

# FISCAL NOTE

Bill Version: CSSB 110 (RLS) am

(H) Publish Date: 5/11/99

**STATE OF ALASKA  
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected Environmental Conservation  
 Title "An Act relating to liability for the release of BRU Spill Prevention and Response  
hazardous substances involving certain property ..." Component Contaminated Sites Remediation  
 Sponsor Senator Wilken Program \_\_\_\_\_  
 Requester House Community and Regional Affairs Component Serial No. 1431

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	*	*	*	*	*	*
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<b>CHANGE IN REVENUES ( )</b>	*	*	*	*	*	*
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)	*	*	*	*	*	*
<b>TOTAL</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

Estimate of any current year (FY99) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

**Indeterminate Fiscal Note See Attached Explanation**

Prepared by Larry Dietrick Phone 465-5250  
 Division Spill Prevention and Response Date/Time 5/10/99 2:36 PM  
 Approved by Commissioner Michele Brown Date 5/10/99  
 Agency Department of Environmental Conservation

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**CSSB 110 (RLS) am (version S.a) – Attachment to Fiscal Note**  
**Department of Environmental Conservation**  
**May 10, 1999**

This bill leaves the state open to very large and immeasurable fiscal liability. Section 2, subsection (m) changes the liability scheme of AS 46.03.822 in a manner that is difficult to precisely quantify because the language is ambiguous. More specifically, it appears to relieve spillers from liability for damages and costs when hazardous substances spread after being “first introduced into the environment”. Language referring to the “initial release” is also unclear and ambiguous and causes uncertainty. The section may have the illogical consequence of insulating the person or persons causing the spill from liability for cleanup costs or damages for the spread or migration of the hazardous substance after it enters the environment.

Given the substantial sums of money at stake in cleanup costs and damages in major marine oil spills or the release of hazardous substances, litigation will be the likely way the ambiguities created by subsection (m) of the amendments are resolved. The bill imposes significant and unquantifiable fiscal burdens on the State (and on the public) with respect to cleanup costs and damages. These fiscal burdens would result in the draw-down of the State’s Oil and Hazardous Substance Release Prevention and Response Fund (AS 46.08.005). As the Response Fund is depleted, the Oil Conservation Surcharge in AS 43.55.201 imposed on the producers of crude oil would be triggered. With diminished recovery to the Fund and additional cleanup costs, the Fund would likely remain out of balance and as a consequence the Conservation Surcharge would remain in place.