

HB

220

SENATE COMMITTEE REPORT

FURTHER

FIN

5/7/89

DATE TURNED INTO OFFICE May 8, 1989

Mr. President:

Trsp

Committee considered

CSHB 220 (FIN) am

motor fuels, petroleum and chemical storage tanks, and investigation, containment, and cleanup of oil and hazardous substances; efd

and recommended

replace with S CS CSHB 220 TRSP) same title
 or adopt CS) new title
 attached amendment(s) and technical title change (HB only)
 (Trsp) letter of intent adopted

do pass

do not pass

no recommendation

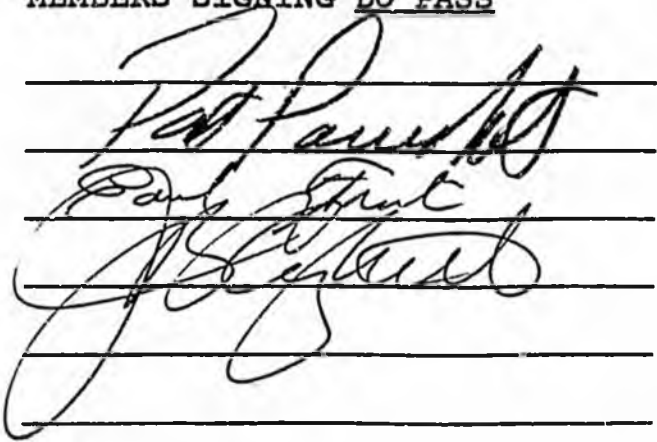
individual recommendations

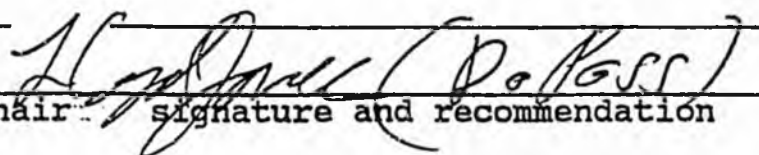
further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new DEC, DOTPF updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS




 Chair: _____ signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Title: <u>An act relating to motor fuels, storage tanks, and investigation, containment</u> Sponsor: <u>Menard, Davis, Brown, et al</u> Requestor: _____	Agency Affected: <u>Environmental Conservation</u> BRU: <u>Environmental Quality</u> Components: <u>Environmental Quality</u>
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		458.5	694.25	694.25	694.25	694.25
TRAVEL		57.5	83.75	83.75	83.75	83.75
CONTRACTUAL		260.0	261.0	261.0	261.0	261.0
SUPPLIES		55.0	60.25	60.25	60.25	60.25
EQUIPMENT		74.5	83.75	83.75	83.75	83.75
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		905.5	1,183.0	1,183.0	1,183.0	1,183.0

CAPITAL		3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		3,905.5	4,183.0	4,183.0	4,183.0	4,183.0
FEDERAL FUNDS						
OTHER						
TOTAL		3,905.5	4,183.0	4,183.0	4,183.0	4,183.0

POSITIONS:

FULL-TIME		10.5	15.75	15.75	15.75	15.75
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Lynn Tomich Kent
 Division: Environmental Quality

Phone: 465-2630
 Date: 4/29/89

Approved by Commission: [Signature]
 Agency: Alaska Department of Environmental Conservation

Date: 4/29/89 5/6/89

Distribution (by preparer):

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 220 (FIN)
PUBLISH DATE: HOUSE 4/29/89

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act relating to Motor Fuels

Agency Affected: Revenue
BRU: Income & Excise Audit

Sponsor: Menard, etc.
Requestor: Finance

Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	25.0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	25.0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	5700	5700	5700	5700	5700	5700

FUNDING: (Thousands of Dollars)

GENERAL FUND	25.0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	25.0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: April 29, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: April 29, 1989

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

CS HB 220 (FIN)
Prepared by: Steven E. Kettel
April 29, 1989

REVENUE PROJECTION

Under Section 2 of this bill a surcharge of 2¢ per gallon is levied on all motor fuel except aviation and marine fuel subject to tax under AS 43.40.010. No increase or decrease in consumption was estimated for future use.

