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Testimony for House Subcommittee on Energy and Mineral Resources

Hearing Date: July 27, 2017

Discussion on Rep. Tom Emmer Draft Legislation

Nancy (Aronson) Norr, Chair, Jobs for Minnesotans, a nonprofit corporation

Main Points:

1. This arbitrary withdrawal of land will decimate the economic future of Northeastern Minnesota and a Way of Life available to future generations of Minnesotans.
2. The proposed environmental study and Land Withdrawal in the Superior National Forest is an aberration of the thorough, multi-agency, science-based National Environmental Policy Act, which calls for environmental review once a mining project has a defined mining plan.
3. The bill will correct an injustice and restore the opportunity to explore strategic metals in one of the richest mineral deposits in the nation critical to our economy and national security.

My name is Nancy Aronson Norr and it is an honor to provide testimony and represent the people of Minnesota who consider our state a mining center of excellence. I'd like to thank Chairman Gosar and Ranking member Lowenthal for hearing this important bill and bringing hope to a region that their way of life will be sustained and their economic future strengthened. And to the other honorable members of this panel, I thank you for your time and attention as we consider legislation that will correct a grave injustice imposed by federal agencies on the people of Minnesota. An injustice that if not addressed could decimate a region's future economic prosperity and create a significant aberration to the existing federal environmental review process. The Emmer discussion draft will allow existing, highly regulated mining exploration and leasing to continue in one of the most mineral rich regions in the country if not the world – without weakening a single environmental protection standard, or shortcutting a single environmental protection process. The video Chairman Gosar showed tells the stories of our communities in ways that my testimony cannot.

Mining has been the lifeblood of Northeastern Minnesota for over a century, supporting families and communities with good-paying middle-class jobs. It has existed in harmony with our other core industries of forest products, transportation, health care, education and tourism. Many of the communities located in the active mining region called the Iron Range draw their drinking water from former mining sites that dot our landscape, now lakes offering some of the cleanest water in the state along with wildlife habitat and recreational amenities.

I am here today on behalf of Jobs for Minnesotans, a unique coalition founded five years ago by the Minnesota Chamber of Commerce and Minnesota Building and Construction Trades Council, bringing business, labor and communities together to support statewide opportunities for prosperity and middle-class jobs from sustainable natural resource development. It is my privilege to serve as the board chair and represent the voices of over 55,000 members of the building trades, over 2,300 members of the Minnesota Chamber and the 500,000 they employ, and hundreds more local chamber members, mayors and residents of our state including over 75,000 citizens of the Iron Range. The people I represent deeply cherish our natural environment, Lake Superior and its vast tributaries, the Boundary Waters Canoe Area Wilderness (BWCA), Voyageurs National Park and our national forests. We are

committed to the principle that our state can create job opportunities and preserve the beautiful environment that surrounds us.

A Deal is a Deal – Mining is our Bedrock

Mining has been under attack by those who seek to limit the livelihoods of our residents and take away their opportunities to work in mining or with the hundreds of vendors and service providers that supply it. These mining opponents have pledged to prevent mining in our region and have attempted to overpower the voices of the people who support it. In early January of this year, outgoing U.S. Forest Service (USFS) officials proposed a withdrawal of lands and a 20-year moratorium on mining development in a vast area of the Superior National Forest (SNF). The proposed withdrawal area is outside of the Boundary Waters Canoe Area Wilderness (BWCAW) and the mining protection area established by Congress in the 1964 Wilderness Area Act and the 1978 Boundary Waters Canoe Area Act. The withdrawal area is where Congress specifically encouraged multiple-use management, including mining. The approximately 235,000 federal acres in the proposed land withdrawal area are intertwined with more than 190,000 acres of state and private lands, including 95,000 acres of permanent state school trust lands. The total withdrawal area of more than 420,000 acres of forest land would be in addition to the already existing 1.1 million acres of wilderness in the BWCAW. (See Map – DNR attached).

New mining projects in the proposed withdrawal area have the potential to generate more than \$2.5 billion in royalty revenue for the state's Permanent School Trust Fund and support the education of nearly 900,000 K-12 students statewide. Minnesota children need these revenues to help ensure they receive a quality education and need these mining jobs to help sustain their future prosperity.

What is especially frustrating to our coalition members is this egregious mineral withdrawal proposal comes just as our state is poised for a new era in mining through a diversification into both value-added iron mining and the mining of strategic metals such as copper, nickel, palladium and platinum. Mining diversification, using advanced technologies and state-of-the-art environmental practices, is a perfect union to the skills and work ethic of our people. We know how to mine. And we will protect the region where we live, work and play, and draw our drinking water. We will also hold the companies that choose to invest in Minnesota to their social license and ensure they remain good stewards of the environment.

