

**HB**

**169**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

TO FINANCE FROM THE FLOOR

DATE: 4/20/95

FURTHER:

DATE TURNED INTO OFFICE: 5-2-95

The Finance Committee considered CS FOR HOUSE BILL NO. 169(RES)

Defining the scope of the responsibility of the Department of Natural Resources for regulating the mineral resources of the state, and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:**
- same title
  - new title
- House Bill:**
- same title
  - technical change
  - new: SCR? \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Steve King</i>	✓	<i>Paul H. Stung</i>	✓		
<i>Bill E. Lee</i>	✓				
<i>W. Don Staley</i>	✓				
<i>Bob Bishop</i>	✓				
Co-Chair: <i>Shirley</i>	✓				
Co-Chair: <i>Rick Halford</i>	✓				

**NEW FISCAL NOTE(S):**

Department                      Date    Zero    Fiscal

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTE(S):\***

Department                      Date    Zero    Fiscal

#	Department	Date	Zero	Fiscal
#1	DNR	2/6/95	⊖	
#2	DEC	2/4/95	⊖	
#3	Governor	2/4/95	⊖	
#4	DFGR	2/4/95	⊖	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

FISCAL NOTES

HB 169 - DEPT. NAT RES. IS LEAD AGENCY FOR MINING

	<u>CSHB(Res)</u>	<u>SCS(Res)</u>
1. DNR, 2/1/95 (Mining)	0	
2. DEC, 2/24/95 (Admin.)	0	
3. GOV. 2/24/95 (Gov.Coord)	0	
4. DF&G, 2/24/95 (Habitat)	0	
<hr/> New DF&G, 4/14/95 (Nat.Res.)	67.0	
New Gov., 4/19/95 (Gov.Coord)		39.0
New DEC, 4/25/95 (Environ.Quality)		96.5

Senate Finance  
Updated 4/27/95

# FISCAL NOTE

J. 4

Bill Version: CS HB 169 (RES)

(H) Publish Date: 2/27/95

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

Revision Date:	Dept. Affected: <u>Fish and Game</u>
Title: <u>Defining the scope of the responsibility of DNR for regulating the development of the mineral resources of the state.</u>	BRU: <u>Habitat and Restoration</u>
Sponsor: <u>Rep.(s) Kott, Williams, Kelly, MacLean</u>	Component: <u>Habitat</u>
Requester: <u>Resources</u>	COMPONENT SERIAL NO. <u>486</u>

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY95) cost: \$ 0.0

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)

If amended as proposed by ADF&G, the legislation simply confirms by law ADF&G's established practice of consulting with other state agencies prior to adopting, repealing, or modifying regulations. Traditionally, ADF&G also has consulted with other affected agencies and constituencies prior to adopting major policy revisions. Confirming this consultation by law will not increase ADF&G's fiscal costs.

If the intent of the legislation, however, is to require ADF&G to coordinate each and every permitting decision with the DNR prior to permit issuance, the department will incur additional time delays and staffing requirements. A revised fiscal note will need to be prepared once the intent of this legislation is clarified.

Prepared by: Ellen Fritts, Acting Director  
 Division: Habitat and Restoration  
 Approved by Commissioner: Geison Bruce for Frank Rue  
 Agency: \_\_\_\_\_

Phone: 465-4105  
 Date: 2/23/95  
 Date: 2/24/95

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# FISCAL NOTE

J. 3  
 Bill Version: CS HB 169 (RES)  
 (H) Publish Date: 2/27/95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Office of the Governor  
 Title: Relating to the scope of responsibility of the Dept. of Natural Resources for regulating development of mineral resources BRU: Office of Management and Budget  
 Sponsor: Representative Kott Component: Governmental Coordination  
 Requester: \_\_\_\_\_ COMPONENT SERIAL NO. 18

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY95) cost: \$ 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

**ANALYSIS:** (Attach a separate page if necessary)

The Division of Governmental Coordination (DGC) coordinates the consistency review of projects that require federal permits or permits from 2 or more State agencies. If a proposed mining project required these type of permits, DGC would coordinate the State's consistency review. For mining projects, DGC routinely seeks the input from the Department of Natural Resources, as required by this bill. Current review procedures meet the intent of the bill, therefore DGC anticipates no fiscal impact.

Prepared by: Kerry Howard, Acting  
 Division: Governmental Coordination  
 Approved by Commissioner: Constance McInnes  
 Agency: Gov. Leg. Dept.

