

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672
1172 SCOMM 24: HOUSE SPEC. COMMITTEE ON STATE LOANS 1983-84

UNUSUAL LOSS OF LARGE FICUS TREES REPORTED

An unusual loss of large numbers of large ficus trees has been reported by many interior landscape contractors during the past year, according to Dick Ott, Chairman of ALCA's Interior Landscape Division.

Most contractors have reported that the loss shows up among large ficus that had originally been grown in the fields in Florida and subsequently transplanted into large containers; the trees were then held by other Florida nurseries in acclimatizing houses and eventually sent to the contractors for installations. Where losses have occurred, an unusually large percentage of the trees installed have been lost.

Growers in Florida are generally aware of the problem, as are the research people at the University of Florida, although there is no consensus among them as to just what is specifically the cause of this developing problem - or, for that matter, whether there is a single cause.

One of the problems lies in the fact that there has been no concerted reporting from the contractors who have experienced the problem. Reports from them which detailed the size of the trees, the size of the containers, the nature of the soil content in the growing containers, as well as a description of the interior environmental conditions the dying trees experienced need to be collected and studied.

There is agreement on one thing: most of the trees which are giving trouble have been grown in fields of Florida marl before they have been transplanted. To deal with this marl problem, it is reported that diggers have developed a number of techniques:

* Some trees have been dug and the marl has been removed completely by washing it off and then the trees have been transplanted into containers in a good soil mix.

Results. The washing is a messy and time-consuming job, there is considerable shock to the tree, and, consequently, the trees must remain in the containers a long time before they are ready to be installed by the interior contractor.

* Some trees have been heavily root pruned in the ground, where they have been left until a flush of feeder roots grow off from the larger roots that have been cut; then the trees are dug with the feeder

roots and transplanted in the growing containers, where they are kept for acclimatization before being shipped.

Results: First of all, cutting back so close to the tree trunk necessarily removes 90% or more of the storage roots, depriving the trees of much of the food they need in the transplanting process. Secondly, if the final ball of marl that is dug is almost the size of the growing container, there is no room for a healthy new root system to grow and the tree is not able to survive the stress involved in the interior planting environment. Furthermore, the marl and the soil mix are very different in their ability to absorb moisture and oxygen. The marl is so tight and difficult to water in these conditions that some growers and contractors have resorted to plugging out many holes from the marl to let in the water and oxygen. The basic problems, however, continue to exist.

* A method suggested by Bob DeNeve and approved, at least as a step forward, by Dr. Richard Henley suggests digging the trees in the first place with rather small balls and then transplanting them in containers large enough to allow for a large amount of prepared soil mix. Such trees would have to be kept in the acclimatizing area perhaps twice as long as is now the practice; but, when installed in the interior, they would have developed a root system large enough and mature enough to help the tree through its initial shock.

To further complicate the issue, in one instance at least, the marl and the tree leaves were found to contain high concentrations of aluminum - enough to be toxic.

It is known that many Florida nurseries have habitually fertilized with a "complete" formula, i.e. one containing the minor elements, and this may have led to the high boron concentration. The contractor who experienced this condition found it impossible to leach, due to the impervious nature of the marl. It has been reported that many of the nurseries are now using a fertilizer without trace elements.

- cont. on page 5 -

CONTROLLING WEEDS IN OR NEAR THE GREENHOUSE

Numerous experiments have been conducted at the Valley Laboratory over the past 10 years to evaluate the usefulness and potential hazards of herbicides in and around greenhouses. In addition, many grower problems involving herbicides in greenhouses have been investigated. The following is a brief summary of our findings.

To use herbicides effectively in or around greenhouses, it is essential to understand their potential hazards. These hazards include:

- A. Production of vapors toxic to plants.
- B. Contamination of ground water wells.
- C. Injury to plants in flats or pots from root uptake.
- D. Mistaking herbicides for other pesticides.
- E. Use of field soils that contain residues for potting mixes.
- F. Misuse of herbicides by gross over-application or by sabotage or vandalism.

- A. To be safely used under benches or under flats or pots in greenhouses, a herbicide should not produce phytotoxic vapors. Herbicides that we or others have found to produce phytotoxic vapors include:

2,4-D

Casoron

Diclomec dichlobenil

Norosac

Tordon - picloram

Lasso - slachlor

Dual - metolachlor

Scott's Ornamental Herbicide II

Spike - tebuthiruron

Treflan - trifluralin

Goal - oxyfluorfen

Pramitol - prometon

Vapam - metham

Dowfume - methyl bromide

Pentachlorophenol - PCP

Other herbicides in our tests that produced vapors that were mildly toxic to plants included:

Chloro IPC chlorpropham

Furloe

Devrinol - napropamide

Ronstar oxadiazon

Scott's Ornamental

All of these would be hazardous to use in greenhouses with live plants other than those listed on the labels.

In the case of the soil fumigants (Vapam, methylbromide), sufficient time and temperature of soil is necessary before planting to allow the vapors to dissipate. Low soil temperatures in the late fall or spring greatly delay dissipation. Plants placed into treated houses or soil under these conditions are killed. Using 2,4-D herbicides around greenhouses is hazardous because of potential drift of vapors and spray droplets into the houses.

Herbicides that we have found to cause no injury to plants in tests in plastic enclosures included:

Asulox	- asulam	Princap	- simazine
Dacthal	- DCPA	Roundup	- glyphosate
Diquat	- diquat	Surflan	- oryzalin
Parsquat	- paraquat	Tenoran	- chloroxuron
Gramoxone	- paraquat		

It is possible that even these could be hazardous if sprayed onto heating pipes, which would greatly increase vaporization. Many other herbicides have not been evaluated for indoor use and should be considered hazardous until proven otherwise.

If a greenhouse is contaminated with a herbicide producing phytotoxic vapors, it may be possible to decontaminate it with activated carbon (Gro-Safe or Aqua Nuchar). Our earlier research showed that 100 to 200 lbs of activated carbon will detoxify 1 lb of most organic herbicides. Thus, if a herbicide were applied at 4 lbs/A, up to 800 lb/A of activated carbon would be required. The carbon can be mixed with water and sprayed on. Sometimes it is necessary to incorporate the carbon into the soil.

Effective treatments to control established weeds and prevent regrowth under benches include:

<u>Herbicide</u>	<u>Per Gal. of Water</u>
Princap 80W	3 tablespoons
plus	plus
paraquat	2 tablespoons
Roundup	2 tablespoons may be substituted for the paraquat

- cont. on page 5 -

- cont. from page 4 -

Apply about 1 qt. of mix per 100 sq ft.
Avoid spraying of heat pipes.

An alternative treatment:

<u>Herbicide</u>	<u>Per Gal. of Water</u>
Surflan 75W	2-3 tablespoons
plus	plus
paraquat	2 tablespoons

Roundup or Diquat at 2 tablespoons may be substituted for the paraquat.

- B. Contamination of ground water can occur from soluble herbicides applied too heavily or dumped in the vicinity of wells. Two herbicides that have been involved in contamination of wells supplying greenhouses are Tordon (picloram) and Banvel (dicamba). Both are highly toxic to annual plants, highly water soluble, and neither has any place in or near greenhouses. Water from ponds or streams where Tordon is used on the watershed is best not used to irrigate plants without testing.
- C. Application of many residual herbicides in ground beds is hazardous to flats or pots of plants placed on the treated areas. Problems occur as roots grow into treated soil and absorb the herbicide or as ponding occurs and the herbicides dissolve in the water and penetrate the containers. Safe herbicides for pretreatment of ground beds include Diquat, Paraquat and Roundup for pre-plant control of established weeds and Surflan at 2 to 3 teaspoons per 100 ft for preemergence control under flats or containers. Surflan inhibits roots but does not translocate in the plant. Soil treated with Diquat, Roundup or Paraquat should be tilled before plants are

planted into the soil. A current experiment indicates that at least one week should elapse after Roundup application and placement of flats or pots with exposed roots.

- D. Mistaking herbicides for other pesticides can be minimized by storing herbicides apart from other pesticides and by reserving a separate sprayer for herbicides only.
- E. Contaminated field soil - If field soil is obtained for greenhouse use, it could be contaminated with herbicide residues such as strazine or simazine that are used in corn fields. If the cropping history of the soil is unknown, it is best to bioassay the soil using seeded and transplanted annuals as test plants. For a control planting, one can thoroughly mix 3 tablespoons of activated carbon (such as Gro-Safe) into a flat of the same soil. The carbon detoxifies most field residues of herbicides. If growth is much better in the carbon-treated flat than in the untreated one, herbicide contamination is suspected.
- F. Misuse of herbicides by gross over-application or by sabotage can occur with any herbicides. Sabotage has occurred with disgruntled (or fired) employees, where herbicides were readily available. Herbicides are best stored under lock and key and out of the greenhouse area. Diagnosing the problem often is very difficult.

J. F. Ahrens
Plant Physiologist
The Connecticut Agricultural
Experiment Station, Valley
Laboratory, Windsor, CT.
06095

SOURCE: Rutgers, CES, Cook College
Weed Notes III, Feb. 1984.

FICUS TREES

- cont. from page 3 -

Some growers have suggested that the recent appearance of the problem is due to severe winter injury "a few winters back". Other suggest the problem arises from root-

ing ficus from stock trees which are deteriorating or possess some systemic diseases.

SOURCE: Karl Korstad, President of Sedgfield Interior Landscape, Inc., Greensboro, N.D. For more information, contact Karl Korstad at (919) 299-5529.

VANDRE, cont. from page 2 -

At the end of the work day Wayne leaves the responsibilities of the Cooperative Extension Service to return to his family and their greenhouse and garden, a project that has mutual family enthusiasm. In addition to the usual staples to guarantee an adequate harvest, Wayne experiments with different varieties of seeds and plants. Last year's garden, for example, had 15 varieties of potatoes. Frito-Lay, eat your heart out!

KENAI PENINSULA MEMBERS TO MEET

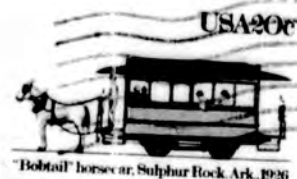
Dr. Elizabeta Shadura is surveying A.H.A. members and potential members to determine the interest in regional meetings. Information sharing and input to the Association are enhanced in meetings such as this, and the A.H.A. Board welcomes this development of the Association.

For further information, call Dr. Shadura at 283-9256 or 283-4955.

-6-

ALASKA HORTICULTURAL ASSOCIATION
P.O. BOX 1909, PALMER, AK. 99645

Representative Uehling
Pouch V (mail stop 3100)
Juneau, AK
99811





RECORDS CERTIFICATION



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SENATE JOURNAL

February 7, 1984

SB 362

The Health, Education and Social Services Committee considered SENATE BILL NO. 362 (applicability of the scholarship loan program to students attending more than one postsecondary educational institution) and recommended do pass. The report was signed by Senator Josephson, Chairman and concurred in by Senators Halford, Paul Fischer, Moss and Vic Fischer.

SENATE BILL NO. 362 was referred to the Rules Committee.

Introduced: 1/20/84
Referred: Health, Education and
Social Services

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 362

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the applicability of the scholarship loan program to students attending more than one postsecondary educational institution; and providing for an effective date."

7

8

9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11

* Section 1. AS 14.43.160(2) is amended to read:

12

(2) "full-time student" means an undergraduate or career

13

education student who is enrolled and is in regular attendance at

14

classes for at least 12 semester hours of credit or the equivalent

15

during the semester or a graduate student who is enrolled and is in

16

regular attendance at classes for at least nine semester hours of

17

credit or the equivalent; any combination of semester hours of credit,

18

or the equivalent, aggregating to the requisite number of semester

19

hours and undertaken during a semester at two or more public or private

20

institutions of higher education [OPERATING UNDER A CONSORTIUM]

21

constitutes full-time student status;

22

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

23

10.070(c).

