



MEMORANDUM

Date: December 30, 2015

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator *CHH*

Re: **Pima County Case Study by US Extractive Industries Transparency Initiative (USEITI)**

A case study of Pima County's copper industry has been prepared as part of the USEITI to promote global understanding of mineral revenues received by governments. USEITI now makes available revenue information to the public that has been previously difficult to find at <https://useiti.doi.gov/explore/>. (On the County system, these links works best using the Mozilla Firefox browser.)

The above webpage discloses only federal revenues received from mining. Arizona ranks 32 out of the 50 states in federal mineral revenue, below Pennsylvania and Minnesota. None of the federal revenue comes from copper or other metals. The only "hard-rock" federal royalties in Arizona (\$4,224) were collected from salt mines, which are not covered by the 1872 Mining Law.

Case studies for various counties provide further depth on the contributions of mines to state and local economies. USEITI staff provided Pima County with their draft case study on Pima County's three major copper mines early this year. County staff identified incorrect information in the draft report and met with USEITI staff and their stakeholders, which included the National Mining Association, to attempt to resolve the errors and clarify wording. The USEITI case study is now published at <https://useiti.doi.gov/case-studies/pima/>.

While initial errors in the USEITI's estimate for property taxes were corrected, the current estimate in the case study now incorrectly references the County's Comprehensive Annual Financial Report (CAFR). We believe the 2012 property tax of \$3 million reported in the case study was estimated or inferred by USEITI based on the valuations in the CAFR.

The case study was completed before Freeport-McMoRan announced curtailment of its Sierrita operations and relies on prior year data. A chart embedded in the case studies shows the proportion of mine-related employment from 2004 through 2013.

CHH/lab

c: John Bernal, Deputy County Administrator for Public Works
Nanette Slusser, Assistant County Administrator for Public Works Policy
Linda Mayro, Director, Sustainability and Conservation
Julia Fonseca, Environmental Planning Manager, Sustainability and Conservation