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461

SHORT ANALYSIS

CSSB 461(Resources)

It is the intent of this bill to establish four loan and/or grant programs for the purpose of cleaning up the waters used in placer mining operations. Two of the programs would be set up in DNR, and two in DEC, and all would be administered by their respective commissioners, with the help of a mining water use review committee.

The commissioner of DNR administers the "innovative gold recovery demonstration grant program" (grants up to \$100,000), and the "placer mining water reduction loan program" (up to \$50,000).

The commissioner of DEC administers the "innovative pollution control demonstration grant program" (grants up to \$100,000), and the "placer mining water reduction loan program" (up to \$50,000).

Upon the recommendation of the review committee that the loan recipient has demonstrated, and will use on a continuing basis, a method of achieving either a 50% or 80% reduction in the water used or recycled in his placer mining operation, depending upon the loan program, the commissioner administering the program may consider either 50% or 100% of the loan to be a grant, and not require repayment.

DRAFT

Bradley
5/18/84 ✓

Original sponsor: Fahrenkamp

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 461 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to the management and use of water
7 in mining; and providing for an effective date."

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

9 * Section 1. AS 46 is amended by adding a new chapter to read:

10 CHAPTER 16. MANAGEMENT AND USE OF WATER IN MINING.

11 Sec. 46.16.010. MINING WATER USE REVIEW COMMITTEE ESTABLISHED.
12 The mining water use review committee is established. The review
13 committee is responsible for reviewing and making recommendations on
14 applications for grants and loans under this chapter.

15 Sec. 46.16.020. MEMBERSHIP OF THE REVIEW COMMITTEE. (a) The
16 review committee consists of the commissioner of natural resources,
17 the commissioner of environmental conservation, the dean of the school
18 of mineral industry at the University of Alaska, two individuals
19 appointed by the governor who have placer mining experience, and one
20 public member appointed by the governor.

21 (b) An individual described in (a) of this section who serves ex
22 officio may designate an alternate to serve on the review committee.

23 (c) An individual appointed by the governor serves for a three-
24 year term.

25 Sec. 46.16.030. RESPONSIBILITY OF THE REVIEW COMMITTEE. (a)
26 The review committee shall select a presiding officer and establish
27 procedures necessary to implement its responsibilities.

28 (b) The review committee shall review each application for a
29 grant or a loan filed under this chapter and make a recommendation to

1 the commissioner of natural resources or to the commissioner of en-
2 vironmental conservation for action on the application.

3 (c) In making its recommendation, the committee shall consider
4 the economic benefits to the placer mining industry, the environmental
5 benefits to the public, and other benefits that each grant or loan may
6 offer.

7 Sec. 46.16.040. RESPONSIBILITY OF COMMISSIONER OF NATURAL RE-
8 SOURCES. The commissioner of natural resources shall administer the
9 innovative gold recovery demonstration grant program established under
10 AS 46.16.070 and the placer mining water reduction loan program estab-
11 lished under AS 46.16.080.

12 Sec. 46.16.050. RESPONSIBILITY OF COMMISSIONER OF ENVIRONMENTAL
13 CONSERVATION. The commissioner of environmental conservation shall
14 administer the innovative pollution control demonstration grant estab-
15 lished under AS 46.16.090 and the placer mining water recycling loan
16 program established under AS 46.16.100.

17 Sec. 46.16.060. UNIFORM REGULATIONS. The commissioner of
18 natural resources and the commissioner of environmental conservation
19 shall adopt uniform regulations and administrative procedures to
20 implement the loan and grant program established by this chapter.

21 Sec. 46.16.070. INNOVATIVE GOLD RECOVERY DEMONSTRATION GRANT.

22 (a) The innovative gold recovery demonstration grant program is
23 established as a direct grant program to give a person engaged in
24 placer mining the opportunity to study and test new methods of gold
25 recovery and water use reduction.

26 (b) The commissioner of natural resources may make a grant under
27 this section to a person that has

28 (1) a proven history of successful placer mining;

29 (2) the capability to produce verifiable results; and

1 (3) the capability to study and test new methods of gold
2 recovery and water use reduction under actual operating conditions.