Phone: 465-3562  
 Date: 2/24/95  
 Date: 2/24/95

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FISCAL NOTE

No. 2

Bill Version: CS HB 169(RES)

BILL NO.

(H) Publish Date: 2/27/95

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: ...responsibility of DNR for regulating the development of mineral resources...  
Sponsor: Rep Kott  
Requestor: Hs (RES)

Department Affected: Environmental Conservation  
BRU: Administration  
Component: Commissioner's Office  
COMPONENT SERIAL NO. 633

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF Program Receipt	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Larry Jones  
Division: Director, Information and Administrative Services

Phone: 465-5010  
Date: 2/24/95

Approved by Commissioner: Larry Jones  
Agency: Department of Environmental Conservation

Date: 2/27/95

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# FISCAL NOTE

No. 1

Bill Version: CS HB 169(RES)

(H) Publish Date: 2/27/95

**STATE OF ALASKA**  
**1995 LEGISLATIVE SESSION**

Revision Date: Original Dept Affected: Natural Resources  
 Title: An Act delining the scope of the responsibility of the BRU: Resource Development  
 Department of Natural Resources for regulating ....mineral resources... Component: Mining Development  
 Sponsor: Reopresentative(s) Kott, Williams  
 Requestor: \_\_\_\_\_ Component Serial No. 442

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ None

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

There is no anticipated fiscal impact for the Department of Natural Resources with implementation of this legislation.

Prepared by: Jules Tileston, Director *[Signature]* Phone: 745-2165  
 Division: Mining & Water Management Date: 16-Feb-95  
 Approved by Commissioner: *[Signature]* Date: 2-16-95  
 Agency: Natural Resources

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A M E N D M E N T

OFFERED IN THE SENATE

TO: CSHB 169(RES)

- 1 Page 1, lines 10 - 11:
- 2 Delete "and draw upon the mining expertise of the department."
- 3 Insert "the department and draw upon and give due deference to the department's
- 4 mining expertise."

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSHB 169(RES)

1 Page 1, line 4:

2 Delete "a new subsection"

3 Insert "new subsections"

4 Page 1, following line 11:

5 Insert a new subsection to read:

6 "(c) Subsection (b) of this section does not alter or diminish the authority of  
7 another state agency, a state corporation, the University of Alaska, or a municipality  
8 under its laws and regulations."

# FISCAL NOTE

STATE OF ALASKA  
**1995 LEGISLATIVE SESSION**

BILL NO. SCS CSHB 169 (RES)

Revision Date: 24-Apr-95  
 Title: An Act defining the scope of responsibility of the DNR for regulating the mineral resources.  
 Sponsor: Rep. Kott, Williams, Kelly, Maclean, James, Rice  
 Requestor: \_\_\_\_\_

Department Affected: Environmental Conservation  
 BRU: Environmental quality  
 Compose: Director's Office

**COMPONENT SERIAL NO.**

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	75.0	75.0	75.0	75.0	75.0	75.0
TRAVEL	5.0	2.0	2.0	2.0	2.0	2.0
CONTRACTUAL	10.0	10.0	10.0	10.0	10.0	10.0
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	6.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>96.5</b>	<b>87.5</b>	<b>87.5</b>	<b>87.5</b>	<b>87.5</b>	<b>87.5</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE**

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	96.5	87.5	87.5	87.5	87.5	87.5
1005 GF/Program Receipt	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>96.5</b>	<b>87.5</b>	<b>87.5</b>	<b>87.5</b>	<b>87.5</b>	<b>87.5</b>

Estimate of any current year (FY95) cost: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME	1	0	0	0	0	0
PART-TIME	1	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary.)  
 See Attachment.

Prepared by: Decna Henkins  
 Division: Environmental Quality

Phone: 465-5312  
 Date: 4/25/95

Approved by Commissioner: *[Signature]*  
 Agency: Department of Environmental Conservation Date: 4/26/95

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*4/27  
 New fiscal  
 note*

**SCSCSHB 169 (RES)**  
**FISCAL NOTE ANALYSIS**

**Assumptions:**

- 1) DNR has to sign off or concur with permitting, plan review and enforcement actions regarding mining, listed below:

Permits involved

1. Air Quality Permit to Operate (10/yr)
2. Prevention of Significant Deterioration review (1/yr)
3. Solid Waste
4. Domestic and Industrial Wastewater (or certification of NPDES permit) (50/yr)
5. Certification of Corps permits (50/yr)
6. Food service

