

Introduced: 2/4/63
Referred: Resources

BY SENATORS HOPSON, OWEN,
FOSTER, BRONSON AND WALSH

1 IN THE SENATE

2 SENATE BILL NO. 54

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the mining of gold by
7 the state; and providing for an effective
8 date."

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

10 * Section 1. AS 27.05 is amended by adding new sections to
11 read:

12 ARTICLE 5. GOLD DEVELOPMENT BOARD.

13 Sec. 27.05.230. Purpose. (a) The legislature is
14 aware that in many areas of Alaska there are gold deposits.
15 The legislature is also aware that the creation of new
16 operating mines in areas of the state would result in a
17 partial solution to the state's problem of chronic unemploy-
18 ment, as well as supplying sources of new revenue to the in-
19 habitants of the state.

20 (b) The legislature is mindful of the depletion of the
21 gold reserves of the United States and the severe dollar
22 shortage resulting from the serious loss of gold. The legis-
23 lature realizes that there are many known existing gold
24 deposits which are not sufficiently rich to attract private
25 capital. Therefore, not in competition with private industry
26 and private capital, but in its absence, the legislature
27 adopts secs. 230 - 400 of this chapter.

28 Sec. 27.05.240. CREATION AND MEMBERSHIP OF GOLD DEVELOP-
29 MENT BOARD. (a) The Gold Development Board is created with-

1 in the Department of Natural Resources.

2 (b) The board consists of seven members appointed by
3 the governor, one from each of the four major senatorial
4 districts and three at large. The members are subject to
5 confirmation by a majority of the members of the legislature
6 in joint session. Appointments shall be made to the board
7 without regard to political affiliation.

8 Sec. 27.05.250. QUALIFICATION OF MEMBERS. All members
9 shall have resided at least five years in Alaska. Four mem-
10 bers shall have experience, knowledge, and training in
11 geology or mining, and at least one of the four shall be a
12 member of the United Mine Workers of America. Two members
13 shall have experience, knowledge, and training in business or
14 finance. One member shall also be a member of the Alaska Bar
15 Association.

16 Sec. 27.05.260. RESTRICTIONS ON MEMBERS. (a) No mem-
17 ber shall hold any other office, elective or appointive, under
18 state, federal, or municipal government.

19 (b) A board member who has a financial interest, direct
20 or indirect, in a contract with the board or in a sale of
21 land, material, supplies, or services to the board shall make
22 known that interest to the board.

23 Sec. 27.05.270. COMPENSATION OF MEMBERS. Board members
24 receive no salary, but shall receive the same per diem and
25 travel expenses authorized for other state boards.

26 Sec. 27.05.280. REMOVAL OF MEMBERS. Board members may
27 be removed by the governor. Any action by the governor
28 removing a board member is subject to the approval or disap-
29 proval of the legislature. If the legislature disapproves

1 any removal action of the governor, the board member shall
2 be restored to his position.

3 Sec. 27.05.290. TERM OF OFFICE. (a) The term of
4 office of each member of the board is five years except that
5 members of the first board appointed shall hold office as
6 follows: One for one year, one for two years, two for three
7 years, one for four years, and two for five years. The
8 governor shall designate the term of each member. Members'
9 terms expire on February 1 of each year. A vacancy occurring
10 other than by expiration of the term shall be filled by
11 appointment for the unexpired term. Newly appointed members
12 are qualified to act and to receive per diem and travel
13 expenses between the time of their appointment and the time
14 of confirmation or rejection by the legislature.

15 (b) The governor shall appoint the board within 60 days
16 after the effective date of secs. 230 - 400 of this chapter.

17 Sec. 27.05.300. OFFICERS AND MEETINGS. (a) The board
18 shall meet and organize within 30 days after the last of the
19 original appointments are made. It shall elect from its
20 members a chairman, a vice chairman, and a secretary, and
21 adopt bylaws. At the first regular meeting of every odd-
22 numbered year the board shall elect new officers.

23 (b) The board shall meet upon the call of the chairman,
24 but not less than once each year. The meetings of the board
25 shall be public and the board shall keep minutes of its
26 meetings and send certified copies to the governor.

27 Sec. 27.05.310. QUORUM. Four members of the board
28 constitutes a quorum for the transaction of business unless
29 the bylaws require a larger number.

