

1 **5.3.10 Socioeconomics**

2 This section describes the potential socioeconomic consequences of the Land Exchange
3 Proposed Action. Overall, the Land Exchange Proposed Action would have the following
4 socioeconomic effects:

- 5 • positive economic effects due to the value of forestry products made available on the non-
6 federal lands, as well as jobs and revenue due to increased visitation of the non-federal lands;
- 7 • ~~positive-undetermined~~ effects for EJ populations and subsistence activities, due to the net
8 increase in the amount of land available ~~land~~ for subsistence activities, but unknown changes
9 in the type and extent of subsistence resources on the federal and non-federal lands; and
- 10 • negligible effects on other socioeconomic considerations.

11 **5.3.10.1 Methodology and Evaluation Criteria**

12 As discussed in Section 5.2.10, the study area for socioeconomics differs from the study area
13 used for much of the rest of the SDEIS. It includes Cook, Lake, and St. Louis counties. This
14 includes, where appropriate, the St. Louis County municipalities listed in Section 4.2.10. The
15 primary issues related to socioeconomics on and near the non-federal lands, and, therefore the
16 potential for effects, would include the following:

- 17 • the amount of annual property taxes lost to the county from non-federal lands going to
18 federal ownership;
- 19 • the potential change in payment in lieu of taxes to the county from the Land Exchange
20 Proposed Action;
- 21 • the differences in assessed market values of federal lands compared to non-federal lands
22 proposed for exchange;
- 23 • the difference between present values of recently harvested (past 10 years) products from the
24 federal parcels and the value of products from the federal parcels;
- 25 • the difference between present and future values of potential forest products in Land
26 Exchange Proposed Action parcels;
- 27 • the change in forestry employment on federal and non-federal parcels (estimated);
- 28 • a qualitative assessment of public visitation to the federal tract and estimated/potential
29 visitation to non-federal tracts;
- 30 • the difference between present and future estimated spending on recreational tourism;
- 31 • the difference between present and future amounts of treaty resources in Land Exchange
32 Proposed Action parcels; and
- 33 • a qualitative assessment of tribal use of the federal parcels and estimated/potential use of the
34 non-federal parcels.

35 **5.3.10.2 Land Exchange Proposed Action**

36 This section describes the potential socioeconomic effects of the Land Exchange Proposed
37 Action on communities in the socioeconomics study area. The Land Exchange Proposed Action
38 would create moderate positive economic effects through increased opportunity for forestry and
39 recreation and associated employment, earnings, and revenue. The Land Exchange Proposed
40 Action would have negligible negative effects on other socioeconomic factors, including
41 housing, public facilities and services, EJ populations, and subsistence.

42 **5.3.10.2.1 Economic Activity**

43 There is no current economic activity (e.g., forestry, etc.) on the federal lands, although
44 harvesting of forest products is permitted by the Forest Plan. More importantly, the federal lands
45 are not accessible to the public for economically measurable use, such as forestry or recreation
46 (see Section 5.2.11). Thus, while the federal lands may hold some theoretical economic value for
47 timber harvest, their practical economic value is zero. Table 5.3.10-1 lists data and observations
48 relevant to the economic value of the federal and non-federal lands.

49 **Tax Payments**

50 Implementation of the Land Exchange Proposed Action would transfer ownership of the federal
51 lands to PolyMet, and would result in an active mining operation that would generate federal,
52 state, and local tax revenue, in addition to employment. As described in Section 5.2.10.2.3, total
53 annual direct tax payments from the NorthMet Project Proposed Action during operations are
54 expected to be approximately in the range of \$837 to \$1680 million (~~equating to up to \$69~~
55 ~~million annually when including indirect and induced tax payments~~), a positive economic effect,
56 both on an absolute basis and when compared with the minimal current economic activity within
57 the NorthMet Project area.

58 The amount of property taxes that would be paid to St. Louis County for the federal lands has not
59 yet been determined; however, property taxes would be included in the overall taxes paid by
60 PolyMet, shown in Table 5.2.10-3. For the non-federal lands, increases to federal payments in
61 lieu of taxes to study area counties as a result of the Land Exchange Proposed Action would be
62 negligible (compared to the current payment in lieu for the federal lands).

