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SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 2/19/91

FURTHER: Finance

Date of 5-Day Notice: March 7, 1991
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: April 13, 1992

Resources Committee considered SB 126

Review and reporting requirements of agencies of the state relating to the state mineral policy; efd.

and recommended:

- replace with _____ CS SB 126 (Res) same title
 attached amendment(s) new title
- _____ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) DNR 4/13/92

zero fiscal note(s) DCED 4/13/92

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

[Signature]

[Signature]

[Signature]

[Signature]

OTHER RECOMMENDATIONS:

[Signature] (Do Pass)

Chair: Signature and Recommendation

STEVE FRANK

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701
(907) 452-3421

Alaska State Legislature



While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709
Capitol Rm. 417

Senate

A handwritten signature in black ink, appearing to be "Steve Frank".

Work Draft of Senate Bill 126 (4/6/92)

Review and reporting requirements of agencies of the state relating to the state mineral policy

The work draft of Senate Bill 126 would require certain entities of the state to report annually to the commissioner of the Department of Natural Resources on inconsistencies with regard to their procedures and regulations applicable to mineral exploration and development that have occurred during the previous year. The commissioner would then compile and forward those reports to the legislature and the governor. In addition, every four years a cumulative report including all previously reported information would be required. The first four year report would be submitted at the beginning of the 1993 legislative session.

Legislation enacted in 1988 required all state agencies, boards and commissions to submit these reports, and the requirement was fulfilled in 1989.

The Alaska Minerals Commission has recommended that this procedure be repeated on an annual basis. This legislation would accomplish that goal, and it requires **only affected agencies** (those listed in the bill) to report. It also adds to the list the University of Alaska and the Alaska Railroad Corporation - entities that were not required to report in 1989.

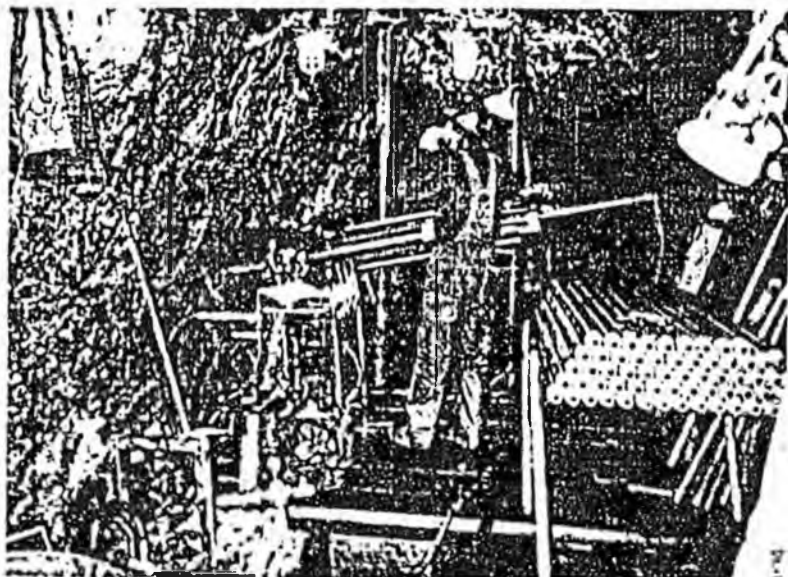
Senate Bill 126 would improve the Legislature's ability to track statutory and regulatory changes affecting the mineral industry.



Report of the **ALASKA MINERALS COMMISSION**



JANUARY 1991



EXECUTIVE SUMMARY

Hard-rock mining made a very significant contribution to the minerals sector of the Alaskan economy in 1990 after a nearly 50 year period of relative dormancy. This trend will continue as the level of hard rock exploration has nearly doubled and many very promising deposits are near development decisions.

In contrast, production during 1990 from many small gold placer mines was only half that of 1989 due to new environmental constraints. Environmental regulations also played a role in the U.S. Borax Quartz Hill project near Ketchikan, which will be on indefinite hold due in part to adverse decisions on environmental permits.

The recommendations of the Alaska Minerals Commission address some of the more important and timely concerns of the mining industry. The order in which they are presented is prioritized to reflect the urgency with which they need to be addressed, but does not necessarily imply that later recommendations have diminished importance to the long term growth and health of the industry.

The 35 recommendations of the Alaska Minerals Commission are listed below:

I. TAXATION:

Recommendation #1: The Governor and Legislature should move to exempt in-place minerals from municipal taxation.

II. MENTAL HEALTH LANDS:

Recommendation #2: The Governor and the Legislature should make the prompt settlement of the Mental Health Lands lawsuit a top priority during the upcoming legislative session.

III. LAND ACCESS AND AVAILABILITY:

Recommendation #3: The Governor should direct the appropriate agencies to assert the state's rights on all known RS2477 trails as quickly as possible.

Recommendation #4: The Governor and Legislature should urge the U.S. Congress and federal administration to implement the provisions of the Alaska National Interest Lands Conservation Act (ANILCA) protecting prior existing rights and exemptions allowed in the act.

Recommendation #5: In conformity with sections 101d and 1326b of ANILCA, no more federal land in Alaska should be withdrawn from mineral entry by either wilderness designation or by de facto withdrawals such as the Areas of Critical Environmental Concern.

Recommendation #6: The State of Alaska should select some 2.5 million acres in the southern National Petroleum Reserve-Alaska (NPR-A).

IV. WATER QUALITY ISSUES:

Recommendation #7: The Governor should direct the Department of Environmental Conservation (DEC) to implement a policy that allows discharge water mixing zones to extend downstream to the point of the next substantiated use.