1 Sec. 27.05.320. BOOKS AND RECORDS. All books and
2 records of the board are open to public inspection. The
3 Legislative Audit Committee may audit the books and records
4 of the board at any time.

5 Sec. 27.05.330. EMPLOYEES. (a) The board shall, when
6 possible, hire employees for mining operations from the
7 election district in which the mine is located.

8 (b) Employees of the board, except those excluded by
9 this section, are subject to all state laws relating to
10 state employees. Employees engaged in the operation of a
11 mine or mining facility are exempt from the state laws per-
12 taining to state employees as provided by the Public Employees'
13 Retirement System of Alaska (AS 39.35), the State Personnel
14 Act (AS 39.25), the state system of leaves of absence (AS
15 39.20.200 - 39.20.350), and the state employees life and
16 health insurance system (AS 39.30.090 - 39.30.100).

17 Sec. 27.05.340. PRINCIPAL EXECUTIVE OFFICER. The board
18 shall employ a principal executive officer as director. He
19 shall be professionally trained and experienced in the per-
20 formance of his duties. The director has no power to vote
21 with the board unless they are equally divided. If the
22 director has a financial interest, direct or indirect, in a
23 contract with the board or in a sale of land, material, sup-
24 plies, or services to the board, he shall make the interest
25 known to the board before appointment.

26 Sec. 27.05.350. OATHS AND BONDS. (a) The members of
27 the Gold Development Board and the director, before entering
28 upon their duties, shall take, subscribe to, and file the
29 oath of office required by the constitution.

1 (b) Board members, the director, and subordinate
2 officials shall furnish corporate surety bonds in the manner
3 prescribed by AS 39.05.050.

4 Sec. 27.05.360. ANNUAL REPORT. Before December 1 of
5 each year, the board shall submit to the governor and legis-
6 lature a general report and a personnel report. The general
7 report shall describe the board's operations, fiscal trans-
8 actions, financial condition, and future plans in a compre-
9 hensive form to be prescribed by the governor. The personnel
10 report shall describe the board's personnel administration,
11 including its policies on recruitment, classification,
12 promotion, compensation, employee services, and other related
13 personnel matters.

14 Sec. 27.05.370. POWERS OF THE BOARD. The Gold Develop-
15 ment Board has but is not limited to the following powers:

16 (1) to plan the development of gold mining and to
17 mine gold in areas where, in its opinion, the operation would
18 be beneficial to the inhabitants of the state;

19 (2) to acquire by gift, purchase, lease, eminent
20 domain, and by other lawful means at its disposal, land,
21 buildings, rights of way, or other necessary and proper real
22 or personal property when to do so would further the purposes
23 of secs. 230 - 400 of this chapter, except that the power of
24 eminent domain shall not be exercised against an operating
25 mine;

26 (3) to employ needed personnel on a merit basis
27 for the effective carrying out of secs. 230 - 400 of this
28 chapter;

29 (4) to enter into contracts, hold property, and do

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all other things necessary and proper to the effective management and operation of gold mines under secs. 230 - 400 of this chapter.

Sec. 27.05.380. CONSIDERATIONS IN COMMENCING MINING OPERATION. In determining whether it would be beneficial to operate a particular gold mine in the state, the board shall take into consideration the location of the proposed mine, the economic effect of the operation of the mine on the surrounding area, and its effect on unemployment in the area and state. The profit factor shall be considered by the board in their determinations, but the absence of a profit from a mining operation shall not be determinative in the presence of other considerations which would make operation of a mine beneficial to the inhabitants of the state. This section does not limit the board, in its determinations, to the factors mentioned in it.

Sec. 27.05.390. LIMITATION ON PROFIT OF OPERATION. If, in any fiscal year, a mine owned or operated by the board shows a profit of seven per cent or greater on the total investment, the enterprise shall be immediately offered for lease to the public on competitive bid. For the privilege of mining or extracting the gold in the land covered by the lease, the lessee shall pay to the state those royalties which are determined by the board and are specified in the lease, but which shall not be less than five per cent of the annual net revenue of the operation of the mine, as net revenue is defined by the board. Leases shall be for indeterminate periods upon condition of diligent development and continued operation of the mine, except when the operation

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is interrupted by a strike, the elements, or a casualty not attributed to the lessee.

Sec. 27.05.400. APPROPRIATION AUTHORIZED. An appropriation, not to exceed \$100,000, is authorized to implement secs. 230 - 400 of this chapter.

* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.