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STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 5, 1984

SUBJECT: Management & use of water in mining
(CSSB 461(Resources))

TO: Senator John Sackett
Co-Chairman, Senate Finance Committee

FROM: Richard A. Bradley
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 of the bill adds a new Chapter 16 to AS 46:
"Management and Use of Water in Mining."

Section 10 establishes a "mining water use review committee." The committee is charged with "reviewing and making recommendations (to the commissioners of natural resources and environmental conservation) on applications for grants and loans under this chapter." While the more usual legislative drafting might have called this committee a "board" or "commission", I am advised that the administration thought that there were "too many" boards and commissions already. Of course, this "committee" has the usual powers of a similarly established board or commission and its members are entitled to the usual travel allowances and per diem. See, for example, AS 39.20.180.

Section 20(a) provides for the membership of the committee: the commissioners of natural resources and environmental conservation, 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 20(b) permits a member of the committee who serves ex officio to designate an alternate.

Section 20(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 the other positions.

Section 30(a) directs the committee to select a presiding officer and to "establish procedures necessary to implement its responsibilities."

Section 30(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 30(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 40 directs the commissioner of natural resources to implement the innovative gold recovery demonstration grant program (sec. 70) and the placer mining water reduction loan program (sec. 80).

Section 50 directs the commissioner of environmental conservation to administer the innovative pollution control demonstration grant program (sec. 90) and the placer mining water recycling loan program (sec. 100).

The bill might read better if "program" were added after "demonstration grant" on line 14 of page 2 of the bill.

Section 60 directs the commissioners of natural resources and environmental conservation to establish "uniform regulations and administrative procedures" to implement the grant and loan programs established under the chapter.

Section 70(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. The program is assigned to DNR by sec. 40.

Section 70(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 70(c) limits grants to \$100,000.

Section 70(d) requires the commissioner to monitor and evaluate the results of grants made under the section.

Section 80(a) establishes the placer mining water reduction loan and grant program. The program is assigned to DNR by sec. 40.

Section 80(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 80(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 natural resources that 50 percent of the loan be considered a grant.

Section 80(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 of natural resources that the entire loan be considered a grant.

Section 80(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 ten percent per annum, or have a repayment schedule requiring payments for the year after the loan was disbursed to the applicant.

Section 90(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. The program is assigned to DEC by sec. 50.

Section 90(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 90(c) limits grants to \$100,000.

Section 90(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. The program is assigned to DEC by sec. 50.

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 a 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 of natural resources that 50 percent of the loan be considered a grant.

Section 100(d) similarly provides that if the 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 of natural resources that the entire loan be considered a grant.

Section 100(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 ten percent 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 the information gathered broadly.

Section 100(b) provides that "the contents of an application for a grant or loan are available to the extent permitted under AS 09.25.110 and 09.25.120." The sections provide:

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.

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. Recorders 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

Senator John Sackett
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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 recorders and their employees.

Section 2 of the bill establishes a July 1, 1984 effective date.

If I may be of further assistance, please advise.

RAB:ojb
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Palmer

State of Alaska
Department of Environmental Conservation
Department of Natural Resources
Department of Fish and Game

PLACER MINING WORKPLANS AND POLICY

The Situation

About June 1, EPA will issue several hundred permits to Alaskan placer miners. EPA's present draft permit establishes best available treatment for "large" miners (sluicing more than 1,000 cubic yards a day) as being required to recycle their wastewater and for "small" miners as being required to install settling ponds. This year's permit requirements for settling pond discharges are relaxed over last year's. EPA has announced that, even though they meet permit limits, miners with settling ponds will be in violation of the DEC Water Quality Standards for turbidity. However, if miners apply for and comply with a "309 Compliance Order," EPA will not prosecute them for turbidity violations. The 309 Order allows a miner 1-2 years to purchase recycling equipment. In spite of this, EPA asks DEC to certify that the permits will meet the Water Quality Standards. The State, through DNR and DF&G, issues permits for placer mining operations. In the past the DEC has not issued a permit in favor of certifying the EPA discharge permit. However, the DEC Water Quality Standards can be enforced with or without a permit. Protection of fish and water, for commercial, recreation, and subsistence uses, remains a substantial need. There are two main types of pollutants from placer mining discharges: first, settleable solids which might smother spawning beds for long periods--and which can be easily removed by settling ponds; and, second, turbidity which reduces light penetration--and which cannot be easily removed by settling ponds.

