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# COMMITTEE REPORT

## SENATE

FURTHER: Finance

3/2/81

Date: \_\_\_\_\_

Mr. President:

The Committee on RESOURCES has had SB 226  
mining loan fund

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SB 226  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature] (11/2/81)  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

[Signature]  
 CHAIRMAN

SENATE AMENDMENT

BY Fahrenkamp

To: \_\_\_\_\_ SENATE BILL No, SB 226

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

PAGE: 2      LINE: 8 and 9

On Line 8 insert the word "mining" after the word "outstanding"

On Line 9 insert the word "mining" after the word "to"

SENATE AMENDMENT

By Fahrenkamp

To: \_\_\_\_\_ SENATE BILL No. SB 226

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

PAGE: 1      LINE: 27

On line 27, delete "as the manager of a business" and add "in the mining industry."

# Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN  
VIC FISCHER, VICE-CHAIRMAN  
BRAD BRADLEY  
DICK ELIASON  
DON GILMAN  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

March 30, 1981  
1:50 p.m.

Beltz Room  
211 - Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp  
Senator Fischer  
Senator Sturgulewski  
Senator Bradley  
Senator Eliason  
Senator Mulcahy  
Senator Gilman

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#### Hearing

SB 226 An Act relating to the mining loan fund.

SB 84 An Act relating to the processing of permits by state agencies.

Phil Holdsworth, Alaska Miners Association, testified in favor of SB 226. He suggested an amendment: page 1, line 27, delete "manager of a business" and insert "in the mining industry".

Sharon Traylor, Director Division of Business Loans, Department of Commerce and Economic Development, stated that she would like to see some language added to the Bill in Section 45 regarding refinancing.

Senator Sturgulewski, moved for the adoption of the following amendments:

Page 1, line 14, delete "more than"  
Page 1, line 15, delete "more"  
Page 1, line 16, delete "than"  
Page 2, line 9-10, add a new sentence "No more than 49% of the original loan can be used for refinancing under this section."

SENATE RESOURCES COMMITTEE

March 30, 1981

Page: 2

Senator Fischer, moved for the adoption of the following amendment:

Page 2, between lines 56 insert: "AS 27.09.040 (d) delete monthly basis" and insert "at least annually."

Senator Mulcahy put forth the motion to move SB 226 as a Committee Substitute with individual recommendations.

Jean Kline, Alaska Chapter, Associated General Contractors, stated that the Association urges passage of SB 84. She stated that sometimes the smallest construction project can be delayed because of permits. SB 84 will help eliminate the unnecessary delays.

The Committee was briefed by staff on the draft CSSB 84.

The Committee was adjourned at 2:35 p.m.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

APR 21 1981

FISCAL NOTE

*full file*

I. REQUEST  
Bill/Resolution No. CSSB 226 (Resources)  
Title An Act relating to the mining loan fund.  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
Agency Affected Commerce & Economic Development  
Program Category Affected Development  
BRU, Program, or Subprogram(s) Affected Division of Business Loans  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		76.9	84.6	93.1	102.4	112.6
200 TRAVEL		10.2	11.2	12.3	13.5	14.9
300 CONTRACTUAL		23.4	25.7	28.3	31.1	34.2
400 COMMODITIES		.8	.9	1.0	1.1	1.2
500 EQUIPMENT		2.8	-0-			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		114.1	122.4	134.7	148.1	162.9

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		114.1	122.4	134.7	148.1	162.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Fiscal Note detail attached.

This fiscal note has been reduced to reflect the tighter eligibility requirement in the committee substitute for SB 226. It assumes the total appropriation for the loan fund will be the \$10,000,000 in the capital budget. If a larger appropriation is made, more staff would be required to properly process loans.

