

MINUTES
SENATE RESOURCES & ENVIRONMENT COMMITTEE

DATE: Monday, February 09, 2015

TIME: 1:30 P.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman Bair, Vice Chairman Vick, Senators Cameron, Siddoway, Brackett, Heider, Nuxoll, Stennett and Buckner-Webb

ABSENT/ EXCUSED: None

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.

CONVENED: **Chairman Bair** called the meeting of the Senate Resources and Environment Committee (Committee) to order at 1:30 p.m.

MINUTES: **Senator Buckner-Webb** moved to approve the Minutes of January 28, 2015. **Senator Siddoway** seconded the motion. The motion passed by **voice vote**.

S 1020 **Ms. Sharon Kiefer**, Idaho Department of Fish and Game (IDFG), presented **S 1020**. She stated that this legislation amends Idaho Code § 36-111, to exempt Class 7 licenses, tags, and permits from set-aside requirements because Class 7 are duplicates for which the set-aside provisions for certain licenses, tags, and permits are met at the time of the original purchase.

The specific set-asides affected are the steelhead and anadromous salmon permit set-aside of \$4.00, the \$2.00 set-aside from each combination or hunting license, and from the \$1.50 set-aside from each pronghorn antelope, elk and deer tag. With this bill, all of the revenue from sales of duplicates would flow into the Fish and Game Dedicated Fund. This fund provides more discretion for funding the full spectrum of fish and game programs and IDFG estimates that there would be \$24,900 shifted from set-asides to this account each year as a result of this bill.

Fees for duplicates are much reduced from the original fee. For example, a resident elk tag costs \$29.00 and a duplicate tag costs \$5.50, excluding the vendor fee. Exempting the set-aside allocation from duplicate licenses, permits, and tags and shifting the revenue to the Fish and Game Dedicated Fund will not have a significant negative revenue effect on the set-aside accounts. **Ms. Kiefer** provided the current balances of several set-aside accounts (see attachment 1). Those that are circled are the accounts affected by this bill. The primary fiscal effect is to the Land Acquisition and Development Account, where there would be a reduction of annual revenue of \$18,316, (assuming a similar sales pattern to Fiscal Year 2013) but annual revenue is currently over \$400,000. As another example, the annual revenue effect to the Big Game Winter Feeding Account would be a reduction of \$1,383, but annual revenue is over \$150,000.

Ms. Kiefer said this bill also clarifies the term "antelope" as "pronghorn antelope". She also asked on behalf of the Fish and Game Commission and IDFG, for a do pass for **S 1020**.

MOTION: After a brief discussion, **Senator Siddoway** moved that **S 1020** be sent to the floor with a **do pass** recommendation. **Senator Heider** seconded the motion. The motion passed by **voice vote**. Senator Stennett will be the floor sponsor.

S 1031

Senator Keough presented **S 1031**. She indicated the co-sponsors of this bill are Chairman Bair, Senator Clifford Bayer and Representative Judy Boyle. **Senator Keough** said the purpose of this legislation is to bring consistency to the residency requirements for obtaining fishing and hunting licenses in Idaho. Currently, Idaho Code § 36-202(s) defines 'Resident' to be someone who has lived in the State for six months, but the definition for 'Senior Resident' in § 36-202(t) requires one to have lived in Idaho for five years. Additionally, Idaho Code § 36-404, Class 4, Senior Resident Combination License, also defines the residency requirement to be five years.

This legislation changes § 36-202(t) and 36-404, Class 4 residency requirements, to match § 36-202(s) and provides consistency in the definition of residency for the purposes of Idaho Fish and Game licenses.

MOTION:

Senator Cameron moved that **S 1031** be sent to the floor with a **do pass** recommendation. **Vice Chairman Vick** seconded the motion. The motion passed by **voice vote**. Senator Keough will be the floor sponsor.

Chairman Bair welcomed Mr. Jack Lyman, Executive Vice President, Idaho Mining Association (IMA), and Ms. Anne Labelle, Vice President, Midas Gold, to the meeting. They each presented a PowerPoint program (see attachments 1 and 2).

SPEAKER:

Mr. Lyman identified the operating members of IMA. They are:

- Hecla Mining (silver, lead, zinc)
- U.S. Silver and Gold (silver, copper, lead)
- Thompson Creek (molybdenum)
- J.R. Simplot (phosphate)
- Agrium (phosphate)
- Monsanto (phosphate)

The exploration members are:

- Sunshine Silver Mines (silver, copper)
- Formation Capital (cobalt)
- Paris Hills (phosphate)

Mr. Lyman stated that between 2009 and 2013, \$5.4 billion was produced in minerals. As a result of what IMA members do, about \$1.1 billion was added to the gross state product. Compensation paid to the members was \$272 million in 2013. Taxes paid by IMA members, the people they employ, and the people employed as a result of that was \$102 million in 2013. Of that, \$25 million was paid in local property taxes. Wages and fringe benefits amounted to approximately \$91,600 per worker per year.

There were 2,967 mine workers, which created another 6,151 additional workers.