Background

During March and April, following EPA workshops and hearings on draft placer mining discharge permits, the staff of the three agencies met to discuss various issues related to placer mining. They have been assisted by our field staff and staff from the Office of the Governor, OMB, and Senator Fahrenkamp's office. This memorandum indicates the initial points that we've been able to agree on and the potential solutions we've been able to identify. The search continues for an improved overall state strategy for both assisting placer miners in their compliance with state and federal laws and regulations and, if necessary, enforcing those in a reasonable manner. The following issues are discussed in terms of work plans which may be developed as policy in forms of research, regulations, budget preparation, and so forth.

The Long Term Solution

The State supports intensive efforts to find and develop technology that will allow placer mining to continue, while at the same time protecting the quality of State waters. Enhanced use of existing advanced gold recovery processes, innovative mining practices and pollution control techniques, and the reduction of water use hold the best hope for the future of placer mining in the State. Several other paths may offer partial solutions, for example, appropriate modifications to the turbidity standards and reclassification procedures, and establishment of basin planning. Reliable research and data gathering will play key roles in policy making.

WORK PLANS

Encourage New Technologies

A significant benefit of technological progress is the potential for eliminating outdated practices which waste fine gold, use excessive amounts of water, and result in unacceptable levels of pollution.

As new gold recovery processes are researched, developed, and demonstrated, and innovative pollution control technology, including various levels of recycling, are tested and used, the State will develop data and make it available to both itself and to EPA for the purpose of evaluating treatment technologies, discharge limits, and permit requirements to be followed in placer mining operations.

Require Settling Ponds

The State promotes use of well designed and maintained settling ponds. In doing so, the State assumes the following:

1. Ponds should be properly designed, constructed, and maintained so as to meet the lowest practical settleable solids effluent limitations. DEC intends to conduct intensive hour-by-hour sampling of several well-designed and operated settling ponds during the summer of 1984 to verify pond discharge quality and to arrive at realistic limitations. Proposed limitations have ranged from 0.2 ml/l to 0.7 ml/l settleable solids (on a monthly average) and from 0.2 ml/l to 1.5 ml/l (on a daily maximum). The most stringent limitations should be applied for discharges to anadromous fish streams.
2. Even properly constructed and maintained settling ponds cannot effectively remove turbidity. However, due to factors other than settling pond technology, it is possible for settling pond discharges to meet DEC Water Quality Standards in some cases.
3. Settling ponds are not capable of effectively removing most arsenic. However, many areas do not contain significant amounts of naturally occurring arsenic and, in some cases, arsenic is present in forms that are relatively non-toxic.
4. Until EPA national effluent guidelines are developed (about late 1985), placer mining discharges should be treated by properly constructed and maintained settling ponds. In those cases where settling ponds are unsafe or not possible to construct because of terrain, etc., consideration must be given to approaches allowing flexibility to manage discharges in other manners, and to instream uses.

Encourage Recycling

Recycling of wastewater used in placer mining operations has been proposed by some as the singular solution to pollution problems. But until the technology of recycling and factors listed below are better understood, the applicability of recycling cannot be fully evaluated.

1. As proposed by EPA, "high rate" recycling will only result in compliance with the Water Quality Standards for a minimal number of operations in some streams. In some cases, recycling may not be necessary because other technology or approaches may suffice.
2. Recycling or increased levels of recycling does, however, cost more than the current way most operations do business, and may reduce fine gold recovery efficiency.
3. Total recycling with no discharge to streams will usually result in compliance with the Water Quality Standards and is technically an option in most cases.

