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COMMITTEE REPORT  
SENATE

FURTHER: Finance

1/19/82

Date: 1-29-82

Mr. President:

The Committee on RESOURCES has had SB 666

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 \_\_\_\_\_  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]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN

SENATE AMENDMENT

By Senate Resources Committee

To: \_\_\_\_\_ SENATE BILL No. 666

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

PAGE: 1      LINE: 12

Delete "and Interest"

# 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) 465-3833

## Senate

### Committee on Resources

January 29, 1982  
1:30 p.m.

Beltz Room  
211 - Capitol

#### MEMBERS PRESENT

Senator Fahrenkamp  
Senator Eliason  
Senator Gilman  
Senator Mulcahy  
Senator Sturgulewski

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#### Hearing:

SB 666 An Act relating to the mining loan fund (AS 27.09) and providing for an effective date.

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Phil Holdsworth, Alaska Miners Association, stated that the Board of Directors supported the bill. He also stated that SB 666 will make the mining loan program more self supporting as it will not rely entirely on an annual appropriation from the legislature.

Senator Sturgulewski expressed concern about amount of money the legislature is putting into revolving funds, as the legislature loses its power to annually appropriate.

Phil Holdsworth suggested that the principal return to the mining fund and the interest go into the general fund.

Dave Massey, Deputy Director, Division of Business Loans and Veterans Affairs, Department of Commerce and Economic Development, stated the Department favors the bill. Because the FY 82 budget was passed at a late date, and because of the seasonal nature of the mining industry, loans totaled only \$5 million. Without passage of SB 666, the remaining \$25 million will lapse back to the general fund.

Senate Resources Committee

January 29, 1982

Page 2

Senator Mulcahy put forth an amendment to SB 666 to delete "and interest" from page 1, line 12. The amendment was approved.

Senator Mulcahy made a motion to move the bill as amended with individual recommendations.

Senator Fahrenkamp suggested that the committee be thinking over a possible substitute for SB 275, which would add a new section to provide for a resident 5-year sport fishing, hunting and/or trapping license.

The Committee adjourned at 2:05 p.m.



# Alaska State Legislature

Official Business

## Resources Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Senate Resources Committee

FROM: Senate Resources Committee Staff

RE: *file* SB 666, "An Act relating to the mining  
loan fund"

DATE: February 2, 1982

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Please find attached a memorandum from Legal regarding the dedication of repayments of loans from revolving funds. During the 1/29/82 Committee hearing on SB 666, Senator Eliason requested that we obtain this information in writing.

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1982

SUBJECT: Dedication of repayments of loans from revolving funds (SB 666) (Work Order No. 12-2384)

TO: Senator Bettye Fahrenkamp  
Chairman, Senate Resources Committee

FROM: *EHA* Linn H. Asper  
Legislative Counsel

You have asked if the dedication of repayments of principal and interest from loans made from a revolving fund to that fund is an unconstitutional dedication of funds under the Alaska State Constitution. Article IX, Sec. 7 of the Constitution states in part that "the proceeds of any state tax or license shall not be dedicated to any special purpose . . ." On its face the dedication of money received by a state revolving fund as repayment of loans made from that revolving fund is not the dedication of "the proceeds of any state tax or license". It is my opinion that SB 666 does not make a dedication prohibited by the constitution. Nevertheless, the Attorney General, in a May 2, 1975 opinion, concluded that the framers of the constitution intended that all state revenues, regardless of source, were to be included in the prohibition on dedicated funds. The opinion is well reasoned and apparently still represents the position of the administration, but the issue has yet to be resolved in the courts. Until such time that a dedication of funds case is decided by the court all dedications of state revenues are somewhat questionable. When the permanent fund was established the Alaska Constitution was amended to avoid the dedication of funds issue raised by the Attorney General (Article IX, Sec. 15).

The practice of committing repayments of loans made from a revolving fund to that fund is now specifically authorized by law for at least five state revolving funds:

Senator Bettye Fahrenkamp  
Page 2  
February 2, 1982

AS 14.40.751 (scholarship revolving loan fund)

AS 14.40.815 (memorial scholarship revolving loan fund)

AS 26.15.040 (veterans revolving fund)

AS 45.87.020 (bulk fuel revolving loan fund)

AS 45.95.020 (small business revolving loan fund)

To date no court challenge has been made to this method of committing state money to revolving funds.

LHA:ljb



# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

JAN 27 1982

JAY S. HAMMOND, GOVERNOR

POUCH D  
JUNEAU, ALASKA 99811  
PHONE: 465-2500

January 27, 1982

Honorable Bettye Fahrenkamp  
Chairman  
Senate Resources Committee  
Pouch V  
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

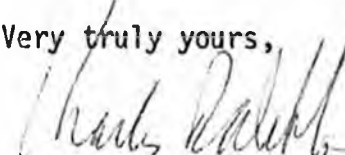
Following are comments on Senate Bill 66 which changes the current mining loan fund to a revolving loan program. The Department of Commerce and Economic Development supports this bill.

