

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

February 26, 2024

3:30 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Cathy Giessel, Co-Chair
Senator Bill Wielechowski, Vice Chair
Senator Scott Kawasaki
Senator Forrest Dunbar
Senator Matt Claman

MEMBERS ABSENT

Senator James Kaufman

COMMITTEE CALENDAR

SENATE BILL NO. 243

"An Act relating to the board of directors of the Alaska Energy Authority."

- HEARD & HELD

PRESENTATION: MINING INDUSTRY UPDATE

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 243

SHORT TITLE: ALASKA ENERGY AUTHORITY GOVERNANCE

SPONSOR(s): RESOURCES

02/19/24	(S)	READ THE FIRST TIME - REFERRALS
02/19/24	(S)	RES, FIN
02/26/24	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

DEANTHA SKIBINSKI, Executive Director
Alaska Miners Association (AMA)
Anchorage, Alaska

POSITION STATEMENT: Co-presented the Mining Industry Update.

KAREN MATTHIAS, Executive Director
Alaska Metal Mines
Anchorage, Alaska

POSITION STATEMENT: Co-presented the Mining Industry Update.

KATIE SWEENEY, Executive Vice President and COO
National Mining Association (NMA)
Washington, D.C.

POSITION STATEMENT: Co-presented the Mining Industry Update.

ANGELA RODELL, Staff
Senator Cathy Giessel
Alaska State Legislature

POSITION STATEMENT: Presented SB 243.

CURTIS THAYER, Executive Director
Alaska Energy Authority
Anchorage, Alaska

POSITION STATEMENT: Presented an overview of AEA.

ACTION NARRATIVE

[3:30:36 PM](#)

CO-CHAIR CLICK BISHOP called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Wielechowski, Kawasaki, Dunbar, Claman, Co-Chair Giessel, and Co-Chair Bishop.

PRESENTATION: MINING INDUSTRY UPDATE

[3:31:13 PM](#)

CO-CHAIR BISHOP announced the consideration of a presentation titled, "Alaska Mining: Reaching Our Potential."

[3:32:00 PM](#)

DEANTHA SKIBINSKI, Executive Director, Alaska Miners Association (AMA), Anchorage, Alaska, stated that the Alaska Miners Association (AMA) serves as a comprehensive membership organization representing all facets of Alaska's mining industry. This includes large hard rock and coal mines, as well as exploration and development projects ranging from small family-owned plaster mines to industrial sites, along with the various vendors and contractors supporting mines statewide. Given the aging workforce within the mining sector, there has been a noticeable increase in non-work-related medical incidents. She emphasized the unique position of mines, equipped

with medics who play crucial roles in providing care to colleagues. Notably, she pointed out that while she doesn't work directly at a mine site, it's essential for members to recognize that many individuals may lack the necessary skills to assist colleagues or loved ones during medical emergencies. She encouraged the committee and those listening from home to consider familiarizing themselves with essential emergency procedures, such as locating automated external defibrillators (AEDs), undergoing CPR training, or learning the Heimlich maneuver. These skills can be invaluable in providing timely assistance to others in need.

[3:33:38 PM](#)

KAREN MATTHIAS, Executive Director, Alaska Metal Mines, Anchorage, Alaska, said formerly known as the Council of Alaska Producers and established in 1992, the council initially focused on representing large metal mines and promoting development projects while addressing state-related issues and disseminating accurate mining information. In August of last year, the organization rebranded to Alaska Metal Mines to better convey its involvement and mission: producing essential minerals with a strong emphasis on safety, environmental stewardship, and community engagement. She underscored the significance of minerals in everyday life and emphasized their critical role in national security. She expressed growing concerns about the United States' reliance on other nations, particularly China and Russia, for the minerals essential for military assets' construction and operation. This dependency highlights the importance of domestic mineral production and processing.

[3:34:47 PM](#)

MS. MATTHIAS moved to slide 2 and said each F35 stealth fighter at Eielson Air Force Base contains over 900 pounds of rare elements. However, production and processing of rare elements are largely dominated by China. She emphasized the risk posed by having key components of military equipment controlled by a potential adversary. This concern underscores the Department of Defense's (DOD) strong support for increasing domestic mineral production. Beyond national defense, there's a broader global demand for minerals driven by the need for greater energy diversification and the development of new energy technologies. She noted that people are increasingly recognizing the importance of these minerals for various electronic devices and technologies.

[3:35:41 PM](#)

MS. MATTHIAS moved to slide 3, which illustrates the growing demand in electric vehicles (EVs). She said while conventional cars primarily consist of steel, copper wiring, and lead acid batteries, they also contain small amounts of precious metals in components like catalytic converters and airbags. In contrast, EVs require a substantial amount of minerals, notably copper and manganese, with their batteries relying on several other minerals such as cobalt, graphite, and lithium. She emphasized that regardless of one's stance on electric vehicles, it's crucial to recognize the increasing demand for them in the United States, driven by consumer preference for lower emission vehicles and government incentives. EVs are experiencing rapid growth in popularity not only in Europe and China but also globally. As a result, the global demand for these minerals is on the rise and is expected to continue increasing.

[3:36:59 PM](#)

MS. MATTHIAS moved to slide 4 comprising a breakdown of minerals found in Alaska. She noted that the information on this slide was compiled by the Bureau of Land Management (BLM). Currently, only two minerals, gold and silver, are actively produced in the state. However, all other minerals depicted remain untapped in the ground pending further investment, exploration, permits, and feasibility studies. She emphasized Alaska's potential to produce these minerals and cited a recent significant investment by the Department of Defense (DOD) in Graphite One to support its feasibility study. Graphite One is the largest naturally occurring deposit of graphite in the U.S., a mineral crucial for electric vehicle batteries and military applications. Despite having graphite resources domestically, the U.S. has not produced any since the 1950s. It currently relies on imports, with China dominating global graphite production. China recently added graphite to its list of minerals subject to export restrictions for national security reasons, underscoring the importance of domestic mineral production for security, economic, and energy purposes. She expressed concern over Alaska's reliance on China as a dominant player in mineral production and processing and stressed the need for strategic diversification and strengthening of the mineral supply chain.