63 **Table 5.3.10-1 Economic Value of Federal and Non-federal Lands (in 2012 dollars)**

Land	Acreage	Annual Property Tax¹	Annual Payment in Lieu of Taxes (PILT)²	Market Value of Land³	Other Economic Value
<i>Federal Lands</i>	6495.4	NA ³	\$2,273.39	TBD	NA
Tract 1	4,926.03	\$20,714.68	\$1,724.10	TBD	Potential recreational value due to the presence of Hay Lake (boating, fishing), existing trails, evidence of ongoing hunting, and other recreational activity (see Section 4.3.11).
Tract 2	3821.9	\$2,563.54	\$133.70	TBD	NA
Tract 3	1,5765.8	Unknown	\$551.60	TBD	NA
Tract 4	160.20	\$739.30	\$56.00	TBD	NA
Tract 5	30.84	\$1,938.00	\$10.85	TBD	Potential recreational value. Former site of a cabin and camp site owned by Carleton College. Adjacent to highly scenic McFarland Lake (boating, fishing, access to BWCAW) (see Section 4.3.11).
<i>Subtotal, Non-Federal Lands</i>	7,075.0	\$25,995.52	\$2,476.25	TBD	NA
Net Change⁵	579.6	NA	\$202.86	TBD	NA

64 ¹ Source: Orehek, PolyMet, Pers. Comm., April 17, 2012.

65 ² Source: DOI 2012

66 ³ See Market Value section below.

67 ⁴ Table 5.2.10-3 describes total estimated taxes that PolyMet expects to pay for the federal lands. The amount specifically anticipated for property taxes has not been determined.

68 ⁵ Calculated as (non-federal) minus (federal).

69 TBD = To be determined

70 **Market Value**

71 Federal regulations governing land exchanges, contained in 36 CFR 254.12, require that the
72 assessed value of non-federal land being exchanged be equal to or within 25 percent of the
73 assessed value of the federal land being exchanged. Assessment data will be updated and
74 included in the FEIS.

75 **Recreation Value**

76 ~~Recreation in national forests can generate direct revenue to the USFS and the state in the form~~
77 ~~of entry fees and hunting and fishing license fees, as well as via indirect economic activity~~
78 ~~related to the multiplier effect of such activity (e.g., purchase of fishing tackle and bait). This~~
79 ~~economic activity, in turn, would create some additional employment (or further sustain existing~~
80 ~~forestry and recreation based jobs) throughout the study area.~~

81 ~~In 2006 (the most recent year for which data are available), there were approximately 1,376,000~~
82 ~~recreational visits to Superior National Forest (USFS 2012). “Recreational,” as used in USFS~~
83 ~~2010, is very broadly defined, and primarily distinguishes (and excludes) transient visitors such~~
84 ~~as commuters or restroom visits. On average, visitors to the forest spent \$643 per visiting party~~
85 ~~per day (i.e., the group participating in the visit, such as a family).~~

86 Tracts 1 and 5 also have the potential for recreational use (whereas the federal lands are not
87 easily accessible for any purpose). To the degree that the USFS manages these lands (and the
88 other non-federal lands) for active recreational activity, the Land Exchange Proposed Action
89 could increase economic activity associated with recreation and tourism. The non-federal lands
90 comprise less than half of 1 percent of the 2,171,603.92,764 acres of Superior National Forest
91 that are managed by USFS, so any such increase would be small.

92 **Timber**

93 There is no ongoing forestry activity on the federal lands, and no evidence of recent past forestry
94 activity. Portions of Tracts 2, 3, and 4 show some evidence of timber harvesting, and a timber
95 harvest agreement is in place through 2013 for the Wolf Lands 3 parcel (see Section 4.3.1).
96 Likely USFS management area designations for the non-federal lands would allow timber
97 harvesting on 6,547.1 acres of the non-federal lands (the lands designated General Forest or
98 General Forest – Longer Rotation; see Table 5.3.1-1). Thus, the Land Exchange Proposed Action
99 could increase timber production in Superior National Forest.

100 On average, 1 percent of timber land in Superior National Forest is harvested each year, with an
101 estimated value of \$400 (gross) per harvested acre (Deckard 2012). Timber harvesting on the
102 non-federal lands (and any other USFS lands) would occur only after completion of forest
103 planning, when acres that are eligible for harvest are identified and the offered for sale. For
104 planning purposes, if 1 percent of the non-federal lands would therefore generate gross proceeds
105 of approximately \$26,188 per year. ~~This represents approximately 2 percent of the \$1,435,900~~
106 ~~value of timber harvests in Superior National Forest in 2011 (Deckard 2012), although the~~
107 ~~markets for timber, and thus the value of harvested timber) can change dramatically. This~~
108 additional activity would be estimated to generate fewer than 20 new jobs in the region.
109 Minnesota averages approximately one forestry job (including logging and primary
110 manufacturing) per 350 acres of annual harvest, and each direct forestry job generates another

111 3.6 indirect and induced jobs (Deckard 2012). Using these estimates, the Land Exchange
112 Proposed Action could generate four direct and 12 indirect jobs. As of 2009, forestry activities
113 employed approximately 1,287 individuals in the study area (Headwaters Economics 2009).

