

**SB**

**2**

<TARGET><BILL>SB 2</BILL><SUBJECT>SB  
2</SUBJECT><COMM>SSTA28</COMM></TARGET>

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/16/13

FURTHER: Finance

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 2/12/13

**State Affairs Committee** considered SENATE BILL NO. 2

### SB 2-INTERSTATE MINING COMPACT & COMMISSION

"An Act enacting the Interstate Mining Compact and relating to the compact; relating to the Interstate Mining Commission; and providing for an effective date."

and recommends:

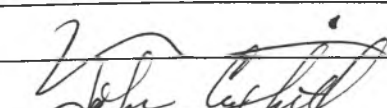
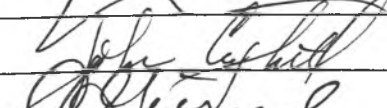
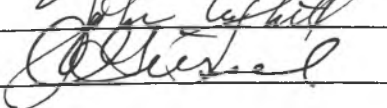
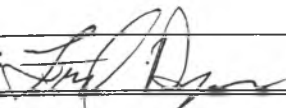
- be replaced with CS \_\_\_\_\_ (\_\_\_\_\_)  Same Title  New Title
- adopt previous CS \_\_\_\_\_ (\_\_\_\_\_)  Same Title  New Title
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
DNR	✓			1
ADM			✓	2

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Wielochowski	✓			
	Cochill	✓			
	Giesel	✓			
CHAIR: 	Dyson	✓			

# ALASKA STATE LEGISLATURE

Senator Cathy Giessel  
State Capitol, Room 427  
Juneau AK 99801-1182  
907-465-4843  
Fax: 907-465-3871  
800-892-4843



Senate District N  
*Anchorage Hillside,  
Indian, Bird, Girdwood,  
Hope, Cooper Landing,  
Sterling, Nikiski, Moose  
Pass, Bear Creek, Seward*

## MEMORANDUM

**Date:** January 30, 2013  
**To:** Senator Fred Dyson  
Chair, Senate State Affairs Committee  
**From:** Senator Cathy Giessel *CG*  
**Re:** Hearing Request: SB 2 Interstate Mining Compact Commission

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I respectfully request a hearing on SB 2 Interstate Mining Compact Commission before the Senate State Affairs Committee to be scheduled at your earliest convenience.

SB 2 authorizes the State of Alaska to join and participate in the Interstate Mining Compact Commission.

Attached please find the following documents attached:

- SB 2 Interstate Mining Compact Commission, version 28-LS0005\A
- Sponsor Statement
- Sectional Analysis
- List of Testifiers
- Support Materials
  - Interstate Mining Compact Commission - website information
- Letters of Support
  - Council of Alaska Producers
  - Alaska Mining Association

We request that the hearing be teleconferenced to accommodate any members of the public who might wish to testify.

Contact: Margaret Dowling, 465-8181

# ALASKA STATE LEGISLATURE

Senate District N  
*Anchorage Hillside, Indian, Bird,  
Girdwood, Hope, Cooper Landing,  
Sterling, Nikiski, Moose Pass, Bear  
Creek, Seward*



State Capitol, Room 427  
Juneau AK 99801-1182  
907-465-4843  
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800-892-4843

## Senator Cathy Giessel

### Senate Bill 2 Interstate Mining Compact Commission

#### Sponsor Statement

Senate Bill 2 authorizes the State of Alaska to join and participate in the Interstate Mining Compact Commission.

The Interstate Mining Compact Commission is a coalition of mining states that joins together to represent the environmentally sound resource development interests of its members on a national level. Established in 1971, the IMCC recognizes the basic importance of the mining industry to the nation and believes that the collective voice of mining states is imperative to preserving and advocating for states' rights. IMCC regularly serves as the spokesperson for mining states in Washington D.C. and works to represent the member states efficiently and articulately to executive agencies.

Alaska has a unique and important relationship with mining. It was the lure of gold that brought thousands of eager prospectors to the state and mining served as the founding purpose for many cities and communities. As the territory and later the State grew, zinc, lead, coal, sand, gravel and other subsurface products all played roles in this all-important sector. Today, mining is Alaska's second largest industry and it continues to thrive.

Alaska's seven operating mines – Ft. Knox, Greens Creek, Kensington, Red Dog, Usibelli, Nixon Fork and Pogo – employ more than 2,000 people combined. The mining industry also creates public revenue by paying both state and local taxes. Interest in Alaska's mining potential continues to spur new exploration and investment in the subsurface minerals of the Last Frontier.

Mining was foundational to Alaska's statehood. It continues to be a major economic driver and will play an important role in the state's future. Joining the IMCC gives Alaska the opportunity to share our successes with others and work together to build a better mining industry. Alaska will benefit from joining forces with other states to foster a better understanding and constructive relationship with the federal agencies.

I urge your support of SB 2.