COMMITTEE REPORT

HOUSE

HEALTH, EDUCATION
AND SOCIAL SERVICES

(6)

FURTHER:

2/22/84

Date: 4/10/84

HOUSE SPECIAL COMMITTEE
The Committee on ON STATE LOANS has had SB 2362

"An Act relating to the applicability of the scholarship loan program to students attending more than one postsecondary educational institution; and providing for an effective date."

under consideration and recommends:

- ☐ do pass ☐ do not pass
- ☐ do pass with attached amendments(s)
- ☐ replace with CS for _____ ☐ same title
☐ new title
- and recommends _____
- ☐ AND attaches a "Letter of Intent" ☐ New Fiscal Note
☐ Zero Fiscal Note Attached
- ☐ reports it back without recommendation
- ☐ referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Walt Farnate
John K. ...
...
...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Introduced: 1/20/84
Referred: Health, Education and
Social Services

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 362

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the applicability of the scholarship loan program to students attending more than one postsecondary educational institution; and providing for an effective date."

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21

constitutes full-time student status;

22

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

23

10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 362

Title: Re: Scholarship Loans

Sponsor: Kerttula

Requestor: Senate HESS

Date of Request: 2/1/84

FISCAL DETAIL

Agency Affected: Education

Program Category Affected: Postsecondary
Education Commission

BRU, Program or Subprogram(s) Affected: Student Loans

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Kerry D. Romesburg

Phone: 465-2854

Division: Commission on Postsecondary Education

Date: 2/2/84

Approved by Commissioner: _____

Date: _____

Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

12/1/83

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
☎07/465-4621



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

Memorandum

To: Senator Jay Kertulla
From: Rep. Rick Uehling *RAU*
Subject: Changes to the Scholarship Loan Program
Date: March 23, 1984

The House Special Committee on State Loans will be considering HB 681, pertaining to default and collection on Student Loans on Tuesday, March 27, 1984.

In an effort to take a comprehensive approach with amendments to the Statutes on the Scholarship Loan Program we have drafted a committee substitute which adds the language in SB 362, relating to the applicability of the loan program to students attending more than one postsecondary institution, which you sponsored.

We have contacted Dr. Kerry Romesburg from the Alaska Commission on Postsecondary Education concerning these issues, and we would be pleased to have you or someone from your office attend our hearing on Tuesday.

Ans. Wants it done separately:



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COMMITTEE REPORT

HOUSE

5/24

(6)

FURTHER: FINANCE

(Added referrals to Loans & Finance 5/22/84)

5/22/84

Date: _____

The Committee on HOUSE SPECIAL COMMITTEE ON STATE LOANS has had CSSB 461(Res)

"An Act relating to the management and use of water in mining; and providing for an effective date."

under consideration and recommends:

- ☐ do pass ☐ do not pass
- ☐ do pass with attached amendments(s)
- ☒ replace with CS for House CS 38 (LOANS) ☒ same title ☐ new title
- and recommends Do Pass
- ☐ AND attaches a "Letter of Intent" ☒ New Fiscal Note Sup 1986
- ☐ reports it back without recommendation ☐ Zero Fiscal Note Attached
- ☐ referred to the _____ Committee

MEMBERS SIGNING DO PASS

W

unare

Sam Pestinger

Rich Uehly (Do Pass)

Rich Uehly

MEMBERS HAVING OTHER RECOMMENDATIONS:

Ben Wadsworth No Rec

Richard Uehly
CHAIRMAN

COPY

CS for Senate Bill 461 (Resources)

"An Act relating to the management and use of water in mining; and providing for an effective date."

This bill establishes a Mining Water Use Review Committee with responsibility for reviewing and making recommendations on applications for grants and loans for three basic reasons for the placer mining industry, either economic benefits to the industry, environmental benefits to the public, or other specific benefits.

The members of the Committee are the Commissioner of Natural Resources, the Commissioner of Environmental Conservation, the Dean of the School of Mineral Industry at the U of A., two individuals with placer mining experience, and one public member.

The Commissioner of Natural Resources is responsible for administering the innovative gold recovery demonstration grant program and the placer mining water reduction loan program established under AS 46.16 and the Commissioner of Environmental Conservation shall administer the innovative pollution control demonstration grant and the placer mining water recycling loan program established under the same Statute.

The innovative gold recovery program is a direct grant program designed to give a person engaged in placer mining the opportunity to study and test new methods of gold recover and water use reduction. It has certain eligibility requirements and a cap of \$100,000. The placer mining water reduction program has a cap of \$50,000 for a loan and 50% may be considered as a grant if there is evidence of a 50% reduction in the amount of water used in the placer mining operation. If there is evidence of an 80% reduction than the entire loan may be considered a grant. The interest rate under this program would not exceed 10%.

The innovative pollution control demonstration program is a direct grant program for persons engaged in placer mining to study and test innovative and economically viable mining techniques for waste disposal and pollution control. It has a cap of \$100,000 per loan.

The placer mining water recycling program is a loan and grant program for purchase and testing of equipment that "reasonably offers the possibility of recycling the water used in placer mining." It has the same grant provisions as that of the water reduction program.

SB 462 would provide for a Special Appropriation of \$4,000,000 for the Mining Water Use Board and the various programs reviewed by it.

SCS for HB 650 (Resources) contains an appropriation of \$2,000,000 for the innovative gold recovery grant program and the placer mining water reduction loan program.

SB461 is in Senate Rules, the Senate Finance Committee has recommended the Resources Committee substitute.

SB462 is in Senate Finance, and is ready for Committee action, but not scheduled as yet.

SCS for HB650 is in Senate Finance, and has not been "assigned" as yet.

/as 5/10/84

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

MEMORANDUM

TO: Irene Cashen, Chief Clerk
FROM: Rep. Rick Uehling, Chair *RU*
House Special Committee On State Loans
DATE: May 22, 1984
SUBJECT: Meeting notice

This memo serves as 24 hour notice that the House Special Committee on State Loans will hold a hearing concerning SB 461, on May 23 at 1:00 p.m. in House Resources room C-118.

A M E N D M E N T

Offered in the House

By the House Special
Committee on State Loans

TO: HCS CSSB 461 (Loans)

Page 3, following line 28, add a new section to read:

"Sec. 46.16.100. PATENTS. A person who applies for a grant under this chapter shall assign to the state the right to patent any patentable process developed as a result of a grant under this chapter. The department making the grant shall seek to patent any patentable process developed as a result of a grant under this chapter. The state shall license without cost to a licensee the right to use in the state a patented process that was developed as a result of a grant under this chapter."

FINAL DRAFT

Original sponsor: Fahrenkamp

1 IN THE SENATE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 HOUSE CS FOR CS FOR SENATE BILL NO. 461 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the management and use of water
7 in mining; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 46 is amended by adding a new chapter to read:

10 CHAPTER 16. MANAGEMENT AND USE OF WATER IN MINING.

11 Sec. 46.16.010. MINING WATER USE REVIEW COMMITTEE ESTABLISHED.

12 The mining water use review committee is established. The review
13 committee is responsible for reviewing and making recommendations on
14 applications for grants under this chapter.

15 Sec. 46.16.020. MEMBERSHIP OF THE REVIEW COMMITTEE. (a) The
16 review committee consists of the commissioner of natural resources,
17 the commissioner of environmental conservation, the dean of the school
18 of mineral industry at the University of Alaska, two individuals
19 appointed by the governor who have placer mining experience, and one
20 public member appointed by the governor.

21 (b) An individual described in (a) of this section who serves ex
22 officio may designate an alternate to serve on the review committee.

23 (c) An individual appointed by the governor serves for a three-
24 year term.

25 Sec. 46.16.030. RESPONSIBILITY OF THE REVIEW COMMITTEE. (a)
26 The review committee shall select a presiding officer and establish
27 procedures necessary to implement its responsibilities.

28 (b) The review committee shall review each application for a
29 grant filed under this chapter and make a recommendation to the

FINAL

1 commissioner of natural resources or to the commissioner of environ-
2 mental conservation for action on the application.

3 (c) In making its recommendation, the committee shall consider
4 the economic benefits to the placer mining industry, the environmental
5 benefits to the public, and other benefits that each grant may offer.

6 Sec. 46.16.040. RESPONSIBILITY OF COMMISSIONER OF NATURAL RE-
7 SOURCES. The commissioner of natural resources shall administer the
8 innovative gold recovery demonstration grant program established under
9 AS 46.16.070.

10 Sec. 46.16.050. RESPONSIBILITY OF COMMISSIONER OF ENVIRONMENTAL
11 CONSERVATION. The commissioner of environmental conservation shall
12 administer the innovative pollution control demonstration grant
13 program established under AS 46.16.080.

14 Sec. 46.16.060. UNIFORM REGULATIONS. The commissioner of
15 natural resources and the commissioner of environmental conservation
16 shall adopt uniform regulations and administrative procedures to
17 implement the grant program established by this chapter.

18 Sec. 46.16.070. INNOVATIVE GOLD RECOVERY DEMONSTRATION GRANT.
19 (a) The innovative gold recovery demonstration grant program is
20 established as a direct grant program to give a person engaged in
21 placer mining the opportunity to study and test new methods of gold
22 recovery and water use reduction.

23 (b) The commissioner of natural resources may make a grant under
24 this section to a person that has

25 (1) a proven history of successful placer mining in the
26 state;

27 (2) the capability to produce verifiable results; and

28 (3) the capability to study and test new methods of gold
29 recovery and water use reduction under actual operating conditions.

1 (c) The commissioner of natural resources may not make a grant
2 under this section to a person in excess of \$100,000.

3 (d) The commissioner of natural resources shall monitor and
4 evaluate the results of grants made under this section.

5 Sec. 46.16.080. INNOVATIVE POLLUTION CONTROL DEMONSTRATION
6 PROGRAM. (a) The innovative pollution control demonstration grant
7 program is established as a direct grant program to give a person
8 engaged in placer mining the opportunity to study and test innovative
9 and economically viable mining techniques for waste disposal and
10 pollution control in placer mining.

11 (b) The commissioner of environmental conservation may make
12 grants under this section to a person that has

13 (1) a proven history of successful placer mining in the
14 state;

15 (2) the capability to produce verifiable results; and

16 (3) the capability to study and test innovative and econom-
17 ically viable techniques for waste disposal and pollution control in
18 placer mining.

19 (c) The commissioner of environmental conservation may not make
20 a grant under this section to a person in excess of \$100,000.

21 (d) The commissioner of environmental conservation shall monitor
22 and evaluate the results of grants made under this section.

23 Sec. 46.16.090. ACCESS TO INFORMATION. (a) All information
24 generated as a result of grants made under this chapter is public
25 information. The commissioner of natural resources and the commis-
26 sioner of environmental conservation shall compile, analyze, and
27 distribute the information for the benefit of the placer mining indus-
28 try and the state and federal governments.

29 (b) The contents of an application for a grant are available to

1 the extent permitted under AS 09.25.110 and 09.25.120.

2 Sec. 46.16.100. PATENTS. A person who applies for a grant under
3 this chapter shall assign to the state the right to patent any
4 patentable process developed as a result of a grant under this chap-
5 ter. The department making the grant shall seek to patent any patent-
6 able process developed as a result of a grant under this chapter. The
7 state shall license without cost to a person engaged in placer mining
8 in the state the right to use in the state a patented process that was
9 developed as a result of a grant under this chapter.

10 * Sec. 2. This Act takes effect July 1, 1984.
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Original sponsor: Fahrenkamp

1 IN THE SENATE

BY THE HOUSE SPECIAL
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2 HOUSE CS FOR CS FOR SENATE BILL NO. 461 (Loans)

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6 For an Act entitled: "An Act relating to the management and use of water
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8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 46 is amended by adding a new chapter to read:

10 CHAPTER 16. MANAGEMENT AND USE OF WATER IN MINING.

11 Sec. 46.16.010. MINING WATER USE REVIEW COMMITTEE ESTABLISHED.

12 The mining water use review committee is established. The review
13 committee is responsible for reviewing and making recommendations on
14 applications for grants under this chapter.