*Sharon Traylor*

IV. DATE April 10, 1981 PREPARED BY Sharon Traylor, Director  
AGENCY Commerce & Economic Dev., Div. of Business Loans  
PHONE 465-2510

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL

SB 426 - Mining Loan Fund

100	1 Loan Examiner III, Fairbanks, @ \$3,260/mo.		\$ 39.1
	1 Accounting Technician I @ \$1,761/mo.		<u>21.1</u>
	Total Wages		\$ 60.2
	Standard Benefits (Wages x .1555)		9.4
	Supplemental Benefits (Wages x .0613)		3.7
	Health Insurance (Man months x \$150)		<u>3.6</u>
	Total Personal Services		\$ 76.9
200	Trips to inspect collateral and close loans:		
	16 trips @ \$500	\$ 8.0	
	32 days per diem @ \$70	<u>7.2</u>	10.2
300	Telephone and Postage	\$ 6.6	
	Printing of Applications, Advertising	1.0	
	Office Space (1 @ \$3,067, 1 @ \$2,700)	5.8	
	Consultant Fees	<u>10.0</u>	23.4
400	Office Supplies		<u>.8</u>
	Twelve Months Operating Cost		\$111.3
500	Equipment:		
	2 Desks @ \$300	.7	
	2 Side Tables @ \$165	.3	
	1 Executive Chair	.2	
	1 Secretarial Chair	.2	
	3 Side Chairs @ \$100	.3	
	2 File Cabinets @ \$325	.7	
	2 Calculators @ \$200	<u>.4</u>	2.8
	TOTAL		\$114.1

Note: If some existing positions phased out per budget, no new equipment would be required.

10% Inflation for succeeding years



STATE OF ALASKA  
ANNUAL PLACER MINING APPLICATION  
LAND USE AND WATER USE PERMITS AND MINING LICENSE

INSTRUCTIONS

1. For most mining operations, the completion of this form should satisfy the application requirements for the following permits:

Miscellaneous Land Use Permit - Issued by the Department of Natural Resources

Water Use Permit - Issued by the Department of Natural Resources

Anadromous Fish Protection Permit - Issued by the Department of Fish & Game

Wastewater Discharge Permit - Issued by the Department of Environmental Conservation

Alaska Mining License - Issued by the Department of Revenue

If more detailed information is required, you will be contacted by the appropriate agency.

2. Please type or print responses in ink. Answers to all of the questions are necessary to expedite processing of your permits. If a question does not apply to your operation, indicate with N/A.
3. If space provided on the form is not enough for your written response, please use an additional sheet of paper. Identify this sheet as part of the application by putting your name and the 5 digit application number on the top of the sheet. (Additional space may be needed for listing claim names, claim locations and ADL numbers.)
4. With this application form, attach a copy of the appropriate USGS 1:63360 Map. Please identify this map as part of your application by putting your name and the 5 digit application number on the top of the map. On the map, provide the following information:
  - a) The location of all your claims
  - b) The name and ADL number for all your claims
  - c) The identification of those claims which will be worked this year
  - d) The location of your camp
  - e) The location of the access routes to your claims
  - f) The types of heavy equipment taken to the claims by cross country access routes
5. Applications should be submitted by February 15th to assure the issuance of permits before operations in the field begin. Only permitted operators should be working in the field.
6. The permits which are issued will authorize the work described in this application. Changes in your operation will require another application to describe the operation and may result in amended permits.
7. This application does not serve as the application for other permits which may be needed for your operation.
8. This application, as well as attachments, should be submitted to the nearest office of the Department of Natural Resources.

SUBMIT COMPLETED APPLICATION TO THE DEPARTMENT OF NATURAL RESOURCES, DIVISION OF FOREST, LAND AND WATER MANAGEMENT, AT THE ADDRESS OF THE NEAREST OFFICE LISTED:

Southcentral District Office  
941 East Dowling Road  
Anchorage, Alaska 99502  
Telephone: 349-4524

Northcentral District Office  
4420 Airport Way  
Fairbanks, Alaska 99701  
Telephone: 479-2243

Southeastern District Office  
State Office Building  
Pouch M  
Juneau, Alaska 99811  
Telephone: 465-2415

