

**HB**

**46**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT OF  
SFC APR 9 1997

DATE: 3/27/97

FURTHER:

DATE TURNED  
IN TO OFFICE: 4-10-97

Finance Committee considered CS FOR HOUSE BILL NO. 46(RES)

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

and recommends:

- be replaced with SCS CS HB 416 (FIN)
- 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>Paul E. Kelly</i>	✓	<i>Sean Farrell</i>	✓		
<i>Al Adams</i>	✓	<i>David Dwyer</i>	✓		
<i>John Joyner</i>	✓				
<i>Co-Chair: [Signature]</i>	✓	<i>Co-Chair:</i>			
<i>Co-Chair: [Signature]</i>	✓	<i>Co-Chair:</i>			

**NEW FISCAL NOTE(S):**

Department                      Date    Zero    Fiscal

DNR	4/10		7.5

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

Department                      Date    Zero    Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

REPORTED OUT OF  
SFC APR 9 1997

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SCSCSHB46(FIN)

Revision Date: 10-Apr-97 Dept Affected: Natural Resources  
 Title: An Act relating to mining; and providing BRU: Resource Development  
for an effective date. Component: Mining Development  
 Sponsor: Kelly, Theriault  
 Requestor: S(FIN) Component Serial No. 442

Expenditures/Revenues (Thousands of Dollars)

	FY98	FY99	FY00	FY01	FY02	FY03
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES	4.0	4.0	4.0	4.0	4.0	4.0
TRAVEL						
CONTRACTUAL	3.5	3.5	3.5	3.5	3.5	3.5
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>
<b>CAPITAL EXPENDITURES</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>
<b>CHANGE IN REVENUES (1005)</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>

FUND SOURCE (Thousands of Dollars)

	FY98	FY99	FY00	FY01	FY02	FY03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	7.5	7.5	7.5	7.5	7.5	7.5
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>

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

POSITIONS

	FY98	FY99	FY00	FY01	FY02	FY03
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)

HB 46 is housekeeping in nature. Amendments to the bill in Committee deleted the requirement to develop new regulations. The change in the requirements for adjusting annual rental for state-owned mineral property is better in that adjustments are to the nearest whole \$5. Change in the cost of administration or to mineral property holders are speculative since there will be bookkeeping and billing savings. For example if this had been the tenth year under the existing law, the rental for a 40 acre mineral property would be \$25.59 if claim is less than 5 years old, \$51.19 if between 5 and 10 years old, and \$127.96 if more than 10 years old. Under the amended version these would be \$25, \$50, and \$130 respectively. The booking/billing savings are considered to be a wash for the purposes of estimating administrative costs and revenue to the state treasury.

(continued on following page)

Prepared by: Jules Tileston, Director Phone: 269-8625  
 Division: Division of Mining and Water Management Date: 10-Apr-97  
 Approved by Commissioner: [Signature] Date: 4-10-97  
 Agency: Natural Resources

Analysis HB46 continued...

Amendment to the exploration incentive credit program will require authority to receive an estimated \$7,500 in application fees annually. During the initial year of the program, administrative costs for processing 33 applications were \$20K from other funds since the exploration incentive credit program was unfunded. This expenditure was necessary since the legislation provided for automatic approval of more than \$13,300K in these applications if the commissioner took no action.

The existing statutory deadline for requesting certification of exploration credits during calendar year 1996 was March 3, 1997. The revisions do not require the development of regulations. It does require future submissions to be on a form developed by the department. The existing form has been in use for two years and was developed by the department, in close cooperation with the Department of Revenue and the mining industry. This existing form may require some minor revisions, but no substantive work is expected. The estimated annual work is projected to total about 2 work months as a result of 5 applications under \$1,000, and 5 over that amount: hence, the request to receive the \$7.5K to cover direct administrative costs. The \$7.5K will provide the capability to contract a substantial part of the review of the new applications that will already have a CPA statement for any year where the credit exceeds \$40K for a single mineral property.

There are no known costs to the department from designation of the two tracts at Petersville as Recreational Mining Areas. An existing Mineral Closing Order (674) requires that detailed consideration be given to the best way to manage the two tracts in the public interest. Once the plan is completed, there may be additional costs required to manage the two areas.

SENATE FINANCE  
COMMITTEE

Amendment Number: 1  
Bill Number: SCS CSHB 46(RES)  
Sponsor: \_\_\_\_\_ Date: 4-8-97  
Logged In By: FJH

*Moved by Parnell  
Adams obj Ret, then W/D  
Adopted w/o objection*  
0-LS0265\K.3-  
Luckhaupt  
4/8/97

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 46(RES)

1 Page 14, following line 25:

2 Insert a new bill section to read:

3 **"\* Sec. 20.** Nothing in secs. 8 - 17 and 19 of this Act is intended to impair, remove, or  
4 deny any valid, prior existing rights that have been acquired by a miner through location,  
5 lease, or permit."

6 Renumber the following bill sections accordingly.

7 Page 14, line 26:

8 Delete "sec. 21"

9 Insert "sec. 22"

10 Page 14, line 30:

11 Delete "and 20"

12 Insert "and 21"

13 Page 14, line 31:

14 Delete "and 20"

15 Insert "and 21"