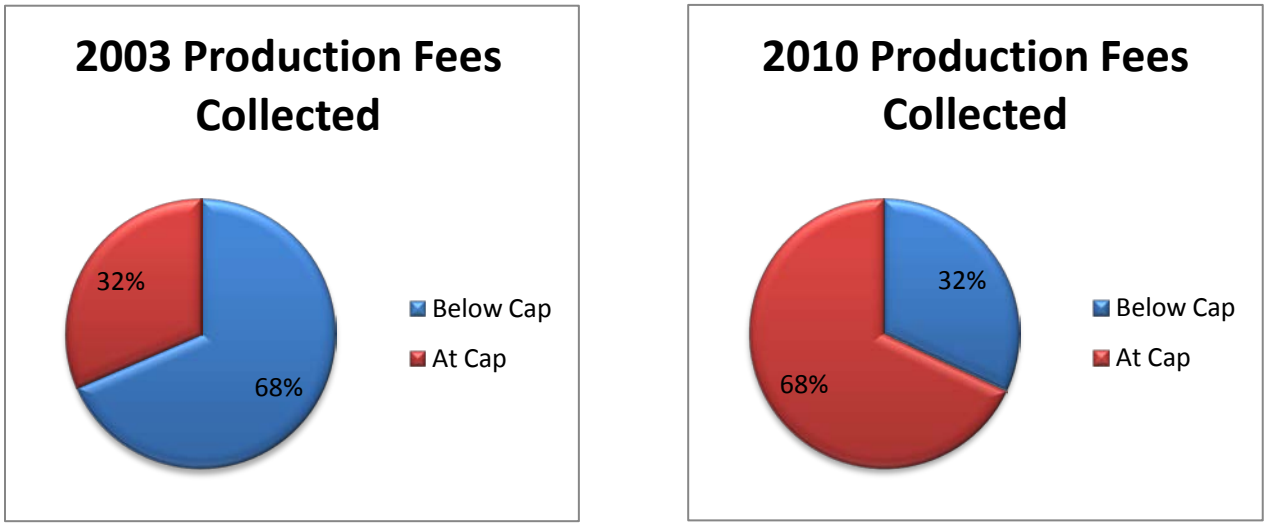


Figure 2. Surface Mining Operations Subject to Cap Fee in 2003 and 2010

Due to the concern over the equity of the existing fee system, the SMGB is considering changes governing calculation of the SMARA's surface mining operation annual reporting fees. In consideration of this objective, the SMGB conducted a survey of affected lead agencies between December 2010 and February 2011. A ten-question questionnaire was forward to all 115 SMARA lead agencies. The responses received were compiled, tabulated and analyzed. Presented below is discussion of the survey, presentation of survey results, further analysis of various site specific scenarios, and conclusions and recommendations.

SURFACE MINING OPERATOR FEE SCHEDULE SURVEY

To further SMGB's discussion of the current the annual mine fee schedule, a survey of affected surface mining operations satisfaction with Annual Mining Operation Reporting Fees was conducted between December 2011 and February 2012. An eight-question survey was forwarded to all 1,355 mining operations. The surveys were mailed out to each of the 1,355 operations and a 30-day window to respond was requested. There were 419 total respondents to the survey. The responses received were compiled and tabulated by mine size, and are presented herein. As noted in Figure 3, more than half of the total mine population is surface mining operations that are less than 25 acres.

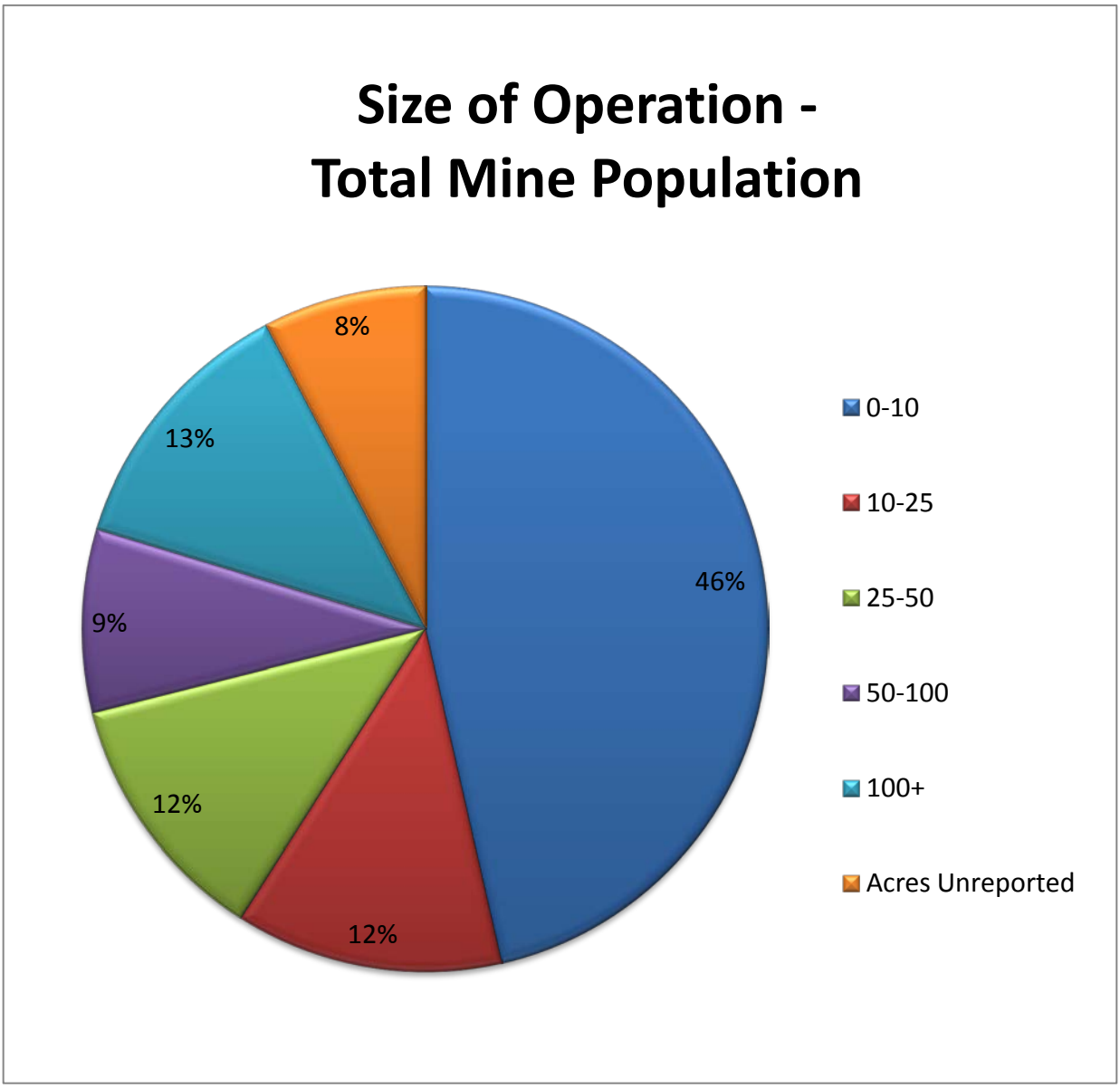


Figure 3. Size Distribution of California's Surface Mining Operations

There is a fairly representative amount of respondents from each category of mines from large (100 + acres) to small (0 to 10 acres). The largest response to the survey was from mines 25 acres or less in size (51%), who responded roughly in proportion to the total percent of mines this size operating statewide. Similarly, the response from larger mines, those 50 acres or more, was in approximate proportion to the number of mines 50 acres or more that are in operation statewide. It is significant to note that the smallest category of mines under-responded by about 30 percent; nearly a half of the state's surface mine operations are less than 10 acres, but only 31 percent of the responses were from mines 10 acres or less. Overall, however, the survey response was generally representative of the state's surface mines (Figure 4).

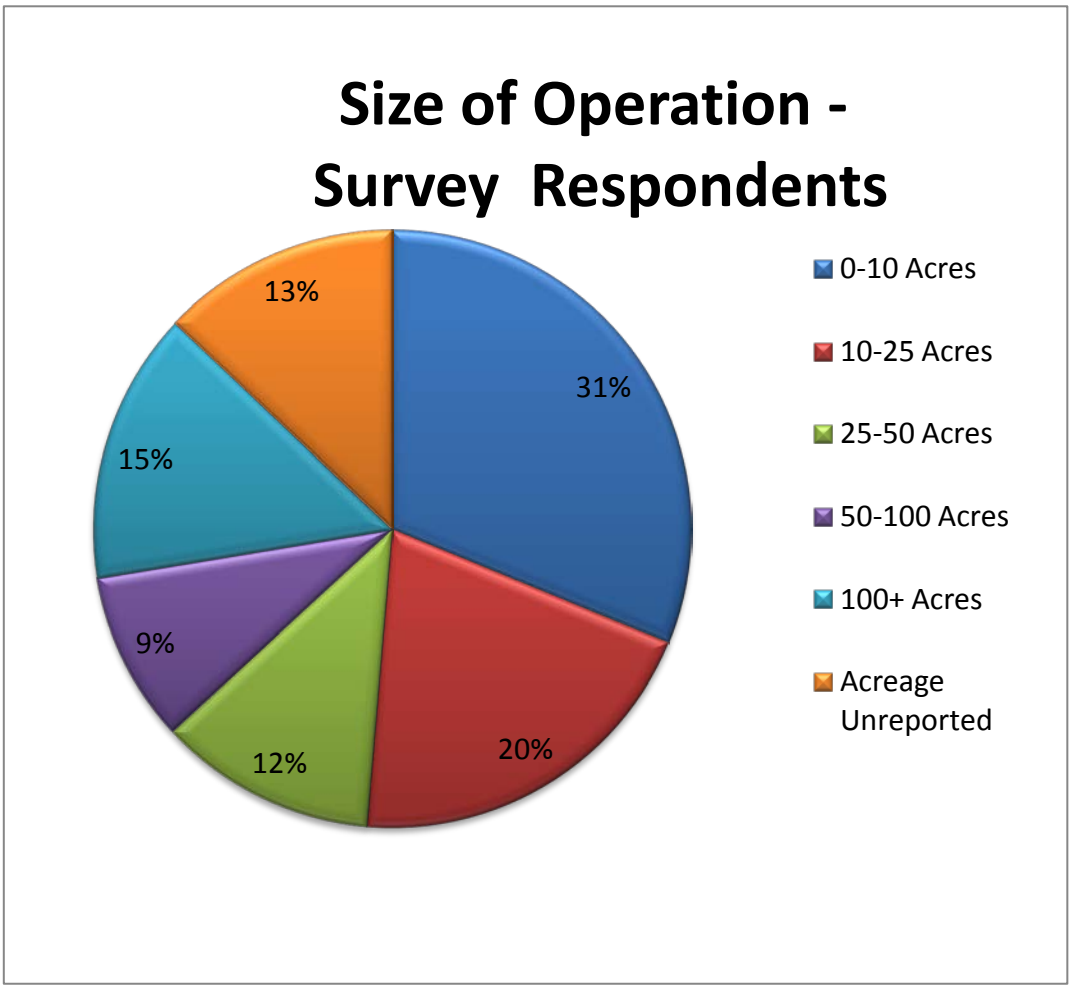


Figure 4. Pie chart illustrating size distribution (acreage) of surface mining Operations participating in survey.

SURVEY RESULTS AND ANALYSIS

Question No. 2 –Understanding Annual Mine Fees? Eighty-three percent (83%) of the respondents either agree or strongly agree that they understand how to calculate their Annual Mine Reporting Fees (Figure 5a). The smaller mine operators (0 -10 acres) report a lower level of understanding (69%). Larger mine operators (100+ acres) report a higher level of understanding (97%). In general, the larger the mine operation, the more likely the mine operator is to understand how to calculate the annual reporting fee (Figure 5b).

