

NEW RENTAL RATES FOR MINING CLAIMS, LEASEHOLD LOCATIONS, PROSPECTING SITES, AND LEASES

On August 1<sup>st</sup>, the Office of the Lt. Governor approved a change to 11 AAC 86, setting forth new rental rates for mining claims, prospecting sites, and mining leases for the 2020 mining year that begins on September 1, 2019. These increases to mining rental rates were conducted in accordance with State of Alaska Law AS 38.05.211, which requires an adjustment to the rental rates based on the change on the Bureau of Labor Statistics Consumer Price Index (CPI) for Alaska every 10 years to account for the change in the cost of living over the 10 year period between adjustments. The last adjustment was completed in 2009.

Table 1 list the new rental rates for different types, sizes, and ages of mining claims and leasehold locations.

Table 1 – Rental Rates for Mining Claims and Leasehold Locations

Number of Years Since First Located	Rental Amount for Each Quarter-Section Size MTRSC Location	Rental Amount for Each Quarter-Quarter Section Size MTRSC Location	Rental Amount for Each Traditional Mining Claim or Leasehold Location
0-5	<b><u>\$165</u></b>	<b><u>\$40</u></b>	<b><u>\$40</u></b>
6-10	<b><u>\$330</u></b>	<b><u>\$85</u></b>	<b><u>\$85</u></b>
11 or more	<b><u>\$825</u></b>	<b><u>\$205</u></b>	<b><u>\$205</u></b>

The annual rental rates for mining leases are set on a per acre basis as show in table 2 below.

Table 2 – Rental Rates for Upland and Offshore Mining Leases

Number of Years Since First Located	Rental Amount Per Acre for Mining Lease
0-5	<b><u>\$1.03</u></b>
6-10	<b><u>\$2.06</u></b>
11 or more	<b><u>\$5.16</u></b>

The rental requirement for prospecting sites is a one-time payment of **\$305.00** to be paid at the time the prospecting site is recorded. Prospecting sites are good for 2 years and may not be renewed.

Below are Frequently Asked Questions (FAQ).

Question? - How are the new rental rates calculated?

Answer. - In 1989, the State of Alaska Legislature set the rental rates for mining claims, leasehold locations, and mining leases. In addition, the legislature directed the Department of Natural Resources (DNR) to adjust the rental rates every 10 years based on a change in the CPI for Alaska using the following simple formula in which the denominator is the CPI for the first half of 1989 as determined by

the Federal Government Bureau of Labor Statistics, and the nominator is the CPI for the first half of the year in which the adjustment was made. The formula resulted a correction factor. The correction factor is multiplied by the rental rates set in 1989 to produce the new rental rates.

Question? - Why is the rental rate for Quarter Section mining claims not exactly 4 times the rate for the Quarter-Quarter Section mining claim?

Answer. – The Legislature required DNR to round off the rental rate to the nearest \$5.00. For example; the calculated rental rate for a 40 acre claim of less than 5 years is \$41.27 and when rounded to the nearest \$5.00 is \$40.00. Multiplying \$41.27 by 4 results in the actual rental rate for a 160 acre claim to be \$165.08 and rounding off to the nearest \$5.00 is \$165.00.

Question? – I have already paid my claim rental for the coming year at the previous year rate. Will I automatically lose my claim because I didn't pay the total amount due for this year?

Answer – No. By regulation, if it is determined that a miner fails to make a full payment for rent on a mining claim, DNR is required to notify the miner of the deficient payment by certified mail. The miner is then required to make full payment on or before December 2<sup>nd</sup> or 30 days after the receipt of the letter, whichever is later.

Any additional questions not addressed above will be answered by contacting DNR representative Lora Eddy at (907) 269-8628 or Kristen Shake at (907) 269-8652, or by email at [kristen.shake@alaska.gov](mailto:kristen.shake@alaska.gov).