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# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 19, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/24/89

The FINANCE Committee considered:

CSSB 256 (C&RA)

CS FOR SENATE BILL NO. 256 (C&RA)

[REIMBURSEMENT FOR COSTS/HAZARDOUS SUB.]

"An Act relating to reimbursement for costs incurred and recovery of money expended as a result of a released hazardous substance; and providing for an effective date."

**RECOMMENDATIONS:**

- be replaced with CS SB 256 (C&RA)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis Law: 4/11/89 DEC 4/6/89

**SIGNING DO PASS:**

**SIGNING:**

(Check approp. column)

Do Not  
Pass      No Rec      Amend

\_\_\_\_\_  
Hoffman

\_\_\_\_\_  
Larson

\_\_\_\_\_  
Swackhammer

\_\_\_\_\_  
Brown

\_\_\_\_\_  
Koponen

\_\_\_\_\_  
Ulmer

\_\_\_\_\_  
Barnes

\_\_\_\_\_  
Phillips

\_\_\_\_\_  
Wallis

Steve Rieger		✓	

CO- \_\_\_\_\_  
Chairman's Signature

CO- \_\_\_\_\_

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: An Act relating to reimbursement to persons and municipalities for costs incurred as a result of a released hazardous substance  
 Sponsor: Senator Szymanski  
 Requestor: \_\_\_\_\_  
 Agency Affected: Environmental Conservation  
 BRU: EO  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:** None

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

*CHANGES IN CIRA IS HAVE  
NO FISCAL EFFECT. THIS IS  
APPROPRIATE.*

Prepared by: Mark Thorson Phone: 765-2621  
 Division: Administrative Services Date: 4/5/89

Approved by Commissioner: Mark Thorson for DDK Date: 4/5/89  
 Agency: Environmental Conservation

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Department of Law  
 Title: "An Act relating to reimbursement for costs...released hazardous substance..." BRU: Prosecution, Legal Services  
 Sponsor: Senate C&RA Components: All  
 Requestor: Senate C&RA

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Please see the attached analysis.

*Richard I. Pegues*

Prepared by: Richard I. Pegues, Director Phone: 465-3672  
 Division: Administrative Services Date: April 6, 1989  
*Richard I. Pegues FOR*  
 Approved by Commissioner: Douglas B. Bailly, Attorney General Date: April 6, 1989  
 Agency: Department of Law

**Distribution (by preparer):**

Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

RECEIVED

APR 7 1989

## CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 256

This bill, because it imposes no new responsibilities on the department, will not have a fiscal impact on the Department of Law. However, the department anticipates a major impact on state resources arising out of litigation that it expects in respect to the collection of state imposed civil penalties, pursuit of claims by the state for damages against the responsible parties, and the defense of damage claims against the state by fishermen and other affected persons, as a result of the Exxon Valdez oilspill. Because this impact is not directly related to the bill it will be addressed separately by the department. Penalty collections and claims litigation will be extensive and very expensive. The department hopes to be able to advise the legislature on these matters within the next few days.

Original sponsors: Szymanski, Kerttula,  
Kelly, and Sturgulewski

1 IN THE SENATE

BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 256 (C&RA)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to reimbursement for costs incurred  
7 and recovery of money expended as a result of a  
8 released hazardous substance; and providing for an  
9 effective date."

10

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

11

\* Section 1. AS 46.08.070(b) is amended to read:

12

(b) The attorney general, at the request of the commissioner,

13

shall immediately [MAY] seek to recover money expended by the depart-  
14 ment under this chapter or other law to contain and clean up oil or a  
15 hazardous substance that has been released or to control the threat-  
16 ened release of oil or a hazardous substance.

17

\* Sec. 2. AS 46.08.070(c) is amended to read:

18

(c) The department may reimburse a municipality for actual

19

expenses, other than normal operating expenses, incurred in the abate-  
20 ment of a release or threatened release of oil or a hazardous sub-  
21 stance if

22

(1) the municipality has entered into an agreement with the

23

commissioner under AS 46.09.020(e) [BEFORE INCURRING THE EXPENSES FOR  
24 WHICH REIMBURSEMENT IS SOUGHT]; and

25

(2) the commissioner determines that the expenses were for

26

a necessary emergency first response to a release or threatened re-  
27 lease that posed an imminent and substantial threat to the public  
28 health or welfare, or to the environment.