Respond to EPA Discharge Permit

EPA will issue discharge permits to individual operators in early June 1984. The DEC is required under the federal Clean Water Act to certify that the EPA permit meets DEC Water Quality Standards. The draft permit is deficient.

1. The draft permit has insufficient data to justify its recommended limits on placer mining discharges. Sampling was from substandard operations not representative of best practices and was insufficient to be representative of discharge quality. Effluent limits for recycling operations were not based upon sampling of recycling operations.
2. Economic analysis has been based upon insufficient data.
3. Under EPA's proposed discharge limits, Water Quality Standards for turbidity and sediment would be violated by the majority of placer mining discharges. Water Quality Standards for arsenic would be violated by some discharges.

Considering that the permit doesn't meet standards for turbidity and sediment, and considering that it is based upon poor sampling and contains technical defects, the options are to

- a) certify the permits, but upon further stringent conditions such as stricter settleable solids limits and compliance schedules;
- b) deny certification and issue a separate permit under DEC's authority; EPA had indicated that such a denial would not be recognized and that it would issue the permit anyhow;
- c) adjudicate the permit or take other legal action, as both the miners and environmental groups have announced they intend to;
- d) take no action, an option the State can legally pursue for a 12 month period; or
- e) waive certification.

Until the final permit is reviewed and without more specific information regarding EPA's proposed 309 Compliance Order, a complete analysis is not possible.

Investigate Innovative Use of Mixing Zones

The DEC will investigate new procedures for establishing mixing zones and sampling procedures which consider stream mixing characteristics and flows, stream water quality, and discharge flows. It is intended that this be done with consideration of the uses of the receiving waters involved.

Evaluate Reclassification Opportunities

DEC will evaluate the opportunities available for modifying the reclassification process. Any modifications which are made in the reclassification process will have to reflect new federal "use attainability" requirements. The State will focus on ways to 1) streamline the reclassification schedule, 2) provide for the protection of fish, drinking water, and other uses, 3) consider economic and social impacts, 4) consider quality of receiving water, and 5) consider actual uses of receiving water.

Due, however, to requirements of federal regulations and the need to protect Alaska's fishery resources, the DEC reclassification process appears to offer relatively little promise for widespread placer mining relief. DEC will examine a number of streams to determine whether there is an opportunity to reclassify them when fish and drinking water conflicts are non-existent.

DEC will also consider a separate water quality classification for placer mining use.

Re-examine Turbidity

While there may be disagreement on how to measure turbidity and its appropriate levels, it is known that reduced light penetration does adversely affect the ability of waters to support fish, impedes efforts to monitor fish populations, degrades water-related recreation, and restricts certain other industrial uses.

Standards for some discharges, such as those to naturally turbid streams, may be less stringent. Within the next eight months, the turbidity standard will be reviewed and evaluated. New and existing scientific information will be examined, and the turbidity standards of other states will be evaluated. In addition, other methods of measuring light penetration will be examined. Public hearings will be held in the fall of 1984 on proposed changes.

Promote Basin Planning

The State should evaluate the utility of comprehensive, basin-wide planning for water use and placer mining. The planning should consider such parameters as geology, stream and soil conditions, logistical constraints, water availability, mining processes, area limitations, and fishery values. Derived products will include treatment methods for placer mining discharges which reflect these considerations, and other best mining practices.

Certain aspects of placer mining may be considered nonpoint sources of pollution, such as runoff from tailings and erosion from mining roads and areas that may contain sediment and suspended solids. However, discharge from sluice boxes may be considered mobile point sources, similar to floating seafood processors or to mobile logging activities--for which EPA has required discharge permits.

The State will investigate the application of areawide waste management plans to nonpoint sources of pollution that may result from placer mining.

Boundaries of potential areas of study will be identified and made available to the public for review and comment. The State will identify point and nonpoint sources of pollution from mine and other industrial sources including new, current, and abandoned mine runoff and establish a planning process to set forth procedures and methods to control nonpoint sources in feasible manners.