FISCAL IMPACT \$25.0 CONTRACTUAL

One time cost for forms design, development, publication, postage and industry training. Additional costs for accounting of the proceeds from the surcharge will include data processing system upgrade and related equipment acquisitions.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Environmental Conservation
 Title: An Act relating to motor fuels, storage tanks, and investigation, containment, and cleanup of oil and hazardous etc BRU: Environmental Quality
 Sponsor: Menard, Davis, Brown, et al Components: Environmental Quality

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		498.5	734.25	734.25	734.25	734.25
TRAVEL		57.5	83.75	83.75	83.75	83.75
CONTRACTUAL		268.0	269.0	269.0	269.0	269.0
SUPPLIES		56.0	61.25	61.25	61.25	61.25
EQUIPMENT		79.5	88.75	88.75	88.75	88.75
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		959.5	1237.0	1237.0	1237.0	1237.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		959.5	1237.0	1237.0	1237.0	1237.0
TOTAL		959.5	1237.0	1237.0	1237.0	1237.0

POSITIONS:

FULL-TIME		11.5	16.75	16.75	16.75	16.75
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Lynn Tomich Kent Phone: 465-2630
 Division: Environmental Quality Date: 4/29/89

Approved by Commissioner: A. Dille Date: 4/29/89
 Agency: Alaska Department of Environmental Conservation

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CSHR 220 (Finance)
dated 4/25/89

The following is a summary of the main tasks under the proposed legislation and an explanation of the necessary services.

Revenue is expected from two sources as a result of this legislation; a tank registration fee and a gasoline tax.

1. Storage Tank Program Development

During FY 90, three FTEs will be needed in this program. One professional position will manage a contract, develop and maintain an automated database of above and underground storage tanks, investigate financial responsibility options and program funding mechanisms, and prepare draft regulations in conjunction with an Advisory Panel. This position will manage these items once completed. One professional position will collect data, provide technical assistance to facility owner/operators, and assist with development of technical portions of the regulations. One clerical position will provide typing, filing, data entry, and assist with scheduling and administrative tasks associated with the Advisory Panel. Draft Underground Storage Tank regulations will be completed in FY 90.

FY 91 and ongoing tasks will include completion and implementation of regulations. Also required will be one additional professional position and 1 additional clerical position. Major field tasks include: inspection of tank/piping and associated structures, installation and abandonment procedures, review of facility records for maintenance and operation activities, and technical assistance. The Department will examine means of contracting out functions.

2. Registration/Notification Program

During FY 90, three FTEs are estimated to be needed in this program. One-half professional position will oversee the development of the program, special databases, and associated procedures, and develop contracts and forms. One-half clerical position will provide needed assistance. One fiscal position will justify accounts and revenues. One clerical/administrative position will receive forms, enter data, develop and send mailouts and perform followups. A consultant will be hired to set up a computer program and develop guidelines; the contractual line includes \$40.0 for this. Extra funds (\$3.5) are included in supplies to cover materials and postage for mass mailouts. The equipment line includes \$17.0 for specialized computer equipment to gain access to AKSAS and to print mass mailouts and labels.

FY 91 and ongoing tasks will include sending out notices of renewal, contacting new establishments, receiving payments and upgrading the database to meet new needs. No additional positions will be needed for FY 91 and subsequent years. It may be possible to reduce staffing once the program is in place.

3. Public Information Program

During FY 90, one professional and one-half clerical FTEs will be needed in this program. One professional position, with the help of one-half clerical position, will identify and provide information and assistance to tank owners and will plan and conduct public information activities. Development of the program will be contracted out to assist tank owner/operators and the public directly through presentations and workshops. Contractual funds (\$15.0) are included for document set up and printing costs and \$6.0 is included for supplies for mailouts and software.

These tasks will continue during FY 91 as the regulations are completed and program implementation begins. No additional positions are anticipated at this time.

4. Loan or Grant Program

During FY 90, one-half FTE will be needed in this program. This one-half professional position will assist the Department of Commerce and Economic Development in setting up a loan guarantee program, and approve the use of funds from the Underground Storage Tank Account (case by case) to guarantee a loan.

FY 91 and ongoing tasks will include continued approval of all loan guarantees or grants during the 10-year period that underground tanks have to upgrade. An additional one-quarter FTE will be needed for this purpose.

5. Underground Storage Tank Account Cleanup Program

During FY 90, three and one-half FTEs will be needed in this program. One and one-half professional positions and one-half clerical position will develop guidelines and review reported leaks, document leaks on computer, determine the extent of investigation, cleanup, and necessary upgrades to current facility equipment, and oversee cleanup contracts. One-half position in fiscal will help set up, receive, and deposit payments received. One-half administrative position will track costs, and justify that payments are correct and adequate. One-half professional position in the Solid Waste Program will develop permits for disposal of soils contaminated from releases. Additional contractual funds (21.0) are included for development and printing of forms and medical monitoring physicals for the two staff involved in field work. The supplies line includes \$5.0 for postage and mailout supplies. The equipment line includes personal protective equipment (5.0) for two staff persons.