29

\* Sec. 3. This Act is retroactive to March 24, 1989.

1 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER  
PO BOX 0, JUNEAU, ALASKA 99811-1800

(907) 465-2600

April 4, 1989

Senator Mike Szymanski  
Alaska State Senate  
PO Box V  
Juneau, AK 99811

Dear Senator Szymanski:

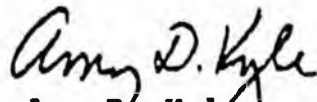
I am writing to state our support for the intent of SB 256. This bill would allow the Department to reimburse the City of Seward for legitimate expenditures for response to the oil spill in Prince William Sound.

At present, the oil and hazardous substance fund may be used for reimbursement to a municipality only if the Department has signed an agreement with the municipality before the expenditure is made. In this case, the City of Seward made expenditures to prepare to keep product away from sensitive areas before an agreement could be signed with the Department.

The Department believes that the City should not be precluded from reimbursement for these expenses simply because an agreement had not been signed. The expenditures will be reviewed by the Department according to procedures established for all municipalities participating in this response. Expenditures will be submitted for payment by EXXON before state funds are used.

Please let me know if there are any additional questions.

Sincerely,



Amy D. Kyle  
Deputy Commissioner



# Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-586-2345

## **AEL ISSUE PAPER-SB 256: REIMBURSEMENT FOR COSTS INCURRED AS A RESULT OF OIL/HAZARDOUS SUBSTANCE RELEASE**

**The Alaska Environmental Lobby supports the Senate Community And Regional Affairs CS for SB 256.** It is absolutely necessary that the money spent on the Prince William Sound cleanup by the Department of Environmental Conservation, municipalities, and other entities be recovered from the responsible parties.

The Exxon Valdez oil spill disaster has had tragic consequences for the environment and the communities of Prince William Sound, and beyond. This crisis required an immediate, emergency response. **Substantial costs have been incurred both by DEC and the communities of Prince William Sound in this large-scale cleanup and containment effort.** It is essential that this money be recovered from those responsible for this grave environmental, social, and economic catastrophe.

**The Alaska Environmental Lobby commends the Senate in this effort to create a framework for containment and clean up expenditure reimbursement.** With this assurance of reimbursement, local entities and municipalities will be more likely to participate in future oil and hazardous substance release prevention and cleanup.

Karen Brewster  
April 11, 1989

- ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • JUNEAU GROUP, SIERRA CLUB • SITKA GROUP, SIERRA CLUB
- KNIK GROUP, SIERRA CLUB • DENALI GROUP, SIERRA CLUB • ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY
- DENALI CITIZENS COUNCIL • ALASKA FRIENDS OF THE EARTH • JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY
- KENAI PENINSULA AUDUBON SOCIETY • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • ALASKA WILDLIFE ALLIANCE
- SITKA CONSERVATION SOCIETY • NORTHERN ALASKA ENVIRONMENTAL CENTER • SOUTHEAST ALASKA CONSERVATION COUNCIL
- KNIK KANGERS AND KAYAKERS



# Alaska State Legislature

Senator Mike Szymanski

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## MEMORANDUM

TO: Representative Eileen Maclean, Chairperson  
House Community and Regional Affairs Committee

FROM: Senator Mike Szymanski

RE: Senate Bill 256

The purpose of this legislation is to clarify the authority given the Commissioner of the Department of Environmental Conservation to enter into agreements with municipalities. This clarification is necessary in order to allow the DEC to provide reimbursements from the oil and hazardous substance fund to municipalities for expenses related to oil containment and cleanup activities.

Under current law (AS 46.08.070[c]), the DEC Commissioner must first enter into an agreement with a municipality before any payments can be made from the oil and hazardous substance fund. SB 256 will amend current statute by allowing the Commissioner to reimburse communities for expenses dating from March 24, 1989.

Senate District E

Mat-Su • So. Anchorage • Bird/Indian • Girdwood • Whittier • Nikiski • Cooper Landing • Hope • Seward • Cordova • Valdez