Involve the Public

DEC, using general guidance of 40 CFR 25, will sponsor a representative group of Alaskans to ensure that state and federal regulation, permits, and other actions are responsive to Alaska needs and ensure that EPA is aware of these by public comment.

Assist Miners with Best Mining Practices

1. DNR, DEC, and DF&G will cooperatively develop and disseminate a "best mining practices" program and provide technical assistance to the mining community.
2. Hydraulic stripping and mining is discouraged.
3. Discourage instream mining and excessive water throughput in ponds. Reduction of water use by sorting material prior to sluicing and recycling and mined land reclamation will be encouraged.
4. DEC, DNR, and DF&G will provide assistance to miners in their efforts to comply with state and federal requirements.
5. DEC, DNR, and DF&G will provide technical assistance to miners for reclaiming and recontouring tailing piles when and where possible.

Define and Implement an Enforcement Policy

The State's enforcement policy should seek protection of fish resources and community drinking water supplies.

In order to make best use of the limited levels of funding and staffing, enforcement efforts will be directed first to "priority streams." Criteria used to define "priority streams" will include whether they are designated as anadromous waters; the presence and abundance of fish; the presence of commercial, sport, recreational, or subsistence uses; whether the stream is used as an index stream for fishery management purposes; the use as community drinking water supply source; background water quality; and previous violations. The highest priority streams will be determined prior to field operations, announced, and made the focus of public attention. Other priority streams will receive a level of attention as time and money allow.

A "Notice of Violation" (NOV) should be used to document violations, unless a written letter is more appropriate. Failure to comply or to make substantial efforts to comply with a NOV should result in legal action. Each of the other two resource agencies should be consulted prior to taking legal action, unless the severity of potential impact necessitates immediate action. It is not possible to identify in advance the combination of factors which will result in legal action. However, enforcement actions should consider the non-compliance observed, the effort expended by the individual operator to obtain compliance, the degree of resource impact that has occurred, or is likely to occur, as measured by the resources and uses present and the State Standards, and the potential for substantial widespread social or economic impact.

The following situations are examples of violations which could be serious enough to warrant legal action and represent the priority of attention the State will give in allocating resources and addressing violations.

- first, wholly unnecessary and wanton acts, such as dumping overburden in a stream, or unnecessary blockage or destruction of streams
- second, failure to construct settling ponds, as measured by settleable solids in streams or in discharges to streams
- third, failure to maintain effective settling ponds, as measured by settleable solids permit limitations in streams or in discharges to streams
- fourth, substantial turbidity increases in priority streams, over background levels

Conduct Research

The State should financially support research of much needed information related to placer mining, especially innovative and more effective placer mining techniques that minimize water use and waste generation. Research should return a benefit to the State and may include applied field demonstrations, technology transfer seminars, agency field monitoring, institutional studies, literature reviews, and laboratory studies.

DEC, in cooperation with DNR and DF&G, will actively engage in research designed to

- a) verify settling pond discharge quality and permit limitations,
- b) determine effects of partial recycling upon turbidity impacts to streams,
- c) investigate mixing characteristics of placer mining discharges in streams to determine new procedures for establishing mixing zones,
- d) analyze innovative pollution control methods as they are developed,
- e) compile costs and effectiveness of recycling,
- f) re-examine the adequacy of the turbidity standard, and other measures and levels for measuring light penetration and effects,
- g) gather stream information to determine possibilities for future uses,
- h) analyze innovative gold recovery techniques for reduced pollution potential,
- i) preparing a "best mining practices" program, and
- j) investigating options for basin-wide water planning.

As information becomes available, DEC will convey it to EPA for incorporation into their rule-making, permit development, and other processes.

Staffing and Budgetary Needs

There is inadequate staffing and funding within the State's natural resource agencies to research, monitor, test, lend technical assistance, and enforce compliance with placer mining requirements to the extent that is necessary to meet long-term goals. Accordingly, DEC, DNR, and DF&G will develop a budget summary which identifies staffing and funding levels needed to implement the State's strategy for addressing its placer mining policies in an equitable and effective manner. This will be done in time for preparation of the FY 1986 budget.