FY 91 and ongoing tasks will include a considerable increase in the regional office efforts to monitor contracts for cleanup, determine adequacy of cleanup, and assure appropriate tank upgrades following cleanup. Additionally, requests for contaminated soil disposal permits will begin. Two professional and one clerical FTE will be required for these purposes.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

NO. 4
BILL VERSION: CSHB 220 (FIN)
PUBLISH DATE: HOUSE 4/29/89

REQUEST: FISCAL NOTE

Revision Date:
Title: An Act relating to motor fuels, petroleum and chemical storage tanks, and investigation, ...
Sponsor: Menard, M. Davis, Brown, et al.
Requestor: House Finance

Agency Affected: DOT&PF
BRU: Engineering & Operations Standards
Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTURAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	65.0	65.0	65.0	65.0	65.0	65.0
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REVENUE	0	0	0	0	0	0
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FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	65.0	65.0	65.0	65.0	65.0	65.0
OTHER	0	0	0	0	0	0
TOTAL	65.0	65.0	65.0	65.0	65.0	65.0

POSITIONS:

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

ANALYSIS: The bill would require registration of storage tanks used by construction contractors and an increase of 2¢ per gallon on fuel used for construction activities of the department. This is estimated to cost \$40,000 in registration fees and \$25,000 in fuel surcharge fees. The majority of these construction related costs would occur on federal-aid construction. A breakdown of this estimate is attached.

Prepared by: Jeffery C. Ottesen, Director
Division: Engineering and Operations Standards

Phone: 465-2951
Date: April 29, 1989

Approved by: Mark S. Hickey, Commissioner
Agency: Department of Transportation and Public Facilities

Date: 4/29/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Basis of Estimate
Fiscal Note: CS HB 220
Department of Transportation and Public Facilities

Construction Related Tank Registration

Estimate 50 projects per year with 4 tanks per project at 10,000 gallons per tank (average) =
50 * 4 * 10,000 * 2¢ per gallon storage = \$40,000

Construction Fuel Surcharge

Estimate 50 projects per year with 50,000 gallons average = 2,500,000 gallons fuel
At 2¢ per gallon = \$50,000
Less estimated allowance for fuel tax refunds (AS 43.40.030) @ 50% \$25,000

Basis of Estimate
Fiscal Note: CS HB 220
Department of Transportation and Public Facilities

Construction Related Tank Registration

Estimate 50 projects per year with 4 tanks per project at 10,000 gallons per tank (average) =
50 * 4 * 10,000 * 2¢ per gallon storage = \$40,000

Construction Fuel Surcharge

Estimate 50 projects per year with 50,000 gallons average = 2,500,000 gallons fuel
At 2¢ per gallon = \$50,000
Less estimated allowance for fuel tax refunds (AS 43.40.030) @ 50% \$25,000

**STATE OF ALASKA
1989 LEGISLATIVE SESSION**

BILL VERSION: SCS CSHB 220 (Res)
PUBLISH DATE: 5/6/89

REQUEST: FISCAL NOTE

Revision Date: _____ **Agency Affected:** DOT&PF
Title: An Act relating to motor fuels, petroleum and **BRU:** Engineering & Operations
chemical storage tanks, and investigation, ... **Standards**
Sponsor: Menard, M. Davis, Brown, et al. **Components:** _____
Requestor: House Finance

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTURAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: The bill would require registration of underground storage tanks and would exempt state owned tanks from the registration fee. We anticipate only nominal administrative costs and anticipate no direct new costs from this legislation..

Prepared by: Jeffery C. Ottesen, Director
Division: Engineering and Operations Standards

Phone: 465-2951
Date: May 7, 1989

Approved by Mark S. Hickey, Commissioner:
Agency: Department of Transportation and Public Facilities

Date: 5/8/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 8, 1989

SUBJECT: Additional Change in the CS
(SCS CSHB 220(Transportation))

TO: Senator Lloyd Jones, Chair
Senate Transportation Committee

FROM: Terri Lauterbach *TL*
Legislative Counsel

Enclosed is SCS CSHB 220(Transportation).

It includes one additional change not requested by the committee, but which is necessary to achieve the intent of one of the amendments adopted by the committee. The committee adopted an amendment that deleted a requirement that above-ground storage tank owners notify the Department of Environmental Conservation about their tanks. (Page 4, lines 9 - 14 of the Senate Resources CS.) Therefore, I have also deleted the provision in temporary law that related to notification requirements for aboveground tanks. The language I deleted can be found at page 8, lines 18 - 21 of the Senate Resources CS.

