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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 513

Revision Date: _____
 Title: Grants/Loans for Storage Tank Owners
 Sponsor: House Labor and Commerce Committee
 Requestor: House State Affairs Committee

Department Affected: Environmental Conservation
 BRU: Spill Prevention and Response
 Component: Underground Storage Tank

COMPONENT SERIAL NO. 1207

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ 0.0

POSITIONS:

FULL-TIME	0.0					
PART-TIME	0.0					
TEMPORARY	0.0					

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Bob Poe, Director
 Division: Information & Administrative Services

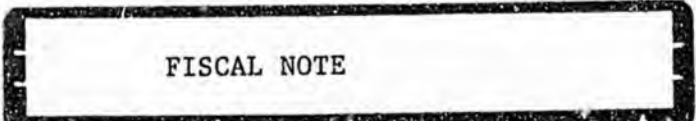
Phone: 465-5010
 Date: 3/14/94

Approved by Commissioner: Bob Poe
 Agency: Department of Environmental Conservation

Date: 3/14/94

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Board of Storage Tank Assistance

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Walter J. Hickel, Governor

POSITION PAPER

IN SUPPORT OF: House Bill 513 (HB 513)

SUBJECT: "An Act relating to financial assistance for certain owners or operators underground petroleum storage tank systems; and providing for an effective date."

The Board of Storage Tank Assistance supports House Bill 513.

Section 1: Currently, if a Storage Tank Assistance Fund applicant is denied financial assistance completely by the Department of Environmental Conservation, the applicant has no recourse if the applicant disputes the determination. Numerous applicants have been denied financial assistance by the Department of Environmental Conservation for a variety of determinations. Under existing law, when certain costs are denied, applicants may come before the Board of Storage Tank Assistance to help mediate the dispute. Applicants that have been determined completely ineligible cannot currently come before the Board. Applicants that are determined ineligible and have been denied any assistance whatsoever feel they should also have the right to present their case before the Board of Storage Tank Assistance since all of their eligible costs have in fact been denied. This change clarifies the authority of the Board to mediate disputes when all eligible costs have been denied.

Section 2: The Storage Tank Assistance fund will soon be approaching the end of the application period for cleanup assistance. The last day to apply for financial assistance for cleanup is June 30, 1994. After that date if UST owners or operator discover contamination they must pay the full cost themselves. The closure and upgrade financial assistance program currently has no statutory deadlines for applications to be submitted. Closing the application period for closure and upgrade corrects an oversight in the enabling legislation and begins the first step in phasing out the Program.

Section 3: Currently, there are over 800 unfunded requests for financial assistance for testing, closure, upgrade or cleanup activities in the State of Alaska. Within that total there are currently over 400 unfunded requests for closure and upgrade assistance that will not receive funds or begin work until after the close of the application period for cleanup assistance. The last day to apply for cleanup assistance is June 30, 1994. Under existing law, should these closure or upgrade applicants that will not receive funds until FY 95 discover contamination while conducting upgrade or closure activities they will be unable to apply for assistance from the State of Alaska. Many of the applicants for closure and upgrade assistance originally applied in 1991 and have been waiting for funding for over three years. If these applicants discover contamination and cannot afford to undertake the high cost of cleanup and fail to receive financial assistance they will face fines, penalties and possible bankruptcy. Furthermore, if an owner cannot pay the cost of cleanup, the State actually undertakes the task using Response Funds.

Allowing applicants who have already applied for financial assistance to remain eligible for cleanup assistance from the Storage Tank Assistance Fund will further protect drinking water supplies for the State of Alaska and reduce further demands on the Spill Response Fund. Many of the facilities affected by the EPA requirements that are currently awaiting funding are in the outlying areas of the State, on the Alaska Highway, remote lodges, rural community airstrips and fishing villages. Although protecting drinking water supplies in urban areas such as Anchorage and Fairbanks is critical, maintaining essential fuel services for the State is undeniably an important consideration for stable, economic growth, tourism and access.

For and on behalf of the BOARD OF STORAGE TANK ASSISTANCE,


John C. Barnett, Executive Director

POSITION PAPER

June 4, 1994