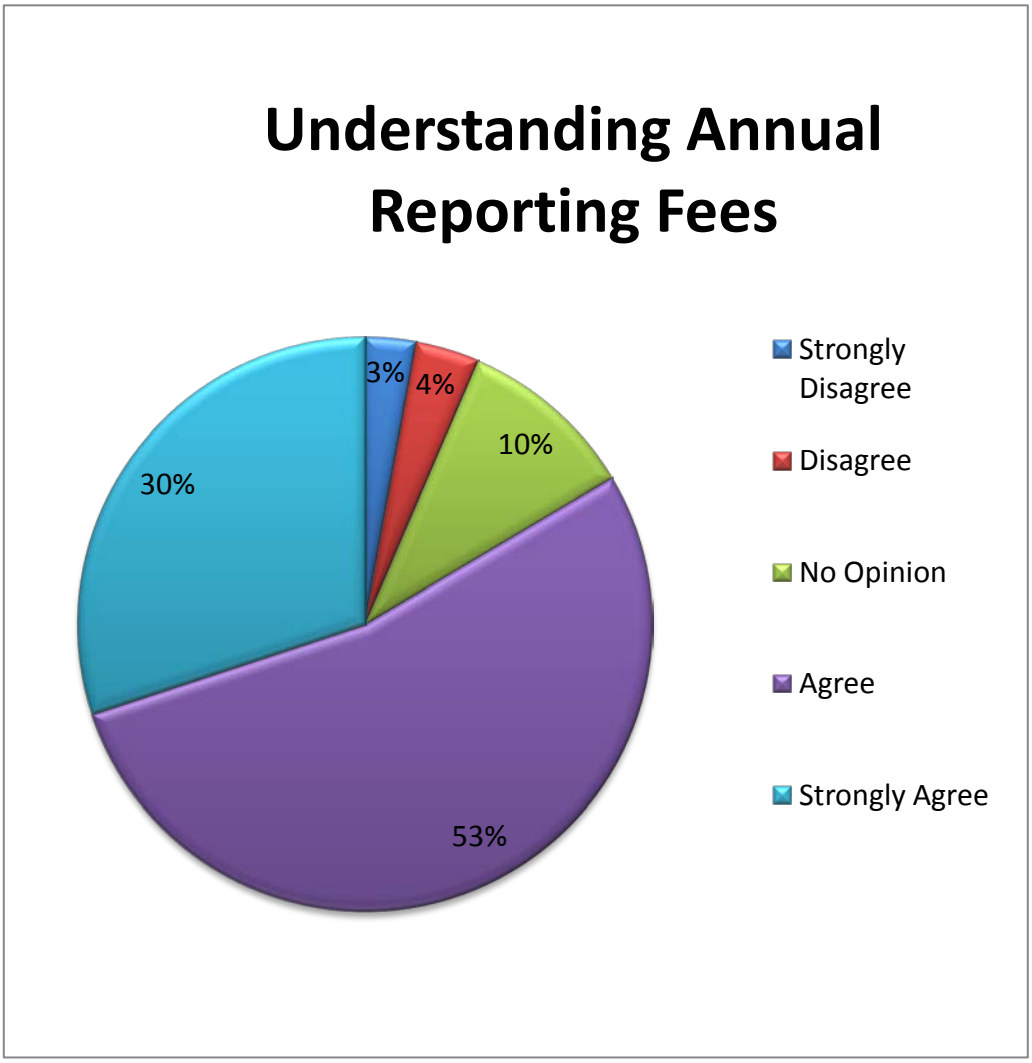
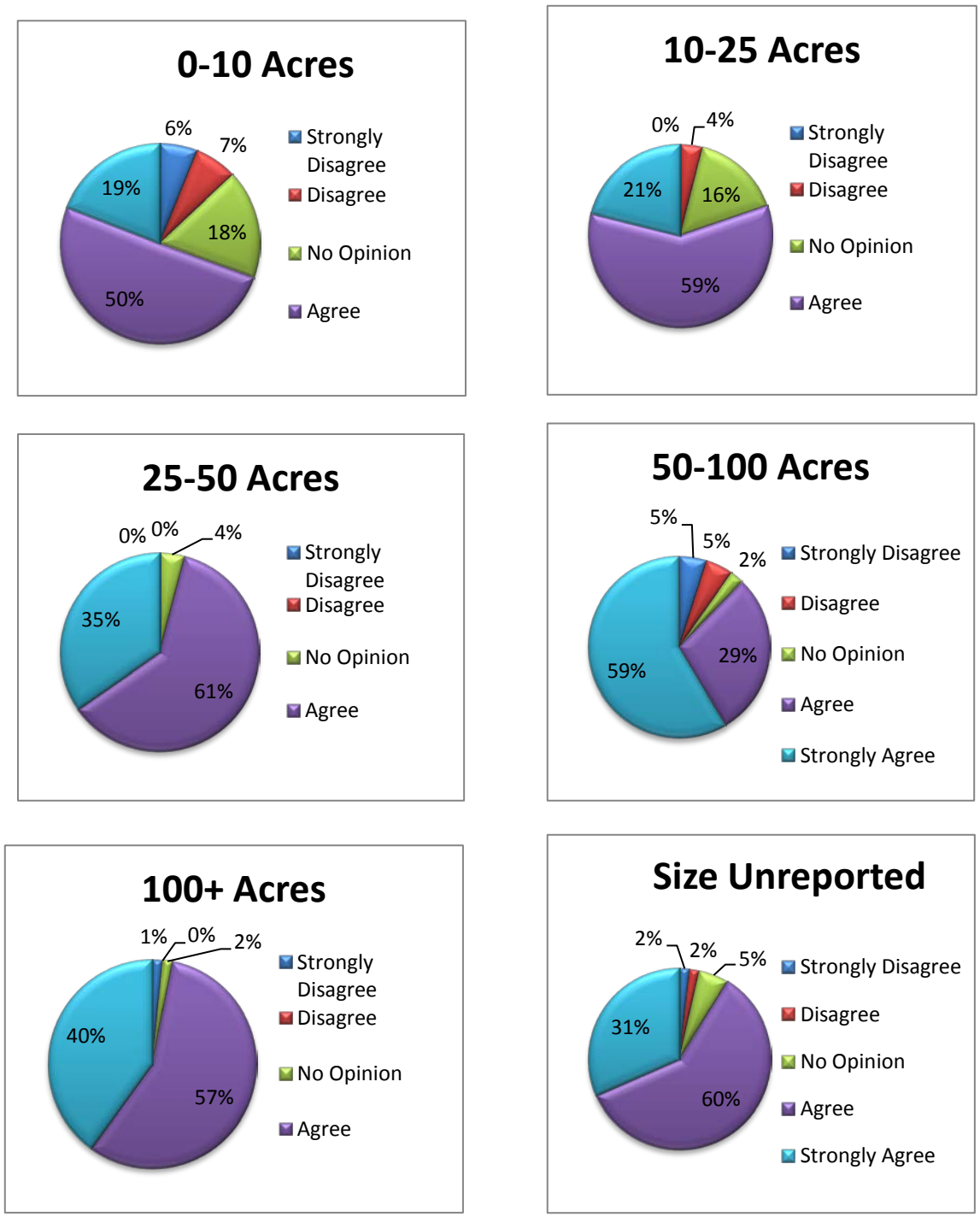


Figure 5a. Pie graph showing percentage of operators that understand how Annual Mine Fees are calculated.



Figures 5b. Pie graphs showing percentage of operators by size of surface mining operation in acres that understand how Annual Mine Fees are calculated.

Question No. 3 – Our mining operation is satisfied with the amount of Annual Mine Reporting Fees we pay each year? Seventy-two percent (72%) of all respondents are not satisfied with the amount of their Annual Reporting fees, with most of these are strongly dissatisfied (Figure 6a). All categories of mine operators report a greater level of dissatisfaction than satisfaction with the amount of their Annual Reporting fees (Figure 6b). Operators of smaller mines (0 -10 acres) have a larger percentage of dissatisfaction with their Annual Reporting fees (79%) than larger mine operators (100+ acres) (56%).

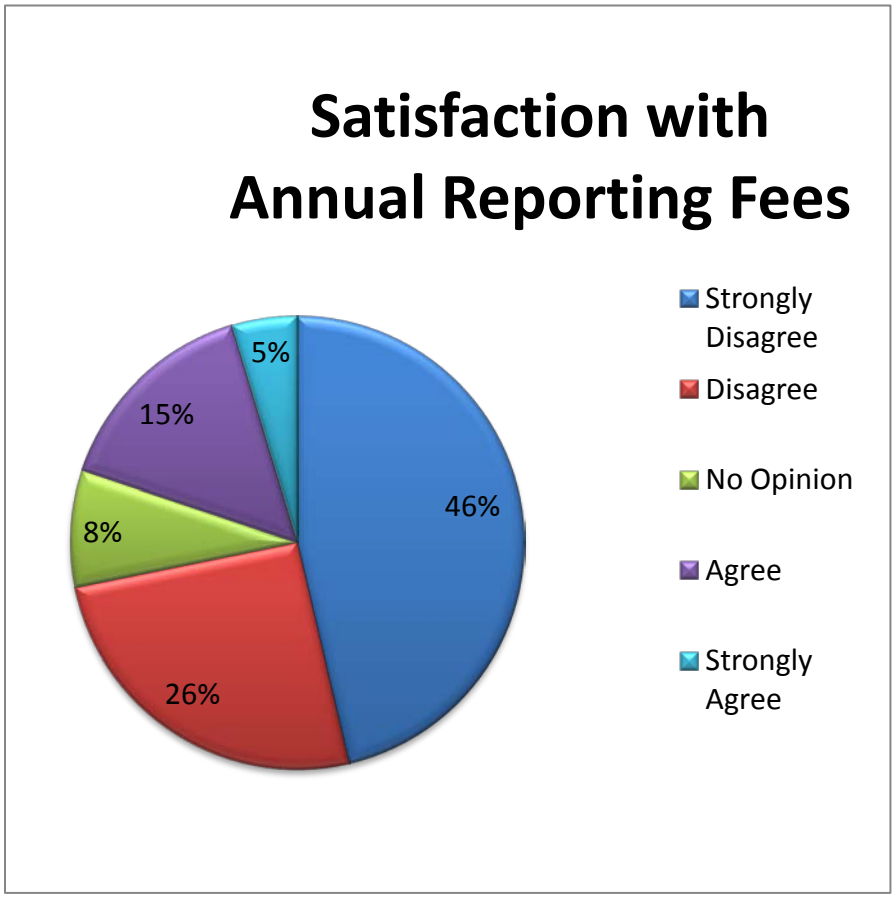
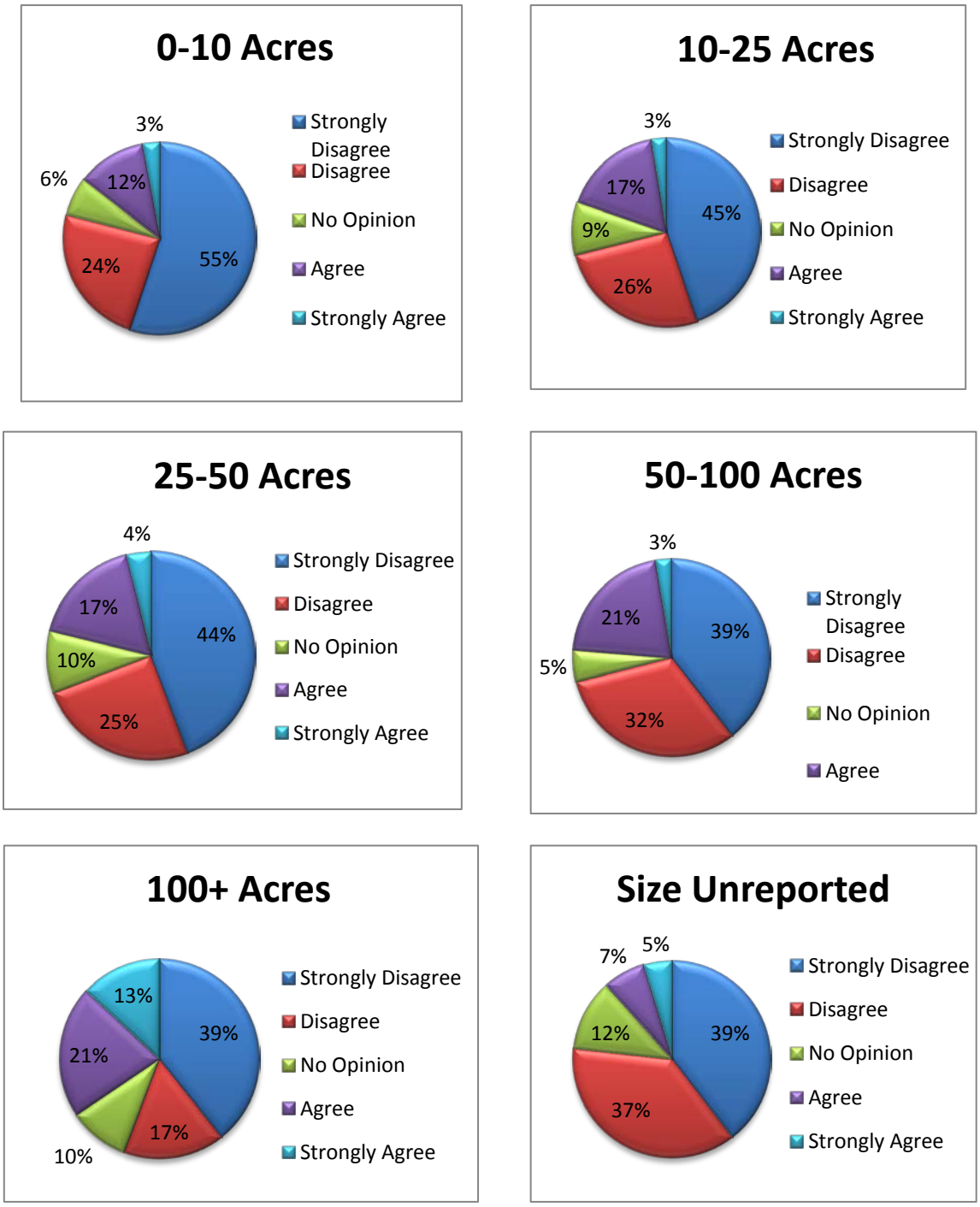


Figure 6a. Pie graph illustrating whether operations are satisfied with the amount of Annual Mine Reporting Fees we pay each year.



Figures 6b. Pie charts illustrating whether a mining operation is satisfied with the amount of Annual Mine Reporting Fees we pay each year.

Question No. 4 – Fees are calculated on an equitable basis reflecting the size of the mining operation? There are more than twice as many respondents that disagree than agree that fees are equitably calculated when based on production levels (56% versus 27%) (Figure 7a). The smaller mine operators (0 -10 acres) have a higher level of dissatisfaction with the equity of fees based on mine production size (68%) than the larger mine operators (100+ acres) (42%) (Figure 7b).

