



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

**AB-706 Leasing of public lands: minerals other than oil and gas.** (2023-2024)

SHARE THIS:  

Date Published: 07/27/2023 09:00 PM

**Assembly Bill No. 706**

**CHAPTER 120**

An act to amend Sections 6890, 6895, 6896, 6897, 6898, and 6899 of, and to repeal Sections 6892 and 6894 of, the Public Resources Code, relating to public lands.

[ Approved by Governor July 27, 2023. Filed with Secretary of State July 27, 2023. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 706, Luz Rivas. Leasing of public lands: minerals other than oil and gas.

Existing law authorizes the State Lands Commission to issue prospecting permits and leases for the extraction and removal of minerals, other than oil and gas or other hydrocarbon substances, from specified lands. Existing law prohibits the commission from issuing a permit or lease until it has been submitted to, and approved by, the Attorney General, as specified.

This bill would delete the provision relating to Attorney General approval and would authorize the commission to grant nonexclusive geological or geophysical exploration permits for minerals upon those terms and conditions as the commission may prescribe, without giving the permittee any preferential treatment.

Existing law requires an applicant to mark each of the corners of the tract described in the permit, as provided, within 90 days after receiving the permit, unless the tract consists of tide or submerged lands. Existing law grants an applicant preferential right to a permit if the applicant erects a monument on that land, as provided.

This bill would repeal these provisions.

Existing law grants a permittee entitlement to a lease for not more than 960 acres of land included in a prospecting permit if the presence of commercially valuable deposits of minerals has been discovered to the satisfaction of the commission. Existing law requires the permittee to pay an annual rental of not less than \$1 per acre.

This bill would delete that entitlement and instead grant the permittee priority over other applicants for 365 days, unless the permittee submits a complete lease application, in which case the priority will expire upon the commission's consideration or applicant's withdrawal of the application. The bill would also instead require the permittee to pay an annual rental of not less than fair market value.

Existing law requires a permittee to pay the state 20% of the gross value of the minerals the permittee secures from the land included in the permit until the permittee applies for a lease for the same land.

This bill would instead require the permittee to pay the state 20% of the gross value of all minerals secured from the land included in the permit until the permittee applies for a lease for the same land.

Existing law limits the term for a lease to 20 years or less and grants the lessee preferential right to renew the lease for successive periods not to exceed 10 years each.

This bill would delete that preferential right to renew the lease.

Existing law requires the commission to prescribe additional terms, covenants, and conditions to permits and leases as in its opinion will effectually protect the interests of the state in the mineral deposits.

This bill would delete "covenants" from that requirement.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

---

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

### **SECTION 1.** Section 6890 of the Public Resources Code is amended to read:

**6890.** (a) Prospecting permits and leases for the extraction and removal of minerals, other than oil and gas or other hydrocarbon substances, from lands, consistent with Section 6900, may be issued as provided in this article and in this chapter insofar as not in conflict with this article. No lease or permit shall be issued that results in any net adverse impact to wetlands or riparian habitat.

(b) Where lands, other than tide and submerged lands, belonging to the state have been dedicated to a public use, the commission may issue permits and leases for the exploration, extraction, and removal of minerals, other than oil and gas or other hydrocarbon substances and geothermal resources, in accordance with this article. Where the lands have been acquired for the use of a specific state agency, the state agency, before issuance, shall approve the work to be performed under the authority of the permit or lease and the state agency shall specify terms and conditions required to ensure that the work shall be performed in a manner that is not inconsistent with the purposes for which the land is owned or operated.

(c) If the property is a wildlife management area acquired pursuant to Section 1525 of the Fish and Game Code, the commission shall not issue any permit or lease under this section unless the Department of Fish and Game determines, and reports in writing to the commission, that the proposed activity will not cause a net loss of wildlife habitat value or acreage in that area because privately owned land of greater total wildlife habitat value and acreage, which has habitat values similar in type to the area to be permitted or leased, will be acquired and dedicated to the state to replace the land of that wildlife management area. The replacement land shall be located within 10 miles of the wildlife management area where the lease or permit is to be issued.

(d) The commission shall not issue a permit or lease under this section for any land under the jurisdiction of the Department of Parks and Recreation, for any refuge or other protected area, as described in Division 7 (commencing with Section 10500) of the Fish and Game Code, or for any ecological reserve, as described in Article 4 (commencing with Section 1580) of Chapter 5 of Division 2 of the Fish and Game Code.

