



# West Susitna Access Project

## ECONOMIC STUDY RESULTS HIGHLIGHTS

### Economic Impacts of West Susitna Access Road Development

Prepared by McKinley Research Group, LLC for the Alaska Governor's Office

**Construction of the West Susitna Access Road (WSAR) would open a broad geographic area with no current road access.**

#### NEW AND ADDITIONAL RECREATIONAL OPPORTUNITIES

- Proximity to the state's primary population centers means **Alaska residents** would likely represent a high percentage of new recreation users.
- The number of hunters in the region has been limited due to lack of access.
- Increased opportunity for fishing, hunting, snowmachining, hiking, and camping.
- Several major waterways identified which could see enhanced access if the West Susitna Access Road were constructed.
- The WSAR would add accessibility for divers in the new lower Susitna personal use fishery, and rainbow trout anglers without a boat to access the waterways.

#### HUNDREDS OF POTENTIAL CONSTRUCTION AND MINING INDUSTRY JOBS

Significant impacts on the ability of mineral exploration companies to construct and operate mines, which would not otherwise be financially feasible.

- The road would facilitate mining jobs that are categorized as **direct jobs, indirect jobs, and induced jobs**. In total across all job categories, approximately **380 – 1,200 total jobs per project<sup>1</sup>** would result from the area being made road accessible for mining.
- The road would facilitate creation of **200 – 500 new direct mining jobs per project<sup>1</sup>**, resulting in **\$24M to \$59M** in annual operating wages.
- Completion of the 100-mile West Susitna Access Road would require an estimated **600 – 800 construction jobs just to complete road construction alone**.
- The proposed road could reach **1,722 mining claims** across three different mining districts.
- Development of new infrastructure subject to local property tax, benefitting from various taxes and royalties based on mine income.

<sup>1</sup>With several mining companies actively exploring adjacent to or near the road, the potential exists for three-to-five different projects to be developed in the near term. This could collectively produce 900 - 1,500 direct mining jobs and \$108M - \$180M in annual operating wages.

Table 11. Potential Annual Mine Direct and Multiplier Impacts, West Susitna Area

Project	Operating Jobs	Operating Wages (\$millions)	Total Jobs Impact Range	Total Wage Impact Range (\$millions)
Estelle	200-400	\$24-\$47	380-960	\$38-\$90
Whistler	500	\$59	950 - 1,200	\$95-\$115
Island Mountain	360	\$42	680 - 860	\$65-\$80
Raintree West	230	\$27	450 - 550	\$40-\$55
Canyon Creek	300	\$35	500 - 1,000	\$50-\$70

Source: University of Alaska Anchorage, Institute of Social and Economic Research; Alaska Department of Labor and Workforce Development; and McKinley Research Group estimates.

See page 18 of study results for Table 11.

Table 7. Mineral Exploration Projects, West Susitna Study Area, 2022

Project	Owner	Land Ownership	Resources	Inferred Resource	Status
Estelle	Nova Minerals Limited	State of Alaska	Gold, copper, silver	6.6 Moz.	Moderate exploration
Whistler	GoldMining Inc	State of Alaska	Gold, copper	2.8 Moz.	Significant exploration
Island Mountain	GoldMining Inc	State of Alaska	Gold, copper	2.0 Moz.	Significant exploration
Raintree West	GoldMining Inc	State of Alaska	Gold, copper	1.6 Moz.	Significant exploration
Canyon Creek	Alaska Asia Mining Company	State of Alaska	Coal	165 Mmst.	Moderate exploration

Source: Nova Minerals Limited, GoldMining Inc, Alaska Department of Natural Resources, and UAA ISER.

See page 14 of study results for Table 7.

## ACCESS TO ESSENTIAL MINERALS

- The road would access areas known to contain significant deposits of hard rock minerals, such as gold, silver, & copper.

## CURRENT AND POTENTIAL MINING REVENUE FOR THE STATE OF ALASKA AND MAT-SU BOROUGH

- The Matanuska-Susitna Borough and the State of Alaska would share an estimated **\$7M annually** in taxes and royalties from a single project in the region (Estelle Gold Project). Additional projects coming online could double or triple this revenue.
- Annual **Mining Claim Fees paid to the State of Alaska** in FY 2022 totaled almost **\$490,145**. Over the last five years from 2018 – 2022, fees for claims in the West Su Region totaled **\$1.85M** (avg. of \$369,249 per year).
- Annual Mining License Taxes and Mineral Production Royalties paid to the State of Alaska** would result in revenue for the State of Alaska.
  - A single project in the region (Estelle Gold Project) could pay an estimated \$700k in annual royalties and an average of **\$2M annually** in Mining License Tax. Additional projects coming online could double or triple this revenue.
- Annual Property Tax Paid to the Mat-Su Borough** would be significant.
  - The Estelle Gold Project alone would provide **\$4.4M annually** in MSB property tax. Additional projects coming online could double or triple this revenue.
- When in production, one project (Estelle Gold Project) would pay **\$4.3 million annually** in **Corporate Net Income Tax** paid to the State of Alaska over approximately 16 years. This could more than double if a second deposit (RPM North) was added. Additional projects coming online would increase this revenue further.
  - By comparison, wilderness lodges in the West Susitna region *in aggregate* have paid less than \$100k in Corporate Net Income Tax per year to the state.

