

Original sponsors: Fahrenkamp, Ferguson,
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1 IN THE SENATE

BY THE RESOURCES COMMITTEE

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CS FOR SENATE BILL NO. 226 (Resources)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to the mining loan fund; and provid-
7 ing for an effective date."

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

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* Section 1. AS 27.09.020 is repealed and reenacted to read:

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Sec. 27.09.020. ELIGIBILITY. The department may make loans under
11 this chapter to

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(1) an individual who has at least five years of mining or
12 prospecting experience in the state and who is a resident of the state;

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(2) a partnership if at least half of the partners each have
14 five years mining or prospecting experience in the state and at least
15 half of the partners are residents of the state; or

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(3) a corporation which has at least five years of mining or
17 prospecting experience in the state if at least 51 percent of its
18 shares are held by residents of the state;

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(4) a corporation which does not meet the requirements of
20 (3) of this section if at least 51 percent of its shares are held by
21 persons having at least five years of mining or prospecting experience
22 in the state; and at least 51 percent of its shares are held by persons
23 who are residents of the state; or

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(5) a person holding a business license under AS 43.70 if
25 the business is managed by an individual with at least five years
26 experience in the mining industry.

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* Sec. 2. AS 27.09.040(c)(2) is amended to read:

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(2) a second priority lien or mortgage which is subordinate

1 to a valid first priority lien or mortgage [IN FAVOR OF A PRIVATE
2 LENDING INSTITUTION] if the total of the financing by the lender mak-
3 ing the first mortgage [PRIVATE LENDING INSTITUTION] and by the loan
4 made under this chapter does not exceed 75 percent of the appraised
5 value of the collateral used to secure the loan.

6 * Sec. 3. AS 27.09.040(d) is amended to read:

7 (d) Unless the loan under this chapter was made to underwrite
8 placer mining activities, repayment of the loan principal shall begin
9 not later than one year after the date mineral production begins or
10 five years from the date the loan is made, whichever is sooner. For
11 loans made under this chapter to underwrite placer mining activities,
12 the department may not require repayment of principal to begin before
13 the end of the second placer mining season after the loan is made. The
14 accrual of interest on a loan made under this chapter begins when the
15 loan is made, and the accrued interest shall be repaid on an annual [A
16 MONTHLY] basis, or repayment may be on a monthly or quarterly basis if
17 the department and the borrower so agree. In this subsection "placer
18 mining season" means the time during a consecutive 12-month period when
19 placer mining activities may be conducted by virtue of the thawed and
20 fluid condition of the streams and rivers in the mining area.

21 * Sec. 4. AS 27.09 is amended by adding a new section to read:

22 Sec. 27.09.045. REFINANCING. The department may refinance a loan
23 under this chapter by making a loan to pay outstanding mining debts.
24 When an original loan is to be refinanced, the department may not
25 refinance more than 49 percent of the amount of the original loan. The
26 terms in AS 27.09.040 apply to mining debts refinanced under this
27 section.

28 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
29 070(c).