# ALASKA STATE LEGISLATURE

Senate District N  
Anchorage Hillside, Indian, Bird,  
Girdwood, Hope, Cooper Landing,  
Sterling, Nikiski, Moose Pass, Bear  
Creek, Seward



State Capitol, Room 427  
Juneau AK 99801-1182  
907-465-4843  
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## Senator Cathy Giessel

### Senate Bill 2 Interstate Mining Compact Commission

#### Sectional

Passage of Senate Bill 2 would elevate Alaska from associate membership to full membership in the Interstate Mining Compact Commission, allowing the Governor to be an active, voting member.

**Section 1:** Amends AS 27, adding a new chapter:

- **Section 27.08.010**, which contains and enacts into law the Interstate Mining Compact and includes the following articles:
  - **Article 1 – Page 1:** Findings and Purpose –
    - Finds the importance of mining to the state;
    - Finds the effects of mining is of public and private concern, and that each state is unique, making it impracticable to apply a single standard to mining practices, yet also recognizing that justifiable requirements of law and practice relating to the effects of mining may be less effective or equitable if they are not relatively applicable to similarly situated mining operations state-to-state;
    - Finds that the states are in the best position to assure sound mining practices with regard to local conditions;
    - And declares the purpose of the Compact to advance protection and restoration of the land and resources affected by mining;
    - To assist in reducing pollution and other adverse effects of mining;
    - To encourage programs that will protect, conserve and improve the usefulness of natural resources;
    - To assist party states efforts to engage in and improve sound mining practices;
    - To assist states achieve efficient and productive practices to enhance mining economics and benefits.
  - **Article 2 – Page 3:** Definitions – defines “mining” and “state”.
  - **Article 3 – Page 3:** State Programs – requires that member states have adequate mining regulations to protect mined land, the public, adjoining land owners, and to ensure safe mining practices, including the handling of wastes, and suitable restoration and rehabilitation programs for mined lands that will protect water, air and soil.
  - **Article 4 – Page 4:** Powers – specifies the power of the Commission to study, make recommendations, gather and disseminate information on mining-related issues, and

cooperate and consult with government agencies, the public or private entities on matters within the purview of the compact.

- **Article 5 – Page 5:** The Commission – creates the Commission, specifying its structure, voting, bylaws and other features necessary for the Commission’s operation and requiring the Commission provide an annual report to its members.
  - **Article 6 – Page 7:** Allows the Commission to establish advisory, technical and regional committees;
  - **Article 7 – Page 7:** Finance – details how the Commission’s finances will be handled and requires that the annual budget contain a recommendation on how much each member state should expect to request from its legislature as an appropriation for the Commission’s operation. The budget share of each state is apportioned as follows: one-half of the budget in equal shares, and the remainder in proportion to the value of the minerals, ores, and other solid matter mined.
  - **Article 8 – Page 8:** Entry Into Force and Withdrawal – describes that states must enact the compact to participate and must repeal the act to withdraw, but only after providing one year written notice to all other member states;
  - **Article 9 – Page 8:** Effects on Other Laws – maintains that the compact does not limit, repeal, or supersede any state laws;
  - **Article 10 – Page 9:** Construction and Severability – Provides that all phrases, clauses, sentences and provisions are severable.
- **Section 2:** Provides for an immediate effective date.

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: SB 2 (A)  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB002-DNR-MLW-2-9-13  
Title: INTERSTATE MINING COMPACT &  
COMMISSION  
Sponsor: GIESSEL  
Requester: Senate State Affairs

Department: Department of Natural Resources  
Appropriation: Land & Water Resources  
Allocation: Mining, Land & Water  
OMB Component Number: 3002

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>					
Personal Services							
Travel	20.0		20.0	20.0	20.0	20.0	20.0
Services	40.0		40.0	40.0	40.0	40.0	40.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>60.0</b>	<b>0.0</b>	<b>60.0</b>	<b>60.0</b>	<b>60.0</b>	<b>60.0</b>	<b>60.0</b>

**Fund Source (Operating Only)**

1004 Gen Fund	60.0		60.0	60.0	60.0	60.0	60.0
<b>Total</b>	<b>60.0</b>	<b>0.0</b>	<b>60.0</b>	<b>60.0</b>	<b>60.0</b>	<b>60.0</b>	<b>60.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

**Why this fiscal note differs from previous version:**

Initial Version
-----------------

Prepared By: Brent Goodrum, Director	Phone: (907)269-8501
Division: Division of Mining, Land and Water	Date: 02/08/2013 04:00 PM
Approved By: Daniel S. Sullivan, Commissioner	Date: 02/09/13
Department of Natural Resources	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. SB002

### Analysis

This bill would authorize Alaska to join and participate in the Interstate Mining Compact Commission (IMCC). This fiscal note has two components: annual membership and travel.

#### **Membership Dues:**

Membership in the commission requires annual dues paid by each party state. The amount of dues to be paid by each party state is covered under Article VII of the Compact and Bylaws. There are currently 19 member states; Alaska's addition would bring that total to 20.

