

Department of Environmental Conservation
Summary of Budget Changes
(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Environmental Health / Environmental Health	Replace Commercial Passenger Vessel Environmental Compliance Fees and Reduce Commercial Shellfish Testing Subsidy	Net Zero Change \$228.8 Gen Fund (UGF) \$228.9 GF/Prgm (DGF) (\$457.7) Vessel Com (Other)	Replace Commercial Passenger Vessel Environmental Compliance (CPVEC) fees with a combination of general funds and program receipts. In FY21, the department is charging commercial shellfish operations fees for testing services provided. The department plans to phase in fee increases for regulatory testing in future years and to reduce the industry's general fund subsidy. Fiscal Analyst Comment: The current use of the CPEVC for shellfish testing is not a designated use of the fund. Shellfish and shellfish growing waters would require testing whether or not there was a cruise ship industry, and the tests are required regardless of whether there is nearby cruise ship activity.
2	Environmental Health / Environmental Health	Eliminate Dairy Program	Total: (\$179.6) (\$164.6) Gen Fund (UGF) (\$15.0) Stat Desig (Other) (1) PFT Position	Eliminate the regulation and testing of commercial dairies in Alaska. According to the department, eliminating the dairy program will not increase risk to public health as unregulated milk will not enter the market. Raw, local milk could still be purchased through a cow-share program. Fiscal Analyst Comment: The department has statutory authority to charge dairies for direct costs but believes that any meaningful fee would be an undue hardship on the dairies due to the small-scale of the industry. There is currently only one cow dairy in operation in Alaska, and a small goat dairy was recently permitted.
3	Spill Prevention and Response / Spill Prevention and Response	Add Authority to Support Transparent Budgeting of Emergency Responses	\$375.0 IA/OIL HAZ (Other)	Add authority to improve transparency by budgeting use of the Response Account of the Oil and Hazardous Substance Release Prevention and Response Fund. The department can use this funding without an appropriation in the event of a release or threatened release posing an imminent and substantial threat to human health and the environment. These expenditures are reflected as Oil/Haz interagency receipts. This adds a portion of personal services to the budget based on recent actuals to more accurately reflect costs.
4	Spill Prevention and Response / Spill Prevention and Response	Reduce staffing levels and eliminate Class II Facilities Unit to Avoid Revenue Shortfall	Total: (\$1,019.1) (\$375.6) Fed Rcpts (Fed) (\$643.5) Oil/Haz Fd (DGF) (7) PFT Positions	The Class II Facilities Unit, including two positions, will be eliminated and regulation of Alaska's expanding inventory of Class II aboveground storage tank facilities will be terminated. An additional five positions will also be reduced and the department anticipates the duties of all five positions will be performed by existing staff. -Two Environmental Program Specialists in the Training & Guidance unit responsible for developing and providing preparedness and response training and assisting with drafting regulations

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4	Spill Prevention and Response / Spill Prevention and Response	Reduce staffing levels and eliminate Class II Facilities Unit to Avoid Revenue Shortfall	Total: (\$1,019.1) (\$375.6) Fed Rcpts (Fed) (\$643.5) Oil/Haz Fd (DGF) (7) PFT Positions	(continued) changes for the division. -One Engineering Associate and one Environmental Program Technician in the Contaminated Sites program. -One Office Assistant that is part of the division's overall administrative team. Fiscal Analyst Comment: Without a reduction in the use of the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund, projections show the fund running out as early as FY24. Class II facilities are non-residential, non-crude storage tanks that have a capacity between 1,000 and 420,000 gallons. It is a non-regulatory program that focuses on spill prevention.
5	Water / Water Quality, Infrastructure Support & Financing	Add Authority for Alaska Pollutant Discharge Elimination Systems Permitting and Compliance Program	\$573.0 Fed Rcpts (Fed) 4 PFT Positions	Add authority to support the work of four new Environmental Program Specialist positions for the Alaska Pollutant Discharge Elimination System (APDES) compliance and enforcement program, which is the primacy program enforcing portions of the Clean Water Act, as well as additional travel required to conduct inspections and improve program performance. The department has sufficient Federal grant revenue to cover the costs, but needs authority to expend those funds. Fiscal Analyst Comment: The Legislative Budget and Audit Committee approved RPL 18-2020-0364 in December of 2019 for a \$430.0 increase in federal receipt authority for the same purpose in FY20.
6	Water / Water Quality, Infrastructure Support & Financing	Use Commercial Passenger Vessel Environmental Compliance Fees to Regulate Wastewater in Port Communities	Net Zero Change (\$454.6) Gen Fund (UGF) \$454.6 Vessel Com (Other)	Change fund source from General Fund to Commercial Passenger Vessel Environmental Compliance Fund in the Division of Water for expenditures related to regulating wastewater systems in port communities visited by cruise ships. Fiscal Analyst Comment: This is a questionable use of this fund source. Under the federal interstate commerce clause the use of such fees for activities not directly related to the vessels is a misuse of revenue collected from those vessels. Port communities would require wastewater testing regardless if there was a cruise ship in port. Recent litigation regarding the Juneau passenger head tax has highlighted the importance of this distinction.

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7	Water / Water Quality, Infrastructure Support & Financing	Collection of Ocean Ranger Fees		<p>In FY20, the Governor proposed elimination of the Ocean Ranger program. The Legislature included funding for the program in its budget (HB39), but it was vetoed by the Governor. The Legislature again appropriated the funding in the House Bill 2001, but it was vetoed again. The Governor did not include funding in the FY21 budget, and has not put forward an alternative use of the funding, or replacement of the program.</p> <p>Fiscal Analyst Comment: In the absence of legislation repealing the Ocean Ranger fee, the fee will continue to be collected and will accrue in the Commercial Vessel Compliance Fund as use of the fees are restricted by federal law.</p> <p>According to the agency, the legislature would have to add funding back at the very beginning of session in order for the program to be up and running in time for cruise ship season. This could be accomplished by either overriding the Governor's veto of HB 2001 funding, or in a FY20 supplemental.</p>