

1 IN THE HOUSE

BY MR. BLODGETT

2 HOUSE BILL NO. 264

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIRST LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating a revolving loan fund for
7 miners; providing for its administration;
8 authorizing an appropriation; and providing
9 for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 Section 1. NAME. This Act shall be known as the Alaska
12 Mining Loan Act.

13 Sec. 2. PURPOSE. It is the purpose of this Act, and the
14 intent of the legislature, to assist the creation and maintenance
15 of mining production in Alaska by means of long-term, low-interest
16 loans. It is recognized by the legislature that increased min-
17 ing production will improve the stability of the state's economy
18 and provide more revenues for the state.

19 Sec. 3. CREATION OF FUND. There is hereby created the
20 Alaska Revolving Mining Loan Fund, which fund shall not exceed
21 \$1,000,000.00 , to carry out the purposes and provisions of
22 this Act. All moneys collected under this Act shall be remitted
23 to the Commissioner of Revenue, and by him shall be credited to
24 the fund.

25 Sec. 4. APPROPRIATION. There is hereby authorized an
26 initial appropriation to establish the fund, and such additional
27 later appropriations to increase the fund as future legislatures
28 may deem advisable.

29 Sec. 5. ADMINISTRATION. The director of the division of

1 mines and minerals shall administer the fund under the direction
2 of the Commissioner of Natural Resources. The director, with
3 the approval of the commissioner, shall promulgate such rules
4 and regulations as are desirable and necessary for the proper
5 administration of the fund and consistent with the provisions of
6 this Act.

7 Sec. 6. LOANS. Loans on a participating basis may be made
8 to miners or prospectors when in the opinion of the Commissioner
9 of Natural Resources such loans will materially aid in bringing
10 a mining property into production or prevent a producing prop-
11 erty from going out of production. Loans shall be subject to the
12 following conditions:

13 (1) Applicants must furnish evidence that financial
14 assistance at reasonable rates is not available from other
15 sources.

16 (2) Any single loan shall not exceed \$50,000.00

17 (3) Expenditures for which loans are granted shall
18 receive prior approval by the director of the division of mines
19 and minerals.

20 (4) Funds loaned shall be disbursed only as approved
21 expenses are incurred.

22 (5) The rate of participation in each approved expendi-
23 ture shall be determined by the director, but in no case shall it
24 be less than 10% by the applicant.

25 (6) Participating funds shall not be expended for
26 wages, salaries, or traveling expenses of persons having a finan-
27 cial interest in the affected mining property or its production.

28 (7) Loans made pursuant to the provisions of this Act
29 shall be secured by one or more of the following: (a) the mining

1 property; (b) existing improvements on the mining property;
2 (c) equipment purchased with the proceeds of the loan; or (d)
3 other acceptable security.

4 (8) Repayment of each loan shall be made by paying to
5 the state a five percent royalty on gross receipts from all
6 mineral production from the property or area for which the loan
7 was granted until the obligation has been discharged, but in no
8 event shall such royalty payments continue for a period of more
9 than 25 years from the date of the loan agreement. The Commis-
10 sioner of Natural Resources may modify or adjust the terms of
11 repayment when he shall determine that such action is in the
12 public interest.

13 (9) Interest shall be calculated from the date of the
14 loan, and shall be at the rate of four per centum per annum.

15 Sec. 7. PRODUCTION. No provision of this Act, nor any rule
16 or regulation promulgated for its administration, shall be con-
17 strued to require any production from any property or area for
18 which a loan was granted; nor shall any such provision, rule, or
19 regulation be construed as an obligation upon the state to pur-
20 chase any mineral production from such property or area.

21 Sec. 8. EFFECTIVE DATE. This Act shall take effect upon
22 its passage and approval or upon its becoming law without such
23 approval.

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