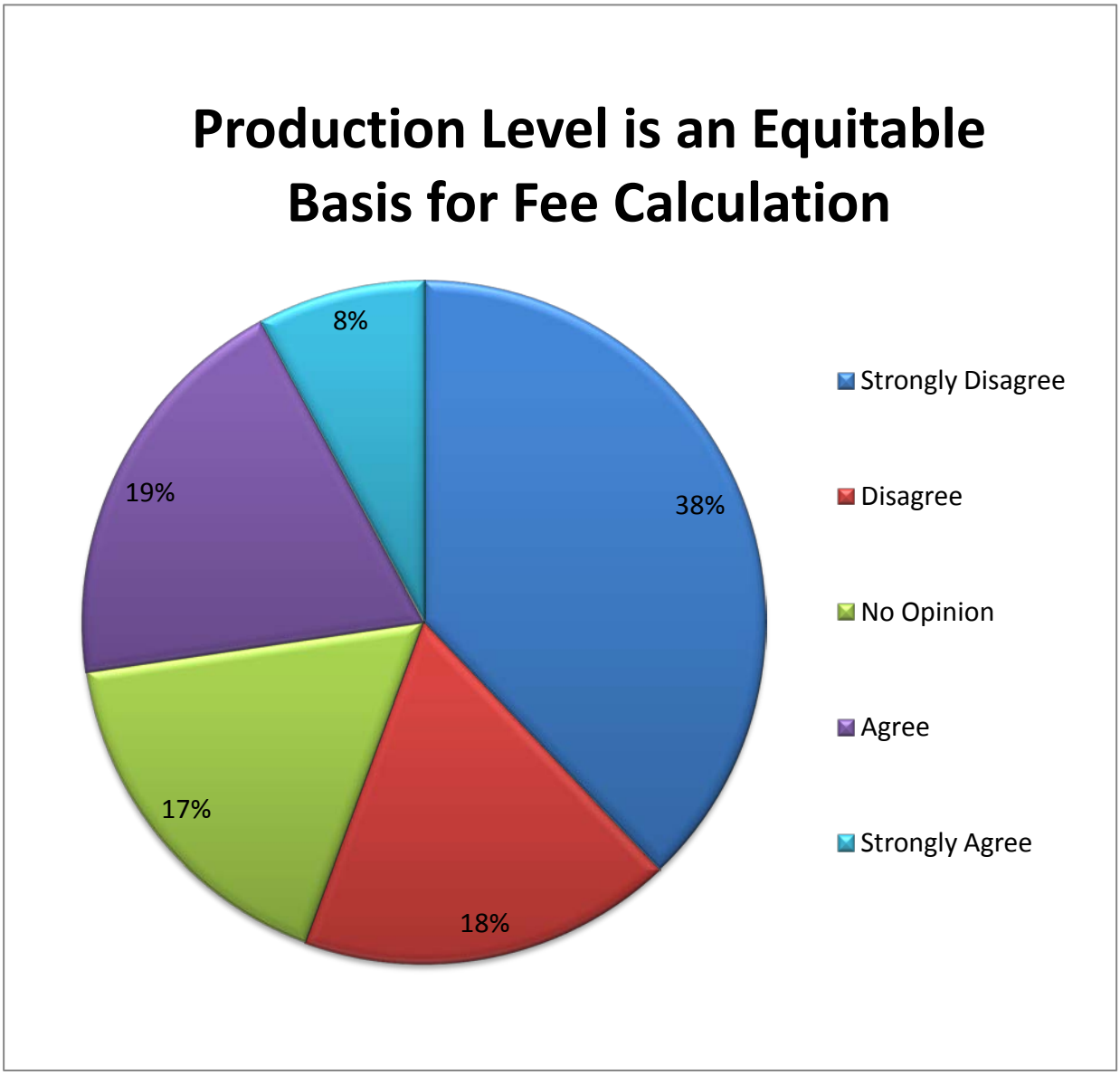
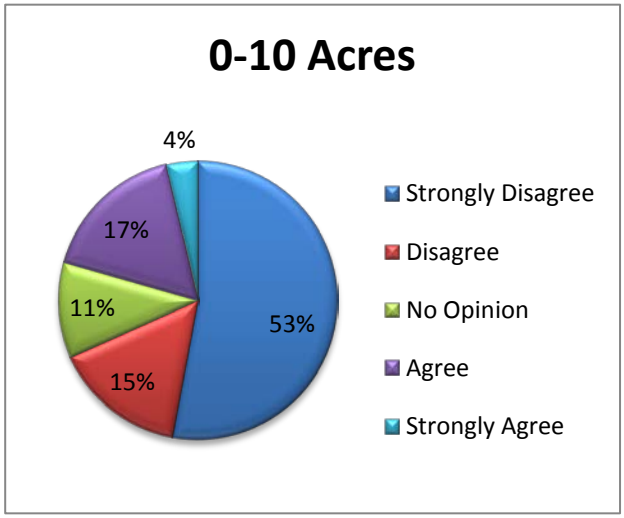
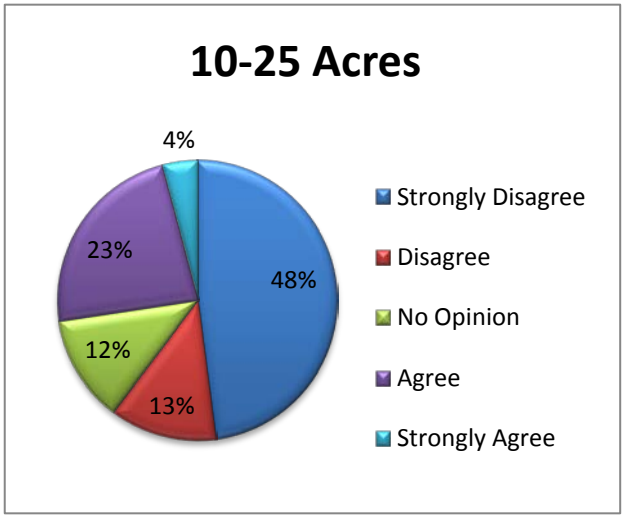
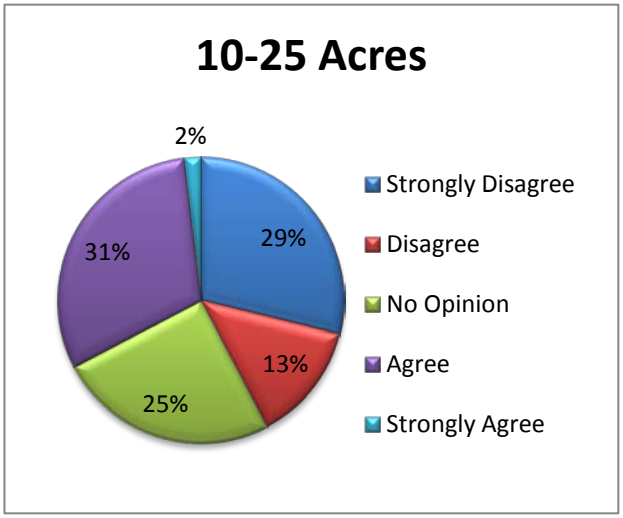
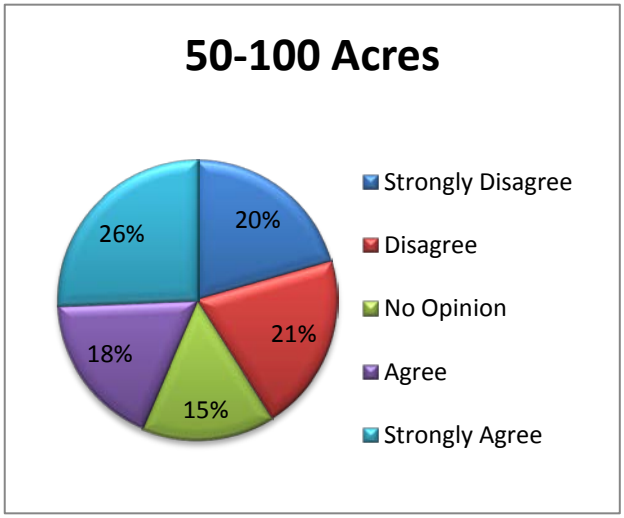


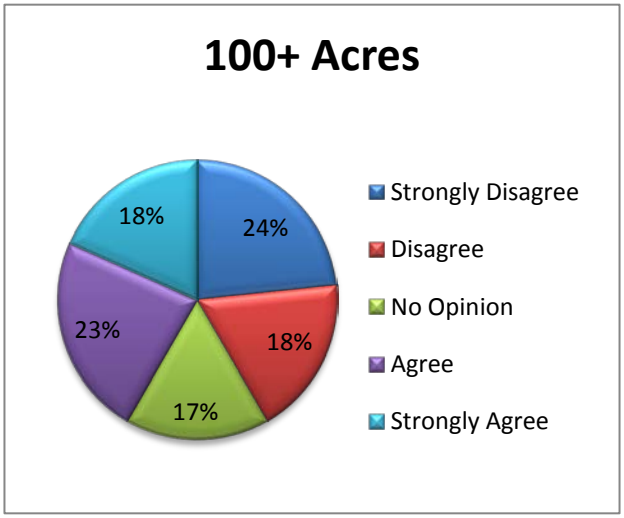
Figure 7a. Pie graph illustrating whether fees based on production are calculated on an equitable basis reflecting the size of the mining operation.

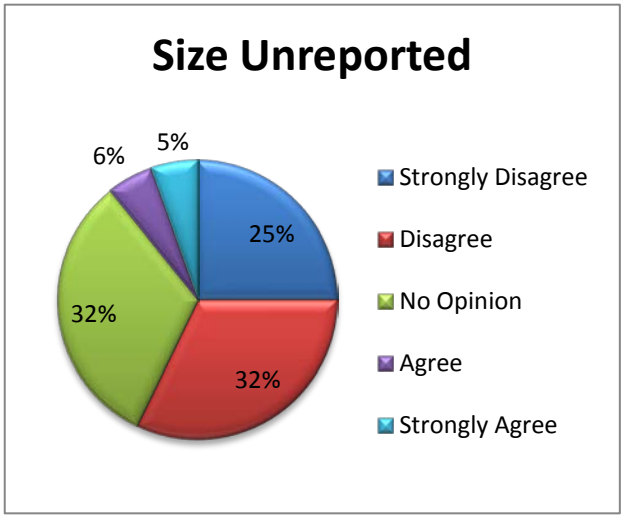












Figures 7b. Pie graphs illustrating whether fees based on production are calculated on an equitable basis reflecting the size of operation.

Question No. 5 – Fees are calculated on an equitable basis reflecting the type of the mining operation? More respondents disagreed than agreed that fees are equitably based on the type of mine operation (e.g., aggregate versus gold and silver) (45% versus 33%; Figure 8a). The smaller mine operators (0 -10 acres) have a larger level of dissatisfaction with the equity of fees based on the type of mine operation (59%) than do the larger mine operators (100+ acres) (24%) (Figure 8b).

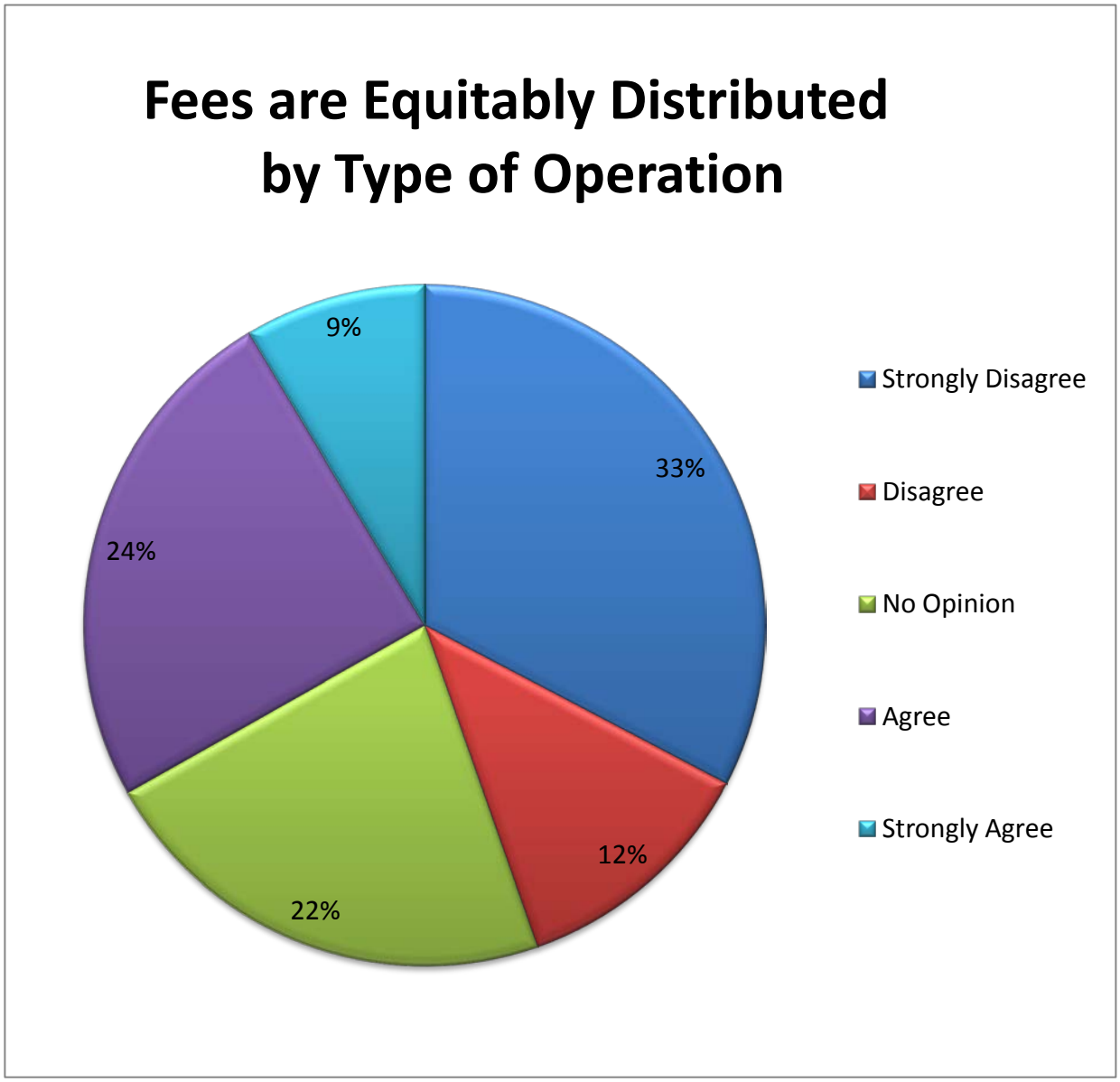
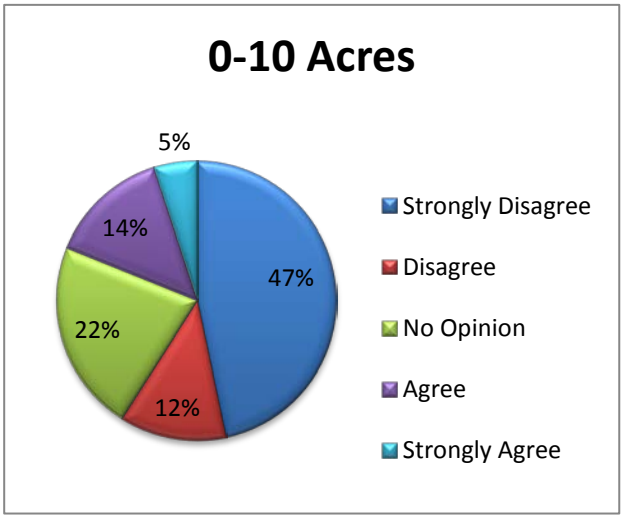
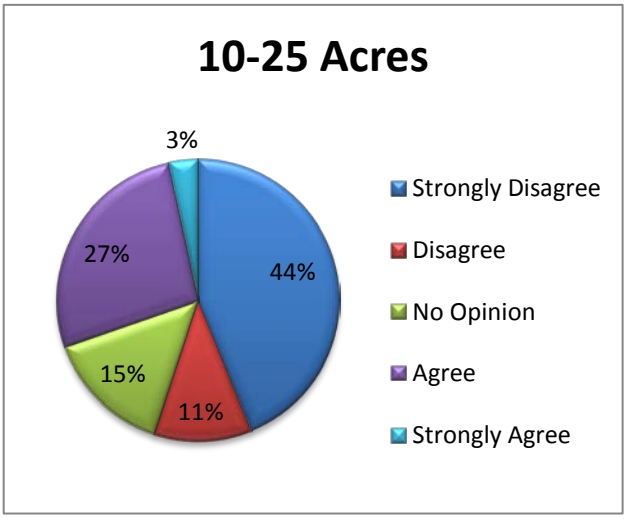
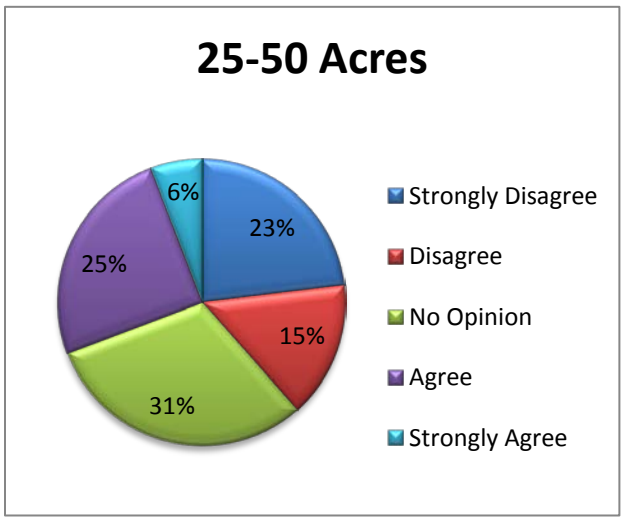
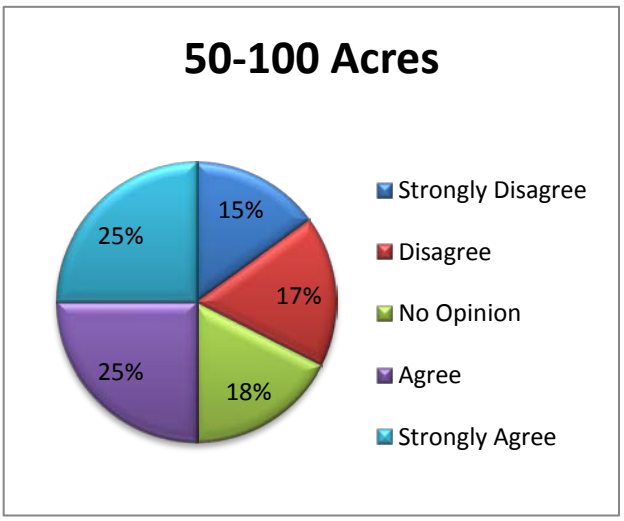