Specifically, each party state is required to pay one half of the commission's annual budget, in equal shares. With Alaska as a member, Alaska's portion would be 1/20th of half the annual budget. If additional states become full members of the IMCC, Alaska's portion would change accordingly. The other half of the annual budget is also paid by the member states but is paid in proportion to the value of the minerals, ores and other solid matter mined in each member state.

DNR estimates that Alaska's share for dues in the first membership-year will be approximately \$40.0. This amount will fluctuate in future years based on the amount of the commission's annual budget and the value of the minerals, ores and other solid matter mined in Alaska annually. This value is based on national valuation reports prepared by the United States Geological Survey (USGS) for non-coal minerals and the federal Energy Information Administration (EIA) for coal to ensure impartial uniformity assessment of mining data. If the annual dues are significantly higher than \$40.0, DNR may request supplemental funding in that year.

#### **Travel costs:**

Full membership in the IMCC entails greater participation by member states. Membership and participation in the Interstate Mining Compact Commission will require two or more trips per year by the Commissioner, department staff, and possibly other representatives of the Governor's office. The department estimates \$20.0 per year for this expense.

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: SB 2 (A)  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB002-DOA-DRB-1-22-13  
Title: INTERSTATE MINING COMPACT &  
COMMISSION  
Sponsor: GIESSEL  
Requester: Senate State Affairs

Department: Department of Administration  
Appropriation: Centralized Administrative Services  
Allocation: Retirement and Benefits  
OMB Component Number: 64

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

No applicable, initial version.

Prepared By:	<u>Jim Puckett, Director</u>	Phone:	(907)465-4471
Division	<u>Division of Retirement &amp; Benefits</u>	Date:	01/22/2013 08:45 AM
Approved By:	<u>Curtis Thayer, Deputy Commissioner</u>	Date:	01/23/13
	<u>Department of Administration</u>		

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. SB002

**Analysis**

There is no fiscal impact on the Division of Retirement and Benefits or the Public Employees' Retirement System (PERS) by this legislation.

# Interstate Mining Compact Commission

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## Welcome

The Interstate Mining Compact Commission is a multi-state governmental agency / organization that represents the natural resource and related environmental protection interests of its member states. First envisioned in 1964, the Commission came into existence in 1970 with the entry of its first four states. Since that time, 19 additional states have enacted legislation bringing them into the Compact, and 6 additional states have become associate members as they pursue enactment of legislation which will make them full members. The Commission established its headquarters in the Northern Virginia suburbs of Washington, D.C. in 1988. The states are officially represented by their Governors who serve as Commissioners. The Commission operates through several committees composed of duly appointed representatives of the Governors from their respective Departments of Natural Resources or Environmental Protection.

## IMCC Staff

Gregory E. Conrad - Executive Director

Beth A. Botsis - Director of Programs

Phyllis Plummer - Bookkeeper



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# Interstate Mining Compact Commission

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## What We Do

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## What We Do

The Commission exercises several powers on behalf of the states, all of which are of a study, recommendatory or consultative nature. The Commission does not possess regulatory powers, as some Compacts do. The Commission provides a forum for interstate action and communication on issues of concern to the member states. It is the potential to stimulate the development and production of each state's mineral wealth through effective regulatory programs that draws many of the states together in the prosecution of the Commission's work. Given the environmental sensitivities associated with this objective, a significant portion of the Commission's work is dedicated to the environmental protection issues naturally associated with this mineral development. It is the significant value and clout that comes from "compacting" together and speaking with a strong, united voice that can make a difference in each state's efforts to implement effective regulatory programs that will conserve natural resources and secure a vibrant state (and thus national) mineral economy.

## Initiatives

- Liaison with Federal government and Congress
- Monitoring of regulatory and legislative developments
- Development and communication of State positions and recommendations on Federal rulemakings and national legislation
- Information gathering and dissemination
- Coalition building with related State organizations
- Interaction with environmental and industry groups
- Public mining and minerals education outreaches

## Issues pursued by IMCC

- Regulatory implementation issues arising under the Surface Mining Control and Reclamation Act (SMCRA) such as: primacy, federal oversight, enforcement, the Applicant/Violator System, bonding, citizen participation, acid mine drainage, national technology transfer, mine placement of coal ash, and environmental protection standards
- Regulation of coal combustion and mine wastes under the Resources Conservation and Recovery Act (RCRA)
- Reform of the 1872 Mining Law
- Regulation under the Clean Water Act, including state water quality requirements and groundwater and stormwater regulation
- Inactive and abandoned mine reclamation
- Underground Mine Mapping
- Financial assurance requirements under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
- Technology Transfer
- Mine Safety and Health Issues
- Zoning and other land use restrictions

## Committees

- Abandoned Mine Lands (AML) and Reauthorization of the AML Program under SMCRA
- Awards
- Education Work Group
- Finance & Administrative
- Environmental Affairs, Coal Section
- Environmental Affairs, Noncoal Section
- Mine Safety and Health
- Resolutions

## Photos of Active Mining and Reclamation of one site:



*Russ & Sons, Inc.  
Russ and Sons  
No.1 Mine,  
Sebastian County,  
Greenwood,  
Arkansas (Active  
Mining).  
April 18, 1990*