Recommendation #8: DEC should also be directed by the Governor to revise the water quality standards for turbidity to attainable levels.

Recommendation #9: The Governor should direct DEC to strongly resist attempts by EPA to force the State of Alaska to expand the list of waterbodies classified as threatened or impaired by nonpoint sources of discharge.

V. GEOLOGICAL AND GEOPHYSICAL MAPPING:

Recommendation #10: The Governor and the Legislature should invest at least \$5 million per year for at least 10 years to produce basic geologic and geophysical maps necessary for successful mineral exploration programs.

VI. OTHER STATE ISSUES:

STATE MINERAL POLICIES:

Recommendation #11: The Legislature and Governor should enact legislation redefining multiple use of state land and water, such as Senate Bill 35 which was submitted in the 16th Legislature.

Recommendation #12: The Governor should establish that, consistent with Section 1 of Article 8 of the State Constitution, mineral development is in the best interest of the State, and must be recognized in state land management actions.

Recommendation #13: The Legislature and Governor should enact legislation limiting withdrawals of land prior to mineral assessments similar to Senate Bill 34 which was submitted in the 16th Legislature.

Recommendation #14: All agencies which impact mining should be required by the Governor and Legislature to report their action regarding mineral land availability to the Commissioner of the Department of Natural Resources by October of each year as proposed in CSSB 178 during the 16th Legislature.

RESOURCE CABINET:

Recommendation #15: The Governor should include the Commissioner of the Department of Commerce and Economic Development as a member of the Resource Cabinet.

STATE LAND MANAGEMENT:

Recommendation #16: The Governor should review the statutory authority, administrative regulations, and current orders, actions and procedures of all state agencies and take such measures and actions necessary to eliminate overlapping or conflicting regulatory authority and duplication of permitting requirements.

COASTAL ZONE MANAGEMENT:

Recommendation #17: The Governor and Legislature should request the Attorney General's office to review the 1980 opinion precluding legislative oversight of the Coastal Management Program.

Recommendation #18: The Legislature should establish a schedule to update and reevaluate coastal management plans, recognizing resource development as an acceptable land-use option.

Recommendation #19: The Legislature should identify the future role and scope of authority of the coastal resource management programs and boards.

COAL ISSUES:

Recommendation #20: The Governor should initiate a review of coal development issues to establish a state coal policy that will provide direction for Alaska's domestic energy supply and for the expansion

DRAFT

State Lands Withdrawn
from Mineral Entry
by
Legislation or Administrative Action

A Report to the Division of Mining
Department of Natural Resources

ASR 90-0018

C. C. Hawley

April 30, 1990

Hawley Resource Group, Inc.
Anchorage, Alaska 99518

#300, 941 E. Dowling
Ph. (907)-562-4673. Fx 562-7284

procedural difficulties in first, not quantifying buffer procedures that will be used, and second, in not rectifying text and maps so that each indicates the same acreage. According to the plats, the acreage opened is about 28,000 not 42,000 acres. This type of action sets up a "Tract Book" problem, where text not book should rule.

Perhaps this issue could be resolved by using a buffer of mineral leasehold locations. At the least a time should be specified for surveying and correcting the text and graphic records.

CONCLUSIONS AND RECOMMENDATIONS

A substantial amount, about 8.5 million acres or about 10 percent of the state's land has been closed to mineral location. Only about 3 million acres of this total are closed by legislation. Because of loose definitions and problems raised by apparent incompatibility of uses, there appears to be potential to administratively close extensive acreage. Because of this it is timely to review 38.05.300 and establish guidelines for closures.

Closures should be reviewed periodically both to see if the reason for the closure still exists and also to see if there has been a change in knowledge of resource base that justifies reconsideration.

Although mineral potential is very difficult to assess, nevertheless there are procedures for determining mineral potential, and it is proposed that all large tracts proposed for either legislative or administrative closure be reviewed and, in many cases, studied in the field before an action is taken.

ACKNOWLEDGEMENTS

Many people in and out of state government furnished information or clarified policy during different administrations. Various parts of the report, including the interpretation of 38.05.300 were discussed with former Commissioners of Natural Resources Phil Holdsworth, C. F. Herbert, John Katz, and Esther Wunnicke, named chronologically in their service to the state.

Larry Bullis in the Department of Land and Waters keeps track of MCO-MOO (orders) for the Southcentral District and coordinates the sequence of numbers statewide. Larry has maintained these records for many years, and was always helpful in understanding the records. Bob Craig in the northcentral office helped on the northern land orders and specifically about the confused status of pipeline acreage. The office of Status Graphics in DNR in Anchorage also tracks orders statewide and Bud May, who has recently retired, was knowledgeable and helpful about orders in his section. John Wiles of the Division of Parks and Bob Stuvic

of Division of Mining furnished information used in the report.

REFERENCES CITED

DNR, Division of Land and Water Management (Gary C. Stein and others), 1987, Promised Land: A history of Alaska's Selection of its Congressional Land Grants: Special Publication, DNR, 250 p. issued May 1987

Leshy, John, 1987, The Mining Law; a Study in Perpetual Motion: Resources for the Future, Washington, D. C.

MEMORANDUM

To: Senator Steve Frank

From: Alaska Minerals Commission, E. Beistline *Eel*

Subject: SB 126, 17th Legislature, First Session
An Act relating to the review and reporting requirements of the State relating to the State Mineral Policy and providing for an effective date.

