

HB

181

<TARGET><BILL>HB 181</BILL><SUBJECT>HB
181</SUBJECT><COMM>HFIN28</COMM></TARGET>

HB 181: Mining License Revenue Tax



REP NEAL FOSTER

Bill Language



“An Act relating to the accounting for money received by the state from the mining license tax, mining lease payments, and royalties¹ from mining on state tide and submerged land² within a municipality, and the availability of that money for appropriation to certain boroughs and municipalities outside of a borough.”

Language Clarification



- Two types of revenue:
 - Mining lease payments & royalties = Competitive bids for tracts of off-shore mining areas
 - Mining license tax = Tax on profits
- “State tide and submerged land” = Off-shore

Bill in Laymen's Terms



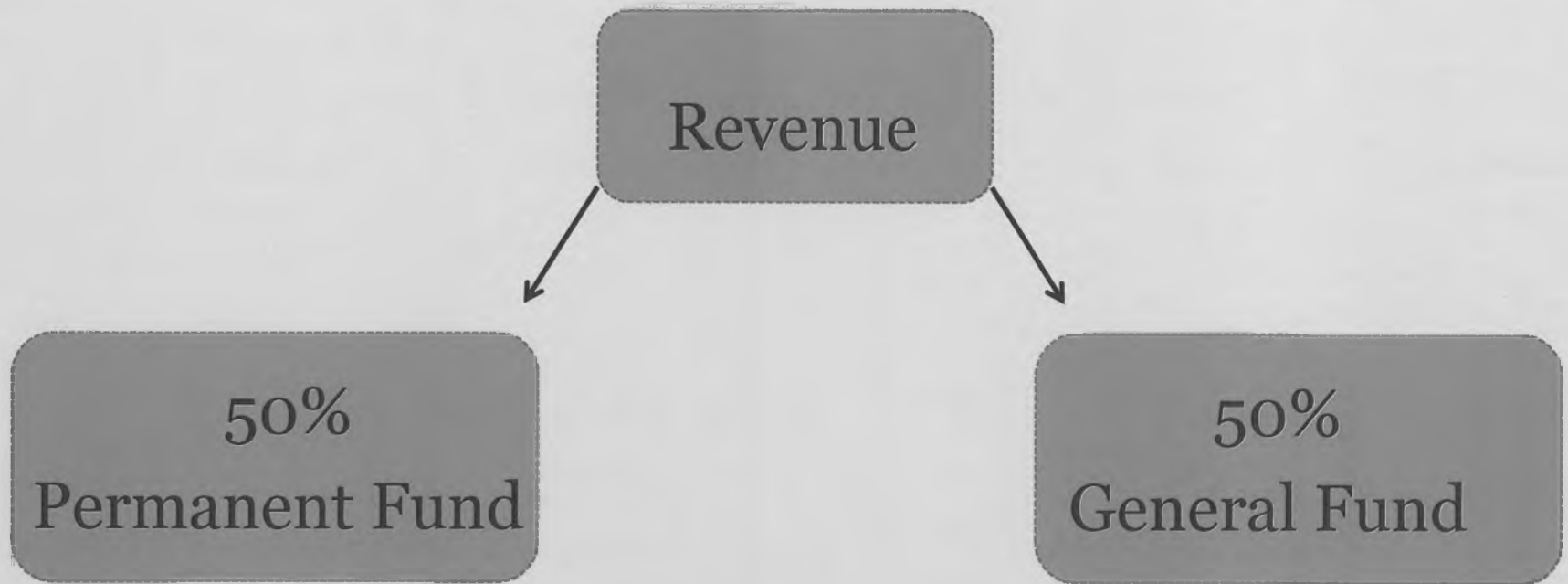
- **By request of:**
 - Commissioner of Commerce, Community, and Economic Development, or
 - Commissioner of Department of Natural Resources
- **Legislature may appropriate funds:**
 - From mining leases & taxes
 - To municipalities
 - If the mining occurs off-shore and in municipal boundaries

Reason for Legislation

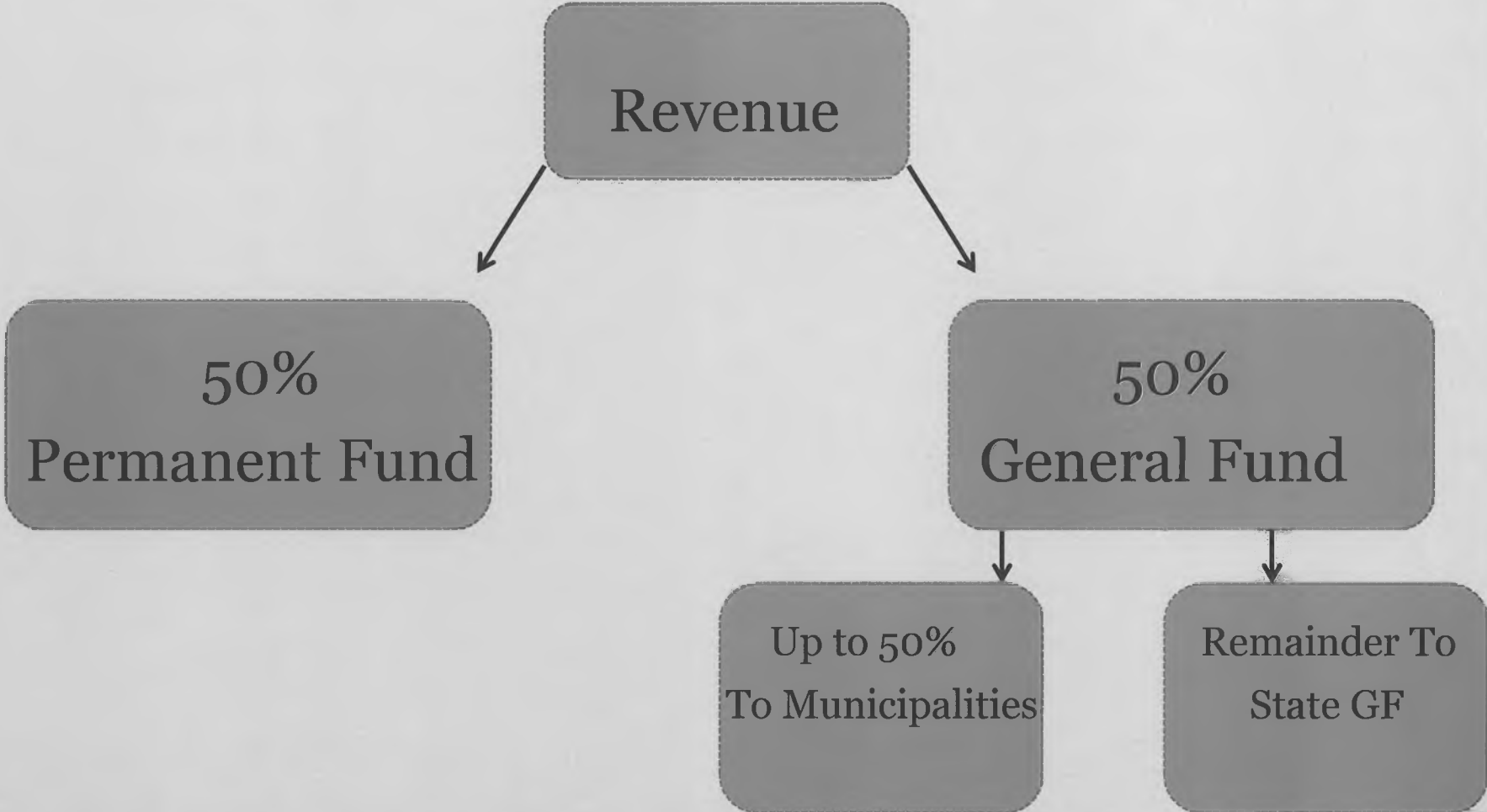


- **State revenue associated with mineral lease sales:**
 - Off-shore and within Nome's municipal boundaries
 - Have brought in over \$700,000 in recent years to the State
- **Caused increased traffic in Nome's port & harbor**
- **Need more infrastructure and personnel**

Current Funding



Proposed Funding



Mineral lease rental, royalties, and royalty sale proceeds in the Nome area for 2011-2013

Information provided by the Division of Mining, Land, and Water, Department of Natural Resources

All Claims Within the Municipality of Nome*										
	CY2011				CY2012			CY2013		
	Rent	Royalties	Lease Sale	Total	Rent	Royalties	Total	Rent	Royalties	Total
Totals	\$11,655.93	\$6,478.07	\$686,542.72	\$704,676.72	\$11,589.71	\$8,771.06	\$20,360.77	\$11,611.51	\$5,726.70	\$17,338.21

* Estimated income calculated based on the percentage of lease within the boundaries of the Municipality of Nome.