ANNUAL PLACER MINING APPLICATION  
LAND USE AND WATER USE PERMITS AND MINING LICENSE

DO NOT MARK IN THIS SPACE

Do your plan to mine this year? <input type="checkbox"/> YES <input type="checkbox"/> NO    (If "NO", you are not required to file this form.)		Is this a new application? <input type="checkbox"/> YES <input type="checkbox"/> NO
Check box(es) and list number(s) if you have had any of the following permits:  <input type="checkbox"/> DNR-MLUP Permit No.  <input type="checkbox"/> Fish & Game Permit No.  <input type="checkbox"/> Water Use Permit ADL No.  <input type="checkbox"/> Wastewater Discharge Permit DEC No.  <input type="checkbox"/> EPA-NPDES Permit No.  <input type="checkbox"/> Mining Claims ADL No.  <input type="checkbox"/> Alaska Mining License No.	Check the mining district in which your claims are located:  <input type="checkbox"/> Fairbanks <input type="checkbox"/> Seward Peninsula <input type="checkbox"/> Circle <input type="checkbox"/> Kuskokwim <input type="checkbox"/> Iditarod <input type="checkbox"/> Innoko <input type="checkbox"/> Forty Mile <input type="checkbox"/> Hot Springs <input type="checkbox"/> Koyukuk-Chandalar <input type="checkbox"/> Other (Specify):	If your claims are not patented, check the box to indicate who controls the land the claims are on:  <input type="checkbox"/> U.S. National Park Service <input type="checkbox"/> U.S. Military <input type="checkbox"/> U. S. Forest Service <input type="checkbox"/> U.S. Bureau of Land Management <input type="checkbox"/> U.S. Fish & Wildlife Service <input type="checkbox"/> Alaska Dept. of Natural Resources <input type="checkbox"/> City <input type="checkbox"/> Borough <input type="checkbox"/> Native Corporation <input type="checkbox"/> Other (Specify):

Claim Owner's Name		Street Address or P. O. Box		
City	State	Zip Code	Home Telephone	Office Telephone
Operating Company Name and/or Authorized Representative in Field		Street Address or P. O. Box (Specify if Summer Address is different from Winter)		
City	State	Zip Code	Home Telephone	Office Telephone
Employer I.D./Social Security Number	Month & Year Started Up	Month Shut Down	Number of People Working Claim	
On what creek(s) are your claim(s) located?				
List any changes in your operation since your previous application: (if none, sign the application and send it to the State of Alaska.)				

List type, purpose and number of pieces of equipment to be used on the claim.		
Which equipment listed above is used for the removal of overburden.		
Which equipment listed above will be used in the stream.		
Beginning and ending dates for transportation of equipment across country TO a claim:	If using a hydraulic giant, list nozzle size, number of nozzles, feet of head and total amount of water CFS or GPD:	
Beginning and ending dates for transportation of equipment across country FROM a claim:		
List type and amount of explosives to be used:	If explosives will be used in or near streams or other bodies of water, indicate when, where and why they will be used:	
Type of overburden: (O.K. to check more than one) <input type="checkbox"/> Rock <input type="checkbox"/> Sand <input type="checkbox"/> Silt <input type="checkbox"/> Clay <input type="checkbox"/> Organic Material <input type="checkbox"/> Other(Specify):	Depth of Overburden	Amount to be removed: No. of acres at "x" depth or cubic yards:

Check method of mining and processing: (O.K. to check more than one.)

Suction Dredge      Size \_\_\_\_\_ Pump Capacity \_\_\_\_\_

Bucket Line Dredge      Size of Buckets \_\_\_\_\_

Washing Plant      Volume Material Processed/Hr. \_\_\_\_\_

Sluice Box      Width \_\_\_\_\_ Depth of Water \_\_\_\_\_ Slope \_\_\_\_\_

Located on:  Bedrock  Shale  Other: \_\_\_\_\_

Vibrating Screen

Other \_\_\_\_\_

Chemical Treatment:  Mercury  Cyanide  Other  
Describe process on a separate sheet.

