

HB

726

# COMMITTEE REPORT

2/11/76

HOUSE

FINANCE

Mr. Speaker:

Date 4-20-76

The Committee on RESOURCES has had HB 726

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>W. A. Anderson</u>	_____	_____
<u>W. P. Sweeney</u>	_____	_____
<u>W. J. ...</u>	_____	_____
<u>W. ...</u>	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

W. A. Anderson Chairman

AMENDMENT

OFFERED IN THE HOUSE:

BY: House Resources Committee

To: Amend HOUSE BILL No. 726

SENATE BILL No. \_\_\_\_\_

PAGE: 1

LINE: 9

Change \$ 3,000,000 TO \$ 1,000,000

*W. L. Anderson*  
*(Chairman House Resources)*  
*4/20/76*

Present were Swanson, Rhode, Huntington, Osterback, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HJR 60  
HB 726  
SSHB 626  
HB 854

It was moved that HJR 60 pass from the committee with a Do Pass recommendation, unanimously. Motion carried.

Mr. Rhode asked that HB 626 be brought to the floor. Approved for discussion. He presented the results of the polls conducted on HB 626. (copies available) Also, Palmer was sent by the governor to Seldovia to conduct a hearing at the request of the people there. The group in Seldovia voted 2 for a marine sanctuary, and 40 against. Mr. Rhode stated that condemnation proceedings are in Superior Court now, and action on the bill should probably be delayed until the Court decision is reached.

It was moved to table the bill until a time certain with a unanimous consent asked. Motion carried.

Mr. Rhode stated that there is also a "buy-back" bill (HB 854) in our committee which would fund the lease purchase by the state if necessary. He recommended delay of action on this bill also.

It was moved to bring HB854 before the committee for discussion. Motion carried.

It was moved to table HB854 until a time certain with unanimous consent asked. Motion carried.

Discussion of HB726 began with Chairman Anderson stating that there appeared to be no great enthusiasm for the bill among miners, but general agreement that it would help the small miner.

Swanson stated that \$1,000,000 would be a better figure than the \$3,000,000 in the bill. Finance could take it from there. It is a good bill--progressive, and an incentive for the small operator to continue mining.

Motion was made to reduce the fund amount to \$1,000,000, and adopt the language change as per amendment.

Huntington stated objection to an amount of money to be tied up for an indefinite time. It would be o.k. if it were used, and could be refunded if necessary in the future.

Mr. Swanson stated that the state wouldn't be losing anything no matter what.

Mr. Van Doren brought to the attention of the committee that the bill

doesn't say where income from sale of the stockpiled minerals would be put, or where any profit would go.

(Mr. Brown has arrived)

Mr. Holdsworth stated that when he was in office there were many unofficial inquiries on the mining fund, but no money was available to appropriate at the time. The fund could be cut from the \$3,000,000 and still be beneficial. Using the fund won't either increase or decrease the fund, if handled properly.

Motion to insert the \$1,000,000 amount in the bill was passed..

Mr. Brown raised a question on how much of the money would be used for disseminating information. Discussion ascertained that information is now readily available. Brown stressed that the funds need to be used for the minerals themselves, not information. He suggested that if the committee adopted the amendment referring to education, a committee report clarifying intent should accompany the bill.

Mr. Brown stated that there should probably be two separate bills--one with the appropriation amount, the other with any language or specific information applying to the mineral revolving fund.

Chairman Anderson asked staff to find out whether information is already being given out and funded through another source.

March 18 was set for the next hearing of HB726.

HB 804 will also be brought up on Mar. 18.

Mr. Swanson asked that staff consider going to a 5-year residency requirement on HB 808 to help alleviate some of the problems with the bill--this would tend to strengthen the bill.

Meeting adjourned.

## HB 726 - Staff Analysis

HB 726 was introduced to fund 41.05.040 (2 ch. 116 SLA 1962)

HB726 appropriates \$3,000,000 for the purchase by the fund of necessary metals other than gold, silver and platinum.

Staff review of the proposed legislation has determined that one possible objective of the bill is to allow the state to purchase metals from small mineral extraction operations who do not have significant resources or amount of minerals to be able to afford marketing and transportation of the mined minerals. Several small mining operations could sell their product to the state, the state in turn could stockpile the product until there was a sufficient amount to sent to market. In this way the small mining operator would have a market for his product.

The second possibility is that the state desires to enter into the speculative position of marketing minerals. In the short term, the state's investment in the stock market has not been proven successful. Perhaps the thrust of the legislation is to allow the state to speculate in minerals.

Staff suggestions and observations:

- 1). Although HB 726 states "metals" on line 11, the original act is a mineral resource revolving fund. Is the intent to stockpile "oil or gas"?
2. On line 11 appears the word "necessary". What is a necessary mineral and who determines what is necessary? Staff would rather see "necessary" eliminated.
3. If the intent is truly to help the small miner, because staff doubts the finance committees would be willing to allow an appropriation of \$3,000,000, perhaps rephrasing of the objective could be done to allow any monies appropriated to be used to assist the smaller mining operators in finding a market for their product or used in assisting in the formation of a co-op, consisting of a group of small minor operators. If the above suggestion is valid Sec. 41.05.040 could be amended to include the above suggestions after the words "purchase minerals".
4. Question: Is there any other revolving fund similarly set up at the present time?  
  
Question: Is there any revolving fund in which the money does not lapse into the general fund?  
  
Question: Will all the monies received from the sale of minerals to a qualified broker be returned to the fund, or will some monies be taken out for administrative purposes.
5. After all these years, why has this legislation been introduced in the first place?