



Alaska State Legislature
House of Representatives
Community and Regional Affairs Committee Members

RE: House Bill 181: "An Act relating to the accounting for money received by the state from the mining license tax, mining lease payments, and royalties from mining on state tide and submerged land seaward of a municipality, and the availability of that money for appropriation to certain boroughs and municipalities outside of a borough."

The City of Nome Supports HB181.

With the recent sustained high prices for precious metal and a State of Alaska DNR sponsored lease sale, Nome has experienced an influx of off-shore and placer miners. These miners have provided an economic boost to local merchants and the local economy, but at the same time have adversely impacted some of the city services to the community. Even though the City of Nome normally funds services with a variety of revenue sources like property or sales taxes, revenues to cover the cost of an additional \$60,000 annually for staffing associated with the seasonal influx of miners is not sufficient. In addition, the City of Nome has expended \$302,500 for the growth of our Port facility and to expand facilities to support the gold dredging fleet. Similar effects are experienced in other communities from the seasonal nature of the fishing industry on coastal communities.

A potential solution to a portion of the revenue shortfall may be possible with the reallocation of the State of Alaska mining license tax. The State of Alaska mining license tax applies to all mining operations, regardless of land status, size, or location. Presently there is no uniform mechanism to allocate portions of the revenues back into the communities impacted by the resource development. Such a revenue sharing model is effective in the Alaska fishing industry and a similar program has been successful in revenue sharing from the oil and gas industry in the Gulf of Mexico.

Sharing portions of state revenues from mining developments with local communities in a predictable fashion will reduce the need for local governments to impose their own targeted taxes on the industry and allow local communities to provide services to all entities in the community.

Sincerely,

Denise Michels
Mayor

Cc: Representative Neal Foster
Senator Donny Olson
Nome Common Council