REPRESENTATIVE CATHY MUÑOZ

SPONSOR STATEMENT
HOUSE BILL 158

The Division of Spill Prevention and Response (SPAR), within the Department of Environmental Conservation, works to prevent spills of oil and hazardous substances, and prepares for and responds rapidly to spills. Alaska Statute 46.08.030 states "It is the intent of the Legislature and declared to be the public policy of the State that funds for the abatement of a release of oil or a hazardous substance will always be available."

One of the missions of the SPAR Division is to manage the Oil and Hazardous Substance Release Prevention and Response Fund as a viable, long-term funding source for the state's core spill prevention and response initiatives.

The Prevention and Response Fund is financed with a five cent per-barrel surcharge on oil produced. Decreasing oil production has resulted in a decline of revenue available to pay for spill prevention and cleanup work.

Despite previous efforts by the legislature and the SPAR Division to sustain the fund, there is a $1.9 million projected shortfall in FY2016. This assumes receipt of a $5 million federal settlement related to a site in Aniak and budget reductions that included deletion of four positions and consolidated programs. After FY2016, there is a projected $7 million shortfall.

HB 158 establishes an environmental fee of one cent a gallon on refined fuel sold, transferred, or used in the state. The surcharge on the transfer or consumption of refined fuel does not apply to liquefied petroleum gas. Fuel distributors currently file and pay taxes on motor fuels each month and HB 158 anticipates that the surcharge will be collected from the same distributors. The revenue generated by this surcharge would, subject to legislative appropriation, be placed in the prevention account.

HB 158 creates a viable, long-term funding source for the state's core spill prevention and response initiatives. I urge your support on this piece of legislation to ensure the viability of the oil spill prevention and response.