What % of a natural stream is diverted for any reason: %	What % of diverted water is used for mining: %	Of water used for mining what % is recycled: %
Amt. of Water Required <input type="checkbox"/> CFS <input type="checkbox"/> GPD	Usage: Hours/Day	Usage: Days/Week
Date commenced operations: Month _____ Year _____		Years needed to mine out claim:
If water is not used for mining, is it routed around the treatment pond? <input type="checkbox"/> YES <input type="checkbox"/> NO	When wastewater is returned to a stream, is it treated? <input type="checkbox"/> YES <input type="checkbox"/> NO	
Condition of stream above claim, prior to discharge of wastewater:  <input type="checkbox"/> Clear <input type="checkbox"/> Murky <input type="checkbox"/> Muddy		
If "muddy", is it:  <input type="checkbox"/> Natural <input type="checkbox"/> Manmade <input type="checkbox"/> Other: (Describe)		

**WATER SUPPLY**

Type of Dam (Exclude settling ponds)  
 Earthfill  Timbercrib  Concrete  Other \_\_\_\_\_

Temporary  Permanent       On-stream  Off-stream

Size of Dam  
Length \_\_\_\_\_ Width at Crest \_\_\_\_\_ Width at Base \_\_\_\_\_ Height \_\_\_\_\_

Storage Capacity: (Indicate Length and Width of Area and Depth of Water)

Spillway Capacity: (CFS)

**WATER TREATMENT**

Type of Dam (Settling Pond 1) Check all appropriate items.  
 Earthfill  Timbercrib  Other \_\_\_\_\_  
 Temporary  Permanent  On-stream  Off-stream

Type of Dam (Settling Pond 2)  
 Earthfill  Timbercrib  Other \_\_\_\_\_  
 Temporary  Permanent  On-stream  Off-stream

Type of Dam (Settling Pond 3)  
 Earthfill  Timbercrib  Other \_\_\_\_\_  
 Temporary  Permanent  On-stream  Off-stream

Type of Dam (Settling Pond 4)  
 Earthfill  Timbercrib  Other \_\_\_\_\_  
 Temporary  Permanent  On-stream  Off-stream

Size of Dam(s): Indicate length, width at crest and base and height of dam for each pond.  
1. \_\_\_\_\_ 2. \_\_\_\_\_  
3. \_\_\_\_\_ 4. \_\_\_\_\_

Capacity of Pond(s): Indicate length and width of area and depth of water for each pond.  
1. \_\_\_\_\_ 2. \_\_\_\_\_  
3. \_\_\_\_\_ 4. \_\_\_\_\_

† If more than four ponds, provide all of the above information for each additional pond on a separate sheet.

**FUEL**

Fuel Stored. (List type of fuel)

Amount of fuel stored:

Distance from stored fuel to nearest body of water:

**DRILLING**

If drilling is proposed, will it exceed:  
 150 Feet  300 Feet  Not applicable

Signature of Claim Owner	Printed or Typed Name	Title	Date
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**FOR AGENCY USE ONLY**

ADL Number	USMS Number	NPDES Number	ADF&G Number	State Number	Mining License Number
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**AGENCY ACTION/AUTHORIZATION**

Land Mgmt.	Water Use	Water Discharge	Fish Passage Habitat Protection	Revenue

**SKETCH SHEET**

In the area below, sketch and label the following information.

- 1. Location of Camp.
- 2. Travel routes within area of claim.
- 3. Location of natural waterways within claim.
- 4. Name of creek.
- 5. Water source.
- 6. Location of any stream diversion.
- 7. Point of withdrawal of water.
- 8. Water ditches, pipelines, pumpsites, and discharge points.
- 9. Location of settling ponds and water supply reservoirs.
- 10. Where water is used.
- 11. Sluice location.
- 12. Area to be mined this year.
- 13. Location of overburden disposal.
- 14. Location of tailing disposal.
- 15. Location of other disposal sites. (Solid waste or hazardous materials or sanitary waste.)
- 16. Location of fuel storage.