Plan reviews involved

1. Domestic and industrial wastewater collection/treatment/disposal
2. Food service
3. Public drinking water treatment and distribution
4. Oil spill contingency plans

Other regulatory decisions

1. Waivers of public water supply monitoring
  2. Surface water treatment rule waivers
  3. Enforcement actions for all programs including Notice of Violation, compliance order, civil or criminal referral
- 2) DNR will hear appeals of permit and plan review decisions
  - 3) DNR will need copies of the DEC files on each proposed action or DNR will require an extensive decision document supporting the proposed decision.
  - 4) The first FY DEC will have to have a staff person to work with DNR and other effected agencies to establish procedures and documentation requirements. This person will continue as the DEC liaison with DNR on mining regulation to assist DEC programs to give DNR the information they need to make reasonably timely decisions. This person will be making trips to other cities (Juneau/Fairbanks or Anchorage/Fairbanks) to set up procedures and assist DEC permit/review offices.
  - 5) The equivalent of a half-time clerical position (possibility part-time student interns in Juneau, Anchorage and Fairbanks) will be required to maintain and copy records for DNR to make final determinations.

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS CSHB169(Res)

Revision Date: 4/19/95 Dept. Affected: Office of the Governor  
 Title: Relating to the scope of responsibility of DNR BRU: Office of Management and Budget  
 for regulating development of mineral resources. Component: Governmental Coordination  
 Sponsor: Representative Kott  
 Requester: \_\_\_\_\_ COMPONENT SERIAL NO. 18

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	34.0	34.0	34.0	34.0	34.0	34.0
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>39.0</b>	<b>39.0</b>	<b>39.0</b>	<b>39.0</b>	<b>39.0</b>	<b>39.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	39.0	39.0	39.0	39.0	39.0	39.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>39.0</b>	<b>39.0</b>	<b>39.0</b>	<b>39.0</b>	<b>39.0</b>	<b>39.0</b>

Estimate of any current year (FY95) cost: \$ 0.0

**POSITIONS**

FULL-TIME	1/2	1/2	1/2	1/2	1/2	1/2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

New fiscal  
Note from  
DGC for Senate CS

Prepared by: Diane Mayer, Director *DM*  
 Division: Governmental Coordination

Phone: 465-3562  
 Date: 4/19/95

Approved by Commissioner: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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

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Division of Governmental Coordination  
Position Paper on HB 169

April 19, 1995

This paper concerns HB 169: An act defining the scope of the responsibility of the Department of Natural Resources (DNR) for regulating the mineral resources of the State. The present version of HB 169, (SCS)CS HB 169 (Res), requires the Department of Natural Resources (DNR) to "make the final determination on all regulatory matters concerning the mineral resource exploration and development and the management of mining and associated activities." As written, DNR would be given the authority and responsibility to make the final determination regardless of the statutory authority of other state agencies. Senate CS

The Division of Governmental Coordination opposes this legislation because it will not satisfy the intent of the original legislation to simplify the permitting process. Instead, the bill will:

- Require more time to complete mining project reviews by adding a new,
- Make the State more vulnerable to appeals and other legal delays if an agency is required to make decisions on matters outside its area of expertise, and
- Increase costs to mining companies and the State.

#### Intent of the Original Bill

The original bill implements a recommendation by the Alaska Minerals Commission in its January 1995 report. The Commission recommended that the DNR be designated as the lead agency for regulatory matters concerning mining. The purpose of the recommendation was to simplify permitting and reduce costs.

The original version of HB 169 would designate DNR as the lead state agency for mineral exploration, development, and management without diminishing the regulatory authority of other state agencies. The original bill would provide a coordinating mechanism for all regions of Alaska. Currently, a coordinated review process regularly occurs only in the coastal zone.

The Minerals Commission report cited the Ft. Knox project near Fairbanks as an example of successful permitting. Funded by the applicant, the DNR coordinated the interagency review using a process similar to the one routinely used for large projects in the coastal zone of Alaska. Unlike other projects currently in review, such as the A-J and Kensington Mine proposals, the Ft. Knox project design did not have any discharges of wastewater. A zero-discharge project does not require state or federal discharge permits. The project was not controversial, it received local support, and the federal agencies had minor roles since no environmental impact statement was required.