[3:39:12 PM](#)

CO-CHAIR BISHOP asked how much the state spends on importing Graphite from China.

[3:39:19 PM](#)

MS. MATTHIAS replied she does not have a specific dollar amount but could report back to the committee.

[3:39:30 PM](#)

CO-CHAIR GIESSEL acknowledged China's export restrictions and asked about the origin of minerals. She wondered whether these minerals originate from China or if they're sent from Alaska to China for refinement and become China's possession, requiring repurchase by the state.

[3:39:49 PM](#)

MS. MATTHIAS replied that both scenarios are accurate. She explained that China has made significant investments not only in its own mineral production but also in acquiring resources from other parts of the world. This involvement can take various forms, including indirect production or direct ownership in a third country.

[3:40:12 PM](#)

SENATOR CLAMAN asked whether unmined graphite and cobalt in the state are substantial enough to justify starting mining operations.

[3:40:37 PM](#)

MS. MATTHIAS replied that the Graphite One project is the largest deposit of natural Graphite in the U.S. Those involved are currently working on a feasibility study.

[3:40:52 PM](#)

SENATOR CLAMAN asked if the project is in Alaska.

[3:40:53 PM](#)

MS. MATTHIAS replied yes and said it is on the Steward Peninsula near Nome. The people involved in the project could provide additional information.

[3:41:12 PM](#)

SENATOR CLAMAN inquired about Cobalt in Alaska.

[3:41:20 PM](#)

MS. MATTHIAS said Cobalt is naturally occurring in Alaska. She cited the Embler Metals project as a notable example. This project is primarily focused on copper extraction but has the potential to yield Cobalt. Currently, the Democratic Republic of the Congo accounts for 70 to 80 percent of global Cobalt production, with many of its industrial mines under Chinese ownership. She emphasized the opportunity for Alaska to reduce its dependence on Cobalt imports by initiating domestic production.

3:42:00 PM

MS. MATTHIAS moved to slide 5 and spoke to monitored and enforced environmental standards. She pointed out that the image on the slide depicts True North in Fairbanks, formerly a mine site that has since been fully reclaimed. She emphasized the rigorous process involved in developing a mining operation in Alaska, which includes obtaining dozens of permits from various state and federal agencies before operations can begin. Additionally, mines must have a closure and reclamation plan approved by the commissioner of the Department of Natural Resources (DNR), and financial insurance is required to ensure funds are available for reclamation efforts if necessary. Environmental management in mining encompasses numerous areas, such as water quality and bio-monitoring. She highlighted the strict reporting requirements during mine operations and underscored the significant enforcement powers held by the DNR. She emphasized that current operating mines have a proven track record of environmental responsibility, which is a source of pride for the mining industry.

3:43:00 PM

MS. MATTHIAS moved to slide 6 and spoke to mining revenue:

[Original punctuation provided.]

Revenue to Local and State Governments

Local government revenue: **\$55 million**

- Largest property taxpayers in Juneau, Fairbanks, Northwest Arctic Borough

State government revenue: **\$131 million**

- Alaska Mining License Tax, corporate income tax, rents & royalties, other state agencies

MS. MATTHIAS stated that Mines contribute and both the local and state level and highlighted their substantial regional impact. She noted that mines are the largest local and property taxpayers in Juneau, Fairbanks North Star Borough, and the Northwest Arctic Borough. In 2022 alone, mines generated \$55 million in revenue, providing stable income that local governments can rely on for funding essential services. In addition to property taxes, mines contribute to state revenue through various fees, taxes, rents, royalties, and other sources, totaling \$131 million in revenue. Studies conducted by the University of Alaska Anchorage (UAA) have demonstrated a net

benefit of mining to the state's economy. Mining activities contribute more to the general fund than what is used for general programs, resulting in a net benefit to the Unrestricted General Fund (UGF). This surplus in funds can then be allocated to support various government services for Alaskan citizens.

[3:44:17 PM](#)

MS. MATTHIAS moved to slide 7 and described business investments from mines:

[Original punctuation provided.]

\$1 billion spent on goods and services with 450 Alaska businesses in 2022.

MS. MATTHIAS stated that mining companies prioritize sourcing products and services locally. She emphasized that the \$1 billion spent on Alaska businesses encompasses a wide range of enterprises, from small mom-and-pop shops to larger companies.

[3:44:43 PM](#)

MS. MATTHIAS moved to slide 8 and spoke to jobs and training:

[Original punctuation provided.]

Jobs and Training for Alaskans

- 11,400 - Total Jobs
- \$1 billion - Annual Wages
- 73 percent - Average Alaska residents employed at the 6 large mines
- 90+ - Communities where mining employees live
- \$2.7 million - Invested in UA and vocational programs

MS. MATTHIAS noted that out of the 11,400 jobs supported by the mining industry, 5,700 are direct positions where individuals receive payment directly from mining companies. These jobs offer an average salary of \$130,000, which is notably higher than the state's average annual salary, providing substantial support for families. Additionally, vocational programs are available to train Alaskans for employment in the mining industry or other sectors. One advantage of the industry's remote locations is that Alaskan residents may work in one location while choosing to live elsewhere within the state. This flexibility offers opportunities for individuals to access employment opportunities while maintaining residence in preferred locations.

3:46:03 PM

SENATOR KAWASAKI pointed out that the Department of Labor and Workforce Development (DOLWD) reported over 40 percent of metal mining employees are non-residents, with this proportion increasing by 5-6 percent over the past decade. He expressed concern about this trend and inquired about the reasons behind the increase and potential measures the state could take to mitigate the rise in non-resident employment. Additionally, he asked for comments on employees who reside in another state but commute into Alaska for work.

