

1 IN THE SENATE

BY THE SENATE SPECIAL
COMMITTEE ON OIL AND GAS

2

SENATE BILL NO. 510

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to a ceiling on the state's royalty
7 rate on coal leases; and providing for an effective
8 date."

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

10 * Section 1. AS 38.05.150(d) is amended to read:

11 (d) For the privilege of mining or extracting the coal in the
12 land covered by the lease, the lessee shall pay to the state the
13 royalties specified in the lease. The royalties shall be fixed before
14 offering the lease, and shall be effective for a period of not more
15 than 20 years. The royalties may [SHALL BE] not be less than five
16 cents or more than 30 cents for each [A TON OF] 2,000 pounds and may
17 not be calculated on another basis. The lessee shall also pay an
18 annual rental, payable at the date of the lease and annually thereaf-
19 ter, on the land or coal deposits covered by the lease, at a rate
20 fixed by the commissioner before offering the lease. The annual
21 rental shall be effective for a period of not more than 20 years. The
22 annual rental may [SHALL BE] not be less than 25 cents an acre for the
23 first year of the lease, not less than 50 cents an acre for the second
24 year, third year, fourth year, and fifth year, and not less than \$1 an
25 acre for each year thereafter during the continuance of the lease.
26 The rental for each year shall be credited against the royalties as
27 they accrue for that year. Each lease must [SHALL] provide that the
28 annual rental payment is subject to adjustment at intervals of no more
29 than 20 years and adjustments shall be based on the current rates for

1 properties similarly situated.

2 * Sec. 2. This Act applies to coal leases in existence on the effective
3 date of this Act.

4 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).