

Testimony of Daniel W. Hulet, Kane County Commissioner,
Kane County, Utah.

To the
Honorable Congressman Raul Grijalva (D-AZ),
and the
Subcommittee on National Parks, Forests and Public Lands,
House Committee on Natural Resources

March 28, 2008

Good morning, my name is Daniel W. Hulet. I am a standing county commissioner from Kane County, Utah. Having been elected twice and currently serving my 6th year in office and second time serving as chairman of the commission, as an elected official it is my responsibility to look out for the health, safety and welfare of those constituents who elected me into office. I am also responsible to look after the potential economic impacts that may come our way, both positive and negative. I am also a businessman, managing my own company and assisting my father in managing his business. I was born and raised in Kanab, Utah, located a few miles north of Fredonia and the Arizona border. Living in Kane County for most of my life, I have experienced both the highs and lows of the local economy first hand. I appreciate the opportunity to address this subcommittee field hearing.

Kane County is one of twenty nine counties in the state of Utah. Being one of the largest counties in the state by land mass and one of the smallest by population; we are somewhat typical of most rural counties in the west. Private land holdings in Kane County are at about 4%, with the remaining 96 % being managed by various Federal agencies.

During the late fifties, the sixties, seventies, and through most of the eighties, Kane County had a very strong economy. We had the movie industry, timber harvesting and milling, crude oil refining, asphalt production, uranium mining, farming, ranching, hunting, fishing, boating, and many other forms of recreational and business activities taking place in our county. Life was good. Jobs were plentiful and paid a good wage, families were strong and stable, more so than

they are now. Local businesses were open and stable throughout the year. School enrollment was constant, with little change from one year to the next. Safety and security in our communities was unquestionable, everyone knew each other and their families, and they all looked out for each other.

Subsequently, Kiabab Industries the timber company, shut down, putting hundreds of employees out of work, in Kane County, Utah, Coconino County and Mohave County, Arizona. Then Arizona Fuels Refinery shut down putting more people out of work, followed by the suspended uranium mining operations of Energy Fuels. Many families left the communities they had become a living part of, where they had raised their families, leaving many friends behind.

Kane County and the surrounding region was then left to struggle with one of the remaining options left for our economy, that being tourism and recreation. It was and still is hard to base our economy on this unstable base. Our hopes were then raised to a high level with the anticipated coal mining operation in eastern Kane County, which had the potential of hiring a large number of direct employees. Those hopes were later diminished with the declaration of the Grand Staircase Escalante National Monument. After that, September 11th hit and our economies crumbled. For roughly two years we felt the economic pains of 9/11. We have slowly recovered - to a point. Now we are faced with higher than normal fuel prices, increased operating costs, higher prices for consumer goods, and the only good thing for us is a weak dollar abroad. This year we expect more foreign travelers coming through our area. However, most of them will be windshield tourists spending very little money in our communities.

Our hopes have been raised again with the opportunity for uranium mining activities opening up in our area. Local business owners are already seeing increases in business activities from local patrons who are employed with the mining and exploration companies. A feeling of some more stable employment opportunities coming to our region seems to be lifting the spirits of many I talk to, in all three counties.

We know that a strong and stable economy does not come from the places people can see, touch, or experience; a strong and stable economy is not based on tourism and recreation. It has been

proven in our region, a tourism and recreation based economy can and will collapse in an instant through acts of terrorism, a high dollar abroad, weather conditions, passage of restrictive laws, over-inflated fuel costs, and other activities that keep the traveling public at home. This kind of economy only produces service sector jobs, which are typically low paying, without benefits, demanding, seasonal and limited.

We know that a strong economy comes from the ability to harvest those resources on or in the lands in our local region, both renewable and non-renewable resources. A stable economy is one that is based on resource harvesting and/or extraction and then the processing of those resources whether they are renewable resources or non-renewable resources.

Kane County strongly supports the multiple use mandates of both the Bureau of Land Management and the National Forest Service; we also support the current mining laws in effect at this time, and believe that access to those activities are just as important as the activities themselves.

Each and every industry has a conversion factor for direct employment to indirect employment. The coal mining industry utilizes a factor range of about 3.5 to 7 indirect jobs created for each direct job, depending on the type of mining, transportation issues and other factors. When the previous uranium mining activity was occurring in our region, the factor estimates were 4 to 1. Assuming that the mining company employed 200 employees in direct employment also meant that 800 indirect employment activities were found in the local communities as a result of those mining activities.

I am aware that there currently exists in Coconino County 2,734 mining claims north and south of the Grand Canyon National Park, and 12,008 mining claims in Mohave County, north and south of Grand Canyon National Park. However, it is important to note that not one of these mining claims is located within the boundaries of Grand Canyon National Park, or inside of a Wilderness Area, a Wilderness Study Area or Game Preserve. It is also important to note that the maintenance fee for all these claims totals about \$2,506,140.00 annually. I am also aware that the mining and exploration companies on the Arizona Strip will spend somewhere between

40 and 50 million dollars this year. How much of these monies will go into the local economies? I do not know what that figure is, however I can tell you, it will be a significant amount. With the budget crisis the state of Arizona is in this year and the potential revenues generated to the state from these mining activities, I cannot fathom the state of Arizona having a desire to lose that potential revenue source. I am aware that it is not all about the revenues or jobs created, but both are an important part of the equation.

Each passing year we lose more jobs to overseas employment, mostly because of actions taken by the federal government. We become more dependent on importing goods that can be easily produced in the United States, while at the same time we are losing the experienced workforce and, to some extent, the technology. In rural communities our number one export is our youth, our population's average age increases which places a heavier burden on the taxpayers for more social programs. It is frustrating to me, as a County Commissioner, that those who seek elected positions always want to stimulate the economy and grow jobs, yet when they get into those positions, they do just the opposite.

We continually hear about energy independence and yet we don't allow the development of domestic energy production. We speak of alternate energy sources while we shy away from those we have in ready supply here at home. We continually build natural gas power plants that compete for the fuel that heats many homes in this country and the price to the home consumer soars. While we prohibit the building of clean coal burning power plants, and hesitate to build nuclear power plants, we have hydroelectric power plants managed by the Bureau of Reclamation that produce a fraction of their potential electrical output, so as not to compete with private utilities, and even consider breaching those structures. Somewhere, something has to change.

There is a thing called bad legislation, and it occurs in all levels of government. From city, county, state, tribal, and federal governments we all seem to pass bad legislation. We all need to recognize the bad legislation and correct it, or it will become something we never intended it to become.

Uranium mining's history in Northern Arizona, specifically on the Arizona Strip, is strong – environmentally, safety-wise and economically. There are no reasons why similar successes cannot be achieved in Southern Coconino County and elsewhere. In fact, there are no reasons to shut down an industry which provides the region with much needed jobs and the country with a clean and economical energy source. This is indeed a unique situation where we can all benefit from the treasures that nature provides and still maintain a healthy, viable environment.

Respectfully submitted,

By _____

Daniel W. Hulet

Kane County Commissioner, Commission Chair

Kane County, Utah