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SPECIAL LEGISLATIVE BULLETIN

This issue is an extra edition to report on legislation passed by the recently-adjourned Twenty-third Territorial Legislature which we think will be of interest and concern to those interested in mining and prospecting in Alaska. The property tax bill which would have taxed mining claims and equipment outside of school districts did not pass. The new workmen's compensation bill was vetoed, and the only important change in the Employment Security regulations is that the base for contributions and deductions was raised from \$3,600 to \$4,200.

CORRESPONDENCE COURSE FOR PROSPECTORS

Chapter 14 states that the University of Alaska shall "set up and offer to bona fide Alaskan prospectors and miners within Alaska a correspondence course, or courses equal and parallel to the Mining Extension Course presently being taught." The University is authorized to make such charges for the course as are necessary to cover the costs.

The Mining Extension Course that the University has taught for so many years covers basic geology, mineralogy, mining and prospecting methods, and mining law. There are no educational prerequisites and no college credits are given. It was the intention of the Legislature that the same course, as nearly as practicable, be given by mail in order that those who can not attend the Extension Course can acquire the same knowledge for more efficient prospecting.

Further information should be obtained by writing to the School of Mines, University of Alaska, College, Alaska.

LOCATIONS OF ASSAY OFFICES

Chapter 45 amends the law which created the TDM by stating that the TDM shall establish assay offices "to be located one in each of the four Judicial Divisions" instead of pinpointing them at Ketchikan, Anchorage, College, and Nome as formerly. This will allow for the moving of each office within its respective Division if the need arises or it appears advisable.

The immediate reason for the passage of this law was to clear the way for a possible move of the College assay and field offices into Fairbanks. As explained in detail on page 18 of our Report of the Commissioner of Mines for the Biennium ended December 31, 1956, we can be of better service to the mining public of the Fourth Division if our facilities there are in Fairbanks. However, we did not receive the necessary appropriation for this move, so we will remain at our College location for at least two more years. No other moves are contemplated in the foreseeable future.

PROSPECTORS' AID

Chapter 117 sets up a plan of assistance to prospectors, and provides for its administration by the Department of Mines. This new law grants help to prospectors (how many depending on the amount of money appropriated for the purpose) as follows:

(1) Round trip costing not more than \$200 to the prospecting area and return, (2) food, clothing and equipment costing a maximum of \$100 per month for a maximum of three months and a minimum of one month of prospecting time, and (3) Monthly delivery of supplies to the prospector and checking on his work and well-being. Assistance will not be given to a prospector more than once per year, and not more than one prospector in one family or one prospecting party may receive assistance under this law. Applicants must be citizens of the U.S. and bona fide residents of Alaska. TDM engineers will supervise the work of the prospectors as often as available funds and time will permit. The assistance to any prospector found not properly or diligently doing his work will be immediately discontinued.

Since the appropriation to carry out the provisions of this law was small and the money is not available until July, it is planned to delay starting the program until the spring of 1958. As far as practical, the number of prospectors benefitted will be divided equally among the four Judicial Divisions, and the appropriation is sufficient to finance six or seven men in each Division for one season. If less than this number apply in one Division and more in another, the funds will be shifted. If more than the total allowable number of men apply in all Divisions, successful applicants will be determined by drawing lots.

COMPULSORY ASSESSMENT WORK AFFIDAVITS

Chapter 105 makes the annual filing for record of assessment work affidavits compulsory if the claim holder wishes to continue legally holding his claim. As before, the law still states that the affidavit, when filed within ninety (90) days after the close of the assessment work year, shall be prima facie evidence that the work has been done. The assessment work year ends at noon on July first, which puts the end of the 90-day limit at noon on September 29.

The added feature of the new law states as follows: "The failure to file for record the assessment work affidavit within six months after the close of the assessment work year shall be deemed an abandonment of the claim and it shall then be subject to relocation by any other person, provided, however, that a compliance with the provisions of this Act before any relocation, shall operate to save the rights of the last locator, claimant or owner of said forfeited claim, and further provided, that if said claim has not been relocated by any other person or persons within one year after such forfeiture, the last locator, claimant or owner of such forfeited claim may return to said forfeited claim and relocate the same as though the same had never been located." This indicates that while the claim holder will lose the legal effect of having his affidavit as prima facie evidence of the work being done if it is not filed for record before noon on September 29, he will still have the remaining time until January 1 to do his filing before the claim will be legally considered abandoned and open to location by others.

Under the first proviso quoted above, the wording of the new law indicates that even though the filing might not be done before January 1, the claim holder can still save his claim if he files his affidavit before someone else locates the claim. Under the second proviso, the original claim holder must wait a year after the said January 1 before he can legally relocate the claim if no one else has located it in the meantime.

ALASKA LAND ACT

Chapter 184 re-establishes the Territorial Department of Lands, sets up a Land Board and a Land Director, and provides for the selection, acquisition, management, and disposal of Alaska lands and resources. The lands referred to in this

It mean all lands, including shore, tide, and submerged lands, or resources now owned or hereafter acquired by Alaska. The word "minerals" as used in the Act, means only the Leasing Act minerals such as coal, phosphate, sodium, potassium, oil shale, sulfur, etc., but not including oil and gas.

