



# The Pulverized Calcium Carbonate Industry's Political and Economic Footprint

*An Analysis of the  
National Stone, Sand & Gravel Association  
Pulverized Minerals Division's  
2005 Member Survey*

Prepared for NSSGA-PMD by

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***I. Background***

The Pulverized Minerals Division (PMD) of the National Stone, Sand and Gravel Association (NSSGA) is a trade association that represents producers of pulverized calcium carbonate (CaCO<sub>3</sub>), a product used in the manufacturing of, among other things, paper, plastics, and paint.

In the spring and summer of 2005, PMD conducted an economic survey of its membership. Member companies were requested to provide data about annual revenues, number of employees, facility locations, and amounts spent on capital investments and various forms of energy. The survey was formally conducted by the Alexandria, Virginia law firm of Obadal, Filler, MacLeod & Klein, P.L.C. Under confidentiality agreements entered into between survey participants and the law firm (on behalf of NSSGA), the latter is required to keep individual survey responses confidential for a period of at least five years.

Ultimately, 12 of PMD's 15 member companies submitted survey data. Of the three that chose not to participate, one indicated that it no longer had pulverized calcium carbonate operations in the United States; the other two companies did not provide reasons for their nonparticipation. Additionally, not every survey participant answered every survey question, making the task of distinguishing between non-answers and answers of "zero" very difficult for some survey questions. Despite these problems, the survey project has provided important data about the industry that PMD will use as it continues its foray into the public policy process.

***II. Major Survey Findings***

The following were among the survey's major findings:

- Although there are relatively few companies involved in the industry, PMD has a large economic footprint: In 2004, the combined revenues of PMD members totaled more than \$1.74 billion.
- The pulverized calcium carbonate industry is highly capital intensive. The combined value of the survey participants' capital investments in 2004 was close to \$104 million.
- PMD has a geographically diverse membership that employs more than 4,700 workers at more than 61 facilities in at least 27 states.
- The production of pulverized calcium carbonate is highly energy intensive. PMD members consumed more than 1.5 billion kilowatt hours of electricity in 2004 and spent more than \$87 million on electricity and \$89 million on natural gas.

### *III. Survey Analysis*

#### **Survey Participation**

- Twelve of PMD's 15 member companies participated in the survey project.
- One of the three that did not participate indicated that it no longer had U.S. CaCO<sub>3</sub> operations.
- As indicated in analysis of each survey question below, not all 12 of the responding PMD members provided answers to every survey question.
- All survey data provided was for 2004.

#### **Annual Revenues**

- The combined revenues for 2004 of the PMD member companies participating in survey was more than \$1,740,786,142.
- The average 2004 revenue of survey participants was \$145,065,511.
- The median 2004 revenue for the participant group was \$78,901,500.

#### **Capital Investments**

- The combined value of the survey participants' capital investments in 2004 was \$103,859,682.
- The average annual PMD member capital investment was \$8,654,973.
- The median PMD member capital investment was \$3,487,077.
- The amount spent by PMD members on capital investments as a percentage of gross revenue ranged from 1.75 percent to 13.3 percent.
- The average PMD member spent an amount equal 6.87 percent of gross revenues on capital investments in 2004.
- The median PMD member spent an amount equal to 5.97 percent of gross revenues on capital investments.

#### **Employment**

- The PMD survey participants employed more than 4,792 people at 61 facilities in 27 states in 2004.

- PMD members had facilities in the following states (the numbers in parentheses indicate total PMD member employment in those states):
  - Alabama (430)
  - Arizona (44)
  - California (239)
  - Connecticut (50)
  - Florida (61)
  - Georgia (1726)
  - Illinois (187)
  - Indiana (62)
  - Iowa (102)
  - Kentucky (6)
  - Maine (18)
  - Maryland (219)
  - Massachusetts (118)
  - Montana (75)
  - New York (17)
  - North Carolina (56)
  - Ohio (26)
  - Pennsylvania (217)
  - South Carolina (9)
  - Tennessee (265)
  - Texas (148)
  - Vermont (318)
  - Virginia (194)
  - Washington (55)
  - Wisconsin (41)
  - Wyoming (9)
  
- The average survey participant had 399 employees and five facility locations.
- The median PMD had 290 employees and four facility locations.

### Electricity Expenditures

- PMD members combined to spend more than \$87,688,371 on electricity in 2004.
- The average amount spent per PMD member on electricity was \$7,307,364.
- The median amount spent per PMD member on electricity was \$3,458,570.
- The amount spent by PMD members on electricity as a percentage of gross revenues ranged from 3.22 percent to 8.10 percent.
- The average PMD member spent an amount on electricity equal to 5.43 percent of gross revenues.
- The median PMD member spent an amount on electricity equal to 5.2 percent of gross revenues.