*Russ & Sons, Inc.  
Russ and Sons  
No.1 Mine,  
Sebastian County,  
Greenwood,  
Arkansas  
(Reclamation).  
June 15, 1993*

[See More Photos...](#)



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## Interstate Mining Compact Background

The mining industry is one of the most basic and important in the Nation. Our manufacturing activities, transportation systems, and the comfort of our homes depend on the products of mining. Yet it is also true that generations of mining operations have had their effect on the surface of our land and on the condition of other resources. There is an urgent need to find improved means of turning mined lands to their most useful functions and to find ways of reducing the undesirable effects of mining operations on other property and resources. The necessary programs should be undertaken with due regard for the interests of all land and other resource users, including homeowners, mining and other industries, recreationists, conservationists, and the general public.

Governmental action to assist mining industries in their efforts to become more efficient in their methods, thereby increasing yields at lower costs, also is in the public interest. Such activities can and should go hand in hand with programs aimed at improving the usefulness of the surface of mined land.

Individual states have the power to establish and maintain programs of land and other resource development, restoration and regulation appropriate to cope with the surface effects of mining. The Interstate Mining Compact would not shift responsibility for such programs. On the other hand, states acting singly without reference to actions in other jurisdictions labor under serious handicaps in mounting desirable programs. While physiographic, climatic and regional differences in density of population and varying availability of recreational facilities make the application of rigid, single standards inappropriate, fundamental equity would be served by making it possible for individual states to construct their programs in such a way that those mining operations which actually are similarly situated be afforded similar types of assistance and be subjected to comparable regulatory patterns. There is much that an interstate agency like the Interstate Mining Commission established by this compact could do to develop and pool experience in dealing with mining problems.

The Interstate Mining Compact could do much to overcome the limitations just outlined. The Interstate Compact to Conserve Oil and Gas (in successful operation for about thirty-five years and now participated in by virtually every oil and gas producing jurisdiction of the United States), suggests some of the accomplishments that might result from interstate efforts in the field of the mining of solid substances. "The form statute for the conservation of oil and gas," and the many other suggestions of the Interstate Oil Compact Commission, have brought an increasing degree of comparability into state programs affecting the production of oil and natural gas. Also, that Commission serves as a forum for the exchange of useful information in its field of interest. While the focus of an Interstate Mining Compact as here envisaged would be somewhat different from that of the Oil and Gas Compact, and while its format bears only slight resemblance to the Oil and Gas Compact, its basic approach is the same. By adopting the compact, states would obligate themselves to undertake and maintain certain types of programs. In addition, an interstate body with roots in each of the party states and an ability to facilitate the sharing of knowledge would be placed in operation.

The Interstate Mining Compact had its beginnings in 1964. In April of that year in Roanoke, Virginia, the Council of State Governments held a conference on surface mining, attended by state and federal legislative and administrative officials, by mining industry representatives, and by conservationists. In the aftermath of this meeting, the Southern Governors' Conference, that Fall, called on the Council of State Governments to assist the states in developing one or more compacts to deal with surface mining problems. These initiatives led to the subsequent adoption in many states of strengthened laws and programs for regulating surface mining; and to supplement these intra-state activities, the Interstate Mining Compact was drafted and became available for their consideration in the legislative sessions of 1996.

## The Compact, Article by Article

It may be helpful to present a brief article-by-article description of the Compact. In particular, a number of matters which appear rather cryptic in statutory language can be illustrated in order to supply a fuller idea of the considerations behind key provisions of the Compact's ten articles.

### **Article I – "Findings and Purposes"**

This provides the general setting for the compact. It puts into language customary for declarations of legislative intent the considerations to be employed in interpreting the policies underlying the compact and its objectives.

### **Article II – "Definitions"**

With only two exceptions, the words and phrases used in the compact should be taken in their ordinary dictionary meanings. The words "mining" and "State" are specially defined for the purposes of the Compact.

The definition of "mining" includes more than surface mining and more than would probably be included in mining as sometimes conceived. While the problem of effects on the surface of land and water are frequently identified as effects of surface mining processes, all mining operations have some effects on the surface. Consequently, for compact purposes, mining is defined in such a way as to include the surface effects of any kind of mining within the scope of the compact. If the Interstate Mining Commission were a regulatory or law making body, this novel definition could raise questions of considerable scope. However, in view of the entirely recommendatory character of the proposed Commission, it has seemed desirable to permit a wide scope for activities under the compact.

Also, it should be noted that the definition of "mining" is broad enough to include quarrying and excavation for the removal of a wide variety of materials. Such operations can present the same kinds of problems with respect to effects on land and water surface as so operations conducted in furtherance of activities more commonly understood to be mining.

Both deep mining and the various kinds of surface mining are involved. However, certain operations conducted underground are not meant to be encompassed, because they have no demonstrable effect on the surface. On the other hand, surface subsidence, underground mine fires, and the deposit of wastes above ground (whether associated with surface or deep mining operations) do have effects on the surface. Consequently, the definition of "mining" in the compact would cover them.

