

HB

46

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. HB 46

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to mining; and providing BRU: Resource Development
for an effective date. Component: Mining Development
 Sponsor: Kelly, Therriault
 Requestor: H(RES) Component Serial No. 442

Expenditures/Revenues (Thousands of Dollars)

| OPERATING EXPENDITURES | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 |
|-------------------------------|------------|------------|------------|------------|------------|------------|
| PERSONAL SERVICES | 1.0 | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CAPITAL EXPENDITURES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CHANGE IN REVENUES () | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 1.0 | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other | | | | | | |
| TOTAL | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY97) cost: \$ none

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)

HB46 is housekeeping in nature. There will be a cost to the State in making regulation changes of approximately \$1.0. The change in the requirements for adjusting annual rental for state-owned mineral property is better in that adjustments are made whenever the base CPI changes by \$5 to the base index for Anchorage from the base period of Jan-Jun 1989. Change in the rental is to the nearest whole \$5. Change in the current cost of administration or to mineral property holders are speculative since there may be bookkeeping savings by both that would likely be offset by more timely change in rental as a result of change in the base index CPI.

Prepared by: Jules Tileston, Director Phone: 269-8625
 Division: Division of Mining and Water Management Date: 22-Jan-97
 Approved by Commissioner: [Signature] Date: 1/22/97
 Agency: Natural Resources

referred to Committee: January 13, 1997

FURTHER REFERRALS:

Committee Action: 1/30/97

RESOURCES Committee considered:

HB 46

BILL NO. 46

MINING CLAIMS ON PUBLIC LANDS

relating to mining; and providing for an effective date."

ommends it be replaced [] the same title
h the following committee substitute [] a new title

additional referral to _____ Committee
attached amendment(s)

OPTS: _____ Letter of Intent

TACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____ [] fiscal note(s) _____

zero fiscal note(s) _____ [] zero fiscal note(s) _____

| AGREING WITH RECOMMENDATIONS | DP | DNP | NR | AM |
|--------------------------------|-------------------------------------|-----|----|----|
| <i>Frank Dixon</i> DIXON | <input checked="" type="checkbox"/> | | | |
| <i>W. K. Williams</i> WILLIAMS | <input checked="" type="checkbox"/> | | | |
| <i>Raymond Green</i> GREEN | <input checked="" type="checkbox"/> | | | |
| <i>Scott Ogan</i> OGAN | <input checked="" type="checkbox"/> | | | |
| <i>Bill Hudson</i> HUDSON | <input checked="" type="checkbox"/> | | | |
| <i>James Barnes</i> BARNES | <input checked="" type="checkbox"/> | | | |
| <i>Nicholia</i> NICHOLIA | <input checked="" type="checkbox"/> | | | |
| <i>Joule</i> JOULE | <input type="checkbox"/> | | | |
| | | | | |
| | | | | |

AIR'S SIGNATURE *Bill Hudson Co.* *Scott Ogan Co. Co.*

v

Alaska State Legislature

REPRESENTATIVE
PETER KELLY

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119 N. Cushman, Suite 203
Fairbanks, Alaska 99701
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State Capitol
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House District 31

House Of Representatives

Comparison

HB 46 with CS HB 46

The Committee Substitute before you differs from the original bill as a result of external legal review. The CS adds several reference sections following modification of language in of Section 7 (was Sect 4).

The key provision changed in the CS was the addition of language in Section 7 that makes it unnecessary for the department to develop regulations defining a mill site lease. Section 7 now makes it clear that the Department can issue a mill site lease for a reasonable annual rent. This lease is in addition to the mining claim lease, and is for a restricted set of uses approved by the director, i.e. mill sites, tailings sites, etc.

Sections 1, 2, 3, and 10 result from the need to make it clear that a mill site lease, in Section 7, is still exempt from the leasing provisions in AS 38.05.035(e). The change from [PERMIT] to "lease" in Section 7 of the bill presented the possibility of confusing mining leases with other land leases, and it was deemed best to specifically add this new language to the statutes.

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House District 31

House Of Representatives

Sponsor Statement

House Bill 46

Mining

House Bill 46 provides technical corrections to language in the existing mining code. These corrections reflect the actual practices of the Department of Natural Resources.