114 ***Environmental Justice and Subsistence***

115 Potential EJ populations, as well as the EJ and subsistence effects of the Land Exchange
116 Proposed Action on the federal lands, are described in Section 5.2.10.2.7. Although tribal entities
117 possess usufructuary rights to hunt, fish, and gather throughout the 1854 Ceded Territory, the
118 federal lands are not easily accessible for such subsistence activities. The Land Exchange
119 Proposed Action would involve the transfer of 6,495.4 acres of inaccessible federal lands from
120 public to private ownership, and up to ~~approximately 7,075.0~~ acres of publicly accessible land
121 from private to public ownership. To the degree that increased availability of publicly accessible
122 land improves property value and generates revenue (see above) in the study area, the Land
123 Exchange Proposed Action could have positive effects on EJ populations.

124 As a result of the Land Exchange Proposed Action, the federal lands would be unavailable for
125 subsistence use. In addition, the previously private non-federal lands (where there is no evidence
126 of subsistence activity and little public access) would become available without exception for
127 subsistence activities. Resource-specific sections of the SDEIS address the degree to which
128 subsistence species and resources are likely to be available on the non-federal lands. ~~However,~~
129 ~~the additional public lands in and of themselves would be a positive effect on subsistence~~
130 ~~activities.~~ As described in Section 5.2.9, subsistence has both economic and cultural components;
131 for the Bands, the harvest of a particular animal or plant is intrinsically linked to the place and
132 nature in which it was harvested. Thus, a “net change” in subsistence activity associated with the
133 Land Exchange Proposed Action cannot be calculated in the same way as, for example, the net
134 change in employment or income. The Land Exchange Proposed Action would result in the loss
135 of subsistence resources and opportunities on the federal lands, and a gain in subsistence
136 resources and opportunities on the non-federal lands.

137 ***Other Socioeconomic Considerations***

138 The Land Exchange Proposed Action would result in slight increases in demand for public safety
139 services to assist recreational or other users of the non-federal lands. This is a demand that
140 currently does not exist on the inaccessible federal lands. The non-federal lands represent 0.2
141 percent of the Superior National Forest. Thus, any such increased demand would be marginal.
142 No new housing (and thus no increased demand for educational facilities) is anticipated on the
143 non-federal lands. Any utilities extended to the non-federal lands (such as electricity) would
144 likely be minimal in nature (given the ROS categories assigned to the non-federal lands—see
145 Section 5.3.11). Thus, the Land Exchange Proposed Action would have negligible effects on
146 other socioeconomic considerations.

147 The Land Exchange Proposed Action would result in a loss of some of the ecosystem services
148 provided by the forest, wetland, and other natural habitats on the federal lands, particularly the
149 portions of the federal lands (i.e., the Mine Site) where habitat would be replaced by mine
150 facilities. Some of these services could be restored during the post-closure period, when the
151 federal lands (as well as the Plant Site) are revegetated. In exchange, the Land Exchange
152 Proposed Action would enable the USFS to directly manage the ecosystems services on the non-
153 federal lands. ~~Land Exchange No Action Alternative Under the Land Exchange No Action~~

154 ~~Alternative, the NorthMet Project Proposed Action would not be developed, there would be no~~
155 ~~change to the federal lands, and the non-federal lands would remain inaccessible to the public~~
156 ~~(including tribal entities). Given other private ownership (e.g., the Dunka Road and railroad), the~~
157 ~~federal and non-federal lands would remain generally inaccessible to the public. Therefore, there~~
158 ~~would be no direct or indirect effects on socioeconomics.~~

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159 **5.3.10.3 Land Exchange Alternative B**

160 | Under the Land Exchange Alternative B, approximately 4,753-752.6 acres of federal lands would
161 | be exchanged for the 4,926.3-acre Tract 1. The remainder of the federal lands would remain
162 | inaccessible by land. The Land Exchange Alternative B would generate economic benefits
163 | through forestry and recreational activities (see Table 5.3.10-1); however, these benefits would
164 | be less than from the Land Exchange Proposed Action. Similarly, the Land Exchange Alternative
165 | B would create benefits for EJ and subsistence activities, although less so than the Land
166 | Exchange Proposed Action. Negative socioeconomic effects from the Land Exchange
167 | Alternative B would be minimal.

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168 **5.3.10.4 Land Exchange No Action Alternative**

169 Under the Land Exchange No Action Alternative, the NorthMet Project Proposed Action would
170 not be developed, there would be no change to the federal lands, and the non-federal lands would
171 remain inaccessible to the public (including tribal entities). Given other private ownership (e.g.,
172 the Dunka Road and railroad), the federal and non-federal lands would remain generally
173 inaccessible to the public. Therefore, there would be no direct or indirect effects on
174 socioeconomics.

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