3 (c) The commissioner of natural resources may not make a grant
4 under this section to a person in excess of \$100,000.

5 (d) The commissioner of natural resources shall monitor and
6 evaluate the results of grants made under this section.

7 Sec. 46.16.080. PLACER MINING WATER REDUCTION LOAN AND GRANT.

8 (a) The placer mining water reduction program is established as a
9 loan and grant program.

10 (b) A person whose primary source of income is derived from
11 placer mining may apply for a loan to purchase and test equipment that
12 reasonably offers the possibility of a reduction in the amount of
13 water used in placer mining.

14 (c) If a loan applicant demonstrates to the satisfaction of the
15 review committee that the loan applicant has developed and will use on
16 a continuing basis a practical method that will result in a 50 percent
17 reduction in the amount of water used in the placer mining operation,
18 the review committee may recommend to the commissioner of natural
19 resources that 50 percent of the loan be considered a grant to the
20 loan applicant.

21 (d) If a loan applicant demonstrates to the satisfaction of the
22 review committee that the loan applicant has developed and will use on
23 a continuing basis a practical method that will result in an 80 per-
24 cent reduction in the amount of water used in the placer mining opera-
25 tion, the review committee may recommend to the commissioner of natu-
26 ral resources that the entire loan be considered a grant to the appli-
27 cant.

28 (e) A loan under this section may not

29 (1) exceed \$50,000;

1 (2) exceed a term of 10 years;

2 (3) have an interest rate exceeding 10 percent per annum;

3 or

4 (4) have a repayment schedule requiring payments within one
5 year after the loan was disbursed to the applicant.

6 Sec. 46.16.090. INNOVATIVE POLLUTION CONTROL DEMONSTRATION
7 PROGRAM. (a) The innovative pollution control demonstration grant
8 program is established as a direct grant program to give a person
9 engaged in placer mining the opportunity to study and test innovative
10 and economically viable mining techniques for waste disposal and
11 pollution control in placer mining.

12 (b) The commissioner of environmental conservation may make
13 grants under this section to a person that has

14 (1) a proven history of successful placer mining;

15 (2) the capability to produce verifiable results; and

16 (3) the capability to study and test innovative and econom-
17 ically viable techniques for waste disposal and pollution control in
18 placer mining.

19 (c) The commissioner of environmental conservation may not make
20 a grant under this section to a person in excess of \$100,000.

21 (d) The commissioner of environmental conservation shall monitor
22 and evaluate the results of grants made under this section.

23 Sec. 46.16.100. PLACER MINING WATER RECYCLING LOAN AND GRANT
24 PROGRAM. (a) The placer mining water recycling program is estab-
25 lished as a loan and grant program.

26 (b) A person whose primary source of income is derived from
27 placer mining may apply for a loan to purchase and test equipment that
28 reasonably offers the possibility of recycling the water used in
29 placer mining.

1 (c) If a loan applicant demonstrates to the satisfaction of the
2 review committee that the loan applicant has developed and will use on
3 a continuing basis a practical method that will result in recycling 50
4 percent of the water used in the placer mining operation, the review
5 committee may recommend to the commissioner of environmental conserva-
6 tion that 50 percent of the loan be considered a grant to the loan
7 applicant.

8 (d) If a loan applicant demonstrates to the satisfaction of the
9 review committee that the loan applicant has developed and will use on
10 a continuing basis a practical method that will result in recycling 80
11 percent of the water used in the placer mining operation, the review
12 committee may recommend to the commissioner of environmental conserva-
13 tion that the entire loan be considered a grant to the applicant.

14 (e) A loan under this section may not

- 15 (1) exceed \$50,000;
16 (2) exceed a term of 10 years;
17 (3) have an interest rate exceeding 10 percent per annum;

18 or

19 (4) have a repayment schedule requiring payments within one
20 year after the loan was disbursed to the applicant.