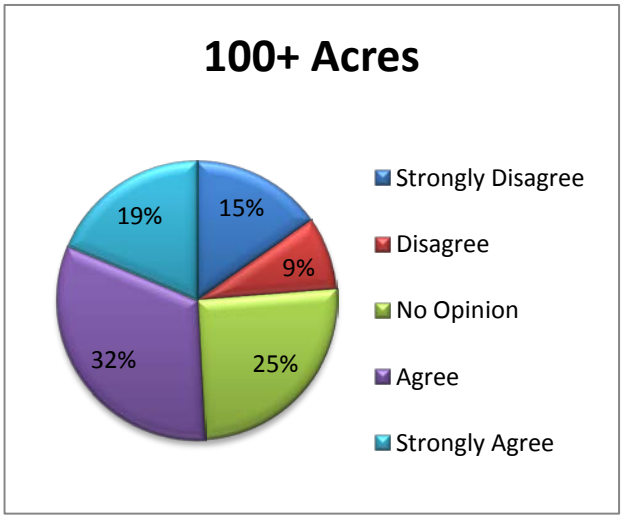
Figure 8a. Pie graph illustrating whether fees are calculated on an equitable basis reflecting the type of operation.

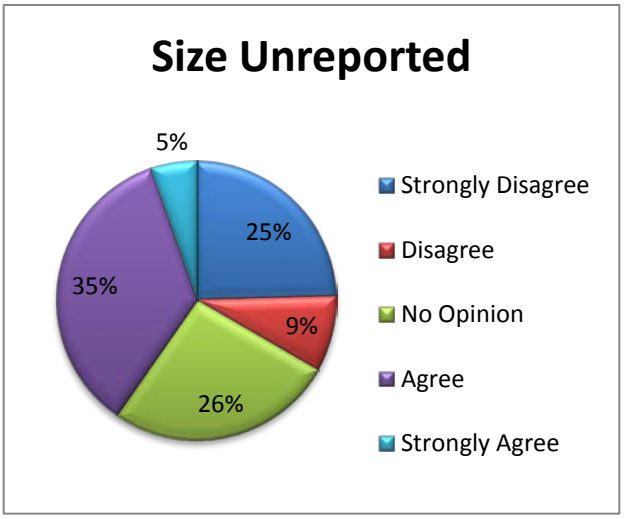












Figures 8b. Pie graph showing whether fees are calculated by size on an equitable basis reflecting the type of operation.

Question No. 6 – Fees are calculated on an equitable basis based on production levels? There are more respondents that disagree than agree that fees are equitable based upon production levels (56% versus 34%) (Figure 9a). The smaller mine operators (0 -10 acres) report a higher level of dissatisfaction with the equity of fees based on production levels (70%) than the larger mines (100+ acres) (36%) (Figure 9b). A similar level of small mine operators were dissatisfied with their level of fees (Question Number 2).

The responses to this question contrast somewhat with the responses to the similar Question Number 2: "Our mining operation is satisfied with the amount of Annual Mine Reporting Fees we pay each year." According to responses to this question, 72% of mine operators are dissatisfied with their fees. This compares the 56% who are dissatisfied with the current basis for fees.

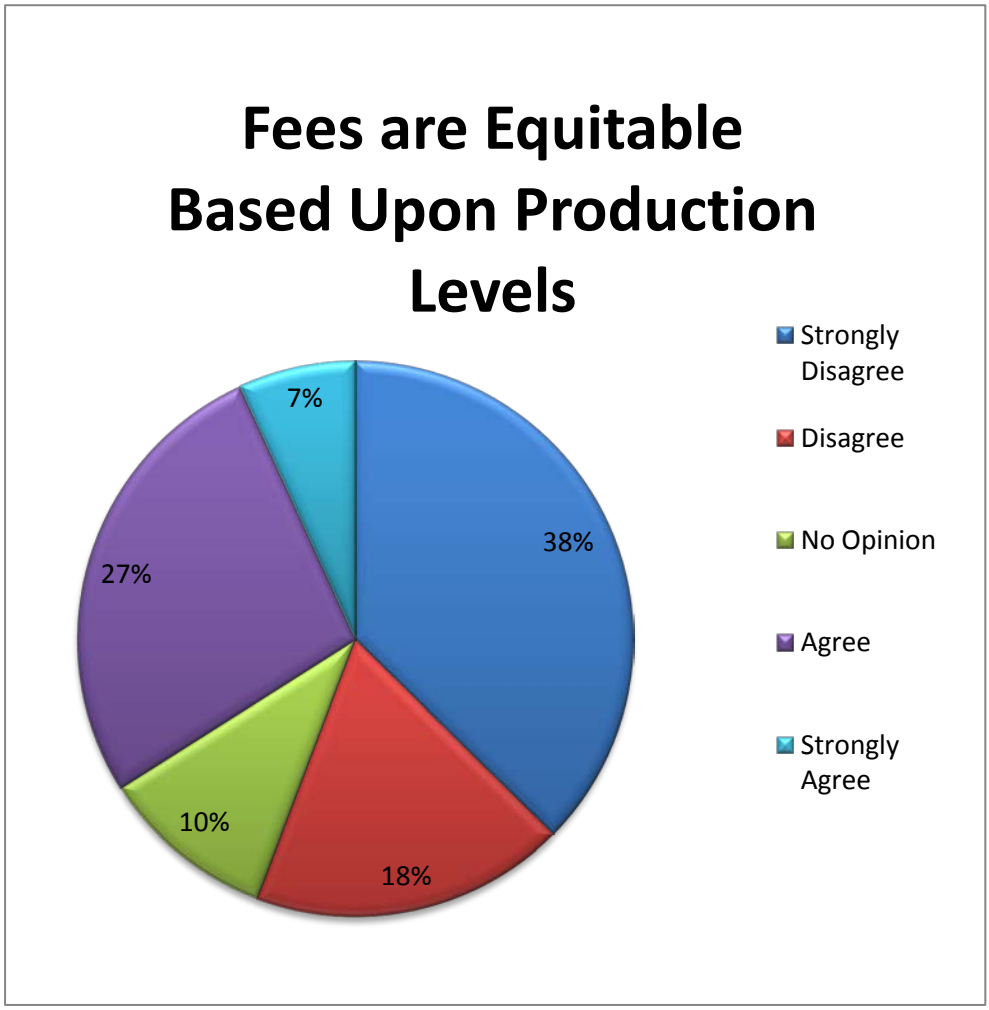
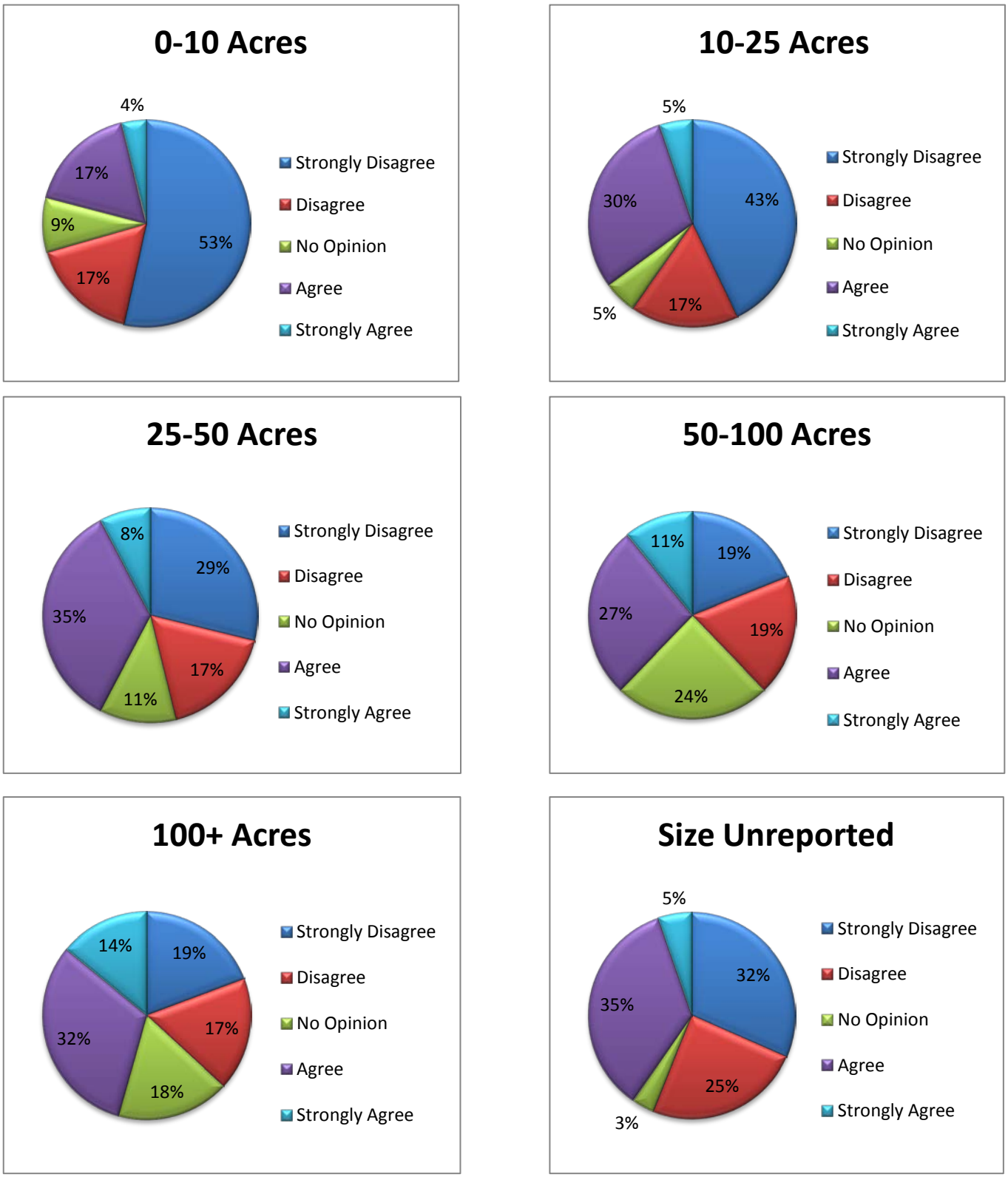
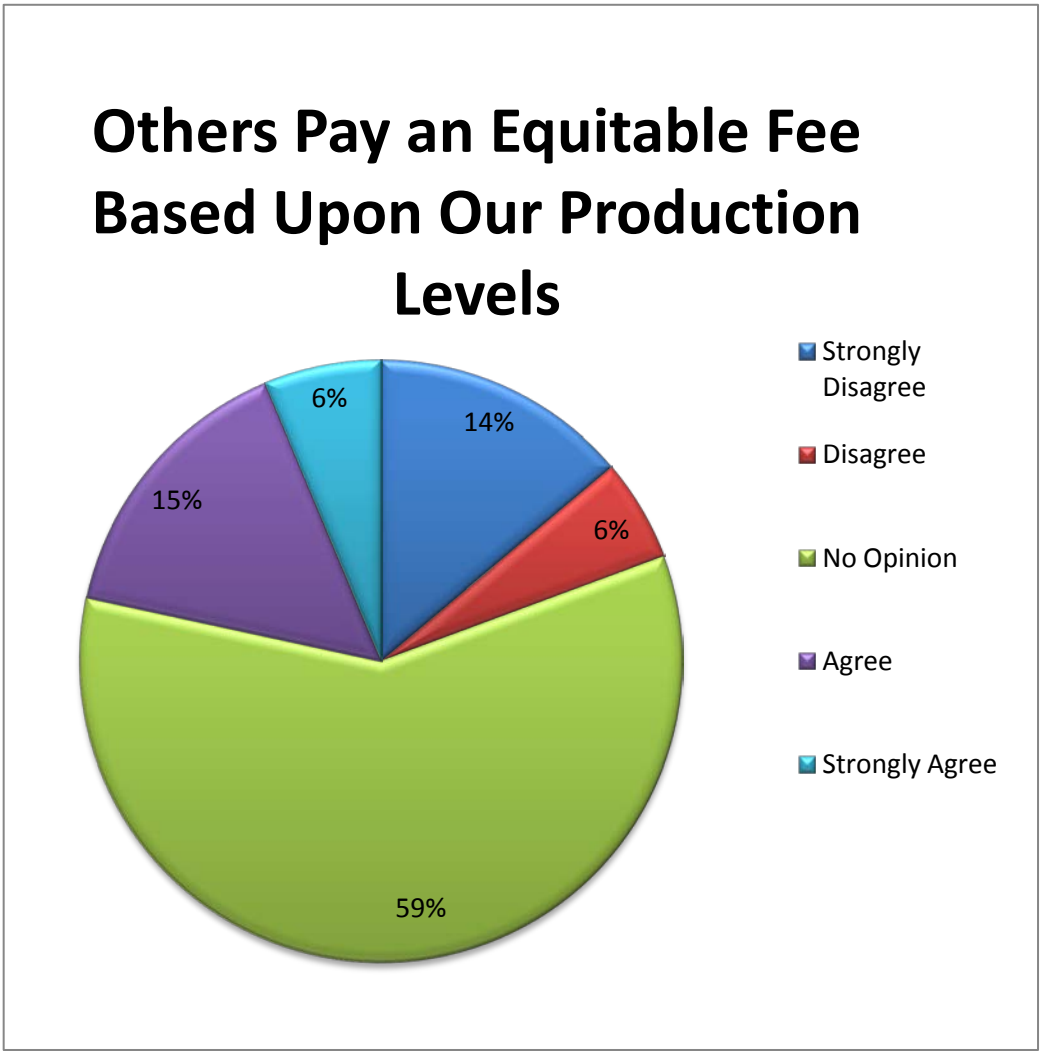