15 Sec. 46.16.020. MEMBERSHIP OF THE REVIEW COMMITTEE. (a) The
16 review committee consists of the commissioner of natural resources,
17 the commissioner of environmental conservation, the dean of the school
18 of mineral industry at the University of Alaska, two individuals
19 appointed by the governor who have placer mining experience, and one
20 public member appointed by the governor.

21 (b) An individual described in (a) of this section who serves ex
22 officio may designate an alternate to serve on the review committee.

23 (c) An individual appointed by the governor serves for a three-
24 year term.

25 Sec. 46.16.030. RESPONSIBILITY OF THE REVIEW COMMITTEE. (a)
26 The review committee shall select a presiding officer and establish
27 procedures necessary to implement its responsibilities.

28 (b) The review committee shall review each application for a
29 grant filed under this chapter and make a recommendation to the

1 commissioner of natural resources or to the commissioner of environ-
2 mental conservation for action on the application.

3 (c) In making its recommendation, the committee shall consider
4 the economic benefits to the placer mining industry, the environmental
5 benefits to the public, and other benefits that each grant may offer.

6 Sec. 46.16.040. RESPONSIBILITY OF COMMISSIONER OF NATURAL RE-
7 SOURCES. The commissioner of natural resources shall administer the
8 innovative gold recovery demonstration grant program established under
9 AS 46.16.070.

10 Sec. 46.16.050. RESPONSIBILITY OF COMMISSIONER OF ENVIRONMENTAL
11 CONSERVATION. The commissioner of environmental conservation shall
12 administer the innovative pollution control demonstration grant estab-
13 lished under AS 46.16.080.

14 Sec. 46.16.060. UNIFORM REGULATIONS. The commissioner of
15 natural resources and the commissioner of environmental conservation
16 shall adopt uniform regulations and administrative procedures to
17 implement the grant program established by this chapter.

18 Sec. 46.16.070. INNOVATIVE GOLD RECOVERY DEMONSTRATION GRANT.
19 (a) The innovative gold recovery demonstration grant program is
20 established as a direct grant program to give a person engaged in
21 placer mining the opportunity to study and test new methods of gold
22 recovery and water use reduction.

23 (b) The commissioner of natural resources may make a grant under
24 this section to a person that has

- 25 (1) a proven history of successful placer mining;
26 (2) the capability to produce verifiable results; and
27 (3) the capability to study and test new methods of gold
28 recovery and water use reduction under actual operating conditions.

29 (c) The commissioner of natural resources may not make a grant

1 under this section to a person in excess of \$100,000.

2 (d) The commissioner of natural resources shall monitor and
3 evaluate the results of grants made under this section.

4 Sec. 46.16.080. INNOVATIVE POLLUTION CONTROL DEMONSTRATION
5 PROGRAM. (a) The innovative pollution control demonstration grant
6 program is established as a direct grant program to give a person
7 engaged in placer mining the opportunity to study and test innovative
8 and economically viable mining techniques for waste disposal and
9 pollution control in placer mining.

10 (b) The commissioner of environmental conservation may make
11 grants under this section to a person that has

- 12 (1) a proven history of successful placer mining;
13 (2) the capability to produce verifiable results; and
14 (3) the capability to study and test innovative and econom-
15 ically viable techniques for waste disposal and pollution control in
16 placer mining.

17 (c) The commissioner of environmental conservation may not make
18 a grant under this section to a person in excess of \$100,000.

19 (d) The commissioner of environmental conservation shall monitor
20 and evaluate the results of grants made under this section.

21 Sec. 46.16.090. ACCESS TO INFORMATION. (a) All information
22 generated as a result of grants made under this chapter is public
23 information. The commissioner of natural resources and the commis-
24 sioner of environmental conservation shall compile, analyze, and
25 distribute the information for the benefit of the placer mining indus-
26 try and the state and federal governments.

27 (b) The contents of an application for a grant are available to
28 the extent permitted under AS 09.25.110 and 09.25.120.

29 Sec. 46.16.100. PATENTS. A person who applies for a grant under

1 this chapter shall assign to the state the right to patent any
2 patentable process developed as a result of a grant under this chap-
3 ter. The department making the grant shall seek to patent any patent-
4 able process developed as a result of a grant under this chapter. The
5 state shall license without cost to a person engaged in placer mining
6 in the state the right to use in the state a patented process that was
7 developed as a result of a grant under this chapter.

8 * Sec. 2. This Act takes effect July 1, 1984.
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Bill would aid placer miners

By MARK BAUMGARTNER
The Associated Press

Placer mining in Alaska is a dying industry, likely to be laid to rest by federal environmental protection officials unless it gets a technology transfusion, according to a state senator.

"We're desperate. We're willing to try anything," said Sen. Bettye Fahrenkamp, D-Fairbanks.

Fahrenkamp is sponsor of a bill which would provide state money to placer miners to develop the equipment and techniques to extract placer gold from Alaska's streams without fouling them for other uses.

The odds are long on success, she said, but if nothing is done, Alaska's 800 placer miners will be looking for a new line of work within a few years, she said. That's how long the federal Environmental Protection Agency has given placer miners to clean up their acts, Fahrenkamp said.

Her bill (SB 461) was approved by the House Resources Committee on Monday and could come up this week for a floor vote. One thing it does is grant placer miners up to \$100,000 for "the opportunity to study and test innovative and economically viable mining techniques" to control the pollution resulting from mining.

Up to \$50,000 could be given for experiments with recycling water in placer operations.

If the experiments work, the miner owes the state nothing, and the technology can be passed on to miners working other Alaska streams, Fahrenkamp said. If the experiment fails, the grants convert to loans, and the state gets its investment back, she said.

Sheffield officials told Resources com-

mittee members that the administration supports the bill.

"We need to keep the industry viable," said Dick Neve, commissioner of the Department of Environmental Conservation.

Fahrenkamp's loan and grant program could provide placer miners with the economic incentive to solve the pollution and fisheries problems which threaten to shut them down, Neve said.

But Rep. Peter Goll, D-Haines, said he's uncomfortable with a plan to help a few placer miners with generous grants, which could give them an unfair advantage over miners who are not as smooth soliciting state funds.

Goll differs with Fahrenkamp and the administration, saying business should pay its way in Alaska, or face economic realities.

Sheffield has supported a number of measures to aid the mining industry. They include:

- Creation of a division of mining in the Department of Commerce and Economic Development.

- Reduction from 225 to 66 the number of salmon streams near Bristol Bay closed to mining.

- Continuation of subsidized loans for miners, bringing to \$26 million the amount of loans going to miners in the past three years.

- Allocation of \$4.5 million for a coal-loading facility in Seward and dredging of Resurrection Bay so coal ships can dock at the town.

Large-scale mining developments, like the proposed Red Dog zinc mine in the western Brooks Range, are cited by Sheffield as examples of projects his major projects fund is designed to boost.

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MINING

§ 27.09.030

Chapter 09. Mining Loan Fund.

Section

10. Mining loan fund
20. Eligibility
30. Operating plan
40. Loan terms

Section

45. Refinancing
50. Regulations
60. Definitions

Sec. 27.09.010. Mining loan fund. (a) There is established in the Department of Commerce and Economic Development the mining loan fund. The department may make loans from the fund to underwrite advanced mineral exploration, development, or mining in the state.

(b) The mining loan fund is a revolving fund consisting of appropriations made to the fund by the legislature and repayments of principal and interest on loans made from the fund. Money appropriated to or repaid into the fund does not lapse under AS 37.25.010. (§ 35 ch 106 SLA 1980; am § 32 ch 113 SLA 1982)

Effect of amendments. — The 1982 amendment added subsection (b).

Sec. 27.09.020. Eligibility. The department may make loans under this chapter to

(1) an individual who has at least five years of mining or prospecting experience in the state and who is a resident of the state;

(2) a partnership if at least half of the partners each have five years mining or prospecting experience in the state and at least half of the partners are residents of the state; or

(3) a corporation that has at least five years of mining or prospecting experience in the state if at least 51 percent of its shares are held by residents of the state; and

(4) a corporation that does not meet the requirements of (3) of this section if at least 51 percent of its shares are held by persons having at least five years of mining or prospecting experience in the state and at least 51 percent of its shares are held by persons who are residents of the state. (§ 35 ch 106 SLA 1980; am § 1 ch 97 SLA 1981)

Effect of amendments. — The 1981 amendment rewrote this section.

Sec. 27.09.030. Operating plan. (a) A person who requests a loan under AS 27.09.010 shall prepare an operating plan which describes the amount of the loan requested, the nature and location of the advanced mineral exploration, development, or mining for which the loan is requested, the equipment and other resources available to the person to implement the operating plan, and the economic feasibility

of the plan. The person requesting a loan shall submit an operating plan to the department.

(b) Within 30 days after receipt of an operating plan under (a) of this section, the department shall review the operating plan and shall determine the economic feasibility of the advanced mineral exploration, development, or mining described in the operating plan. The department may extend the time for making its determination as to economic feasibility if an extension is necessary to obtain more information under (c) of this section.

(c) The department may require a person who has submitted an operating plan to provide additional information on the proposed advanced mineral exploration, development, or mining if the information is necessary for a determination of economic feasibility under (b) of this section.

(d) If the department determines that an operating plan is economically feasible, the department shall provide the person who submitted the plan with a written statement of economic feasibility.

(e) The department may enter into contracts for the services of experts in advanced mineral exploration, development, or mining to perform the functions described in (b) — (d) of this section.

(f) Information acquired under this section is confidential and may not be disclosed except to the person who supplied the information or except by order of the court. (§ 35 ch 106 SLA 1980)

Sec. 27.09.040. Loan terms. (a) A loan granted under this chapter

- (1) may not exceed \$5,000,000;
- (2) may not exceed a term of 15 years;
- (3) may not bear interest exceeding 10 percent; and
- (4) may not exceed 75 percent of the appraised value of the collateral used to secure the loan.

(b) A loan may not be made under this chapter if it would result in an outstanding debt of the borrower to the fund in excess of \$5,000,000.

(c) A loan made under this chapter shall be secured by

- (1) a first priority lien or mortgage; or
- (2) a second priority lien or mortgage which is subordinate to a valid first priority lien or mortgage if the total of the financing by the lender making the first mortgage and by the loan made under this chapter does not exceed 75 percent of the appraised value of the collateral used to secure the loan.

(d) Unless the loan under this chapter was made to underwrite placer mining activities, repayment of the loan principal shall begin not later than one year after the date mineral production begins or five years from the date the loan is made, whichever is sooner. For loans made under this chapter to underwrite placer mining activities, the department may not require repayment of principal to begin before the end of the second placer mining season after the loan is made. The accrual of interest on a loan made under this chapter begins when the

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§ 27.09.060

loan is made, and the accrued interest shall be repaid on an annual basis, or repayment may be on a monthly or quarterly basis if the department and the borrower so agree. In this subsection "placer mining season" means the time during a consecutive 12-month period when placer mining activities may be conducted by virtue of the thawed and fluid condition of the streams and rivers in the mining area.

(e) [Repealed. § 72 ch 113 SLA 1982.] (§ 35 ch 106 SLA 1980; am §§ 2, 3 ch 97 SLA 1981; am § 72 ch 113 SLA 1982)

Effect of amendments. — The 1981 amendment deleted "in favor of a private lending institution" following "first priority lien or mortgage" and substituted "lender making the first mortgage" for "private lending institution" following "financing by the" in subsection (c)(2). In subsection (d), the amendment substituted "an annual" for "a monthly" preceding "basis" and added "or repayment may be

on a monthly or quarterly basis if the department and the borrower so agree" in the third sentence.

The 1982 amendment repealed subsection (e), which read "Principal, interest, and other money received by the department from the repayment of loans made under AS 27.09.010 — 27.09.060 shall be paid into the general fund."

