

The Economic Benefits of Alaska's Mining Industry

Mining is a growing force in Alaska's economy ...

providing jobs for thousands of Alaskans and millions of dollars of personal income throughout Alaska. Alaska's mining industry includes exploration, mine development, and mineral production. Alaska's mines produce zinc, lead, gold, silver, platinum, coal, as well as construction materials, such as sand, gravel, and rock.



In 2010, Alaska's mining industry provided:

- ◆ **3,500 direct mining jobs** in Alaska.
- ◆ **5,500 total direct and indirect jobs** attributed to Alaska mining industry.
- ◆ **\$350 million** in total direct and indirect payroll.
- ◆ Some of Alaska's highest paying jobs with an estimated **average annual wage of \$95,000**, double the state average for all sectors of the economy.
- ◆ **\$13 million in local government revenue** through property taxes and payments in lieu of taxes.
- ◆ **\$58.9 million in state government revenue** through rents, royalties, fees, and taxes, up 40% from 2009.
- ◆ **\$145.9 million** in payments to **Alaska Native corporations**, more than triple 2009 levels.
- ◆ **Mostly year-round jobs for residents** of more than **120 communities** throughout Alaska, half of which are found in rural Alaska where few other jobs are available.

Largest Producing Mines and Selected Advanced Exploration Projects

State and Local Government Tax Obligations

	Land Status	Mining License Tax	State Royalty Payments	Local Govt. Tax Payments
Producing Mines				
Usibelli Coal	State	X	X	X
Greens Creek	Private	X		X
Red Dog	Private	X		X
Fort Knox	State/Mental Health Trust	X	X	X
Pogo	State	X	X	
Kensington	Private/Federal	X	X	X
Advanced Exploration Projects (Projected Payments)				
Nixon Fork	Federal	X		
Chuitna Coal Project	State/Mental Health Trust/Private/Borough	X	X	X
Wishbone Hill	State/Mental Health Trust/Private	X	X	X
Donlin Creek Project	Private	X		
Livengood	State/Mental Health Trust	X	X	X
Pebble Project	State	X	X	X
Niblack Project	State/Federal	X	X	

2010 Economic Benefits

estimated

Exploration

- ◆ **\$225 million** spent on exploration, up 25% from 2009.
- ◆ **50 exploration projects** spending more than \$100,000, of which **24 projects spent more than \$1 million**.
- ◆ **\$2.3 billion** spent on exploration since 1981.

Development

- ◆ **\$250 million** spent on **mine construction**, down 24% from 2009, on 8 existing mines and development projects.

Production

- ◆ **\$3 billion in gross mineral production value** from Red Dog, Greens Creek, Fort Knox, Pogo, Kensington, and Usibelli Coal mines, placer mines, and rock, sand, and gravel operations, up 24% from 2009.
- ◆ More than **200 placer mines** produced **60,000 ounces** of gold, as well as platinum.
- ◆ **\$106 million in production value** from more than 120 active rock quarries, and sand and gravel operations.
- ◆ Export value of **\$925 million**, or **28%** of Alaska's **total exports** (2009).

Mining Activity in Alaska

Arctic Ocean



-  Community with Mining Industry Employees
-  Producing Mine
-  Development Project (not in operation)
-  Advanced Exploration Project

 Mining companies employ Alaska residents from more than 120 Alaska communities, and purchase supplies and services from hundreds of Alaska businesses.



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Strengthening Local Economies and Communities

Mining companies strengthen Alaska's local economies by employing Alaska residents from more than 120 Alaska communities. The industry also purchases supplies and services from hundreds of Alaska businesses.

These mining companies are also an important source of stable revenue for local governments, as well as significant state government revenue.

In 2010, Alaska's mining industry paid an estimated total of **\$13 million to local governments**, including:

- ◆ \$6.7 million in payment in lieu of taxes (PILT) by Red Dog to the Northwest Arctic Borough.
- ◆ \$4.6 million in property taxes paid by Fort Knox to the Fairbanks North Star Borough.
- ◆ \$1.7 million in property taxes paid by Greens Creek and Kensington to the City and Borough of Juneau. Now in production, Kensington may become the largest taxpayer in Juneau.
- ◆ Tax payments to other local governments, including Denali and Matanuska-Susitna boroughs, City of Nome and others.
- ◆ Mining industry employees also pay local property and sales taxes.

Mining companies paid an estimated **\$58.9 million to state government** in royalties, rents, fees, and taxes, up 40% from 2009.

The mining industry also paid over **\$54.5 million in other state government-related revenues**, including:

- ◆ \$25.2 million to the Alaska Railroad Corporation – \$17.9 million for moving coal and \$7.3 million for moving sand and gravel.
- ◆ \$29.3 million to Alaska Industrial Development & Export Authority for the use of state-owned facilities.
- ◆ \$1.0 million to the Alaska Mental Health Trust for rents and royalty payments, and construction material sales.



Partnering with Alaska Native Corporations

All Alaska Native corporations benefit from mining industry activity – in 7(i) and (j) **royalty sharing payments**, in **jobs** for shareholders, or **through business partnerships**.

- ◆ **\$145.9 million in royalties** paid by Red Dog to NANA; of which \$83.4 million was redistributed to other Alaska Native regional and village corporations.
- ◆ **56% of the 550 year-round jobs** at Red Dog are filled by **NANA shareholders**, including Teck Cominco, NANA Lynden and NANA Management Services jobs.
- ◆ Calista Corporation anticipates **\$2 million in royalties for mineral agreements**, including lode exploration, placer gold production, and construction material sales.
- ◆ **83% of the on-site jobs** at Donlin Creek filled by **Calista shareholders**.
- ◆ Coeur Alaska works with Central Council Tlingit & Haida Indian Tribes of Alaska and the Berners Bay Consortium (Goldbelt, Inc., Kake Tribal Corporation, and Klukwan, Inc.) to provide training, employment, and contracting opportunities for Alaska Natives at Kensington.