Figure 9a. Pie graph illustrating whether a mining operation pays an equitable fee amount based upon production levels.

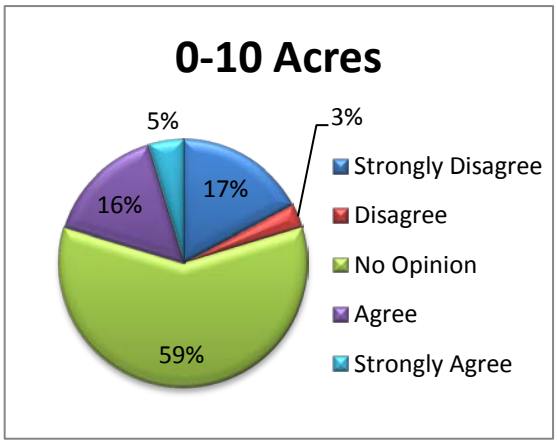


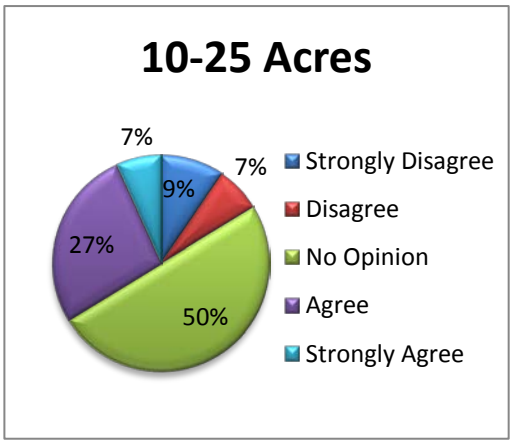
Figures 9b. Pie graphs illustrating whether a mining operation by size pays an equitable fee amount based upon our production levels.

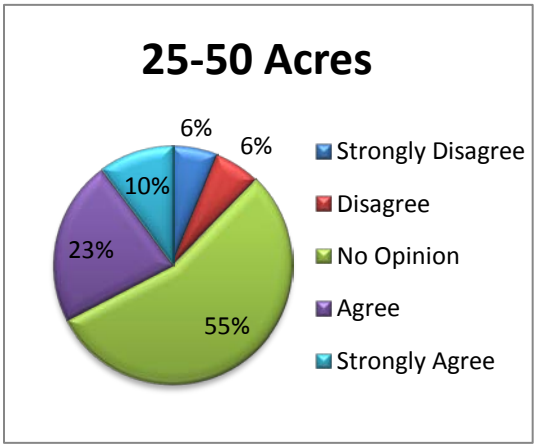
Question No. 7 – Others pay an equitable fee based upon our production levels. An equal number of respondents (about 20%) felt that their competitors paid an equitable level of fees compared to their own, as did not (Figure 10a). Most mine operators had no opinion (Figure 10b).

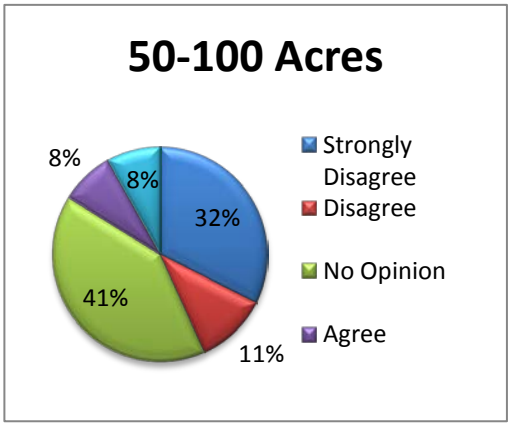


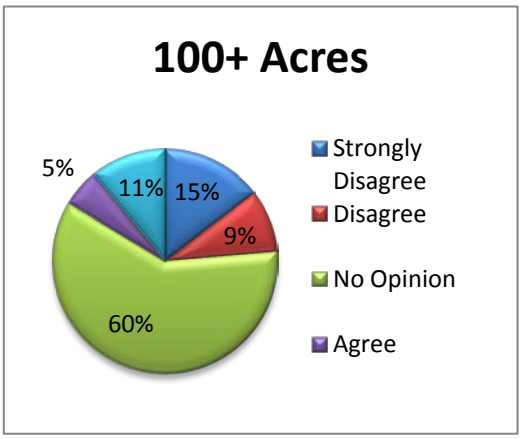
Figures 10a: Pie graph illustrating whether other mining operations pay an equitable fee amount based upon our production levels.

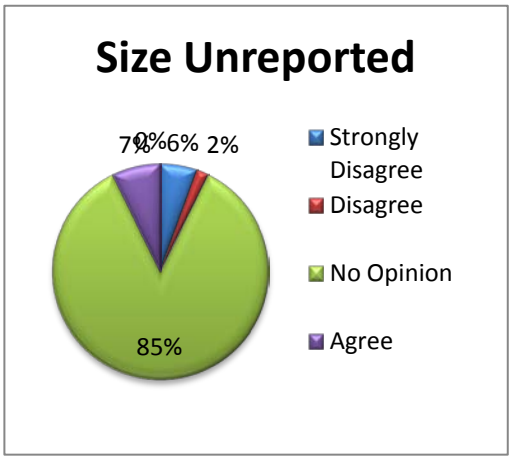












Figures 10b: Pie graphs illustrating whether other mining operations pay an equitable fee amount based upon our production levels.

Question No. 8 – This would be the most equitable way to calculate fees:

a. **The total assessed value of the mining operation**
b. **Acreage disturbed by mining activities**
c. **Production amounts**
d. **Acreage subject to the reclamation plan**
e. **Combination of B and C above**
f. **Other (Please explain in comments)**

Approximately 80% of the respondents agree with the status quo; i.e., that production amount is the most equitable way to calculate annual mine operating fees. No other option came close (Figure 11a). A distant second (35%) was the use of the option that combined production and disturbed acreage. The option deemed least equitable, by a large margin, was total assessed value. Acreage-based options were also viewed unfavorably in terms of equity with 50 to 60% of respondents disagreeing with the equity of an acreage-based option (Figure 11b). These response patterns generally carried across all mine size categories.

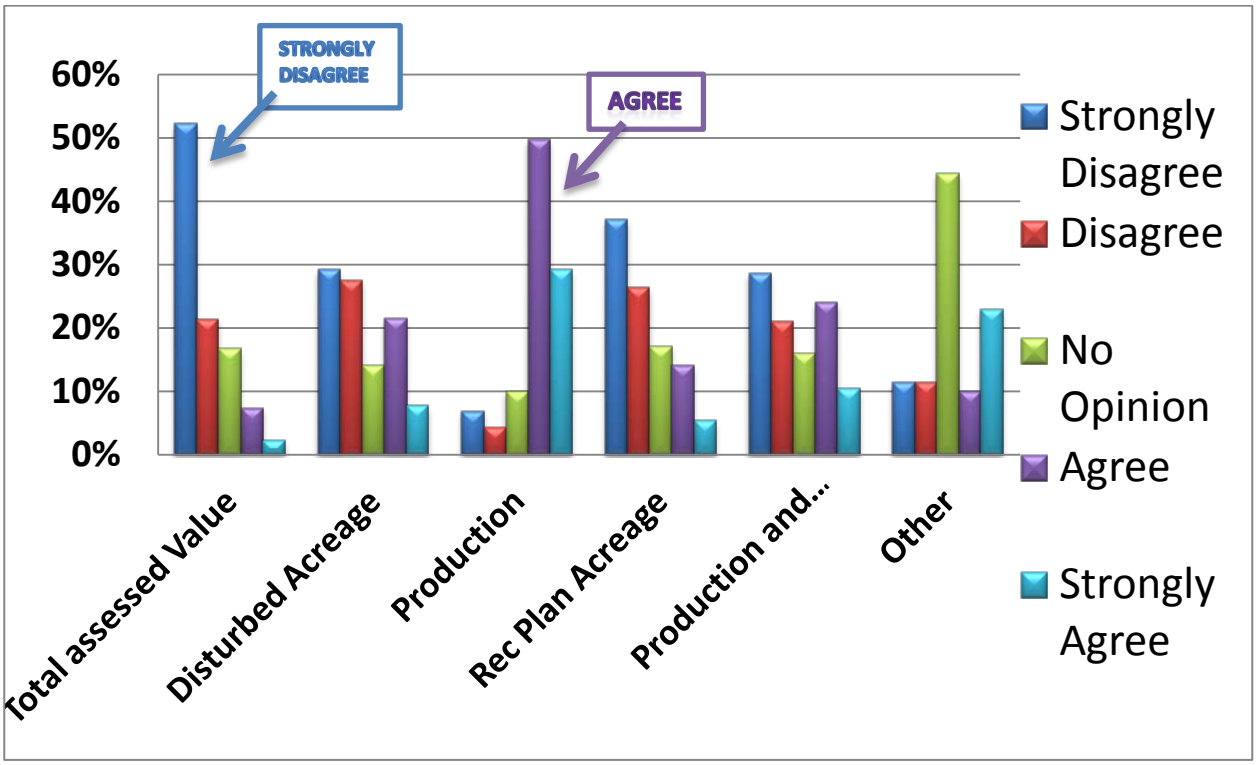


Figure 11a. Bar chart illustrating what would be the most equitable way to calculate fees.