There is also a slight glitch in the CS which should be addressed at some point, either by your committee, a future committee, or floor amendment. That glitch appears at page 9, lines 25 - 26 of the Senate Transportation CS. These lines refer to tanks "registered" under sec. 6. If you wish to allow cleanup under this section for tanks not in use but which might be leaking because of previous use, then this language must be modified to include tanks for which notification was given to the department by January 1, 1990. (See sec. 6(b) of the CS.) This glitch has cropped up because tanks not in use were required to be registered under previous versions of the bill. This version and the Senate Resources version deleted the registration requirement and made a new notification requirement. The issue is whether you want the owners of leaking abandoned tanks to be able to

request funds for cleanup. If you do, page 9, lines 25 - 26
should be amended.

Please let me know if I can be of further assistance.

TL:kb
wkk5/019

Enclosure

AMENDMENT

OFFERED IN THE SENATE

BY COGHILL

TO: SENATE CS FOR CS FOR HB 220 (RES)

Page 4, line 9 through 14.

Delete all material.

Adopted

AMENDMENT

OFFERED IN THE SENATE

BY COGHILL

TO: SENATE CS FOR CS FOR HB 220 (RES)

Page 7:

Delete lines 10 and 11.

Adopted

Alaska State Legislature



SENATOR BETTYE FAHRENKAMP
CHAIRMAN, RESOURCES COMMITTEE
119 N. CUSHMAN STREET, SUITE 201
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899

Senate

WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
CAPITOL, ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

Letter of Intent

for

SCS CS HB 220 (Res)

The Senate Resources Committee recognizes the serious threats posed by contamination of our groundwater by Leaking Storage Tanks.

The Senate Resources Committee considers the SCS CS HB 220 (Res) to be a temporary measure to assist owners of tanks to comply with the federal regulations for Underground Storage Tanks. It is the intent of the Senate Resources Committee that the Department of Environmental Conservation give priority for grants to owners of underground tanks based on need.

It is the intent of the Senate Resources Committee that the committee continue to work on the issues surrounding petroleum and chemical storage tanks during the interim.



Matanuska-Susitna Borough

P.O. BOX 1808, PALMER, ALASKA 99845-1808 • PHONE 745-9842

ASSESSMENT DEPARTMENT

May 5, 1989

MAY 06 1989

Senator Lloyd Jones
Alaska State Legislature
P.O. Box V (Capitol, Room 9)
Juneau, AK. 99811

Dear Sen. Jones:

Subject: HB220

FLT

Last night the Matanuska-Susitna Borough Board of Equalization heard appeal of assessed value by a small businessman threatened by LUST requirements.

Normally in cases of damage to property it is a relatively simple process to assess the cost to cure as a decrement to value. I am sure you already visualize the dilemma the Assessment Department faced and what was presented to a board of five made up of experts from the Banking, Title Insurance and Fee Appraisal professions.

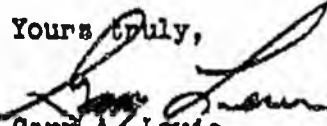
What might be buried on the site, whether it may be leaking, whether it has contaminated soils, whether there exists contamination from other sources, and the dollar value of these possibilities was discussed without conclusion. It was apparent that combination of conditions could result in liability exceeding all value in the property (in one instance, a mall complex with one tenant convenience store which sells gasoline).

I agreed with what the Board found as solution in reducing taxable value to 10% of the market value of the property in four cases appealed. But I am concerned that this action will have resounding effect on the tax base of local municipalities as virtually every business that stores petroleum products underground is potential lost revenue for local services. Contractors, service companies with vehicle fleets, even commercial property heated with fuel oil are affected by this situation. The result will undoubtedly increase taxes for the homeowner and landowner, to say nothing of the financial ruin of a major sector of our commercial infrastructure.

Mitigation of these serious economic trends is in the public interest and properly a matter of legislative priority that must be addressed in the hours before adjournment. Funding or source of funding is less important than the issue of lessening the burden of liability of businesses in our state.

As beaches soak in oil we cannot but be cognizant of the potential harm in failure of man and his structures, but, on the other hand, it is ludicrous to see the fear and frustration of small businessmen in jeopardy of all they own. It is tantamount to the inhumane terror dealt to the residents of the Palmer Pioneer's Home recently.

Yours truly,


Gary A. Lewis
Borough Assessor

ya