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House District 31

House Of Representatives

Sectional

House Bill 46

Mining

Sec. 1. Deletes "mining," which is an activity, and inserts "location," which establishes the right to mine. Because the closure is prospective. i.e. it is subject to existing rights, it is necessary to close an area to location. Mineral closures do not preclude mining on mineral locations that exist prior to the date of mineral closure. Mineral closures only apply to new mineral locations.

Sec. 2. Updates title 38 definition of corporation to reflect current definitions used elsewhere in state statutes and in federal laws.

Sec. 3. Reduces paperwork within DNR, and provides a clean \$5 unit for increase or change, not fractions of a dollar. The current language could make the calculation of rental payments needlessly cumbersome for both the mineral holder and the state.

Sec. 4. The Department of Natural Resources issues Leases not [PERMITS]. Miners pay annual rent not a "[charge]." Miners are restricted to a specific set of uses relating to mining.

Sec. 5. Surface uses are narrowly confined to mining uses, such as the mill site that is necessary to develop a mineral property like Fort Knox, to be readily leased.

Sec. 6. Conforms the abandonment procedures to other technical modifications in the bill.

Sec. 7, & 8. Eliminate redundancy by deleting the portions of the production license paperwork now achieved better in the existing requirements of the Department of Revenue.

Sec. 9 and 10. Effective dates.

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House District 31

House Of Representatives

Sectional CS House Bill 46

Sec. 1. Technical reference to the "Lease" in Section 7. Exempts mining lease from oil & gas lease requirements.

Sec. 2. Technical deletion of the old language referring to mining "production licenses" on page 2, and, on page 3, the insertion of the new mining "**surface use lease**" from section 7.

Sec. 3. Technical renumbering of reference in prior section.

Sec. 4. Deletes "mining," which is an activity, and inserts "**location**," which establishes the right to mine. Because the closure is prospective, i.e. it is subject to existing rights, it is necessary to close an area to location. Mineral closures do not preclude mining on mineral locations that exist prior to the date of mineral closure. Mineral closures only apply to new mineral locations.

Sec. 5. Updates title 38 definition of corporation to reflect current definitions used elsewhere in state statutes and in federal laws.

Sec. 6. Reduces paperwork within DNR, and provides a clean \$5 unit for increase or change, not fractions of a dollar. The current language could make the calculation of rental payments needlessly cumbersome for both the mineral holder and the state.

Sec. 7. Clarifies the language in this section. The Department of Natural Resources issues Leases not [PERMITS] for a mill site. Miners pay annual rent not a "[charge]." Miners are restricted to a specific set of uses relating to mining.

Sec. 8. Confirms that the mill site lease of Sec. 7, is treated the same as a mining lease, not competitive bid leases.

Sec. 9. Conforms the mining claim abandonment procedures to other technical modifications in the bill.

Sec. 10. Technical renumbering from section 2.

Sec. 11. Eliminates redundancy by deleting the portions of the production license paperwork now achieved better in with the "mining license" issued by the Department of Revenue.

Sec. 12 and 13, and 14. Effective dates.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 46

1 Page 3, lines 13 - 24:

2 Delete all material and insert:

3 "Sec. 38.05.255. Surface use of land or water. Surface uses of land or water
4 that are considered necessary for the exploration, development, or extraction of
5 minerals included within a mining property [PROPERTIES] by the owners, or by
6 the lessee or operator, of that property [THOSE PROPERTIES] shall be limited to
7 those necessary for the prospecting for, extraction of, or basic processing of mineral
8 deposits and shall be subject to reasonable concurrent uses. Leases [PERMITS] for
9 millsites, [AND] tailings disposal, and other mine related facilities may be issued
10 [GRANTED] by the director. The leases [PERMITS] shall be conditioned upon
11 payment of a reasonable annual rent [CHARGE] for the lease [USE] and restricted
12 to uses approved by the director [CONTINUANCE OF THE LIMITED USE].
13 Timber from land open to mining without lease, except timberland, may be used by
14 a mining claimant or prospecting site locator for the mining or development of the
15 location or adjacent claims under common ownership. On other land, timber may be
16 acquired as provided in this chapter. Use of water shall be made in accordance with
17 AS 46.15."

18 Page 3, lines 27 - 28:

19 Delete "The commissioner, by regulation, shall establish appropriate leasing
20 procedures and annual rent amounts for leases under this section."

