



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Environmental Conservation

DIVISION OF SPILL PREVENTION AND RESPONSE

Kristin Ryan, Director

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April 11, 2018

The Honorable Neal Foster
The Honorable Paul Seaton
Co-Chairs, House Finance Committee
State Capitol
Juneau, AK 99801

Dear Representatives Foster and Seaton,

This letter provides information in response to a question posed by the House Finance Committee April 7th regarding House Bill 322 – Oil Spills/Pollution: Penalties; Prevention.

Can you explain the costs associated with calculating the inflation adjustment and publishing that in regulations every three years under the amended version of the bill (Rep. Wilson)?

The Department will conduct an internal review and calculation process to update the rate in accordance to the inflation adjustment. The resulting partial regulations package is then presented to the Department of Law for final review before the regulations update and mandatory publication requirement occurs. A partial regulations package with the relatively narrow scope of a rate change takes a minimal number of hours for Law to review. The process is familiar to the Department; Financial Responsibility amounts are also updated every three years per AS 46.04.045 in a similar manner.

Cost estimates are derived from past experience with similar-sized regulation updates. The Department estimates that it will take the Department of Law an average of five hours (at the average rate of \$156 per hour) to review the partial regulation packages, costing approximately \$800. Additionally, the public notice requirement of posting information about the regulation change in all major newspaper publications servicing Juneau, Anchorage, and Fairbanks costs \$1,900, based on average publication rates and past costs to the Department. In total, the cost to the Department to execute the partial regulations package would be approximately \$2,700 every three fiscal years.

Sincerely,

A handwritten signature in cursive script that reads "Kristin Ryan".

Kristin Ryan
Director, Spill Prevention and Response