



THE TAOS NEWS

Best U.S. Weekly Paper- NNA 2007, 2008, 2010
Inland Press Nation's Best Weekly Newspaper 2009

Economic shockwaves of mine shutdown far-reaching

By J.R. Logan

The Taos News, 6/12/2014

When Chevron announced it was closing its Questa mine last week, 300 people got word they would stop getting a paycheck in August. The economic thump to miners and other mine employees is clear. But the shutdown of the Questa mine will no doubt reverberate through Taos County's entire economy in the months and years to come. If there's any good news, it's that the mine's relative inactivity since layoffs in 2009 will likely buffer what would have otherwise been an even bigger loss.

Data from the federal Bureau of Economic Analysis show the average mine worker in Taos County earned, on average, \$29,300 a year in 2012. That was down from \$51,438 in 2008 when the mine was really cranking and employed about 360 people.

By multiplying the number of laid-off mine employees by the average local salary in that industry, the shutdown of the mine could loosely mean the end of \$9 million in paychecks each year. That's \$9 million less spending power in grocery stores, the real estate market and at car dealerships.

"I'm sure it will impact us," said Esther Hall, store manager at the Questa Center Super Market.

Hall said the business is lucky the announcement at the mine came at the same time that tourist season was picking up. Subcontractors in Questa doing remediation work are also helping to soften the blow, Hall said.

But in the long run, Hall said she's planning to reduce her order volume to prepare for belt-tightening in the coming months, though it's hard to gauge exactly what the effect will be. "We won't know what happens till it happens," Hall said.

That uncertainty is also felt at the Taos office of the New Mexico Department of Workforce Solutions, where staff are trying to gauge exactly what the demand for unemployment benefits and help finding a job will be. Talks between the mine's union and Chevron were taking place this week, and employment councilor Clarence

Gutiérrez said Wednesday (June 11) a lot will hinge on what the final agreement with laid off employees is. It also depends on how many former mine workers are rehired to do remediation work at the mine.

“At this point, I’ve got more questions than answers,” Gutiérrez said.

After the layoffs in 2009, Gutiérrez said the flood of unemployed miners looking for work saturated the local job market, especially in mine-related industries like construction and heavy machinery

operation. “It gets very competitive, especially when there’s not a whole lot [of jobs] to begin with,” he said.

The county’s official unemployment rate was 9.1 percent as of March of this year, according to the Bureau of Labor Statistics. The 300 employees laid off at the mine would account for almost 2 percent of the employed people in Taos County, though many of the mine’s employees did not reside in the county.

Gutiérrez noted that because this shutdown is expected to be permanent, there will be even more workers leaving Taos County to find good-paying work elsewhere. For the village of Questa, that exodus will likely continue a slow but steady decline in population that began as far back as 2003. The village population at that time was 1,878, according to the U.S. Census Bureau. The population since fell more than 6 percent to 1,760 by 2012.

The closure and decommission of the mine and its infrastructure may also have a big impact on property tax revenue. A state assessment of the mine property found the land, equipment and warehouse inventory was worth \$48.3 million for tax year 2014. That equals around \$271,000 in tax revenue that goes to support county and state government, as well as schools and other public organizations.

After the mine buildings and equipment are gone, the value of the property and the associated taxes will likely fall substantially. While the county assessor’s office says there’s no way to be sure what the effect will be, the temporary shutdown of the mine in the ‘90s could offer some indication. In tax year 1995, the inoperable mine got a tax bill of just \$25,600. When production resumed the next year, the tax bill shot back up to \$232,000.

While the blow to the county will be substantial, the fact that the mine hasn’t extracted ore for several years will soften the impact. Recent property tax bills have not reflected any taxable value for mineral production. A few years ago, when the mine was milling and selling product, the property tax bill was as high as \$688,000.

Another hit to public coffers expected in the wake of the mine’s closure is the loss of severance tax revenue in the future. In the six months leading up to the 2009 layoffs, the state collected about \$75,000 in severance and excise tax for molybdenum production. The Questa mine was the only active molybdenum mine listed on the New Mexico Mining and Minerals website.