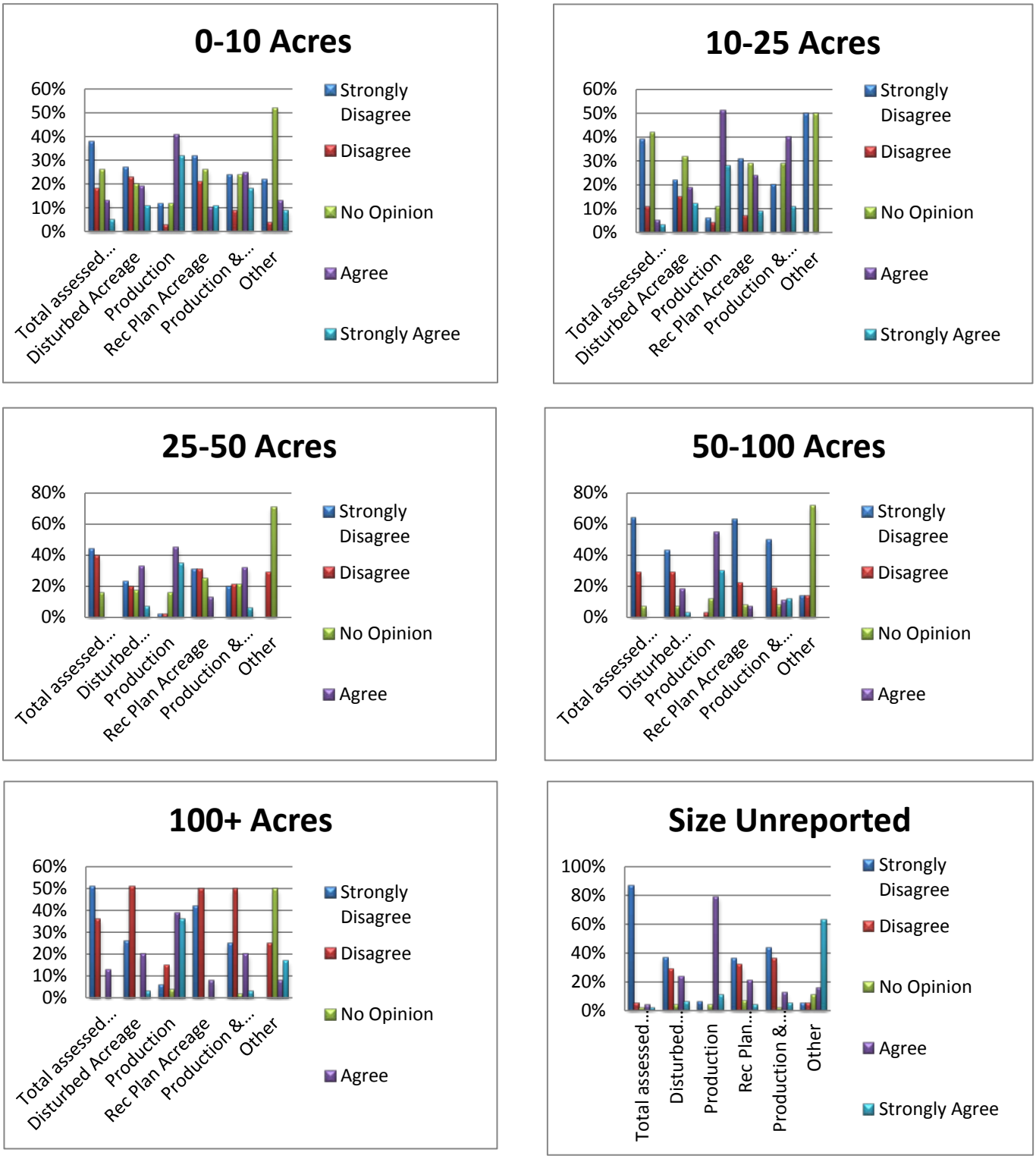


Figure 11b. Bar chart illustrating what would be the most equitable way to calculate fees.

ANALYSIS OF CAP FEE SCENARIOS

To address the need to make the Annual Mine Fee calculations more equitable, either the basis for calculation (i.e., production) needs to be changed, the total revenues generated pursuant to PRC Section 2207(d)(3), and/or increase the single mining operation cap pursuant to PRC Section 2207(d)(1). Should the single mining operation cap be raised, a review of various cap fee scenarios was considered for $8,000, $12,000 and $15,000 and shows how the projected fees will result in a similar collection as the SMGB 2010 approved Annual Fee Schedule (Table 1; Figure 12). The $8,000 scenarios uses exactly the same count as the 2010 for those mine utilizing the low gross and multi-site reduced fee. However, in the $12,000 and $15,000 scenarios, the incentive for utilizing the reduced fees is eliminated so the counts from those categories are transferred into the appropriate production category to provide a more realistic projection. In review of the $15,000 fee spreadsheet the amount drastically reduces the fees in the lower producing categories.

Table 1
Summary of Fixed Fees per Scenario

Fixed Fees	**2010 Fee**	**$8,000 Cap**	**$12,000 Cap**	**$15,000 Cap**
Closed-Rec Complete	$118	$500	$500	$100
Closed-Rec Incomplete	$118	$500	$500	$100
Initial Reports	$500	$500	$500	$500
Low Gross	$472	$800	$1,200	$1,500
Multiple-Site	$4,721	$8,000	$12,000	$15,000
Newly Permitted	$118	$500	$500	$100

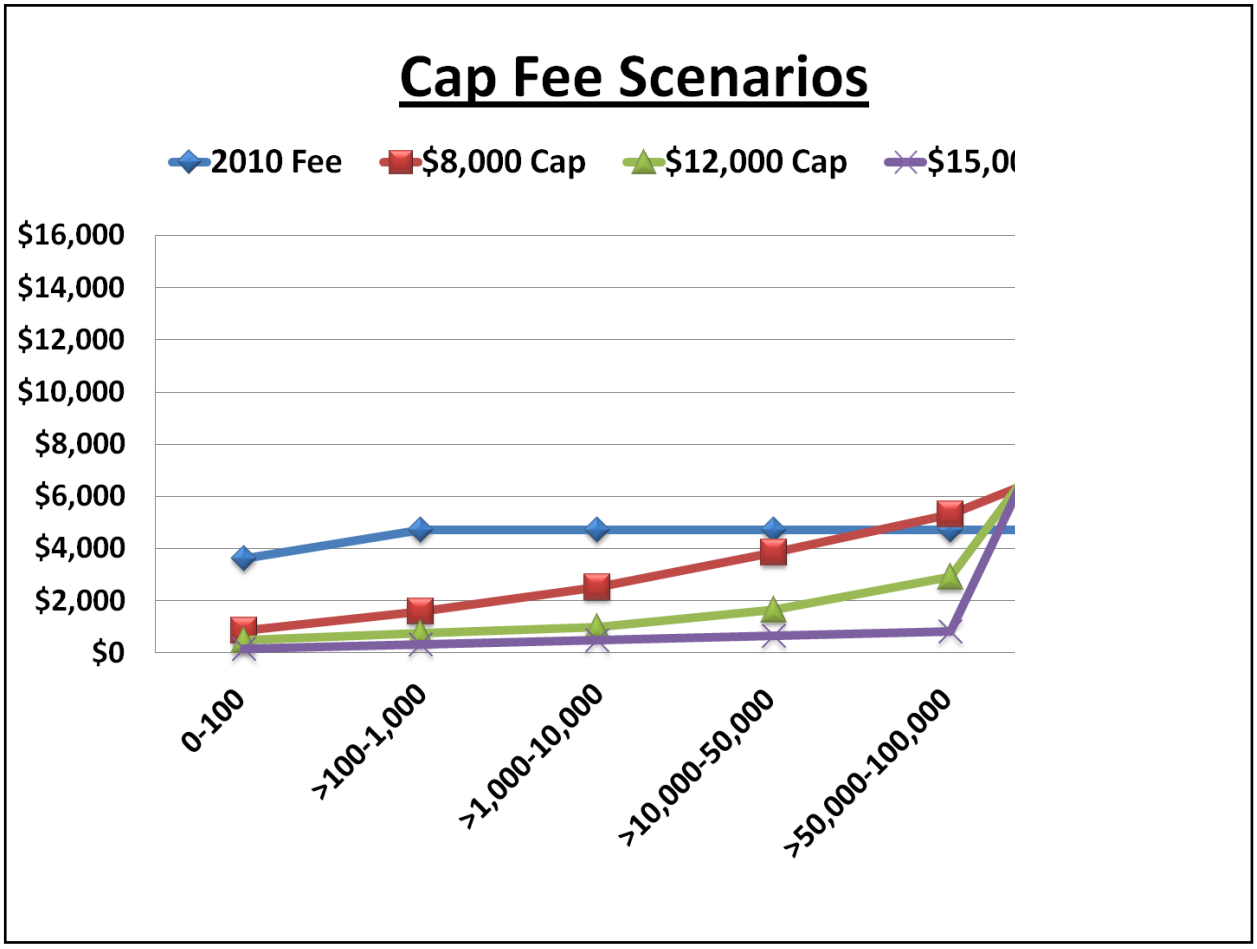


Figure 12. Line graph illustrating three scenarios for consideration in raising the single mining operation cap. The three scenarios are $8,000, $12,000 and $15,000.

CONCLUSIONS AND RECOMMENDATIONS

Based on the survey's results summarized above, and based on those surface mining operators that responded to the survey, the following conclusions are offered:

- Eighty-three percent (83%) of the operations understand how to calculate the annual mine fees.

- Seventy-two percent (72%) of the operations are not satisfied with the Annual Fee Amount.

- Fifty-six percent (56%) of the operations find the Annual Mine Fees inequitable based on mine size (acreage).

- Forty-five percent (45%) of the operations find the Annual Mine Fees inequitable based on mine type; thirty-three percent (33%) find such fees equitable.

- Fifty-six percent (56%) find the Annual Mine Fee inequitable based on production.

- An equal number of respondents agree and disagree that others pay equitable fees; fifty-nine percent (59%) had no opinion.

- Eighty percent (80%) find production as the most equitable basis for establishing Annual Mine Fees.

- Although changing the basis on which Annual Mine Fees are calculated, or increasing the cap for total revenues generated were considered, raising the single mining operation cap to about $8,000, without changing the way the fees are calculated or raising the total revenues generated, provided a more equitable distribution of Annual Mine Fees, and most closely addresses the intent of PRC Section 2207(d)(2).

Based on the survey's results summarized above, the following recommendations are offered:

- Consider legislative action to raise the single mining operation cap from $4,000 to $8,000.

- The minimum fee of $100 should be raised, for example, to $500, considering raising the minimum fee of $100 to $500.

- The SMGB annually reviews and approves the Annual Mine Fees. In addition to assuring that such fees are calculated in accordance with SMARA and the

SMGB's regulations, that such review also demonstrate that fees remain equitable for all surface mining operations statewide.

APPENDIX A

Survey Letter

STATE OF CALIFORNIA, NATURAL RESOURCES AGENCY — EDMUND G. BROWN, JR., GOVERNOR

STATE MINING AND GEOLOGY BOARD

DEPARTMENT OF CONSERVATION

801 K Street • Suite 2015 • Sacramento, California 95814

PHONE: 916 / 322-1082 • FAX: 916 / 445-0738 • TDD: 916 / 324-2555 • INTERNET: conservation.ca.gov/smgb

December 19, 2011

Dear Mine Operator:

The State Mining and Geology Board (SMGB) is in the process of consideration of whether annual reporting fees are established on an equitable basis and is requesting information from each mine operator. Please complete the enclosed survey and return it in the enclosed self-addressed envelope no later than February 2, 2012.

Public Resources Code (PRC) Section 2207(d) requires the SMGB to impose by regulation an annual reporting fee on each active and idle surface mining operation. Active and idle surface mining operations are defined in PRC Sections 2207(f), 2714, 2727.1, 2735, and Title 14 California Code of Regulations (CCR) Section 3501, and include operations conducted by public agencies. PRC Section 2207(d) also states the annual fee imposed shall not be less than $100 or more than $4,000 for each operation. These amounts shall be adjusted for cost of living as measured by the California Consumer Price Index.

Public Resources Code (PRC) Section 2207(d)(2)(A) requires a reporting fee schedule to be established on an equitable basis reflecting the size and type of the operation. The SMGB must consider the following: total assessed value of the operation, total acreage disturbed, and acreage subject to the reclamation plan. The SMGB is not restricted from considering other issues such as mineral production.

If you have any questions, please contact Ben Shelton at (916) 327-8305.

Sincerely,

Stephen Testa
Executive Officer
State Mining and Geology Board
801 K Street, Suite 2015
Sacramento, CA 95814

Enclosure - See Reverse Side

Mission of the State Mining and Geology Board is to Represent the State's Interest in the Development, Utilization and Conservation of Mineral Resources; Reclamation of Mined Lands; Development of Geologic and Seismic Hazard Information; and to Provide a Forum for Public Redress

	Question	Strongly Disagree (1)	Disagree (2)	No Opinion (3)	Agree (4)	Strongly Agree (5)	Refer to Additional Comments Section Below
1.	The Annual Report is easy to fill out.						
2.	The Annual Reporting fees are confusing.						
3.	Our mining operation is satisfied with the amount of Annual Reporting fees we pay each year.						
4.	Fees are calculated on an equitable basis reflecting the size of the operation.						
5.	Fees are calculated on an equitable basis reflecting the type of the operation.						
6.	Our mining operation pays an equitable fee amount based upon our production levels.						
7.	Other mining operations do not pay an equitable fee amount based upon their production levels.						
8.	This would be the most equitable way to calculate fees:						
	The total assessed value of the mining operation						
	Acreage disturbed by mining activities						
	Production amounts						
	Acreage subject to the reclamation plan						
	Combination of B and C above						
	Other (Please explain in comments)						

Additional Comments: _____
_____
_____
_____

APPENDIX B

Summary of Responses to Survey

Table B-1						
Summary of Survey Results (All Data)						
Question Number	**Question**	**Strongly Disagree (1)**	**Disagree (2)**	**No Opinion (3)**	**Agree (4)**	**Strongly Agree (5)**
1	I understand how to calculate my Annual Mine Reporting fees.	12	15	42	224	126
2	Our mining operation is satisfied with the amount of Annual Mine Reporting fees we pay each year.	189	104	34	62	19
3	Fees are calculated on an equitable basis reflecting the size of the operation.	158	74	71	81	33
4	Fees are calculated on an equitable basis reflecting the type of operation.	137	50	93	103	36
5	Our mining operation pays an equitable fee amount based upon our production levels.	153	75	42	111	28
6	Other mining operations do not pay an equitable fee amount based upon their production levels.	55	22	235	61	25
7	This would be the most equitable way to calculate fees:					
	a. The total assessed value of the mining operation	134	55	43	19	6
	b. Acreage disturbed by mining activities	79	74	38	58	21
	c. Production Amounts	24	15	35	174	102
	d. Acreage subject to the reclamation plan	97	69	45	37	14
	e. Combination of B and C	74	54	41	62	27
	f. Other (Please explain)	8	8	31	7	16