Rents are paid for the upcoming year (i.e. 2013 rent monies are for the 2014 mining season, and are due by November 30th, 2013). Royalties paid are for the preceding year (i.e. royalties received in 2013 are for the 2012 mining season, and are due by May 1st, 2013).

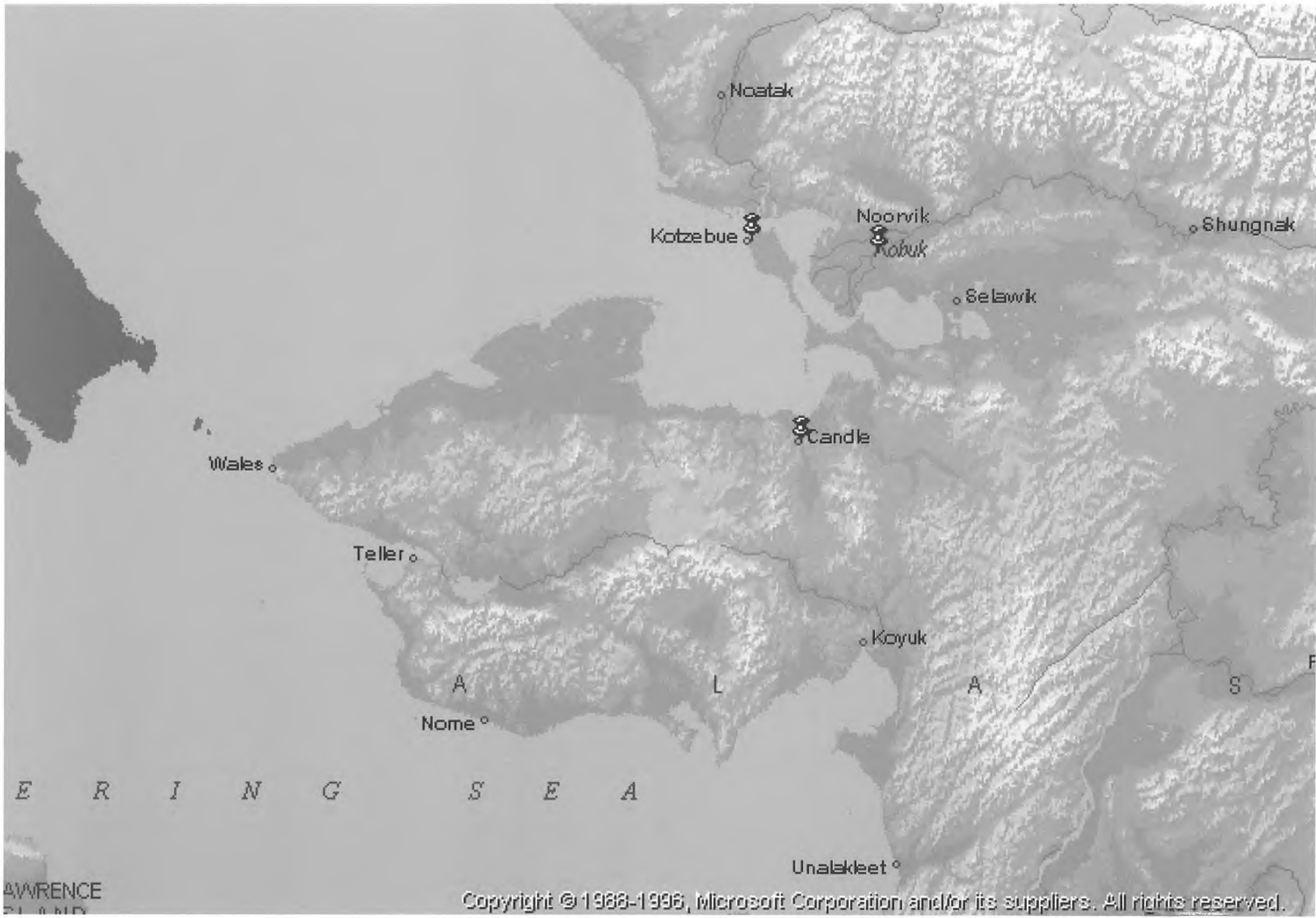
Municipality of Nome's Share by Year**			
	CY2011	CY2012	CY2013
Total	\$176,169.18	\$5,090.19	\$4,334.55

** Computed by multiplying by 50% (Permanent Fund Share), then by 50% for "designated for distribution".

- Compiled by DNR
- Calculates revenue based on leases within Nome's boundaries
- Nome's share based on maximum allocation

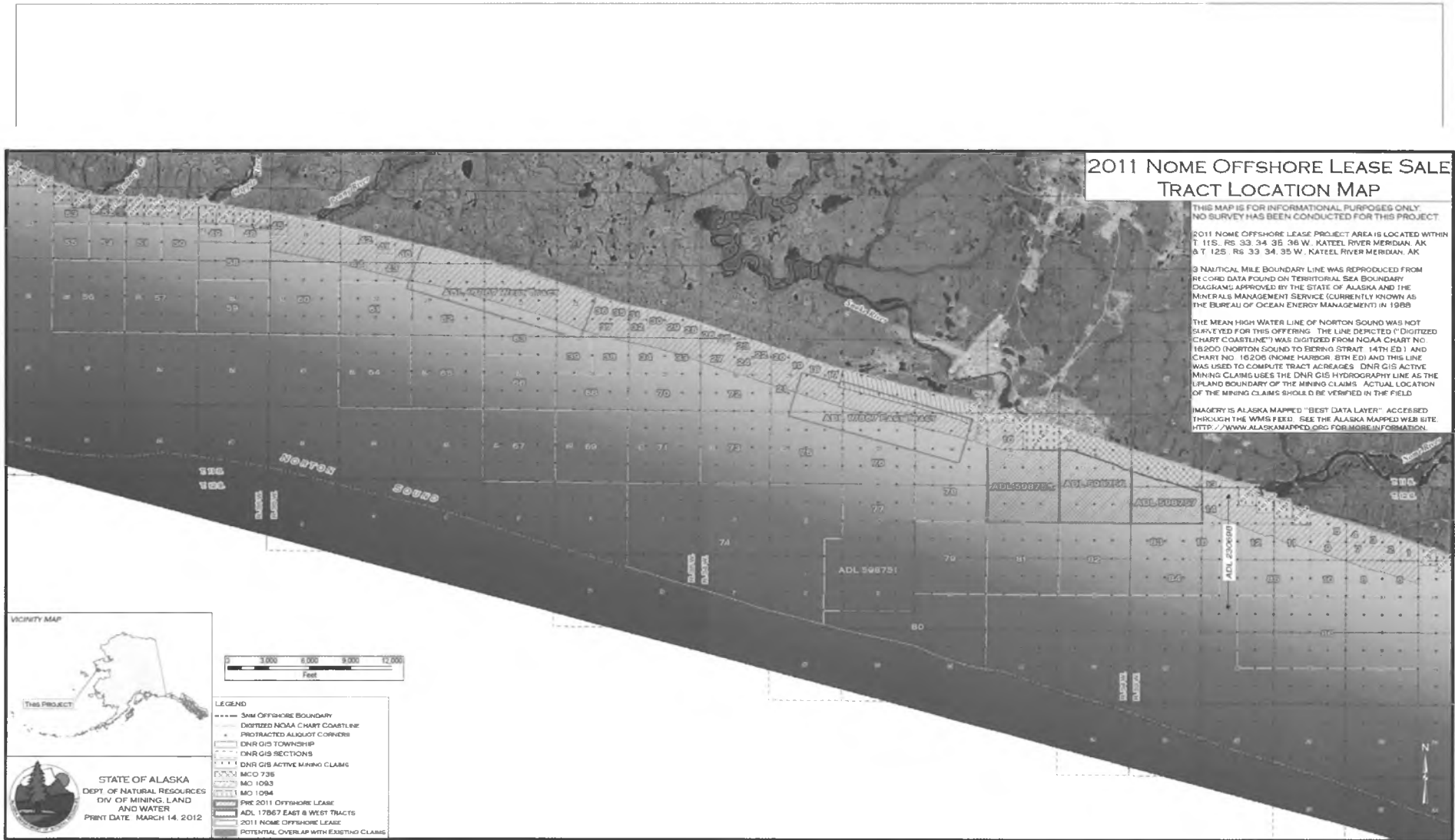


So what do we mean when we say off-shore but within a municipalities boundaries?



LAWRENCE ISLAND

Copyright © 1988-1996, Microsoft Corporation and/or its suppliers. All rights reserved.