Date: March 12, 1991

Senate Bill #126 pertains to the Declaration of State Mineral Policy as stated in AS 44.99.110 which was created by the Legislature acting under Article VIII, Section 1 of the Constitution of the State of Alaska.

SB #126 amends AS 44.99.110 by requiring state agencies as listed in (e) of the Bill to review its administrative regulations and procedures applicable to mineral exploration and development to determine if there are deficiencies or inconsistencies that exist in deference to State Mineral Policy. Each agency listed in (e) is then required to forward findings, comments and recommendations to the Commissioner of Natural Resources for his assembling the information and forwarding the reports, unedited to the Governor and Legislature for appropriate review and action.

The essence of this bill was as stated in CSSB No. 178 in the Sixteenth Legislature - second session. The Alaska Minerals Commission first recommended such a bill in its January 1989 report.

A reason for obtaining and reviewing the information requested is to correct any inconsistencies that may exist that are in conflict with the State Mineral Policy. Thus one agency may have responsibilities in its specific area and in working toward accomplishing its objectives may inadvertently not recognize adverse cross over affects on another agency which in turn affects the states' mineral policy. Once such information becomes known, appropriate cooperative and coordinated action can be taken to resolve the issue. As examples, DFG may develop regulations that have cross over affects on DEC and DNR with reference to the States' Mineral Policy or the University of Alaska may take action that could have a cross over affect involving training of future leaders of the states' mineral industry. Also, an agency may develop regulations not realizing the affect it may have on the States' Mineral Policy.

If there are questions on the forgoing information or if additional information is needed, please contact the Alaska Minerals Commission. Thank you kindly for your positive action on the recommendation of the Minerals Commission.

March 12, 1991

For: Senator Lloyd Jones, Chairman Senate Resource Committee

The Alaska Minerals Commission endorses:

S.B. 126 - An Act relating to the review and reporting requirements of agencies of the state relating to the state mineral policy; and providing for an effective date.

S.B. 127 - An Act relating to the Use of State Land.

Earl H. Beistline
Earl H. Beistline, Chairman
Alaska Minerals Commission

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FACSIMILE: (907) 586-2754

March 11, 1991

The Honorable Lloyd Jones, Chair
Senate Resources Committee
P.O. Box V
Juneau, AK 99811

Dear Senator Jones:

Subject: Senate Bill 126, which relates to the review and reporting requirements of the state agencies relating to state mineral policy.

Position: The Department supports this bill. The enactment of AS 44.99.110, the Mineral Policy Act, required in (2) that mineral development be encouraged through reasonable and consistent nonduplicative regulations and administrative stipulations. SB 126 is a vehicle for the resolution of deficiencies and inconsistencies of procedures in a number of state agencies.

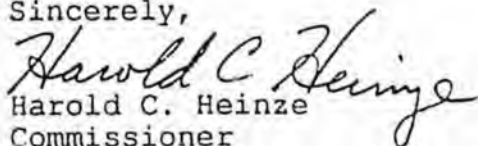
Background: The original Mineral Policy legislation specified "if inconsistencies or deficiencies are identified" during the subsequent ten month review period by state agencies, "a state department, board, commission or agency should work with mining interests, coastal resource service areas, the public and other resource users to propose solutions to the inconsistencies or deficiencies."

SB 126 requires that a named group of state agencies forward to the Commissioner of DNR by October 1 of each year comments and recommendations re the resolution of deficiencies and inconsistencies in its statutory authority, its administrative regulations and its procedures applicable to mineral exploration and development. Each of the named agencies shall also report on the progress made toward resolution of these inconsistencies that were identified in earlier reports.

The Commissioner shall assemble these reports and forward them, unedited, to the legislature within the first 10 days of the session.

Recommendation: The list of 8 specific agencies affected by this legislation should be expanded to include the Mental Health Lands Trust.

Sincerely,


Harold C. Heinze
Commissioner

cc: Committee Members
Senator Frank
Bruce Kendall, Legislative Liaison, Office of the Governor

SB 126
March 12, 1991

This legislation requires specific state agencies to review and report on their activities which impact mineral exploration and development. It is similar to HB 97; the difference being SB 126 specifies which state agencies are required to review and report, whereas HB 97 requires all state agencies to comply. In a position paper and analysis of HB 97 this department recommended it be amended to include only those state agencies which impact mining.

SB 126 would be amended to the Minerals Policy Act (AS 44.99.110). The changes implemented would make very positive improvements to the act. The small agency effort required to comply with the review and reporting requirement would make available significant data to the agency, administration, and legislature. These data could be used to help eliminate duplication of and conflicting state regulations and actions.

This type of legislation is recommended by the Alaska Minerals Commission. Furthermore, it is supported by this department.

Glenn A. Olds

Glenn A. Olds Spec. Asst. II

Commissioner,
Department of Commerce and Economic Development

DEPARTMENT OF FISH AND GAME POSITION PAPER

Bill No: Senate Bill 126

Sponsor: Senators Frank, Sturgulewski, Pearce, Uehling, and Jones

Division: Habitat

Bill Title: An Act relating to the review and reporting requirements of agencies of the state relating to the state mineral policy; and providing for an effective date.

Department Position: The department is neutral on this bill but does propose two amendments.

This measure would require each state resource agency, the Division of Governmental Coordination, University of Alaska, Alaska Railroad Corporation, Department of Commerce and Economic Development and any other agency designated by the Alaska Minerals Commission to annually review its statutory authority, administrative regulations and procedures applicable to mineral exploration and development to determine whether there are deficiencies or inconsistencies that must be addressed to comply with the Mineral Policy Act. It would further require that the Commissioner of Natural Resources assemble the comments, recommendations, and reports and forward them to the Governor and Legislature. The reporting requirements would sunset in 1995.

