

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version:	HB 50
Fiscal Note Number:	4
(H) Publish Date:	1/27/2023

Identifier: 0567-DEC-AQ-01-26-23
 Title: CARBON STORAGE
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Environmental Conservation
 Appropriation: Air Quality
 Allocation: Air Quality
 OMB Component Number: 2061

Expenditures/Revenues

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

	FY2024	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2024 Request	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OPERATING EXPENDITURES	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None	***		***	***	***	***	***
Total	***	0.0	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2023) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2024) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? Possible
 If yes, by what date are the regulations to be adopted, amended or repealed? Unknown

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Air Quality	Date:	01/26/2023 08:00 AM
Approved By:	Jason Brune	Date:	01/26/23
Agency:	Commissioner		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
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Analysis

The Division of Air Quality supports the efforts described in this bill to reduce carbon emissions into the atmosphere.

The Division of Air Quality's mission to control and mitigate air pollution and for conserving the clean air is funded primarily through permit administration and emission fees under 18 AAC 50.400 and are reset on a four-year cycle. The existing fee regulations, adopted in 2022, assumes that pollution emissions will remain relatively stable over the next four years by companies holding air quality permits. However, this bill allows companies to reduce those atmospheric emissions by pumping them back into the ground and would reduce their expelled tonnage. The Division's work of permitting air quality sources, monitoring, and associated compliance activities would not diminish despite companies reducing their emission footprint, but the associated revenue based currently on tonnage polluted would be reduced as a result of this bill.

The fiscal impact is indeterminate at this time.

It is unclear to what extent, and how quickly, oil and gas permittees may utilize carbon sequestration and reduce their emissions possibly to zero. The Division currently permits 42 oil and gas sources with the potential to emit over 250 tons per year. These 42 facilities combined allow for a maximum annual potential to emit 161,327 tons. However, stationary sources are allowed to submit reports of their actual emissions in lieu of paying emission fees on the maximum potential to emit. In FY23, the reported assessable pollution for these 42 facilities emitted 45,685 tons of air emissions. If additional emissions are generated and only carbon dioxide is separated from emissions and sequestered, there may be a net increase in other types of emissions due to the additional equipment used to separate out the emissions, resulting in an increase to fees and program support. Current tonnage fees for regulated pollutants of these facilities are \$84.29/ton.

Depending on the nature of emissions sequestered, this bill could necessitate a revenue substitute for the associated Clean Air Protection Fund (CAPF) revenue that may be lost as a result of air emission reductions.