2011 NOME OFFSHORE LEASE SALE TRACT LOCATION MAP

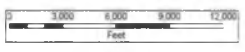
THIS MAP IS FOR INFORMATIONAL PURPOSES ONLY. NO SURVEY HAS BEEN CONDUCTED FOR THIS PROJECT.

2011 NOME OFFSHORE LEASE PROJECT AREA IS LOCATED WITHIN T. 11S. R. 33 34 35 36 W. KATEEL RIVER MERIDIAN, AK & T. 12S. R. 33 34 35 W. KATEEL RIVER MERIDIAN, AK.

3 NAUTICAL MILE BOUNDARY LINE WAS REPRODUCED FROM RECORD DATA FOUND ON TERRITORIAL SEA BOUNDARY DIAGRAMS APPROVED BY THE STATE OF ALASKA AND THE MINERALS MANAGEMENT SERVICE (CURRENTLY KNOWN AS THE BUREAU OF OCEAN ENERGY MANAGEMENT) IN 1988.

THE MEAN HIGH WATER LINE OF NORTON SOUND WAS NOT SURVEYED FOR THIS OFFERING. THE LINE DEPICTED ("DIGITIZED CHART COASTLINE") WAS DIGITIZED FROM NOAA CHART NO. 16200 (NORTON SOUND TO BERING STRAIT, 14TH ED.) AND CHART NO. 16200 (NOME HARBOR, 8TH ED.) AND THIS LINE WAS USED TO COMPUTE TRACT ACRES. DNR GIS ACTIVE MINING CLAIMS USES THE DNR GIS HYDROGRAPHY LINE AS THE UPLAND BOUNDARY OF THE MINING CLAIMS. ACTUAL LOCATION OF THE MINING CLAIMS SHOULD BE VERIFIED IN THE FIELD.

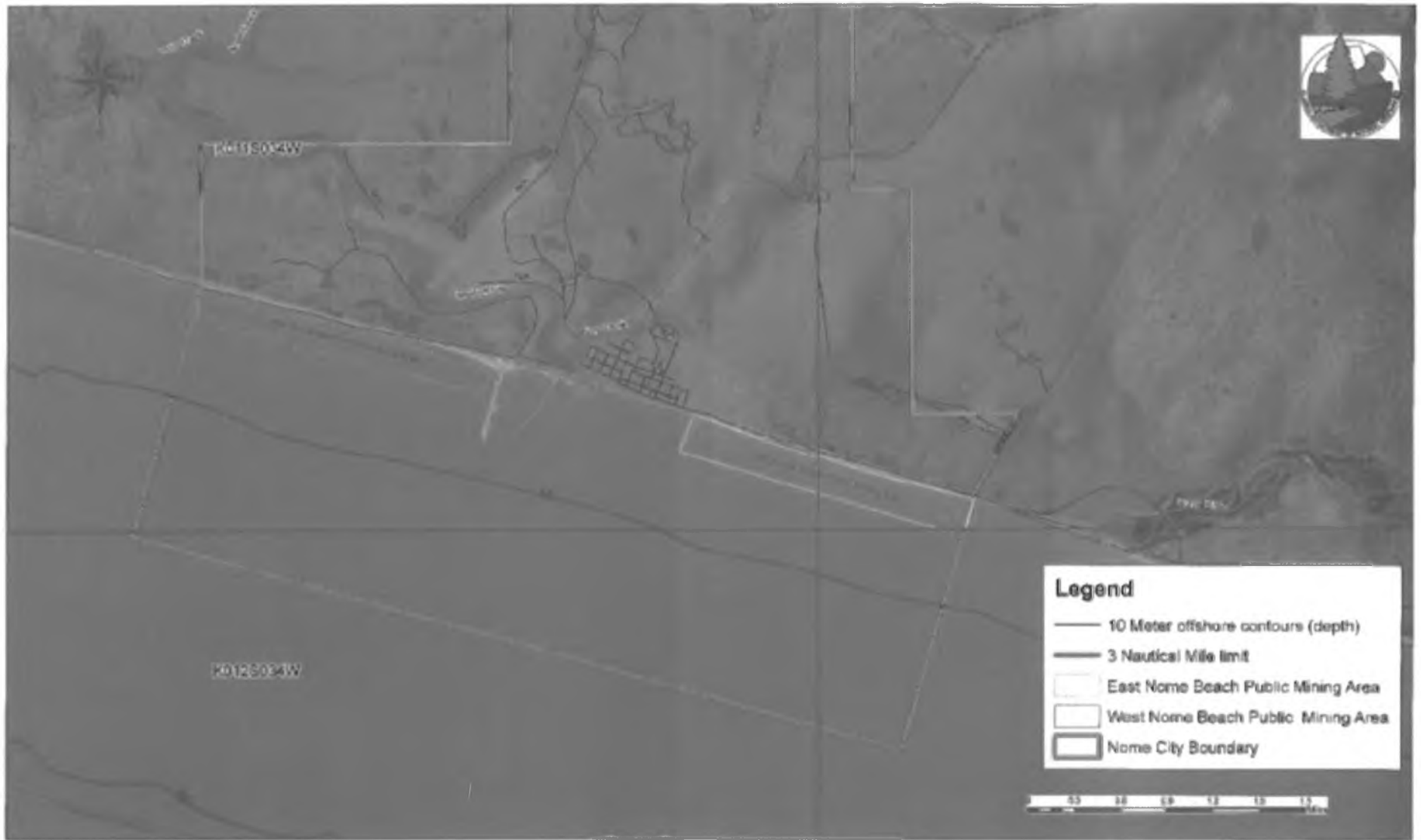
IMAGERY IS ALASKA MAPPED "BEST DATA LAYER" ACQUIRED THROUGH THE WMS FEED. SEE THE ALASKA MAPPED WEB SITE: [HTTP://WWW.ALASKAMAPPED.ORG](http://WWW.ALASKAMAPPED.ORG) FOR MORE INFORMATION.