Our Eighth District Representative Rick Nolan, who has been a strong proponent of responsible mining, has helped lead the charge against this action. He served in the House when the BWCAW was created by Congress in 1978. There were hard fought compromises to define the boundaries of the Park. In January, United States Forest Service (USFS) Agency officials under the Obama Administration took action to rewrite the laws of the land through this withdrawal action, which violates the trust of the people who went through a very painful and controversial "taking of lands" back in the 1970's. Promises were made, but those promises will be broken and hopes for community sustaining opportunities will be shattered if this area of the Superior National Forest expressly available to mining has a 20-year moratorium imposed. Congressman Nolan has put it well many times, stating, "A Deal is a Deal".

Let me take a moment to ground you in some economic realities of our corner of Greater Minnesota and the counties most directly impacted by the land withdrawal. In June unemployment in the Range cities of Hibbing was 7.2 percent and in Virginia was 5.7 percent. In the seven county Minneapolis and St. Paul metro area it was 3.5 percent. According to the most recent data provided in the 2015 American Community Survey, annual median income of Lake County was \$48,417 and Northern St. Louis County was \$44,073. In the Minneapolis St. Paul area it was \$69,191. In communities adjacent to the withdrawal area and where there is not currently an active iron mine, 40 percent of the students are on free or reduced price lunches. In Ely, Minnesota, considered the Gateway to the Boundary Waters, the 1968 graduating class was over 150 students; today it's a mere 32. In the past two years, some of these communities have suffered the loss of hospital birthing services, their grocery store, their only dentist and their only pharmacy. The communities at the epicenter of this withdrawal action, all members of the Range Association of Municipalities and Schools, are on record, including Ely, opposing the USFS actions. (See Resolutions attached.)

There is a small vocal minority that has pushed for the land withdrawal with the idea that a regional economy can be supported by tourism jobs. Mining opponents also say that mining cannot sustain a region because it's too cyclical and in decline.

It is true that mining along with many manufacturing and service industries has become more automated and uses technology to create greater productivity and global competitiveness. Although the employment numbers are down from the 1980's, over 5,000 direct mining jobs continue to exist in the industry creating the bedrock of our economic region. We value our tourism economy and believe that without question both will thrive in a new era of copper-nickel mining.

In a 2016 study conducted by The Praxis Strategy Group, direct mining in 2015 employed 5,140 high-paying jobs at an average salary of \$81,000. The industry impacted a total of 9,400 jobs across all sectors of the economy including tourism at an average wage of \$68,000. According to this study, tourism provides a higher number of jobs, especially in summer, with 6,400 jobs. But because of the part time nature and seasonality of this employment the annual average salary is \$18,000. We have world-class tourism assets developed on former mining lands. The Giants Ridge golf resort, the Iron Range Off-Highway Vehicle State Recreation Area and the Cuyuna Range mountain bike trails set along deep water mine pit lakes, used for scuba diving in summer and ice climbing in winter, to name a few. The study reinforces the positive coexistence of mining and tourism – mining induces the creation of nearly 500 tourism and lodging jobs in the study area.

At \$18,000 a year on average, a tourism sector job is well under the \$24,000/ year federal poverty guideline for a family of four. As stated by Aurora City Councilor and Jobs for Minnesotans' Board Member Dave Lislegard, "Tourism is like dessert. It looks good, it smells good and even tastes good but you can't live on it."

Why do we support the Legislation and its intent?

Since 2016 when our coalition became aware of the USFS' decision to hold listening sessions on what was then only a possible action, teams of state, community, business and labor leaders have met with agency officials and implored them to stick with the current regulatory environmental framework set up under the National Environmental Policy Act (NEPA) that works to protect communities while still allowing economic opportunity. . Our message: Stick with the existing process and don't kill our future with an unwarranted 20-year mineral withdrawal. The purpose of the NEPA is to both protect the environment and achieve a balance between population and resource use which will permit high standards of living and a wide sharing of life's amenities.

Opponents and mining supporters alike can raise concerns during the NEPA process that through our state and federal agencies are addressed in a detailed and science-based manner. A Minnesota copper-nickel mining project located outside of the proposed land withdrawal area has taken over 12 years to work through NEPA and the Minnesota state regulatory processes but has finally received the Minnesota Department of Natural Resources' (MNDNR) blessing and EPA concurrence on its Final Environmental Impact Statement. In their fact sheets on this project, the Minnesota DNR has indicated there will be no acid rock drainage. The Flambeau Mine in Wisconsin is an example of responsible copper mining in the Great Lakes region, now fully mitigated and used as a recreational site. Members of the Jobs for Minnesotans Board of directors conducted our own due diligence by spending a day with the Eagle Mine in Michigan's Upper Peninsula, an operating copper mine that is fully compliant with federal and state regulations located in a water-rich region and mining a higher sulfur grade ore than the ore in NE Minnesota.

Even after consulting environmental experts on the matter, it is still unclear to me how agencies will conduct an environmental study on this vast acreage without an actual mine plan. What will be mined? Where will it be mined? Where will the ore processing take place? What environmental controls and water quality treatment will be used? These and many other project characteristics have yet to be defined. And if the current two-year review is left in place and a subsequent 20- year withdrawal is enacted, we may never know. Scrapping the withdrawal application allows us to get back to the starting blocks, get back on equal footing, propose a mining plan and go through NEPA.