Name of Map Used:

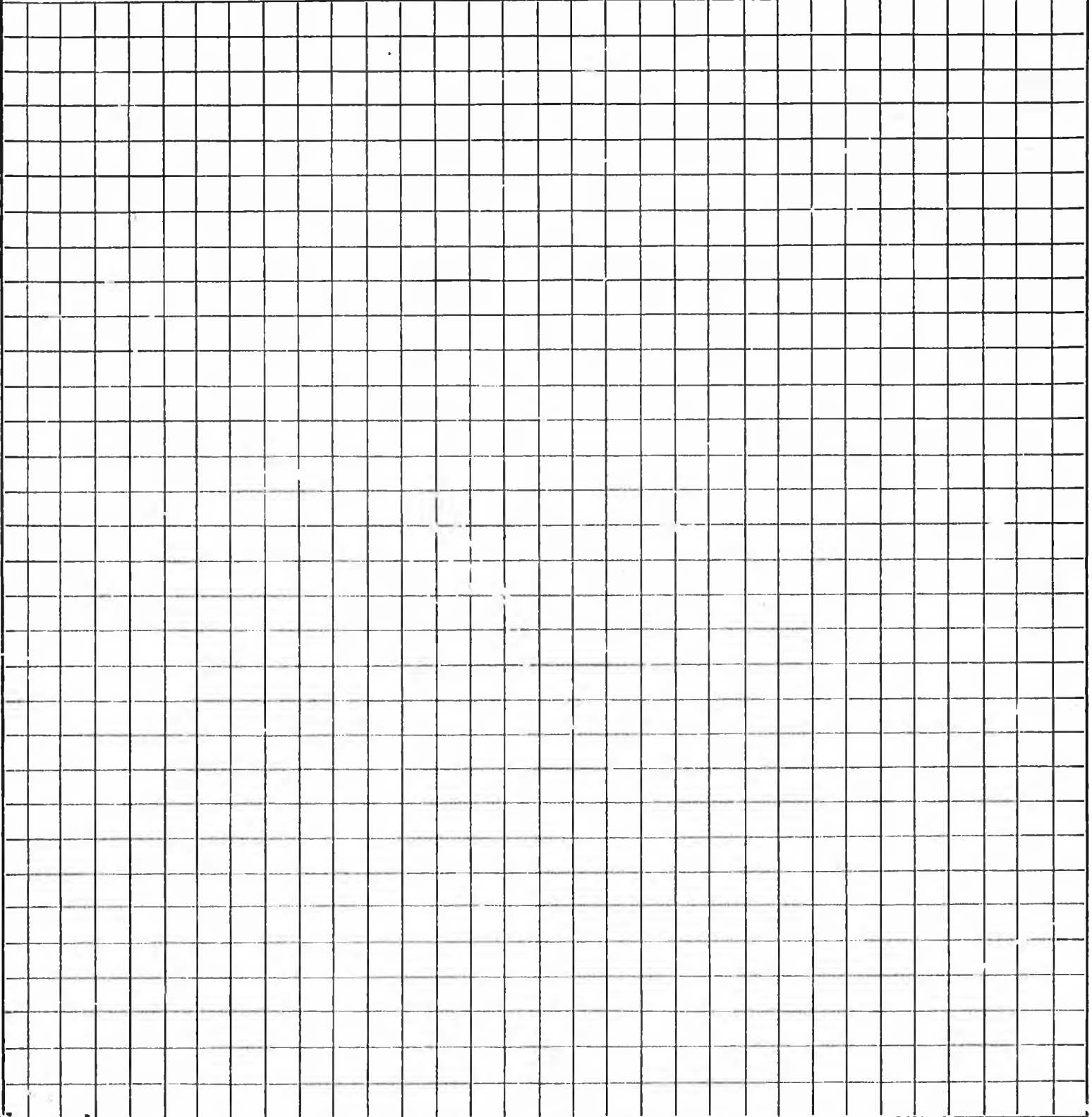
Section

Township

Range

Meridian

SCALE: 1" = 1/4 Mile



STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

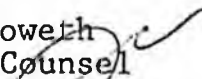
LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 3, 1981

SUBJECT: Mining loans  
[CSSB 226 (Resources)]

TO: Senator Bettye Fahrenkamp, Chairman  
Senate Resources Committee  
Attn: Jim Palmer

FROM: John B. Chenoweth  
Legislative Counsel 

A draft of the proposed committee substitute is attached. I have tried to use language you suggested. However, deletion of "more than" on lines 14 and 15 of page 1 suggests to me that only a partnership in which exactly half the partners meet the conditions specified qualifies for a loan. If 90 percent of the partners meet the eligibility requirements, the partnership does not qualify. Is that where you want to be?