"State" obviously means any one of the fifty states. In order to open the compact to participation by the Commonwealth of Puerto Rico and the Territories, the word is specially defined.

### **Article III – "State Programs"**

Each of the party states will continue to be the regulatory authority in fields related to the compact. The only function of the interstate agency established by the compact is to study and make recommendations with respect to mining, as defined by the compact, and to study and make recommendations designed to assist the mining industries to improve their techniques. On the other hand, it is thought essential that each party state obligate itself to undertake programs in the key areas to which it applies as set forth in this article. It will be noted that the emphasis is on state programs to accomplish certain results. In certain instances, voluntary measures of nongovernmental entities may be the means of accomplishing necessary objectives; in others, law and administration of a regulatory or other character may be necessary. Depending on the conditions and circumstances prevailing in each of the states, the various ingredients of the program may be used in differing combination. However, this article is a pledge that the states will have programs adequate to the purposes of the compact.

### **Article IV – "Powers"**

This article enumerates a number of powers which the Interstate Mining Commission may exercise. All of them are of a study, recommendatory or consultative character. This implements one of the basic purposes of the compact, and where necessary, formulates the experience and expert research and thought necessary for the implementation of their individual programs.

### **Article V – "The Commission"**

Although this article is lengthy, most of its provisions are of a more or less routine

character and deal with the internal management on the Interstate Mining Commission's day-by-day affairs. Two features of the article which merit special attention are the actual creation and composition of the Interstate Mining Commission, and the voting procedures for it.

The Governors of the party states are to be the commissioners. This means one commissioner from each party state. However, it was considered essential to provide mechanisms for the representation of the state by a Governor's alternate, when the Governor himself could not carry out his responsibilities in compact work in person. To accomplish this purpose, the article requires that there be in each party state an advisory body to counsel the Governor in matters relating to the compact. This body must include representatives of mining industries, conservation interests, and other public and private interests. While the precise composition and functioning of this advisory board is a matter for each state to consider and implement in its own way, Section 2 of the Suggested Enabling Act which accompanies the compact should be consulted for an illustration of what might be done along these lines. In order to assure the connection between the Governor's work on the Interstate Mining Commission and this advisory body, the article also requires that the Governor's alternate be a member of the advisory board.

The voting procedures contained in this article are divided into two parts. The net effect of the provision (assuming a membership of fifty-four jurisdictions) would be to require twenty-eight affirmative votes for the taking of certain specified important actions by the Commission, such as the making of recommendations or the authorization of certain kinds of studies, and to require only a majority of those present and voting on more routine business.

#### **Article VI – "Advisory, Technical, and Regional Committees"**

Because of the variety of interests and commodities involved in various aspects of mining and the use of mined lands, it is doubtful that any agency, however expert or representative, could contain within its own membership all of the necessary knowledge and awareness of the problems which the Interstate Mining Commission will have to consider. Consequently, this article gives the Commission authority to assemble and use advisory, technical, and regional committees of the widest possible scope. The committee structure authorized by this article and the state advisory groups required by Article V provide two means of making sure that the Commission will have the benefit of the views and knowledge of all relevant segments of the community.

#### **Article VII – "Finance"**

The basic support of the Interstate Mining Commission is to come from appropriations made by the party states. However, with a large number of jurisdictions participating, it is unlikely that the appropriation requested from any single state would be very large. The article contains a formula for the apportionment of appropriation requests. In part this formula is dependent on a comparison of relative values of ores and other solid matter mined in the party states. In making such comparisons, the Commission is authorized to use publicly available sources of information. For example, the U.S. Bureau of the Census and of Mines now publish data of this sort. In particular, the "Minerals Yearbook" of the Bureau of Mines contains state-by-state breakdown of the kind that could be used. The article also contains recognition of a power, conferred elsewhere in the compact, to accept gifts and grants to aid its work. The article also contains audit and accounting safeguards.

#### **Article VIII – "Entry Into Force and Withdrawal"**

Adoption by four states will be necessary to bring the compact into effect. Withdrawal by a state is possible upon enactment of a repeal of the compact and one year's notice to the other states. This notice provision is designed to give the other party states and the Commission an opportunity to adjust compact activities in accordance with the new situation.

#### **Article IX – "Effect on Other Laws"**

Since the compact operates in a field where there is already much state legislation, this article gives specific assurance that none of these other statutes are impaired or repealed by implication.

#### **Article X – "Construction and Severability"**

This is a technical provision of standard character and language.

