

MINUTES  
**SENATE RESOURCES & ENVIRONMENT COMMITTEE**

**DATE:** Wednesday, January 08, 2014

**TIME:** 1:30 P.M.

**PLACE:** Room WW55

**MEMBERS PRESENT:** Chairman Pearce, Vice Chairman Bair, Senators Siddoway, Brackett, Heider, Stennett, and Lacey

**ABSENT/ EXCUSED:** Senators Cameron and Tippetts

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CALL TO ORDER:** **Chairman Pearce** called the Senate Resources and Environment Committee to order at 1:30 p.m. He welcomed the members of the Committee and the members of the audience.

**INTRODUCTION OF PAGE:** He introduced the **Committee's Page**, Jordan Price. Jordan's twin brother, Jacob, is also a Page, serving the Senate Agricultural Committee. They attend Capital High School.

**ANNOUNCEMENTS:** **Chairman Pearce** announced that there would not be a meeting Friday, January 10. There will be a Joint Meeting with the House Resources and Conservation Committee on Monday, January 13, in the Lincoln Auditorium at 1:30 p.m. The subject of the meeting is "Schedule and Overview of Programs" and "Financial Proposal" presented by Gary Spackman, Director of the Idaho Department of Water Resources (IDWR) and Roger Chase, Chairman of the Idaho Water Resource Board (IWRB).

**RULES ASSIGNMENT:** **Chairman Pearce** called on Vice Chairman Bair, rules chairman, to talk about the procedure regarding the rules. **Vice Chairman Bair** stated that instead of assigning individual rules to individual Senators, as has been done in past years, because there are so few rules to review (9), he asked that the Committee review all the rules. Agencies will be asked to send a representative at the appropriate time for presentation and discussion.

**SPEAKER:** **Chairman Pearce** welcomed **Jack Lyman**, Executive Vice President of the Idaho Mining Association (IMA), who presented a Power Point program on "The Economic Impact of Mining, 2012".

Mr. Lyman interspersed pictures of the Senators during his presentation, on or near equipment, when they were on a tour of the mines. This brought many "chuckles" from the Senators and helped to make the presentation more enjoyable. **Mr. Lyman** gave credit to Steven Peterson, Research Economist at the College of Business and Economics, University of Idaho, for providing the statistics for this presentation.

The IMA represents the following mining companies (operating members): Hecla Mining, U.S. Silver and Gold, Thompson Creek, J. R. Simplot, Agrium, and Monsanto. Not represented by IMA are mining companies that are exploration members. They are: Sunshine Silver Mines, Midas Gold, Formation Capital, and Paris Hills.

Production information on minerals for 2012 is preliminary; however, it appears that the total for phosphate, moly and silver, sand and gravel, and other minerals total \$5.3 billion for a five year period. In 2012, production was down significantly from previous years. Two factors relating to the downturn this past year are the closure of the Lucky Friday Mine (for safety reasons by Hecla Mining) and Thompson Creek's lower price for moly. The highest value reached in history was \$1.3 billion in 2011.

**Mr. Lyman** said that there are approximately 3,200 people (under IMA) working in the mining industry. Average salaries are \$80,000 per year, and with benefits, this increases to \$100,000. Their spending reverberates through the economy and adds to the state gross product \$1.1 billion, an increase over last year. Direct compensation in 2012 was \$278 million in wages. Total compensation is calculated using both those in the industry and also those employed because of the industry, called "indirect and induced", which increases total number employed to approximately 9,000 people, who average \$60,000 annually in wages.

One mining job adds about \$356,000 to the gross state product, creating 1.83 additional jobs, which then yields approximately \$33,200 in taxes. If 500 new mining jobs could be added, it would add \$175 million to the gross state product, create 946 additional jobs, and could yield \$16.6 million in taxes.

**Mr. Lyman** indicated that there is some bad news. The reason the numbers are down from last year is because of what has happened to the price of silver. Cost of production varies from mine to mine. Silver was at a high of \$48.58, but is now at \$20.10. Gold was high at \$1900 an ounce, but is now at \$1200 an ounce. Moly prices have not dropped as dramatically in the past five years. They dropped from the \$18 range to the \$9.50-\$10 range. Thompson Creek Mine is doing a reexamination of its operations. Fertilizer prices have also dropped, as well as cobalt prices.

**Mr. Lyman** concluded his presentation and said that he would stand for questions. **Chairman Pearce** inquired if anything positive has resulted from the invitational meeting that was held last session involving new mining companies wanting to start operations in Idaho. **Mr. Lyman** responded by saying Midas Gold is moving forward with their exploration and other projects have either slowed down or gotten mothballed. He said that he is more pessimistic now because of price, rather than federal actions.

**Ms. Ann LeBelle**, representing Midas Gold, said that they had received a permit in December, 2013, for continuing exploration on their project in Valley County. They are also working on a plan for mine development. They have projected over 500 jobs within the next 14 years. **Chairman Pearce** said he would love to see those 500 jobs materialize.

**ADJOURN:** **Chairman Pearce** thanked Mr. Lyman for his report, Ms. LeBelle for her remarks, and then adjourned the meeting at 2:00 p.m.

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Senator Pearce  
Chairman

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Juanita Budell  
Secretary