

**HOUSE BILL NO. 344**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVE FATE**

**Introduced: 1/12/04**

**Referred: Resources, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to annual rental fees for mining claims, and providing for reduced**  
2 **royalties during the first three years of production."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **\* Section 1.** AS 38.05.211(a) is amended to read:

5 (a) The holder of each mining claim, leasehold location, prospecting site, and  
6 mining lease, including a mining lease under AS 38.05.250, shall pay, in advance,  
7 rental for the right to continue to hold the mining claim, leasehold location,  
8 prospecting site, and mining lease, including a mining lease under AS 38.05.250.  
9 Rental is due and payable as follows:

10 (1) the rental amount for a prospecting site is fixed at \$200 for the two-  
11 year term of the site;

12 (2) annual rental for a mining claim, leasehold location, or mining  
13 lease shall be based on the number of years since a mining claim, a leasehold location,  
14 or a mining lease's predecessor claim or leasehold location was first located; **except as**

**provided in (f) and (g) of this section,** the annual rental amounts for a mining claim, leasehold location, or mining lease are as follows:

Number of Years Since First Located	Rental Amount Per Acre for Mining Leases	Rental Amount for Each Mining Claim or Leasehold Location, Including Each Quarter-Quarter Section MTRSC System
0 - 5	\$ .50	\$ 20
6 - 10	\$1.00	40
11 - or more	\$2.50	100;

(3) the annual rental in any year for each quarter section claim, leasehold location, or lease based on the MTRSC system is four times the rental amount for a quarter-quarter section mining claim, leasehold location, or lease in that year.

\* **Sec. 2.** AS 38.05.211 is amended by adding new subsections to read:

(f) For a holder of 20 or fewer placer mining claims that, when combined, total fewer than 800 acres, the rental amount for each mining claim or leasehold location, including each quarter-quarter section MTRSC system, is the amount listed in (a) of this section less two and one-half cents an acre for each placer mining claim; the rental amount is payable under this subsection from the time of the claim's location until production begins, or five years following the year in which the claim was first located have elapsed, whichever is earlier.

(g) For a holder of 50 or fewer hardrock mining claims that, when combined, total fewer than 2,000 acres, the rental amount for each mining claim or leasehold location, including each quarter-quarter section MTRSC system, is the amount listed in (a) of this section less two and one-half cents an acre for each hardrock mining claim; the rental amount is payable under this subsection from the time of the claim's location until production subject to the production royalty under AS 38.05.212 begins, or five years following the year in which the claim was first located have elapsed,

1           whichever is earlier.

2       \* **Sec. 3.** AS 38.05.212(b) is amended to read:

3                   (b) The production royalty

4                           (1) is **one percent of net income as determined under AS 43.65 for**  
5                           **the first three years of production, and** three percent of net income as determined  
6                           under AS 43.65 **thereafter**; and

7                           (2) is subject to

8                                   **(A)** the exploration incentive credit authorized by AS 27.30;

9                                   **and**

10                                   **(B) a credit equal to the total amount of net losses during**  
11                                   **the first three years of production; this credit may be applied to the**  
12                                   **production royalty owed in the first three years during which production**  
13                                   **yields a net income.**