

The Economic Impact of Suction Dredging in California

It Starts With the Statistical Analysis Completed by the State of California

An Environmental Impact Report on suction gold dredging was completed by the State of California in 1994. As part of this process, the State sent out two survey questionnaires. The first questionnaire was sent to over 4,000 individuals. Nearly 2,000 were returned completed. The surveys covered dredge locations, annual spending activity, amount invested in dredging equipment, nozzle size and related questions. The second survey was sent to county Boards of Supervisors, Chambers of Commerce and mining businesses to determine the importance of suction gold dredging on local economies. A sample of 1,257 of the individual surveys was used by the State to complete a statistical analysis.

The State of California determined, "Suction dredging is an activity that requires a substantial investment."

According to the State, each dredger spent approximately \$6,250 each on expenses which included groceries, restaurants, motels, camp fees and other living expenses. In addition, they reported spending about \$3,000 each on gas, oil, equipment maintenance and repairs to suction dredge equipment.

The surveys also found that each person permit holder spent an additional \$6,000 to purchase a suction dredge and related equipment.

It Includes the Number of Suction Dredge Permits

According to the California Department of Fish & Game, 3,523 permits (2,966 resident and 557 non-resident) were issued in 2008. The State of California collected \$126,055 in resident permit fees, and \$93,158 in non-resident fees in 2008, for a total of \$219,213.

Adjusted for Inflation

Using the CPI to adjust for inflation, suction dredge miners spent approximately \$8,967 each on expenses including groceries, restaurants, camp fees and other living expenses in 2008; and \$4,304 each on gas, oil, equipment maintenance and repairs to suction dredge equipment in 2008. These two expense categories combined amount to \$13,271 for each permit holder.

Using the CPI to adjust for inflation, each permit holder spends approximately \$8,608 on a suction dredge and related equipment.

Property Tax Collected

The County Assessors official assessment of mining claims in 6 of the 58 counties is \$170,108,821. Mining claim property taxes collected in these counties in 2008 was \$1,701,088.

Property tax revenue generated from mining claims was not included in the State's statistical analysis completed in 1994, though it is a matter of fact and is included in our economic impact report.

Known Economic Impacts

- A total of 3,523 suction dredge permit holders spent approximately \$8,967 on expenses including groceries, restaurants, camp fees and other living expenses in 2008, for a total of \$31,590,741.
- A total of 3,523 suction dredge permit holders spent approximately \$4,304 on gas, oil, equipment maintenance and repairs in 2008, for a total of \$15,162,992.

- A total of 3,523 suction dredge permit holders spend approximately \$8,608 on a suction dredge and related equipment every four years for a total of \$7,581,496 per year.

- Six out of 58 California counties collected \$1,701,088 in property taxes.

- The State of California collected \$219,213 in dredge permit fees.

The known expenditures by suction dredge permit holders in 2008 amounted to approximately \$56,255,530.

Additional Economic Impacts

- Gold averaged \$871.86 per troy ounce in 2008. Just three troy ounces recovered per dredger in 2008 added \$9.21 million to the economy.

- Commercial retail rents for manufacturers of suction dredges, such as Keene Engineering, and suppliers and retailers of mining equipment should be added.

- Payroll and property taxes for the above business sectors should be added.

- Suction dredging is regularly conducted by more than just the license holder, but in this report only the permit holder's contributions are included.

- Three of the largest small-scale mining associations are located in California, with a combined membership of over 30,000 paying members and should be added.

- The two largest trade magazines marketed toward small-scale mining are located in California, with a combined circulation of 65,000 and should be added.

- Professional service providers; including geologists, refiners, assayers and mining lawyers should be added.

- Recreational vehicles; including RV's, 4x4's, trailers, all-terrain vehicles and motorcycles should be added.

Conclusion

The 1994 Environmental Impact Report, along with additional information provided here, proves without a doubt that suction dredge miners contribute significant wealth to the economy of California.

These conservative figures demonstrate the economic impact of suction dredging at \$65,465,530 million in 2008. The Additional Economic Impacts cited above obviously increase the total well above the \$60 million assertion.

(The report was authored by Rachel Dunn of Gold Pan California, Pat Keene of Keene Engineering, and Scott Harn of ICMJ's Prospecting and Mining Journal, with the assistance of over 100 additional businesses and individuals who provided supporting documentation.)