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IN THE SENATE

BY THE COMMERCE AND
LABOR COMMITTEE

SENATE BILL NO. 176

IN THE LEGISLATURE OF THE STATE OF ALASKA

SECOND LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the mining of gold by the State of Alaska; and providing for an effective date."

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

Section 1. STATEMENT OF PURPOSE. a. The legislature is aware that in many areas of Alaska there are gold deposits. The legislature is also aware that the creation of new operating mines in areas of the state would result in a partial solution to the state's problem of chronic unemployment, as well as supplying sources of new revenue to the inhabitants of the state.

b. The legislature is mindful of the depletion of the gold reserves of the United States and the severe dollar shortage resulting from the serious loss of gold. The legislature realizes that there are many known existing gold deposits which are not sufficiently rich to attract private capital. Therefore, not in competition with private industry and private capital, but in its absence, the legislature adopts the following measure.

Sec. 2. ESTABLISHMENT OF GOLD DEVELOPMENT BOARD. a. The Gold Development Board is hereby established within the Department of Natural Resources.

b. The board consists of seven members appointed by the governor, one from each of the four major senatorial districts and three at large. All members shall have resided at least five years in Alaska. Four members shall have experience, knowledge,

1 and training in geology or mining, and at least one of the four
2 shall be a member of the United Mine Workers of America. Two
3 members shall have experience, knowledge, and training in business
4 or finance. One member shall also be a member of the Alaska Bar
5 Association. The members are subject to confirmation by a
6 majority of the members of the legislature in joint session.
7 Board members may be removed by the governor. Any action by the
8 governor removing a board member shall be subject to the approval
9 or disapproval of the legislature. If the legislature disapproves
10 any removal action of the governor, the board member concerned
11 shall be restored to his position. Appointments shall be made to
12 the board without regard to political affiliation. No member of
13 the board shall hold any other office, elective or appointive,
14 under state, federal, or municipal government. A board member
15 who has a financial interest, direct or indirect, in any contract
16 with the board or in any sale of any land, material, supplies or
17 services to the board, shall make known that interest to the
18 board.

19 c. The term of service of a board member is five years.
20 The term of one member shall expire on February 1 of each year,
21 except that on February 1 of the third and fifth years the terms
22 of two members shall expire. A member appointed by the governor
23 to fill a vacancy occurring other than by expiration of a term
24 shall serve for the unexpired term of the member he succeeds.
25 Newly appointed members are qualified to act and to receive per
26 diem and travel expenses between the time of their appointment
27 and the time of confirmation or rejection by the legislature.

28 d. Board members receive no salary, but shall receive the
29 same per diem and travel expenses as are authorized for state

1 boards.

2 Sec. 3. ORGANIZATION AND MEETINGS OF THE BOARD. a. Within
3 60 days after the effective date of this Act, the governor shall
4 appoint the board. At the time of these appointments, the
5 governor shall designate which members have been appointed for
6 the terms of service provided by Sec. 2c of this Act. Within 30
7 days after the last of the original appointments have been made,
8 the board shall meet and organize by electing from its members a
9 chairman, a vice chairman, and a secretary, and by adopting by-
10 laws. The board shall meet upon call of the chairman, but not
11 less than once each year. At the first regular meeting of every
12 odd-numbered year the board shall elect new officers.

13 b. The meetings of the board shall be public. Four members
14 shall constitute a quorum for the transaction of business, unless
15 the by-laws require a larger number. The board shall keep minutes
16 of its meetings and send certified copies to the governor.

17 Sec. 4. POWERS OF THE BOARD. The Gold Development Board
18 has, but is not limited to, the following powers:

19 (1) to plan the development of gold mining and to mine
20 gold in areas where, in its opinion, the operation would be bene-
21 ficial to the inhabitants of the state;

22 (2) to acquire by gift, purchase, lease, eminent
23 domain, and by other lawful means at its disposal, lands, build-
24 ings, rights-of-way, or other necessary and proper real or person-
25 al property when to do so would further the purposes of this Act.
26 The power of eminent domain shall not be exercised against any
27 operating mine;

28 (3) to employ needed personnel on a merit basis for
29 the effective carrying out of this Act;

1 (4) to enter into contracts, hold property, and do all
2 other things necessary and proper to the effective management and
3 operation of gold mines under the provisions of this Act.

