

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	CSHB 322(FIN)
Fiscal Note Number:	2
(H) Publish Date:	4/11/2018

Identifier: HB322CS(FIN)-DEC-SPAR-04-09-18
 Title: OIL
 SPILLS/POLLUTION:PENALTIES;PREVENTION
 Sponsor: RESOURCES
 Requester: House Rules Committee

Department: Department of Environmental Conservation
 Appropriation: Spill Prevention and Response
 Allocation: Spill Prevention and Response
 OMB Component Number: 3094

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019						
Personal Services								
Travel								
Services	6.6					2.7		
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	6.6	0.0	0.0	0.0	0.0	2.7	0.0	0.0

Fund Source (Operating Only)

1052 Oil/Haz Fd (DGF)	6.6					2.7		
Total	6.6	0.0	0.0	0.0	0.0	2.7	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

1052 Oil/Haz Fd (DGF)			149.4	149.4	149.4	157.4	157.4
Total	0.0	0.0	149.4	149.4	149.4	157.4	157.4

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/20

Why this fiscal note differs from previous version/comments:

Updated to reflect the committee substitute, which increases all civil penalties by 100% as compared to the previous version of the bill, and provides for an inflation adjustment every three years as opposed to annually. The current version also relies on federally-approved contingency plans for oil transported by commercial motor vehicles rather than requiring a state-approved plan.

Prepared By: Kristin Ryan, Director
 Division: Spill Prevention and Response
 Approved By: Alice Edwards, Deputy Commissioner
 Agency: Department of Environmental Conservation

Phone: (907)269-7604
 Date: 04/10/2018 10:30 AM
 Date: 04/10/18

**REPORTED OUT OF
HFC 04/10/2018**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

This bill would give the Department of Environmental Conservation authority to implement administrative penalties for violations of Alaska environmental laws. The bill increases release volume amounts and includes any produced water mixed with oil for consideration when calculating civil penalties in the event of a release of oil or hazardous substances. The bill would also require companies transporting crude oil by commercial vehicle to have an approved contingency plan that outlines measures taken to prevent spills and planned response actions if a spill occurs. The bill allows for the consideration of deterrence when calculating penalty amounts, creates administrative penalty authority for serious or repeat violations under a certain threshold, and establishes regular adjustments on maximum penalties based on inflation.

The Department of Environmental Conservation would need to update regulations related to civil penalties. The additional workload associated with enforcing and managing the requirements would be absorbed by existing program staff.

Contractual:

Contractual costs reflect an RSA with the Department of Law for consultation and legal review during the development of new regulations as well as required public notice in Anchorage, Juneau, and Fairbanks. Regulations would need to be reviewed every three years to reflect inflation, which would require additional legal review and public notice each time regulations are revised.

Change in Revenue:

The amount of revenue generated from existing civil penalty amounts varies significantly from year to year and is dependent on several factors including the number of releases that occur, specific details of the releases, as well as the status and length of civil actions/litigation. Over the past three fiscal years, the Department has received an average of approximately \$150.0 per year associated with civil penalties from releases of oil or hazardous substances. With the increases of penalty amounts provided in the bill and based on recent data, it is estimated an additional \$149.4 of revenue will be received into the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund, with an increase every three years based on average inflation rates.