

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. 3
Bill Version: CSSB 128 (RES)
(S) Publish Date: 4-12-99

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| Revision Date/Time (Note if correction) _____ | Dept. Affected <u>Environmental Conservation</u> |
| Title <u>An Act relating to the storage tank assistance</u> | BRU <u>Spill Prevention and Response</u> |
| fund, replacing <u>cleanup grant program with loan program</u> | Component <u>Storage Tank Program</u> |
| Sponsor <u>Senate Finance</u> | |
| Requester <u>Senate Resource</u> | Component Serial No. <u>2063</u> |

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 | 250.0 | 180.0 | 195.0 | 210.0 | 225.0 | 240.0 |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 250.0 | 180.0 | 195.0 | 210.0 | 225.0 | 240.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| FUND SOURCE | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| 1079 Storage Tank Fund | 250.0 | 180.0 | 195.0 | 210.0 | 225.0 | 240.0 |
| TOTAL | 250.0 | 180.0 | 195.0 | 210.0 | 225.0 | 240.0 |

Estimate of any current year (FY99) cost: 0.0

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This bill proposes to replace the cleanup program with a loan program. The Department will incur additional operating costs in the administration of a loan program. Estimates for loan administration are \$200 the first year, \$130 the second year, and \$145 the third year, \$160 the fourth year, \$175 the fifth year, and \$190 the sixth year. These extra costs would cover only the loan examination, award, and collection of repayments and delinquent payments. A significant portion of these costs occur in the first year with the proposed expansion of the loan program to cover the tank upgrade and closure program in addition to the cleanup program as earlier proposed. CSSB 128 (RES) expands the loan program to add 176 loans for upgrade and closure for a total of \$3.5 million for FY 00 only. The cleanup loans projected in the out years remain the same at 30 loans per year for a total of \$2.0 million per year. Department staff would still approve the workplans and eligible costs and oversee the projects for upgrade, closure, and cleanup work.

| | |
|---|---------------------------------|
| Prepared by <u>Larry Dietrick, Director</u> | Phone <u>465-5255</u> |
| Division <u>Spill Prevention and Response</u> | Date/Time <u>4/9/99 5:10 PM</u> |
| Approved by <u>Commissioner Michele Brown</u> <i>Kent Fendish for</i> | Date <u>4-9-99</u> |
| Agency <u>Department of Environmental Conservation</u> | |

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Other work associated with the conversion of the grant program to the loan program can be absorbed by existing staff. This would include working with the Attorney's General Office on enforcement issues surrounding sites where owners choose not to participate in the cleanup loan program or are unable to qualify for a loan but must still clean up their site, and converting the existing regulations from a grant to a loan program. A funding source switch from capital receipts to Storage Tank Funds will be necessary to capture that portion of the Capital Project that was earmarked for staff (\$473.5). \$50.0 is also necessary to fund associated project support costs previously charged directly to other lines of the CIP.

Any appropriations to the Storage Tank Fund will be capitalized. However, additional appropriations may be needed each year to meet the demands of the program, since it is not a revolving loan program.