3:46:59 PM

MS. MATTHIAS acknowledged the desire of the mining industry to employ more Alaskans and expressed a shared concern about the significant proportion of non-resident employees reported by DOLWD. She noted that since the onset of the COVID-19 pandemic, there has been a general outward migration of Alaskans from the workforce, a trend not unique to the mining sector but affecting various industries statewide. Ms. Matthias highlighted her surprise at the relatively low representation of non-residents in the mining and oil and gas sectors, comprising only six percent of the total non-resident workforce in Alaska. There are more non-residents working in state and local government, at 8 percent, than there are in mining and oil. Industries such as manufacturing, seafood, and leisure and hospitality employ larger numbers of non-residents. She emphasized that recruitment efforts by individual mining companies are robust but also acknowledged the need to look outside the state to fill specialized positions due to the limited local workforce and the increasing number of retirees. She stated there are challenges faced by commuting employees, including housing shortages in areas near mines. Juneau is one example, where housing challenges have affected nearby mining operations. Additionally, concerns about the quality of education and access to childcare are factors influencing family-aged miners' decisions on employment opportunities. The mining workforce is primarily people under forty. These collective challenges require collaborative efforts.

3:49:30 PM

CO-CHAIR BISHOP pointed toward the ongoing decline in population in the country over the past thirty years. He stated it is the 11th year of outward migration, which is resulting in the loss of the generation necessary to sustain the workforce. This trend poses significant challenges for workforce retention and economic stability.

[3:50:01 PM](#)

MS. MATTHIAS moved to slide 9 and spoke to royalty payments:

Royalty Payments to Alaska Native Corporations

- \$266 million in 2022
- \$1.8 billion in total since 1989

MS. MATTHIAS said Red Dog Mine has been providing benefits to every regional corporation and village corporation through the Alaska Native Claims Settlement Act (ANCSA) 7(i) and 7(j) royalty sharing provisions since the mine commenced operations in 1989.

[3:50:32 PM](#)

SENATOR DUNBAR asked what the difference is between royalty payments to Alaska Native corporations and state revenue payments. He sought clarification on whether this disparity arises from the size and nature of mines on Alaska Native lands or if companies pay a different royalty rate on those lands.

[3:50:58 PM](#)

MS. MATTHIAS replied that the amount of royalty is small because there is only one large mine that is entirely on state land and it is not as large as Red Dog. Red Dog's exceptional grade and production levels have placed it in a unique category. Since Red Dog is located on Native land, the Nenana Corporation, as the landowner, negotiated a specific royalty agreement with the mining company. This negotiation authority lies within the purview of the landowner. Alaska Metal Mines suggested that if there were more large mines on state land, the state would receive significantly more royalties.

[3:52:07 PM](#)

SENATOR DUNBAR asked if the state could negotiate a similar royalty rate to Nenana.

[3:52:17 PM](#)

MS. MATTHIAS replied that Nenana Corporation was aware of the strong resource on its land prior to royalty negotiations. However, the state possesses vast tracts of land that remain largely unexplored. The state royalty framework was designed to encourage exploration and discovery of mineral deposits on these lands. Given the substantial risks involved in exploration, rewards should reflect these risks, while also advocating for reduced costs associated with exploration activities.

[3:53:13 PM](#)

SENATOR CLAMAN asked whether the two bullets on slide 9 represent royalty payments from Red Dog Mine or include payments from other mines.

[3:53:21 PM](#)

MS. MATTHIAS replied that the royalty payments on the slide are predominantly from Red Dog Mine. She acknowledged that there might be a small portion related to projects or exploration on other land, but since these areas are not yet in production, the amount contributed by them is significantly lower.

[3:53:42 PM](#)

CO-CHAIR BISHOP highlighted the density of the ore at Red Dog Mine, noting that it ran five thousand pounds per cubic yard.

[3:54:11 PM](#)

CO-CHAIR GIESSEL mentioned that Red Dog Mine plans to transition development to state land once ANCSA land deposit is depleted, which will affect revenue sharing arrangements. She asked if Donlin, located on Native Corporation land, would participate in 7(i) revenue sharing.

[3:54:46 PM](#)

MS. MATTHIAS replied yes and said any mining or mineral development on Native land is subject to revenue sharing under 7(i) and 7(j).

[3:54:59 PM](#)

CO-CHAIR GIESSEL asked for the progress status of Donlin.

[3:55:11 PM](#)

MS. MATTHIAS replied that she could not speak for the company on its decision to move forward. However, she noted that many permits have been prepared for the project. Ultimately, the decision to proceed involves a significant multi-billion-dollar investment, which includes infrastructure such as a gas pipeline and power plant. The substantial investment required for mining in a remote location like Donlin requires careful consideration by the company.

[3:55:58 PM](#)

CO-CHAIR GIESSEL wondered whether Donlin's plan to install a gas pipeline would stimulate more development in Cook Inlet regarding natural gas, similar to how Fort Knox has influenced utility prices for residents of Fairbanks. She expressed

concerns about the potential impact on revenue sharing, noting that dividends from Native Corporations are significant for many residents of the state. Diminishing dividends could have a major impact on the economy. She emphasized that mining has far-reaching effects on the economy in several ways.

[3:56:55 PM](#)

CO-CHAIR BISHOP noted that representatives from Graphite One, Donlin, and other metals may attend a future hearing and could answer questions.

[3:57:22 PM](#)

MS. MATTHIAS moved to slide 10 and noted the \$4.5 million dollars contributed in 2022 to more than 280 Alaska non-profit organizations from the mining industry. Those contributions ranged from sports team sponsorship to the million-dollar contribution for the Troth Yeddha' Indigenous Study Center at University of Alaska Fairbanks (UAF). She noted that the mining industry is proud of its community partnerships. This amount does not account for individual charitable contributions made by individual miners.

[3:58:15 PM](#)

CO-CHAIR BISHOP asked how much was spent in exploration from 2022 to 2023.

[3:58:27 PM](#)

MS. MATTHIAS replied that \$645 million dollars was spent in 2022. She offered to provide data for 2023 once it becomes available in a couple of months.