### Sales and Franchise Taxes Paid on Electricity

- In 2004, PMD members combined paid more than \$2,451,047 in electricity sales taxes and franchise fees.
- The average PMD member paid more than \$306,380 in electricity sales taxes and franchise fees.

- The median amount paid by PMD members in electricity sales taxes and franchise fees was \$75,018.
- The amount paid by PMD members in electricity sales taxes and franchise fees as a percentage of gross revenues ranged from .02 percent to .32 percent.
- The average PMD member paid an amount in electricity sales and franchise fees equal to .15 percent of gross revenues.
- The median PMD member paid an amount in electricity sales and franchise fees equal to .18 percent of gross revenues.
- Eight of the 12 PMD members that participated in the survey furnished answers to this question.

### **Total Kilowatt Hour Usage**

- In 2004, PMD members combined to use more than 1,594,221,178 kilowatt hours of electricity.
- Of the PMD members who reported kilowatt hour usage data, the average number of kilowatt hours consumed per PMD member was 177,135,686.
- Of the PMD members who reported kilowatt hour usage data, the median number of kilowatt hours consumed per PMD member was 71,782,313.
- Nine of the 12 PMD members that participated in the survey furnished answers to this question.

### **Natural Gas Expenditures**

- In 2004, PMD members combined to spend more than \$89,342,332 on natural gas.
- Of the PMD members who reported natural gas expenditures, the average amount spent per PMD member on natural gas was \$8,934,233.
- Of the PMD members who reported natural gas expenditures, the median amount spent per PMD member on natural gas was \$1,797,977.
- Of the PMD members who reported natural gas expenditures, the percentage of gross revenue spent on natural gas ranged from .23 percent to 14.6 percent.
- Of the PMD members who reported natural gas expenditures, the average PMD member spent an amount equal to 5.83 percent of gross revenues on natural gas.

- Of the PMD members who reported natural gas expenditures, the median PMD member spent amount equal to 4.67 percent of gross revenues on natural gas in 2004.
- Ten out of the 12 responding PMD members provided answers to this question.

### **Sales Taxes Paid on Natural Gas Purchases**

- In 2004, PMD members paid more than \$3,071,738 in tax on their natural gas purchases.
- Of the PMD members who reported making natural gas purchases, the average amount paid per PMD member in sales taxes on those purchases was \$511,956.
- Of the PMD members who reported making natural gas purchases, the median amount paid per PMD member in sales taxes on natural gas purchases was \$22,250.
- Of the PMD members who reported making natural gas purchases, the amount paid in sales taxes on natural gas purchases as percentage of gross revenues ranged from .004 percent to .37 percent.
- Of the PMD members who reported making natural gas purchases, the average PMD member paid an amount equal to .16 percent of gross revenues in natural gas sales taxes.
- Of the PMD members who reported making natural gas purchases, the median PMD member paid an amount equal to .15 percent of gross revenues in natural gas sales taxes.
- Six of the twelve responding PMD members provided answers to this question.

### **Therms of Energy from Natural Gas Consumed**

- In 2004, PMD members combined to consume more than 153,043,334 therms of energy from natural gas.
- Of the PMD members that provided natural gas consumption data, the average number of therms of energy from natural gas consumed was 21,863,333.
- Of the PMD members that provided natural gas consumption data, the median number of therms of energy from natural gas was 636,000.
- Seven of the 12 responding PMD members provided answers to this question.

### **Expenditures on Energy Other Than Electricity and Natural Gas**

- In 2004, PMD members combined to spend more than \$9,297,688 on energy other than electricity and natural gas.

- Of the PMD members who reported expenditures on energy other than electricity and natural gas, the average amount spent was \$1,328,241.
- Of the PMD members who reported expenditures on energy other than electricity and natural gas, the median amount spent was \$1,300,000.
- Of the PMD members who reported expenditures on energy other than electricity and natural gas, the amount spent as a percentage of gross income ranged from .02 percent to 30 percent.
- Of the PMD members who reported expenditures on energy other than electricity and natural gas, the average amount spent as a percentage of gross revenue was 5.85 percent.
- Of PMD members who reported expenditures on energy other than electricity and natural gas, the median amount spent as a percentage of gross revenue was 1.08 percent.
- Seven of the 12 responding PMD members provided answers to this question.



5a. What did your company spend in 2004 for electric power? (Include internal and self-generated.)