**STATES= DUES ASSESSMENTS**  
**FISCAL YEARS 2014 AND 2015**  
**(Based on 2011 U.S. Geological Survey and 2010 Energy Information Administration**  
**Production and Price Figures)**

State	Total Coal Dollar Value (Thousands)	Total Noncoal Dollar Value (Thousands)	Total Coal & Noncoal Dollar Value (Thousands)	% Production	Equal Shares of \$339,500	Pro-Rate Shares	3 Year Total Shares	1 Year (or 50%)
Alabama	1,715,656	964,000	2,679,656	5.6	28,394	30,212	58,606	29,303
Arkansas	1,120	771,000	772,120	1.6	28,394	8,632	37,026	18,513
Illinois	1,612,473	894,000	2,506,473	5.2	28,394	28,054	56,448	28,224
Indiana	1,504,060	772,000	2,276,060	4.8	28,394	25,896	54,290	27,145
Kentucky	6,385,590	836,000	7,221,590	15.1	28,394	81,465	109,859	54,929
Louisiana	78,900	498,000	576,900	1.2	28,395	6,474	34,869	17,434
Maryland	87,689	276,000	363,689	0.8	28,395	4,316	32,711	16,356
Missouri	10,992	2,220,000	2,230,992	4.7	28,395	25,356	53,751	26,878
New York	N/A	1,140,000	1,400,000	2.4	28,395	12,948	41,343	20,672
North Carolina	N/A	883,000	883,000	1.9	28,395	10,250	38,645	19,323
North Dakota	421,787	98,000	520,187	1.0	28,395	5,395	33,791	16,895
Ohio	1,153,673	1,160,000	2,313,673	4.9	28,395	26,435	54,830	27,415
Oklahoma	57,519	749,000	806,519	1.7	28,395	9,171	37,566	18,783
Pennsylvania	3,662,648	1,590,000	5,252,648	11.1	28,395	59,884	8,2797	44,141
South Carolina	N/A	502,000	502,000	1.0	28,395	5,395	33,791	16,895

Tennessee	118,281	848,000	966,281	2.0	28,395	10,790	39,185	19,592
Texas	832,754	2,810,000	3,642,754	7.6	28,395	41,002	69,397	34,698
Virginia	2,203,678	1,030,000	3,233,678	6.8	28,395	36,686	65,081	32,540
West Virginia	9,476,073	350,000	9,826,073	20.6	28,395	111,137	139,532	69,766 (Due to the cap, WV will only pay \$56,790)
<b>Totals</b>	<b>29,322,293</b>	<b>18,396,100</b>	<b>47,718,293</b>	<b>100.0</b>	<b>539,500</b>	<b>539,500</b>	<b>1,079,000</b>	<b>539,500</b>

These proposed dues assessments are based on the Compact's projected budgets for Fiscal Years 2014 and 2015. This dues formula was approved by action of the Commission in 1991, as amended in 2008. Member states should use these proposed assessment figures when planning their state budgets for Fiscal Years 2014 and 2015.

Associate Member Dues Assessments: 4 x \$7,500 and 1 x \$10,000 = \$40,000. Associate members are: AK, CO, NM, UT and WY.

The calculation is as follows: Projected budgeted expenses for FY 2014 (\$591,200) + projected budgeted expenses for FY 2015 (\$616,500) = Total projected two-year budgeted expenses of \$1,207,700. (See respective projected budgets for Fiscal Years 2014 and 2015 for details.) Subtract from this projected two-year budgeted expense amount of \$1,207,700 projected Aother@ income of \$97,500 (1 associate member state @ \$10,000 for two years; 1 associate member state @ \$7,500 for one year and \$10,000 for one year; and 4 associate member states @ \$7,500 for two years); registration fees (\$12,500 per year for two years); and interest income (\$3,000 per year for two years) for a total dues assessment need of \$1,079,200 (\$1,207,700- \$128,500), which is divided by two fiscal years for an average of \$539,500 per fiscal year B the figure used in the above chart to calculate individual dues assessments for member states.

Based on the dues assessment cap approved by the Commission of two times the equal share amount (2 x \$28,395), the cap for Fiscal Years 2014 and 2015 is \$56,790. No state will pay more than this amount. Any excess amount is to be covered by the IMCC reserve. The excess amount for these two fiscal years (in the case of West Virginia) will be \$12,976 per year.



# ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd., Ste. 105, Anchorage, Alaska 99503 (907) 563-9229 [www.alaskaminers.org](http://www.alaskaminers.org)

January 28, 2013

Senator Fred Dyson, Chair  
Senate State Affairs Committee

Dear Senator Dyson:

The Alaska Miners Association (AMA) writes to express its support for SB2, an Act that would allow Alaska to join the Interstate Mining Compact Commission (IMCC) as a full member.

AMA is a non-profit membership organization established in 1939 to represent the mining industry in Alaska. We are composed of more than 1,500 individual prospectors, geologists, engineers, vendors, suction dredge miners, small family mines, junior mining companies, and major mining companies. Our members look for and produce gold, silver, platinum, molybdenum, lead, zinc, copper, coal, limestone, sand and gravel, crushed stone, armor rock, and other materials.

Alaska's history is deeply rooted in mining; the prospect of gold is why several of our communities today exist in the first place. Mining is now Alaska's second largest industry, with seven large-scale producing mines, hundreds of placer mines, and numerous exploration projects around the state.

