

**Statement of Minimum Cost Prepared by the Division of Elections:** The minimum cost to the Division of Elections associated with certification of the initiative application and review of the initiative petition, excluding legal costs to the state and the costs to the state of any challenge to the validity of the petition, is estimated to be \$50,688.39. This statement is required under AS 15.45.090(a)(3).

**Estimate of Cost to the State for Implementation:** As required by AS 15.45.090(a)(4) the Alaska Department of Natural Resources has prepared the following statement of costs to the State of implementing the law proposed in the Initiative 07WATR.

### **Statement of Costs and Revenues for Initiative 07WATR– Prepared by the Alaska Departments of Revenue and Natural Resources**

#### **Costs**

By prohibiting any discharge of certain pollutants, even if those discharges meet or exceed existing state and federal water quality standards, this initiative would effectively prohibit most, if not all new large scale mining activity.

The Department (DNR) does not foresee any new costs from the initiative, as DNR would be in the position of denying most applications for hard rock mining developments greater than 640 acres. The Division of Project Management and Permitting, large mine permitting team would require less fiscal support as there will be no large mines; however, these position are funded in part by permit fees, which would also be reduced.

#### **Revenues**

The impacts of this initiative on State revenues are difficult to estimate. There would be a significant long term impact to state revenues in loss of royalty revenue from State lands and loss of mining tax revenues from state and private lands. DNR would also expect to see a decline in mining claims and related revenues.

Future State mining revenues, and the associated impact of this initiative, depend on a number of factors, including future metals prices, costs of production, and the development of new mines. An analysis of potential State revenues from one large mine that would be prohibited by this initiative indicates that potential revenues of up to \$5 billion over the life of the mine (40 years) could be eliminated by the initiative.

When other statewide mining developments are considered, the potential loss of State revenues resulting from the initiative could total up to \$10 billion or more over the next 30-40 years.