The bill serves as a followup to the Mineral Policy Act which required a similar, one-time, exercise. As worded, the proposed annual review does, however, invite year-to-year duplication in reporting that will require staff time to prepare and which does not appear to provide a commensurate benefit to the Legislature.

To avoid year-to-year duplication in an agency's reporting to the Legislature under this bill, it is suggested that the bill be amended to require the submission of previously unreported comments, recommendations, and progress. The following amendments are, therefore, proposed:

Line 9:

"I (c) Each agency listed in (e) of this section shall forward its previously unreported comments and . . ."

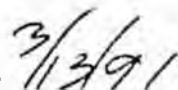
Line 13

"listed in (e) of this section shall also describe previously unreported [ON THE] progress that it has made on the resolution of . . ."

Commissioner's Signature



Date



FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 126

Revision Date: 03/12/91 Department Affected: Fish and Game
Title: Mineral Policy of the State BRU: Habitat
Component: Habitat

Sponsor: Senator Frank

Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: no impact on current year

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Frank Rue, Director Phone: 465-4105
Division: Division of Habitat Date: 3/12/91
Approved by Commissioner: *Steve Somerville*
Agency: Department of Fish and Game Date: 3/13/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 126

Revision Date: _____ Department Affected: Commerce & Economic Development

Title: State Agency Review and Report BRU: Economic Development

on Activities/Actions Which Effect Mining Component: _____

Sponsor: Senator Frank

Requestor: Senator Frank

COMPONENT SERIAL NO.

	8	0	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.) This Bill amends the Minerals Policy Act (AS 44.99.110) and requires State Agencies to review statutory authority, administrative regulations, and procedures applicable to the minerals industry. It is essentially an amended version of HB 97 incorporating this division's recommended changes. SB 126 is consistent with recommendations by the Alaska Minerals Commission.

Prepared By: Albert H. Clough, Development Specialist Phone: 465-2017

Division: Economic Development Date: March 12, 1991

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce and Economic Development Date: March 12, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).¹

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 126

Revision Date: _____ Department Affected: Office of the Governor
 Title: "An Act relating to the review and reporting requirements of agencies..." BRU: Office of Management & Budget
 Sponsor: Sens. Frank, Sturgulewski, Pearch, Uehling, Jones Component: _____
 Requestor: Senator Frank COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: none

ANALYSIS: (Attach a separate page if necessary.)
 No fiscal impact on the Office of the Governor.

Prepared By: Michael A. Nizich, Director *M. Nizich* Phone: 465-3616
 Division: Division of Administrative Services Date: 3/11/91
 Approved by Commissioner: D. Max Hodel, Chief of Staff *D. Max Hodel*
 Agency: Office of the Governor Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. SB 126

Revision Date: 4/13/92

Department Affected: Commerce & Econ. Dev.

Title: State Agency Review and Report on
Activities/Actions Which Affect Mining

BRU: Economic Development

Sponsor: Senator Frank

Component: _____

Requestor: Senator Frank

COMPONENT SERIAL NO.

	8	0	1
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND RESOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER						
FUND SOURCE:	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS (Attach a separate page if necessary.)
 This bill amends the Minerals Policy Act (AS 44.99.110) and requires state agencies to review statutory authority, administrative regulations, and procedures applicable to the minerals industry. It is essentially an amended version of HB 97 incorporating this division's recommended changes. SB 126 is consistent with recommendations by the Alaska Minerals Commission.

Prepared By: Albert H. Clough, Development Specialist Phone: 455-2017

Division: Economic Development Date: 4/13/92

Approved by Commissioner: Glenn A. Olds *[Signature]* 4-14-92

Agency: Department of Commerce & Economic Development Date: 4/13/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/OBR, Gov. Legls. Ofc., and Impacted Agency(ies)

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 126

Revision Date: _____
Title: Review and Reporting
Requirements re: State Mineral Policy
Sponsor: Senator Frank
Requestor: Senator Frank

Department Affected: DEC
BRU: Environmental Quality
Component: EQ Projects

COMPONENT SERIAL NO.

1 1 0 1 1 6

EXPENDITURES/REVENUES:		(Thousands of Dollars)				
OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0.0	0.0	0.0	0.0		
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0		
CAPITAL						
REVENUE						

FUNDING:		(Thousands of Dollars)				
GENERAL FUND	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0		

POSITIONS:		(Thousands of Dollars)				
FULL-TIME	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PART-TIME						
TEMPORARY						

Estimate of current year impact: **NONE**

ANALYSIS: (Attach a separate page if necessary.)

The department would perform this review with existing resources.

Prepared by: Janice Adair
Division: Commissioner's Office

Phone: 465-2600
Date: 3-12-91

Approved by Commissioner: [Signature]
Agency: Dept of Environmental Conservation

Date: 2-17-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 126

Revision Date: _____ Department Affected: Commerce & Econ. Development
 Title: An act relating to the Review & Reporting Requirements of Agencies-State BRU: ARRC (Alaska Railroad Corporation)
 Component: Mineral Policy
 Sponsor: Sens. Frank, Sturgulewski, Pearce, Uehling & Jones
 Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: James B. Blasingame, Director of Administration Phone: 265-2680
 Division: ALASKA RAILROAD CORPORATION Date: 3/11/91
 Approved by Commissioner: Glenn A. Olds *[Signature]*
 Agency: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT Date: 3/12/91 *[Signature]*

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

SB 126
March 12, 1991

This legislation requires specific state agencies to review and report on their activities which impact mineral exploration and development. It is similar to HB 97; the difference being SB 126 specifies which state agencies are required to review and report, whereas HB 97 requires all state agencies to comply. In a position paper and analysis of HB 97 this department recommended it be amended to include only those state agencies which impact mining.