[3:59:17 PM](#)

KATIE SWEENEY, Executive Vice President and COO, National Mining Association (NMA), Washington, D.C, said NMA has a membership of nearly 300 companies and organizations involved in every aspect of mining from producers and equipment manufacturers to service providers. NMA is the only national trade association that serves as a voice of the U.S. mining industry and the hundreds of thousands of American workers. It employs before Congress, the federal agencies, the judiciary, and the media, advocating for public policy that will help America fully and responsibly utilize its vast natural resources. She said she will speak to mining policies that are impeding mining across the country and in Alaska.

[4:00:19 PM](#)

MS. SWEENEY moved to slide 12:

[Original punctuation provided.]

Behind the Curve in Meeting Demand

Nearly 400 Mines Needed

- Biden Has Approved 6

Timeframe Predictions

S&P Global data on 127 mines production between 2002 and 2023 shows that a major new resource discovery today would not become a productive mine until 2040 or later.

Furthermore, this is on average: large and complex projects in politically sensitive areas can take longer.

MS. SWEENEY stated that Alaska possesses significant mineral resources, including world-class deposits and strategic critical minerals, making it an ideal location for mineral exploration and development investment. Despite having a skilled workforce and experienced regulators, the state has not fully capitalized on this potential. The demand for minerals is rapidly increasing, especially with the global push towards electrification, leading to bipartisan interest in mineral issues and supply chain security at the national level. However, the mining industry has faced challenges, including a lack of supportive policies and sometimes the political will necessary to unlock its full potential. In the past three years, only six mining projects or expansions requiring environmental impact analyses on federal lands have been approved by the current administration. This slow progress is partly due to the bureaucratic nature of the federal permitting process, which can take 7-10 years to navigate, not including additional time for potential litigation.

[4:02:22 PM](#)

MS. SWEENEY moved to slide 13 and highlighted a recommendation from DOI:

[Original punctuation provided.]

Upending Goal Posts

Interagency Working Group

"In its report, the IWG concluded that fundamental reform of the Mining Law of 1872 - the 151-year-old law that still governs access to mineral resources on hundreds of millions of acres of public land in the United States - is necessary to achieve the best outcomes." Department of the Interior (DOI) press release on the recommendations

MS. SWEENEY emphasized the importance of regulatory certainty, particularly in understanding the rules governing mining operations. She referred to the recommendations put forth by the White House Interagency Working Group (IWG) on mining law, regulations, and permitting. She noted that while not all 65 recommendations are problematic, the overarching message sends the wrong signals to mining companies and investors. The current administration maintains that the existing framework, supplemented by rigorous federal and state environmental standards, is not protective enough. She opined that the most concerning IWG recommendations are proposals to convert the locatable system to a leasing system, granting the federal government greater authority to reject mining projects, and the introduction of punitive royalties and fees, which could deter investments. Additionally, there is a proposal for a tax on the volume of material displaced at mine sites, applicable to locatable minerals regardless of land ownership, which could further hinder investment.

[4:04:05 PM](#)

MS. SWEENEY moved to slide 14 and said she believes the only reason IWG included potential permitting improvements among their recommendations is because they were tasked by Congress to identify challenges and suggest solutions. However, most of IWG's permit recommendations are low-hanging improvements and include project tracking, the use of consistent application requirements, and broadened use of the Nevada Bureau of Land Management (BLM) permitting process models. While this approach has been shown to somewhat reduce permitting timeframes, pre-application meetings, and encourage greater coordination among agencies, Congress has tried to take matters into its own hands and institute major permitting reforms. In 2023, efforts were made to implement significant reforms, which are ongoing. The bipartisan passage of the Fiscal Responsibility Act in mid-2023 marked a milestone. This legislation introduced the first major amendments to the National Environmental Policy Act (NEPA) since its inception in 1970. The amendments aim to streamline and coordinate reviews to address a process that has become

unnecessarily long, inefficient, and overly litigious. The Fiscal Responsibility Act limits the scope of environmental impact statements and environmental assessments to focus on foreseeable impacts to the environment. It imposes time limits of two- and one-year on impact statements and environmental assessments, respectively, along with page limits. The act also establishes procedures for determining the lead federal agency, permits project proponents to contract or conduct their own environmental analyses under the lead agency's supervision, and refines the definition of major federal action.

[4:06:33 PM](#)

MS. SWEENEY moved to slide 15 and described major environmental policy reforms:

[Original punctuation provided.]

National Environmental Policy Act

Council on Environmental Quality's NEPA Reforms

Phase 1

- Finalized in April 2022
- Largely nullified favorable components of the 2020 NEPA reforms

Phase 2

- Broader changes, including requirements to assess climate change in NEPA documents
- Final rule currently undergoing interagency review
- National Environmental Policy Act

Phase 2 NEPA vs the Fiscal Responsibility Act

- Ignores congressional goals articulated in FRA
- De-emphasizes the procedural nature of NEPA
- Undermines FRA timeframes

MS. SWEENEY said the National Environmental Policy Act (NEPA) recently proposed phase 2 changes to supplement the favorable reforms made in 2022. If finalized as proposed, this rule would fail to honor the bipartisan spirit that drove the amendments introduced by the Fiscal Responsibility Act and would not effectively enhance or further reform the permitting process. The proposed rule undermines the page limit requirements established by the Fiscal Responsibility Act for environmental

analyses by removing the requirement for agencies to use specific administrative procedures to approve environmental documents that exceed the page limits. Additionally, it fails to provide federal agencies with the necessary tools or a clear path forward to meet the statutory deadlines set by the Fiscal Responsibility Act. When Congress amended NEPA, the focus was on improving the process of identifying, considering, and disclosing effects and alternatives. She expressed her belief that the proposed purpose of the new rule, compared to the existing purpose, is telling. The proposed purpose characterizes NEPA as the fundamental national charter for environmental protection, whereas the existing purpose emphasizes NEPA's role as a procedural statute intended to ensure federal agencies consider environmental impacts in their decision-making processes.