It is our opinion that the presently funded Mining Loan Program will be considerably improved by changing it to a revolving fund with interest and debt retirement revenues returned to the fund and made available for making new loans.

Under the present system, annual funding levels for the program are determined by the Administration and the Legislature with the passage of the State budget. Experience has shown that funding infusions occur after the start of the short Alaska mining season whereas most borrowers require capital during late winter and early spring. Thus, funding provisions are totally out of phase with the Alaska mining season and therefore inappropriate for the mines. Efforts to determine the appropriate level of funding for the present program by canvassing the industry have met with minimal success.

The mining loan program is addressing a need in this traditional and vital sector of the Alaskan economy and the proposed modification is a definite enhancement to a sound program.

Very truly yours,

  
Charles R. Webber  
Commissioner

CRW/kkk3/1

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 666  
Title An Act relating to the mining loan fund (AS 27.09), and providing for an effective date.

Requested by Fahrenkamp, Bennett & Parr Date 1/19/82

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
Program Category Affected Economic Development  
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-0-					
PART TIME	-0-					
TEMPORARY	-0-					

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

This bill has no effect on short term expenditures and minimal effect on long term expenditures.

IV. DATE 1/26/82

PREPARED BY Don Hostak, Director  
AGENCY Department of Commerce & Economic Development

Original: Legislative Finance PHONE 465-2555 Division of Loans and  
cc: Budget and Management or 465-2510 Veterans' Affairs  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

AS27.09.010 DOCUMENT=

2 OF

8

HEADINGS TITLE 27.

MINING.

CHAPTER 09.

MINING LOAN FUND.

CITATION SEC. 27.09.010.

CATCH LINE

MINING LOAN FUND.

TEXT THERE IS ESTABLISHED IN THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT THE MINING LOAN FUND. THE DEPARTMENT MAY MAKE LOANS FROM THE FUND TO UNDERWRITE ADVANCED MINERAL EXPLORATION, DEVELOPMENT, OR MINING IN THE STATE.

HISTORY (SEC. 35 CH 106 SLA 1980)

-SB 666-

LEGISLATION SUMMARY

SB 666 am (Res): "An Act relating to the mining loan fund (AS 27.09); and providing for an effective date."

Sec. 1: Amends existing law to provide that funds appropriated and principal of loans repaid to the fund will remain in the fund and not lapse back to the general fund. Interest on loans will return to the general fund.

Sec. 2: Immediate "ffective date.

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PRIME SPONSOR: Fahrenkamp

CO-SPONSOR(S): Bennett; Parr

SB 666

SUMMARY

An Act relating to the mining loan fund.

Sec. 1 This amendment will allow the money that is appropriated to or repaid to the fund to remain within the fund and not lapse back to the general fund.

Sec. 2 It takes effect immediately.

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PRIME SPONSOR: Fahrenkamp

CO-SPONSOR(S): Bennett; Parr

SENATE RESOURCES COMMITTEE  
LEGISLATION CHECKLIST

BILL NUMBER SB 666

IDENTIFICATION:

BILL NAME: *re: the mining loan fund (AS 27.09)*

SPONSOR(S): *Fahrenkamp  
Bennett  
Parr*

RELATED BILLS PENDING:

DATE INTRODUCED: *1-19-82*

REFERRALS *Resources  
Finance*

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED *✓ + state  
SB 666 am (Res) ✓*

SUMMARY BY LEGAL DIVISION:  
DEPT. OF LAW SUMMARY:

SPONSOR CONTACTED FOR BACKUP MATERIALS *✓ in Mark possible amendments*

FISCAL NOTE:  
*Hopefully F.N. by 1/27/82.*

AGENCY RESPONSE: *Katie Wallen, DCED, 1/25  
(- should have met, FH, 1/25)  
Don Haftak, Dir. of Revenue  
Bia. Loans Files - Don Haftak his supervisor  
John Siro*

OTHER INTERESTED SENATORS OR REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS:

*\* 2/26/82  
- Info (10 pages)  
transmitted to House  
Room 40*

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPRATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET: *1/29/82*

STAFF MEMO TO COMMITTEE:

TELECONFERENCE: *---*

BACKGR UND MATERIAL DISTRIBUTED

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/CS DRAFTED:

*✓ Phil Haldsworth 6-1383 AK Miners Assoc favors it  
Commerce & Eco. Development  
Dept. of Revenue:  
✓ Don Haftak, Dir. Business Loans, DCED - Notified 1/26 - Per Katie Wallen he will be here.*

SB 666

TO: John Manley  
Representative Fanning's Office

DATE: 2/26/82

From: Resa King  
Senate Resources Committee

RE: SB 666 - Mining Loan  
Fund

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SB 666 Has passed the Senate and is enroute to the House. Attached is background information for the use of your Committee when it is scheduled for a hearing.

If you have any questions, please let me know.

Attachments

*10/24/82  
marked on  
back in red*