21 Sec. 46.16.110. ACCESS TO INFORMATION. (a) All information
22 generated as a result of loans and grants made under this chapter is
23 public information. The commissioner of natural resources and the
24 commissioner of environmental conservation shall compile, analyze, and
25 distribute the information for the benefit of the placer mining indus-
26 try and the state and federal governments.

27 (b) The contents of an application for a grant or a loan are
28 available to the extent permitted under AS 09.25.110 and 09.25.120.

29 * Sec. 2. This Act takes effect July 1, 1984.

SECTIONAL ANALYSIS

CSSB 461(Resources)

Section 1 of the bill amends Title 46 by adding a Chapter 16, "Management and Use of Water in Mining."

Section 010 establishes a "mining water use review committee." The committee is charged with "reviewing and making recommendations (to the commissioners of DNR and DEC) on applications for grants and loans under this chapter." This committee has all the usual powers of a similarly-established board or commission, and its members are entitled to the usual travel and per diem.

Section 020(a) provides for the membership of the committee: the commissioners of DNR and DEC, the dean of the school of mineral industry at the University, two appointees of the governor who have "placer mining experience", and a public member appointed by the governor.

Section 020(b) permits a member of the committee who serves ex officio to designate an alternate.

Section 020(c) provides that appointees to the committee serve a three year term. Members who serve by virtue of other positions serve so long as they hold those other positions.

Section 030(a) directs the committee to select a presiding officer and to "establish procedures necessary to implement its responsibilities."

Section 030(b) directs the committee to review each application for a grant or loan filed under the chapter to the appropriate commissioner (DNR or DEC) for action on the application.

Section 030(c) establishes the broad goals of the committee in its review of the applications: "the economic benefits to the placer mining industry, the environmental benefits to the public, and other (individual) benefits" that each grant or loan would offer.

Section 040 directs the commissioner of DNR to implement the innovative gold recovery demonstration grant program (sec.070) and the placer mining water reduction loan program (sec.080).

Section 050 directs the commissioner of DEC to administer the innovative pollution control demonstration grant program (sec.090) and the placer mining water recycling loan program (sec.100).

Section 060 directs the commissioners of DNR and DEC to establish "uniform regulations and administrative procedures" to implement the grant and loan programs established under the chapter.

Section 070(a) establishes the "innovative gold recovery demonstration grant program" as a direct grant program for the study and test of "gold recovery and water use reduction.

Section 070(b) establishes the tests for the commissioner's determination on grant applications after review by the review committee: (1) a history of successful placer mining; (2) the capability to produce verifiable results; and (3) the capability to study and test new methods of gold recovery and water use reduction under actual operating conditions.

Section 070(c) limits grants to \$100,000.00.

Section 070(d) requires the commissioner to monitor and evaluate the results of the grants made under this section.

Section 080(a) establishes the placer mining water reduction loan and grant program in DNR.

Section 080(b) provides that a person whose primary source of income is derived from placer mining "may apply for a loan to purchase and test equipment that reasonably offers the possibility of a reduction in the amount of water used in placer mining."

Section 080(c) provides that if the loan applicant demonstrates to the satisfaction of the review committee a 50 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner of DNR that 50 percent of the loan be considered a grant.

Section 080(d) similarly provides that if the loan applicant demonstrates to the satisfaction of the review committee an 80 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner that the entire loan be considered a grant.

Section 080(e) provides that a loan under this section may not exceed \$50,000, have a term in excess of ten years, carry an interest rate in excess of 10% per annum, or have a repayment schedule requiring payments for the year after the loan was disbursed to the applicant.

Section 090(a) establishes the "innovative pollution control demonstration program" as a direct grant program to give a person engaged in placer mining an opportunity to study and test innovative and economically viable mining techniques for waste disposal and pollution control in placer mining.

Section 090(b) establishes the tests for the commissioner's determination on grant applications: (1) a history of successful placer mining; (2) the capability to produce verifiable results; and (3) the capability to study and test new methods of innovative and economically viable techniques for waste disposal and pollution control in placer mining.

Section 090(c) limits grants to \$100,000.00.

Section 090(d) requires the commissioner to monitor and evaluate the results of grants made under the section.

Section 100(a) establishes the placer mining water recycling program as a loan and grant program in DEC.

