

FISCAL NOTE

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 Bill Version: HCSCSSB 128 (RES)
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STATE OF ALASKA
 1999 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) 5/6/99 12:41 PM Dept. Affected Environmental Conservation
 Title An Act relating to the storage tank assistance BRU Spill Prevention and Response
 fund, replacing cleanup grant program with loan program Component Storage Tank Program
 Sponsor Senate Finance
 Requester House Resources Component Serial No. 2063

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 | 807.5 | 807.5 | 807.5 | 807.5 | 807.5 | 807.5 |
| Travel | | | | | | |
| Contractual | 200.0 | 130.0 | 145.0 | 160.0 | 175.0 | 190.0 |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 1,007.5 | 937.5 | 952.5 | 967.5 | 982.5 | 997.5 |

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

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

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|------------------------|----------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1007 I/A Receipts | | | | | | |
| 1052 Response Funds | 227.2 | 227.2 | 227.2 | 227.2 | 227.2 | 227.2 |
| 1061 CIP Receipts | 580.3 | 580.3 | 580.3 | 580.3 | 580.3 | 580.3 |
| 1079 Storage Tank Fund | 200.0 | 130.0 | 145.0 | 160.0 | 175.0 | 190.0 |
| TOTAL | 1,007.5 | 937.5 | 952.5 | 967.5 | 982.5 | 997.5 |

Estimate of any current year (FY99) cost: 0.0

POSITIONS

| | | | | | | |
|-----------|----|----|----|----|----|----|
| Full-time | 15 | 15 | 15 | 15 | 15 | 15 |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

See attached back up materials.

During the Senate floor debate, the fund transfer from the "470" fund to the Storage Tank Assistance Fund was deleted. This fiscal note is based on the assumption that the House version of the Conference Committee Action Report for HB 50 and HB 51 Front Section Appropriation for Item 6 will be adopted. It also assumes continuation level funding for the Storage Tank Program. DEC requests no increased costs over continuation level for SB 128 implementation. Additional funds are requested, however, for the Division of Investments to administer the new loan program and to pay for additional legal costs.

Prepared by Larry Dietrick, Director Phone 465-5255
 Division Spill Prevention and Response Date/Time 5/6/99 12:41 PM
 Approved by Commissioner Michele Brown Date 5-6-99
 Agency Department of Environmental Conservation

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Part One:

- Restore Reductions to continuation level for the Storage Tank Program to Manage Grants and Loans for Upgrades, Closures, and Cleanups

Current actions taken by the Senate reduce the state funding and staffing in the Storage Tank program by over 50%. SB128 changes the current program for clean up, upgrade and closure of storage tanks. Administration of this program is based on continuation staffing levels. SB 128 also continues the need for services provided by the Board of Storage Tank Assistance and its executive director. This fiscal note is consistent with the House version Conference Committee Action Report for HB 50 and HB 51 for Item 16 and restores reductions to continuation level for the Storage Tank Program.

| | | |
|-------------------|-------|-------|
| Personal Services | 807.5 | |
| Travel | 0.0 | |
| Contractual | 0.0 | |
| Supplies | 0.0 | |
| Equipment | 0.0 | 807.5 |
| | | |
| CIP Receipts | 580.3 | |
| Oil Haz Fund | 227.2 | 807.5 |
| | | |
| Positions | 15 | |

Part Two:

- Increased Costs for Managing a Loan Program

Addition of a loan program creates new costs for processing loans. The services include costs for loan examination, award, collection of repayments, and delinquent payments. The department will enter into a contract with Department of Commerce, Division of Investments to process the loans. First year costs for these services will be higher as loans are originated for tank upgrade, closures and clean ups. Loan costs originated in the second year only include cleanup projects since upgrade and closure projects would be complete. During the second and subsequent years it will be necessary to service all prior loans and originate 30 new cleanup loans. Loans are projected in the out years at 30 loans per year for a total of two million per year. These assumptions would be affected by the term of the loan. DEC would still approve the work plans, review eligible costs, oversee the projects for upgrade, closure and clean up work, and issue No Further Action letters so that properties can be placed into economic reuse. Other work such as the rule making and development of the loan program would be absorbed by the staffing restored under Part One.

Supporting Documentation for SB128 Fiscal Note

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|-------------|--------|--------|--------|--------|--------|--------|
| Contractual | 200.0 | 130.0 | 145.0 | 160.0 | 175.0 | 190.0 |

These funds will come from the Storage Tank Assistance Fund.

Part Three:

- Front Section, Fund Source Transfer, Money from Prevention Account of the "470" Fund to Storage Tank Assistance Fund

During the Senate floor debate, the fund transfer from the "470" fund to the Storage Tank Assistance fund was deleted with the understanding that the fiscal note for SB128 will contain this fund transfer. This fiscal note is consistent with the House version of the Conference Committee Action Report for HB50 and HB51 Front Section Appropriation for Item 6, Section 31. This transfer would then be increased by the amounts shown in Part 2 of this fiscal note for the loan program and for the additional costs shown in the Department of Law fiscal note. The sum of 5,796,556 would need to be appropriated from the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) to the storage tank assistance fund (AS 46.03.410) for the fiscal year ending June 30, 2000. The calculation for the transfer is shown below.

Calculation of the transfer amount

| | | | |
|---------------------------|-------------------------------|-------------|-------------|
| Assets | | 2,278,013 | |
| A/R | Interfund Transfer | 4,364,800 | |
| A/R | Federal | 80,781 | 6,723,594 |
| <hr/> | | | |
| Less: | | | |
| Liabilities | | | (250,941) |
| Encumbrance Reserve | | | (946,593) |
| Appropriation Reserve | | | |
| | 48530-99 Storage Tank Program | (1,457,276) | |
| | 49020-03 Upgrade Private UST | (4,449,516) | |
| | 49180-02 Private Owned UST | (188,729) | |
| | Funding Source - DAS | (136,600) | |
| | Funding Source - SPS | (500) | (6,232,622) |
| <hr/> | | | |
| Unearned Budgeted Revenue | | | |
| | 48530-99 Storage Tank Program | | |
| | Federal | 712,494 | |
| | CIP | 93,112 | |
| | OHSRPRF | 266,000 | 1,071,606 |
| <hr/> | | | |
| Unreserved Fund Balance | | | 365,044 |

Proposed FY 00 Appropriations

| | | |
|--------------------------|-----------|-----------|
| FY 00 Operating STP | 717,600 | |
| Loan Program Costs SB128 | 200,000 | |
| Department of Law | 106,900 | |
| FY 00 Operating DAS | 136,600 | |
| FY 00 Operating SPS | 500 | |
| FY 00 Capital STP | 5,000,000 | 6,161,600 |

Transfer Need

5,796,556