The IMCC, a coalition of mining states joined to promote environmentally responsible resource development, is an ideal fit for Alaska. The IMCC recognizes the importance of mining nationwide and brings a collective voice in preserving and advocating for states' rights. The IMCC speaks for its member states in Washington D.C., an element that is critical given our distant location.

Full membership in the IMCC will provide our resource and permitting agencies with access to a network of peers and exchange information on best practices, regulations, reclamation, and more; and apply that information to better Alaska and the mining industry.

AMA understands that several western states are currently contemplating membership in the IMCC. By being one of the first western states to join as a full member, Alaska can show true leadership in its efforts to responsibly develop of our mineral resources.

Fully joining the IMCC will give Alaska the opportunity to build on our successes and partner with other states to build a better mining industry nationwide. Therefore, we urge the committee to move SB2 in a timely manner.

Thank you for your consideration,

Deantha Crockett  
Executive Director



Council of  
**Alaska Producers**

**Comments on SB2: Interstate Mining Compact and  
Commission**

January 18, 2013

Senator Cathy Giessel  
Capitol Building  
Juneau, AK 99811

Dear Senator Giessel,

The Council of Alaska Producers (CAP) would like to thank you for introducing SB2, the bill that would allow Alaska to join the Interstate Mining Compact and Commission (IMCC) as a full member.

CAP is a non-profit trade association formed in 1992 and serves as a spokesperson for the large metal mines and major metal developmental projects in the state. The Council brings together mining companies with interest in Alaska to represent and inform members on legislative and regulatory issues, to support and advance the mining industry, to provide education to members, the media, and the general public on mining related issues, and to promote economic opportunity and environmentally sound mining practices.

The Council fully supports SB2 and we believe that full membership within the IMCC will solidify the State as a leader in permitting and regulation of the mining industry.

CAP has always supported a permitting and regulatory process that is rigorous, science based, transparent, and predictable. We believe Alaska is a leader in this arena, however as mining technologies advance and our understanding of the environment continues to grow, our permitting agencies must continue to learn and adapt as well.

Full membership within the IMCC will allow our resource agencies to have a dedicated forum to collaborate with their peers in other mining states. Within the IMCC they will be able to freely exchange information and best practice in regard to permitting, regulatory and reclamation issues and be able to apply these lessons learned to Alaska.

Historically the IMCC has consisted mainly of coal producing states in the eastern and southern portions of the country. With the resurgence of interest in metal mining throughout the west, including Alaska, it is important that the western states become part of the IMCC to ensure they are part of the collective discussion on issues raised by the development of mining opportunities. By being one of the first western states to join as a full member, Alaska can show true leadership in its efforts to responsibly develop our mineral resources.



Council of

## Alaska Producers

Finally, CAP supports this bill as it allows us to join in with other mining states in working with the federal government on state primacy of permitting and regulatory issues. This is best supported by the following statement from the IMCC website:

*"The IMCC was founded on the premise that the mining industry is one of the most basic and important to the Nation. Our manufacturing activities, transportation systems, and the comfort of our homes depend on the products of mining. At the same time, it is essential that an appropriate balance be struck between the need for minerals and the protection of the environment. We recognize that individual states have the power to establish and maintain programs of land and other resource development, restoration and regulation appropriate to cope with the surface effects of mining. The IMCC would not shift responsibility for such programs. On the other hand, our member states believe a united position in dealing with the federal government affords us a decided advantage. Our commission feels strongly that the collective voice of many is important in our efforts to preserve and advocate states' rights."*

We thank you again for introducing this legislation and we look forward to supporting it through the committee process in the Legislature.

Sincerely,

Michael Satre  
Executive Director  
Council of Alaska Producers  
PO Box 33499  
Juneau, Alaska 99803  
907-957-2149



# RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Founded 1975  
Executive Director

Rick Rogers

2012-2013 Executive Committee

Phil Cochrane, President

L.F. "Len" Horst, Sr. Vice President

Ralph Samuels, Vice President

Eric Fjelstad, Treasurer

Lorna Shaw, Secretary

Tom Maloney, Past President

Bob Berto

Patty Bielawski

J.B. "Bill" Brackin

Pat Carter

Steve Denton

Ella Ede

Stan Foo

Paul Glavinovich

Bill Jeffress

Scott Jepsen

Wendy Lindskoog

Lance Miller

Kara Moriarty

Ethan Schutt

John Shively

Jeanine St. John

Scott Thorson

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Karl Hanneman

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Frank Kelty

Thomas Krzewinski

John Lau

Tom Lovas

Thomas Mack

John MacKinnon

Stephanie Madsen

Karen Matthias

Sam Mazzeo

Ron McPheters

James Mery

Denise Michels

Hans Neidig

Lisa Parker

Judy Patrick

Charlie Powers

Glenn Reed

Mike Satre

Keith Silver

Lorali Simon

John Sturgeon

Jan Trigg

Ex-Officio Members

Senator Mark Begich

Senator Lisa Murkowski

Congressman Don Young

Governor Sean Parnell

February 7, 2013

The Honorable Fred Dyson, Chair  
Senate State Affairs Committee  
Alaska State Legislature  
State Capitol Room 121  
Juneau, AK 99801

Re: SB 2 - An Act enacting the Interstate Mining Compact and relating to the compact; relating to the Interstate Mining Commission.