Dated May _____, 1984

 Richard A. Neve
 Commissioner
 Department of Environmental Conservation

 Esther Wunnicke
 Commissioner
 Department of Natural Resources

 Don Collinsworth
 Commissioner
 Department of Fish and Game

POSITION PAPER

ON

SENATE BILL 461

BY

Richard A. Neve'
Commissioner

Alaska Department of Environmental Conservation

March 22, 1984

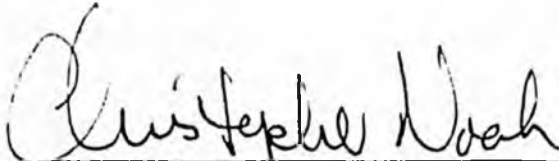
An Act Relating to the Management and Use
of Water in Mining

The Department wholeheartedly, enthusiastically supports this legislation. This bill would demonstrate new ideas in pollution control and increased gold recovery, which suprisingly are often compatible. Archaic sluice box "technology" fails to capture fine gold particles and demands high water use, thus causing costly pumping and waste treatment problems. This bill provides incentive to focus research, money, miners' natural ingenuity, and state laboratory, engineering, and technical resources on broad, innovative schemes to increase gold recovery, reduce water consumption, reduce discharges to streams, and give new thought to decreasing waste generation.

This bill has a meritorious aspect deserving special note: it places the Alaskan miner, with admirable ingenuity and resourcefulness, in the lead role to develop his own ideas and make them work. Government bureaucrats and consultants take a secondary role: that of testing and writing evaluations. It also places DEC and DNR field staff in an enviable positive situation -- that of verifying water reduction and recycling successes and making loan forgiveness an easy matter for the miner.

It's much better to spend time and money on increasing gold recovery and reducing water consumption and discharge than on digging deeper settling ponds. New methods and technology and their applications offer the best solution for the future of placer mining. This bill provides for just that.

The department is unable, however, to support creation of an advisory board. We suggest incorporating the duties and powers of this proposed advisory board into an existing board or creation of a review committee and guidance therefor.


for: Richard A. Neve'
Commissioner



Alaska State Legislature

Senate

Official Business

FOR IMMEDIATE RELEASE:
February 13, 1984

Pouch V
State Capitol
Juneau, Alaska 99811

FAHRENKAMP BILL WOULD AID

ALASKA'S PLACER MINERS, SATISFY EPA

JUNEAU, AK -- A bill to provide state financial assistance to help Alaska's placer miners comply with the federal Environmental Protection Agency's (EPA) Clean Water Act requirements was introduced in the State Senate today by Sen. Bettye Fahrenkamp (D-Fairbanks).

The legislation would establish four separate loan programs, two each in the state Departments of Natural Resources and Environmental Conservation, designed to help the state's small placer miners pay for the cost of modifications that will bring their operations within the clean water limits established by the EPA.

"Without such assistance, the EPA could put many of our miners out of work and on the state's welfare rolls," Fahrenkamp said today.

"For the past four years, we have held numerous public hearings and have conducted countless discussions on the matter with local miners, state officials, and federal representatives of the EPA. Our initial thrust was to have the EPA wave or reduce the requirements for Alaska's small miners because the costs of complying with the federal regulations would put many of our miners out of business," Fahrenkamp explained.

"Though the EPA has refused to budge on this, we intend to keep fighting

(more)

placer miners, page two

for an equitable solution. In the meantime, and in the event we should fail in spite of our good intentions, we should help our miners by creating state loan programs which will allow them to comply with the federal Clean Water Act requirements in such a way that they don't go broke in the process," she said.

The Fahrenkamp bill would establish a state Mining Water Use Board which would be responsible for reviewing all grant and loan applications submitted through the loan programs promulgated by the bill.