The Department of Lands will be administered by the Director of Lands, but will be under the control and supervision of the Land Board. The Director will be appointed by the Board for a four-year term. The Board is composed of the following Territorial officials: Commissioner of Agriculture, Commissioner of Mines, Commissioner of Education, Highway Engineer, and the Attorney General; or such persons within the respective agencies as may designated by the agency head. The first meeting of the new Land Board is scheduled for April 18.

Lands, where deemed necessary and proper, will be classified for surface use and submitted to the Board for approval. Lands within or adjacent to communities may not be sold or leased prior to a study of the proposed use. Leases or sales will not be made without prior public notice, with certain exceptions. In the disposition of tidelands which are occupied as of February 1, 1957, the occupant shall have preferential rights. Tidelands within incorporated municipalities or political subdivisions shall be conveyed to said municipalities or subdivisions, and they in turn will sell the tidelands to the lawful occupants at a price not to exceed the actual cost of surveying, transferring, and conveying the land.

Lands which are classified for sale shall be sold at public auction, but if not sold when offered, may be sold privately at not less than the appraised value. Timber sales and leasing for other than extraction of minerals shall also be by public auction.

All transactions mentioned above are not concerned with minerals or mining as in those cases the Territory reserves to itself "all oils, gases, coal, ores, minerals, fissionable materials, and fossils" which may be on or in said lands conveyed or leased to individuals. The Act then states that all Alaska lands are subject to exploration, geological survey, and the location of minerals, and that lands may be obtained for mining of or prospecting for the minerals as earlier defined under procedures to be determined by the Board. Permits and leases, however, shall be in substantial conformity with the U. S. Mineral Leasing Act of 1920.

All Alaska lands shall also be subject to lease for exploration for and production of oil and gas. If the land is on a known or producing geologic structure, it will be offered only to competitive bids. If the land is considered noncompetitive, a lease may be issued for five or more years on a rental and royalty basis in general conformity with the U. S. Mineral Leasing Act. The Board may regulate the drilling and producing operations in the public interest, and may also offer additional incentives to encourage development of unproven areas.

Under the heading of "Mining Rights" the Act states, "Discovery and appropriation shall be the basis for establishing a right to those minerals reserved to Alaska which are subject to location under the Federal Mining Laws. Appropriation of such minerals will be in conformance with Section 47-3-1 through and including Section 47-3-92, ACLA 1949, as amended." Those minerals subject to discovery and location under the quoted sections (which include the Federal Mining Laws) are gold, silver, copper, iron, lead, zinc, uranium, mercury, molybdenum, etc., and do not include the Leasing Act "minerals" as defined earlier. In other words, the same laws will apply on Alaska lands as now apply on Federal public domain in Alaska.

INDUSTRIAL TAX INCENTIVES ACT

Chapter 129 is an Act patterned after a similar Puerto Rico measure. Its purpose is to create temporary industrial incentives for encouraging industrial development in Alaska. It will be administered by the Territorial Board of Administration, which is composed of the Governor, Attorney-General, Treasurer, Director of Finance, Commissioner of Education, and the Commissioner of Highways. The taxes referred to are, of course, only Territorial taxes. A memorial was passed and sent to Congress requesting exemption from Federal income taxes for like periods of time for those industries qualifying under the Alaska Act.

Businesses eligible to apply for exemptions are those having as their object the commercial production of products not before produced commercially in Alaska, or those having as their object the commercial production of any designated article under certain conditions. Designated articles in the Act refer to the following: lumber, plywood, pulp, newsprint, processed or refined ores, petroleum products, handicrafts, agricultural products, articles from fur or skins, special fish products, furniture, slaughtering products, livestock raising and related articles including power development. Mining production will not be considered under the Act unless the product is beneficiated or substantially processed in Alaska. It is to be remembered that generous Territorial mining tax exemptions are already in existence under Chapter 78 of the Session Laws of 1955.

Businesses which qualify for exemptions from taxes shall be exempt from income tax upon its production income for ten years following the start of their operations, as determined by the Board. The property of exempted businesses shall be exempt from real or personal property taxes on a sliding scale of from five to ten years, depending on the size of the investment in the property. Exempted businesses shall also not be subject to the various licensing fees, excises or other taxes levied by the Territory. The Board may, at its discretion, grant partial exemptions when it seems in the best interests of the Territory. The Board may also refuse applications under certain conditions.

When it appears that an existing business may be affected by the competition of a new business which is granted exemptions under the Act, then the Board may grant similar exemptions to the existing business upon proper application by that business. Businesses going into production at a later date than a similar business which has been granted an exemption will also be granted exemptions, at the discretion of the Board, but such later exemptions will be in effect no later than the termination date of the earlier-granted exemption. The Act sets June 20, 1967 as the final date on which applications may be received. Certain provisions are included for exempting dividends of qualified businesses and for transferring exemptions in case of a business liquidation.

For the detailed administration of the Act, the Board may appoint a Director of Industrial Tax Exemptions who in turn may appoint necessary personnel for assistance. The Board shall draft rules and regulations which shall be published in Alaskan newspapers of general circulation. The Board may revoke any previously granted exemptions under certain conditions, and must revoke any exemption obtained fraudulently. Numerous provisions are made for transfer of businesses or stock, reporting to the Board and to the Tax Department, appeals, penalties, etc. Provisions are also made for appropriate Territorial agencies to submit reports and recommendations to the Board for its guidance in making decisions.