The substitution of "at least annually" in Sec. 3 leads me to scratch my head. Don't you really mean to say: "shall be repaid on an annual basis, but the repayment basis may be monthly or quarterly as the parties may agree" or something to that effect?

JBC:ljb

Enclosure

# Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN  
VIC FISCHER, VICE-CHAIRMAN  
BRAD BRADLEY  
DICK ELIASON  
DON GILMAN  
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POUCH V  
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## Senate

### Committee on Resources

#### MEMORANDUM

TO: SENATE FINANCE COMMITTEE MEMBERS

FROM: SENATE RESOURCES COMMITTEE

RE: CSSB 226 "AN ACT RELATING TO THE MINING LOAN FUND"

DATE: MAY 19, 1981

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#### SECTIONAL ANALYSIS

Section 1. This section replaces AS 27.09.020 which delineates the eligibility requirements for a mining loan under this program.

In a letter of February 4, Commissioner Webber of the Department of Commerce and Economic Development stated that the present wording of this eligibility section contains the potential for circumvention of the intent that those obtaining loan funds are primarily Alaskans. It also tends to restrict the ability of Alaskan miners to obtain private investment capital and still remain eligible for a mining loan.

He cited three examples:

Sec. 27.09.020(2) states "...at least 51 percent of the shareholders of which are residents of Alaska." It is not unusual for less than half of the holders of corporate shares to own the majority of the corporation.

Interpretation of the eligibility requirement of five years experience concludes that in the case of a partnership, all members must have the qualifying experience. This excludes miners from taking a partner or partners with needed investment capital even if such partners are minority owners.

Newly formed corporations are ineligible even if the majority ownership is held by those who would qualify individually.

Sections 27.09.020(2)(4)(5) are the new sections added to the eligibility section to take care of these problems.

Memorandum  
May 19, 1981

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Section 2. This section removes the stipulation that a private lending institution hold the first lien or mortgage. The new language allows both governmental or other private entities or individuals to hold this first priority lien or mortgage.

Section 3. This is an addition to the mining loan fund which allows the Department of Commerce and Economic Development to refinance a loan made under this program.

## STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

Phone: 465-2500

February 4, 1981

Honorable Bettye Fahrenkamp  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

The present wording of Sec. 27.09.020. Eligibility of the mining loan fund law contains the potential for circumvention of the intent that those obtaining loan funds are primarily Alaskans. It also tends to restrict the ability of Alaskan miners to obtain private investment capital and still remain eligible for a mining loan. - *SB 226 corrects these problems*

Example: Sec. 27.09.020(2) states ". . . at least 51 percent of the shareholders of which are residents of Alaska." It is not unusual for less than half of the holders of corporate shares to own the majority of the corporation.

Example: Interpretation of the eligibility requirement of five years experience concludes that in the case of a partnership, all members must have the qualifying experience. This excludes miners from taking a partner or partners with needed investment capital even if such partners are minority owners.

Example: Newly formed corporations are ineligible even if the majority ownership is held by those who would qualify individually.

It is therefore recommended that Sec. 27.09.020(2) of the mining loan fund law be amended to read as follows:

27.09.020

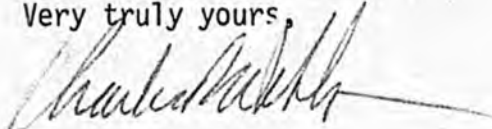
Eligibility. The department may make loans under this chapter to

- (1) an individual who has at least five years of mining or prospecting experience in Alaska and who is a resident of Alaska; or
- (2) a partnership of which at least 51 percent of the owners have five years mining or prospecting experience in Alaska and at least 51 percent of the ownership is held by residents of Alaska; or

February 4, 1981

- (3) a corporation which has at least five years mining or prospecting experience in Alaska and at least 51 percent of the ownership is held by residents of Alaska; or
- (4) a newly formed corporation of which at least 51 percent of the ownership has at least five years mining or prospecting experience in Alaska and at least 51 percent of the ownership is held by residents of Alaska.

Very truly yours,



Charles R. Webber  
Commissioner

CRW/mh3/13