Two of those programs would be established under the Alaska Department of Environmental Conservation. The first is a Placer Mining Water Recycling Loan Program which would apply to both individual placer miners and placer mining businesses. Under the program, loans would be granted to placer miners to purchase water recycling pumps and equipment. The program allows 50 percent of the loan amount to be forgiven for recycling 50 percent of water usage; 100 percent would be forgiven if 100 percent of the water is recycled.

The second program, termed the Innovative Pollution Control Demonstration Grant Program, would issue financial grants to placer miners to study and test innovative and economically viable pollution controls, mining and waste disposal techniques which could be used by the placer mining industry.

"In short, with this program we are trying to encourage what used to be called 'Yankee ingenuity'," Fahrenkamp said.

Her bill would also create two new programs under the state Department of Natural Resources (DNR). The first of these, Innovative Gold Recovery Demonstration Grants, is a direct grant program to placer miners and placer mining businesses to study and test new methods of gold recovery methods.

(more)

placer miners, page three

The second DNR program is known as the Placer Mining Water Reduction Loan Program. Under the program, loans would be made to placer miners for technology that reduces the amount of water used in their placer mining operations. Like the water recycling program under DEC, this program would also forgive 50 percent of the loan for a 50 percent reduction in water usage, and 100 percent of the loan for an 80 percent reduction in water usage.

The Mining Water Use Board, charged with reviewing all loan and grant applications made under the four programs, would consist of representatives of the departments of Environmental Conservation, Natural Resources, and Commerce and Economic Development. In addition, a representative from the University of Alaska's Department of Mining and two public members familiar with the mining industry, and appointed by the governor, would complete the review board's makeup.

"In this particular situation, our small miners are unable to help themselves, and the federal government refuses to cooperate to lessen the economic impact imposed by its own regulations," Fahrenkamp said. "The legislation I have introduced today may not be perfect, but I believe it is a step in the right direction."

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For further information, contact:
Jim Palmer, Tel.: 465-3762

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Page 2, Lines 25-26

(1) a proven history of successful placer mining in the state;

Page 3, Lines 5-22

Deleted section entitled Placer Mining Water Reduction Loan and Grant and renumbered following sections.

(1) a proven history of successful placer mining;

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

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

(b) 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.

(c) If a loan applicant offers evidence reasonably believed by the review committee to indicate a 50 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner of natural resources that 50 percent of the loan be considered a grant to the loan applicant.

(d) If a loan applicant offers evidence reasonably believed by the review committee to indicate an 80 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner of natural resources that the entire loan be considered a grant to the applicant.

(e) A loan under this section may not

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

or

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

(1) a proven history of successful placer mining;

Page 3, Lines 13-14

(1) a proven history of successful placer mining in the state;

Page 3, Lines 23-29

Deleted section entitled Placer Mining Water Recycling Loan and Grant Program and renumbered following sections.

Sec. 46.16.100. PLACER MINING WATER RECYCLING LOAN AND GRANT PROGRAM. (a) The placer mining water recycling program is established as a loan and grant program.

(b) 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.

(c) If a loan applicant offers evidence reasonably believed by the review committee to indicate that the loan applicant has recycled 50 percent of the water used in the placer mining operation, the review committee may recommend to the commissioner of environmental conservation that 50 percent of the loan be considered a grant to the loan applicant.

(d) If a loan applicant offers evidence reasonably believed by the review committee to indicate that the loan applicant has recycled 80 percent of the water used in the placer mining operation, the review committee may recommend to the commissioner of environmental conservation that the entire loan be considered a grant to the applicant.

(e) A loan under this section may not

(1) exceed \$50,000;

(2) exceed a term of 10 years;

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

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

Page 3, Lines 23-25

(a) All information generated as a result of grants made under this chapter is public information.

(a) The information gathered and obtained from loans and grants made under this chapter is public information.

