



## WESTERN GOVERNORS' ASSOCIATION

John Hickenlooper  
Governor of Colorado  
Chairman

Brian Sandoval  
Governor of Nevada  
Vice Chairman

James D. Ogsbury  
Executive Director

Headquarters:

1600 Broadway  
Suite 1700  
Denver, CO 80202

303-623-9378  
Fax 303-534-7309

Washington, D.C. Office:  
400 N. Capitol Street, N.W.  
Suite 376  
Washington, D.C. 20001

202-624-5402  
Fax 202-624-7707

[www.westgov.org](http://www.westgov.org)

July 24, 2013

Rhea Suh  
Assistant Secretary  
U.S. Department of the Interior  
1849 C Street, N.W.  
Washington, DC 20240

Dear Assistant Secretary Suh:

I recently asked the state government sector representatives to the Multi-Stakeholder Group (MSG) that is providing input to the Extractive Industries Transparency Initiative (EITI) to brief me and Western Governors' staffs on EITI.

The state MSG representatives indicated the U.S. effort is currently focused on the preparation of the candidacy application that the United States will eventually submit to the EITI governing body for approval. I understand that one of the outstanding issues to be resolved as part of the discussions on the candidacy application is the extent to which state revenues will be included in the EITI. From the outset, there have been a number of state concerns, including:

- the appropriateness of states participating in an international reporting initiative given their unique status as sovereign governments;
- the need for including state revenues given that the largest percentage of revenues generated in the U.S. by the extractive industries come from federal lands and are therefore paid to the federal government;
- the potential costs to states to provide data and respond to audits of state revenues from extractive industries; and
- the lack of primary membership representing state government in the Government Sector Advisory Committee

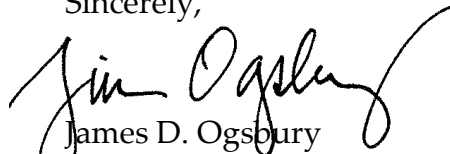
I believe these questions concerning state participation in the U.S. EITI effort need to be fully resolved before moving forward with the candidacy application. While I believe the Governors support the goal of revenue transparency, and that the U.S. system of transparency can be a model for the rest of the world, any

Rhea Suh  
July 24, 2013  
Page 2

additional costs and burdens on states will likely be viewed unfavorably as an unfunded federal mandate.

I strongly recommend the MSG and the Interior Department (as the primary federal government representative) outline the rationale and potential costs and benefits of state participation in the U.S.'s EITI effort before proceeding further. This document should be shared with Governors to seek their counsel and advice on next steps before formalizing a proposed state role in the EITI candidacy application. I look forward to hearing from you about the opportunity for these consultations.

Sincerely,



James D. Ogsbury  
WGA Executive Director

cc. Multi-Stakeholder Group, U.S. Extractive Industries Transparency Initiative