Dear Senator Dyson:

The Resource Development Council is writing in support of SB 2, an act that will allow the State of Alaska to join the Interstate Mining Compact Commission (IMCC) as a full member.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Historically, mining has been a cornerstone of Alaska's economy. Many roads, docks and other infrastructure throughout Alaska were originally constructed to serve the mining industry. Alaska should encourage a viable mining industry that will continue to help diversify our economy and improve infrastructure statewide.

In joining the IMCC, Alaska could show leadership in advocating for a healthy and stable permitting and regulatory system. The IMCC is a commission of states aligned to promote environmentally responsible resource development. Alaska can gain the experience of best practices from other member states to ensure an effective regulatory system. The IMCC recognizes the importance of mining nationwide and brings a collective voice to Washington D.C., advocating for states' rights.

Furthermore, joining the IMCC as a full member will allow Alaska to benefit in many ways, including partnering with other states on federal issues, and building on successes that will promote the mining industry in Alaska and nationwide.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503

Phone: 907-276-0700 • Fax: 907-276-3887 • Email: resources@akrdc.org • Website: akrdc.org

Senator Dyson, RE: SB2

February 7, 2013

RDC urges you to move SB 2 from the State Affairs Committee in a timely manner, and thanks you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Rogers", with a long horizontal flourish extending to the right.

Rick Rogers  
Executive Director

CC: Senator Giesell, SB2 Sponsor

Senator Cathy Giessel  
State Capitol, Room 427  
Juneau Alaska 99801-1182

Dear Senator Giessel:

This letter is in support of SB No. 2 relating to full Alaska membership in the Interstate Mining Compact Commission. I have been part of the minerals industry in Alaska since 1969 and am and have been employed by the University of Alaska system to train and assist the Alaska minerals industry for the past 44 years. I have attended many governmental (federal) meetings around the country and tried to explain why the regulations they are considering might not even be possible to meet in Alaska. I find even after 40 years, there is little appreciation for Alaska and our economic and employment interests at that level.

The IMCC is the one forum where states with mineral interests can share experience, discuss issues with policy makers, devise strategies and enter into compacts that have a very real and positive effect on our mines and their employees. It is especially important to states with a strong metals mining interest. The oil is running out and even with potential large discoveries, it will be at least 15 years before the state can realize revenue from those discoveries. I believe we need some means to combat the large-scale unemployment in parts of the state and to replace the potential loss of the high paying oilfield jobs. I worked with the Kensington mine for over 25 years before it was able to employ over 300 Alaskans, many of whom I trained and many of whom came from regions of desperate economic conditions. We cannot run a state with that kind of timeline. IMCC might well have helped had we had a voice.

The Interstate Mining Compact organization works and works well. I thank you for your continued support and attempts to get us full membership. It is important, and in my professional opinion essential to our state's overall economic welfare.

Sincerely,

Dennis Steffy  
Director, Mining and Petroleum Training Service  
The University of Alaska Statewide System of Higher Education  
Steffy Building  
College Road  
Soldotna, AK 99669

*Sent electronically without signature*

# ALASKA STATE LEGISLATURE

Sen. Fred Dyson, Chair  
Sen. Cathy Giessel, Vice Chair  
Sen. John Coghill  
Sen. Bert Stedman  
Sen. Bill Wielechowski



State Capitol, Room 121  
Juneau AK 99801-1182  
907-465-2199  
Fax: 907-465-3818  
800-342-2199

## Senate State Affairs Committee

### MEMORANDUM

**Date:** January 30, 2013

**To:** Senator Giessel

**From:** Senator Fred Dyson *FJD/epw*

**Re:** Hearing Date for SBs 1 & 2

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In discussions with your staff, we have scheduled SBs 1 & 2 to be heard in committee on Tuesday, February 12, 2013.

# ALASKA STATE LEGISLATURE

Senate District N  
*Anchorage Hillside, Indian, Bird,  
Girdwood, Hope, Cooper Landing,  
Sterling, Nikiski, Moose Pass, Bear  
Creek, Seward*



State Capitol, Room 427  
Juneau AK 99801-1182  
907-465-4843  
Fax: 907-465-3871  
800-892-4843

## Senator Cathy Giessel

### SB 2 Interstate Mining Compact Commission

#### List of Testifiers

**Department of Natural Resources:** Ed Fogel, Deputy Commissioner (Attending)

**Alaska Miners Association:** Deantha Crockett, Executive Director (Attending)

**Council of Alaska Producers:** Michael Satre, Executive Director (Attending)

**Interstate Mining Compact Commission:** Greg Conrad, Executive Director (Teleconference. Mr. Conrad is calling in from Washington D.C. so we request that he be provided with the off-net number.)