Sec. 27.09.045. Refinancing. The department may refinance a loan under this chapter by making a loan to pay outstanding mining debts. When an original loan is to be refinanced, the department may not refinance more than 49 percent of the amount of the original loan. The terms in AS 27.09.040 apply to mining debts refinanced under this section. (§ 4 ch 97 SLA 1981)

Sec. 27.09.050. Regulations. The department may adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) to administer this chapter. Regulations adopted under this section shall be prepared after consultation with the Department of Natural Resources or after consultation with a person who, in the opinion of the commissioner of commerce and economic development or a designee, has broad experience in and is highly qualified in advanced mineral exploration, development, and mining. (§ 35 ch 106 SLA 1980)

Sec. 27.09.060. Definitions. In this chapter,

(1) "advanced mineral exploration" means the investigation of a known mineral deposit to gain knowledge of its size, shape and value, and to determine whether it is feasible for mining, by the use of geophysical surveys, boreholes, pits, or underground workings;

(2) "date of mineral production" means the date on which the first shipment of products from mining operations is made;

(3) "department" means the Department of Commerce and Economic Development;

(4) "development" means the preparation of a proven mineral deposit for mining;

- (5) "fund" means the mining loan fund;
 (6) "mining" means the extraction of ore and the preparation of a mineral product for market. (§ 35 ch 106 SLA 1980)

Chapter 10. Location and Development of Mining Claims on Federal Public Domain.

Article

1. Mining Claims on Federal Public Domain Generally (§§ 27.10.010 — 27.10.070)
2. Placer Claims on Federal Public Domain (§§ 27.10.090 — 27.10.140)
3. Annual Labor or Improvements (§§ 27.10.150 — 27.10.240)

Collateral references. — Judicial affecting claims of mineral interests in review of Interior Department decisions public lands, 5 ALR Fed 566.

Article 1. Mining Claims on Federal Public Domain Generally.

Section	Section
10. Claims to be located as prescribed by law	40. Manner of designating a placer claim location
20. Grubstake contracts to be in writing and recorded	50. Certificate of location to be recorded
30. Manner designating a lode claim location	60. Effect of failure to file and late filing
	70. Changes in locations and amended notices

Sec. 27.10.010. Claims to be located as prescribed by law. A person who discovers upon the public domain in the state a lode or vein of rock in place, or a placer deposit which is open to location under the mining laws of the United States, may locate a lode mining claim or placer mining claim by posting a notice of location and by marking the boundaries as provided in AS 27.10.030 — 27.10.070. An attempted location of a mining claim that does not comply with AS 27.10.030 — 27.10.070, and AS 27.10.150 — 27.10.190 is void. (§ 47-3-30 ACLA 1949)

Cross references. — For federal laws to which claims located on the public domain are also subject, see generally 30 U.S.C.; for laws applicable to state land, see AS 27.15.010 and AS 38.05.185 — 38.05.280.

NOTES TO DECISIONS

- I. General Consideration.
- II. Locational Acts.
 - A. In General.
 - B. Discovery.
 1. Generally.
 2. Rules of Discovery.
 - a. Actual Discovery.

CHAIRMAN

HOUSE SPECIAL COMMITTEE
ON STATE LOANS

VICE-CHAIRMAN

HOUSE RESOURCES COMMITTEE
HOUSE LABOR AND COMMERCE COMMITTEE

MEMBER

JOINT OIL & GAS COMMITTEE
HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

Alaska State Legislature



House of Representatives

Representative
RICK UEHLING

ANCHORAGE
DISTRICT 12-SEAT A

1634 JUNEAU DRIVE
ANCHORAGE, ALASKA 99501
(907) 274-4256

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821

MEMORANDUM

Date: May 22 1984
To: Members, House Special Committee On State Loans
From: Rep. Rick Uehling, Chair *RW*
Subject: Loans Committee Substitute for SB461

I have staff to prepare a comparison of the proposed Committee Substitute I have had prepared for SB461 " An Act relating to the management and use of water in mining; and providing for an effective date".

Placer Miners in this State are facing increasing difficulties in meeting State and Federal Water Quality Standards. The intent of this Legislation is to help Placer Miners develop new technology to meet the challenge of the upcoming years and to insure that Placer Mining remains a part of the Alaskan Economy. Senate Bill 461 as it left the House Resources Committee established a total of four new programs for this purpose. During the House Resources hearing on this legislation, a great many questions were raised about the advisability of establishing four different programs, two of which were Grant Programs and two of which were Loan/Grant Programs. After discussions with the Prime sponsor, Senator Fahrenkamp it was determined that the purposes of the legislation could be adequately addressed with the establishment of the two grant programs only.

The following details the changes made to the House Resources Committee Substitute by the proposed Loans Committee Substitute.

Section 1 - no change

Section 010- no change

Section 020- no change

Section 030- page two line 5 under subsection (c) Deletes "or loan "

Page Two

Section 040- page two line 10 deletes " and the placer mining water reduction loan program established under AS46.16.080. "

Section 050- page two line 15 deletes " and the placer mining water recycling loan program established under AS 46.16.100. "

Section 060- page two line 20 deletes" loan and".

Section 070- no change.

Section 080- This section is deleted (page three lines 7 thru page four line five).

Section 090- no change (this is renumbered Section 080).

Section 100- This section is deleted (page four line 23 thru page five line 20).

Section 110- Page five, line 22 deletes " loans and " line 27 deletes "or a loan" (this is renumbered Section 090).

New Section 100- This section has been added in order to clarify that patents for new technology will remain with the State.

Section 2- no change.

SHORT ANALYSIS

CSSB 461(Resources)

It is the intent of this bill to establish four loan and/or grant programs for the purpose of cleaning up the waters used in placer mining operations. Two of the programs would be set up in DNR, and two in DEC, and all would be administered by their respective commissioners, with the help of a mining water use review committee.

The commissioner of DNR administers the "innovative gold recovery demonstration grant program" (grants up to \$100,000), and the "placer mining water reduction loan program" (up to \$50,000).

The commissioner of DEC administers the "innovative pollution control demonstration grant program" (grants up to \$100,000), and the "placer mining water reduction loan program" (up to \$50,000).

Upon the recommendation of the review committee that the loan recipient has demonstrated, and will use on a continuing basis, a method of achieving either a 50% or 80% reduction in the water used or recycled in his placer mining operation, depending upon the loan program, the commissioner administering the program may consider either 50% or 100% of the loan to be a grant, and not require repayment.

SECTIONAL ANALYSIS

CSSB 461(Resources)

Section 1 of the bill amends Title 46 by adding a Chapter 16, "Management and Use of Water in Mining."

Section 010 establishes a "mining water use review committee." The committee is charged with "reviewing and making recommendations (to the commissioners of DNR and DEC) on applications for grants and loans under this chapter." This committee has all the usual powers of a similarly-established board or commission, and its members are entitled to the usual travel and per diem.

Section 020(a) provides for the membership of the committee: the commissioners of DNR and DEC, the dean of the school of mineral industry at the University, two appointees of the governor who have "placer mining experience", and a public member appointed by the governor.

Section 020(b) permits a member of the committee who serves ex officio to designate an alternate.

Section 020(c) provides that appointees to the committee serve a three year term. Members who serve by virtue of other positions serve so long as they hold those other positions.

Section 030(a) directs the committee to select a presiding officer and to "establish procedures necessary to implement its responsibilities."

Section 030(b) directs the committee to review each application for a grant or loan filed under the chapter to the appropriate commissioner (DNR or DEC) for action on the application.

Section 030(c) establishes the broad goals of the committee in its review of the applications: "the economic benefits to the placer mining industry, the environmental benefits to the public, and other (individual) benefits" that each grant or loan would offer.

Section 040 directs the commissioner of DNR to implement the innovative gold recovery demonstration grant program (sec.070) and the placer mining water reduction loan program (sec.080).

Section 050 directs the commissioner of DEC to administer the innovative pollution control demonstration grant program (sec.090) and the placer mining water recycling loan program (sec.100).

Section 060 directs the commissioners of DNR and DEC to establish "uniform regulations and administrative procedures" to implement the grant and loan programs established under the chapter.

Section 070(a) establishes the "innovative gold recovery demonstration grant program" as a direct grant program for the study and test of "gold recovery and water use reduction.

Section 070(b) establishes the tests for the commissioner's determination on grant applications after review by the review committee: (1) a history of successful placer mining; (2) the capability to produce verifiable results; and (3) the capability to study and test new methods of gold recovery and water use reduction under actual operating conditions.

Section 070(c) limits grants to \$100,000.00.

Section 070(d) requires the commissioner to monitor and evaluate the results of the grants made under this section.

Section 080(a) establishes the placer mining water reduction loan and grant program in DNR.

Section 080(b) provides that a person whose primary source of income is derived from placer mining "may apply for a loan to purchase and test equipment that reasonably offers the possibility of a reduction in the amount of water used in placer mining."

Section 080(c) provides that if the loan applicant demonstrates to the satisfaction of the review committee a 50 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner of DNR that 50 percent of the loan be considered a grant.

Section 080(d) similarly provides that if the loan applicant demonstrates to the satisfaction of the review committee an 80 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner that the entire loan be considered a grant.

Section 080(e) provides that a loan under this section may not exceed \$50,000, have a term in excess of ten years, carry an interest rate in excess of 10% per annum, or have a repayment schedule requiring payments for the year after the loan was disbursed to the applicant.

Section 090(a) establishes the "innovative pollution control demonstration program" as a direct grant program to give a person engaged in placer mining an opportunity to study and test innovative and economically viable mining techniques for waste disposal and pollution control in placer mining.

Section 090(b) establishes the tests for the commissioner's determination on grant applications: (1) a history of successful placer mining; (2) the capability to produce verifiable results; and (3) the capability to study and test new methods of innovative and economically viable techniques for waste disposal and pollution control in placer mining.

Section 090(c) limits grants to \$100,000.00.

Section 090(d) requires the commissioner to monitor and evaluate the results of grants made under the section.

Section 100(a) establishes the placer mining water recycling program as a loan and grant program in DEC.

Section 100(b) provides that a person whose primary source of income is derived from placer mining "may apply for a loan to purchase and test equipment that reasonably offers the possibility of recycling the water used in placer mining."

Section 100(c) provides that if the loan applicant demonstrates to the satisfaction of the review committee that 50 percent of the water used in the placer mining operation has been recycled, the review committee may recommend to the commissioner that 50% of the loan be considered a grant.

Section 100(d) similarly provides that if the loan applicant demonstrates to the satisfaction of the review committee that 80 percent of the water used in the placer mining operation has been recycled, the review committee may recommend to the commissioner that the entire loan be considered a grant.

Section 100(e) provides that a loan under this section may not exceed \$50,000.00, have a term in excess of ten years, carry an interest rate in excess of 10% per annum, or have a repayment schedule requiring payments for the year after the loan was disbursed to the applicant.

Section 110(a) provides that the "information gathered and obtained from loans and grants made under this chapter" is public information. The commissioners are directed to compile, analyze and distribute broadly the information gathered.

Section 110(b) provides that the contents of the applications for grants or loans under the chapter are available for public inspection to the extent permitted under AS 09.25.110 and AS 09.25.120 (attached).

Section 2 of the bill provides an effective date of July 1, 1984.

Offered: 5/22/84
Referred: House Special Committee
on State Loans and Finance

Key
[] - Deleted in
Brodley loans CS
- Changes from
Resources CS

Original sponsor: Fahrenkamp

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 461 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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7 in mining; and providing for an effective date."

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27 this section to a person that has

- 28 (1) a proven history of successful placer mining;
29 (2) the capability to produce verifiable results; and

1 (3) the capability to study and test new methods of gold
2 recovery and water use reduction under actual operating conditions.

3 (c) The commissioner of natural resources may not make a grant
4 under this section to a person in excess of \$100,000.

5 (d) The commissioner of natural resources shall monitor and
6 evaluate the results of grants made under this section.

7 [Sec. 46.16.030. PLACER MINING WATER REDUCTION LOAN AND GRANT.

8 (a) The placer mining water reduction program is established as a
9 loan and grant program.

10 (b) A person whose primary source of income is derived from
11 placer mining may apply for a loan to purchase and test equipment that
12 reasonably offers the possibility of a reduction in the amount of
13 water used in placer mining.

