

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 238(FIN)
 (H) Publish Date: 4/25/07

Revision Date/Time (Note if correction): _____ Dept. Affected: Dept of Environmental Conservation
 Title An Act relating to the response account of the oil and RDU Spill Prevention and Response
hazardous substance release prevention and response fund. Component: Response Fund Administration
 Sponsor Representative Meyer
 Requestor House Finance Committee Component No. 2259

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	*	*	*	*	*	*
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation is intended to increase the revenue to the response account by transferring \$40 million to a new sub- account that would yield a higher return on investment based on an assumption that the funds would not be needed for five years. The response account, however, is an emergency account and access to the full balance may be needed at any time i.e., it is not possible to accurately predict when a catastrophic event may occur. In such cases, the state may incur a significant investment loss depending on how the balance in the new sub-account is invested. Such investment decisions are made by the Department of Revenue not the Department of Environmental Conservation. From a revenue perspective the state will benefit from any increase as a result of a more aggressive investment strategy. More aggressive investment strategies also have higher risk. There are no costs associated with this proposed legislation. However, it is not possible to project the magnitude of the revenue that may be generated since interest rates and interest income will vary from year to year nor can the potential loss from an emergency withdrawal be accurately estimated. Any potential investment loss should not become a limitation for use of the full balance if needed.

Prepared by: Larry Dietrick, Director Phone 465-5250
 Division Spill Prevention and Response Date/Time 4/21/07 11:45 AM
 Approved by: Larry Hartig, Commissioner Date 4/21/2007
 Agency Department of Environmental Conservation