



Fortymile Mining District
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House Committee Testimony on HB 253
Bronk Jorgensen – Board of Trustees
February 23, 2016

I would like to thank the Committee for letting the Mining District testify on HB 253 today.

The Fortymile Mining District was established on the Fortymile Bar of the Fortymile River on March 25th, 1898 under the 1866 Mining Act and the 1872 General Mining Act. The District is the oldest and longest standing Mining District in the State of Alaska. We encompass approximately six thousand square miles. Since 1898, the District has been actively engaged with Governmental agencies to promote family placer mines and create a healthy and vibrant environment for all user groups of the Fortymile River watershed.

Currently we have just over a 100 family placer miners that make up the Mining District. This group along with all placer miners in the state are currently facing an unprecedented obstacle in dealing with regulatory agencies like the BLM, EPA, DEC, and US Army Core of Engineers.

Family placer operators on Federal Lands are being inundated by Instructional Memoranda's, reinterpretation of regulations and forcing any new or revised plans of operations to comply with a complicated "REM Policy" for reclamation, along with a new BLM policy of being forced out of using the State of Alaska Bond Pool. The State Bond pool is an extremely important asset to our placer miners on both state and federal mining claims.

Placer mining in the Fortymile is a clean process, no acid leaching or other chemicals are used, just water and hard work. The overall footprint is minimal to the extent that the 1986 Environmental impact statement showed that collectively all placer mining in the Fortymile District would have no significant impact. The number of acres that the EIS assumed in 1986 would be mined by 1996 hasn't even been reached today and we are 30 years out. Total all placer activity in the Fortymile is smaller than an Iowa Farm.

I bring this up to show the economic power of our family placer mining and the minimal area it takes to do so.

Family Placer Mines are a huge force in driving the Alaska economy especially in rural Alaska where there is very little other economic activity. I would like to point to the McDowell report that was done on the Economic Impact of Placer Mining in Alaska. A couple highlights from the report.

- Family Placer Mines have been steadily increasing on average over the last decade.
- 88% of all expenditures made by placer miners are spent in the state of Alaska.

- Total Impacts: 1700 jobs in Alaska, \$65 million of labor income in Alaska and \$150 Million in Total spending on goods and services.

In this house bill,

- The Requirement for Electronic Filing of Mining License Tax Returns. We believe we will problem for our members. The exemption for this should be in statute and allow exemptions for operations with less than 10 employees or a tax liability of under \$10,000.
 - Many of our members don't have internet or can barely run a computer.
 - I personally tried to use the current electronic system. I'm probably one of the more tech savvy operators and I stopped and used the good old paper system, because it is difficult and problematic to use.
- This bill is eliminating the Requirement to file returns in Juneau. This is a positive step for family placers. Placer miners should be able to file their tax returns and pay their tax at State DNR information offices in Fairbanks and Anchorage just like Rental Fees, water license fees and APMA fees. This eliminates worry and hassle that returns are timely filed.
- It is purposed that we Increase Mining License Fee of from \$0 to \$50.
 - This \$50 annual fee may not seem like a big thing but it actually is. Currently it is estimated this will bring in only \$25,000. This \$25,000 is a minor amount of money that will have a significant impact on family placer miners.
 - In order for a placer operator to get permitted, they have to pay the following regulator fees and all these fees add up and make it more difficult for us to operate:
 - APMA fee of \$150 for one year. Alaska Placer Miners Application.
 - Non refundable Bonding fees can be as much as \$370 per year.
 - Temporary Water License is \$50 per year.
 - BLM Camping fees every year for dredgers is \$250
 - State Mining Claim Rental Fees and Federal Maintenance fees every year cost most of our miners a minimum of \$300 per year.

In the end the \$50 dollars will have a significant impact, and if it is the straw that breaks the camels back on just one or two family operations, it is not worth it.

Anything you do that adds to the burdon of family placer mines with have a negative effect on both our family miner and the state economy. CACFA the Citizens Advisory Commission on Federal Areas has been a huge asset to the Mining District in dealing with ANILCA and Federal Agencies.

The Fortymile District would like to be positive and what we need to be doing is helping family placer operations so they can be successful and add revenue to our state.

I encourage all of you to remember that the trickledown effect in the economy of losing just a couple family placer mines has a significant impact on the general state economy. Let's try to work on reducing the regulator paperwork and encourage more people to go out and develop small placer operations.

As at State we need to be making it easier to comply and meet regulations. We need to keep the bond pool strong, and pursue our State rights under ANICLA. Continuing to move forward on issues like the navigable waters, RS2477 and we need to support and fund CACFA. In the long term these things will help our overall long term fiscal issues.

Thank you for giving me the time to address the committee.