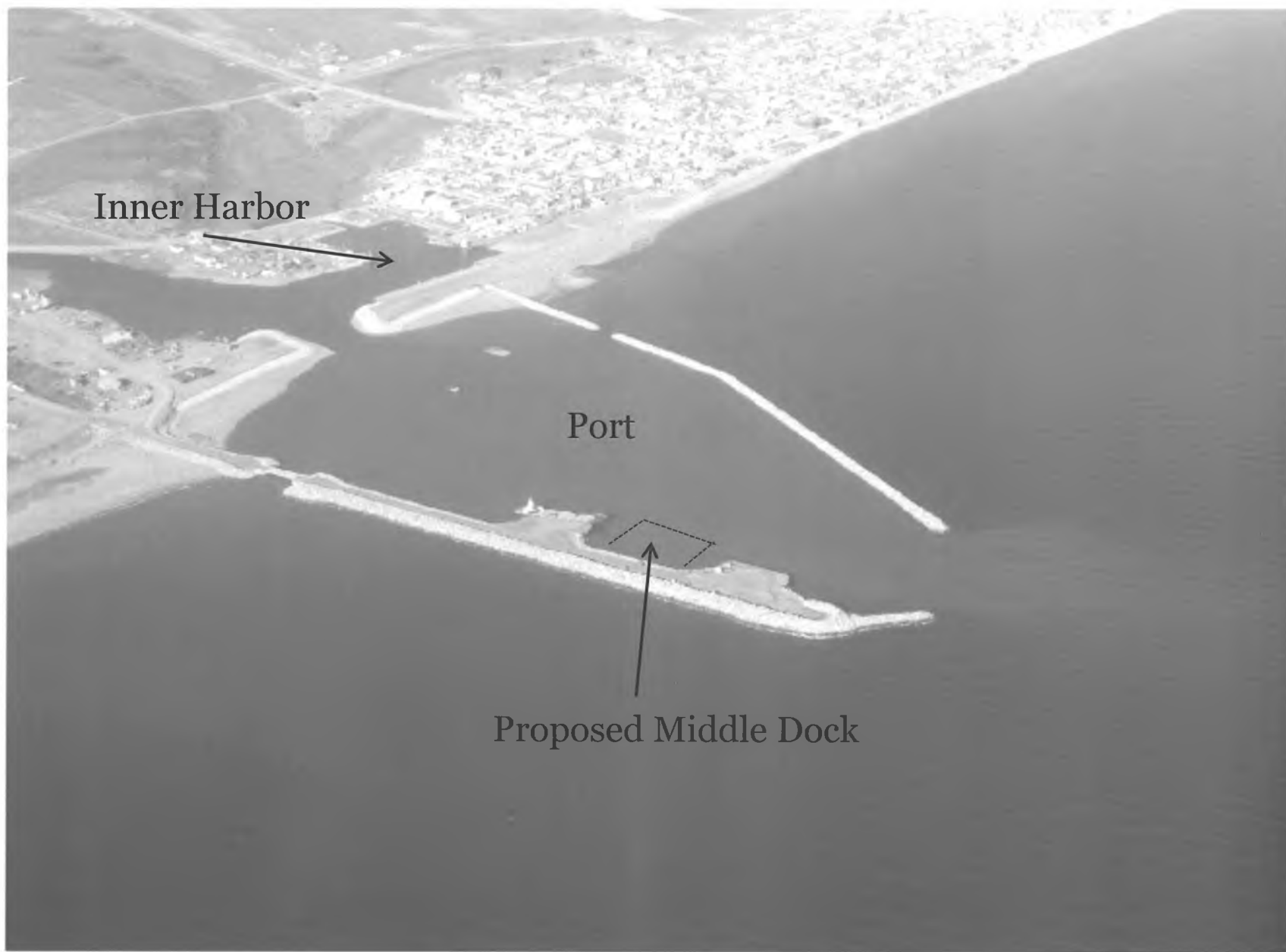


- LEGEND**
- 3NM OFFSHORE BOUNDARY
 - - - - DIGITIZED NOAA CHART COASTLINE
 - PROTRACTED ALIQUOT CORNERS
 - DNR GIS TOWNSHIP
 - DNR GIS SECTIONS
 - DNR GIS ACTIVE MINING CLAIMS
 - MO 736
 - MO 1093
 - MO 1094
 - PRE 2011 OFFSHORE LEASE
 - ADL 17867 EAST & WEST TRACTS
 - 2011 NOME OFFSHORE LEASE
 - POTENTIAL OVERLAP WITH EXISTING CLAIMS

STATE OF ALASKA
DEPT. OF NATURAL RESOURCES
DIV. OF MINING, LAND AND WATER
PRINT DATE: MARCH 14, 2012

NOME BEACH PUBLIC MINING AREAS





Inner Harbor



Port



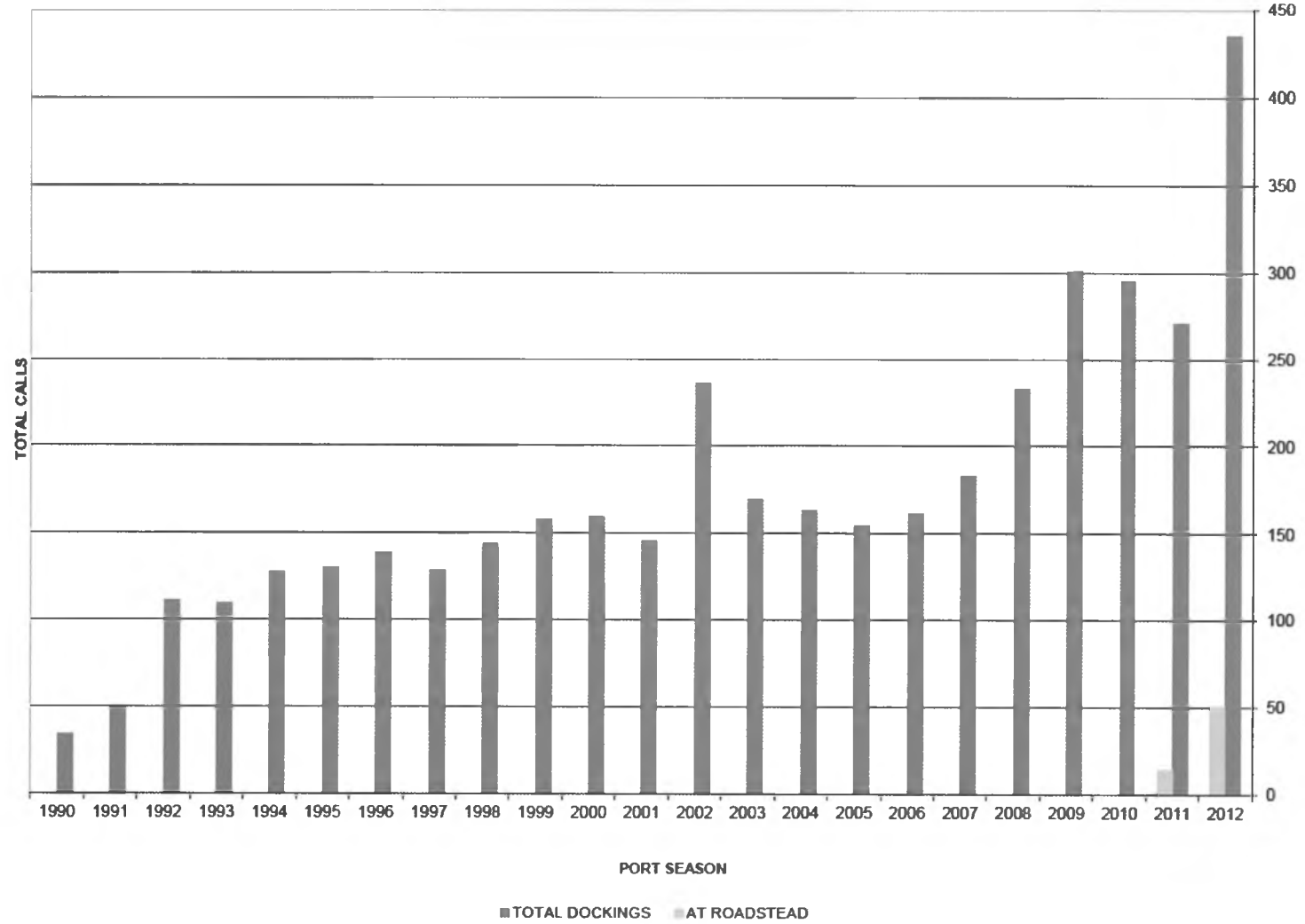
Proposed Middle Dock

Area Within the Municipality



- What makes Nome unique is its municipal boundaries go off-shore.
- Nome cannot impose a property tax on open water.
- Legislation would only capture revenue from the leases that fall within the municipal boundary.
- This area is small compared to the total mining leases that affect Nome's port & harbor.

PORT VESSEL TRAFFIC by Season



Effects Increased Traffic



- Increased traffic of smaller vessels are driving the need for expansion of the inner harbor
- As leases are developed larger vessels (too big for the inner harbor) are competing for already cramped space in the outer port's two docks
- The number of dredges, vehicles and equipment being shipped in for the mining industry is exacerbating the delays and congestion at the port.

Final Message



- HB181 offers one small portion of relief for infrastructure & funding needs
- Yesterday the Department notified us that there are no more lease sales planned within Nome's boundaries
- This means that going forward there would only be about \$4,000 per year in revenue available to the City. The funding request for the planned middle dock alone is \$3 million.
- Solutions:
 - Retroactivity
 - Area Expansion
 - Capital Request

Alaska House of Representatives

Rep. Neal Foster, Co-Chair
P.O. Box 1630
Nome, Alaska 99762

Phone: (907) 443-5036
Fax: (907) 443-2162



During the Legislative Session
Alaska State Capitol, Room 434
Juneau, Alaska 99801

Phone: (907) 465-3789
Fax: (907) 465-3242

House Special Committee Military and Veterans Affairs

Sponsor Statement

HB 181 MINING LICENSE REVENUE; REVENUE SHARING

The impetus of House bill 181 comes to us when offshore mining lease sales occurred off the coast of Nome. These lease sales occurred partially within municipal boundaries and sky rocketed demand for space within the Nome harbor. Space the harbor does not have. While the state realized financial benefit for the lease sales it also created a burden on local municipality to provide additional port and harbor services.

HB 181 will give the department authority to share revenues from offshore mining taxes and lease sales with affected municipalities when the leases are within municipal boundaries. This funding would still be subject to legislative approval.

I urge your support of this legislation.

District 39: Alatna, Alcan Border, Allakaket City, Arctic Village, Beaver, Bettles City, Birch Creek, Brevig Mission City, Central, Chalkyitsik, Chicken, Chisana, Chistochina, Chitina, Circle, Coldfoot, Copper Center, Diomedes City, Dot Lake, Dot Lake Villages, Dry Creek, Eagle City, Eagle Village, Elim City, Evansville, Fort Yukon City, Gakona, Galena City, Gambell City, Golovin City, Gulkana, Healy Lake, Hughes City, Huslia City, Kaltag City, Kenny Lake, Koyuk City, Koyukuk City, Livengood, McCarthy, Mentasta Lake, Nabesna, New Allakaket, Nome City, Northway, Northway Junction, Northway Village, Nulato City, Paxson, Port Clarence, Rampart, Savoonga City, Shaktoolik City, Shishmaref City, Silver Springs, Slana, St. Michael City, Stebbins City, Stevens Village, Tanacross, Tazlina, Teller City, Tetlin, Tok, Unalakleet City, Venetie, Wales City, White Mountain City and Wiseman.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
AX (907) 465-2029
Mail Stop 3101

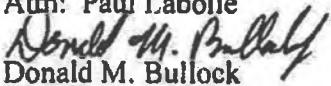
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 22, 2013

SUBJECT: Seaward of a municipality (HB 181)
(Work Order No. 28-LS0649A)

TO: Representative Neal Foster
Attn: Paul Labolle

FROM: 
Donald M. Bullock
Legislative Counsel

You asked for a legal definition for the word "seaward," and whether HB 181 applies only to tidal and seaward areas that are within municipal boundaries.

