

**SB**

**175**

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 5/15/99

FURTHER: Finance

Date of 5-Day Notice: 24-hour rule in effect  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 2/21/00

Resources Committee considered

SENATE BILL NO. 175

"An Act relating to state mining law, to methods of locating mining claims, to the granting of larger mining claims using a legal subdivision based on rectangular survey descriptions, and to mandatory rental payments for prospecting rights."

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 title

new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Chris To...</i>	✓				
<i>Pete Kelly</i>	✓				
<i>Lyde...</i>	✓				
CHAIR: <i>Rich Halford</i>	✓	CHAIR:			

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal

DNR	2/18		✓

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

Department                      Date      Zero      Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill



Official Business

# ALASKA STATE LEGISLATURE

## SENATE RESOURCES COMMITTEE

State Capitol  
Juneau, AK 99801

Chairman: Senator Rick Halford  
Vice Chair: Senator Robin Taylor  
Senator Lyda Green  
Senator Pete Kelly  
Senator Jerry Mackie  
Senator Sean Parnell  
Senator Georgianna Lincoln

### Sponsor Statement Senate Bill 175 "Amendments to State Mining Law"

Senate Bill 175 proposes changes to the Alaska State Mining Law that reduce the time and processing cost for the State, while improving the accuracy and accessibility of the claim location data. These changes affect methods of locating mining claims, rental payments and other related items; they have no effect on the rights established by claims.

The Department of Natural Resources currently has a six month backlog of claims that have been filed, but are not yet on the land status plats. Changes proposed by SB 175 will greatly improve this situation by allowing DNR to use a format whereby mining claim corners conform to an aliquot part legal description and can then be electronically entered onto (or removed from) the State land status plats.

The changes proposed by SB 175 incorporate several years of work between the mining industry and the Alaska Department of Natural Resources. The primary concern for DNR is the amount of manpower, time and cost that are now required to process the paperwork for mining claims.

From the viewpoint of the mining industry, the changes will simplify the process of staking mining claims and reduce errors during the staking, recording and filing process. One change will make it simpler and more feasible to utilize Global Positioning Systems (GPS) to establish claim corners in the field. Another change will allow the location of a larger size of mining claim, which will decrease the number of stakes in the field and reduce the amount of paperwork by 75%. The existing claim location system will continue to be available for those situations where the new positioning method is not practical.

Other changes regard prospecting sites, including the establishment of a rental charge, repeal of the limitation of the number of sites that can be held, and clarification of the terms.

Senate Bill 175 is supported by the Alaska Miners Association and the Department of Natural Resources.



Official Business

# ALASKA STATE LEGISLATURE

## SENATE RESOURCES COMMITTEE

State Capitol  
Juneau, AK 99801

Chairman: Senator Rick Halford  
Vice Chair: Senator Robin Taylor  
Senator Lyda Green  
Senator Pete Kelly  
Senator Jerry Mackie  
Senator Sean Parnell  
Senator Georgianna Lincoln

### Sectional Analysis

#### Senate Bill 175

#### "Amendments to State Mining Law"

**Section 1.** Establishes an additional method for locating (staking) mining claims called "MTRSC" (Meridian, Township, Range, Section, Claim); allows claims to be located as 160 acres each, in addition to the current size of 40 acres per claim; specifies where a claim shall be marked; and reduces the period of time allowed for a person staking a claim to record the certificate of location from 90 days to 45 days.

**Section 2.** Establishes that the annual labor rates for the new 40 acre MTRSC claims will be the same as existing 40 acre non-MTRSC claims and that 160 acre MTRSC claims will be equal to four (4) times that of the 40 acre claims.

**Section 3.** Establishes a rental rate for prospecting sites and clarifies the rental rates for MTRSC claims.

**Section 4.** Provides an incentive to use the MTRSC method and to convert existing non-MTRSC claims into the MTRSC format.

**Section 5.** Defines "MTRSC system."

**Section 6.** Requires that all new prospecting sites be located by the MTRSC system and reduces the period of time allowed for a person establishing a prospecting site to record the certificate of location from 90 days to 45 days.

**Section 7.** Repeals the limitation on the number of prospecting sites that can be held in a township; increases from one year to two years the term of a prospecting site, removes the extension procedure for prospecting sites, and specifies requirements for locating and renting a prospecting site.

**Section 8.** Removes the requirement that claim lines be marked and clarifies the terms of abandonment of a prospecting site.

# FISCAL NOTE

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

**BILL NO. SB 175**

Revision Date/Time: \_\_\_\_\_ Dept Affected: Natural Resources  
 Title: STATE MINING LAW BRU: Minerals, Land & Water Development  
 Component: Claims, Permits and Leases  
 Sponsor: SRES  
 Requestor: SRES Component No 2460

Expenditures/Revenues (Thousands of Dollars)  
 Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES	75.0	75.0	75.0	75.0	75.0	75.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>75.0</b>	<b>75.0</b>	<b>75.0</b>	<b>75.0</b>	<b>75.0</b>	<b>75.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES (1005)	150.0	150.0	150.0	150.0	150.0	150.0
---------------------------	-------	-------	-------	-------	-------	-------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	75.0	75.0	75.0	75.0	75.0	75.0
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>75.0</b>	<b>75.0</b>	<b>75.0</b>	<b>75.0</b>	<b>75.0</b>	<b>75.0</b>

Estimate of any current year (FY2000) cost: \$ n/a

**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)

Alaska is experiencing a boom in mineral locations. The number of new claims has increased from 3,000-4,000 per year in the early 1990s to over 15,000 last year. Because of this increase, each year it takes longer and longer for DNR to process all the new locations. It now takes 12 weeks, almost a full mining season, for DNR to process new claims.

