



121 W. FIREWEED SUITE 120 | ANCHORAGE, ALASKA | 99503 | 907.563.9229 | ALASKAMINERS.ORG

November 20, 2015

Commissioner Randy Hoffbeck
Department of Revenue
P.O. Box 110400
Juneau, AK 99811-0400

Dear Commissioner Hoffbeck,

The Alaska Miners Association (AMA) thanks you, Ken Alper, Brandon Spanos, Marcia Davis, and Fred Parady for meeting with us this past Tuesday to discuss the Administration's fiscal plan and possible changes to revenues received from mining activity in the state.

AMA is a non-profit membership organization established in 1939 to represent the mining industry in Alaska. We are composed of more than 1,800 members that come from seven statewide branches: Anchorage, Denali, Fairbanks, Juneau, Kenai, Ketchikan/Prince of Wales, and Nome. Our members include individual prospectors, geologists, engineers, vendors, suction dredge miners, small family mines, junior mining companies, and major mining companies. We look for and produce gold, silver, platinum, molybdenum, lead, zinc, copper, coal, limestone, sand and gravel, crushed stone, armor rock, and other materials.

Representatives from AMA's Board of Directors and staff have participated in Governor Walker's Transition Team, Fiscal Future meetings in Fairbanks, and Business Roundtable meetings this fall, and we are appreciative of the public engagement efforts on behalf of the Administration. As a result of these meetings, and through the tough decisions being made within our own businesses, we are keenly aware of the grave budget situation Alaska is in today.

While AMA understands the State of Alaska cannot rely on spending cuts entirely to resolve the fiscal situation, we believe further analysis to find efficiency in government should be undertaken. Following that, we agree that use of the Permanent Fund earnings is a key and viable option to fund the greatest portion of the budget deficit. No one industry or business should be targeted, nor is able to cover the remaining gap. Instead, we must take a broad-based approach that equitably makes all potential revenue sources, including taxes on individual Alaskans, part of the solution. For industries generating revenue from public resources, we should ensure that all bring a net benefit, so that it costs the state less to manage and regulate than it receives as revenue.

Moreover, when looking to increase revenue from Alaska's mining industry, we would be best served by exploring how to attract investment and bring more mines into production to significantly grow the revenue base. Currently, we have two mining projects that are well into the permitting process. Just one of these projects going into development and production would bring substantially more revenue to the state than what is proposed in the revenue changes on existing operations outlined Tuesday.



Following Tuesday's meeting, we believe the Department of Revenue may not fully appreciate the economics and other specifics of Alaska's mining industry. We would encourage you to engage with the Department of Natural Resources to better understand operations, regulatory requirements, existing fee structures, etc., so that any proposed changes to tax policy are reasonable and result in meaningful benefit to Alaska. To that end, we also offer AMA as a resource.

AMA appreciates your outreach to Alaska's mining industry, and we stand ready to continue working with the Administration to find solutions for Alaska's future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Deantha Crockett", with a long, sweeping horizontal line extending to the right.

Deantha Crockett
Executive Director