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6-1129M

Original sponsors: Kerttula and Szymanski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 260 (Finance) am

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act imposing a conservation surcharge of \$.05 per
7 barrel on oil subject to the oil and gas properties
8 production tax; authorizing the appropriation of the
9 proceeds of the surcharge to the oil and hazardous
10 substance release response fund; providing for sus-
11 pension of the surcharge when cumulative deposits of
12 revenue generated by the surcharge equal or exceed
13 cumulative expenditures from the fund by \$50,000,000,
14 and for reimposition of the surcharge when cumulative
15 deposits of revenue generated by the surcharge do not
16 exceed cumulative expenditures from the fund by
17 \$50,000,000 or more; requiring suspension of the
18 surcharge under other conditions; and providing for
19 an effective date."

20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

21 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that the
22 March 24, 1989, oil spill disaster in Prince William Sound demonstrates a
23 need for the state to have an independent spill containment and cleanup
24 capability in the event of future discharges of oil or a hazardous sub-
25 stance.

26 (b) It is the purpose of this Act to provide assurance to the people
27 of the state that their health, safety, and well-being will be protected
28 from the adverse consequences of oil and hazardous substance releases of a
29 magnitude that presents a grave and substantial threat to the economy and

1 the environment of the state.

2 * Sec. 2. AS 43.55 is amended by adding new sections to read:

3 ARTICLE 2. CONSERVATION SURCHARGE.

4 Sec. 43.55.200. SURCHARGE LEVIED. (a) Every producer of oil
5 shall pay a surcharge of \$.05 per barrel of oil produced from each
6 lease or property in the state, less any oil the ownership or right to
7 which is exempt from taxation.

8 (b) The surcharge imposed by (a) of this section is in addition
9 to and shall be paid in the same manner as the tax imposed by AS 43.-
10 55.011 - 43.55.150.

11 (c) A producer of oil shall make reports of production in the
12 same manner and under the same penalties as required under AS 43.55.-
13 011 - 43.55.150.

14 Sec. 43.55.210. DISPOSITION OF PROCEEDS OF SURCHARGE. (a) The
15 commissioner shall deposit the proceeds of the surcharge levied by
16 AS 43.55.200 into the general fund.

17 (b) The commissioner of administration shall separately account
18 for all proceeds of the surcharge that are deposited into the general
19 fund.

20 Sec. 43.55.220. USE OF REVENUE DERIVED FROM SURCHARGE. The
21 legislature may appropriate the annual estimated balance of the ac-
22 count established under AS 43.55.210 to the oil and hazardous sub-
23 stance release response fund established by AS 46.08.010.

24 Sec. 43.55.230. SUSPENSION AND REIMPOSITION OF THE SURCHARGE.
25 (a) Not later than 30 days after the end of each calendar quarter,
26 the commissioner of administration shall determine the cumulative
27 total of money

28 (1) that has been deposited through that calendar quarter
29 into the general fund under AS 43.55.210;

1 (2) expended through that calendar quarter from the oil and
2 hazardous substance release response fund established in AS 46.08.010.

3 (b) Within 15 days after making the determinations required by
4 (a) of this section, the commissioner of administration shall report
5 to the commissioner the difference between the amount determined under
6 (a)(1) of this section and amount determined under (a)(2) of this
7 section.

8 (c) If the commissioner of administration reports that the
9 difference determined under (b) of this section equals or exceeds
10 \$50,000,000, the commissioner of revenue shall suspend imposition and
11 collection of the surcharge levied and collected under AS 43.55.200.
12 Suspension of the imposition and collection of the surcharge begins on
13 the first day of the calendar quarter next following the commissioner's
14 receipt of the commissioner of administration's report under (b)
15 of this section. Before the first day of a suspension authorized by
16 this subsection, the commissioner shall make a reasonable effort to
17 notify all persons who are known to the department to be paying the
18 surcharge under AS 43.55.200 that the surcharge will be suspended.

19 (d) Except as provided in AS 43.55.240, if the commissioner of
20 administration reports that the difference determined under (b) of
21 this section is less than \$50,000,000, the commissioner of revenue
22 shall require imposition and collection of the surcharge authorized
23 under AS 43.55.200. Reimposition of the surcharge begins on the first
24 day of the calendar quarter next following the commissioner's receipt
25 of the commissioner of administration's report under (b) of this
26 section. Before the first day of reimposition of the surcharge au-
27 thorized by this subsection, the commissioner shall make a reasonable
28 effort to notify all persons who are known to the department to be
29 required to pay the surcharge under AS 43.55.200 that the surcharge

1 will be reimposed.

2 Sec. 43.55.240. SURCHARGE NOT IMPOSED. The surcharged author-
3 ized by AS 43.55.200 is not levied during any fiscal year for which
4 the estimated revenue from the surcharge would be sufficient to re-
5 store the balance of the oil and hazardous substance release response
6 fund on the first day of the fiscal year to at least \$50,000,000, and

7 (1) the legislature does not, during the regular legisla-
8 tive session preceding the first day of the fiscal year, appropriate
9 money from the general fund to the oil and hazardous substance release
10 response fund sufficient to restore the balance of that fund on the
11 first day of the fiscal year to at least \$50,000,000; or

12 (2) the legislature, during the regular legislative session
13 preceding the first day of the fiscal year, appropriates money from
14 the general fund to the oil and hazardous substance release response
15 fund sufficient to restore the balance of that fund on the first day
16 of the fiscal year to at least \$50,000,000 and, because of governa-
17 torial veto or reduction in the amount of the appropriation, restora-
18 tion of the balance of the fund to at least \$50,000,000 does not
19 become law.

20 Sec. 43.55.290. DEFINITION. In AS 43.55.200 - 43.55.290 "sur-
21 charge" means the surcharge levied by AS 43.55.200.

22 * Sec. 3. APPLICATION OF AS 43.55.240. (a) AS 43.55.240, added by
23 sec. 2 of this Act, does not apply to prevent the levy and collection of
24 the surcharge imposed by AS 43.55.200 until the first day of the fiscal
25 year next following the day on which the balance of the oil and hazardous
26 substance release response fund first exceeds \$50,000,000.

27 (b) The commissioner of administration shall certify to the commis-
28 sioner of environmental conservation, the commissioner of revenue, and the
29 division of legislative finance the date on which the balance of the oil

1 and hazardous substance release response fund first exceeds \$50,000,000.

2 * Sec. 4. APPLICABILITY OF ACT. This Act does not relieve a person
3 responsible for an oil terminal facility, offshore exploration or produc-
4 tion facility, or a vessel that transports crude oil, or a person who has
5 control of a hazardous substance, from the responsibility for containing
6 and cleaning up a discharge of oil or the hazardous substance as required
7 by law.

8 * Sec. 5. This Act takes effect July 1, 1989.