14 (c) If a loan applicant demonstrates to the satisfaction of the
15 review committee that the loan applicant has developed and will use on
16 a continuing basis a practical method that will result in a 50 percent
17 reduction in the amount of water used in the placer mining operation,
18 the review committee may recommend to the commissioner of natural
19 resources that 50 percent of the loan be considered a grant to the
20 loan applicant.

21 (d) If a loan applicant demonstrates to the satisfaction of the
22 review committee that the loan applicant has developed and will use on
23 a continuing basis a practical method that will result in an 80 per-
24 cent reduction in the amount of water used in the placer mining opera-
25 tion, the review committee may recommend to the commissioner of natu-
26 ral resources that the entire loan be considered a grant to the appli-
27 cant.

28 (e) A loan under this section may not

29 (1) exceed \$50,000;

- 1 (2) exceed a term of 10 years;
2 (3) have an interest rate exceeding 10 percent per annum;
3 or
4 (4) have a repayment schedule requiring payments within one
5 year after the loan was disbursed to the applicant.]

6 Sec. 46.16.090. INNOVATIVE POLLUTION CONTROL DEMONSTRATION
7 PROGRAM. (a) The innovative pollution control demonstration grant
8 program is established as a direct grant program to give a person
9 engaged in placer mining the opportunity to study and test innovative
10 and economically viable mining techniques for waste disposal and
11 pollution control in placer mining.

12 (b) The commissioner of environmental conservation may make
13 grants under this section to a person that has

- 14 (1) a proven history of successful placer mining;
15 (2) the capability to produce verifiable results; and
16 (3) the capability to study and test innovative and econom-
17 ically viable techniques for waste disposal and pollution control in
18 placer mining.

19 (c) The commissioner of environmental conservation may not make
20 a grant under this section to a person in excess of \$100,000.

21 (d) The commissioner of environmental conservation shall monitor
22 and evaluate the results of grants made under this section.

23 [Sec. 46.16.100. PLACER MINING WATER RECYCLING LOAN AND GRANT
24 PROGRAM. (a) The placer mining water recycling program is estab-
25 lished as a loan and grant program.

26 (b) A person whose primary source of income is derived from
27 placer mining may apply for a loan to purchase and test equipment that
28 reasonably offers the possibility of recycling the water used in
29 placer mining.

1 (c) If a loan applicant demonstrates to the satisfaction of the
2 review committee that the loan applicant has developed and will use on
3 a continuing basis a practical method that will result in recycling 50
4 percent of the water used in the placer mining operation, the review
5 committee may recommend to the commissioner of environmental conserva-
6 tion that 50 percent of the loan be considered a grant to the loan
7 applicant.

8 (d) If a loan applicant demonstrates to the satisfaction of the
9 review committee that the loan applicant has developed and will use on
10 a continuing basis a practical method that will result in recycling 80
11 percent of the water used in the placer mining operation, the review
12 committee may recommend to the commissioner of environmental conserva-
13 tion that the entire loan be considered a grant to the applicant.

14 (e) A loan under this section may not

- 15 (1) exceed \$50,000;
16 (2) exceed a term of 10 years;
17 (3) have an interest rate exceeding 10 percent per annum;

18 or

19 (4) have a repayment schedule requiring payments within one
20 year after the loan was disbursed to the applicant.]

21 Sec. 46.16.110. ACCESS TO INFORMATION. (a) All information
22 generated as a result of [loans and] grants made under this chapter is
23 public information. The commissioner of natural resources and the
24 commissioner of environmental conservation shall compile, analyze, and
25 distribute the information for the benefit of the placer mining indus-
26 try and the state and federal governments.

27 (b) The contents of an application for a grant [or a loan] are
28 available to the extent permitted under AS 09.25.110 and 09.25.120.

29 * Sec. 2. This Act takes effect July 1, 1984.

POSITION PAPER

ON

SENATE BILL 461

BY

Richard A. Neve'
Commissioner

Alaska Department of Environmental Conservation

March 22, 1984

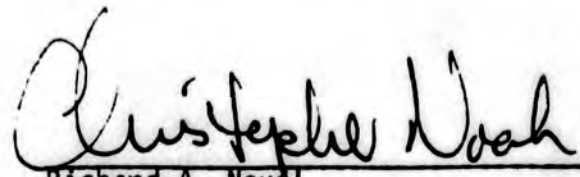
An Act Relating to the Management and Use
of Water in Mining

The Department wholeheartedly, enthusiastically supports this legislation. This bill would demonstrate new ideas in pollution control and increased gold recovery, which suprisingly are often compatible. Archaic sluice box "technology" fails to capture fine gold particles and demands high water use, thus causing costly pumping and waste treatment problems. This bill provides incentive to focus research, money, miners' natural ingenuity, and state laboratory, engineering, and technical resources on broad, innovative schemes to increase gold recovery, reduce water consumption, reduce discharges to streams, and give new thought to decreasing waste generation.

This bill has a meritorious aspect deserving special note: it places the Alaskan miner, with admirable ingenuity and resourcefulness, in the lead role to develop his own ideas and make them work. Government bureaucrats and consultants take a secondary role: that of testing and writing evaluations. It also places DEC and DNR field staff in an enviable positive situation -- that of verifying water reduction and recycling successes and making loan forgiveness an easy matter for the miner.

It's much better to spend time and money on increasing gold recovery and reducing water consumption and discharge than on digging deeper settling ponds. New methods and technology and their applications offer the best solution for the future of placer mining. This bill provides for just that.

The department is unable, however, to support creation of an advisory board. We suggest incorporating the duties and powers of this proposed advisory board into an existing board or creation of a review committee and guidance therefor.


for: Richard A. Neve'
Commissioner

**STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: 5/21/84

REQUEST

Bill/Resolution No.: CSSB 461 (Res)
Title: Management and Use of Water
In Mining

Sponsor: Sen. Fahrenkamp

Requestor: _____

Date of Request: _____

FISCAL DETAIL

Agency Affected: DNR

Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES			78.1	125.7	132.0	138.6
200 TRAVEL			20.0	22.1	23.2	24.4
300 CONTRACTUAL			65.0	35.0	36.0	37.1
400 SUPPLIES			.4	.6	.6	.6
500 EQUIPMENT			1.5	.7	.0	.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	165.0	184.1	191.8	200.7
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND			165.0	184.1	191.8	200.7
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME			2	3	3	3
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Laurel Murphy Phone: 265-4184
Division: Mining Date: 5/21/84

Approved by Commissioner: William J. Amundson Date: _____
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

DNR BACKUP FOR FISCAL NOTE
FOR CS SB 461 (Res)

	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
100:	78.1	125.7	132.0	138.6

In the first year, the Department will assign a mining engineer (52.9) to supervise the loan fund and begin preparing for the disbursement of loans from the fund. This will require assignment of contractors for items shown under line 300, as well as preliminary evaluation of technologies and demand for loans. A Clerk-Typist III (25.2) will assist the supervising mining engineer and the review committee.

After the first year, the Department will add a Loan Examiner II (41.6) to monitor and check compliance on loans.

200:	20.0	22.1	23.2	24.4
------	------	------	------	------

Travel for regulation hearings, interagency coordination and briefing, inspection of operations.

300:	65.0	35.0	36.0	37.1
------	------	------	------	------

Development of loan and grant regulations, forms, and procedures; accounting procedures; analysis and preparation of testing and compliance procedures; inspection and other reports; audit; air charter; legal counsel; training; office overhead; printing; noticing; computer time.

400:	.4	.6	.6	.6
------	----	----	----	----

Miscellaneous office supplies (\$200 per position).

500:	1.5	.7	0	0
------	-----	----	---	---

Office equipment for new positions.

Sec. 09.25.110. Inspection and copies of public records. Unless specifically provided otherwise the books, records, papers, files, accounts, writings, and transactions of all agencies and departments are public records and are open to inspection by the public under reasonable rules during regular office hours. The public officer having the custody of public records shall give on request and payment of costs a certified copy of the public record. (§ 3.22 ch 101 SLA 1962)

Sec. 09.25.120. Inspection and copying of public records. Every person has a right to inspect a public writing or record in the state, including public writings and records in recorders' offices except (1) records of vital statistics and adoption proceedings which shall be treated in the manner required by AS 18.50; (2) records pertaining to juveniles; (3) medical and related public health records; (4) records required to be kept confidential by a federal law or regulation or by state law. Every public officer having the custody of records not included in the exceptions shall permit the inspection, and give on demand and on payment of the legal fees therefor a certified copy of the writing or record, and the copy shall in all cases be evidence of the original. Recordors shall permit memoranda, transcripts, and copies of the public writings and records in their offices to be made by photography or otherwise for the purpose of examining titles to real estate described in the public writings and records, making abstracts of title or guaranteeing or insuring the titles of the real estate, or building and maintaining title and abstract plants; and shall furnish proper and reasonable facilities to persons having lawful occasion for access to the public writings and records for those purposes, subject to reasonable rules and regulations, in conformity to the direction of the court, as are necessary for the protection of the writings and records and to prevent interference with the regular discharge of the duties of the recordors and their employees. (§ 3.23 ch 101 SLA 1962)

**STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 461

Title: Management and Use of Water
in Mining

Sponsor: Fahrenkamp

Requestor: _____

Date of Request: _____

FISCAL DETAIL

Agency Affected: Environmental Conservation

Program Category Affected: _____

BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		49.5	52.0	54.6	57.3	60.2
200 TRAVEL		20.0	21.0	22.1	23.2	24.4
300 CONTRACTUAL		40.0	42.0	44.1	46.3	48.6
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		109.5	115.0	120.8	126.8	133.2
CAPITAL		--	--	--	--	--
REVENUE		--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	109.5	115.0	120.8	126.8	133.2
FEDERAL FUNDS					
OTHER					
TOTAL					

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0
PART-TIME					
TEMPORARY					

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Funds

ANALYSIS: Attach a separate page for analysis

Prepared By: Randolph Bayliss

Division: Environmental Quality Management

Phone: 465-2653

Date: May 21, 1984

Approved by Commissioner: Richard A. Nease

Agency: Department of Environmental Conservation

Date: May 21, 1984

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

12/1/83

1.	POSITION TITLE Environmental Engineer III				RANGE/STEP 19A	BARG. UNIT G	FORM 12 PAGE/LINE	COV.	APPRDV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT Juneau	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE				Additional staff required to provide technical review and assistance; to evaluate grant and loan applications and to prepare guidance on procedures.					
	1		2		3					
	PERSONAL SERVICES									
5.	Salary		38,124.00							
6.	Benefits		1,020.58							
7.	Supplemental Benefits		7,598.11							
8.	Fixed Benefits		2,728.20							
9.	TOTAL PERSONAL SERVICES		01		49,470.89					
10.	Travel		02		20,000.00					
11.	Contractual		03		40,000.00					
12.	Commodities		04							
13.	Equipment		05							
14.	Other									
15.	TOTAL COST				09,470.89					
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004			09,470.89					
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER - - - - -										

13 REQUEST FOR
NEW POSITION

AGENCY Environmental Conservation
 PROGRAM NRMEC
 BRU Environmental Quality Management
 COMPONENT Water Quality Management

Page of
 Revised Date

FY 85

**STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: 23 May 1984

REQUEST

BILL/Resolution No.: HCS CSSB 461 (L)

Title: ~~Water Management and Use~~
~~in Mining~~

Sponsor: ~~Sen. Fahrenkamp~~

Requestor: _____

Date of Request: _____

FISCAL DETAIL

Agency Affected: DNR

Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:

Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES			65.5	65.5		
200 TRAVEL			12.5	12.5		
300 CONTRACTUAL			25.0	10.0		
400 SUPPLIES			.4	.4		
500 EQUIPMENT			1.0			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING			104.4	88.4	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND			104.4	88.4		
FEDERAL FUNDS						
OTHER						
TOTAL			104.4	88.4		

POSITIONS:

FULL-TIME			1½	1½		
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Funds

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar

Division: Commissioner's Office

Phone: 465-2400

Date: 23 May 1984

Approved by Commissioner: *Mark D. ...*

Agency: Natural Resources

Date: 23 May 1984

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

12/1/83

100: One Mining Engineer 52.9
One Clerk-Typist III 12.6 ($\frac{1}{2}$ -time)

200: Travel

300: Regulations for grant application and administration

FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB 461 (Res)Title: Management and use of
water in miningSponsor: Senator FahrenkampRequestor: Senate Finance CommitteeDate of Request: May 7, 1984

FISCAL DETAIL

Dept. of Natural Resources

Agency Affected: Dept. of Environmental Conservation

Program Category Affected: _____

BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 SUPPLIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS	0	0				
800 MISCELLANEOUS	0	0				
TOTAL OPERATING	0	0				
CAPITAL	0	0				
REVENUE	0	0				

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER	0	0				
TOTAL	0	0				

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: _____

Division: Don Bennett, Co-chairman
Senate Finance CommitteePhone: 465-3714Date: May 7, 1984

Approved by Commissioner: _____

Agency: _____

Date: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

12/1/83

**STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: 5/23/84

REQUEST

Bill/Resolution No.: HCS CSSB 461 (LON)
Title: Management and Use of Water
in Mining

Sponsor: Fahrenkamp

Requestor: _____

Date of Request: _____

FISCAL DETAIL

Agency Affected: Environmental Conservation

Program Category Affected: _____

BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		28.6	30.0	31.5	33.1	34.8
200 TRAVEL		18.0	18.9	19.8	20.8	21.9
300 CONTRACTUAL		38.0	39.9	41.9	44.0	46.2
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		84.6	93.2	97.9	102.9	108.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		84.6	93.1	97.9	102.9	108.0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		0.5	0.5	0.5	0.5	0.5
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Funds

ANALYSIS: Attach a separate page for analysis

Prepared By: Randolph Bayliss

Division: Environmental Quality

Phone: 465-2653

Date: May 23, 1984

Approved by Commissioner: Richard A. Noveck

Agency: Department of Environmental Conservation

Date: May 23, 1984

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

12/1/83



RECORDS CERTIFICATION



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Signature of Camera Operator


Date

SCOMM

#34:43

STATE OF AK. GENERAL FUND
CURRENTLY ILLIQUID ASSETS (EXCL. CFAB & DB. TO STATE CORP.)
AT 2/28/82 FOR FYR

3/30/82

DESCRIPTION	BAL. (ROUND \$)	COMPOSIT YIELD %	FY 82 PRIN. 7MO.	FY 82 INT. 7MO.
STATE LOAN PROGRAMS			\$	\$
BUSINESS LOANS ✓	4422	N/A	-	-
AGRICULTURE	1231044	5.45	65375	40766
COMMERCIAL FISHING	47289568	7.74	5251458	3548392
FISHERIES ENHANCE.	6886338	7.96	(A)	(A)
SMALL BUSINESS	30755796	8.37	3890525	2152721
TOURISM	3332049	8.02	118026	205027
VETERANS	108023000	6.98	7212236	4563262
CHILD CARE FACIL	57348	6.04	4157	2373
HISTORICAL DIST.	158705	6.56	7802	7972
	<u>197738270</u>			
OTHER GF LOANS				
BANK LOAN INCENT. PGM.	3737738	8.41	149411	162530
MTG. OP. PGM - HOME	3264399	10.04	278416	216130
MTG. OP. PGM - BUSINESS	5004912	9.19	252451	274197
	<u>12007049</u>			
TOTAL LOANS & MTG.	<u>209745319</u>			
OTHER ASSETS				
AK. CD'S (EXCLUD. INT'L.				
AIRPORTS & BOND (CONSTRUCT)	26460000 -	6.47		
DEBT CERT. - CF. UNIONS	45179000 -	8.85		
	<u>71639000 -</u>			
NOTE: OTHER ILLIQUID NOT INCL. ABOVE ARE:				
OBLIGATIONS OF STATE CORP.	\$ 54,696,716			
OBLIGATIONS PLEDGED TO AHAC	22,000,000			
LOANS TO AK. MUNICIPALITIES	300,000			
MOBILE HOME LOANS	5,129,901			
CFAB STOCK	31,800,000			
	<u>\$ 113,926,617</u>			
(A) FIRST PYMTS. DUE 11/83.				

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF PROPOSED BOND FINANCINGS
Fiscal Year 1983

RICK.
PLEASE CALL
MARK IF YOU
HAVE ANY QUESTIONS.

	<u>Carry-Over From Previous Year</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Mortgages Used As Subsidy</u>	<u>Subsidy Allocation</u>	<u>Funds Available For Mortgage Purchase</u>
First Mortgage Taxable Program - State Assisted Mortgage Bonds	100	60	413	(5)	144	(130)	11	593
First Mortgage Veteran's Program - Veteran's State Guaranteed Bonds			75	(2)	9			82
First Mortgage Tax-Exempt Program - Home Mortgage Bonds	100		145	(3)	40	(24)	(11)	247
Second Mortgage Taxable Program - Second Mortgage Bonds	10		162	(2)	74			244
Second Mortgage Tax-Exempt Program - Home Improvement Loan Bonds	<u>5</u>	<u>—</u>	<u>40</u>	<u>(1)</u>	<u>16</u>	<u>—</u>	<u>—</u>	<u>60</u>
Sub-Total	<u>215</u>	<u>60</u>	<u>835</u>	<u>(13)</u>	<u>283</u>	<u>(154)</u>	<u>-</u>	<u>1,226</u>
Increase For Tri and Four - Plexes			<u>40</u>	<u>(1)</u>	<u>17</u>			<u>56</u>
TOTAL	<u>215</u>	<u>60</u>	<u>875</u>	<u>(14)</u>	<u>300</u>	<u>(154)</u>	<u>-</u>	<u>1,282</u>

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF PROPOSED BOND FINANCINGS
Fiscal Year 1983
(Attachment)

Subsidy Composition

Pledged Assets Reverting:

Discounted Value of \$215 million mortgages
Investments

\$154
40

FY83 Subsidy Request

106

\$300

Assumptions

- o State Guaranteed Tax Exempt Veterans Program Approved by Legislature and voters with implementation in January, 1983.
- o Qualified veteran's subsidized portion of loan at a rate equal to the greater of: (a) the rate then in effect under 18.56.098(g)(3) (currently 11.375) or (b) 4% below the cost of funds associated with the State guaranteed veteran's bond issue. The portion of the loan in excess of \$90,000 would be at the cost of funds.
- o Continued availability of credit facilities enabling the Corporation to issue intermediate term securities.
- o Level of subsidy gradually decreased from 7.05% to approximately 5.75% for taxable first mortgage program.
- o Tax exempt interest rates at the time of sale not substantially higher than current levels.
- o Approval of FY82 supplemental bond authorization request.
- o Tri and four-plex financing limited to owner-occupied, new construction, 20% down payment, and \$35,000 subsidy per unit for mortgages financed under the taxable first mortgage program.
- o Liberalized subsidy calculation for second mortgages for home improvement, rehabilitation or purchase where the first mortgage, if originally made to the current applicant, is not an AHFC subsidized loan.
- o Appropriation of approximately \$138 million in mortgages and loans for FY83 effective July 1, 1982.
- o FY83 appropriation received as funds are required for bond financing (primarily in first six months as other assets and funds do not revert until January 1983).

ALASKA HOUSING FINANCE CORPORATION

Summary of Effect of Transfer of Assets on FY 83
Special Mortgage Loan Purchase Program Subsidy Request

AHFC FY 83 SMLPP Subsidy Request

\$106

Discounted Value of Assets Contemplated for Transfer

Bank Certificates of Deposit (if effective 5/15/82) . 23

Credit Union Debt Certificates 30

Loan Programs (Commercial Fishing, Small
Business and MOP's and BLIP's)

~~138~~ *Good* 91

Balance of Subsidy Required

\$ 15

AHFC - 106



ALASKA HOUSING FINANCE CORPORATION

Items of Consideration Regarding Proposed Transfer of Assets for the Purpose of Subsidy Appropriation Reduction

- 1) The State is effectively borrowing approximately 1/3 of the required FY 83 subsidy at taxable rates over a 5 to 6 year period.
- 2) AHFC has no experience monitoring or servicing the type of loans considered for transfer.
- 3) AHFC will necessarily be aggressive in collection efforts on delinquent loans. Leniency in allowance of workout programs to accommodate special situations would be a luxury AHFC could not afford.
- 4) The amount the State could anticipate in its revenue projections for FY 83 and future fiscal years would exceed that which AHFC could build into its projections. This results from the conservative approach which would be necessary to help insure adequacy of cash flow to meet repayment requirements on the amount borrowed. It is anticipated that the "moral obligation" of the State would be required to offset the perceived inadequacy of the collateral which would secure the debt.
- 5) AHFC's general credit has attained an 'A' rating. Through additional insurance provisions and other security enhancements individual mortgage backed bond offerings have attained 'AA' ratings. Even if the subsidy financing were to be a privately placed unrated offering, subsequent rating analysis of future bond offerings would include a review of the transaction and the adequacy of the collateral supporting the obligation. While AHFC's mortgage revenue bond ratings are not expected to be reduced, it would result in a rather lengthy story to be told to the rating services and major investors to explain the method of funding the subsidy. If one thing has been emphasized during AHFC's 10 years of marketing bonds, it has been the benefit of having as few complicated issues affecting a bond offering as possible.
- 6) Little information is available on the mortgage and loan portfolios being considered for transfer to AHFC. What information is available does not take into consideration: changing loan program criteria; the effect of the age of the portfolio on collection, foreclosure and delinquency experience; possible changes in collection and foreclosure policies and procedures during the periods for which the information is available.
- 7) As a result of this lack of information, any projections as to the cash flow from the transferred assets may be substantially different from what is ultimately received. Were AHFC unable to meet the repayment obligations as a result of deficient revenues from the transferred assets, subsequent bond ratings may be impaired. Even if the legislature appropriated funds subsequent to AHFC's default in an amount sufficient to bring the payments current, the market would be aware of what they would perceive as AHFC's inability to accurately forecast future revenues. Were a downgrading of future bond ratings to occur, the effect on initial subsidy would approximate \$24 million annually.

Conference Committee

House CS for Senate Bill No. 666 (Finance) Am H

Wednesday, April 21, 1982

I. ALASKA HOUSING FINANCE CORPORATION

NO 6) Shall the maximum limit for mobile home loans made through AHFC be increased?

No action 7) Shall the subsidy rates for tri-plexes and four-plexes under AHFC be modified?

NO 8) Shall AHFC delegate underwriting procedures for mortgage loans?

9) Shall the Home Ownership Assistance Program in AHFC (AS 18.56.001) be modified?

10) Shall the Housing Development Fund in AHFC (AS 18.56.100) be repealed?

11) Shall the interest rate provisions in Section 22 of the bill be modified?

12) Shall the security provisions in Section 24 of the bill be modified?

13) Shall provisions in Section 25 of the bill relating to terms on the sale of bonds be modified?

** →* 14) Shall language be added to AS 18.56 relating to a definition of owner-occupancy?

15) Shall language be added to AS 18.56 which would help AHFC enforce building code requirements?

16) Shall language in Section 17 of the bill relating to international borrowing be modified?

17) Shall language be included in AS 18.56 relating to public health standards and AHFC lending?

NO 18) Shall language in Section 23 of the bill relating to commitment fees be modified?

47) Shall language be added in AS 18.56 relating to a restructuring of the AHFC board?

48) Shall the AHFC interest rate language be modified?

II. PROPOSED AMENDMENTS PENDING FROM YESTERDAY'S MEETING:

Amendment # 2: relating to the Agricultural Loan Act; see attached

Amendment # 3: relating to the Alternative Technology and Energy Revolving Loan Fund; see attached

Amendment #4: relating to senior citizens housing; see attached

Amendment #5: relating to repealers; see attached

Amendment #7: relating to AS 18.55.997; see attached

Amendment #8: relating to AS 18.56.170; see attached

AS 3.10

- W ARSWA
Ag
LOANS
- 1) Shall the limit on loans made under the Alaska Agricultural Loan Act (AS 3.10) be increased? 1. LAND CLEARING 2. SHORT TERM LOANS BE MADE FOR 500,000 OR LESS
 - 2) Shall the minimum interest rate on loans made under the Alaska Agricultural Loan Act be reduced from eight percent to six percent?