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE KELLY

TO: Draft CSHB 46() ("B" Version)

1 Page 5, line 29, through page 6, line 1:

2 Delete "The rental amount shall be revised by the commissioner if the change between
3 the index for the first six months of the current year and the most recent index used to revise
4 the rental, or the reference base index if the rental amount has never been revised, equals or
5 exceeds \$5."

6 Page 6, line 4:

7 Delete "index annually"

8 Insert "rental amount each 10 years"

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

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PHONE: (907) 465-2400
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- ☐ 3601 C STREET, SUITE 1210
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January 31, 1997

The Honorable Bill Hudson
The Honorable Scott Ogan
Co-Chairmen, House Resources Committee
Capitol Building
Juneau, AK 99801

RE: House Bill 46, Related to Mining

Dear Representatives Hudson and Ogan:

The department, on behalf of the administration, is pleased to confirm our support to the changes in Title 38 as amended by the House Resources Committee on January 30th. We appreciate your prompt action in helping government become more efficient by revising outdated sections dealing with mining.

Thank you for your consideration and we urge passage of this bill

Sincerely,



John T. Shively
Commissioner

cc: Representative Pete Kelly, Representative Gene Therriault

FAIRBANKS BRANCH, ALASKA MINERS ASSOCIATION

P. O. Box 73069, Fairbanks, AK 99701, (907)474-2080, FAX (907)474-2082

January 17, 1997

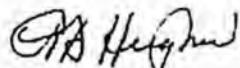
Representative Pete Kelly
Rm 513
State Capitol
Juneau, AK 99801-1182

Dear Representative Kelly:

I have taken the opportunity to review your proposed House Bill 46, "An Act relating to mining; and providing for an effective date." The proposed bill provides necessary and beneficial housekeeping. I support the bill as proposed.

I understand that there is some effort to add to the bill to provide for relief of rental fees for claims on streams in contention for navigable status, where the claims can not be worked. This appears to be a favorable addition to the bill. I expect to receive a copy of the modified bill next week.

Yours truly,



Richard A. Hughes, P. E.
Branch Chairman

JAN 23 1997



ALASKA MINERS ASSOCIATION, INC.

501 W. Northern Lights Blvd., Suite 203, Anchorage, Alaska 99503 FAX: (907) 278-7997 Telephone: (907) 276-0347

Honorable Bill Hudson
 Honorable Scott Ogan
 Co-Chairmen, House Resources Committee
 Capitol Building
 Juneau, AK 99801

January 22, 1997

RE: House Bill 46, Related to Mining

Dear Representatives Hudson and Ogan,

The Alaska Miners Association supports the changes to Title 38 proposed in House Bill 46. The changes contained in this bill are basically housekeeping items that will clarify the statute and remove items that could otherwise become un-intended stumbling blocks for miners.

During our review of this bill we identified an area in Section 4 that needs some further modification. We would suggest the section read as follows with new material underlined and removed material [BRACKETED AND CAPITALIZED]:

Sec. 4. AS 38.05.255. Surface use of land or water. Surface uses of land or water that are necessary for the exploration, development or extraction of minerals included within a mining property [PROPERTIES] by owners of that property [THOSE PROPERTIES] or a lessee or operator, shall be limited to those necessary for the prospecting for, extraction of, or basic processing of mineral deposits and shall be subject to reasonable concurrent uses. Leases [PERMITS] for millsites and tailings disposal or other mine-related facilities, either on or off the mining property, may be issued [GRANTED] by the director. The leases [PERMITS] shall be conditioned upon payment of a reasonable annual rent [CHARGE] for the lease [USE] and restricted to [CONTINUANCE OF THE LIMITED] uses approved by the director. Timber from the land open to mining without lease, except timberland, may be used by a mining claimant or prospecting site locator for the mining or development of the location or adjacent claims under common ownership. On other land, timber may be acquired as provided in this chapter. Use of water shall be made in accordance with AS 46.15.

These changes are necessary to clarify that lands adjacent to the mining claims may be leased for mills and other facilities. Thank you for consideration of our comments. We urge passage of this bill with these changes.

Sincerely,

Steven C. Borell, P.E.
 Executive Director

cc: Representative ^{Pex} Kelly
 Representative Gene Theriault