Seaward

There is no definition for "seaward" in the Alaska Statutes or the Alaska Administrative Code, although the word appears a number of times. AS 01.10.040(a) provides direction for determining the meaning of words:

Words and phrases shall be construed according to the rules of grammar and according to their common and approved usage. Technical words and phrases and those that have acquired a peculiar and appropriate meaning, whether by legislative definition or otherwise, shall be construed according to the peculiar and appropriate meaning.

The common and approved usage of the term "seaward" is provided by *Webster's Third New International Dictionary*.¹ Three meanings are given. As an adverb, "seaward" means "toward the sea;" as a noun, the term means "the side away from land and toward the open sea; also a location in this direction. As an adjective, "seaward" means "directed or situated toward the sea" or "coming from the sea."

In the context of the HB 181, "seaward" reasonably means the direction away from land and toward the sea.

¹ *Webster's Third New International Dictionary of the English Language, Unabridged*, (2002).

Representative Neal Foster
March 22, 2013
Page 2

State tide and submerged land

The application of HB 181 does not require that the state tide and submerged land seaward of a municipality be within a municipality. Separate accounting is required only for lease rentals, royalties, and royalty sale proceeds from state land seaward of a municipality.² Similarly, the accounting for the mining tax (AS 43.65) focuses on "property, on state tide and submerged land seaward" of a municipality.³

An apportionment to tidal and submerged state land that is seaward from land that is not within a municipality is not subject to appropriation under the language of the bill.

If I may be of further assistance, please advise.

DMB:ljw
13-198.ljw

² Sec. 1, HB 181.

³ Sec. 2, HB 181.

Mineral lease rental, royalties, and royalty sale proceeds in the Nome area for 2011-2013

Information provided by the Division of Mining, Land, and Water, Department of Natural Resources

All Claims Within the Municipality of Nome*										
	CY2011				CY2012			CY2013		
	Rent	Royalties	Lease Sale	Total	Rent	Royalties	Total	Rent	Royalties	Total
Totals	\$11,655.93	\$6,478.07	\$686,542.72	\$704,676.72	\$11,589.71	\$8,771.06	\$20,360.77	\$11,611.51	\$5,726.70	\$17,338.21

* Estimated income calculated based on the percentage of lease within the boundaries of the Municipality of Nome.

Rents are paid for the upcoming year (i.e. 2013 rent monies are for the 2014 mining season, and are due by November 30th, 2013). Royalties paid are for the preceding year (i.e. royalties received in 2013 are for the 2012 mining season, and are due by May 1st, 2013).

Municipality of Nome's Share by Year**				
	CY2011		CY2012	CY2013
Total	\$176,169.18		\$5,090.19	\$4,334.55

** Computed by multiplying by 50% (Permanent Fund Share), then by 50% for "designated for distribution".



LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature
Division of Legal and Research Services
State Capitol, Juneau, AK 99801

(907) 465-3991 phone
(907) 465-3908 fax
research@legis.state.ak.us

Research Brief

TO: Representative Neal Foster
FROM: Susan Haymes, Legislative Analyst
DATE: March 29, 2013
RE: Communities Qualifying for Revenue Sharing under HB 181
LRS Report 13.335

You wished to know how many and which communities would qualify for revenue sharing under HB 181 as introduced.

As you know, House Bill 181 provides that, after making the required deposit to the permanent fund, 50 percent of the revenue received from mineral lease rentals, royalties, and royalty proceeds from a lease located on submerged state land that is offshore from a municipality will be accounted for separately as a distinct program under AS 37.05.142.¹ The bill further provides that up to 50 percent of those funds may be appropriated by the Legislature for certain boroughs and municipalities upon the request of the commissioner of the Department of Natural Resources or the commissioner of the Department of Commerce, Community and Economic Development.

The bill defines communities that are eligible to receive any appropriated funds as those boroughs or municipalities where a lease or portion of a lease is on "state tide and submerged land seaward" of that borough or municipality. According to Linda Books, Mineral Property Management, Department of Natural Resources (DNR), the only mining leases located in state offshore waters are near Nome and Cape Yakataga.² Cape Yakataga is located in the unorganized borough and, therefore, any mining tax revenue collected from leases would not be separately accounted for under the proposed legislation.³

The DNR conducted an offshore mining lease sale at Nome in the fall of 2011. In short, Nome is the only municipality that would qualify for an appropriation under HB 181.

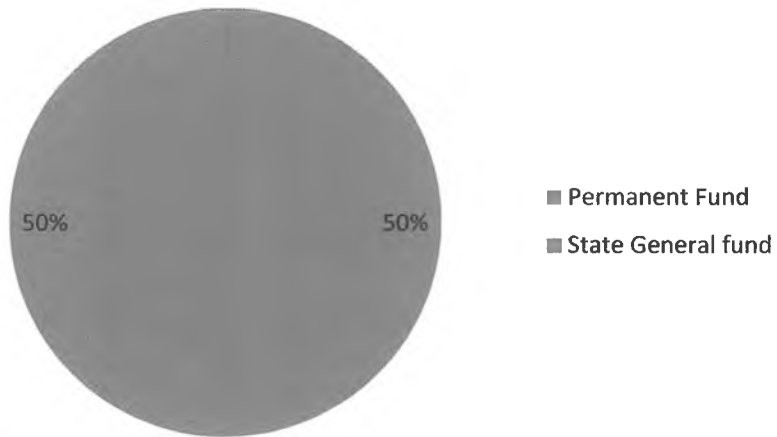
We hope this is helpful. If you have questions or need additional information, please let us know.

¹ The mineral industry pays revenue to the State of Alaska through a number of mechanisms including mining license taxes, lease payments, production royalties, coal land rentals and royalties, fuel taxes, corporate income taxes, and rock, sand and gravel sales.

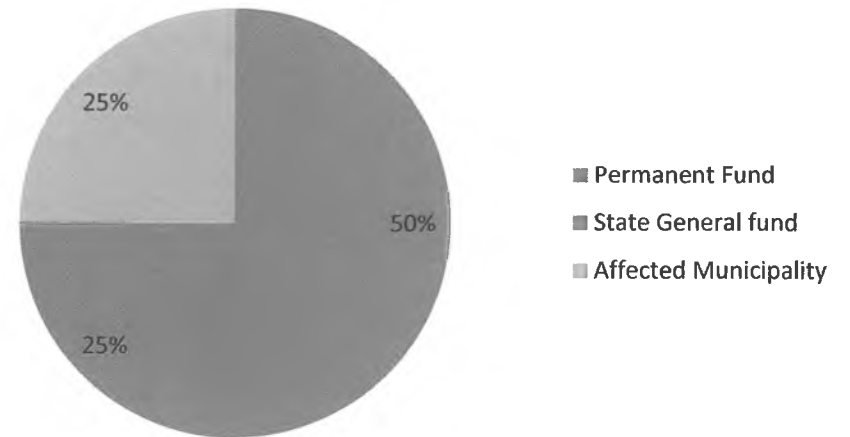
² Ms. Books can be reached at 907.269.8647.

³ Cape Yakataga is located on the Gulf of Alaska approximately 250 miles south and east of Valdez. The Yakataga placer leases include nearly 1,410 acres covering about seven miles of beach and consist of all ground from the high tide line to approximately one-quarter mile off shore. Not much mining, if any, has occurred at Cape Yakataga in recent years.