AS 18.54

- 3) Shall the Housing Development Revolving Loan Fund and the senior citizen housing development fund be combined and made a grant program?

AS 18.55

- SB-311-
- 4) Shall the Alaska State Housing Authority Revolving Fund (AS 18.55.360) be repealed?

- 5) Shall the interest rate on loans made by Native Regional Housing Authorities be modified? RURAL HOUSING PROGRAM
2 PT. BELOW RATCHET

AS 18.56

- effective 1/1/93 -
- 6) Shall the maximum limit for mobile home loans made through AHFC be increased? *

- 7) Shall the subsidy rates for triplexes and four-plexes under AHFC be modified? 105,000 (3-plex) 140,000 (4-plex) → G.E.M. ← BANKS

- 8) Shall AHFC delegate underwriting procedures for mortgage loans?

- 9) Shall the Home Ownership Assistance Program in AHFC (AS 18.56.091) be modified?

- 10) Shall the Housing Development Fund in AHFC (AS 18.56.100) be repealed?

- 11) Shall the interest rate provisions in Section 22 of the bill be modified?

- 12) Shall the security provisions in Section 24 of the bill be modified?

- 13) Shall provisions in Section 25 of the bill relating to terms on the sale of bonds be modified?

- 14) Shall language be added to AS 18.56 relating to a definition of owner-occupancy?

- 15) Shall language be added to AS 18.56 which would help AHFC enforce building code requirements? @ BUILDING CODE REQUIREMENT

- 16) Shall language in Section 17 c the bill relating to international borrowing be modified? FOREIGN EXCHANGE RISK →

- 17) Shall language be included in AS 18.56 relating to public health standards and AHFC lending?

18) Shall language in Section 23 of the bill relating to commitment fees be modified?

AS 44.47

*20% Commitment Fee -
CONCERN*

19) Shall the interest rate for rural housing loans be set at the AHFC ratchet rate?

20) Shall the language in Sections 31-35 of the bill be modified to truly accomplish the transfer of the rural housing programs from AHFC to the Department of Community and Regional Affairs?

21) Shall language in Section 39 of the bill relating to non-owner occupied housing be modified?

BOB MURRAY

22) Shall language in Section 49 of the bill relating to effective dates be modified?

23) Shall Regional Housing Authorities perform the loan function for rural housing in places where the Department of Community and Regional Affairs have no loan offices?

*CRNA TO Reg. Housing
Authorities*

AS 44.88

Jim Kelly

24) Shall the language in Section 41 of the bill be modified to truly accomplish the purpose of establish a program for financing multi-family housing?

25) Shall language be added to AS 44.88 to modify existing law relating to delinquency provisions?

*20% - delinquency - To Cover Commitment
for ADIA*

AS 45.88

ok - mike

26) Shall the loan limits in Section 42 of the bill be increased?

leave in!

27) Shall the interest rate language in Section 43 of the bill be modified?

28) Shall Sections 44-45 of the bill be modified to allow landing for wood stoves and coal stoves and arctic entrances?

AS 45.98

29) Shall the loan limits in Section 47 be increased?

REPEALERS

30) Shall the temperate social activities revolving loan fund (AS 47.320-50) be repealed?

31) Shall the loan program for Alaska Native Claims Settlement Act, P.L. 92-203, corporations be repealed (AS 44.25.030-038)?

32) Shall the Alaska Economic Disaster Impact Fund (AS 37.11.100) be repealed?

33) Shall the drafting error line 18, page 19 be corrected?

34) Shall the Residential Care Facility Revolving Loan Fund (AS 44.33. Article 8) be repealed? ~~⊗~~

35) Shall the Water Resources Revolving Loan Fund (AS 45.86.010 et al) be repealed? ABOLISHED -

MAINTAIN 36) Shall the Tourism Revolving Fund (AS 45.91) be repealed?

37) Shall Small Business Loans (AS 45.95) be repealed?

AS 37.12

38) Shall the Alaska Resources Corporation be established in place of of the Alaska Renewable Resources Corporation? ARRC

MISCELLANEOUS

PROGRAM RECEIPTS

39) Shall language in AS 24.20 relating to LBIA's oversight responsibilities of lending agencies be modified?

40) Shall language in AS 37.05.035 relating to annual state loan reports be modified?

41) Shall the title of the Division of Business Loans be changed?

42) Shall all state loan programs be made revolving?

43) Shall all interest rates on state programs be made to float?

44) Shall the provision in Section 22 relating to an override of the state's usury law be included in the bill?

MICHAEL 45) Shall the language in Sections 8-14 of the bill be modified in regards security provisions, the pooling of loan limits, the amount of loan limits, the drafting error on page 6, line 6, and existing language.

Carl 46) Shall language be included in the bill relating to the Alaska Municipal Bond Bank (AS 44.85)? 694

CARL 47) Shall language be added in AS 18.56 relating to a restructuring of the AHFC board? PUBLIC MEMBERS BACK IN, ADD TO MORE MEMBERS

CARL 48) Shall the AHFC interest rate language be modified?

49) Shall the maximum loan limits for the Mining Loan Fund (AS 27.09) be modified? GARDNER

50) (Shall a small business loan program be established?) ARRC

ALL 51) Shall a letter of intent be adopted to allow the Division of Business Loans to use a portion of their funds for an outreach program for the fishing loan program? AIDA

Carl 52) Shall foreclosure procedures for fishing loans be modified?

April

Monday 1982

- HISTORIC DISTRICT

- REPEALERS

- ALTERNATIVE ENERGY

- MINING

- RESIDENTIAL CARE

TUES - COMMERCIAL FISHING

WED - CRNA

- DIV. HOUSE 16

- BOND BANK

THUR - AHFC

FRI - AIDA

- SB-752 S+L - 1/5, 6 SECTIONS

- ALTERNATIVE TECH. AND ENERGY PROGRAM BE CHANGED

- DEFINITION OF UET. IN 1856 BE MODIFIED

- O-RESIDENTIAL REQUIREMENT US.

5 year

- GRANT OR ASSISTING OF Agency FOR LOANS

SPACE EXISTING TRANSFER TO COMMERCIAL FISHING

LOANS BE MODIFIED

- ILL - LIQUID ASSETS PROGRAM

BOB WALTER

DAVID HARBO

GENE WILDS

ARRC

LANGUAGE FROM SB-697

1. CHANGES BOARD TO A PART-TIME VOLUNTEER
2. TOTAL OF 5 BOARD MEMBERS
3. NON-RENEWABLE RESOURCES - PURPOSES BROADENED
4. LOAN LIMITS TO 500,000
5. TOTAL INVESTMENT 49%
6. TAKES AWAY RESIDENCY REQUIREMENT
7. MINING, TOURISM ADDED
8. NO GRANTING AUTHORITY
9. EXPANDS TO NON-RENEWABLE RESOURCES
10. MORE QUALIFICATIONS ON BOARD MEMBERS, INVESTMENT EXPERIENCE, LENDING EXPERIENCE REQUIRED.
- 11.

AHEC - MAXIMUM LOAN LIMITS INCREASED
ON MOBIL HOMES, \$110,000.00 - INCREASE
20-30 YEARS.

SB 666 TITLE & SPONSOR SUMMARY 17:09 4/13/82 PAGE 1 OF 4
AMENDED TITLE: HCSSB 666(FIN)AM H
AN ACT RELATING TO CERTAIN STATE LOAN PROGRAMS; AND PROVIDING
FOR AN EFFECTIVE DATE

PRIME SPONSOR: FAHRENKAMP.
CO-SPONSORS: BENNETT, PARR.
CURRENT STATUS: 4/12/82 CONF CMTE APPTD

666 SENATE ACTION 17:09 4/13/82 PAGE 2 OF 4

DATE	SEQ	PAGE	LEGISLATIVE ACTION
01/19/82	01	0083	FIRST READING -- COMMITTEE REPORTS
02/01/82	02	0161	RES -- DP(AM)03, NR02
02/18/82	03	0340	MOVED FROM FIN TO RLS BY UNAN CONSENT
02/25/82	04	0389	PLS OTHER04 TAKEN UP IMMEDIATELY
02/25/82	05	0390	SECOND READING
02/25/82	06	0390	ADVANCED TO 3RD READING BY UNAN CONSENT
02/25/82	07	0390	THIRD READING
02/25/82	08	0391	PASSED BY DIV 19-00-00
02/25/82	09	0391	EFFECTIVE DATE VOTE SAME AS PASSAGE
04/07/82	33	0815	FAILED TO CONC IN (H) AMS BY DIV 00-19-01
04/12/82	36	0857	CC -- RODEY STURGULEWS MULCAHY
***	**	**	*** *** ***

SB 666 SENATE ACTION 17:09 4/13/82 PAGE 2 OF 4

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SB 666 SENATE ACTION 17:09 4/13/82 PAGE 2 OF 4

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02/25/82	08	0391	PASSED BY DIV 19-00-00
02/25/82	09	0391	EFFECTIVE DATE VOTE SAME AS PASSAGE
04/07/82	33	0815	FAILED TO CONC IN (H) AMS BY DIV 00-19-01
04/12/82	36	0857	CC -- RODEY STURGULEWS MULCAHY
***	**	**	*** *** ***

SB 666 HOUSE ACTION 17:10 4/13/82 PAGE 3 OF 4

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/26/82	10	0605	FIRST READING -- COMMITTEE REPORTS
03/18/82	11	0838	RES -- DP02, NR02
03/26/82	12	0934	FIN -- DP06, NR02
03/26/82	13	0934	REFERRAL TO LOANS ADDED
03/29/82	14	0972	FIN COMM REFERRAL ADDED BY UNAN CONSENT
04/01/82	15	1011	LOAN -- CS04, NR01
04/01/82	16	1022	FIN -- CS07, NR01
04/02/82	17	1031	SECOND READING
04/02/82	18	1031	FIN CS ADOPTED BY UNAN CONSENT
04/02/82	19	1033	AM01 NOT ADOPTED BY DIV 08-23-09
04/02/82	20	1033	AM02 ADOPTED BY UNAN CONSENT
04/02/82	21	1034	AM03 ADOPTED BY DIV 35-01-04
04/02/82	22	1035	AM04 NOT ADOPTED BY DIV 06-30-04
04/02/82	23	1035	AM05 NOT ADOPTED BY DIV 13-23-04
04/02/82	24	1036	AM06 NOT ADOPTED BY DIV 11-25-04
04/02/82	25	1036	ADVANCED TO 3RD READING BY UNAN CONSENT
04/02/82	26	1036	THIRD READING
04/02/82	27	1037	PASSED BY DIV 31-05-04
04/02/82	28	1037	EFFECTIVE DATE VOTE SAME AS PASSAGE
04/02/82	29	1037	NOTICE OF RECONSIDERATION GIVEN

SB 666 HOUSE ACTION 17:10 4/13/82 PAGE 4 OF 4

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/05/82	30	1106	FAILED TO RETN 2ND READNG BY DIV 11-23-06
04/05/82	31	1106	PASSED ON RECONSIDERATN BY DIV 30-05-05
04/05/82	32	1107	EFFECTIVE DATE VOTE SAME AS PASSAGE
04/08/82	34	1214	FAILED TO RECEDE FRM AMS BY DIV 03-35-02
04/08/82	35	1214	CC -- MEEKINS HALFORD MA NE
***	**	**	*** *** ***

CSSB 697

LEGISLATIVE SUMMARY

CSSB 697 "An Act establishing the Alaska Resources Corporation in place
(Fin) of the Alaska Renewable Resources Corporation (AS 37.12)"

- Sec. 1 **Changes the name by deleting the word renewable. Moves the Corporation from the Department of Revenue to Commerce and Economic Development.**
- Sec. 2 **Purposes are to facilitate the rehabilitation, enhancement and development of the state's resources to strengthen the state's economy.**
- Sec. 3 A capital fund is established, consisting of transfers and appropriations and payments on loans. The fund will pay ARC operating expenses, will finance new projects and can be invested.
- Sec. 4 Changes from a board of trustees to a board of directors.
- Sec. 5 Board of directors will consist of 4 members with business or investment experience appointed by the governor, as well as the Commissioner of Commerce and Economic Development. The board annually elects a chair.
- Sec. 6 Terms of the board members shall be for 4 years with the terms staggered. Adds language that the governor shall appoint a member to fill unexpired terms. Deletes the language of one member serves 2 years, one member serves 3 years, and one member serves 4 years.
- Sec. 7 Changes the quorum from 2 members to 3 and allows for electronic meetings.
- Sec. 8 Members receive no salary but they are entitled to **per diem and travel expenses and \$200 per business day honorarium.**
- Sec. 9 The board shall employ an executive director who may, with board approval, have additional staff. All are in the exempt service.
- Sec. 10 Deletes the words "of trustees."
- Sec. 11 The board shall invest in economically viable projects by equity or debt investments at market rates.
- Sec. 12 Duties: financial assistance for projects that will accomplish the purposes of the Corporation; promote the use of state's resources in the state and development of import substitution and export markets; prepare long range operating

and financial plans and a budget; monitor projects and provide operational and performance evaluations; and evaluate individual projects.