(e) Notwithstanding Section 6217, as of June 30 of each year, a sum equal to 50 percent of the revenue received by the state for the fiscal year ending on June 30 pursuant to permits and leases for the development of minerals, other than oil, gas, or other hydrocarbon substances and geothermal resources, on lands that have been dedicated to a public use and are administered by a state agency other than the commission shall be available for appropriation by the Legislature for the support of, and apportionment and transfer by the Controller to, that state agency.

(f) If the state agency receives a majority of its funding from a special fund established for the general support of the agency, the revenue made available by subdivision (e) shall be deposited in that fund and shall be available, when appropriated, for the general purposes of the agency.

(g) Any person issued a permit or lease under subdivision (a) shall comply with all existing federal, state, and local government laws.

(h) The commission may grant nonexclusive geological or geophysical exploration permits for minerals, pursuant to this section, upon those terms and conditions as the commission may prescribe. A permit granted under this subdivision shall not give the permittee any preferential treatment.

### **SEC. 2.** Section 6892 of the Public Resources Code is repealed.

### **SEC. 3.** Section 6894 of the Public Resources Code is repealed.

### **SEC. 4.** Section 6895 of the Public Resources Code is amended to read:

**6895.** (a) Upon establishing to the satisfaction of the commission that commercially valuable deposits of minerals have been discovered within the limits of any permit, the permittee shall receive priority for a mining lease over any other applicant seeking a

lease for the land included in the prospecting permit. This priority shall expire after 365 days unless the permittee submits a complete lease application to mine the discovered minerals, in which case the priority shall expire upon the commission's consideration or applicant's withdrawal of the application. Mineral leases shall be limited to the minimum area required for mining. Nothing in this section shall be construed to require the commission to issue a mineral lease.

(b) The lease shall provide for the payment of an annual rental of not less than fair market value, as determined by the commission. The lease shall also provide for payment, which may be taken in kind, of either a royalty, to be taken in money or in kind, at the option of the commission, of not less than 10 percent of the gross value of all mineral production from the leased lands, less any charges approved by the commission that were made or incurred with respect to transporting or processing the state's royalty share of production, or a percentage, to be determined by the commission, of the net profits derived from mineral extraction operations under the lease. Payment as a royalty or as a percentage of net profits shall be specified in the permit or lease.

(c) If the lands for which a lease is sought are tide and submerged lands, the commission, in accordance with Section 6900, may divide the lands into the size and number of parcels as the commission determines will not substantially impair the public rights to navigation and fishing or interfere with the trust upon which the lands are held.

**SEC. 5.** Section 6896 of the Public Resources Code is amended to read:

**6896.** Until the permittee applies for a lease as to that portion of the area described in the permit herein provided, the permittee shall pay to the state 20 percent of the gross value of the minerals secured from the lands embraced within the permit and sold or otherwise disposed of or held for sale or other disposition.

**SEC. 6.** Section 6897 of the Public Resources Code is amended to read:

**6897.** (a) All deposits of minerals, other than oil, gas, and geothermal resources in lands belonging to the state, which have been classified by the commission as lands containing commercially valuable mineral deposits and all deposits of those minerals within lands embraced within a prospecting permit may be leased by the commission in either of the following ways:

(1) By competitive bidding to the highest qualified and responsible bidder. The bidding shall be on the basis of a cash bonus, royalty rate, net profit, or other single biddable factor, and shall be conducted under general regulations and in a form to be determined by the commission to be in the best interest of the state.

(2) By a negotiated lease or other agreement, if the lands are determined by the commission to be unsuitable for competitive bidding for reasons such as small size, irregular configuration, lack of access, or if a negotiated lease is in the best interest of the state.

(b) In addition to the payment of a royalty in money or in kind or a percentage of the net profits derived from mineral extraction operations provided therein, each bid and each lease shall also provide for an annual payment in advance of rent of not less than fair market value or a greater sum as the commission may specify.

**SEC. 7.** Section 6898 of the Public Resources Code is amended to read:

**6898.** Leases under this article shall be for terms not to exceed 20 years.

**SEC. 8.** Section 6899 of the Public Resources Code is amended to read:

**6899.** The commission shall prescribe additional terms and conditions, consistent with the provisions of this chapter, of permits and leases issued under this article as will in its opinion effectually protect the interests of the state in the mineral deposits reserved to it by this chapter.