Distribution under current law

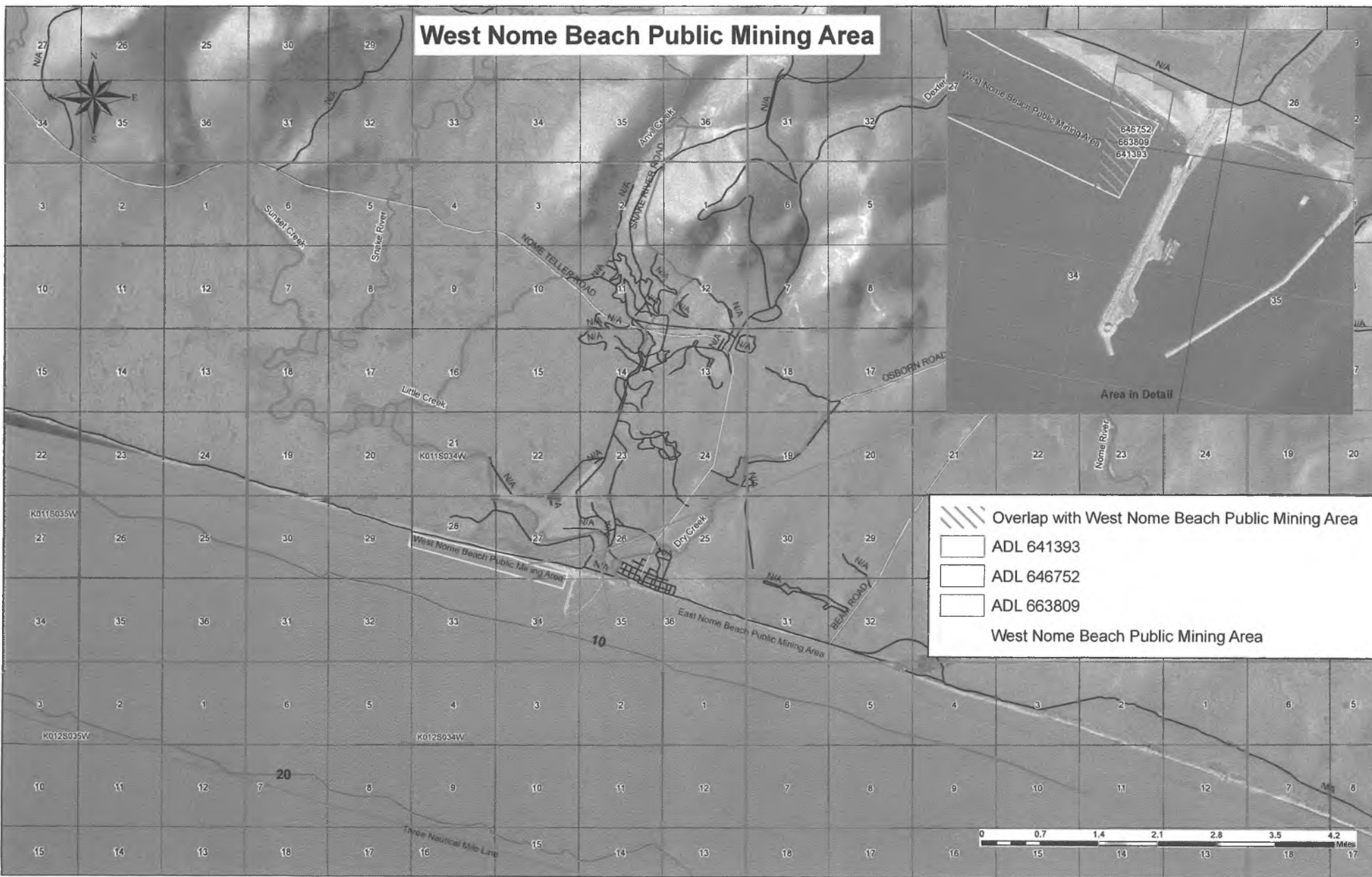


Distribution HB 181

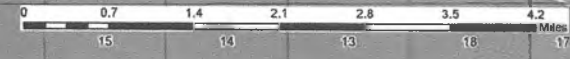


Mineral Lease Rentals, Royalties, and Royalty Sale Mineral Lease Rentals, Royalties, and Royalty Sale
&
Mining License Tax

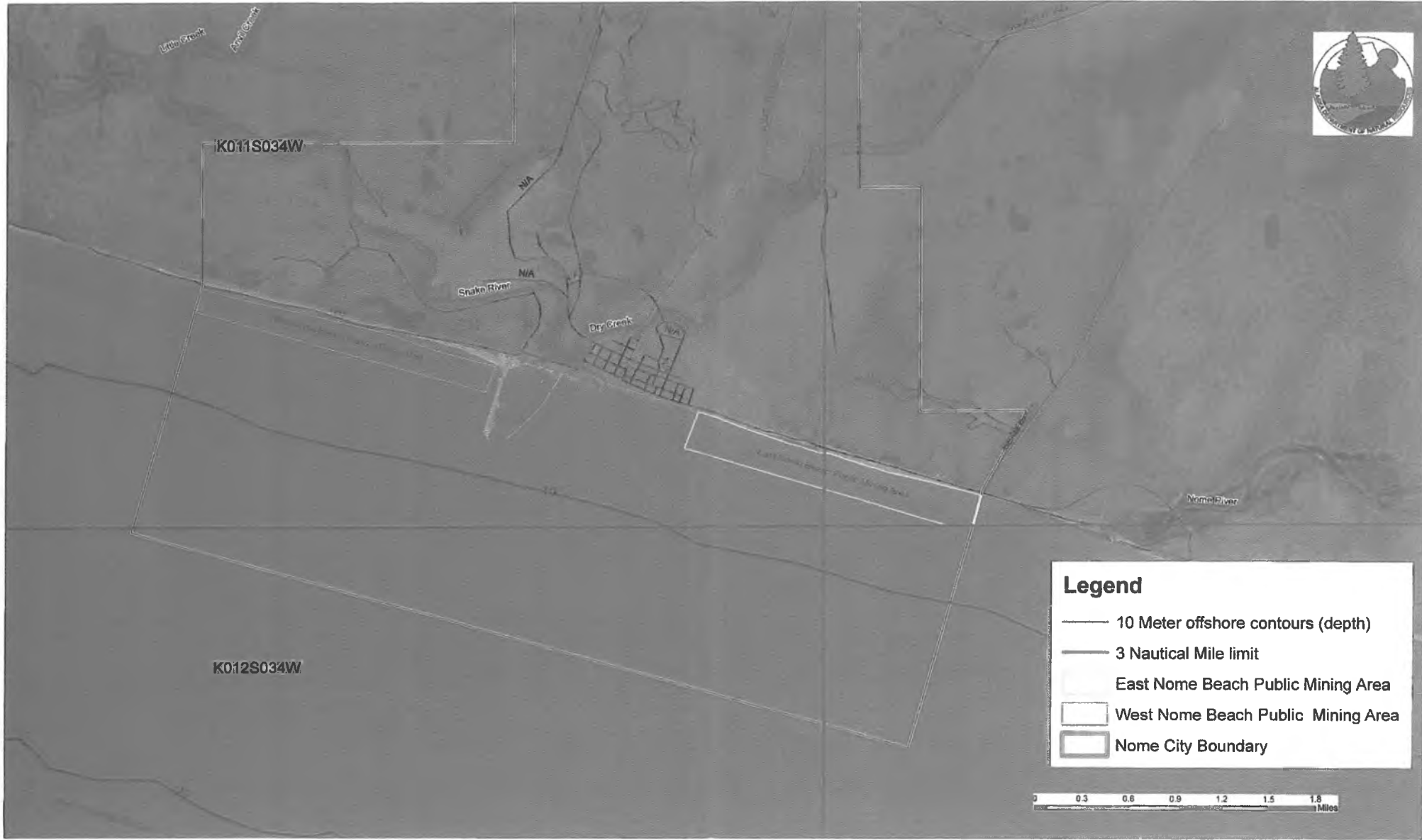
West Nome Beach Public Mining Area



	Overlap with West Nome Beach Public Mining Area
	ADL 641393
	ADL 646752
	ADL 663809
	West Nome Beach Public Mining Area