### Effect of the Bill

*The Senate CS*  
The current version of the bill will make the permitting process more complex, make the State more vulnerable to appeals, and raise the total costs of obtaining approvals. Requiring the DNR to make determinations for all regulatory matters regarding mining will increase the time the State takes to make mining-related decisions. To show that the DNR properly exercised its authority, it will have to develop a new process to review and approve all preliminary permitting decisions recommended by other agencies. This process would delay projects because it would be necessary to meet with other agency personnel to ensure that final permitting decisions meet state and federal standards.

If HB 169 is passed into law, the State will be more vulnerable to law suits and other appeals. The legislation would require the DNR to make the final decision on all regulatory matters regarding a mining project, even those matters outside its area of expertise such as air and water quality and fish and wildlife habitat considerations. Requiring one agency to make regulatory decisions for another will invite administrative appeals and law suits.

The present legislation increase costs of permitting to government and applicants. Under the original version of HB 169, state agencies presented fiscal notes with zero increases. The current bill would increase costs for several reasons.

- 1) The Departments of Law, Fish and Game, and Environmental Conservation and the Division of Governmental Coordination would have to assign more staff to work with DNR at the final approval stage. The Division of Governmental Coordination estimates it would need an increase of up to a half-time position to work with DNR concerning final decisions regarding consistency determinations and some travel funds.
- 2) Additional personnel would be needed in DNR to facilitate interagency coordination and to ensure it has an understanding of the regulatory basis for agency recommendations related to specific mining projects.
- 3) A likely increase in administrative appeals and litigation would increase costs to applicants and state agencies including government agencies including the Department of Law and other state resource agencies.

### Increase in Mining Projects

While in the recent past, only a few major projects have been reviewed each year, an increase in reviews can be expected in the next few years. Initial project approvals will likely occur for the following mines: A-J, Kensington, Jualin, Tulselquah Chief, and Illinois Creek. Renewals of permits for existing mines, such as the Red Dog Mine and Greens Creek, will have to be reviewed by the State because of changes to state water quality standards. Recent release of state geophysical maps of the Fairbanks districts is also

expected to initiate an increased rate of mining activities in that region.

### Summary

In summary, the objectives of the original bill were to ensure a coordinated state review of mining proposals to reduce permitting complexity, to reduce the time it takes to obtain a permit, and to reduce the costs related to obtaining permits. The current version of this bill is not likely to satisfy any of these objectives. Instead, the legislation would increase the time it takes to approve mining projects, increase the likelihood of appeals, and increase costs to the applicant and state agencies.

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB169(Res)

Revision Date: \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title: Defining the scope of the responsibility of DNR for BRU: Natural Resources  
regulating the development of the mineral resources of the state. Component: Habitat and Restoration  
 Sponsor: Rep.(s) Kott, Williams, Kelly, MacLean, James, Brice  
 Requester: Senate Resources COMPONENT SERIAL NO. 486

**Expenditures/Revenues (Thousands of Dollars)**

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	52.0	28.0	26.0	26.0	26.0	28.0
TRAVEL	5.0	2.0	2.0	2.0	2.0	2.0
CONTRACTUAL	10.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>67.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	67.0	31.0	31.0	31.0	31.0	31.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>67.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>

Estimate of any current year (FY95) cost: \$ 0.0

**POSITIONS**

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: Ellen Fritts  
 Division: Habitat and Restoration  
 Approved by Commissioner: Frank  
 Agency: \_\_\_\_\_

Phone: 465-4105  
 Date: 4/14/95

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BILL NO. CSHB169  
 Title: Defining the scope of the responsibility  
of DNR for regulating the mineral resources of the state.  
 Sponsor: Rep.(s) Kott, Williams, Kelly, MacLean, James, Brics  
 Requester: Resources

ANALYSIS Continued:

This measure designates DNR as lead agency for all matters relating to the exploration, development, and management of mining and vests it with final regulation, management and enforcement authority. It is unclear whether (1) actual statutory authority or (2) authority to veto or overrule another agency's proposed actions would be transferred. Assuming the latter, the measure significantly increases ADF&G's workload and procedural timelines for issuance of Fish Habitat Permits for mining operations.