Page 3, Line 29

(b) The contents of an application for a grant are available to

(b) the contents of an application for a grant or a loan are available to

Page 4, Lines 2-9

Sec. 46.16.100. PATENTS. A person who applies for a grant under this chapter shall assign to the state the right to ~~X~~ patent any patentable process developed as a result of a grant under this chapter. The department making the grant shall seek to patent any patentable process developed as a result of a grant under this chapter. The state shall license without cost to a person engaged in placer mining in the state the right to use in the state a patented process that was developed as a result of a grant under this chapter.

New section added to House Bill

Governor signed 6-22-84

SB 461 AN ACT RELATING TO THE MANAGEMENT AND USE OF WATER IN MINING.

OBJECTIVE: TO PLACE THE ALASKAN PLACER MINER IN A LEAD ROLE IN DEVELOPING NEW IDEAS AND TECHNOLOGY SO THE PLACER MINING INDUSTRY CAN CONTINUE WHILE PROTECTING THE QUALITY OF OUR STATE'S STREAMS. NEW METHODS AND TECHNOLOGY OFFER THE BEST HOPE FOR THE FUTURE OF PLACER MINING.

MAJOR PROVISIONS:

1. SETS UP TWO GRANT PROGRAMS.
 - A. INNOVATIVE GOLD RECOVERY DEMONSTRATION GRANTS (DNR) TO STUDY AND TEST NEW METHODS OF GOLD RECOVERY AND WATER USE REDUCTION.
 - B. INNOVATIVE POLLUTION CONTROL DEMONSTRATION GRANT (DEC) TO STUDY AND TEST INNOVATIVE AND ECONOMICALLY VIABLE MINING TECHNIQUES FOR WASTE DISPOSAL AND POLLUTION CONTROL.
2. ALL GRANTS MUST BE REVIEWED BY "REVIEW COMMITTEE". DNR/DEC WILL ADMINISTER PROGRAMS. REVIEW COMMITTEE CONSISTS OF COMMISSIONERS OF DNR AND DEC, DEAN OF UNIVERSITY SCHOOL OF MINERAL INDUSTRY, 2 INDIVIDUALS WITH PLACER MINING EXPERIENCE, ONE PUBLIC MEMBER.
3. LIMIT ON GRANTS OF \$100,000 PER GRANT.

BUDGET (SB 409) CONTAINS \$3 MILLION FOR THE GRANT PROGRAM.

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, RESOURCES COMMITTEE

4016 EVERGREEN
FAIRBANKS, ALASKA 99701

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WHILE IN JUNEAU
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SB 461 "AN ACT RELATING TO THE MANAGEMENT AND USE OF WATER IN MINING"

OBJECTIVE: TO PLACE THE ALASKAN PLACER MINER IN A LEAD ROLE IN DEVELOPING NEW IDEAS AND TECHNOLOGY SO THE PLACER MINING INDUSTRY CAN CONTINUE WHILE ~~AND~~ PROTECTING THE QUALITY OF OUR STATE'S STREAMS.

NEW METHODS AND TECHNOLOGY OFFER THE BEST HOPE FOR THE FUTURE OF PLACER MINING.

WHAT THE BILL DOES:

(1) SETS UP TWO LOAN AND TWO GRANT PROGRAMS.

A. INNOVATIVE GOLD RECOVERY DEMONSTRATION GRANT (DNR)

-- TO STUDY AND TEST NEW METHODS OF GOLD RECOVERY AND WATER USE REDUCTION.

B. PLACER MINING WATER REDUCTION LOAN PROGRAM (DNR)

-- LOANS TO PURCHASE AND TEST EQUIPMENT THAT REDUCES THE AMOUNT OF WATER USED IN PLACER MINING.

C. INNOVATIVE POLLUTION CONTROL DEMONSTRATION GRANT

-- TO STUDY AND TEST INNOVATIVE AND ECONOMICALLY VIABLE MINING TECHNIQUES FOR WASTE DISPOSAL AND POLLUTION CONTROL.