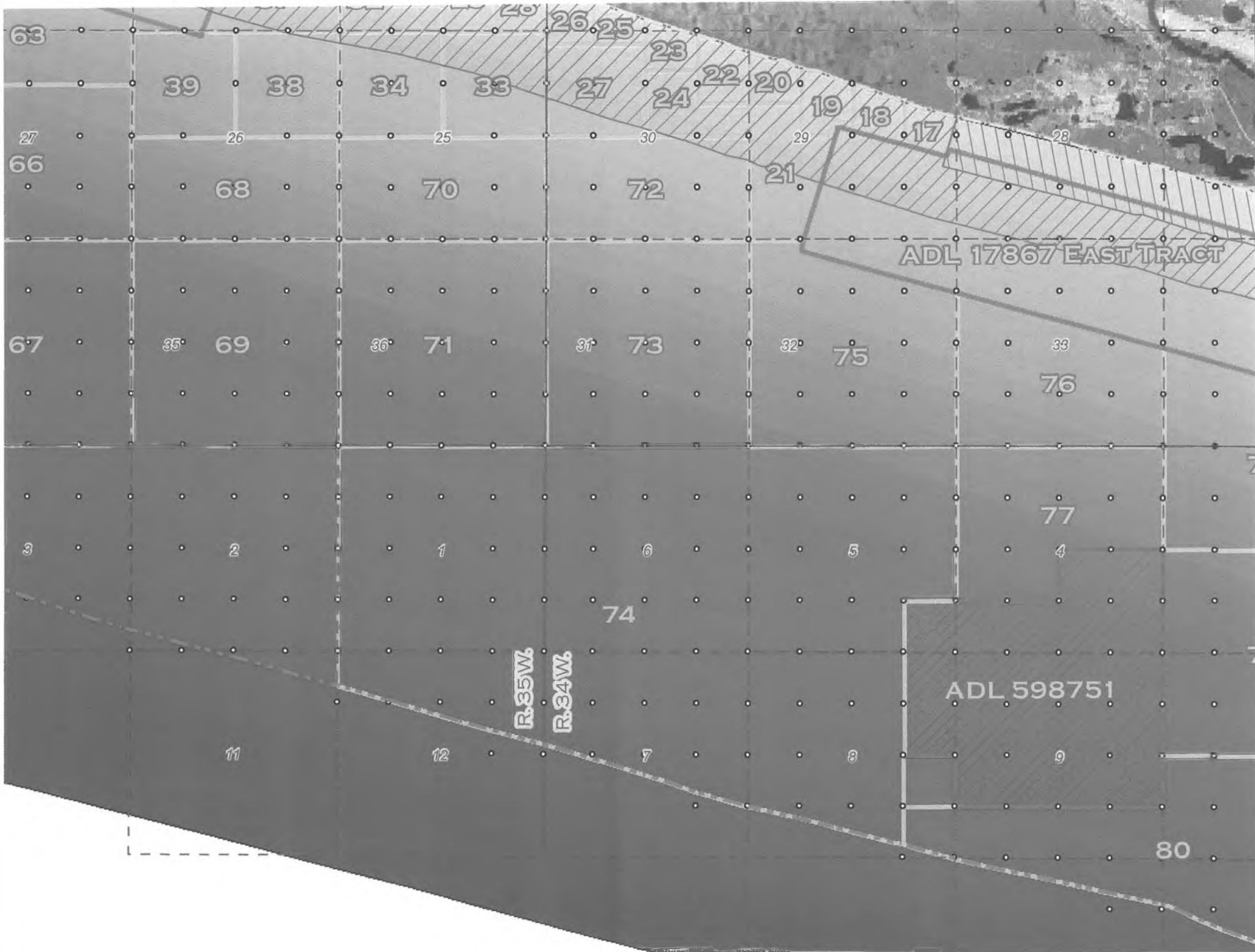
NOME BEACH PUBLIC MINING AREAS



Legend

- 10 Meter offshore contours (depth)
- 3 Nautical Mile limit
- East Nome Beach Public Mining Area
- West Nome Beach Public Mining Area
- Nome City Boundary





PORT OF NOME

Vessel Calls By Season

NOME PORT SEASON	BULK CARGO & FUEL		GRAVEL & EQUIP. BARGES	HARBOR DOCKING PERMITS		MISC. VESSELS	CRUISE SHIPS	GOVT SHIPS	TOTAL DOCKINGS		AT ROADSTEAD
2012	155	#	33	179	***	59	2	8	436	@11.06.12	51
2011	112	#	37	86	***	31	2	3	271	+	14
2010	83	#	76	60	***	67	2	8	296	+	
2009	104	#	95	57	***	37	5	3	301	+	
2008	91	#	51	52	***	31	4	5	234	+	
2007	84	#	31	46	***	12	3	8	184	+	
2006	89	#	15	44	***	6	3	5	162	+	
2005	78	#	21	37	***	13	3	3	155	+	
2004	88	#	32	28	***	5	4	7	164	+	
2003	65	#	25	65	***	4	5	6	170	+	
2002	79	#	61	55	***	26	8	8	237	+	
2001	53	#	34	43	***	13	1	2	146	+	
2000	54	#	38	26	***	40	0	2	160	+	
1999	62	#	40	25	***	30	0	1	158	+	
1998	42	#	60	19	***	18	4	2	145	+	
1997	51	#	32	23	***	20	2	1	129	+	
1996	19	*	30	43	***	43	4	0	139	+	
1995	22	*	24	45	***	36	3	0	130	+	
1994	35	*	24	41	***	23	2	3	128	+	
1993	56		18	0		32	4	0	110	+	
1992	67		20	0		21	1	2	111	+	
1991	18	**	14	0		14	2	1	49	+	
1990	18	**	5	0		10	0	1	34	+	

The total dockings number indicates how many vessels called at the port during the season, but does not depict how many days each vessel stayed. Vessels typically stay 2 to 3 days. Occasionally, a vessel may stay in port for up to 7 days or more due to weather, operational scheduling, or to layup for repairs.

"AT ROADSTEAD" indicates vessels that anchored off harbor entrance due to draft restrictions, weather, or waiting in queue. This number is not included as part of "TOTAL DOCKINGS"

Increase in permits in 2012 due to increased number of offshore gold dredges.

Increase in calls in 2008 due to oil exploration in the Chukchi Sea and a rise in gravel/rock exports.

Increase in calls in 2002 due to rise in gravel/rock exports.

Increased quantity represents more vessels hauling village freight & gravel.

+ Denotes closed season

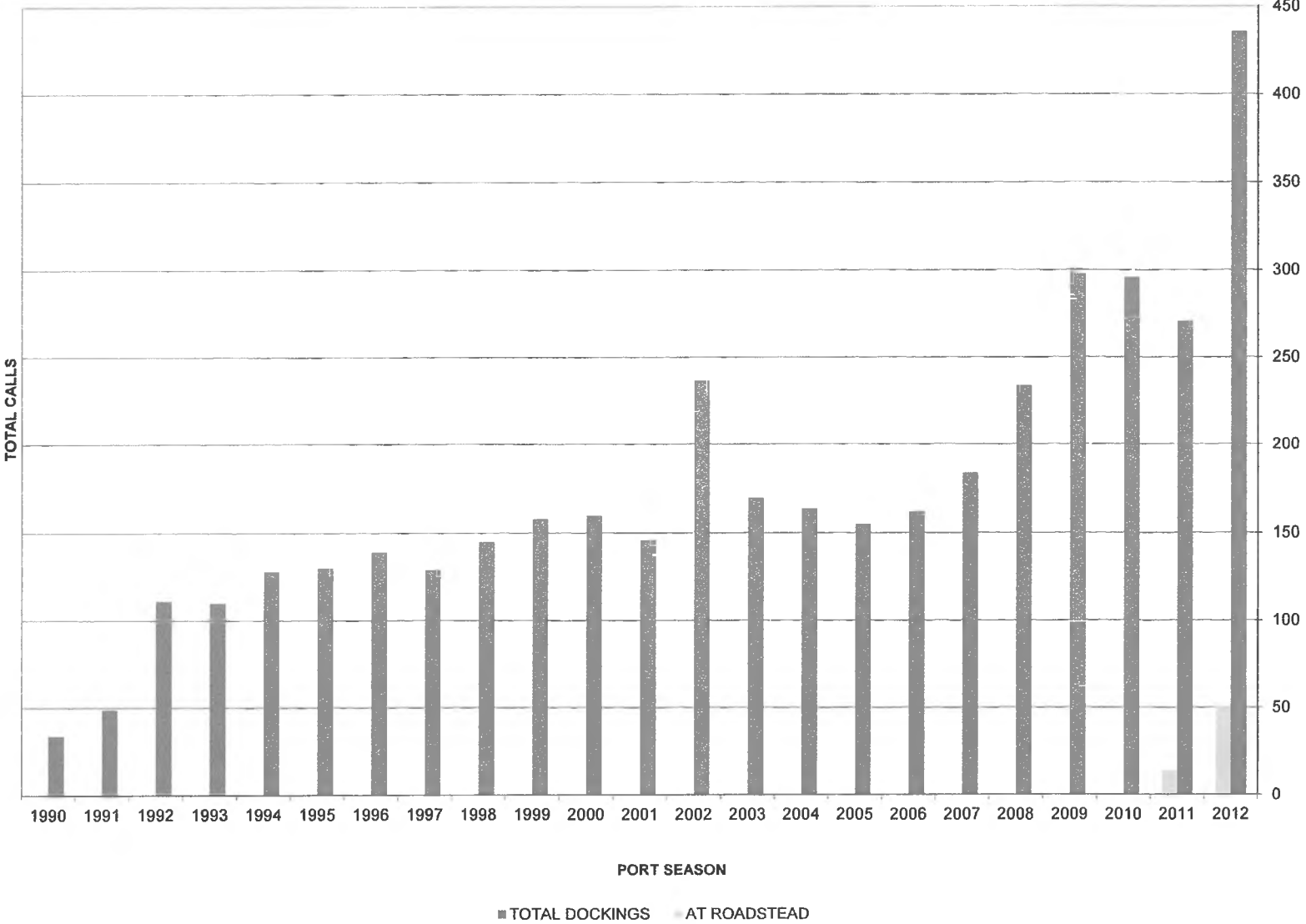
* Village cargo barges issued docking permits for these seasons.

