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House Resource Committee
Public Testimony on HB253

Bill Jeffress
2031 Brandilyn Street
Anchorage, AK 99516-1961
Bjeffress62@gmail.com

Thank you for the opportunity to testify on HB253. My name is Bill Jeffress and my testimony represents my opinions. I have been involved with resource development and the mining industry for over 40 years and actively involved with Alaska mining for almost 25 years. I have worked for some of the major mining companies in Alaska, the State of Alaska as former Director of DNR's Office of Project Management and Permitting, and a mining consultant. I am a member of the Alaska Miners Association and honored to serve as a member of the Alaska Minerals Commission. As a member of the Alaska Minerals Commission, I supported the Commissions 2016 top priority for Alaska to move quickly on a bi-partisan basis to establish a stable fiscal climate that will protect Alaskan's future and their opportunity to develop a diverse economy.

With that said, what is disconcerting regarding HB253 is the previous testimony by the Department of Revenue on SB137 the companion bill to HB253. On February 3, 2016 in the Senate Resources Committee hearing it was stated that there is a perception that the mining industry is not paying its share ("if the public doesn't see that the mines are paying their way it helps that the mines are paying more taxes"). I am sure that DOR employees are glad that their salaries are not based on what is considered public perception.

The December 2, 2015, ISER report "***Fiscal Effects of Commercial Fishing, Mining, and Tourism - What does Alaska receive in revenue? What does it spend?***" concludes that the average state revenue (2010-2014) was $96.4 million while State Operating Expenditures of $10.7 million with an average capital expenditure (2012-2014) was $4 million resulting in a surplus of $81.7 million and another $22.5 million in average municipal revenues. This indicates, at least to me, that the mining industry is definitely contributing more to the state than it costs to administer the program and provide industry oversight.

Considering that the global mining industry and the sectors that support the industry are currently experiencing a prolonged downturn in commodity prices, the proposed increase in the Alaska Mining License Tax from 7 to 9% means a 29% higher payment for operations and the loss of the 3.5 year exemption from paying the tax after production begins is not the kind of message Alaska needs to send to potential investors. We need to remember, Alaska competes with other states and nations for investment dollars based on regulatory and fiscal certainty.

The reality is Alaska's mining industry has tremendous potential for growth and has already demonstrated that by the current operating mines, a huge potential to generate revenues and economic benefits for Alaska – but HB253 sends a message that Alaska's fiscal policies are based on "perception" and not real world economic reality.