[4:08:37 PM](#)

MS. SWEENEY moved to slide 16 and described land access:

[Original punctuation provided.]

Land Access

- Lands off limits to mining by presidential action/antiquities act: **over 3.5 million**
 - Nearly **1 million** acres in Ariz.
 - 506,814** acres in Nev.
 - 53,804** acres in Colo.
 - 2 million** acres in Utah
- Department of Interior withdrawals:
 - nearly **850,000** acres
- BLM Conservation and Landscape Rule
 - Overhauls how BLM manages land by prioritizing conservation over other uses
 - Prioritizes Areas of Critical Environmental Concern
 - Final rule expected in Spring 2024
 - BLM Conservation and Landscape Rule
- Other rulemakings/policies affecting access
 - 30 x 30/America the Beautiful Initiative
 - Individual resource management plan updates
 - Forest Service climate resilience rulemaking

MS. SWEENEY said while the federal administration has been slow to permit any new mines, it has quickly moved to restrict additional lands from mining operations. To date, nearly 4.5 million acres have been designated off-limits for mining. These

withdrawals, orchestrated by the Department of the Interior using the Antiquities Act, have included notable projects like the Twin Metals project in Minnesota. However, the 4.5 million acres figure does not encompass other imminent threats posed by the administration, which could effectively result in de facto withdrawals. One such threat is the Bureau of Land Management's (BLM) proposed Conservation and Landscape Health Rule, prioritizing conservation over development on federal lands. This rule is expected to be finalized in the coming months. Additionally, various resource management plan updates, following a similar conservation-focused approach, pose further challenges. For instance, the Rock Springs plan in Wyoming aims to close nearly 3.5 million acres to coal mining and almost 2 million acres to hard rock mining. This conservation-centric trend extends beyond the BLM, with similar initiatives evident in the Forest Service's climate resilience efforts and the 30 x 30 America the Beautiful initiative. The latter seeks to conserve at least 30 percent of lands and waters by 2030, reflecting a broader commitment to environmental preservation.

[4:10:44 PM](#)

CO-CHAIR BISHOP asked her to explain the withdrawal in Minnesota and whether it is in the iron range.

[4:10:52 PM](#)

MS. SWEEENEY replied it is outside the iron range but is not far from it. She said it is a world-class copper, nickel, platinum, and palladium deposit, and is one of the richest mines in the U.S. outside of Alaska.

[4:11:19 PM](#)

CO-CHAIR BISHOP inquired about the number of mines that were operational during World War II (WWII) compared to the number of mines currently operating in the U.S.

[4:11:43 PM](#)

MS. SWEEENEY replied she would report back to the committee. She stated her belief that the country is in its most mineral-intensive time since WWII.

[4:12:04 PM](#)

MS. SWEEENEY moved to slide 17 and said the United States Environmental Protection Agency's (EPA) comprehensive power plant strategy is a coordinated regulatory assaults on coal power that involves a suite of rule-making involving air, water, and waste. The Interstate Transport ruled to limit ozone emissions ranks as one of the latest threats with a potential

retirement of over 48-gigawatt in capacity in just a few years. Despite EPA's acknowledgement that these rules are part of a broader regulatory strategy, EPA has failed to conduct a cumulative impact analysis of these coordinated activities. It also continues to ignore clear warnings from the nation's grid reliability regulators, grid operators, and other experts about the dangers of forced coal plant closures. As the economy and population expand and electrification increases, the demand for electricity will continue to rise. Coal resources play a vital role in supplying electricity at a reasonable price and in an environmentally sound manner for consumers. Despite advancements in renewable energy and natural gas, coal remains a significant fuel for power generation, accounting for nearly 20 percent of electricity generation in 2022 and 17 percent in 2023. Even under ambitious scenarios aimed at increasing electricity generation from renewables and natural gas, coal will still be necessary to meet the nation's power needs. In certain regions of the country, coal remains the primary energy source. According to recent Energy Information Administration data, coal was the largest source of electricity generation for 15 states since 2021. Without access to affordable coal, the costs of alternative fuels would rise, leading to higher electricity costs and decreased reliability in power supply.

[4:14:11 PM](#)

MS. SWEENEY moved to slide 18 and said the mining industry needs clear water regulations so it can comply with the law, permit the mining projects the nation needs, and protect water quality in communities. She highlighted the challenges posed by confusing regulations that often change with each new political administration, compounded by conflicting court decisions. This uncertainty creates obstacles for the mining industry in advancing projects crucial for the nation's infrastructure development, energy production, and supply chain independence. In 2020, a clear rule was established, providing practical guidance for implementation on the ground. However, the Biden Administration introduced changes that rendered the rules vague and broad, making consistent implementation nearly impossible. These changes relied on the confusing significant nexus test to determine the scope of federal jurisdiction, potentially allowing federal agencies to assert jurisdiction over nearly any water body in the nation. Fortunately, the Supreme Court provided some clarity through the U.S. Sackett vs. EPA case, which struck down the significant nexus test. However, the post-Sackett final rule, known as the conforming rule, still faces legal and practical challenges, contributing to uncertainty and backlog. Issues such as lack of transparency and inconsistency

in implementation among core districts persist, leading to ongoing litigation related to the conforming rule.

[4:16:05 PM](#)

MS. SWEENEY moved to slide 19 and emphasized the regulatory impact from three U.S. administrations in the federal government. She emphasized that this data illustrates the regulatory onslaught endured by the mining industry in recent years and its implications for the nation's economy. Advocating for reduced regulatory burdens does not imply a disregard for environmental protection, but it highlights the necessity for leaders to pursue innovative solutions that minimize taxpayer burdens while ensuring a clean and safe environment for all.