- Sec. 13 Deletes the words **"renewable resource."** Deletes the provisions that: grants may be made for up to 90% of the projects costs for the purposes of: (1) applied research and development of products, technologies, for the rehabilitation, enhancement, or development of renewable resources; (2) demonstration, one-time basis, economic or technical feasibility of new products, market, or technology involving renewable resources; or (3) rehabilitation, enhancement, or development of a common-property resource where the benefit from the project cannot be captured by any single economic unit.
- Sec. 14 Adds a new section requiring the Corporation to begin divesting equity investments with 10 years or the term of the loan, whichever occurs first.
- Sec. 15 The board may not invest in one project more than 5% of the Corporation's assets or \$500,000 whichever is less.
- Sec. 16 The board may not invest in more than 49% of the combined equity and debt of an applicant and may not own more than 49% of the voting shares and may not finance more than 70% of the cost of the project.
- Sec. 17 Loans may not exceed 30 years.
- Sec. 18 Funds may not be provided to state agencies.
- Sec. 19 **No grants can be made.**
- Sec. 20 No loans can be made for short term working capital.
- Sec. 21 Specifies reports and publications required of the board: financial statements, investment appraisal, performance report, overall financial plan. Annual income statement and balance sheet shall be published in at least one newspaper in each judicial district.
- Sec. 22 The operating budget of the Corporation is subject to the Executive Budget Act.
- Sec. 23 Changes the definition of board by deleting the word "trustees" and replacing it with "directors."
- Sec. 24 Deleting the word "renewable."
- Sec. 25 Changes the definition of project by deleting the word "renewable."

- Sec. 26 Defines "rehabilitation, enhancement and development."
- Sec. 27 Changes the definition of "resource" by deleting the word "renewable." With a new definition of resource as including but not limited to fisheries, agriculture, forest products, renewable energy, tourism and mining, but excluding real estate, retail sales or services.
- Sec. 28 "Small enterprise" is defined as a business with actual or anticipated gross sales revenues of \$10 million or less.
- Sec. 29 Deletes the provision that the Legislative Budget and Audit Committee hold confirmation hearings on the members.
- Sec. 30 Deletes the provision that the Legislative Budget and Audit Committee make recommendations regarding the confirmation of the appointees to the board.
- Sec. 31 Deletes the word "renewable" from the name of the Corporation.
- Sec. 32 Deletes "renewable" from the Corporation name.
- Sec. 33 Repeals 37.12.020 allocating 5% of mineral sales, leases and bonuses to the Corporation and requiring 50% of receipts be deposited in the renewable resource investment fund.

Repeals 37.12.040 Removal and vacancies. The governor may remove a member with the consent of a majority of the legislature in joint session. Provisions of time and when the legislature is not in session. A vacancy does not impair a quorum.

Repeals 37.12.070(12) Powers of the board: provide grants for projects having broad public application which do not have direct income-producing potential.

Repeals 37.12.070(14) Powers of the board: deposit or invest surplus funds through Treasury Division.

Repeals 37.12.080(a)(1)(D) Specifying a minimum time of project in Alaska (instead, all projects are required to have an Alaskan site).

Repeals 37.12.080(a)(1)(G) Requiring the board to resolve resource use conflicts.

Repeals 37.12.080(a)(3) Requiring consideration of local preferences and priorities.

Repeals 37.12.085(2) Eligibility for financial assistance: state residency for 3 years or majority Alaskan ownership.

Repeals 37.12.115 Provision of technical assistance, including preinvestment advances.

- Sec. 34 Initial terms of the board shall be one member serving 1 year, one member serving 2 years, one member serving 3 years and one member serving 4 years. The board shall be appointed within 30 days. Trustees serve as an interim board until appointees serve.
- Sec. 35 Terminates the present Alaska Renewable Resources Corporation on the effective date of this Act.
- Sec. 36 Transfers all records, appropriations, equipment and other assets or liabilities to the Alaska Resources Corporation on the effective date.
- Sec. 37 Employees are transferred on the effective date.
- Sec. 38 Limitations on financial assistance applies only to commitments made after the effective date of the Act. [This provides the new Corporation with the ability to handle the on-going needs and assistance requirements of the existing portfolio.]
- Sec. 39 Immediate effective date.

IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 697 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing the Alaska Resources Corporation in place of the Alaska Renewable Resources Corporation (AS 37.12); and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 37.12.010 is amended to read:

Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.

There is created the Alaska [RENEWABLE] Resources Corporation to carry out the purposes of this chapter. The corporation is a public corporation of the state and an instrumentality of the state within the Department of Commerce and Economic Development [REVENUE], but has a legal existence independent of and separate from the state. The exercise by the corporation of the powers conferred by this chapter is considered an essential function of the state.

* Sec. 2. AS 37.12.015 is repealed and reenacted to read:

Sec. 37.12.015. PURPOSES. The purposes of the corporation are to

(1) facilitate the rehabilitation, enhancement, and development of the state's resources so as to strengthen and diversify the state economy;

(2) provide development capital for the establishment and expansion of small enterprises in resource industries in the state in ways that enhance private capital investment; and

(3) strengthen and diversify the state's economy by the establishment and expansion of small enterprises that are self-supporting and that may

1 development or his designee. The board shall annually elect a chairman
2 from among its members.

3 * Sec. 6. AS 37.12.035 is amended to read:

4 Sec. 37.12.035. TERM OF OFFICE. The members of the board [OF
5 TRUSTEES] shall be appointed for terms of four years, and they may be
6 reappointed. Terms of members appointed by the governor shall be stag-
7 gered. The governor shall immediately appoint a member to fill a vacancy
8 in the membership of the board for the unexpired term [THE INITIAL TERMS
9 SHALL BE ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER SERVING FOR THREE
10 YEARS, AND ONE MEMBER SERVING FOR FOUR YEARS].

11 * Sec. 7. AS 37.12.050 is amended to read:

12 Sec. 37.12.050. QUORUM AND TRANSACTION OF BUSINESS. (a) Three
13 [TWO] members of the board constitute a quorum for the transaction of
14 business and the exercise of the powers and duties of the board.

15 (b) The board may meet and transact business by electronic media
16 if (1) public notice of the time and locations where the meeting will
17 be held by electronic media has been given in the same manner as if the
18 meeting were held in a single location; (2) participants and members
19 of the public in attendance can hear and have the same right to partici-
20 pate in the meeting as if the meeting were conducted in person; and (3)
21 copies of pertinent reference materials, statutes, regulations, and
22 audio-visual materials are reasonably available to participants and to
23 the public. A meeting by electronic media as provided in this subsec-
24 tion has the same legal effect as a meeting in person.

25 * Sec. 8. AS 37.12.055 is repealed and reenacted to read:

26 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the
27 board receive \$200 for each day spent on official business of the corpor-
28 ation, and are entitled to per diem and travel expenses authorized by
29 law for state boards and commissions under AS 39.20.180.

1 * Sec. 9. AS 37.12.060 is repealed and reenacted to read:

2 Sec. 37.12.060. EXECUTIVE DIRECTOR; STAFF. (a) The board shall
3 employ an executive director to administer the corporation in accordance
4 with this chapter, and to perform other duties that the board may pre-
5 scribe. The executive director serves at the pleasure of the board and
6 may not be a member of the board. The board determines the salary of
7 the executive director.

8 (b) The executive director may, with the approval of the board,
9 select and employ staff. The executive director and staff are in the
10 exempt service under AS 39.25.

11 * Sec. 10. AS 37.12.065(a) is amended to read:

12 (a) Members of the board [OF TRUSTEES] are subject to the pro-
13 visions of AS 39.50.

14 * Sec. 11. AS 37.12.070(11) is repealed and reenacted to read:

15 (11) invest in projects that are economically viable and are
16 or are expected to become income-producing by buying stock or other
17 equity, by purchasing secured and unsecured debt of any priority, and
18 debt with flexible repayment schedules and royalty and profit sharing
19 agreements, but investments may not be made at below market rates;

20 * Sec. 12. AS 37.12.075 is repealed and reenacted to read:

21 Sec. 37.12.075. DUTIES. In carrying out the purposes of this
22 chapter the board shall

23 (1) provide financial assistance for resource projects that
24 the board finds will accomplish the purposes of the corporation as set
25 out in AS 37.12.015;

26 (2) keep minutes of each meeting of the board and send a
27 certified copy of the minutes to the governor and the Legislative Budget
28 and Audit Committee;

29 (3) annually prepare long-range operating and financial plans

1 and the budget for the next fiscal year;

2 (4) monitor approved projects for compliance with this chapter
3 and provide operational and performance evaluations of projects receiving
4 financial assistance;

5 (5) before an investment is made in a resource project by the
6 corporation, prepare written findings on the project that include a
7 consideration of the expectation of return from the project and the risk
8 involved in undertaking the project.

9 * Sec. 13. AS 37.12.080(a)(2) is amended to read:

10 (2) use the financial mechanism most appropriate to the
11 conditions of the applicant and the proposed resource project and which
12 will most effectively utilize the funds available; [GRANTS MAY BE MADE
13 BY THE BOARD OF UP TO 90 PERCENT OF THE TOTAL PROJECT COSTS FOR THE
14 FOLLOWING PURPOSES:

15 (A) PROJECTS FOR THE APPLIED RESEARCH AND DEVELOPMENT OF
16 PRODUCTS, TECHNOLOGIES, OR INNOVATIONS FOR THE REHABILITATION,
17 ENHANCEMENT, OR DEVELOPMENT OF THE STATE'S RENEWABLE RESOURCES;

18 (B) PROJECTS FOR THE DEMONSTRATION, ON A ONE-TIME BASIS,
19 OF THE ECONOMIC OR TECHNICAL FEASIBILITY OF A NEW PRODUCT, MARKET,
20 OR TECHNOLOGY INVOLVING A RENEWABLE RESOURCE; OR

21 (C) PROJECTS FOR THE REHABILITATION, ENHANCEMENT, OR
22 DEVELOPMENT OF A COMMON-PROPERTY RESOURCE WHERE THE BENEFITS FROM
23 THE PROJECT CANNOT BE CAPTURED BY ANY SINGLE ECONOMIC UNIT;]

24 * Sec. 14. AS 37.12.080(a) is amended by adding a new paragraph to read:

25 (5) require that if the corporation makes an equity invest-
26 ment it agrees to start divesting itself of the shares held within 10
27 years or before the end of the term of the loan, whichever occurs first.

28 * Sec. 15. AS 37.12.080(b)(1) is amended to read:

29 (1) invest or otherwise provide assistance of more than five