Section 100(b) provides that a person whose primary source of income is derived from placer mining "may apply for a loan to purchase and test equipment that reasonably offers the possibility of recycling the water used in placer mining."

Section 100(c) provides that if the loan applicant demonstrates to the satisfaction of the review committee that 50 percent of the water used in the placer mining operation has been recycled, the review committee may recommend to the commissioner that 50% of the loan be considered a grant.

Section 100(d) similarly provides that if the loan applicant demonstrates to the satisfaction of the review committee that 80 percent of the water used in the placer mining operation has been recycled, the review committee may recommend to the commissioner that the entire loan be considered a grant.

Section 100(e) provides that a loan under this section may not exceed \$50,000.00, have a term in excess of ten years, carry an interest rate in excess of 10% per annum, or have a repayment schedule requiring payments for the year after the loan was disbursed to the applicant.

Section 110(a) provides that the "information gathered and obtained from loans and grants made under this chapter" is public information. The commissioners are directed to compile, analyze and distribute broadly the information gathered.

Section 110(b) provides that the contents of the applications for grants or loans under the chapter are available for public inspection to the extent permitted under AS 09.25.110 and AS 09.25.120 (attached).

Section 2 of the bill provides an effective date of July 1, 1984.

Sec. 09.25.110. Inspection and copies of public records. Unless specifically provided otherwise the books, records, papers, files, accounts, writings, and transactions of all agencies and departments are public records and are open to inspection by the public under reasonable rules during regular office hours. The public officer having the custody of public records shall give on request and payment of costs a certified copy of the public record. (§ 3.22 ch 101 SLA 1962)

Sec. 09.25.120. Inspection and copying of public records. Every person has a right to inspect a public writing or record in the state, including public writings and records in recorders' offices except (1) records of vital statistics and adoption proceedings which shall be treated in the manner required by AS 18.50; (2) records pertaining to juveniles; (3) medical and related public health records; (4) records required to be kept confidential by a federal law or regulation or by state law. Every public officer having the custody of records not included in the exceptions shall permit the inspection, and give on demand and on payment of the legal fees therefor a certified copy of the writing or record, and the copy shall in all cases be evidence of the original. Recordors shall permit memoranda, transcripts, and copies of the public writings and records in their offices to be made by photography or otherwise for the purpose of examining titles to real estate described in the public writings and records, making abstracts of title or guaranteeing or insuring the titles of the real estate, or building and maintaining title and abstract plants; and shall furnish proper and reasonable facilities to persons having lawful occasion for access to the public writings and records for those purposes, subject to reasonable rules and regulations, in conformity to the direction of the court, as are necessary for the protection of the writings and records and to prevent interference with the regular discharge of the duties of the recordors and their employees. (§ 3.23 ch 101 SLA 1962)

FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: CSSB 461 (Res)
 Title: Management and use of
water in mining
 Sponsor: Senator Fahrenkamp
 Requestor: Senate Finance Committee
 Date of Request: May 7, 1984

FISCAL DETAIL Dept. of Natural Resources
 Agency Affected: Dept. of Environmental Conservation
 Program Category Affected: _____

BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 SUPPLIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS	0	0				
800 MISCELLANEOUS	0	0				
TOTAL OPERATING	0	0				
CAPITAL	0	0				
REVENUE	0	0				

FUNDING: (Thousands of Dollars)

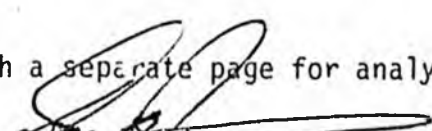
GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER	0	0				
TOTAL	0	0				

POSITIONS:

FULL-TIME	0	0				
PART-TIME	0	0				
TEMPORARY	0	0				

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By:  Phone: 465-3714
 Division: Don Bennett, Co-chairman Date: May 7, 1984
Senate Finance Committee

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 5/21/84

REQUEST

Bill/Resolution No.: CSSB 461 (Res)
Title: Management and Use of Water
in Mining

Sponsor: Sen. Fahrenzamp
Requestor:
Date of Request:

FISCAL DETAIL

Agency Affected: DNR
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES			78.1	125.7	132.0	138.6
200 TRAVEL			20.0	22.1	23.2	24.4
300 CONTRACTUAL			65.0	35.0	36.0	37.1
400 SUPPLIES			4	6	6	6
500 EQUIPMENT			1.5	7	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	165.0	184.1	191.8	200.7
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND			165.0	184.1	191.8	200.7
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME			2	3	3	3
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Laurel Murphy Phone: 265-4184
Division: Mining Date: 5/21/84

Approved by Commissioner: *William J. Amundson* Date:
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

DNR BACKUP FOR FISCAL NOTE
FOR CS SB 461 (Res)

	FY 86	FY 87	FY 88	FY 89
100:	78.1	125.7	132.0	138.6

In the first year, the Department will assign a mining engineer (52.9) to supervise the loan fund and begin preparing for the disbursement of loans from the fund. This will require assignment of contractors for items shown under line 300, as well as preliminary evaluation of technologies and demand for loans. A Clerk-Typist III (25.2) will assist the supervising mining engineer and the review committee.

After the first year, the Department will add a Loan Examiner II (41.6) to monitor and check compliance on loans.

200:	20.0	22.1	23.2	24.4
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Travel for regulation hearings, interagency coordination and briefing, inspection of operations.

300:	65.0	35.0	36.0	37.1
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Development of loan and grant regulations, forms, and procedures; accounting procedures; analysis and preparation of testing and compliance procedures; inspection and other reports; audit; air charter; legal counsel; training; office overhead; printing; noticing; computer time.

400:	.4	.6	.6	.6
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Miscellaneous office supplies (\$200 per position).

500:	1.5	.7	0	0
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Office equipment for new positions.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 461
 Title: Management and Use of Water
in Mining
 Sponsor: Fahrenkamp
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Environmental Conservation
 Program Category Affected: _____
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		49.5	52.0	54.6	57.3	60.2
200 TRAVEL		20.0	21.0	22.1	23.2	24.4
300 CONTRACTUAL		40.0	42.0	44.1	46.3	48.6
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		109.5	115.0	120.8	126.8	133.2
CAPITAL		--	--	--	--	--
REVENUE		--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		109.5	115.0	120.8	126.8	133.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Funds

ANALYSIS: Attach a separate page for analysis

Prepared By: -Randolph Bayliss Phone: 465-2653
 Division: Environmental Quality Management Date: May 21, 1984
 Approved by Commissioner: Richard A. Nease Date: May 21, 1984
 Agency: Department of Environmental Conservation

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

1.	POSITION TITLE Environmental Engineer III				RANGE/STEP 19A	BARG. UNIT G	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.	
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT Juneau	LEC.			
3.	CONTINUATION LEVEL				ADDITION						
4.	TYPE OF EXPENDITURE				AMOUNT						
	1		2		3						
	PERSONAL SERVICES										
5.	Salary		38,124.00								
6.	Benefits		1,020.58								
7.	Supplemental Benefits		7,598.11								
8.	Fixed Benefits		2,728.20								
9.	TOTAL PERSONAL SERVICES		01		49,470.89						
10.	Travel		02		20,000.00						
11.	Contractual		03		40,000.00						
12.	Commodities		04								
13.	Equipment		05								
14.	Othe.										
15.	TOTAL COST				09,470.89						
JUSTIFICATION Additional staff required to provide technical review and assistance; to evaluate grant and loan applications and to prepare guidance on procedures.											
	RECEIPT CODE	FUNDING SOURCE									
16.		Federal Receipts 1002									
17.		G.F. Match 1003									
18.		General Funds 1004				09,470.89					
19.		I-A Receipts 1005									
20.		Program Receipts 1028									
21.		Other									
FOR B&H USE ONLY 4A KEY NUMBER											

13 REQUEST FOR
NEW POSITION

AGENCY Environmental Conservation

PROGRAM NRMEC

BRU Environmental Quality Management

COMPONENT Water Quality Management

FY 85

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Revised Date