SB 126 would be amended to the Minerals Policy Act (AS 41.99.110). The changes implemented would make very positive improvements to the act. The small agency effort required to comply with the review and reporting requirement would make available significant data to the agency, administration, and legislature. These data could be used to help eliminate duplication of and conflicting state regulations and actions.

This type of legislation is recommended by the Alaska Minerals Commission. Furthermore, it is supported by this department.

Glenn A. Olds

Glenn A. Olds Spec. Asst. II

Commissioner,
Department of Commerce and Economic Development

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB126

Revision Date: _____
Title: Review and Reporting Requirements
relating to state mineral policy
Sponsor: Frank, Sturgulewski, et.al.
Requestor: _____

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0		
CAPITAL	0.0	0.0	0.0	0.0		
REVENUE	0.0	0.0	0.0	0.0		

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0		
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0		

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0		
PART-TIME	0.0	0.0	0.0	0.0		
TEMPORARY	0.0	0.0	0.0	0.0		

Estimate of current year impact: _____

ANALYSIS: Attach a separate page for analysis.

Prepared By: Carl Meyer *Carl Meyer* Phone: (907) 465-2320
Division: Income and Excise Audit Division Date: March 13, 1991

Approved by Commissioner: Lee E. Fisher *Lee E. Fisher*
Agency: Department of Revenue Date: 3/13/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

March 13, 1991

SB 126
FISCAL NOTE ANALYSIS
DEPARTMENT OF REVENUE

AS 44.99.110 contains a declaration of the mineral policy of the state with regard to state mineral resources including metals, industrial minerals, and coal. That policy establishes that mineral exploration and development be given fair and equitable consideration with other resource uses, be encouraged through reasonable and consistent nonduplicative regulations, be considered in developing a statewide transportation infrastructure system, be encouraged through appropriate public information, education, scientific research, technical studies, and University of Alaska program involvement, and that economic development of the state mineral industry be encouraged with Pacific Rim nations.

SB 126 would require the Department of Revenue, among others, to (1) review its statutory authority, regulations, and procedures applicable to mineral exploration and development to determine whether they comply with the state mineral policy, (2) to report any inconsistencies, and progress made on resolving previously identified inconsistencies, to the commissioner of natural resources on October 1 of each year, and (3) to work with mining interests, coastal resource areas, the public, and other resource users to propose solutions to any identified inconsistencies. The report would then be forwarded to the governor and the legislature within the first 10 days of each regular session of the legislature.

These review and reporting requirements would be repealed July 1, 1995 and would have no fiscal impact on the Department of Revenue.

STEVE FRANK
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Alaska State Legislature

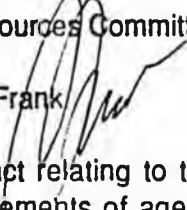


Senate

MEMBER
Finance Committee
Resources Committee
Legislative Council
Special Committee on Banking &
Economic Development

VICE-CHAIR
Community & Regional
Affairs Committee

TO: The Senate Resources Committee

FROM: Senator Steve Frank 

RE: SB 126 - "An act relating to the review and reporting requirements of agencies of the state relating to the state mineral policy"

DATE: March 13, 1991

Senate Bill 126 would require certain entities of the state to report annually to the commissioner of DNR on inconsistencies with regard to their procedures and regulations applicable to mineral exploration and development. The commissioner would then compile and forward those reports to the legislature and governor.