Table B-2						
Summary of Survey Results (Operation Size 0-10 Acres)						
Question Number	**Question**	**Strongly Disagree (1)**	**Disagree (2)**	**No Opinion (3)**	**Agree (4)**	**Strongly Agree (5)**
1	I understand how to calculate my Annual Mine Reporting fees.	8	9	23	66	25
2	Our mining operation is satisfied with the amount of Annual Mine Reporting fees we pay each year.	76	33	9	16	4
3	Fees are calculated on an equitable basis reflecting the size of the operation.	72	21	15	23	5
4	Fees are calculated on an equitable basis reflecting the type of operation.	57	15	27	17	6
5	Our mining operation pays an equitable fee amount based upon our production levels.	69	22	11	22	5
6	Other mining operations do not pay an equitable fee amount based upon their production levels.	22	4	76	20	6
7	This would be the most equitable way to calculate fees:					
	a. The total assessed value of the mining operation	29	14	20	10	4
	b. Acreage disturbed by mining activities	22	19	16	15	9
	c. Production Amounts	14	3	13	45	35
	d. Acreage subject to the reclamation plan	24	16	20	8	8
	e. Combination of B and C	20	8	20	21	15
	f. Other (Please explain)	5	1	12	3	2

Table B-3						
Summary of Survey Results (Operation Size 10-25 Acres)						
Question Number	**Question**	**Strongly Disagree (1)**	**Disagree (2)**	**No Opinion (3)**	**Agree (4)**	**Strongly Agree (5)**
1	I understand how to calculate my Annual Mine Reporting fees.	0	3	12	45	16
2	Our mining operation is satisfied with the amount of Annual Mine Reporting fees we pay each year.	34	20	7	13	2
3	Fees are calculated on an equitable basis reflecting the size of the operation.	35	9	9	17	3
4	Fees are calculated on an equitable basis reflecting the type of operation.	39	10	13	24	3
5	Our mining operation pays an equitable fee amount based upon our production levels.	33	13	4	23	4
6	Other mining operations do not pay an equitable fee amount based upon their production levels.	7	5	37	20	5
7	This would be the most equitable way to calculate fees:					
	a. The total assessed value of the mining operation	14	4	15	2	1
	b. Acreage disturbed by mining activities	9	6	13	8	5
	c. Production Amounts	3	2	6	27	15
	d. Acreage subject to the reclamation plan	13	3	12	10	4
	e. Combination of B and C	7	0	10	14	4
	f. Other (Please explain)	1	0	1	0	0

Table B-4						
Summary of Survey Results (Operation Size 25-50 Acres)						
Question Number	**Question**	**Strongly Disagree (1)**	**Disagree (2)**	**No Opinion (3)**	**Agree (4)**	**Strongly Agree (5)**
1	I understand how to calculate my Annual Mine Reporting fees.	0	0	2	30	17
2	Our mining operation is satisfied with the amount of Annual Mine Reporting fees we pay each year.	23	13	5	9	2
3	Fees are calculated on an equitable basis reflecting the size of the operation.	15	7	13	16	1
4	Fees are calculated on an equitable basis reflecting the type of operation.	12	8	16	13	3
5	Our mining operation pays an equitable fee amount based upon our production levels.	15	9	6	18	4
6	Other mining operations do not pay an equitable fee amount based upon their production levels.	3	3	27	11	5
7	This would be the most equitable way to calculate fees:					
	a. The total assessed value of the mining operation	14	13	5	0	0
	b. Acreage disturbed by mining activities	7	6	5	10	2
	c. Production Amounts	1	1	8	22	17
	d. Acreage subject to the reclamation plan	10	10	8	4	0
	e. Combination of B and C	7	7	7	11	2
	f. Other (Please explain)	0	2	5	0	0

Table B-5						
Summary of Survey Results (Operation Size 50-100 Acres)						
Question Number	**Question**	**Strongly Disagree (1)**	**Disagree (2)**	**No Opinion (3)**	**Agree (4)**	**Strongly Agree (5)**
1	I understand how to calculate my Annual Mine Reporting fees.	2	2	1	12	24
2	Our mining operation is satisfied with the amount of Annual Mine Reporting fees we pay each year.	15	12	2	8	1
3	Fees are calculated on an equitable basis reflecting the size of the operation.	8	8	6	7	10
4	Fees are calculated on an equitable basis reflecting the type of operation.	6	7	7	10	10
5	Our mining operation pays an equitable fee amount based upon our production levels.	7	7	9	10	4
6	Other mining operations do not pay an equitable fee amount based upon their production levels.	12	4	15	3	3
7	This would be the most equitable way to calculate fees:					
	a. The total assessed value of the mining operation	18	8	2	0	0
	b. Acreage disturbed by mining activities	12	8	2	5	1
	c. Production Amounts	0	1	4	18	10
	d. Acreage subject to the reclamation plan	17	6	2	2	0
	e. Combination of B and C	13	5	2	3	3
	f. Other (Please explain)	1	1	5	0	0

Table B-6						
Summary of Survey Results (Operation Size Over 100 Acres)						
Question Number	**Question**	**Strongly Disagree (1)**	**Disagree (2)**	**No Opinion (3)**	**Agree (4)**	**Strongly Agree (5)**
1	I understand how to calculate my Annual Mine Reporting fees.	1	0	1	37	26
2	Our mining operation is satisfied with the amount of Annual Mine Reporting fees we pay each year.	24	10	6	13	8
3	Fees are calculated on an equitable basis reflecting the size of the operation.	14	11	10	14	11
4	Fees are calculated on an equitable basis reflecting the type of operation.	9	5	15	19	11
5	Our mining operation pays an equitable fee amount based upon our production levels.	11	10	10	18	8
6	Other mining operations do not pay an equitable fee amount based upon their production levels.	8	5	33	3	6
7	This would be the most equitable way to calculate fees:					
	a. The total assessed value of the mining operation	20	14	0	5	0
	b. Acreage disturbed by mining activities	10	20	0	8	1
	c. Production Amounts	3	8	2	21	19
	d. Acreage subject to the reclamation plan	16	19	0	3	0
	e. Combination of B and C	10	20	1	8	1
	f. Other (Please explain)	0	3	6	1	2

Table B-7						
Summary of Survey Results (Operation Size Undetermined)						
Question Number	**Question**	**Strongly Disagree (1)**	**Disagree (2)**	**No Opinion (3)**	**Agree (4)**	**Strongly Agree (5)**
1	I understand how to calculate my Annual Mine Reporting fees.	1	1	3	34	18
2	Our mining operation is satisfied with the amount of Annual Mine Reporting fees we pay each year	17	16	5	3	2
3	Fees are calculated on an equitable basis reflecting the size of the operation.	14	18	18	3	3
4	Fees are calculated on an equitable basis reflecting the type of operation.	14	5	15	20	3
5	Our mining operation pays an equitable fee amount based upon our production levels.	18	14	2	20	3
6	Other mining operations do not pay an equitable fee amount based upon their production levels.	3	1	47	4	0
7	This would be the most equitable way to calculate fees:					
	a. The total assessed value of the mining operation	39	2	1	2	1
	b. Acreage disturbed by mining activities	19	15	2	12	3
	c. Production Amounts	3	0	2	41	6
	d. Acreage subject to the reclamation plan	17	15	3	10	2
	e. Combination of B and C	17	14	1	5	2
	f. Other (Please explain)	1	1	2	3	12

APPENDIX C

Operators Specific Responses to Survey

(Comments are presented as submitted)

Survey Comments
(comments are presented as submitted)

0-10 Acres

1. B and D only. The intent of the code was to protect the environment not to rip off the miners.
2. If you sold any product, for money, not for your own use.
3. 4 and 7 fees should be based upon income rather than materials sold.
4. We average around 8,000 to 10,000 tons a year, but yet we pay the same as a big operation averaging from 10,000 tons to 100,000 tons.
5. There is a huge gap between what we produce and the 100,000 for the low gross exemptions. Not fair. We cannot afford to keep our mom and pop operation going.
6. Something has got to be changed to help small mines like myself. You guys are charging the small guys way too much. I do about 30% or 70% less business now and I have to pay as much as bigger operations do. You have got to charge more for the big mines and less for the small ones. Even Shasta County charges way too much. The big mines and asphalt companies get all the big jobs; therefore make most of the money. Chuck Wolf 530-945-3038.
7. 2011 was the first year of operation at our mine, therefore the calculation of fees is new to us and we will have a better understanding after this season. To decrease operation costs, basing a fee on production sold and transported off the site across scale seems to be the best.
8. Our operation is an intermittent gravel bar in stream skimming one-primarily used to prevent bank erosion and maintain its engineered baseline/channel capacity. Fees related to this do not take into account enhancement the work produced. The sale of any gravel only offsets multiple costs which increase yearly. Other agencies oversee and extract their own fees and permits. Why should we have to pay for paper pushing jobs for individuals who derive remuneration, but do nothing significant? We feel we pay at every stage for nothing. We receive nothing exchange. Our “mine” is not a profit generating mine and we have spent thousands of dollars, but have never collected any sales yet. Our service provides a benefit to all stakeholders, but with little reward for us.
9. We sell approximately 30,000 cubic yards a year yet we are paying the same fee as a large operation producing (selling) over 100,000 tons.
10. Your fee schedule destroys the small miner. The 0-100 ton category should be $0 not $4,000. If a mine has no sales or very small sales it penalizes the operator. California should support and help the small miner not drive him out of business.
11. We are a father son operation. We have 1 to 5 acres disturbed at a time. The annual reporting fee is extreme for our size operation. Please help us out. Thank you. Goose Hill Rock
12. Annual costs for idle mines is too high, our costs are in the 10,000 range per year with no extraction for 3 years with bad economy-no demand. We only are permitted for 10,000 yards per year so no big impact. Many agencies have a “no change” box that would reduce all paperwork for idle mines a state first year with a set fee.
13. I operate a small underground specimen mine on private property. This is a part time family operation - 2 men. Production is very limited and we can go several years with “no

production” a $3,600 year fee is out of line. I only have a $6,000 reclamation bond. Lance Baker 209-742-4608. ID#91-22-0004

14. Our quarry doesn’t produce half as much as large quarries in the county and we are still paying the same in fees. Doesn’t seem right.
15. Smaller producers need a discounted rate.
16. Fees should continue to be based in production; however the fee “range of production (tons)” should be adjusted. For example, the fee for a mine site that has zero production and the fee for a mine site that has 10,000 tons significant but a site with 10,000 tons and a site with 100,000 tons is the same. The production levels and the fees should be more equitable.
17. It is my understanding you brought in $153 million a year and have only 25 employees and expenses for the whole State of California. It seems there is a lot of money going somewhere. I have 15 employees in a good year and gross 3.5 million in a good year and maybe, maybe nest $200,000 a year after all the expenses. There are too many fees in this state for miners. The mom and pop businesses are going to giant businesses. All I ask is that you be reputable in your fees. I paid about $13,000 last year and it is just too high.
18. Question #5 For example, if we were to produce 4,000 tons of material based on current fees it would cost $1.18 per ton. That is cost prohibitive. One of our pits, which was an idle pit this year, cost us $3,607, which is way too much money for zero production. Question #7 There should be increments in the fees that better reflect production amounts. Larger producers (example >100,000 tons) should pay a larger amount compared to a 10,000 ton/year producer. Currently, both producers would pay the same.
19. The fee range should be higher for very large operations. Lower the fees for smaller mines.
20. Lower fees for smaller operations
21. Should be a higher fee for very large operations and a much lower fee for smaller ones. On some mines I pay more than my profit to fees.
22. Fees should be based on income. If an operator has more than one operation, that should be considered too. If there is no production and no income the fees are not a fair amount.
23. Fees should be based upon the amount of material sold in any give year. So if 1,000 yards is sold, the fee would be based on 1,000 yards. As it is, now my fee amounts to +/- $5.00/cy on what was sold last year. This is outrageous when the market will only pay $20.00/cy for the material (aggregate). This will vary substantially from operator to operator and even more form one month to the next for the small operator. The acres are already accounted for in the reclamation costs (bonds/cash deposit).
24. Annual inspection fee seems to be very high for the amount of time it takes for our small idle operations.
25. I only use my quarry for my own use these past few years. It is about two disturbed acres and two acres have been reclaimed. San Luis Obispo county tried to charge me $1,979 for an inspection until I protested. This year they charged $1,006 for a 30-minute inspection. Quarries like mine should be reduced at least every other year and actual hourly rate of time involved with the inspection and paperwork. Not making small quarries pay for other programs.
26. We struggle with the concept of paying reporting fees period! This state asks for money (fees (really taxes!)) at every turn, no wonder businesses leave the state.

27. Production is the only accurate method to calculate fees because it is the only method that takes market condition and income into consideration.
28. Small mines should not be lumped with large mines. Less than 50,000 tons.
29. Question #2: The low gross exemption makes the fee less onerous than it would otherwise be.
30. The fee needs to have more increments. For example, if today you sell 1,001 tons then you owe the maximum; not fair.
31. If a mine is idle with no income for some time, fees should be reduced.
32. Due to the down economy our operation very rarely is used. We still pay for not using our pit at all.
33. We filled the barrow in 2009 with water and have been operating a fish farm from that point on.
34. Category 1 up to 100 tons coded = $3,557 and Code 1 = $4663. Greater than 100,000 tons or millions of tons shows just how inequitable the fees are. The Department of Conservation rations (including zero tons) shows the California Office of Mine Reclamation's determination to put all small mining operations out of business with this useless taxation in violation of the Public Land Law of 1866.
35. Production amounts with a lower fee schedule.
36. Timber company-difficult and costly to deal with idle mine issues. Many years we don't extract rock, but we must pay. If an unplanned issue arises like storm damage, NSO changes logging ops, etc., I may have to activate pit immediately for rock to address issues.
37. We are eligible for low gross exemption, but audited financial statements and/or a letter from our CPA is very inconvenient. Self-certify would be appropriate.
38. Our mining operation is very low production so the low gross exemption works for our operation.
39. Our active quarry is 0-10 acres. We sold 93 tons at $10 a ton = $930 in net income. Our payment to you was for 0-100 tons, or $3,607. Greater than 100 tons up to 100,000 tons is only $4,721.
40. Question #1: I spend hours figuring this out every year. Question #2 There should be no reporting fee for having a registered mine because mines are a great benefit to federal, state and local economies. Some mines will shut down because of the paperwork burden. Furthermore, the endless regulation, right of ways, reclamation, restrictions, and government burdens would cause these mines never to open again. Also, the lead agency in our case, the planning department, has the right to recover the costs that are mandated by the state, therefore the more red tape the greater the county burden for inspections and paperwork. Question #3: An idle mine is still charged fees for no production. Question #6: Have no idea what anyone else pays and I believe that information is privileged. Question #7c Production in pounds (tons) is not equitable (i.e. huge difference between a pound of clay vs. a pound of gold), therefore production amounts should be defined in dollars. Question #7d: Financial Assurance Mechanisms required for mines are already in place. Question #7f: Fees should be based on a percentage basis of the production income.
41. Fees need to be calculated on an equitable basis reflecting the size of the operation. Our production of only 600 tons with the annual mine reporting fee of $4,721 costs us $7.86 per ton. A 100,000-ton operation pays about 5 cents per ton for the same annual fee that costs us $7.86 a ton. We are not suggesting large operations pay more, but small operations need to pay less. We believe PRC Section 2207 (d) states that the annual fee

imposed could start at $100. Table II - For “Active” and “Idle” operations should be changed as follows: 0-2000 tons should be a fee of $100. 2000 tons and greater tons should be calculated at 5 cents per ton.