Mr. Lyman said that for every mining job, it adds \$366,000 to the gross state product and creates 2.07 additional jobs which yields \$34,400 of taxes. If 500 new mining jobs could be created, it could add \$183 million to the gross state product, which in turn would create 1,036 additional jobs. Taxes would see an increase of \$17.2 million.

Silver prices peaked at \$50 an ounce in 2011-2012. Gold prices peaked at \$1,800 and are now down to \$1,200. Molybdenum peaked at \$18 in 2010 and dropped to \$8.5 in 2014. Cobalt dropped from \$22 to \$14 during the last five years. That concluded Mr. Lyman's presentation. **Chairman Bair** then turned the meeting to Ms. Labelle.

SPEAKER:

Ms. Labelle said that Midas Gold is an exploration company and has the Stibnite Gold Project near Yellow Pine, Idaho, with offices in Donnelly, Boise and Vancouver. They have a strong commitment to hiring locally and using local contractors. They feel that environment and modern mining can work together.

Ms. Labelle stated that exploration began in 2009. Since 2011, Midas Gold has invested more than \$80 million in Valley County, \$94 million in total. The Stibnite area has been mined for antimony, tungsten, gold and silver for the last 100 years. However, they are the first company to consolidate land ownership and mineral rights in order to view the area as a whole and identify remaining resources. Their work in the central Idaho gold belt has developed greater interest in understanding the mineral deposits in the area and the USGS recently funded a study to better understand from a geological perspective.

Ms. Labelle said that another benefit to the project location is that it is a brownfield site - which means it has been mined before. Mining in the area left large scale disturbances that have not been cleaned up, nor are they likely to be cleaned up unless private industry steps in. It is estimated that it would take \$100 million just to clean the area up. The legacy environmental issues range from millions of tons of mining waste left leaching minerals into surface and ground water or blocked fish passage ways that have inhibited fish migration for decades.

The company sees an opportunity to design a project that addresses many of these issues before mining ever begins and to continue addressing them throughout the life of the project. An example would be to pick up the waste piles and reprocess the material, both to clean it and at the same time extract valuable minerals that remain. By extracting gold from the waste, the process to clean the waste will pay for itself, and help them to minimize their overall footprint by allowing necessary infrastructure in those areas.

In December, Midas Gold released a pre-feasibility study, which is a formal report of their findings after five years of study. What they found was that this project can be both environmentally, economically and socially sound. Midas Gold would invest more than \$1 billion in building the project and that would result in bringing around 1,000 well-paid jobs to Valley County. With the scope they are currently proposing, the project would have a 20 year lifespan including construction, operations and reclamation. The company also sees a significant amount of environmental cleanup at the site occurring before and during the early phases of the project.

Ms. Labelle talked about what this project would mean for Idaho in terms of employment. It would provide an average mining salary of \$72,500 per year, compared to the \$28,000 average annual Idaho salary. During the three year construction period it would create 700 jobs; 400 direct jobs and 300 indirect jobs. The 12 year operating life of the mine would create 1,000 jobs; 500 direct jobs and 500 indirect jobs. The aggregate annual payroll is estimated to be \$48 million per year (construction) and \$56 million per year (operations).

Estimated taxes to be paid by Midas Gold over the life of the project is \$329 million in federal tax and \$86 million in state and local tax. Indirect and induced taxes paid by others would be \$300 million federal, state and local.

Ms. Labelle then focused her presentation on closure concepts for a brownfield site. The objectives are:

- reduce incremental impact;
- reuse previously impacted areas;
- reclaim historically impacted areas; and
- create a self-sustaining natural environment with healthy fish habitat.

The concepts are:

- upgrade existing Burntlog Road;
- use existing power line corridor;
- reprocess historic tailings;
- reuse existing haul roads;
- re-mine previously mined areas;
- west end waste rock used to backfill Yellow Pine pit;
- restore fishery to upper watershed; and
- enhancement of wetlands and stream habitat, reforestation.

Ms. Labelle provided closure concepts after the mining project is completed. The objectives are:

- create a self-sustaining natural environment;
- support healthy fish and wildlife population; and
- address historical impacts.

The closure components include:

- backfill Yellow Pine pit to more natural topography;
- reclamation of historic mine workings;
- restoration of fishery to upper watershed;
- enhancement of wetlands and stream habitat; and
- reforestation of project area.

Ms. Labelle said in closing that the significant part of their last five years has been spent working with the community. Through this process, they are continually learning from stakeholders and have identified many areas to make the project better. For example, one challenge has been transportation. How do they get machinery and ore up and down from Stibnite? During a community meeting in Yellow Pine, local residents mentioned the old Burnt Log Road. Accessing this route to the site would avoid major water ways and reduce traffic past residential areas. They have also designed a mine plan that would address many environmental issues before other work begins.

Residents were concerned that all employment opportunities would require living at the site, which would be difficult for many families. As a solution, the company has proposed locating a complex in Cascade to house administrative staff, the lab and warehouse.

ADJOURNED: **Chairman Bair** thanked Ms. Labelle and Mr. Lyman for their presentations. He then adjourned the meeting at 2:35 p.m.

Senator Bair
Chair

Juanita Budell
Secretary