[4:16:42 PM](#)

CO-CHAIR BISHOP recalled attending the anniversary of the critical mineral summit two years ago. He said 90 percent of rare earth minerals came from around the globe while China aimed to expand its influence in other regions, particularly the Indo-Pacific. He expressed concern that this situation could potentially endanger American lives, as it did during WWII, when 417,000 American lives were lost. Co-Chair Bishop emphasized the current threats posed by China and Russia and stressed the importance of rebuilding the U.S. military industrial effort to prevent history from repeating itself.

[4:18:03 PM](#)

MS. SWEENEY agreed and said that is sobering.

[4:18:16 PM](#)

DEANTHA SKIBINSKI moved to slide 21:

[Original punctuation provided.]

Bringing it Home to Alaska

As a State, we're doing a lot of things right

Statehood Defense

- Agency efforts to oppose federal overreach and encroachment on States' rights
- Citizens Advisory Commission on Federal Areas (CACFA)

Promotion of Alaska to investors

- Alaska Minerals Commission
- University of Alaska Minerals Summit

- Marketing Alaska by demonstrating high standards

MS. SKIBINKSI said the Statehood Defense coordinates agency efforts against the onslaught of negative federal actions. According to Senator Sullivan in his recent address to the legislature last week, there have been 56 Alaska-specific actions from the federal government. Additionally, there are numerous nationwide actions that have a significant impact on the state, given its extensive federal land acreage.

[4:18:58 PM](#)

MS. SKIBINSKI said mining industry is actively involved in lawsuits against many of these federal actions, as several are deemed illegal and violate important laws such as IMILCA and others established during Alaska's statehood. She expressed gratitude to the legislature for funding many of these efforts, including the establishment of the Citizens Advisory Council on federal areas and the extension of the Alaska Minerals Commission. These initiatives are invaluable as the mining industry works to assert state rights amidst numerous federal challenges. From a promotional standpoint, Ms. Skibinski commended the state for effectively promoting itself as a smart place to do business and for highlighting its responsible resource development efforts. She mentioned the transparency of Environmental, Social, and Governance (ESG) documents and reports on the mining industry's environmental and societal impacts, as well as corporate policies and governance. She emphasized that operating in Alaska is made easier by the fact that companies operating in the state are proven leaders in environmental protection, community investment, and transparency. The University Critical Mineral Summit includes representatives from the state, legislature, university system, and other public members to showcase responsible resource development and align with the social values of the mining industry, which has been ongoing for decades. She emphasized the significant value of these initiatives from a global mining industry perspective.

[4:20:36 PM](#)

MS. SKIBINSKI moved to slide 21:

[Original punctuation provided.]

**Bringing it Home to Alaska
As a State, we're doing a lot of things right**

Investment in education and training to grow

Alaska's workforce and labor pool

- University of Alaska degree programs
- Vocational training across the state
- K-12 education through Alaska Resource Education
- Education Tax Credit
- Workforce development initiatives and
- Incentives

MS. SKIBINSKI emphasized the importance of education in the mining industry, highlighting the longstanding partnerships between the state, mining industry, and education and training entities that have led to significant progress in workforce development. She mentioned creative initiatives like the Mining Education Tax Credit, which leverages private funds to support university programs and vocational training. She acknowledged the support of Alaska Resource Education, which has helped generate interest in working in the resources industry at a younger age among youth. She expressed gratitude for the partnerships with the state and legislature in building a skilled workforce for the mining industry.

[4:21:28 PM](#)

MS. SKIBINSKI moved to slide 22:

[Original punctuation provided.]

Bringing it Home to Alaska

As a State, we're doing a lot of things right

Partnerships with communities

- Mines: anchors of Alaska communities

Partnerships with Alaska Native Corporations

- Alaska Native Claims Settlement Act
- Success stories from resource development and ANCs

Partnerships with Legislature

- Annual mining presentation to Resources Committees
- Two-way communication on health of industry and growth of benefits

MS. SKIBINSKI said in Juneau, mines are the largest taxpayers and private sector employers. Interior Alaska is anchored by its three large mines and dozens of placer mines. Even projects in the development stage, such as the Donlin Gold Project in Southwest Alaska, have brought life-changing investment to their regions. Mines maintain special partnerships with their neighbors and make a meaningful difference in local communities. She shared an example from Donlin's 2023 backhaul project, which sponsored programs that reached 26 villages in the region and collected 235,000 lbs. of electronic and heavy waste for proper disposal, preventing it from filling landfills or fields. The mining industry's longstanding relationships and partnerships with Alaska Native Corporations have led to long-term success for Alaska Native communities, earning praise internationally. She stated that she frequently receives compliments from mining colleagues around the world about Alaska's successful model. She highlighted the unique opportunity in Alaska to utilize resource-potential lands to generate revenue for mental health patient care. She expressed gratitude for the annual mining update provided by the legislature, which allows for discussions on increasing mining activity in Alaska while recognizing its benefits. Many members have invested time in touring mines and projects, fostering a strong partnership between the industry and the legislature. She noted that last year, every large mine in Alaska facilitated tours for the legislature, demonstrating a unique partnership not found in every state.

[4:24:55 PM](#)

MS. SKIBINSKI moved to slide 24:

[Original punctuation provided.]

Bringing it Home to Alaska
What can we do better?

Infrastructure

- Access to deposits: roads, ports, etc.
- Broadband and technology
- Other mining jurisdictions have this in place

Energy

- Power and heat at remote mine sites
- Baseload customers and regional needs for Alaskans and communities
- Reliability, availability and cost

MS. SKIBINSKI highlighted the significant challenges of exploring, building, and operating a mine in Alaska, emphasizing two major cost drivers including the lack of infrastructure and high energy costs. Alaska's insufficient road networks, ports, and other infrastructure put the state at a disadvantage, requiring long-term solutions to address these issues. Additionally, mines are highly energy-intensive operations, and the availability, reliability, and costs of energy pose significant barriers to establishing more mines in Alaska. Addressing these challenges is crucial for the mining industry's growth and sustainability in the state.

[4:25:52 PM](#)

MS. SKIBINSKI moved to slide 24:

[Original punctuation provided.]