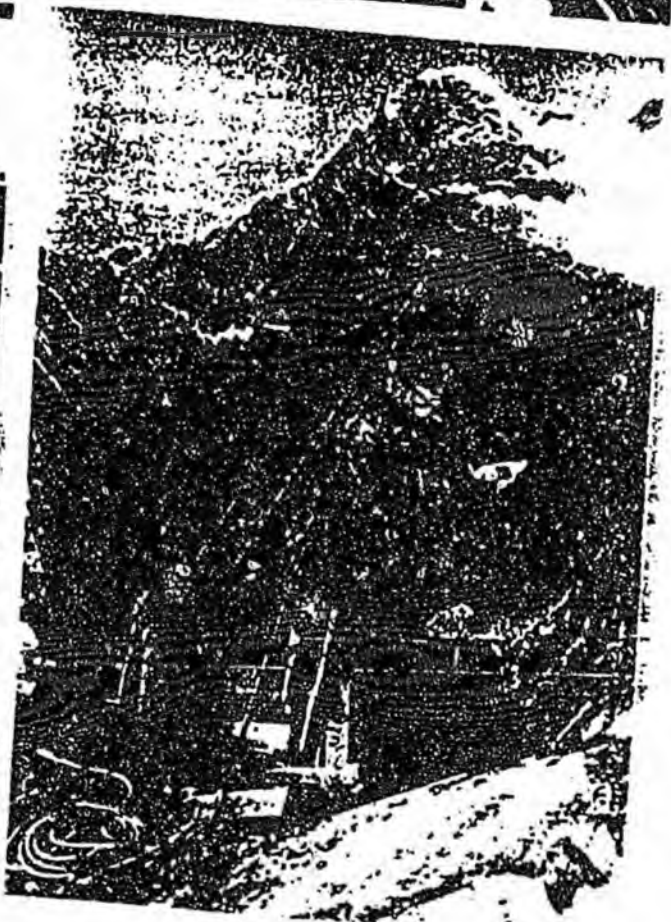
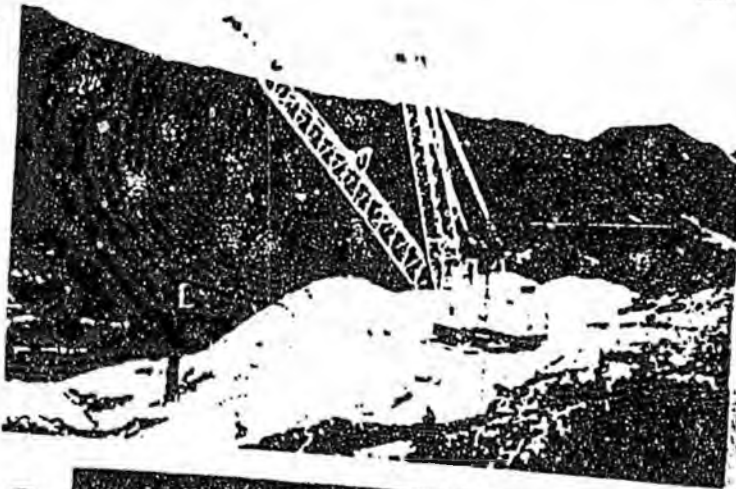
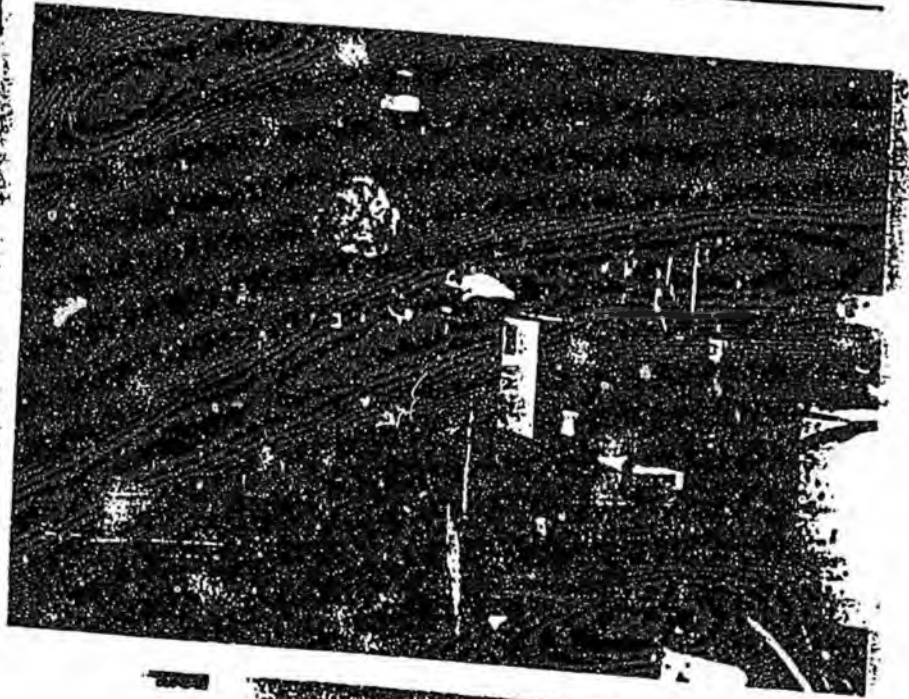
Chapter 138 SLA 1988 required all state agencies, boards and commissions to submit these reports on a one time only basis. That requirement was fulfilled in 1989. In their 1989 report, the Minerals Commission recommended that this reporting procedure be repeated annually. This bill would accomplish that goal, and it requires only affected agencies (those listed in the bill) to report. It also adds the University of Alaska and the Alaska Railroad Corporation to the list which are entities of the state that were not required to report in 1989.

Senate Bill 126 would heighten awareness and improve the Legislature's ability to track statutory and regulatory changes affecting the mineral industry.

I would appreciate your support of Senate Bill 126.

Alaska Minerals Commission

Report of the



January 1989

RECOMMENDATIONS OF THE ALASKA MINERALS COMMISSION

I. LEGISLATIVE PRIORITIES

Implementation of the 6(i) Court Decision

- The highest priority of the Alaska Minerals Commission is the fair and equitable implementation of the Alaska Supreme Court's interpretation of section 6(i) of the Alaska Statehood Act. (For a summary of the 6(i) issues and lawsuit, see Appendix C.)

The Commission supports the positions of both the Alaska Miners Association¹ and Governor Steve Cowper² on the following three critical aspects of any legislation to be enacted.

1. The traditional discovery, location and recordation system recognizes the unique nature of mineral resource development as well as the needs of individuals and companies carrying out mineral exploration and development. The right of self-initiation is guaranteed by the Alaska Constitution and no fundamental changes should be made in the way preferential minerals rights are initiated on state land.
2. Because of the long lead time commonly required between the discovery of a deposit and its initial production, there should be no arbitrary time limits placed upon the tenure of a mining claimant on state lands. This is especially important in Alaska where the need to construct basic infrastructure and to await financial and market "windows" will often result in longer development lead times than in more developed states and countries.
3. The setting of rental and/or royalty fees for mining claims on subject state lands should neither penalize claimants nor create disincentives for individuals or companies doing mineral exploration. In Alaska, exploration, development, capital and operating costs are commonly higher than in more developed states and countries. Alaska's cumulative mineral tax schedule, including existing corporate income taxes, mining license taxes and new rental and/or royalty fees should not unduly burden the small miner nor increase total development costs to the point where diminished economic feasibility precludes mine development or mineral exploration on subject state lands.