Table 12. Mining Industry Payments to State and Local Government

Revenue Sources	Description
<b>Mineral-Specific State Government Revenues</b>	
Mining License Tax	Tax on the net income of, and royalties received in connection with, all mining property in the state irrespective of land ownership status. For mining income under \$40,000, no tax is charged; for income over \$100,000, the tax is capped at \$4,000 plus 7% of net income and royalties, less exploration and other credits. Except for quarry rock, sand, and gravel, and marketable earth mining operations, new mining operations are exempt for a period of 3.5 years after production begins.
Annual Claim Rental	Locators and holders of State mining locations are required to pay an annual rental fee. For all leases, the annual rent is \$0.88 per acre per year for the first five years, \$1.75/acre for the second five years, and \$4.25/acre thereafter.
Production Royalty	The Production Royalty Law (AS 38.05.212) requires holders of state mining locations to pay a production royalty on all revenues received from minerals obtained from state land. The production royalty is 3% of net income.
Coal Rents and Royalties	The standard rate for coal royalties on state lands for new leases is 5% of gross value.
<b>Other State Government Revenues</b>	
Corporate Net Income Tax	All corporations doing business in Alaska must file a tax return. The corporate net income tax payment is based on profitability and is calculated from the federal taxable income with certain Alaska adjustments. Multi-state corporations apportion income on a "water's edge" basis using the standard apportionment formula of property, payroll, and sales. Tax rates are graduated from 1% to 9.4% in increments of \$10,000 of taxable income. The maximum rate (9.4%) applies to taxable income of \$90,000 and higher.
<b>Local Government Revenues</b>	
Property Tax	Tax on the assessed value of real property based on mill rate determined by local taxing jurisdiction annually.

See page 19 of study results for Table 12.

Table 13. Annual Mining Claim Rental Paid to State of Alaska for Claims in West Susitna Region, SFY2018-FY2022

State Fiscal Year	Yentna District	McGrath District	Redoubt District	Study Region Total
2018	\$203,905	\$4,900	\$1,845	\$210,650
2019	\$280,068	\$16,500	\$2,175	\$298,743
2020	\$385,358	\$31,350	\$3,975	\$420,683
2021	\$376,920	\$45,128	\$3,975	\$426,023
2022	\$430,813	\$55,358	\$3,975	\$490,145
<b>Average</b>	<b>\$335,413</b>	<b>\$30,647</b>	<b>\$3,189</b>	<b>\$369,249</b>

Source: Alaska Department of Natural Resources.

See page 20 of study results for Table 13.

## AGRICULTURE AND TIMBER OPPORTUNITIES ARE SIGNIFICANT

- The project could allow farmers to produce as much as **\$11.2M in annual crop sales**.
- Agricultural land sales** could produce as much as **\$21.5M** for the State and Mat-Su Borough.
- Timber resources** are estimated at as much as **\$66.2M** in lifetime sales.

Table 21. Estimated Annual Value of Agricultural Resources in the Study Area

Area/Subregion	Agricultural Acres	Estimated Direct Economic Value
Mt. Susitna Subregion	7,000	\$1,600,000
Susitna Lowlands Subregion	38,000	\$8,800,000
Fish Creek NRMU	3,500	\$800,000
<b>Total</b>	<b>48,500</b>	<b>\$11,200,000</b>

Sources: Matanuska-Susitna Borough Asset Management Plan; Natural Resource Management Units, Alaska DNR 2011 Susitna Matanuska Area Plan; United States Department of Agriculture Census of Agriculture 2017.

See page 27 of study results for Table 21.

Table 19. Estimated Value of Forest Resources in the Study Area

Area/Subregion	Forestland Acres	Estimated Direct Economic Value
Alaska Range Subregion	45,000	\$5,000,000
Mt. Susitna Subregion	219,000	\$24,400,000
Susitna Lowlands Subregion	319,000	\$35,500,000
Fish Creek NRMU	11,946	\$1,300,000
<b>Total</b>	<b>594,946</b>	<b>\$66,200,000</b>

Source: Matanuska-Susitna Borough 2019 Natural Resource Management Unit Plan, Alaska

See page 25 of study results for Table 19.

## LAND OWNERSHIP

- About 61% of the land within this radius is owned by the MSB, State, or Federal government.
- Construction of the access road would likely have the most immediate impact on the land within about 10 miles of the proposed route. The 3,078 parcels in this 10-mile route corridor encompass about 73,000 acres of land\*.  
\*10-mile radius from proposed West Su Access Route excludes on-road areas of the MSB.