Support for mining activities in the region remains strong and we need the U.S. Forest Service and Bureau of Land Management to know where Minnesotans stand on these issues. In November 2016, Twin Metals

Minnesota and the Mining Minnesota trade association released results of a survey of voters in northeastern Minnesota that provide timely insight on these topics. At a high level, more than 80 percent of the people surveyed support the existing process of allowing copper-nickel mining projects to go through rigorous state and federal environmental review. Action by the Obama Administration to withdraw access to federally-owned minerals is contrary to the review process and would go against popular opinion as seen in results from the same survey that showed 66 percent of respondents oppose this type of action.

In Minnesota, we completely support the existing rigorous environmental review and standards based on science and facts, implementation of modern mining practices, and financial assurance laws that will result in safe mining operations accountable to communities, taxpayers and future generations. The Emmer bill will ensure the federal process maintains the appropriate level of fairness and predictability.

What is at stake with this land withdrawal?

A statistic that would surprise many Minnesotans – our state is in the top five states for mineral production value in the nation. The Superior National Forest, and specifically the area proposed for withdrawal, contains a portion of mineral rich region known as the Duluth Complex. The Duluth Complex contains a more than 4 billion ton deposit containing copper, nickel and other palladium group metals. This deposit could supply minerals we need for our growing green economy for generations. As the maps will show attached to my written testimony, there are 62 active mineral leases in the withdrawal area alone and over 140,000 acres of intertwined state lands, including 95,000 acres of Permanent School Trust Fund acres.

The Duluth Complex holds the world's:

- 2nd largest copper deposit (34 percent of U.S. resource)
- 3rd largest nickel deposit (95 percent of U.S. resource)
- 2nd largest platinum-group metals deposit (75 percent of U.S. resource)

The University of Minnesota Duluth 's economic impact studies on nonferrous mining verify a vast economic potential exists if mining companies with current exploration interests proceed to define their mine plans, meet all federal and state regulatory standards and begin mining. The economic value of these metals exceeds \$2.5 billion in annual economic production and would generate over \$1.5 billion in annual wages. In addition, according to the Minnesota Department of Natural Resources, the School Trust Fund lands have the potential to produce over \$2.5 billion in mining royalties for Minnesota's 900,000 kids in the K-12 school system.

The federal government doesn't mine metals. It relies on the private sector to explore and assume the risks of finding minerals with sufficient economic value that can be mined in an environmentally safe manner. Companies that hold exploratory mineral leases must apply for environmental permits to do drilling and complete mitigation on the drilling sites. In December of 2016 just prior to the USFS application for land withdrawal, Twin Metals Minnesota was denied the ability to renew leases after investing over \$400 million in their preliminary environmental studies and mine planning. Over \$400 million dollars. Congressman Emmer's bill will address this injustice and prevent it from happening to other companies in the future.

The Need for Domestic Minerals

The 115th Congress has taken up several bills relating to strategic and critical minerals. It is ironic that in some cases the critics of mining in Minnesota are also the most ardent supporters of renewable energy and the clean energy economy. There is over four tons of copper in a single 3 MW wind turbine and 75 pounds of copper in a hybrid electric vehicle. These minerals are used in our everyday lives – in laptops and smart phones, in the pollution controls in cars, in electric and telecommunication infrastructure and in many other ways. And our men and women serving in the military and protecting our nation's interests would not have access to sophisticated defense systems without these crucial minerals. The Iron Range answered the call of our nation supplying iron to make the steel that won World Wars and built this country. We now have the opportunity to source strategic minerals in a state that protects worker safety and the environment, minerals essential to our quality of life.

The U.S. is an enormous consumer of these metals yet very few mines in the United States produce them. The United States Geological Survey (USGS) released its 2017 Minerals Commodities Summaries and reported an

increased reliance on mineral imports in 2016. The U.S. is now 100 percent import reliant on 20 minerals and more than 50 percent import reliant on an additional 30 minerals. According to the National Mining Association, half of the nation's hardrock mineral lands are already off-limits or under restrictions for mineral development. And yet agencies are evaluating another land withdrawal for 20 years in a state known for responsible mining and its mining heritage.

In conclusion, the legislation before you will accomplish many things. It will restore access to domestic minerals essential to our economy and national security, it will restore our government's regulatory compact and the faith that Congress' promises will be kept, and most important, will restore the economic future of thousands of Minnesotans. Thank you for your attention.

Attachments:

RAMS Resolution
Operating Engineers Letter
Minnesota Chamber Letter
State of Minnesota Legislators' Letter
Lake County Resolution
Duluth Chamber of Commerce Resolution
City of Ely Resolution
MNDNR Map of Current Mines and Mineral Development
MNDNR USFS Application Boundary Figure 1
Twin Metals Minnesota brief