

From: [James Manning](#)
To: [Rule Making](#)
Subject: . Limit Corporate Guarantees - Docket: 20-0302-1901
Date: Monday, July 08, 2019 04:33:12 PM

Dear Mr. Eric Wilson,

Thank you for the opportunity to provide input on the proposed Minerals Rulemaking, Docket: 20-0302-1901.

Currently, the federal government does not allow for the use of corporate guarantees as a means of providing financial assurance or bonding for mining projects on federal lands. The reason is that corporate guarantees fail to adequately protect federal taxpayers from the boom and bust dynamics of mining.

Idaho has far fewer resources than the federal government, so it only stands to reason that corporate guarantees should not be accepted as a form of reclamation bonding in Idaho. While I recognize that corporate guarantees were included in the legislation passed by the Idaho Legislature, they can still be tightly controlled to limit the potential exposure that Idaho taxpayers face when mines are unable to satisfy their reclamation plans.

First, corporate guarantees should only be allowed to cover a maximum of 20-25% of the reclamation costs. Second, corporate guarantees should not be authorized to cover post-closure and water treatment costs. Third, corporate guarantees should only be considered from companies with a ratio of assets to liabilities greater than 2:1, and in no cases should a corporate guarantee be approved from a company with liabilities that exceed net worth. Fourth, corporate guarantees should only be considered for companies (including subsidiaries and affiliated LLCs) with 90% of their assets located in the United States. Fifth, corporate guarantees should only be considered for companies with a AAA or higher bond rating as issued by Moody's or Standard and Poor's. Finally, operators must be required to notify IDL immediately if their financial fitness falls below any required standards, and replacement bonding must be submitted within 30 days to reduce risk to taxpayers.

Failure to adequately constrain corporate guarantees threatens to expose Idaho taxpayers to millions of dollars in restoration and perpetual water treatment costs at mines. It is entirely appropriate to include detailed and restrictive limitations on the use of corporate guarantees to ensure that state resources and tax dollars are not wasted.

Thank you for your consideration of these comments.

Regards,
James Manning
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