A fourth aspect of the implementation of the 6(i) court decision is the definition of lands to which the new legislative provisions will apply. The Commission agrees with Governor Cowper that it is in the interests of both the state and the mining industry that this aspect be resolved in a manner that minimizes the risk of lengthy and expensive litigation. As the Alaska Supreme Court ruled that the 6(i) provisions are applicable only to those state lands "known to be mineral in character at the time of state selection," the Commission also recommends that a clear definition of such lands be developed, and that workable and expeditious procedures be developed to allow timely classification of lands and claims subject to 6(i).

Finally, the Commission strongly recommends that proposed legislation implementing the 6(i) court decision be limited to only those issues specifically required by the court.

¹ *Communication from Richard A. Hughes, President, Alaska Miners Association to Governor Steve Cowper, September 9, 1988.*

² *Communication from Governor Steve Cowper to Richard A. Hughes, President, Alaska Miners Association, October 19, 1988.*

Allowance for Flexible Work Weeks

- The passage of legislation allowing work schedules to be set on the basis of project specific considerations will allow for more efficient use of labor and provide more desirable time-off patterns for employees. This will be particularly significant for mines in remote locations with employees who reside in communities distant from the work site.

Extension of Underground Work Hours

- Legislation is required to amend current statutes limiting shifts at the work face of underground mines from the current maximum of eight hours to a maximum of ten hours. The antiquated statute presently in effect does not recognize the implementation of modern safety programs and penalizes mine efficiency and employee time-off schedules on remote mining projects.

Multiple Use of State Lands

- The Commission would like to reemphasize four recommendations made in the Commission's 1987 report regarding the management of state lands.

1. Alaska Statute 38.05.300 should be amended as follows:

Classification of lands. (a) The commissioner shall, where considered necessary and proper, classify land for surface use. This section does not prevent reclassification of land where the public interest warrants reclassification, nor does it preclude multiple use of land whenever different uses are compatible. State land, water, or land and water area may not, except by act of the state legislature, be closed to multiple use or to mineral entry if the area involved contains more than 640 acres.

2. The Legislature should redefine, to conform with constitutional intent, the various definitions of "multiple use" in the Alaska Statutes to require the management of state lands for the use of all resources rather than allocating or selectively denying resource use.
3. The Legislature should only make closures of land to mineral entry where documented and demonstrated incompatible use is proven and only when preceded by a mineral assessment.
4. The Legislature and Governor should periodically review lands closed to mineral entry to assess the need for continued closure and, if there is no longer a compelling need for closure, return the land to multiple-use designation.

Amending the Reporting Requirements of the Minerals Policy Act.

- Sec. 44.99.110(2) should be amended to require each department, board, commission, or agency, including the University of Alaska, to fulfill its reporting requirements as set out in this section on an annual basis through 1994 rather than once only in 1989.

Industrial Minerals Inventory

- The Legislature should reintroduce and enact legislation similar to SB 71 (or companion legislation HB 69), Senate Concurrent Resolution 4 and House Concurrent Resolution 5 as introduced during the Second Session of the 15th Legislature. These bills and resolutions address the need for systematic identification, inventory and reserve of sand and gravel resources to meet the present and future needs of transportation systems, populated areas and large-scale developments within the state and Pacific Rim.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FACSIMILE: (907) 586-2754

March 11, 1991

The Honorable Lloyd Jones, Chair
Senate Resources Committee
P.O. Box V
Juneau, AK 99811

Dear Senator Jones:

Subject: Senate Bill 126, which relates to the review and reporting requirements of the state agencies relating to state mineral policy.

Position: The Department supports this bill. The enactment of AS 44.99.110, the Mineral Policy Act, required in (2) that mineral development be encouraged through reasonable and consistent nonduplicative regulations and administrative stipulations. SB 126 is a vehicle for the resolution of deficiencies and inconsistencies of procedures in a number of state agencies.

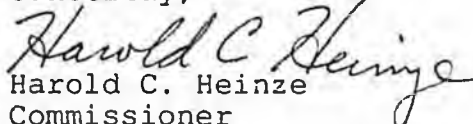
Background: The original Mineral Policy legislation specified "if inconsistencies or deficiencies are identified" during the subsequent ten month review period by state agencies, "a state department, board, commission or agency should work with mining interests, coastal resource service areas, the public and other resource users to propose solutions to the inconsistencies or deficiencies."

SB 126 requires that a named group of state agencies forward to the Commissioner of DNR by October 1 of each year comments and recommendations re the resolution of deficiencies and inconsistencies in its statutory authority, its administrative regulations and its procedures applicable to mineral exploration and development. Each of the named agencies shall also report on the progress made toward resolution of these inconsistencies that were identified in earlier reports.

The Commissioner shall assemble these reports and forward them, unedited, to the legislature within the first 10 days of the session.

Recommendation: The list of 8 specific agencies affected by this legislation should be expanded to include the Mental Health Lands Trust.