** Village barges not tracked these seasons, just linehaul.

*** Total docking permits issued each season for home-ported vessels working out of the Small Boat Harbor. Mostly small fishing vessels, but an occasional small tug/barge or sailing craft. (Hence, permits reflect only how many vessels received permits, not how many calls they made.)

Note: CMS village barges were counted in 1992 & 1993 each time they docked to load for next trip.

**PORT VESSEL TRAFFIC
by Season**





P.O. Box 281 • Nome, Alaska 99762

Phone (907) 443-6663 Fax (907) 443-5349

www.nomealaska.org

Alaska State Legislature
House of Representatives
Community and Regional Affairs Committee Members

RE: House Bill 181: "An Act relating to the accounting for money received by the state from the mining license tax, mining lease payments, and royalties from mining on state tide and submerged land seaward of a municipality, and the availability of that money for appropriation to certain boroughs and municipalities outside of a borough."

The City of Nome Supports HB181.

With the recent sustained high prices for precious metal and a State of Alaska DNR sponsored lease sale, Nome has experienced an influx of off-shore and placer miners. These miners have provided an economic boost to local merchants and the local economy, but at the same time have adversely impacted some of the city services to the community. Even though the City of Nome normally funds services with a variety of revenue sources like property or sales taxes, revenues to cover the cost of an additional \$60,000 annually for staffing associated with the seasonal influx of miners is not sufficient. In addition, the City of Nome has expended \$302,500 for the growth of our Port facility and to expand facilities to support the gold dredging fleet. Similar effects are experienced in other communities from the seasonal nature of the fishing industry on coastal communities.

A potential solution to a portion of the revenue shortfall may be possible with the reallocation of the State of Alaska mining license tax. The State of Alaska mining license tax applies to all mining operations, regardless of land status, size, or location. Presently there is no uniform mechanism to allocate portions of the revenues back into the communities impacted by the resource development. Such a revenue sharing model is effective in the Alaska fishing industry and a similar program has been successful in revenue sharing from the oil and gas industry in the Gulf of Mexico.

Sharing portions of state revenues from mining developments with local communities in a predictable fashion will reduce the need for local governments to impose their own targeted taxes on the industry and allow local communities to provide services to all entities in the community.

Sincerely,

Denise Michels
Mayor

Cc: Representative Neal Foster
Senator Donny Olson
Nome Common Council

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181CS(CRA)-DNR-MLW-2-28-14
Title: MINING LICENSE REVENUE; REVENUE
SHARING
Sponsor: FOSTER
Requester: House Finance

Department: Department of Natural Resources
Appropriation: Land & Water Resources
Allocation: Mining, Land & Water
OMB Component Number: 3002

Expenditures/Revenues

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

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
---------------------------	--	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2014) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version:

The committee substitute adopted in House Community & Regional Affairs amended the bill, moving the provision under AS 38.08.250, "Prospecting payments and leases on tide and submerged lands."

Prepared By:	Brent Goodrum, Director	Phone:	(907)269-8600
Division:	Mining, Land & Water	Date:	02/28/2014 12:00 PM
Approved By:	Joe Balash, Commissioner	Date:	02/28/14
Agency:	Department of Natural Resources		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB181 (CRA)

Analysis

CSHB181(CRA) amends AS 38.05.250 by adding a new subsection (e) stipulating that after making the deposit due to the permanent fund under AS 37.13.010(a), 50 percent of the remaining amount of mineral lease rentals, royalties, and royalty sale proceeds received for a lease under 38.05.250 that is located on state tide and submerged land within municipality shall be deposited into the general fund and separately accounted under 37.05.142.

This will amend AS 38.05.250 by adding a new subsection (f) stipulating that, (1) upon request of the commissioner of the Department of Commerce, Community and Economic Development (DCCED), the legislature may appropriate money separately accounted under (e) of the section within a borough to that borough, and (2) upon request of the commissioner of DCCED or the commissioner of the Department of Natural Resources (DNR), the legislature may appropriate money separately accounted under (e) of the section within a municipality outside a borough to that municipality.

DNR does not anticipate needing additional resources to implement these provisions. There is no anticipated revenue change as this bill only changes how the Division of Mining, Land and Water (DMLW) accounts for the revenues gained from mining.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181CS(CRA)-DOR-TAX-02-28-14
Title: MINING LICENSE REVENUE; REVENUE SHARING
Sponsor: FOSTER
Requester: (H) FIN

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

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

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
---------------------------	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **12/31/14**

Why this fiscal note differs from previous version:

Updated for CS (version N) passed out of H CRA, which changed the calculation for apportioning mining license tax from gross income to net income.

Prepared By:	Johanna Bales, Deputy Director	Phone:	(907)269-6628
Division:	Tax Division	Date:	02/28/2014 10:40 AM
Approved By:	Angela M. Rodell, Commissioner	Date:	02/28/2014
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 181

Analysis

Bill Language:

This bill would require the department to calculate and separately identify the amount of mining license tax received from mining conducted on state tide and submerged land within each borough and each municipality outside of a borough and in the area in the state that is on state tide and submerged land that is not within a municipality. The calculation of tax attributable to such property would be based on the total net income attributable to such property and total net income from all mining properties in the state located on state tide and submerged land. The amount of tax attributable to such property would then be separately accounted for and, upon request by the commissioner of commerce, community, and economic development, or the department of natural resources, up to 50% of the tax revenue could be appropriated to the borough or to a municipality outside of a borough in which the mining activity was conducted.

Revenues:

There would be no effect on total mining license tax revenue as a result of this legislation. This legislation only provides a method for accounting for mining license tax revenue that is already being received and allows both DCCED and DNR to request that the legislature appropriate 50% of the revenue to the municipality where the mining activity is being conducted.

Expenditures:

The department will rely on the Department of Natural Resources to identify those mining activities located on state land covered by the provisions of this legislation and, therefore, can implement the provisions of this bill using existing resources.

Regulations:

The department would be required to adopt regulations for apportioning the proceeds from mining license taxes based on gross income. Regulations could be adopted by December 31, 2014.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHB 181(CRA)
Fiscal Note Number: 3
(H) Publish Date: 1/30/14

Identifier: HB181-DOR-TRS-01-21-14
Title: MINING LICENSE REVENUE; REVENUE SHARING
Sponsor: FOSTER
Requester: (H) C&RA

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Treasury Division
OMB Component Number: 121

Expenditures/Revenues

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

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
---------------------------	--	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2014) cost: 0.0

Estimated CAPITAL (FY2015) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Updated for 2014 session.

Prepared By: Pam Leary	Phone: (907)465-3751
Division: Treasury Division	Date: 12/23/2013 01:34 PM
Approved By: Angela M. Rodell, Commissioner	Date: 12/23/13
Agency: Department of Revenue	

FISCAL NOTE ANALYSIS #3

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 181(CRA)

Analysis

This bill would create a Mining License Revenue fund in the general fund. This fund would be one of many non-segregated funds that are invested alongside others in the GeFonsi and therefore, no additional costs would be incurred by Treasury.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHB 181(CRA)
Fiscal Note Number: 1
(H) Publish Date: 1/30/14

Identifier: HB181-DCCED-DCRA-01-21-14
Title: MINING LICENSE REVENUE; REVENUE SHARING
Sponsor: FOSTER
Requester: House Community and Regional Affairs

Department: Department of Commerce, Community and Economic Development
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues

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

	FY2015	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2015 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
---------------------------	--	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2014) cost: 0.0

Estimated CAPITAL (FY2015) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version of bill with fiscal note updated for second session of Legislature.

Prepared By:	Scott Ruby, Director	Phone:	(907)269-4569
Division:	Community and Regional Affairs	Date:	01/08/2014 02:20 PM
Approved By:	Jeanne Mungle, Director	Date:	01/08/14
Agency:	Administrative Services		

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 181(CRA)

Analysis

This bill would allow a municipality to receive a portion of money collected by the state from mining license taxes, mining lease payments, and royalties from mining on state tide and submerged land within the boundaries of the municipality.

There is no anticipated fiscal impact to the Division of Community and Regional Affairs from this bill.