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5b. What was the total amount of sales tax and franchise fees paid by your company on electricity for 2004?

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5c. What was the total kwh's used by your company in 2004?

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6a. What did your company spend in 2004, total cost, for natural gas? (Total cost - transportation plus well head.)

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6b. What is the amount of sales tax paid by your company on natural gas for 2004?

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6c. How many therms of energy from natural gas did your company consume in 2004?

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7. What did your company spend in 2004 for energy other than electricity and natural gas (i.e. LP gas, fuel oil, wood chips, etc.)? Do not include gas and fuel oil for truck fleets, tractors, scrapers and other vehicles and equipment.

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Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Thank you for your cooperation. All information will be held in the strictest confidence. Please list company's name, contact person and phone number to verify receipt of information from each company and to respond regarding your company's data. If you wish to provide any comments which may help us in the interpretation of the figures you supply, please use the reverse side of this questionnaire.

APPENDIX TWO:  
Confidentiality Agreement

**PULVERIZED MINERALS DIVISION OF THE  
NATIONAL STONE, SAND AND GRAVEL ASSOCIATION  
CONFIDENTIAL INFORMATION AND NONDISCLOSURE AGREEMENT**

1. The parties to this Agreement, dated as of \_\_\_\_\_, and their addresses, are:

**[Member company name and address]**

**Pulverized Minerals Division of the  
National Stone, Sand and Gravel Association  
“NSSGA”**

1605 King Street, Alexandria, VA 22314  
“PMD”

“Company”

2. The purpose of this Agreement is to enable Company to disclose certain information to PMD relating to: Company’s products, production, operations, labor force, social, economic, and environmental impacts, and similar information so that PMD may prepare for distribution to the interested public and to government (agencies and legislators) a summary of information related to the processed limestone industry. Such summary shall be drawn from information provided by Company and by other members of PMD. PMD shall use the information and the summary solely in a manner consistent with its nonprofit and tax-exempt purposes.
3. This Agreement shall continue for a term of five years from the date above. The calendar date which is five years from the date above is referred to as the Termination Date.
4. Confidential Information shall include, without limitation, data, information, and other basic facts about Company requested in a survey developed by PMD. To the extent practical, Confidential Information disclosed by Company shall be marked “Confidential.”
5. PMD shall exercise reasonable care to prevent disclosure of Company’s individual Confidential Information, other than in relative or aggregated form, to any third party, including other members of PMD, shall restrict its use to the purpose of this Agreement and shall limit disclosure of Confidential Information to individuals within its own organization or to authorized agents of PMD, including NSSGA, whose duties justify the need to know such information and who have a clear understanding of the obligations of this Agreement. PMD acknowledges that it is familiar with the restrictions imposed under relevant antitrust laws and will exercise due care to ensure that activities it undertakes pursuant to this Agreement result in no impropriety or appearance of impropriety with respect to such laws or violation of the PMD antitrust compliance policy. PMD’s activities shall in no way facilitate discussion or agreement among Company and its competitors concerning pricing.
6. The PMD shall be under no obligation with respect to any information which: (a) at the time of disclosure is available to the public; or (b) after disclosure becomes

available to the public through no fault of the PMD, provided that the obligations of the PMD shall cease only after the date on which such information has become available to the public; or (c) the PMD can demonstrate through tangible evidence was in its possession before receipt from the Company; or (d) is disclosed to the PMD without restriction on disclosure by a third party who has the lawful right to disclose such information. Confidential Information shall not be deemed to be within the foregoing exceptions merely because it is (1) specific and embraced by more general information in the public domain or PMD's possession or (2) a combination which can be pieced together to reconstruct the Confidential Information from multiple sources, none of which shows the whole combination, its principle of operation and method of use.

7. This Agreement does not grant any right or license, express or implied, to use Confidential Information except for the purpose of this Agreement, nor any right or license, express or implied, under any patent, nor any right to purchase, distribute or sell any product.
8. All obligations created by this Agreement shall expire on the Termination Date.
9. If PMD is required by law or ordered by a court or governmental agency of competent jurisdiction to disclose any Confidential Information, PMD shall promptly notify Company. Both parties shall seek to restrain such disclosure and to obtain a protective order or other appropriate relief from the court or agency. If a protective order or other relief is not obtained, PMD may disclose only that portion of the Confidential Information which is legally required.
10. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

By the signatures below of duly-authorized persons, Company and PMD agree to all of the terms and conditions of this Agreement, effective as of the date first above written.

**COMPANY NAME**

**PMD NAME**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name  
: \_\_\_\_\_

Name  
: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_