Sincerely,


Harold C. Heinze
Commissioner

cc: Committee Members
Senator Frank
Bruce Kendall, Legislative Liaison, Office of the Governor

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 126

Revision Date: 12-Mar-91 Department Affected: Natural Resources
 Title: State Mineral Policy Reporting BRU: Land & Water Management
 Components: Land & Water Management
 Sponsor: Senator Frank
 Requestor: Senate Resources COMPONENT SERIAL NO. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	4.6	2.3	2.3	2.3	2.3	2.3
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	4.6	2.3	2.3	2.3	2.3	2.3

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	4.6	2.3	2.3	2.3	2.3	2.3
FEDERAL FUNDS						
OTHER						
TOTAL	4.6	2.3	2.3	2.3	2.3	2.3

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current year impact:

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Ron Swanson Phone: 762-2680
 Division: Land & Water Management Date: 12-Mar-91

Approved by Commissioner: Harold Heinze Date: 12-Mar-91
 Agency: Department of Natural Resources

Distribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, OMB,
& Impacted Agency(ies).

Fiscal Note SB 26, continued.

	FY 92	FY 93
100 Personal Services		
Land & Water NRM I (Range 18A)	4.6	2.3
FY 92 -- for identification and assessment of existing statutes, regs. and procedures affecting mining (1 mo./yr.)		
FY 93 and beyond -- for updating the identification and assessment of statutes, regs. and procedures (.5 mo./yr.).		
Total	\$ 4.6	\$ 2.3

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 126

Revision Date: 13-Apr-92 Department Affected: Natural Resources
 Title: State Mineral Policy Reporting BRU: Land Management
 Components: Land Management
 Sponsor: Senator Frank
 Requestor: Senate Finance COMPONENT SERIAL NO. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	4.6	2.3	2.3	2.3	2.3	2.3
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	4.6	2.3	2.3	2.3	2.3	2.3

CAPITAL						
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REVENUE						
Funding Source:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	4.6	2.3	2.3	2.3	2.3	2.3
FEDERAL FUNDS						
OTHER						
Funding Source: 1007						
TOTAL	2.3	2.3	2.3	2.3	2.3	2.3

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current year impact:

ANALYSIS:	(Attach a separate page if necessary)
See Attached	

Prepared by: Ron Swanson Phone: 762-2680
 Division: Land Management Date: 13-Apr-92

Approved by Commissioner: Harold C. Heide Date: 13-Apr-92
 Agency: Department of Natural Resources

Distribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, OMB,
& Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 126

Revision Date: 12-Mar-91 Department Affected: Natural Resources
 Title: State Mineral Policy Reporting BRU: Land & Water Management
 Components: Land & Water Management
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 Requestor: Senate Resources COMPONENT SERIAL NO. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	4.6	2.3	2.3	2.3	2.3	2.3
TRAVEL						
CONTRACTUAL						
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MISCELLANEOUS						
TOTAL OPERATING	4.6	2.3	2.3	2.3	2.3	2.3

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	4.6	2.3	2.3	2.3	2.3	2.3
FEDERAL FUNDS						
OTHER						
TOTAL	4.6	2.3	2.3	2.3	2.3	2.3

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current year impact:

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Ron Swanson Phone: 762-2680
 Division: Land & Water Management Date: 12-Mar-91

Approved by Commissioner: Harold Heinze Date: 12-Mar-91
 Agency: Department of Natural Resources

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Alaska State Legislature

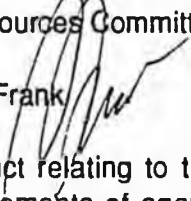


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Senate Bill 126 would heighten awareness and improve the Legislature's ability to track statutory and regulatory changes affecting the mineral industry.

I would appreciate your support of Senate Bill 126.

Summary of 1990 Land Classification Actions

UPDATED TANANA BASIN AREA PLAN

The Tanana Basin Area Plan was adopted by the Department of Natural Resources on April 4, 1985. The plan has since been updated and revised. The updated plan, which encompasses 14.8 million acres, was signed by the Commissioner of the Department of Natural Resources on November 30, 1990.

Table 2. Tanana Basin Update Classification Acreage

CLASSIFICATION	ACREAGE
Agriculture	164,840
Agriculture/Settlement	75,992
Forest	168,340
Forest/Public Recreation	19,040
Forest/Wildlife Habitat	631,026
Forest/Minerals/Public Recreation	25,920
Forest/Minerals/Wildlife Habitat	227,339
Forest/Public Recreation/Wildlife Habitat	291,568
Materials	15,740
Minerals	17,400
Minerals/Public Recreation	59,312
Minerals/Wildlife Habitat	1,282,520
Minerals/Public Recreation/Wildlife Habitat	700,433
Public Recreation	71,696
Public Recreation/Wildlife Habitat	3,513,574
Public Recreation/Transportation Corridor/Wildlife	10,880
Public Recreation/Water Resources/Wildlife Habitat	19,200
Reserved Use	1,920
Resource Management	1,831,050
Settlement	826,008
Water Resources	28,640
Wildlife Habitat	4,821,815
TOTAL	14,804,253

KASHWITNA MANAGEMENT PLAN

The Kashwitna Management Plan was adopted by the Department of Natural Resources on October 24, 1990. The Commissioner of the Department of Fish and Game signed the plan November 15, 1990. The plan amends the 1982 Lower Sub-Basin Area Plan (WSAP), in the Kashwitna Unit. The Kashwitna Management Plan also amends the Plan in the Iron Creek and Little Willow Creek subunits to consolidate agricultural homestead areas and to provide a riparian habitat and recreation buffer along Little Willow Creek.