D. PLACER MINING WATER RECYCLING LOAN AND GRANT PROGRAM (DEC)

-- LOANS TO PURCHASE AND TEST EQUIPMENT THAT REASONABLY OFFERS THE POSSIBILITY OF RECYCLING WATER USED IN PLACER MINING.

(2) ALL LOANS AND GRANTS MUST BE REVIEWED BY "REVIEW COMMITTEE"

DNR/DEC WILL ADMINISTER PROGRAMS

(3) ALL LOANS AND GRANTS WILL BE FIRST REVIEWED BY "REVIEW COMMITTEE"
WHICH WILL MAKE RECOMMENDATIONS TO THE COMMISSIONERS OF DEC AND DNR.

THE REVIEW COMMITTEE CONSISTS OF:

COMMISSIONERS OF DNR, DEC

DEAN OF THE UNIVERSITY SCHOOL OF MINERAL INDUSTRY

TWO INDIVIDUALS WITH PLACER MINING EXPERIENCE

ONE PUBLIC MEMBER.

(4) LIMITS ON LOANS AND GRANTS:

LOANS UP TO \$50,000 PER LOAN

GRANTS UP TO \$100,000 PER GRANT

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI



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Senate

Committee on Resources

MINUTES

March 26, 1984
3:04 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chairman
Senator Eliason
Senator Paul Fischer
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 366, An Act relating to protection of forested land.

SB 480, An Act relating to the establishment of certain commodity marketing commissions.

SB 461, An Act relating to the management and use of water in mining; and providing for an effective date.

SB 462, An Act making a special appropriation to the Mining Water Use Board for loans and grants concerned with the management and use of water in mining; and providing for an effective date.

SB 366

Sandra Schubert, Aide to Senator Fahrenkamp, explained that the Committee Substitute leaves fire suppression responsibility with the State, and clarifies which lands the State must protect and how much protection must be provided.

Senator Mulcahy moved to adopt the Committee Substitute for SB 366. There was no objection.

Carole Wilson, Special Assistant to the Commissioner of the Department of Natural Resources, testified that the Department supported the Committee Substitute.

Senator Sturgulewski moved CS SB 366 from committee with individual recommendations. There was no objection.

SB 480

Richard Ramsey, Aide to Senator Kerttula, explained that commodity marketing commissions, common in the lower 48, are intended to function as self-help institutions to further agricultural potential through marketing research, education, and promotion.

Sharon Barton, Special Assistant to the Commissioner of the Department of Natural Resources, testified that the Department supported the bill as an important step for Alaskan farmers. The Department would be involved in the organization of the commissions but not in their ongoing operations. She proposed an amendment that would clarify that DNR would perform "shell egg" inspections.

Senator Mulcahy moved to adopt DNR's proposed amendment and to move CS SB 480 from Committee. There was no objection.

SB 461

SB 462

Jim Palmer, Aide to Senator Fahrenkamp, explained that these bills would set up a program for researching the problems of placer mining and the pollution of streams. He spoke in support of the Department of Natural Resources' proposed amendments.

Pedro Denton, Division of Mining, Department of Natural Resources, spoke in support of the bill as the programs will provide a source of needed information for making management decisions. He offered specific amendments to clarify the intent of the bill.

Senator Vic Fischer suggested language be added to the Committee Substitute that would clarify that the intent of the innovative gold recovery grant program is to reduce water usage and pollution.

Randy Bayliss, Water Quality Section, Department of Environmental Conservation spoke in support of the bills urging the development of new methods and procedures for gold recovery as the best long range solution to placer mining problems.

Phil Holdsworth, Alaska Miners Association, spoke in support of the bills, and the need for more data from miners on new recovery techniques.

Senator Ziegler moved to adopt the added language suggested by Senator Vic Fischer. There was no objection.

Senator Sturgulewski moved to adopt the amendments proposed by the Department of Natural Resources. There was no objection.

Senator Ziegler moved CS SB 461 and SB 462 from Committee with individual recommendations. There was no objection.

The meeting adjourned at 4:04 pm.