

**CS FOR HOUSE BILL NO. 398(CRA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 2/17/06

Referred: Finance

Sponsor(s): REPRESENTATIVE MOSES

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to disposition of revenue from certain charges collected on valuable  
2 mineral deposits on land belonging to the state and subject to location, license, lease,  
3 discovery, or the right to prospect for the extraction of natural resources under the  
4 Alaska Land Act, and to aid to municipalities to offset the anticipated effect of lessees'  
5 exploration or location activities on land made subject to extraction of valuable mineral  
6 deposits; and providing for an effective date."

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

8 \* **Section 1.** AS 37.05 is amended by adding a new section to read:

9 **Sec. 37.05.535. State mineral lease assistance special revenue fund.** (a) The  
10 state mineral lease assistance special revenue fund is established as a separate fund in  
11 the general fund. The fund consists of money deposited into it from amounts  
12 accounted for under AS 38.05.035(a)(10) and from appropriations made from other  
13 sources.

1 (b) The legislature may appropriate money in the state mineral lease assistance  
2 special revenue fund to pay state aid to a municipality

3 (1) in which is located any part of an oil or gas exploration license  
4 issued under AS 38.05.131 - 38.05.134, a nonconventional gas lease subject to  
5 AS 38.05.177, an oil and gas lease or gas only lease issued under AS 38.05.180, a coal  
6 lease entered into under AS 38.05.150, a lease containing a deposit subject to  
7 disposition as described in AS 38.05.145, or a right to deposits of minerals set out in  
8 AS 38.05.185 - 38.05.275; or

9 (2) that is proximate to any part of an oil or gas exploration license  
10 issued under AS 38.05.131 - 38.05.134, a nonconventional gas lease subject to  
11 AS 38.05.177, an oil and gas lease or gas only lease issued under AS 38.05.180, a coal  
12 lease entered into under AS 38.05.150, a lease containing a deposit subject to  
13 disposition as described in AS 38.05.145, or a right to deposits of minerals set out in  
14 AS 38.05.185 - 38.05.275, and that, in the judgment of the commissioner of  
15 commerce, community, and economic development, is reasonably likely to be affected  
16 by exploration or development activities on the licensed or leased tracts.

17 (c) The Department of Commerce, Community, and Economic Development

18 (1) shall use appropriations made by the legislature from the state  
19 mineral lease assistance special revenue fund to make grants to municipalities under  
20 (b) of this section that are located in areas of the state that in the judgment of the  
21 commissioner of commerce, community, and economic development,

22 (A) may qualify for state assistance for commercial  
23 development of mineral resources under AS 19.30.020 - 19.30.051; for  
24 purposes of making the determination required by this subparagraph, in the  
25 application of the standards set out in AS 19.30.020 - 19.30.051, the restriction  
26 against providing state assistance under AS 19.30.020 to facilitate the  
27 commercial development of oil and gas does not apply; and

28 (B) have few or no resource extraction activities currently  
29 operating within or proximate to the municipality;

30 (2) shall include terms and conditions in a grant made under this  
31 subsection to require use of the proceeds of the grant by the municipality to offset or

1 defray the effects within the municipality of exploration or development activities  
2 under the related licenses or leases; the proceeds of the grant may be used only for

3 (A) planning; and

4 (B) construction, maintenance, and operation of essential  
5 public facilities by the municipality;

6 (3) may impose additional reasonable terms and conditions on the use  
7 of amounts provided as grants under this subsection; and

8 (4) may not make grants to a municipality from the fund established in  
9 this section for more than five consecutive state fiscal years.

10 \* **Sec. 2.** AS 38.05.035(a)(10) is amended to read:

11 (10) account for the fees, licenses, taxes, or other money received in  
12 the administration of this chapter including the sale or leasing of land, identify their  
13 source, and promptly transmit them to the proper fiscal department after crediting  
14 them to the proper fund; receipts from land application filing fees, **licenses and**  
15 **license fees, lease fees, and other money received, except royalties due and**  
16 **payable under this chapter and except as otherwise specifically provided in this**  
17 **paragraph, shall be separately accounted for and deposited as required by**  
18 **AS 38.05.138,** and **receipts from** charges for copies of maps and records shall be  
19 deposited immediately in the general fund of the state [BY THE DIRECTOR];

20 \* **Sec. 3.** AS 38.05 is amended by adding a new section to read:

21 **Sec. 38.05.138. Mineral receipts account.** (a) The mineral receipts account is  
22 established in the general fund. Ten percent of the revenue derived as fees, charges,  
23 and miscellaneous receipts from the location, license, or lease activities and activities  
24 involving discovery and the right to prospect for and develop minerals on state land  
25 under this chapter that are identified in AS 37.05.535(b) shall be deposited in the  
26 account.

27 (b) The legislature may appropriate money deposited into the account to the  
28 fund established in AS 37.05.535 or for any other public purpose.

29 \* **Sec. 4.** This Act takes effect July 1, 2006.