

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version: HB 158  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB 158 HFIN 4-1-2015 Department: Fund Transfers  
Title: REFINED FUEL SURCHARGE;MOTOR FUEL TAX Appropriation: OpSys DGF Transfers (non-add)  
Sponsor: MUNOZ Allocation: Oil and Hazardous Substance Release Prevention  
Requester: House Finance Account  
OMB Component Number: 2499

## Expenditures/Revenues

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

	FY2016	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2016 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>	<b>FY 2016</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous	1,000.0		7,500.0	7,500.0	7,500.0	7,500.0	7,500.0
<b>Total Operating</b>	<b>1,000.0</b>	<b>0.0</b>	<b>7,500.0</b>	<b>7,500.0</b>	<b>7,500.0</b>	<b>7,500.0</b>	<b>7,500.0</b>

## Fund Source (Operating Only)

1004 Gen Fund	1,000.0		7,500.0	7,500.0	7,500.0	7,500.0	7,500.0
<b>Total</b>	<b>1,000.0</b>	<b>0.0</b>	<b>7,500.0</b>	<b>7,500.0</b>	<b>7,500.0</b>	<b>7,500.0</b>	<b>7,500.0</b>

## Positions

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>	9,500.0		9,700.0	9,900.0	10,100.0	10,300.0	10,500.0
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**Estimated SUPPLEMENTAL (FY2015) cost:** 8,000.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

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If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version:

Initial Version - this Fund Transfer note correlates to the Department of Revenue's fiscal note which includes revenue projections associated with this legislation.

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House Finance Committee Date: 04/01/2015  
Representative Thompson  
House Finance Committee

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

BILL NO. HB 158

**Analysis**

This bill addresses a recognized funding shortfall in the Spill Prevention and Response (SPAR) division of the Department of Environmental Conservation. SPAR is funded through the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund (O&H fund). The amount deposited in the prevention account depends on the amount of oil produced--there is a 4 cent per barrel tax on oil produced in Alaska. As oil production has declined, SPAR expenditures have exceeded revenue and reduced the balance of the fund. This long process has depleted the balance of the prevention account.

This bill implements a surcharge on sales of refined fuel and identifies the resultant UGF revenue as available for appropriation to the O&H Fund.

Annual appropriations will be required to deposit UGF into the O&H Fund--the \$7.5 million annual costs shown on this fiscal note are estimates that are subject to annual legislative action.

Because the Constitution generally prevents dedication of revenue, there is no firm link between the amount of revenue generated by the surcharge and the amount the legislature decides to appropriate to the O&H Fund. Revenue in excess of deposits may remain in the general fund, and deposits may exceed the amount of revenue generated.

In short, the numbers in this fiscal note are arbitrary. They were chosen because they quickly rebuild the O&H Fund balance to a level that eliminates potential cash-flow problems caused by delayed recovery of costs from parties responsible for spills.

As legislators deliberate the timing and amount of appropriations to the O&H Fund, they should be aware that the amount of annual appropriation determines the stability of the fund balance (by balancing annual cash flow) and the sum of FY15 and FY16 appropriations determine the level at which the fund balance stabilizes after FY16.

A FY15 supplemental appropriation of at least \$800.0 is required to maintain operations at the current level (and a positive fund balance). A larger deposit--such as the \$8 million shown in this fiscal note--could reduce the FY16 deposit. If FY17 (and later) deposits are sufficient to balance cash flow, the fund balance will stabilize at about \$1.5 million below the sum of the amounts deposited in FY15 and FY16.

The table below shows projected cash flows and fund balances under the assumption that \$8 million and \$1 million are deposited in the O&H Fund in FY15 and FY16, respectively. As noted above, the timing and amount of the deposits are somewhat arbitrary--they could be reversed or reduced if desired.

	FY15	FY16	FY17	FY18	FY19
Beginning Balance	\$6,913.20	\$7,202.40	\$1,314.20	\$6,780.00	\$7,405.80
Crude Oil Revenue plus Cost Recovery	\$7,949.90	\$8,526.00	\$8,380.00	\$8,540.00	\$8,060.00
Aniak Settlement	\$0.00	\$0.00	\$5,000.00	\$0.00	\$0.00
Deposit from Refined Product Tax	\$8,000.00	\$1,000.00	\$7,500.00	\$7,500.00	\$7,500.00
Total Annual Expenses	\$15,660.70	\$15,414.20	\$15,414.20	\$15,414.20	\$15,414.20
Ending Balance	\$7,202.40	\$1,314.20	\$6,780.00	\$7,405.80	\$7,551.60