Bringing it Home to Alaska
State challenges are our challenges, too

Housing

- Statewide issue
- Availability and cost

Childcare and schedule flexibility

- Mine jobs are rarely "work from home"
- Multiplier effect when childcare is scarce
- Availability and cost

Mine worker shortages

- Ability to find skilled workers to meet stringent technical criteria
- Driving up the cost of labor

MS. SKIBINSKI acknowledged the community and housing issues in Alaska, recognizing that these challenges can lead to the risk of losing employees and further complicate workforce issues for the mining industry. She expressed appreciation for the state's efforts in addressing childcare issues, recognizing their importance in supporting a stable and reliable workforce in the mining sector.

[4:27:08 PM](#)

MS. SKIBINSKI moved to slide 25:

[Original punctuation provided.]

Bringing it Home to Alaska

State challenges are our challenges, too

Long-term fiscal policy

- Lack of fiscal stability creates uncertainty for investors
- Policies that attract mining investment

Funding of permitting agencies

- Need for qualified personnel to permit and oversee mines
- Promotion of Alaska's stringent environmental regime
- Implementation of reasonable policies that attract investment, not deter it

MS. SKIBINSKI said that the absence of a long-term fiscal plan can portray Alaska as having weak jurisdiction, which can impact the state's ability to attract investment and develop its resources. She highlighted the mutual benefits of utilizing these resources effectively for the state and its residents. Ms. Skibinski stressed the importance of ensuring that statutes and regulations applied to resource projects meet necessary standards without imposing undue burdens on the industry.

[4:28:26 PM](#)

SENATOR DUNBAR highlighted the need for funding to cover essential areas such as infrastructure, energy, childcare, and others. He expressed concern about the instability of the state budget due to reliance on returns from the Permanent Fund Dividend (PFD) and oil prices, noting that Alaska lacks a broad-based tax unlike other states. He asked Ms. Skibinski and Ms. Matthias if they have a position on implementing a broad-based tax in Alaska.

[4:29:34 PM](#)

MS. SKIBINSKI said AMA has a policy about a long-term fiscal plan that encourages the adoption of a broad-based tax.

[4:29:48 PM](#)

MS. MATTHIAS said during a period of declining oil prices and significant budget shifts, Alaska Metal Mines held a three-pronged positions. They wanted to see more efficiencies in state government, use of the Permanent Fund earnings, and was open to the idea of implementing a broad-based tax.

[4:30:24 PM](#)

SENATOR KAWASAKI asked how much of Alaska's minerals are exported to China.

[4:30:50 PM](#)

MS. MATTHIAS replied that she would follow up with the committee in writing. She said Alaska's primary exports include seafood and ores. However, Alaska lacks refining capacity for various reasons. As a result, ore concentrates for base metals and gold need to be sent elsewhere for refining. Some of these concentrates are sent to Canada, Europe, and Asia/China. Until opportunities for refining are developed within the country, this will remain the ongoing reality.

[4:31:38 PM](#)

CO-CHAIR BISHOP recalled when some members took a trip to Iceland and opined that if Alaska could achieve similarly low electricity costs at two cents per kilowatt, mineral refining would become feasible in the state.

[4:32:00 PM](#)

SENATOR KAWASAKI said Kensington, as a 50 percent shareholder, previously had the China Investment Corporation invest in refining raw gold materials. He expressed curiosity about the requirements to establish refining capacity in Alaska instead of solely being an export state. He opined that while the state is exceptionally rich in resources, it lacks proficiency in executing refining operations.

[4:33:02 PM](#)

MS. SKIBINSKI said the nation has not permitted a smelter in decades, which has presented a federal challenge for refining opportunities.

[4:33:25 PM](#)

SENATOR CLAMAN drew parallels between timber and mining, noting that most of the valuable timber resources are owned by Native Corporations, with fewer on state lands. He inquired about the location of the most promising mineral resources in Alaska and whether they are primarily situated on federal, state, or Native Corporation land.

[4:34:42 PM](#)

MS. SKIBINSKI replied that he might be surprised by the amount of resource potential on state lands. She highlighted the Pebble Project as the most notable project entirely situated on state land, boasting tremendous mineral and revenue potential. She offered to provide the committee with an overview of advanced

exploration projects and early development projects, along with their land status. She said there is substantial potential on state lands.

[4:35:36 PM](#)

SENATOR CLAMAN asked whether Native Corporation and federal lands are included on the report.

[4:35:45 PM](#)

MS. SKIBINSKI replied yes. She said there are also some promising Alaska Native Corporation and federal deposits within state boundaries.

[4:36:12 PM](#)

SENATOR KAWASAKI asked if there are many mining claim leases that have yet to be developed or properly explored and asked for the reasons for any hold-ups in their development.

[4:36:38 PM](#)

MS. SKIBINSKI explained that there are numerous mining claim leases, particularly in the locatable system for metals found in hard rock. These claims are established regardless of land status. However, the development of these projects faces barriers due to federal challenges. Recent federal actions in the mining sector have often resulted in project setbacks, with instances where projects have been denied or faced obstacles such as land exchange or status changes.

[4:38:14 PM](#)

MS. MATTHIAS added that claims are not static and there is a requirement to work to maintain them.

[4:38:33 PM](#)

CO-CHAIR BISHOP suggested discussing prospects, targets, and the permitting timeline with DNR and other agencies.

[4:38:55 PM](#)

MS. SKIBINSKI said efforts are becoming timelier within the mining industry and more relevant. There's a growing awareness among households about the sourcing of their items, particularly in light of global conflicts. With these factors in mind, it's crucial to capitalize on the state's mineral potential and expedite the development of new mines to bolster the domestic supply.

SB 243-ALASKA ENERGY AUTHORITY GOVERNANCE

[4:40:31 PM](#)

CO-CHAIR BISHOP announced the consideration of SENATE BILL NO. 243 "An Act relating to the board of directors of the Alaska Energy Authority."