42. The small producer needs to have a smaller fee as he takes less regulation and has to stay in business.
43. Due to depressed local economy production levels are depressed as they have ever been in my 40 years in Siskiyou County. We need a mechanism to keep mines open and available when economy rises.
44. Small operations, such as mines, should not be subjected to high fees. There are few sales in this remote area. I save the taxpayer a lot of money at times by being here. My mining operation has no impact to the environment. It is not in a river channel, does not create a big cut on the side or the hill. It is very small and finite. When it is done it will make good habitat for wild life as it is right now.
45. It cost small operations more in fees than they make.
46. For the large fees paid-the operator gets nothing in return for more useless regulations.

Survey Comments
10-25 Acres

1. A fifty thousand ton operation should not pay the same as a million ton plant.
2. I never could understand why I had to pay the same fees as operations 10 times our size.
3. Should be assessed on gross income and not profit plans (plus?) the cost of administering the program.
4. Why should an operation grossing millions of dollars pay the same fee as our operation that makes $200,000?
5. Riverside County operates ten mining sites, mainly for construction material used in road construction. We have never really understood the rationale used to base amount of mining fees. We are not dissatisfied with the fee amount.
6. There should be an exemption allowed for governmental projects that are not making a profit from the operation. Each county may have a different method of assessing projects. The disturbed area could be the same for several years as material is removed by going deeper yet the reclamation plan stays the same. Production report is for amounts of material removed from site but not its value. Reclamation plan area may be the same over several years as the project develops yet the disturbed area and production amount may be minimal due to economy. A combination needs to have each computer weighed from its share. Fees being charged are not being based on the services provided by the State. Fees should not exceed an increase of that of the area cost of living adjustment.
7. We just purchased this mine and have not operated to date so we are not familiar with this yet.
8. For small operations, they need a shorter form and much more simple to fill out.
9. Current structure is a tax, not a fee. Fee schedule has grown while service and benefits to people of California has diminished. The whole concept of charging a current company to remediate other problems is unconstitutional and not in public’s interest as it kills business, jobs and tax revenue. No regard as to whether or not operation is profitable.
10. Fees should be based on income. If an operator has more than one operation that should be considered too. If there is no production and no income, the fees are not a fair amount.

11. Excavation volume from several of our mine sites is combined at a single processing area. Individual mine production or sales is not available for individual sites. Historically, our figures are based upon annual excavation volume and not sales.
12. This is a conflict between the 2nd paragraph of this letter and the fee chart that is mailed to use. We paid over $4,000 for year 2011.
13. Our $5,000 fee in 2011 was 2% of our gross sales. It is outrageous to charge this much to a small operation like ours. I bet Granite, Teichert, etc., pay .002% of their gross sales to you! Tammy Vicini 530-622-1963
14. I produce 50,000 to 100,000 tons per year and pay the same as mines producing 3,000,000 tons per year. This is absurd.
15. Taxation without representation. I move under 10,000 tons per year and my fees are still $5,000 per year. That's 50 cents per ton!
16. Production amounts with a lower fee schedule.
17. The annual mine reporting form is too lengthy. There seems to be too much government control over a private enterprise operation.
18. Paid $4,700 last year, plus $3,500 to SMARA Lead Agency, plus county property tax. Seems like a triple tax!
19. I do not believe it is a fair fee scale for a company producing 101 tons and a company producing 100,000 tons to be billed the same.
20. SWA @ Mountain Gate Quarry and Bear Gulch Quarry. We are not mining the Bear Gulch Quarry and pay $3,607 fees while the Mountain Gate Quarry we are mining and paying $4,721 in fees. Any relief for cost of operations would greatly be appreciated.
21. The Multiple Single Fee option is a supportive aspect especially when all of the other permitting and bonding expenses come at the same time. In this economy $4,721 is still a lot of money. A smaller fee for California small mining businesses with fewer tons would help offset some of this or item (b.) using acreage disturbed by mining activities.
22. Fees charged to the smaller operators are very unfair. This slow economy, the high fuel costs etc. The lack of houses or roads being built in our area. It seems our government is doing its best to regulate us right out of business.
23. This is an outrage. In 2009 I sold 439 tons of material, total sales $6,949. 2009 SMARA Costs $4,663, County fees for SMARA $810. Bonding fee for plan $2,465. Annual Financial Assurance assessment fee $500. Total cost for annual required SMARA reporting for 2009 $8,438. Total Sales for 2009 $6,949 = loss of $1,489. And that is only SMARA!!!
24. Need to reassess production amounts to reflect market value – or value period.

Survey Comments
25-50 Acres

1. Our operation's annual fee has been lowered on the "low gross exemption." Small operations like ours have a difficult time just keeping the doors open. I feel that the low gross exemption is the right direction for calculating the annual fee. There should be a lower amount for the smaller operations.
2. Fees are excessive. Distribution is equitable, but the SMGB needs to lower their costs and fees. The cost has more than doubled in the last ten years.

3. Production levels less than 200,000 tons should be half of what they are now. Over 200,000 tons should pay a lot more. Prices are based on costs per ton. Our costs per ton are too high for the fees each year.
4. It is absurd that a mine pays more fees idle than when operating.
5. Please do not raise fees. $4,721 is too high for small operations that produce less than 100,000 tons.
6. Fees should be based on production, that way it is always fair and covers acreage and volume. On a good year you would owe more but would have the money to pay and on a bad year when sales are down you pay less. I feel that the fee paid to the county is high based on time spent.
7. It is not fair or equitable for a small mine in idle status to have to pay near the maximum amount. We paid $3,600 in idle status.
8. If you set a minimum fee (use the low gross rate) for all mines active or idle and a fee per ton, all mines would be on a level playing field. The ton rate would apply if it is higher than the minimum. You would address disturbed land in their money. If there is no production, little was disturbed, if there is a lot of production there is a lot disturbed.
9. This site is currently under IMP. The annual IMP fee is not significantly different than the fee for our production sites. For a surface mine with naturally occurring annual reclamation the fee for the IMP is quite high. Fees based upon annual excavation or annual disturbance is more relevant to what is being done at the site level, specific to mining and reclamation activities.
10. Production is the only accurate method to calculate fees because it is the only method that takes market conditions and income into consideration.
11. Need to go back to stepped (rate?). Low gross exemption hinders small mines between 100,000 to 1,000,000 USD annually.
12. We are forced to be large or under 100,000 USD per year. Operations that fall between 100,00 USD to about 500,000 USD simply pay way too much in relation to operations doing over 1.4 million and up. The fee is the same from 100,00 and up so grossly unfair to not have sliding scale. This year 2012 and 2011 I specifically stop under 100,000 for this specific fee.
13. Question #6 I have no idea what other operations pay.
14. Not sure if idle mining operations should pay as much as max production operations
15. Please add to Table 1: Mining ceased (Economic Conditions, etc.) With intent to resume, no production, reclamation incomplete, SWPPP maintained and compliant.
16. Annual fees should be based on production rates relative to other operators. Lower production rates should be accompanied by lower fees. Smaller and midsize operations should under no circumstances be charged max amount of $4,000.

Survey Comments
50-100 Acres

1. Question #2 Fees are excessive. Distribution is equitable, but the SMGB needs to lower their cost and fees. The cost has more than doubled in the last 10 years.
2. Fees are too high
3. While I have filled out this survey, I strongly object to it because it is very flawed. You do not mention the way you want to achieve equity is by raising or eliminating the cap. A brief summary of the staff report regarding what would happen if the cap is raised should

have been included. I appreciate your attempt to help smaller operators, but raising the cap is not the way to go because we would all end up there eventually. Please find some other way by either reducing your expenses or helping smaller operators in other areas.

4. All these fees from A to Z are killing us. There is nothing in sight for us.
5. Assuming any fee tax or royalty is appropriate, fee should be based on gross value of raw ore produced. Before processing or refining fee = $.01/$10.00 value of raw ore/ton produced.
6. Production is the only accurate method to calculate fees because it is the only method that takes market condition and income into consideration.
7. Total site is 56 acres, but only 1 acre is disturbed.

Survey Comments
100+ Acres

1. Small mines are charge high per ton fees, large mines are charged low per ton fees. This creates and economic disadvantage to the lower production mines. The cost of the permit per ton of material mined should not create an advantage for some and a disadvantage to others.
2. Small/low production quarries are charged too much per ton of material mined. Large quarries are charged too little and have a very low cost per ton for their permit. Perhaps the cost should be tied to the production tonnage. This would level the economic playing field in regards to permit cost. The cost per ton for the permit would be the same for all size producers.
3. With increasing environmental regulations, (e.g., AB32 forcing mining operations to close) do we get services from the Department of Conservation, which we pay for? No fee increases, yes to less regulation.
4. Fees are excessive. Distribution is equitable, but the SMGB needs to lower their cost and fees. The cost has more than doubled in the last ten years.
5. Low gross exemption was a good thing
6. Over 100 acres of area, less than 10 acres disturbed. Production levels at record low levels. Less that 10,000 ton processed this year. Cost of fee is too much per ton at this point.
7. Reduce fees to encourage mining operations to start or expand to create additional well-paying jobs in the mining sector. Higher fees and additional regulations are only driving this sector of the economy out of state or out of business.
8. Assuming any fee tax or royalty is appropriate fee should be based on gross value of raw ore produced. Before processing or refining fee = $.01/$10.00 value of raw ore/ton produced.
9. Annual excavation volume from several adjacent mines is combined and processed at one site. Therefore, calculating annual production amount, based upon sales, for each individual site is not relevant. Historically, we have used annual excavation volume for reporting and fee calculation.
10. This site is currently under an IMP. The annual IMP fee is not significantly different than the fee for our production sites. For a surface mining site, with naturally occurring annual reclamation, the fee for the IMP is quite high. Fees based upon annual excavation or annual disturbance is, at least for our operations, more relevant to what is being done at the site level specific to mining and reclamation activities.

11. Annual excavation volume from this site is combined and processed with the excavation volume from several other sites. This makes the calculation of production based upon annual sales, not accurate. Annual fees based upon excavation volume or area of annual disturbance would be a more accurate means of assessing fees for our sites.
12. Question #1 - Because there are really only 3 fees, it isn't too hard.
13. Should pay for only what you disturb by mining activities.
14. Reporting fees should be based upon work completed by the Office of Mine Reclamation. That would most likely increase or decrease with the production or size of the project. Value of the property is irrelevant.
15. The state already receives state tax on materials sold. This is just another accrued cost that should not apply.
16. Makes most sense to charge based on production. Normally increased production =increase in sales. However, an almost $5,000 filing fee on top of Lead Agency inspection fees is very burdensome, particularly in current economic conditions.

Survey Comments
Size Unreported

1. The current fee schedule destroys the small miner.
2. Small mines of less than 50,000 tons should pay considerably less.
3. Question #2 - satisfied with low gross fee. All cost/benefits are low on benefits. Question #7 - Fees should be on profit only. Law benefiting state regulators should be scrapped or designed with lower costs to businesses. Small business people are so pressured they are disappearing, and start up impossible. Please help us!
4. If no income from mine then the inspection is unnecessary and activity fees should be reduced.
5. Small mines should be calculated on B and C only. If you disturb a small amount of acreage and the production amount is small you should pay a small fee.
6. Trinity quarry is in the process of getting reissued a new permit, only a small part of the pit is left to mine. Waiting to reopen, no production amounts to calculate (or?) report.
7. Our mining operations are spread out across the county to facilitate roadwork. These operations are small compared to large, for-profit operations. Our operations only serve the public good and this nonsensical, one government agency raiding other agency's funds is a burden to the taxpayer (not to mention the paperwork). Fees should be asset-based, which should work out to a zero for a public agency like ours, with a one-time filing fee.
8. Annual fees should be based on production only. If monitored annually, the Financial Assurance strategy works well to assure funding is available to reclaim sites in an environmentally responsible manner. Fees based on size, type or other methods may result in an operation paying higher fees than competitors, putting them at a disadvantage in the marketplace.
9. Consider profitability per ton and the administration of the programs in relation to time and effort spent on each mine.
10. We feel that fees are disproportional to the amount of oversight provided. The burden of oversight seems to fall mainly on the county.
11. Should have to pay only when rock is moved.
12. Very poor questionnaire

13. Our mine is inactive. I feel the fees charged do not reflect this status. It is inactive because of problems with the county.
14. Our quarry has never made enough revenue to break even, and we have been trying to reclaim the property for years. We still are inspected each year and fees are charged even though we are not operating.
15. Current fees are at my maximum amount for all mines due to low volume levels. The competition is fierce out there and these plants that sell many millions of dollars of product now pay the same fee as I do for sales only a fraction of the big operations.
16. The state already received state tax on material sold. This is just another added tax that should not apply.
17. U.S Borax believes that fees should be commensurate with the amount of time needed to ensure all operations are in compliance with SMARA. Fees should be realistic and contain minimum and maximum caps.
18. The amount we pay, $3,600, for a mine property that has had no production since 1992 appears opportunistic and egregious. If we were financially sound and in production (which we anticipate) paying a reasonable fee somewhat in relation to the costs you incur for a small operation would make some sense.