

## Factsheet: Red Dog and the Northwest Arctic Borough

For over 25 years, Red Dog has made contributions to the Northwest Arctic Borough (NAB), through a Payment in Lieu of Taxes (PILT) agreement. PILT agreements have traditionally been negotiated between Red Dog and the NAB, with the most recent PILT agreement expired at the end of 2015.

Starting in 2016, the NAB has levied a Severance Tax instead of the traditionally negotiated PILT. The Severance Tax is a tax assessed on the extraction of the ore being mined from the ground, resulting in a much higher payment than previous PILT agreements.

### Red Dog Mine payments to the NAB:

- 2014 PILT payment: \$11.6 million\*
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- Severance tax: \$30 to \$40 million (dependent on metal prices)

### Other Alaska mine Borough payments in 2014:

- Fort Knox Mine (Fairbanks North Star Borough): \$5.24 million
- Greens Creek Mine (City and Borough of Juneau): \$1.59 million
- Kensington Mine (City and Borough of Juneau): \$1.53 million

### What Red Dog would pay in another Borough:

- Fairbanks North Star Borough: \$3.67 million
- City and Borough of Juneau: \$3.78 million
- City of Delta Junction: \$4.60 million

### Red Dog's contributions:

- ~715 jobs in the NAB are connected to the Red Dog Mine; about \$75 million in wages each year.
- Close to \$160 million spent annually on goods and services from Alaska-based suppliers.
- Since mining began, about \$140 million has been provided to the NAB; over \$880 million has been provided to state government agencies and over \$695 million has been provided to federal government agencies.
- Red Dog historically provides 70-80% of the NAB's general funding for all municipal government services.
- Over the past four years, Red Dog has contributed \$2.8 million in community investment and donations in the region.

### Impact of the new tax:

- Creates uncertainty about the future of Red Dog; could make the mine less competitive and impact its longevity.
- Makes future investments in mining in the region or to extend the life of Red Dog less economically viable.
- Could mean jobs and economic opportunity will not be there for future generations of NAB residents.

## Red Dog Operations

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**Teck**

\* Includes \$2.4 million to Northwest Arctic Borough School Board under PILT agreement