[4:41:02 PM](#)

SENTATOR CATHY GIESSEL, District E, Alaska State Legislature, Juneau, Alaska, sponsor of SB 243, introduced herself.

[4:41:18 PM](#)

ANGELA RODELL, Staff, Senator Cathy Giessel, Alaska State Legislature, introduced herself.

[4:41:21 PM](#)

SENATOR GIESSEL recalled reading a book about Susan B. Anthony, a suffragette who fought for the right to vote. She noted the significant progress since then, highlighting the presence of five women presenting to the committee today. 106 years ago, women lacked voting rights and property ownership.

[4:42:37 PM](#)

CO-CHAIR GIESSEL highlighted the merger of the Alaska Energy Authority (AEA) with the Alaska Industrial Development and Export Authority (AIDEA), which has raised concerns within the committee. She mentioned an audit conducted in 1994 and discussions in 1993 about combining the boards. Currently, AEA faces significant tasks, particularly regarding renewable energy, while AIDEA has a different mission. Senate Bill 243 aims to separate the two boards, drawing from an executive order (EO) issued by the administration. The EO was noted to be an overstep, which sparked SB 243. The bill proposes a six-member board, including the commissioners of the Department of Commerce, Community, and Economic Development (DCCED) and the Department of Revenue. Co-Chair Giessel emphasized the importance of including the Department of Revenue, especially given the board's management of funds for government system upgrades.

[4:45:44 PM](#)

MS. RODELL presented the sectional analysis:

[Original punctuation provided.]

SENATE BILL 243
Alaska Energy Authority Board of Directors

SECTIONAL ANALYSIS

Section 1: Amends AS 44.83.030 to create a stand-alone eight member board of directors for the Alaska Energy Authority that includes the Commissioner of Commerce, Community & Economic Development, the Commissioner of Revenue and 6 members of the public that meet the specified qualifications.

Section 2: Amends AS 44.83.030 to allow the commissioners the ability to designate a deputy or assistant to act in the commissioner's place, sets the public member term at 3 years and provides for the governor to immediately appoint a member to fill and unexpected vacancy.

Section 3: Amends AS 44.83.040 (a) is amended to require the authority to elect a chair and vice chair every two years, requires that five members to constitute a quorum and that actions taken and motions and resolutions adopted require an affirmative vote of five members.

[4:47:21 PM](#)

SENATOR CLAMAN noted there is no confirmation by the legislation under SB 243 and if wondered that option was considered.

[4:47:37 PM](#)

SENATOR GIESSEL replied yes and said it was considered. However, members would not be able to be confirmed for this type of board.

[4:47:48 PM](#)

MS. RODELL said it is considered unconstitutional to have non-quasi-judicial boards subject to confirmation by the legislature. She offered to provide the relevant information to the committee.

[4:48:04 PM](#)

SENATOR CLAMAN mentioned that the governor could fire board members without confirmation, leading to the loss of institutional memory on the board. He noted that SB 243 does not offer protection to board members.

[4:48:51 PM](#)

MS. RODELL replied that it was not discussed but member protection is something that could be incorporated.

[4:49:01 PM](#)

CO-CHAIR BISHOP asked for a list of member qualifications.

[4:49:18 PM](#)

MS. RODELL said there would be six members from the public:

- One member with expertise or experience in managing or operating an electric utility that is not connected to an interconnected electric energy transmission network
- One member with expertise in developing in energy projects rural communities
- One member with expertise or experience in managing or operating an electric utility connected to an interconnected electric energy transmission network
- One with financial expertise in large scale energy project development
- Two members with expertise or experience in finance, energy policy, energy technology, engineering, law, or economics

[4:50:25 PM](#)

CO-CHAIR BISHOP opined that this bill does a good job of capturing the breadth and depth required to set up this board.

[4:50:40 PM](#)

SENATOR CLAMAN observed that the state is well served by having independently operated boards and expressed concerns that SB 243 would not provide that level of independence. He mentioned witnessing governors from both parties take such actions.

[4:51:27 PM](#)

SENATOR GIESSEL invited him to provide an amendment if he chooses. She noted there is an amendment to establish an effective date.

[4:52:04 PM](#)

CURTIS THAYER, Executive Director, Alaska Energy Authority, Anchorage, Alaska, AEA serves as Alaska's energy office, dedicated to reducing energy costs, diversifying the energy portfolio, and enhancing resilience, reliability, and redundancy across the state. Structured into six categories, including Railbelt Energy, AEA owns critical assets such as the Bradley Lake hydro project, a key provider of affordable power at four cents per kWh for the Railbelt region. Notably, AEA's transmission lines from Sterling to Quartz Creek on the Kenai Peninsula and from Willow to Healy play a crucial role in delivering power without charging wheeling rights. This saves

the Fairbanks economy an estimated \$40 million annually by facilitating power purchases from the Railbelt. Additionally, AEA oversees rural energy initiatives, renewable energy integration, and energy efficiency programs. It evaluates alternative energy technologies like biomass, hydro, solar, and wind for their benefits to Alaska. AEA's grant and loan programs, including the Renewable Energy Fund, have attracted over \$300 million in state investment, leveraging federal funds to create jobs and displace 85 million gallons of diesel fuel. AEA also conducts energy planning at state and regional levels. This was exemplified by its recent completion of the Governor's Energy Task Force. With significant projects totaling \$750 million, AEA's focus on lowering energy costs differentiates it from AIDEA's economic growth promotion through financing. Thayer emphasized the need for a dedicated board with expertise tailored to AEA's goals, citing the burden on the current volunteer board. While AEA had its own board until the mid-90s, legislation in 1994 combined the boards of AEA and AIDEA. He emphasized the importance of separating the boards to enhance policy development and resource allocation specific to AEA's objectives.

[4:58:03 PM](#)

CO-CHAIR BISHOP held SB 243 in committee.

[4:58:32 PM](#)

There being no further business to come before the committee, Co-Chair Bishop adjourned the Senate Resources Standing Committee meeting at 4:58 p.m.