This bill would reduce DNR's processing requirements. In addition, it would allow locators to stake their locations in a manner that allows DNR to automate a significant part of the process. Thus, the bill is necessary to ensure that DNR's level of service does not deteriorate further if, as expected, 10,000 new claims are staked in the next few years. (cont.)

Prepared by: Robert M. Loeffler *NICOLAS for R. Loeffler* Phone: 907-269-8625  
 Division: Mining, Land and Water *AD* Date: 18-Feb-00  
 Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: John Shively Date: \_\_\_\_\_  
Natural Resources

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
 For further distribution information call the Governor's Legislative Office

Finally, the bill would also save the mineral locator money in being able to locate fewer mineral locations to cover the same area, which will result in less staking and recording.

The major change is that the bill allows locators to stake claims according to aliquot parts (referred to as Meridian, Township, Range, Section Claims, or MTRSC, in the bill).

This bill provides a one-time 50% reduction in rental for new MTRSC mineral locations and previous mineral locations converted to MTRSC as an incentive to locate the new MTRSC locations provided in this bill. The one-time incentive-induced reduction in rental will cost the State an estimated \$50K in reduced rentals. This bill also provides a new, previously untapped source of rental revenue from requiring rental for prospecting site locations at the same rental amount as for new mining locations. Requiring rental for prospecting site locations, which had no rental requirement previously, will result in fewer prospecting site locations (estimated 75% reduction) and more mining claims or leasehold locations being staked in their place. This "switching" by the mining industry will result in an estimated net rental increase of \$200K annually. Thus, the net effect of the bill is to increase revenues from the mineral industry by approximately \$150K annually, approximately half of which would go to the permanent fund.

Currently, DNR puts prospecting site locations in the state's computerized public land records, but not on the status plats. DNR does, however, put new mining claims and leasehold locations in the public land records as well as on the status plats. Thus, the "new rental revenue" needs to be used to process the additional locations and to reduce the processing time of new locations expected. Without the bill, the claim processing time will, in future years, climb to 14 or 16 weeks or longer (i.e., it would take longer than a full mining season to process the claims). This is a much lower level of service than the mining industry deserves. This bill, without the fiscal note, will allow the processing time to stay at the relatively poor service level of approximately 12 weeks. The bill plus the funds in the fiscal note would allow DNR to lower processing times to approximately 6 weeks.



# ALASKA MINERS ASSOCIATION, INC.

3305 Arctic #202 Anchorage Alaska 99503 • (907) 563-9229 • FAX (907) 563-9225 • www.alaskaminers.org

February 19, 2000

Honorable Rick Halford  
Chairman  
Senate Resources Committee  
Capitol Building  
Juneau, AK 99801

RE: Senate Bill 175, Amendments to the Alaska State Mining Law

Dear Senator Halford,

Thank you for scheduling a hearing on Senate Bill 175 which will make some amendments to the Alaska State Mining Law. The changes proposed in SB-175 are the result of several years of work between the mining industry and the Alaska Department of Natural Resources. They affect only the process required for locating (staking) mining claims and do not increase or decrease the rights established by mining claims. These changes have been developed very carefully to ensure that they accomplish only what is intended and that they clarify some points in the existing law that could otherwise contribute (and in the past have contributed) to paperwork and records errors.

The current State budget challenges were the primary catalyst for our work to develop these amendments. Also, technological advances in electronic land records, on-line access, and Global Positioning Systems (GPS) have developed to a level where they now provide new ways to address the problems and post data onto the State land status plats in a timely and efficient manner.

The primary issue for DNR was the amount of manpower, time and cost that is now required to process the paperwork for mining claims. SB-175 greatly improves this situation by placing mining claims into a format that can be electronically entered onto (or removed from) the State land status plats. This will decrease the amount of time for DNR to process the claims and at the same time greatly improve the accuracy and accessibility of the data. DNR now has a six month backlog of claims that have been located and filed with the Department, but are not yet entered on the land status plats.

For the mining industry, the changes will simplify the process of staking mining claims and reduce errors during the staking, recording and filing process. One change will make it simpler and more feasible to utilize Global Positioning Systems (GPS) to establish claim corners in the field. Another change will allow use of a larger size mining claim which will decrease the amount of paperwork by 75%, for both the miner and DNR. The existing claim location system will continue to be available for those situations where the new positioning method is not practical.

We urge that the amendments proposed in SB-175 be enacted and become law at the earliest feasible date.

Sincerely,

Steven C. Borell, P.E.  
Executive Director