4 Sec. 5. CONSIDERATIONS IN COMMENCING MINING OPERATION. In
5 determining whether it would be beneficial to operate a particular
6 gold mine in the state, the board shall take into consideration
7 the location of the proposed mine, the economic effect of the
8 operation of the mine on the surrounding area, and its effect on
9 unemployment in the area and state. The profit factor shall be
10 considered by the board in their determinations, but the absence
11 of a profit from a mining operation shall not be determinative in
12 the presence of other considerations which would make operation
13 of a mine beneficial to the inhabitants of the state. This sec-
14 tion does not limit the board, in its determinations, to the
15 factors mentioned herein.

16 Sec. 6. LIMITATION ON PROFIT OF OPERATION. If, in any fis-
17 cal year, any mine owned or operated by the board shows a profit
18 of 7% or greater on the total investment, the enterprise shall be
19 forthwith offered for lease to the public on competitive bid.
20 For the privilege of mining or extracting the gold in the land
21 covered by the lease, the lessee shall pay to Alaska such royal-
22 ties as may be specified in the lease which shall be determined
23 by the board, but which shall not be less than 5% of the annual
24 net revenue of the operation of the mine, as net revenue is
25 defined by the board. Leases shall be for indeterminate periods
26 upon condition of diligent development and continued operation of
27 the mine or mines, except when such operation shall be interrupted
28 by strikes, the elements, or casualties not attributed to the
29 lessee.

1 Sec. 7. BOOKS AND RECORDS OF BOARD. All books and records
2 of the board shall be open to public inspection. The legislative
3 audit committee shall audit the books and record of the board at
4 will.

5 Sec. 8. EMPLOYEES. a. The board shall, where possible,
6 hire employees for mining operations from the election district
7 in which the mine is located.

8 b. All employees of the board, except those excluded by
9 this section, are subject to all state laws relating to state em-
10 ployees. Employees engaged in the operation of any mine or min-
11 ing facilities are exempt from the state laws pertaining to state
12 employees as provided by the Public Employees Retirement Act,
13 Ch. 143, SLA 1960; the State Personnel Act, Ch. 144, SLA 1960;
14 the state system of leaves of absence, Ch. 145, SLA 1960; and
15 the state employees life and health insurance system, Ch. 151,
16 SLA 1955, as amended.

17 Sec. 9. PRINCIPAL EXECUTIVE OFFICER. The board shall em-
18 ploy a principal executive officer as director. He shall be
19 professionally trained and experienced in the performance of his
20 duties. The director has no power to vote with the board unless
21 they are equally divided. If the director has any financial
22 interest, direct or indirect, in any contract with the board or
23 in any sale of any land, material, supplies, or services to the
24 board, he shall make the interest known to the board prior to
25 appointment.

26 Sec. 10. OATHS AND BONDS. a. The members of the Gold
27 Development Board and the director before entering upon their
28 duties, shall take, subscribe to, and file an oath of office as
29 is required by the constitution.

1 b. Board members, the director, and subordinate officials
2 shall furnish corporate surety bonds in the manner prescribed for
3 commissioners, board members, and subordinate officials of prin-
4 cipal departments by Sec. 26, Ch. 64, SLA 1959.

5 Sec. 11. ANNUAL REPORT. Before December 1 of each year,
6 the board shall submit to the governor and legislature a general
7 report and a personnel report. The general report shall describe
8 the board's operations, fiscal transactions, financial condition,
9 and future plans in a comprehensive form to be prescribed by the
10 governor. The personnel report shall describe the board's per-
11 sonnel administration, including its policies on recruitment,
12 classification, promotion, compensation, employee services, and
13 other related personnel matters.

14 Sec. 12. APPROPRIATION AUTHORIZED. An appropriation, not
15 to exceed \$100,000.00, is hereby authorized to implement the
16 provisions of this Act.

17 Sec. 13. EFFECTIVE DATE. This Act takes effect on the day
18 after its passage and approval or on the day it becomes law with-
19 out such approval.
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