In FY 94, ADF&G reviewed over 700 placer mining operations in addition to numerous major hard rock mine proposals and several dozen mining-related applications (e.g., cross-country access, water withdrawals). The average review time for all applications was 8 days. Approximately 400 Fish Habitat permits were issued for these activities. At a minimum, the proposed measure would require ADF&G to forward all of the draft Fish Habitat Permits to ADNR for comment and approval before issuance of the permits. In light of ADNR's already critical staffing shortage, we estimated the additional review loop will add 2 to 4 weeks to each permit's review time. Since a large number of applications are not received until just prior to the summer field season, the increased review time could delay start-up for many applicants. An estimated 2 weeks annually of staff time will be dedicated to additional copying and mail out.

During the first year of implementation, it will be necessary for ADF&G to commit significant staff resources simply to bring DNR up to speed on ADF&G permitting requirements and the rationale for specific permit conditions. We estimate this will require four to six additional staff months statewide. Joint field reviews will be needed in many instances to fully communicate permitting needs to DNR.

In subsequent years, some additional time (two months annually) will be needed for further discussions as (1) permit conditions change, (2) new site considerations require modified approaches and (3) to help defend DNR from final permit challenges and appeals. Annually, we estimate that 10 to 20 applications will be sufficiently controversial to be elevated to the directors and/or resource cabinet for final resolution. Annual staff commitments to fully prepare and brief these elevations may total one month.

We support establishment of integrated project review teams for large, complex developments. Similar approaches in the past have benefited both the state and mine proponents. It must be recognized, however, that all previous successful project review teams simply integrated the statutory functions of each resource agency -- they did not consolidate final authority in a single agency.

It must also be recognized that establishment of joint project review teams will result in increased agency staff commitments and costs to the applicant and the state. For major, complex projects, these additional costs and staff requirements may be warranted. For routine placer mining applications, however, establishment of joint review teams will significantly increase the cost and timeline for obtaining necessary authorizations, with no known benefit for either the applicant or the state.

*New Analysis of fiscal note  
 from ADF&G for Senate CS*

# SENATE RULES COMMITTEE REPORT

DATE: 4/10/95

DATE TURNED INTO OFFICE: 4.19.95

The Rules Committee considered CS FOR HOUSE BILL NO. 169(RES)

Defining the scope of the responsibility of the Department of Natural Resources for regulating the mineral resources of the state.

and recommends it be placed on the calendar:

replace with \_\_\_\_\_ CS \_\_\_\_\_ (RULES)

attaches amendment(s)

adopts \_\_\_\_\_ Letter of intent

- same title
- new title
- technical title change (HB only)

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTES**

Department:	Date	Zero	Fiscal

Appropriation No Fiscal Note

**MEMBERS SIGNING FOR PLACEMENT ON THE CALENDAR**

*[Handwritten Signature]*  
 \_\_\_\_\_  
*[Handwritten Signature]*  
 \_\_\_\_\_  
*[Handwritten Signature]*  
 \_\_\_\_\_  
*[Handwritten Signature]*  
 \_\_\_\_\_

Chair: Signature and Recommendation

**OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Calendar on: 4.19.95 (Wed)

Approved by: *[Handwritten Signature]*

SENATE COMMITTEE REPORT

DATE: 3/6/95

FURTHER: *has no further*

DATE TURNED INTO OFFICE: 4-10-95

*pass*

Resources Committee considered CS FOR HOUSE BILL NO. 169(RES)

"An Act defining the scope of the responsibility of the Department of Natural Resources for regulating the mineral resources of the state."

*4 § 1301-*

and recommends:

- be replaced with SENATE CS HB 169 (RES)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:
  - same title
  - new title
- House Bill:
  - same title
  - technical change
  - new: SCR# \_\_\_\_\_

<del>SIGNING DO PASS</del>	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Wm. Pearce</i>	<input checked="" type="checkbox"/>	<i>Department of...</i>			
<i>Arthur T. Taylor</i>	<input checked="" type="checkbox"/>	<i>Ag. Hoff</i>	<input checked="" type="checkbox"/>		
CHAIR: <i>Arwen A. Lewis</i>	<input checked="" type="checkbox"/>				

NEW FISCAL NOTE(S):

Department      Date      Zero      Fiscal

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):\*

Department      Date      Zero      Fiscal

Department	Date	Zero	Fiscal
DF+G	2/27	<input checked="" type="checkbox"/>	
OMB	2/27	<input checked="" type="checkbox"/>	
DEC	2/27	<input checked="" type="checkbox"/>	
DNR- MINING	2/27	<input checked="" type="checkbox"/>	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill