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Chenoweth
4/27/94

HOUSE CS FOR CS FOR SENATE BILL NO. 215(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsors: SENATORS MILLER, Kelly

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to oil and hazardous substances; redesignating the oil and
2 hazard us substance release response fund and relating to it; repealing the
3 Citizens' Oversight Council on Oil and Other Hazardous Substances and the
4 authority in law by which marine highway vessels may be designed and
5 constructed to aid in oil and hazardous substance spill cleanup in state marine
6 water using money in the oil and hazardous substance release response fund and
7 repealing the authority of the Department of Environmental Conservation to levy
8 and collect fees for review of certain submissions related to oil; altering
9 requirements applicable to liens for recovery of state expenditures related to oil
10 or hazardous substances; terminating the nickel-per-barrel oil conservation
11 surcharge; levying and collecting two new oil surcharges; and providing for the
12 suspension and reimposition of one of the new surcharges."

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

2 * Section 1. AS 26.23.020(g) is amended to read:

3 (g) In addition to any other powers conferred upon the governor by law, the
4 governor may, under AS 26.23.010 - 26.23.220,

5 (1) suspend the provisions of any regulatory statute prescribing
6 procedures for the conduct of state business, or the orders or regulations of any state
7 agency, if compliance with the provisions of the statute, order, or regulation would
8 prevent, or substantially impede or delay, action necessary to cope with the disaster
9 emergency;

10 (2) use all available resources of the state government and of each
11 political subdivision of the state as reasonably necessary to cope with the disaster
12 emergency;

13 (3) transfer personnel or alter the functions of state departments and
14 agencies or units of them for the purpose of performing or facilitating the performance
15 of disaster emergency services;

16 (4) subject to any applicable requirements for compensation under
17 AS 26.23.160, commandeer or utilize any private property, except for all news media
18 other than as specifically provided for in AS 26.23.010 - 26.23.220, if the governor
19 considers this necessary to cope with the disaster emergency;

20 (5) direct and compel the relocation of all or part of the population
21 from any stricken or threatened area in the state, if the governor considers relocation
22 necessary for the preservation of life or for other disaster mitigation purpose;

23 (6) prescribe routes, modes of transportation, and destinations in
24 connection with necessary relocation;

25 (7) control ingress to and egress from a disaster area, the movement of
26 persons within the area, and the occupancy of premises in it;

27 (8) suspend or limit the sale, dispensing, or transportation of alcoholic
28 beverages, firearms, explosives, and combustibles;

29 (9) make provisions for the availability and use of temporary
30 emergency housing;

31 (10) allocate or redistribute food, water, fuel, or clothing; and

1 (1) use money from the oil and hazardous substance release
2 response account in the oil and hazardous substance release prevention and response
3 fund, established by AS 46.08.010, to respond to a declared disaster emergency related
4 to an oil or hazardous substance discharge.

5 * Sec. 2. AS 29.60.500 is amended to read:

6 Sec. 29.60.500. PURPOSE AND POLICY. (a) The legislature finds and
7 declares that a major release of oil or hazardous substances into the environment
8 presents a real and substantial threat to the economy and public welfare of the
9 municipalities, [AND] villages, and school districts that are affected by the release
10 and the resultant activities to contain and clean up the release.

11 (b) The legislature concludes that it is in the best interest of the state and its
12 citizens to provide a readily available fund for the payment of the expenses incurred
13 by municipalities, [AND] villages, and school districts to mitigate the social and
14 economic effects that arise out of a major release of oil or hazardous substances and
15 resultant cleanup activities.

16 (c) It is the intent of the legislature and declared to be the public policy of the
17 state that money to defray the cost of social and economic effects on municipalities,
18 [AND] villages, and school districts arising from a major release of oil or a hazardous
19 substance and resultant cleanup activities and to pay for efforts to abate that release
20 will be immediately available upon

21 (1) a determination [BY THE GOVERNOR] that the release was
22 sudden and that it exceeds 2,500 barrels of oil, or exceeds an amount of a hazardous
23 substance that when released into the environment presents a real and substantial threat
24 to the economy and public welfare of the municipalities, [OR] villages, or school
25 districts affected by it [;

26 (2) THE DECLARATION BY THE GOVERNOR OF A DISASTER
27 EMERGENCY RELATING TO THE RELEASE; AND

28 (3) A FINDING BY THE GOVERNOR THAT

29 (A) THE RELEASE OF THE OIL OR HAZARDOUS
30 SUBSTANCE INTO THE ENVIRONMENT PRESENTS A REAL AND
31 SUBSTANTIAL THREAT TO THE ECONOMY AND PUBLIC WELFARE

1 OF THE MUNICIPALITIES AND VILLAGES THAT ARE AFFECTED BY
2 THE RELEASE AND BY THE RESULTANT ACTIVITIES TO CONTAIN
3 AND CLEAN UP THE RELEASE; AND

4 (B) IT IS IN THE BEST INTEREST OF THE STATE TO PAY
5 THE EXPENSES INCURRED BY MUNICIPALITIES AND VILLAGES TO
6 MITIGATE THE SOCIAL AND ECONOMIC EFFECTS THAT ARISE OUT
7 OF THE RELEASE OF THE OIL OR THE HAZARDOUS SUBSTANCE
8 AND THE RESULTANT CLEANUP ACTIVITIES).

9 * Sec. 3. AS 29.60.510 is amended to read:

10 Sec. 29.60.510. MUNICIPAL IMPACT GRANTS AUTHORIZED. (a)
11 Subject to (b) of this section, the [THE] commissioner may use money from the oil
12 and hazardous substance release prevention and response fund to make grants to a
13 municipality, [OR] village, or school district that is affected by the release or by the
14 response to the release and that demonstrates that the release or response to the release
15 involves extraordinary expenditures that are beyond the reasonable capability of the
16 municipality, [OR] village, or school district to meet from the current revenue sources
17 of the municipality, [OR] village, or school district if

18 [(1) THE GOVERNOR DETERMINES THAT] a release of oil [OR
19 A HAZARDOUS SUBSTANCE] exceeds 2,500 barrels of oil, or if a release of a
20 hazardous substance exceeds an amount of a hazardous substance that, when released
21 into the environment, presents a threat to the economy and public welfare of the
22 municipalities, [AND] villages, and school districts affected by it at least equivalent
23 in effect to the effect of a release of oil in an amount defined by this subsection
24 [PARAGRAPH:

25 (2) THE RELEASE HAS BEEN PROCLAIMED A DISASTER
26 EMERGENCY BY THE GOVERNOR UNDER AS 26.23.020; AND

27 (3) THE GOVERNOR FINDS THAT

28 (A) THE RELEASE OF THE OIL OR HAZARDOUS
29 SUBSTANCE INTO THE ENVIRONMENT PRESENTS A REAL AND
30 SUBSTANTIAL THREAT TO THE ECONOMY AND PUBLIC WELFARE
31 OF THE MUNICIPALITIES AND VILLAGES THAT ARE AFFECTED BY

1 THE RELEASE AND BY THE RESULTANT ACTIVITIES TO CONTAIN
2 AND CLEAN UP THE RELEASE; AND

3 (B) IT IS IN THE BEST INTEREST OF THE STATE TO PAY
4 THE EXPENSES INCURRED BY MUNICIPALITIES AND VILLAGES TO
5 MITIGATE THE SOCIAL AND ECONOMIC EFFECTS THAT ARISE OUT
6 OF THE RELEASE OF THE OIL OR THE HAZARDOUS SUBSTANCE
7 AND THE RESULTANT CLEANUP ACTIVITIES].

8 (b) For each release or threatened release of oil or a hazardous substance
9 (1) for which the commissioner of environmental conservation may
10 under AS 46.08.045. expend money from the oil and hazardous substance release
11 response account in the fund [DISASTER EMERGENCY DECLARED BY THE
12 GOVERNOR UNDER AS 26.23.020], and subject to agreement with the commissioner
13 of environmental conservation as to the amount of money in the fund that may be used
14 by the department to make grants. the commissioner may expend not more than
15 \$10,000,000 [OF THE BALANCE OF THE FUND THAT IS APPROPRIATED TO
16 THE SPILL RESERVE OR] of the unrestricted balance of the oil and hazardous
17 substance release response account in the fund for grants for purposes described
18 in AS 29.60.520; if [AUTHORIZED UNDER THIS SECTION. IF] the commissioner
19 and the commissioner of environmental conservation do not agree on the amount of
20 money in the response account in the fund that may be used by the department to
21 make grants under AS 29.60.500 - 29.60.599 for release or threatened release of oil
22 or a hazardous substance. the governor shall make the determination;

23 (2) for which money may not be expended from the response
24 account under (1) of this subsection. and subject to appropriation of money in the
25 fund that may be used by the department to make grants. the commissioner may
26 expend not more than the amount appropriated from the oil and hazardous
27 substance release prevention account in the fund for grants for purposes
28 described in AS 29.60.520.

29 (c) Notwithstanding the limitation of AS 37.07.080(e) against the transfer of
30 money between appropriations, when the commissioner and the commissioner of
31 environmental conservation have agreed to the amount of money in the oil and

1 hazardous substance release response account [FUND] that may be used by the
2 department to make grants, or when that determination has been made by the governor,
3 the commissioner of environmental conservation shall promptly transfer that amount
4 to the department for use under AS 29.60.500 - 29.60.599.

5 (c) For money that has been transferred under (c) of this section, if within any
6 one-year period thereafter the commissioner does not use the money to make a grant
7 under AS 29.60.500 - 29.60.599, the commissioner shall [, AT THE DIRECTION OF
8 THE GOVERNOR OR THE REQUEST OF THE COMMISSIONER OF
9 ENVIRONMENTAL CONSERVATION,] return the unexpended amount transferred
10 under (c) of this section to the oil and hazardous substance release response
11 account of the fund.

12 * Sec. 4. AS 29.60.520 is amended to read:

13 Sec. 29.60.520. PURPOSES OF MUNICIPAL IMPACT GRANTS. (a) A
14 grant made under AS 29.60.510 may be made

15 (1) only for

16 (A) provision of subsistence resources on which the residents
17 of the municipality, [OR] village, or school district rely for subsistence needs;

18 (B) the additional costs of a reasonable and appropriate function
19 or service, including administrative expenses for the incremental costs of
20 providing the function or service, limited to:

21 (i) public health and welfare functions and services,
22 including hospital, clinic, and emergency medical services; alcohol,
23 drug abuse, and mental health services; family support services; and the
24 operation of waste disposal systems and water quality improvement
25 systems;

26 (ii) public safety functions and services, including police
27 protection, search and rescue, and fire protection;

28 (iii) public utility functions and services, including the
29 operation of electric generating plants and distribution systems, water
30 supply systems, telephone systems, and fuel distribution systems; and

31 (iv) housing functions and services, limited to leasing or

1 making other arrangements for temporary housing to be occupied by
2 persons associated with containment or cleanup of the release;

3 (C) costs associated with leasing transportation facilities for use
4 in activities associated with the containment or cleanup;

5 (D) costs of repair or replacement of equipment or a capital
6 asset associated with a function or service set out in (B) of this paragraph the
7 useful life of which has been substantially reduced by use associated with the
8 containment or cleanup; and

9 (2) to compensate the municipality, [OR] village, or school district for

10 (A) the reduction of revenue attributable to the release of the
11 oil or hazardous substance; and

12 (B) the actual costs of projects or activities that are delayed or
13 lost because of the efforts of the municipality, [OR] village, or school district
14 responding to the release or associated with the containment or cleanup of oil
15 or the hazardous substance.

16 (b) If money received under this section is used for a capital expenditure, the
17 commissioner may require the municipality, [OR] village, or school district that
18 acquired the item as a capital expenditure to transfer it to the state at the end of the
19 period during which the item is actually used for spill response if the commissioner
20 finds that retention of the item would confer an inappropriate benefit on the
21 municipality, [OR] village, or school district.

22 * Sec. 5. AS 29.60.530 is amended to read:

23 Sec. 29.60.530. CRITERIA TO EVALUATE GRANT APPLICATIONS. (a)
24 In determining whether an expenditure or proposed expenditure by a municipality,
25 [OR] village, or school district is eligible for a grant under AS 29.60.510, the
26 department shall consider

27 (1) the degree to which the effect on the municipality, [OR] village, or
28 school district is directly caused by the oil or hazardous substance release or the
29 response to the release;

30 (2) the availability of money to the recipient from other sources that
31 can meet the costs of providing the functions or services; and

1 (3) the severity of the effect addressed in the grant application.

2 (b) The department may reject an application for a grant under AS 29.60.510
3 or approve an application for a grant in an amount that is less than the amount
4 requested by a municipality, [OR] village, or school district if the department
5 determines that payment of the amount requested is not warranted under (a) of this
6 section.

7 (c) The department shall adopt, by regulation, criteria by which to rank all or
8 a portion of applications for the purpose of establishing the priority order of awarding
9 grants if money requested by eligible municipalities, [AND] villages, and school
10 districts under this section exceeds the amount available. The criteria must be based
11 on the elements set out in (a) of this section. If the total amount of money requested
12 by eligible municipalities, [AND] villages, and school districts under this section
13 exceeds the amount available, the department shall rank applications for the purpose
14 of establishing the priority order of awarding grants in accordance with the regulations.

15 * Sec. 6. AS 29.60.540(b) is amended to read:

16 (b) Money received by a municipality, [OR] village, or school district under
17 AS 29.60.500 - 29.60.599 may not be used for a capital improvement, as that term is
18 defined in AS 46.08.900.

19 * Sec. 7. AS 29.60.560(a) is amended to read:

20 (a) For each disaster emergency declared by the governor under AS 26.23.020
21 based on a release of oil or a hazardous substance or for each other release of oil or
22 a hazardous substance for which money may be expended under AS 46.08.045(b),
23 the commissioner, after consulting with and securing the written approval of the
24 attorney general and after consulting with other state agencies, shall

25 (1) make an assessment of the social and economic effects of the
26 release of the oil or hazardous substance:

27 (2) develop a plan to

28 (A) recover the cost of release-related expenditures; and

29 (B) mitigate the social and economic effects of the release of
30 the oil or hazardous substance on the municipalities, the villages, the school
31 districts, and the region in which the discharge occurs.

1 * Sec. 8. AS 29.60.560(e) is amended to read:

2 (e) Expenditures made under this section may be made only from the amount
3 transferred to the commissioner under AS 29.60.510(c), unless

4 (1) the commissioner and the commissioner of environmental
5 conservation mutually agree that payment may be made from money in the oil and
6 hazardous substance release response account in the oil and hazardous substance
7 release prevention and response fund not transferred under AS 29.60.510(c); or

8 (2) the commissioner pays them from another source.

9 * Sec. 9. AS 29.60.599(4) is amended to read:

10 (4) "fund" means the oil and hazardous substance release prevention
11 and response fund established by AS 46.08.010:

12 * Sec. 10. AS 29.60.599(7) is amended to read:

13 (7) "service"

14 (A) means

15 (i) a function performed or service provided by a
16 municipality under a duty or power authorized by this title or by
17 another provision of law authorizing a municipality to perform functions
18 or provide services;

19 (ii) [, OR] a comparable function performed or service
20 provided by a village: or

21 (iii) a function performed or service provided by a
22 school district:

23 (B) includes functions not previously performed and services
24 not previously provided by the municipality or village;

25 * Sec. 11. AS 29.60.599 is amended by adding a new paragraph to read:

26 (9) "school district" has the meaning given in AS 14.30.350.

27 * Sec. 12. AS 37.14.410 is amended to read:

28 Sec. 37.14.410. REIMBURSED EXPENDITURES. (a) Amounts received by
29 the state as reimbursement for expenses related to the Exxon Valdez oil spill incurred
30 by the state on or before December 31, 1992, shall be deposited in the general fund
31 and, except as required under (b) of this section may not be credited to the oil and

1 hazardous substance release mitigation account under AS 46.04.010 or to an account
2 established in AS 46.08.020 or 46.08.025.

3 (b) A percentage of each payment deposited in the general fund under (a) of
4 this section shall be credited to the prevention account established in [OIL AND
5 HAZARDOUS SUBSTANCE RELEASE MITIGATION ACCOUNT UNDER
6 AS 46.04.010 OR] AS 46.08.020. That percentage is determined by dividing

7 (1) the amount of the expenses for which the state may be reimbursed
8 under (a) of this section that were paid from the oil and hazardous substance release
9 response fund established under AS 46.08.010, by

10 (2) the total amount of expenses for which the state may be reimbursed
11 under (a) of this section.

12 * Sec. 13. AS 43.55 is amended by adding a new section to read:

13 Sec. 43.55.201. SURCHARGE LEVIED. (a) Every producer of oil shall pay
14 a surcharge of \$.02 per barrel of oil produced from each lease or property in the state,
15 less any oil the ownership or right to which is exempt from taxation.

16 (b) The surcharge imposed by (a) of this section is in addition to and shall be
17 paid in the same manner as the tax imposed by AS 43.55.011 - 43.55.150; and is in
18 addition to the surcharge imposed by AS 43.55.300 - 43.55.310.

19 (c) A producer of oil shall make reports of production in the same manner and
20 under the same penalties as required under AS 43.55.011 - 43.55.150.

21 * Sec. 14. AS 43.55 is amended by adding a new section to read:

22 Sec. 43.55.211. USE OF REVENUE DERIVED FROM SURCHARGE. The
23 legislature may appropriate the annual estimated balance of the account maintained
24 under AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge
25 levied under AS 43.55.201 to the response account in the oil and hazardous substance
26 release prevention and response fund established by AS 46.08.010.

27 * Sec. 15. AS 43.55 is amended by adding a new section to read:

28 Sec. 43.55.221. SUSPENSION AND REIMPOSITION OF THE
29 SURCHARGE. (a) Not later than 30 days after the end of each calendar quarter the
30 commissioner of administration shall determine, as of the end of that quarter, the fiscal
31 year's

1 (1) unreserved and unobligated balance in the response account of the
2 oil and hazardous substance release prevention and response fund established in
3 AS 46.08.010; for purposes of this paragraph, the "unreserved and unobligated balance
4 in the response account" means the cash balance of the account less the sum of

5 (A) reserves for outstanding appropriations from the account;

6 (B) encumbrances of money in the account; and

7 (C) other liabilities of the account;

8 (2) balance of the account maintained under AS 37.05.142 that accounts
9 for the proceeds of the surcharge that are deposited in the general fund;

10 (3) the balance of the response mitigation account established by
11 AS 46.08.025(b) that originated from the sources described in AS 46.08.025(a)(3) and
12 that is available for appropriation to the response account of the fund established in
13 AS 46.08.010.

14 (b) Within 15 days after making the determinations required by (a) of this
15 section, the commissioner of administration shall

16 (1) add the amounts determined under (a)(1) - (3) of this section; and

17 (2) report the sum calculated under (1) of this subsection to the
18 commissioner of revenue.

19 (c) In making the determination required by (a) of this section, the
20 commissioner of administration may not consider money described in (a) of this
21 section that is subject to a dedication imposed by law that restricts the use of the
22 money to a specific purpose for which the response account of the oil and hazardous
23 substance release prevention and response fund established in AS 46.08.010 may not
24 be lawfully expended.

25 (d) If the commissioner of administration reports that the sum reported under
26 (b) of this section equals or exceeds \$50,000,000, the commissioner of revenue shall
27 suspend imposition and collection of the surcharge levied and collected under
28 AS 43.55.201. Suspension of the imposition and collection of the surcharge begins on
29 the first day of the calendar quarter next following the commissioner's receipt of the
30 commissioner of administration's report under (b) of this section. Before the first day
31 of a suspension authorized by this subsection, the commissioner shall make a

1 reasonable effort to notify all persons who are known to the department to be paying
2 the surcharge under AS 43.55.201 that the surcharge will be suspended.

3 (e) Except as provided in AS 43.55.231, if the commissioner of administration
4 reports that the sum reported under (b) of this section is less than \$50,000,000, the
5 commissioner of revenue shall require imposition and collection of the surcharge
6 authorized under AS 43.55.201. If the surcharge is not in effect, reimposition of the
7 surcharge begins on the first day of the calendar quarter next following the
8 commissioner's receipt of the commissioner of administration's report under (b) of this
9 section. Before the first day of reimposition of the surcharge authorized by this
10 subsection, the commissioner shall make a reasonable effort to notify all persons who
11 are known to the department to be required to pay the surcharge under AS 43.55.201
12 that the surcharge will be reimposed.

13 * Sec. 16. AS 43.55 is amended by adding a new section to read:

14 Sec. 43.55.231. SURCHARGE NOT IMPOSED. (a) The surcharge authorized
15 by AS 43.55.201 is not levied during any fiscal year for which

16 (1) the legislature does not, during the regular or a special legislative
17 session preceding the first day of the fiscal year, appropriate at least an amount equal
18 to the amount determined under (b) of this section from the general fund to the
19 response account in the oil and hazardous substance release prevention and response
20 fund; or

21 (2) the legislature, during the regular or a special legislative session
22 preceding the first day of the fiscal year, appropriates at least the amount of money
23 equal to the amount determined under (b) of this section from the general fund to the
24 response account in the oil and hazardous substance release prevention and response
25 fund and that appropriation is vetoed or reduced by the governor.

26 (b) The amount of money required to be appropriated from the general fund
27 to the response account in the oil and hazardous substance release prevention and
28 response fund by (a) of this section is the amount, determined for the last day of the
29 preceding fiscal year, that is the sum of the actual or estimated balance of

30 (1) the account maintained under AS 37.05.142 to account for all
31 proceeds of the surcharge that are deposited into the general fund; and

1 (2) the portion of the balance of the response mitigation account
2 established by AS 46.08.025(b) that originated from the recovery of money described
3 in AS 46.08.025(a)(3).

4 * Sec. 17. AS 43.55 is amended by adding new sections to read:

5 Sec. 43.55.299. DEFINITIONS. In AS 43.55.201 - 43.55.299,

6 (1) "response account" means the oil and hazardous substance release
7 response account established in AS 46.08.010(a)(2);

8 (2) "response mitigation account" means the oil and hazardous
9 substance release response mitigation account established in AS 46.08.025(b).

10 ARTICLE 2A. ADDITIONAL CONSERVATION SURCHARGE ON OIL.

11 Sec. 43.55.300. SURCHARGE LEVIED. (a) Every producer of oil shall pay
12 a surcharge of \$03 per barrel of oil produced from each lease or property in the state,
13 less any oil the ownership or right to which is exempt from taxation.

14 (b) The surcharge imposed by (a) of this section is in addition to and shall be
15 paid in the same manner as the tax imposed by AS 43.55.011 - 43.55.150; and is in
16 addition to the surcharge imposed by AS 43.55.201 - 43.55.231.

17 (c) A producer of oil shall make reports of production in the same manner and
18 under the same penalties as required under AS 43.55.011 - 43.55.150.

19 Sec. 43.55.310. USE OF REVENUE DERIVED FROM SURCHARGE. The
20 legislature may appropriate the annual estimated balance of the account maintained
21 under AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge
22 levied under AS 43.55.300 to the oil and hazardous substance release prevention
23 account in the oil and hazardous substance release prevention and response fund
24 established by AS 46.08.010.

25 * Sec. 18. AS 43.55.900(15) is amended to read:

26 (15) "surcharge" means

27 (A) when used in AS 43.55.201 - 43.55.299, the surcharge
28 levied by AS 43.55.201 [AS 43.55.200];

29 (B) when used in AS 43.55.300 - 43.55.310, the surcharge
30 levied by AS 43.55.300;

31 * Sec. 19. AS 46.04.010 is amended to read:

1 Sec. 46.04.010. REIMBURSEMENT FOR CLEANUP EXPENSES. The
2 department shall promptly seek reimbursement under AS 46.03.760(e), AS 46.08.070,
3 or from an applicable federal fund, for the expenses it incurs in cleaning up or
4 containing a discharge of oil. If the department obtains reimbursement for a portion
5 of its expenses from a federal fund, the remainder of the expenses incurred may be
6 recovered under AS 46.03.760(e) or AS 46.08.070. Money received by the department
7 under this section shall be deposited in the general fund and credited to

8 (1) the oil and hazardous substance release response mitigation
9 account established under AS 46.08.025(b): the amount required to be deposited
10 under this paragraph shall represent the proportion of the expenses recovered
11 that were originally paid for from the oil and hazardous substance release account
12 established under AS 46.08.010(a)(2): or

13 (2) [A SPECIAL ACCOUNT CALLED] the ["] oil and hazardous
14 substance release prevention mitigation account established under AS 46.08.020(b):
15 the amount required to be deposited under this paragraph is the amount of
16 money recovered that exceeds the amount payable to the response mitigation
17 account under (1) of this section ["].

18 * Sec. 20. AS 46.08.005 is amended to read:

19 Sec. 46.08.005. PURPOSE. The legislature finds and declares that the release
20 of oil or hazardous substances into the environment presents a real and substantial
21 threat to the public health and welfare, to the environment, and to the economy of the
22 state. The legislature therefore concludes that it is in the best interest of the state and
23 its citizens to provide a [READILY AVAILABLE] fund containing two accounts.
24 Within the fund.

25 (1) one account consists of money readily available to the
26 commissioner for the payment of the expenses incurred by the Department of
27 Environmental Conservation during a response to a [AND THE DEPARTMENT OF
28 TRANSPORTATION AND PUBLIC FACILITIES IN THE PROTECTION OF THE
29 ENVIRONMENT OF THE STATE FROM THE] release of oil or hazardous
30 substances when authorized by AS 46.08.045 and for related purposes intended
31 to address those releases:

1 (2) the other account consists of money that the state may use
2 during a response to a release of oil or a hazardous substance, other than one
3 described in (1) of this subsection, and to a threatened release of oil or a
4 hazardous substance, to pay the expenses of making preparations for the
5 possibility of a release or threatened release of oil or hazardous substances, to
6 reduce the amount, degree, or intensity of a release or threatened release, and for
7 other related purposes identified in law [OR HAZARDOUS SUBSTANCES].

8 * Sec. 21. AS 46.08.010(a) is amended to read:

9 (a) There is established in the state general fund the oil and hazardous
10 substance release prevention and response fund. The fund shall be administered by
11 the commissioner. The fund is composed of two accounts.

12 (1) the oil and hazardous substance release prevention account:

13 (2) the oil and hazardous substance release response account.

14 * Sec. 22. AS 46.08.010(b) is amended to read:

15 (b) Money from an appropriation made to an account in the fund remaining
16 in that account [THE FUND] at the end of a fiscal year does not lapse and remains
17 available for expenditure in successive fiscal years.

18 * Sec. 23. AS 46.08.010(c) is amended to read:

19 (c) The fund shall be used for actual expenses incurred under AS 46.08.040.
20 Except as provided in AS 46.08.040(a)(2)(C)(ii) for the equipment that is required
21 for and placed in the oil and hazardous substance response depots and in
22 AS 46.08.040(a)(2)(E) for the acquisition, repair, or improvement of assets as
23 preparedness measures [AS 46.08.040(d)(2)], the fund may not be used for capital
24 improvements.

25 * Sec. 24. AS 46.08.020 is amended to read:

26 Sec. 46.08.020. FINANCING OF THE OIL AND HAZARDOUS
27 SUBSTANCE RELEASE PREVENTION ACCOUNT [FUND]. (a) The legislature
28 may appropriate from the following sources to the prevention account in the fund:

29 (1) the annual estimated balance of the account maintained under
30 AS 37.05.142 for deposits into the general fund of the proceeds of the oil
31 conservation surcharge levied by AS 43.55.300:

1 (2) money received from other state sources. from federal [, STATE.]
2 or other sources, or from a private donor;

3 (3) [(2)] money recovered or otherwise received from parties
4 responsible for the containment and cleanup of oil or a hazardous substance at a
5 specific site, but excluding money

6 (A) [FUNDS] from performance bonds and other forms of
7 financial responsibility held in escrow pending satisfactory performance of a
8 privately financed response action; and

9 (B) described in AS 46.08.025(a)(3):

10 (4) [(3)] fines, penalties, or damages recovered under AS 46.08.005 -
11 46.08.080 or other law for costs incurred by the state as a result of the release or
12 threatened release of oil or a hazardous substance;

13 (5) the interest earned on the balance of the accounts maintained
14 under AS 37.05.142 for deposits into the general fund from the proceeds of the
15 surcharges levied under AS 43.55.201 and 43.55.300: and

16 (6) the interest earned on the balances of each of the following:

17 (A) the prevention account:

18 (B) the prevention mitigation account:

19 (C) the response account: and

20 (D) the response mitigation account.

21 (b) Money received by the state under (a)(2) - (6) [(a)(2) AND (a)(3)] of this
22 section shall be deposited in the general fund and credited to a special account called
23 the "oil and hazardous substance release prevention mitigation account." The
24 legislature may annually appropriate to the prevention account in the fund from the
25 prevention mitigation [THIS] account a sum equal to the amount received under
26 (a)(2) - (6) [(a)(2) AND (a)(3)] of this section during the calendar year preceding the
27 legislative session in which the appropriations are to be made.

28 * Sec. 25. AS 46.08 is amended by adding a new section to read:

29 Sec. 46.08.025. FINANCING OF THE OIL AND HAZARDOUS
30 SUBSTANCE RELEASE RESPONSE ACCOUNT. (a) The legislature may
31 appropriate from the following sources to the oil and hazardous substance release

1 response account in the fund:

2 (1) the annual estimated balance of the account maintained under
3 AS 37.05.142 for deposit into the general fund of the proceeds of the oil conservation
4 surcharge levied by AS 43.55.201;

5 (2) money received from other state sources, from federal or other
6 sources, or from a private donor; and

7 (3) money recovered or otherwise received from parties responsible for
8 the containment and cleanup of oil or a hazardous substance at a specific site for
9 which the state expended money from the former oil and hazardous substance release
10 response fund before the effective date of this section or for which the state expended
11 money from the response account, but excluding

12 (A) money from performance bonds and other forms of
13 financial responsibility held in escrow pending satisfactory performance of a
14 privately financed response action;

15 (B) fines, penalties, and damages described in
16 AS 46.08.020(a)(4).

17 (b) Money received by the state under (a)(2) and (3) of this section shall be
18 deposited in the general fund and credited to a special account called the "oil and
19 hazardous substance release response mitigation account." The legislature may
20 annually appropriate to the response account in the fund from the response mitigation
21 account a sum equal to the amount received under (a)(2) and (3) of this section during
22 the calendar year preceding the legislative session in which the appropriations are to
23 be made.

24 * Sec. 26. AS 46.08.040(a) is amended to read:

25 (a) In addition to money in the response account of the fund that is
26 transferred to the commissioner of community and regional affairs to make grants
27 under AS 29.60.510 and to pay for impact assessments under AS 29.60.560, the
28 commissioner of environmental conservation may use money

29 (1) from the response account in the fund

30 (A) when authorized by AS 46.08.045, [(1)] to investigate and
31 evaluate the release [OR THREATENED RELEASE] of oil or a hazardous

1 substance, and contain, clean up, and take other necessary action, such as
2 monitoring and assessing, to address a release [OR THREATENED RELEASE]
3 of oil or a hazardous substance that poses an imminent and substantial threat
4 to the public health or welfare, or to the environment;

5 (B) to [(2) PAY ALL COSTS INCURRED TO

6 (A) ESTABLISH AND MAINTAIN THE OIL AND
7 HAZARDOUS SUBSTANCE RESPONSE OFFICE:

8 (B) REVIEW OIL DISCHARGE PREVENTION AND
9 CONTINGENCY PLANS SUBMITTED UNDER AS 46.04.030;

10 (C) CONDUCT TRAINING, RESPONSE EXERCISES,
11 INSPECTIONS, AND TESTS, IN ORDER TO VERIFY EQUIPMENT
12 INVENTORIES AND ABILITY TO PREVENT AND RESPOND TO OIL
13 AND HAZARDOUS SUBSTANCE RELEASE EMERGENCIES, AND TO
14 UNDERTAKE OTHER ACTIVITIES INTENDED TO VERIFY OR
15 ESTABLISH THE PREPAREDNESS OF THE STATE, A MUNICIPALITY,
16 OR A PARTY REQUIRED BY AS 46.04.030 TO HAVE AN APPROVED
17 CONTINGENCY PLAN TO ACT IN ACCORDANCE WITH THAT PLAN;
18 AND

19 (D) VERIFY OR ESTABLISH PROOF OF FINANCIAL
20 RESPONSIBILITY REQUIRED BY AS 46.04.040:

21 (3) PAY THE EXPENSES INCURRED BY THE ALASKA DIVISION
22 OF EMERGENCY SERVICES FOR THE OIL AND HAZARDOUS SUBSTANCE
23 RESPONSE CORPS AND THE OIL AND HAZARDOUS SUBSTANCE RESPONSE
24 DEPOTS WHEN PRESENTED WITH APPROPRIATE DOCUMENTATION BY
25 THE DIVISION:

26 (4) provide matching funds in the event of a release of oil or a
27 hazardous substance for which use of the response account is authorized by
28 AS 46.08.045 for participation

29 (i) in federal oil discharge cleanup activities; and

30 (ii) under 42 U.S.C. 9601 - 9657 (Comprehensive
31 Environmental Response, Compensation, and Liability Act of 1980);

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and

(C) to [(5)] recover the costs to the state, a municipality, [OR] a village, or a school district of a containment and cleanup resulting from the release [OR THE THREATENED] release of oil or a hazardous substance for which money was expended from the response account:

(2) from the prevention account in the fund to

(A) investigate and evaluate the release or threatened release of oil or a hazardous substance, except a release described in AS 46.08.045, and contain, clean up, and take other necessary action, such as monitoring and assessing, to address a release or threatened release of oil or a hazardous substance, except a release described in AS 46.08.045:

(B) pay all costs incurred to

(i) establish and maintain the oil and hazardous substance response office:

(ii) review oil discharge prevention and contingency plans submitted under AS 46.04.030:

(iii) conduct training, response exercises, inspections, and tests, in order to verify equipment inventories and ability to prevent and respond to oil and hazardous substance release emergencies, and to undertake other activities intended to verify or establish the preparedness of the state, a municipality, or a party required by AS 46.04.030 to have an approved contingency plan to act in accordance with that plan; and

(iv) verify or establish proof of financial responsibility required by AS 46.04.040:

(C) pay the expenses incurred by the division of emergency services for

(i) the oil and hazardous substance response corps:

and

(ii) the oil and hazardous substance response depots:

(D) pay, when presented with appropriate documentation by

1 the Alaska State Emergency Response Commission, expenses incurred by
2 the commission for

3 (i) its activities, including staff support, when the
4 activities and staff support relate to oil or hazardous substances:
5 and

6 (ii) the costs of being prepared for and responding to
7 a request by the department for support in activities that relate to
8 response to and restoration of the effects of an oil or hazardous
9 substance release:

10 (E) pay all costs incurred to acquire, repair, or improve an
11 asset having an anticipated life of more than one year and that is acquired,
12 repaired, or improved as a preparedness measure by which the state may
13 respond to, recover from, reduce, or eliminate the effects of a release or
14 threatened release of oil or a hazardous substance:

15 (F) pay the costs, if approved by the commissioner, that
16 were incurred by local emergency planning committees to carry out the
17 duties assigned them by AS 46.13.080:

18 (G) provide matching funds in the event of the release of oil
19 or a hazardous substance, except a release of oil for the containment and
20 cleanup of which use of the response account is authorized by
21 AS 46.08.045, for participation

22 (i) in federal oil discharge cleanup activities; and

23 (ii) under 42 U.S.C. 9601 - 9657 (Comprehensive
24 Environmental Response, Compensation, and Liability Act of 1980):

25 (H) pay or reimburse the storage tank assistance fund
26 established in AS 46.03.410 for expenditures from that fund authorized by
27 AS 46.03.410(b):

28 (I) recover the costs to the state, a municipality, a village,
29 or a school district of a containment and cleanup resulting from the release
30 or threatened release of oil or a hazardous substance for which money was
31 expended from the prevention account:

- 1 (J) [(6)] prepare, review, and revise
 2 (i) [(A)] the state's master oil and hazardous substance
 3 discharge prevention and contingency plan required by AS 46.04.200;
 4 and
 5 (ii) [(B)] a regional master oil and hazardous substance
 6 discharge prevention and contingency plan required by AS 46.04.210;
 7 and
 8 (K) [(7)] restore the environment by addressing the effects of
 9 an oil or hazardous substance release.

10 * Sec. 27. AS 46.08.040(a)(2)(D) is repealed and reenacted to read:

- 11 (D) pay, when presented with appropriate documentation by the
 12 Department of Military and Veterans' Affairs, expenses incurred by the
 13 Department of Military and Veterans' Affairs for
 14 (i) Alaska State Emergency Response Commission
 15 activities, including staff support, when the activities and staff support
 16 relate to oil or hazardous substances; and
 17 (ii) the costs to the Department of Military and
 18 Veterans' Affairs of being prepared for and responding to a request by
 19 the department for support in activities that relate to response to and
 20 restoration of the effects of an oil or hazardous substance release;

21 * Sec. 28. AS 46.08.040(c) is amended to read:

22 (c) Notwithstanding other provisions of this section, money from the fund may
 23 not be used for a purpose specified in (a)(1)(B) or (C) or (a)(2) [(a)(2) - (7) AND
 24 (d)(2)] of this section unless money is available from an appropriation made
 25 specifically for that purpose. The legislature may use not more than three percent
 26 of the estimated annual balance of the prevention account to make appropriations
 27 for the purposes described in (a)(2)(F) of this section.

28 * Sec. 29. AS 46.08 is amended by adding a new section to read:

29 Sec. 46.08.045. USE OF THE RESPONSE ACCOUNT. (a) The
 30 commissioner may use money from the response account in the fund to respond to a
 31 release when the governor declares a disaster related to an oil or hazardous substance

1 discharge emergency under AS 26.23.020(c). During the effective period of the
2 disaster emergency, the commissioner may use money from the response account to
3 respond to the disaster emergency.

4 (b) Notwithstanding (a) of this section, money from the response account may
5 be used for the purposes described in AS 46.08.040(a)(1)(A) without a declaration
6 under AS 26.23.020(c) when the release would exceed 2,500 barrels of oil, or would
7 exceed an amount of a hazardous substance released into the environment that presents
8 a threat to the economy and public welfare at least equivalent in effect to the effect
9 of a release of more than 2,500 barrels of oil if

10 (1) within 72 hours of being advised of a release of oil, the
11 commissioner prepares and provides to the governor and the members of the
12 Legislative Budget and Audit Committee a written report relating to the release,
13 summarizing the release, the state's actions, both taken and anticipated, the costs of
14 the state's actions, both taken and anticipated, and other information considered
15 appropriate by the commissioner; and

16 (2) not later than 72 hours after the commissioner is advised of the
17 release, the governor, in writing, approves the commissioner's use of the money in the
18 account; the governor shall approve or modify and approve the state's response to the
19 release as set out in the commissioner's report and may, at any time during the period
20 of the state's response to the release, approve, disapprove, or modify action taken or
21 expected to be taken by the department in its use of money in the response account to
22 respond to the release.

23 * Sec. 30. AS 46.08.050(b) is amended to read:

24 (b) A [THE] department that is appropriated or allocated money from the
25 fund, either directly or through a reimbursable service agreement with the
26 Department of Environmental Conservation, shall develop procedures governing the
27 expenditure of, and accounting for, money it expends [EXPENDED] from the fund,
28 The Department of Environmental Conservation may not reimburse or pay money
29 to another state agency for the agency's activities under AS 46.08.040 unless the
30 state agency provides to the department the information necessary to complete the
31 report required by AS 46.08.060 [, AND MAY NOT DELAY IMPLEMENTATION

1 OF THIS CHAPTER PENDING THE EFFECTIVE DATE OF THE PROCEDURES].

2 * Sec. 31. AS 46.08.060(a) is amended to read:

3 (a) The commissioner shall submit a report to the legislature not later than the
4 10th day following the convening of each regular session of the legislature. The report
5 may include information considered significant by the commissioner but must include:

6 (1) the amount of money expended by the department under
7 AS 46.08.040(a)(1)(A) and (2)(A) [AS 46.08.040(a)] during the preceding fiscal year;

8 (2) the amount and source of money received and money recovered by
9 or on behalf of the department during the preceding fiscal year under

10 (A) AS 46.04.010 (reimbursement of cleanup expenses):

11 (B) AS 46.08.020(a)(4) (recovery of fines, penalties, and
12 damages); and

13 (C) AS 46.08.025(a)(3) (cost recoveries) [AS SPECIFIED IN
14 AS 46.08.020];

15 (3) a summary of municipal participation in the department's responses
16 that were paid for [FUNDED] by the response account [FUND];

17 (4) a [DETAILED] summary of department activities in responses paid
18 for [FUNDED] by the response account [FUND] during the preceding fiscal year,
19 including response descriptions and statements outlining the nature of the threat; [IN
20 THIS PARAGRAPH, "DETAILED" INCLUDES INFORMATION DESCRIBING
21 EACH PERSONAL SERVICES POSITION AND TOTAL COMPENSATION FOR
22 THAT POSITION, EACH CONTRACT IN EXCESS OF \$20,000, AND EACH
23 PURCHASE IN EXCESS OF \$10,000]; and

24 (5) the projected cost to the department for the next fiscal year of
25 monitoring, operating, and maintaining sites where response [HAS BEEN
26 COMPLETED OR] is expected to be continued during the fiscal year, to the extent
27 these costs would be paid for from the response account.

28 * Sec. 32. AS 46.08.060(b) is amended to read:

29 (b) As part of the department's on-going identification efforts associated with
30 oil spill or hazardous substance release or waste sites, the commissioner shall include
31 in the report under this section

1 (1) the number [A SUMMARY] of [THE] sites that are included in
2 the department's contaminated sites data base, whether the site is active or closed:
3 and [IDENTIFIED BY THE DEPARTMENT:]

4 (2) a prioritized listing of those sites, both statewide and by
5 community, based on the immediate and long-term threats to the public health or
6 welfare or to the environment [POSED BY THESE SITES; AND

7 (3) THE APPROPRIATE ACTIONS NEEDED TO ABATE THESE
8 THREATS, AND THEIR ESTIMATED COST].

9 * Sec. 33. AS 46.08.060(c) is amended to read:

10 (c) In addition to the department's report required under (a) of this section, the
11 governor shall submit a report about use of the fund during the previous fiscal year to
12 the legislature not later than the 10th day following the convening of each regular
13 session of the legislature. In the report, the governor shall describe in detail the
14 governor's use of money from the fund, with separate explanations, by agency, of the
15 activities that were paid for [FUNDED] under the authority of AS 46.08.045
16 [AS 46.08.040(b)].

17 * Sec. 34. AS 46.08.070 is amended by adding a new subsection to read:

18 (d) The department shall adopt regulations to implement the cost recovery
19 requirements of (a) and (b) of this section, but may not delay cost recovery actions
20 pending the effective date of the adoption of the regulations.

21 * Sec. 35. AS 46.08.075(a) is amended to read:

22 (a) The state has a lien for expenditures by the state from the [OIL AND
23 HAZARDOUS SUBSTANCE RELEASE RESPONSE] fund, or from any other state
24 fund, for the costs of response, containment, removal, or remedial action resulting from
25 an oil or hazardous substance release [SPILL], or, with respect to response costs, for
26 the costs of response to a threatened [THE SUBSTANTIAL THREAT OF A] release
27 of oil or a hazardous substance, against all property owned by a person who is
28 determined by the commissioner to be liable for the expenditures under this chapter,
29 AS 46.03, AS 46.04, 42 U.S.C. 9607, or other state or federal law. The lien includes
30 interest, at the maximum rate allowable under AS 45.45.010(a), from the date of the
31 expenditures. The state may file an action in a court of competent jurisdiction in order

1 to foreclose on the lien.

2 * Sec. 36. AS 46.08.075(e) is amended to read:

3 (e) A person with an ownership interest in property against which a lien is
4 recorded may bring an action in a court of competent jurisdiction to require that the
5 lien be released. The lien may be released to the extent of that person's ownership
6 interest if the court finds that the person is not liable for the expenses incurred by the
7 state in connection with the costs of response, containment, removal, or remedial
8 action resulting from the [OIL OR HAZARDOUS SUBSTANCE] release or from the
9 threatened [THREAT OF] release, of oil or a hazardous substance.

10 * Sec. 37. AS 46.08.900(5) is amended to read:

11 (5) "fund" means the oil and hazardous substance release prevention
12 and response fund:

13 * Sec. 38. AS 46.08.900(9) is amended to read:

14 (9) "release"

15 (A) means any spilling, leaking, pumping, pouring, emitting,
16 emptying, discharging, injecting, escaping, leaching, dumping, or disposing into
17 the environment;

18 (B) [, EXCEPT THAT "RELEASE"] does not include

19 (i) a permitted release; or

20 (ii) an act of nature;

21 * Sec. 39. AS 46.08.900(11) is amended to read:

22 (11) "threatened release" means [AN IMMEDIATE DANGER] that a
23 release is imminent: a release is imminent if

24 (A) it is impending, or on the point of happening; or

25 (B) though not impending, in the judgment of the
26 commissioner

27 (i) the incident or occurrence may reasonably be
28 expected to culminate in an actual release; and

29 (ii) that actual release may reasonably be expected to
30 cause personal injury, other injury to life, or loss of or damage to
31 property, including the environment [WILL OCCUR];

- 1 * Sec. 40. AS 46.08.900 is amended by adding new paragraphs to read:
- 2 (13) "catastrophic oil discharge" and "catastrophic oil release" have the
- 3 meaning given the term "catastrophic oil discharge" in AS 46.04.900:
- 4 (14) "prevention account" means the oil and hazardous substance
- 5 release prevention account established in AS 46.08.010(a)(1);
- 6 (15) "prevention mitigation account" means the oil and hazardous
- 7 substance release prevention mitigation account established in AS 46.08.020(b);
- 8 (16) "response account" means the oil and hazardous substance release
- 9 response account established in AS 46.08.010(a)(2);
- 10 (17) "response mitigation account" means the oil and hazardous
- 11 substance release response mitigation account established in AS 46.08.025(b).
- 12 * Sec. 41. AS 46.09.900(8) is amended to read:
- 13 (8) "threatened release" means [AN IMMINENT DANGER] that a
- 14 release is imminent: a release is imminent if
- 15 (A) it is impending, or on the point of happening; or
- 16 (B) though not impending, in the judgment of the
- 17 commissioner
- 18 (i) the incident or occurrence may reasonably be
- 19 expected to culminate in an actual release; and
- 20 (ii) that actual release may reasonably be expected to
- 21 cause personal injury, other injury to life, or loss of or damage to
- 22 property, including the environment [WILL OCCUR].
- 23 * Sec. 42. AS 19.65.025; AS 24.20.600, 24.20.610, 24.20.620, 24.20.630; AS 43.55.200,
- 24 43.55.210, 43.55.220, 43.55.230, 43.55.240; AS 44.46.025(a)(4) and (5); AS 46.08.040(b),
- 25 46.08.040(d); and sec. 3, ch. 112, SLA 1989 are repealed.
- 26 * Sec. 43. TREATMENT OF APPROPRIATION TO FORMER SPILL RESERVE FOR
- 27 PURPOSES OF AS 43.55.230. For the purpose of former AS 43.55.230(a)(2), repealed by
- 28 sec. 42 of this Act, an appropriation to the former spill reserve referred to in AS 29.60.510(b),
- 29 the reference to which is deleted by sec. 3 of this Act, is not an expenditure.
- 30 * Sec. 44. SURCHARGE IMPOSED BY AS 43.55.201 - 43.55.231 SUSPENDED AND
- 31 REIMPOSED. In addition to the circumstances set out in AS 43.55.231, the surcharge

1 authorized by AS 43.55.201 is not levied on and after the effective date of this section and
2 until June 30, 1995, if

3 (1) the Eighteenth Alaska State Legislature does not, during the Second
4 Regular Session or during any special session held before the effective date of this section,
5 appropriate at least an amount equal to the estimated amount, as of the day before the
6 effective date of this section, of the unexpended and unobligated balance of the former oil and
7 hazardous substance release response fund to the response account in the oil and hazardous
8 substance release prevention and response fund; or

9 (2) the governor vetoes or reduces the amount appropriated under (1) of this
10 section.

11 * Sec. 45. TRANSITIONAL PROVISIONS APPLICABLE TO CONSERVATION
12 SURCHARGE ON OIL IMPOSED BY AS 43.55.200 AFTER JUNE 30, 1994, AND
13 BEFORE THE EFFECTIVE DATE OF THIS SECTION. After June 30, 1994, and before the
14 effective date of this section, every producer of oil who is required by AS 43.55.200 -
15 43.55.240, repealed by this Act, to pay the oil conservation surcharge of \$.05 per barrel of oil
16 shall pay that levy. The provisions of AS 43.55.210 - 43.55.240, repealed by this Act, apply
17 to the amounts received by the state under AS 43.55.200 - 43.55.240, but as to the amounts
18 received after June 30, 1994, and before the effective date of this section, if so appropriated
19 by the legislature and notwithstanding any other provision of law relating to the deposit of and
20 accounting for those receipts.

21 (1) on the effective date of this section, the commissioner of revenue shall
22 allocate

23 (A) 40 percent of the amount received to the response account
24 established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

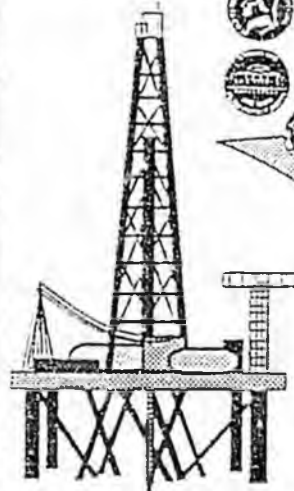
25 (B) 60 percent of the amount received to the prevention account
26 established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act; and

27 (2) the allocations made under (1) of this section are credited to the respective
28 accounts for purposes of determination of the suspension and reimposition of the surcharge
29 under AS 43.55.221 and 43.55.231, added by secs. 15 and 16 of this Act.

30 * Sec. 46. Section 27 of this Act takes effect only if a version of Senate Bill 33
31 transfer the Alaska State Emergency Response Commission from the Department of

- 1 Environmental Conservation to the Department of Military and Veterans' Affairs is enacted
- 2 by the Eighteenth Alaska State Legislature and becomes law.

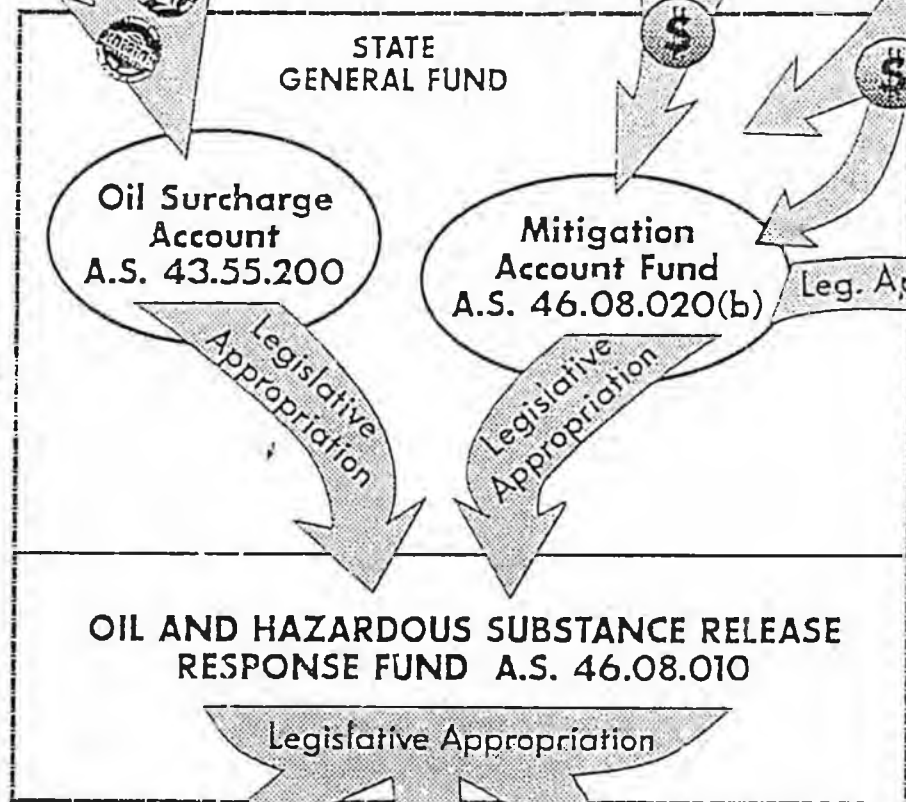
FINES, PENALTIES, COST RECOVERY, SETTLEMENTS



ALASKA'S OIL



EXXON VALDEZ Settlement



**Oil Surcharge Account
A.S. 43.55.200**

**Mitigation Account Fund
A.S. 46.08.020(b)**

OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND A.S. 46.08.010

Storage Tank Assistance Fund

AEA Bulk Fuel System Upgrade

OTHER AGENCIES

- Military and Veterans Affairs (DES)
 - Response Preparedness & Planning
 - Response Depots & Corps
 - Hazards Analysis
- Transportation and Public Facilities
 - Oil Response Ferries
- Law
 - Cost Recovery
 - Regulations/Guidance
- Public Safety
 - Environmental Crimes
 - 24-Hour Dispatch
- Fish and Game
 - Contingency Plan Reviews
- Natural Resources
 - Contingency Plan Reviews
- Administration
 - Telecommunications Installation/Maintenance
 - State Emergency Response Commission
 - Citizens' Oversight Council - not funded in FY94

ENVIRONMENTAL CONSERVATION

- State Emergency Response Commission
- Local Emergency Planning Committees
- Hazardous Substance Spill Technology Review Council
- Contaminated Sites
- Government Preparedness and Response
- Industry Preparedness and Response
- Pollution Prevention
- Geographic Information Systems

SPILL RESERVE (Emergency Reserve)

WALTER J. HICKEL, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
410 WILLOUGHBY AVENUE, SUITE 105
JUNEAU, AK 99801-1795

Phone: (907) 465-5050
Fax: (907) 465-5070

FEBRUARY 11, 1994 SENATE ^{RESOURCES} ~~FINANCE~~ COMMITTEE HEARING ON CS SB215
RELATING TO THE OIL & HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND
STATEMENT - JOHN SANDOR, COMMISSIONER, DEPT. OF ENVIRON. CONSERV.

Mr. Chairman, I appreciate the opportunity to again testify on this proposed legislation. As I said last April 17, 1993, I appreciate the Legislature closely examining the Oil and Hazardous Substance Release Response Fund and determining what opportunities there are to amend and improve the process by which this fund is managed and administered. During and following that testimony we offered suggestions for improvement in both the House and Senate Bills. During the summer and late last year we continued to work with legislators, committee staffs and in public briefings outlined the issues which we believed were important to address. Throughout, we have always searched for a consensus approach and common goals.

In 1991, I ordered an Internal Audit of this fund, and for the past three years have implemented a number of improvements in its management and administration. As a result we have been able to increase the fund balance of 6 million dollars in 1991 to 12 million in 1992, 24 million in 1993 and a projected balance of 37 million at the end of 1994. We are well on our way to achieving our objective of a 50 million dollar fund balance.

On January 19, 1994, in consultation with other agencies of the executive branch, we transmitted to the Honorable Mike Miller, Chairman of the Senate Resources Committee and the Honorable Bill Williams, Chairman of the House Resources Committee specific suggestions for modifications in the proposed legislation. We also proposed specific language changes a few days later, and we felt the Senate Resources subcommittee workshop effort which included all interested parties at the table was proceeding satisfactorily.

On February 5, 1994 I received a copy of the 2/3/94 work draft of CSHB 238 and later received a Draft of CSSB 215. To our disappointment, neither draft had adopted our suggestions. Enclosed with this statement is a comparative analysis of the projected impacts of our January 19 proposal, CSHB 238 and CSSB 215. CSHB 238 and CSSB 215 do not assure adequate funding and access for both spill response and operational activities and do not address some other significant concerns we have raised.

Page two- Oil and Hazardous Substance Response Fund

Mr. Chairman, this Administration is strongly committed to environmental protection. When Governor Hickel was Secretary of Interior, and the Santa Barbara off-shore spill occurred, he instituted very dramatic changes in governmental oversight to not only clean-up the spill, but to put in place, prevention and response requirements that were tough but reasonable. His liability and financial responsibility requirements prompted some from the oil industry to seek his dismissal. He did not waiver.

We cannot afford to be less vigilant. We cannot afford to forget the lessons of the Exxon-Valdez Oil Spill. We cannot afford to make further reductions in our oversight, prevention and response capabilities. We cannot afford to be satisfied with half-time environmental coverage on the North Slope. We cannot afford to diminish our technical staffs even as we are reviewing the audits of an aging pipeline. At the same time, we do want to continue to improve the management of the Response Fund, and are carefully analyzing various options to achieving that objective.

Although we continue to favor our January 19, 1994 approach to improving the operation and management of the response fund, we have also done analyses on a 2 1/2 cent split of the nickel and a 2 cent spill response and 3 cent operation split of the nickel, with specific legislative language changes which would meet both our environmental protection and fund management objectives. Through this analysis we find the 2 1/2 cent split also does not enable us to meet pollution prevention, environmental protection, response and restoration objectives. However, the 2 cent and 3 cent split, with specific language changes, could enable us to meet these objectives.

Note:
Jan. 19
Version
did not
split the
nickel

Accompanying this statement is a "draft bill" with a 2 cent and 3 cent split. This restores the state's ability to quickly respond to all spills of oil and hazardous substances, as well as restoration and research authorities, and assures adequate funding of activities of the Department of Military and Veterans Affairs (DMVA), and other agencies as the Legislature deems appropriate. It strengthens both the reporting and cost recovery requirements and provides for a report to the Governor of action on catastrophic or other significant releases that appear to require extraordinary action and funding. Although I still favor our January 19 approach to revisions in the fund, this alternative could be acceptable. This draft was developed jointly with the Department of Law and has also been reviewed by others in the Executive Branch.

Page three - Oil and Hazardous Substance Response Fund

Mr. Chairman, we have had several wake-up calls the last sixty days which should remind us of our vulnerability to accidents and natural disasters which will lead to oil and hazardous substance spills: The ARCO North Slope spill which was discovered the morning of December 30, 1993; the Overseas Ohio tanker vessel which hit an iceberg in Prince William Sound just 25 miles south of Valdez on January 2nd, 1994 and the more recent Los Angeles Earthquake.

The State of Alaska must have strong and well-coordinated prevention, response, clean-up and restoration programs to deal with such incidents. The Alaska Division of Emergency Services in DMVA, the DEC and other units of State government are working together to achieve that objective.

Mr. Chairman, the Administration wants to work in partnership with the Alaska Legislature to not only improve the management of the response fund, but to also strengthen the State's prevention and response capability. Our January 19, 1994 proposal achieves that objective. A split funding formula which would allocate no less than 3 cents for the prevention, contingency planning and operations programs could also achieve that objective.

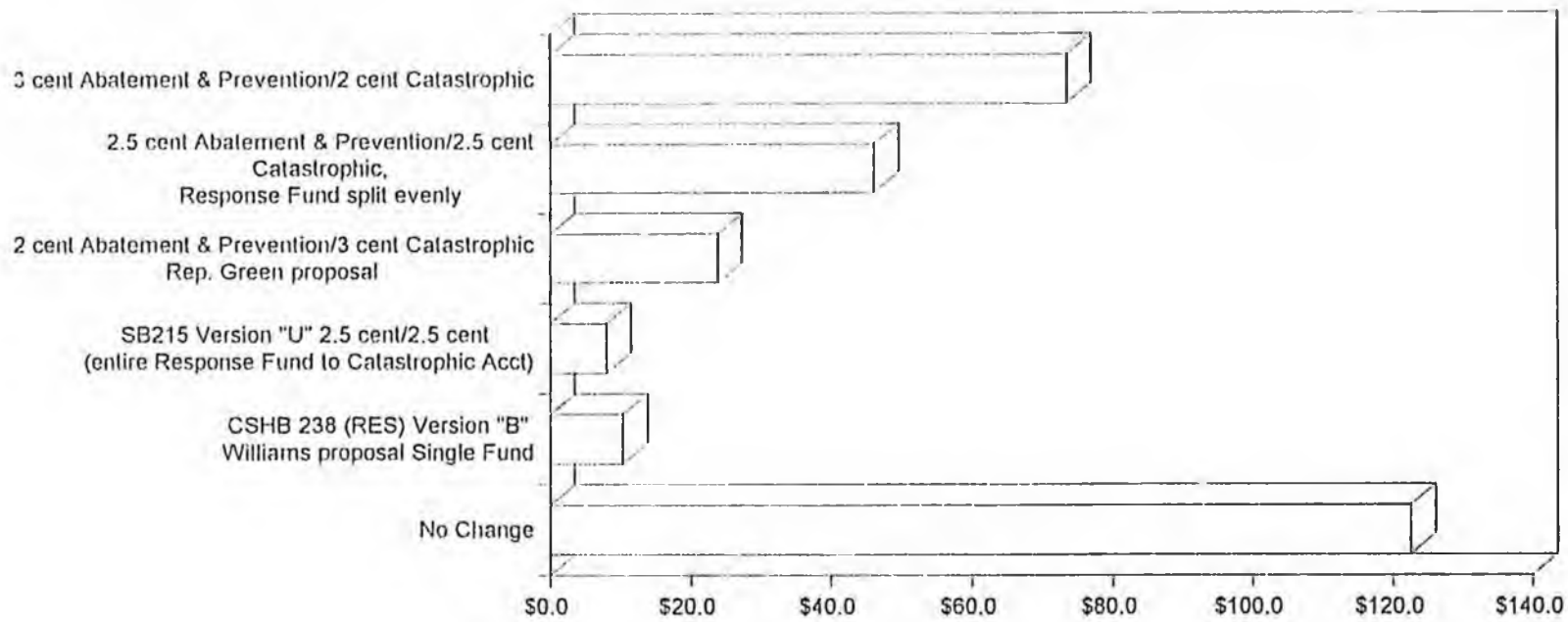
Thank you for the opportunity to participate in this hearing.

FILE:470FUND

DRAFT

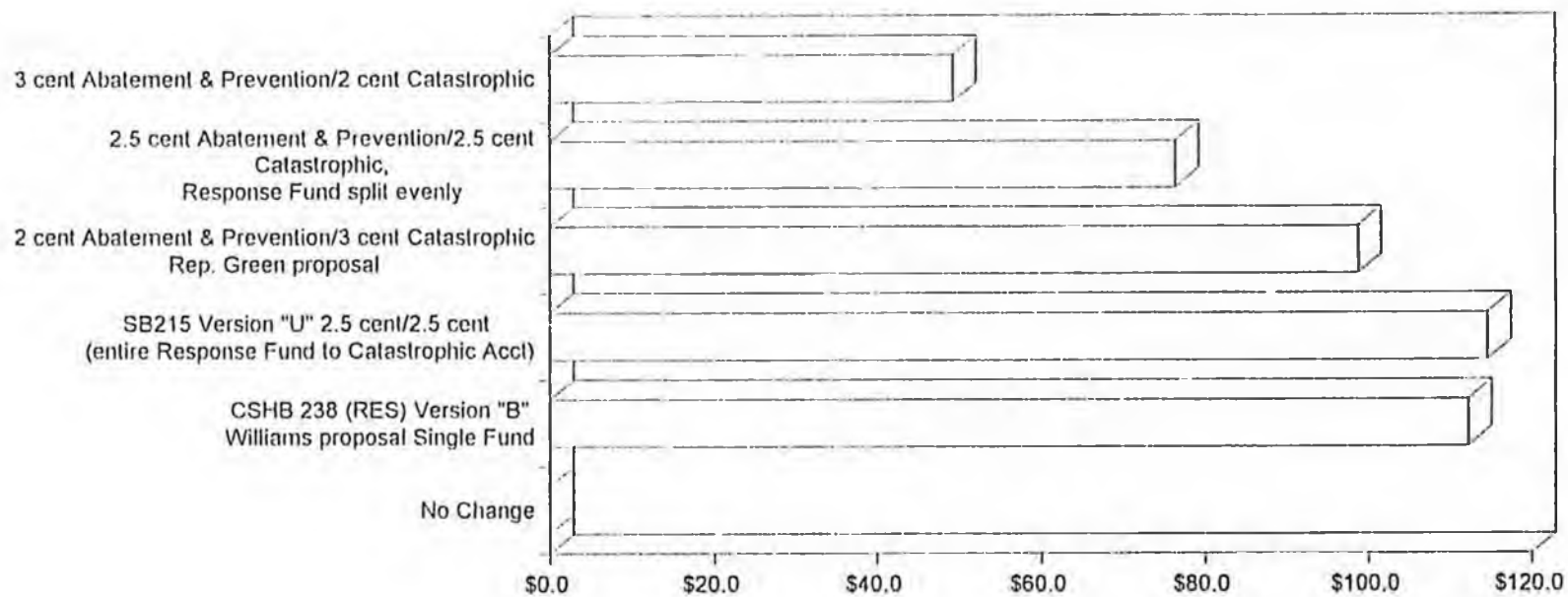
Chart2

to surcharge payee
Total Net Cost - 5 Years (no discount)



DRAFT

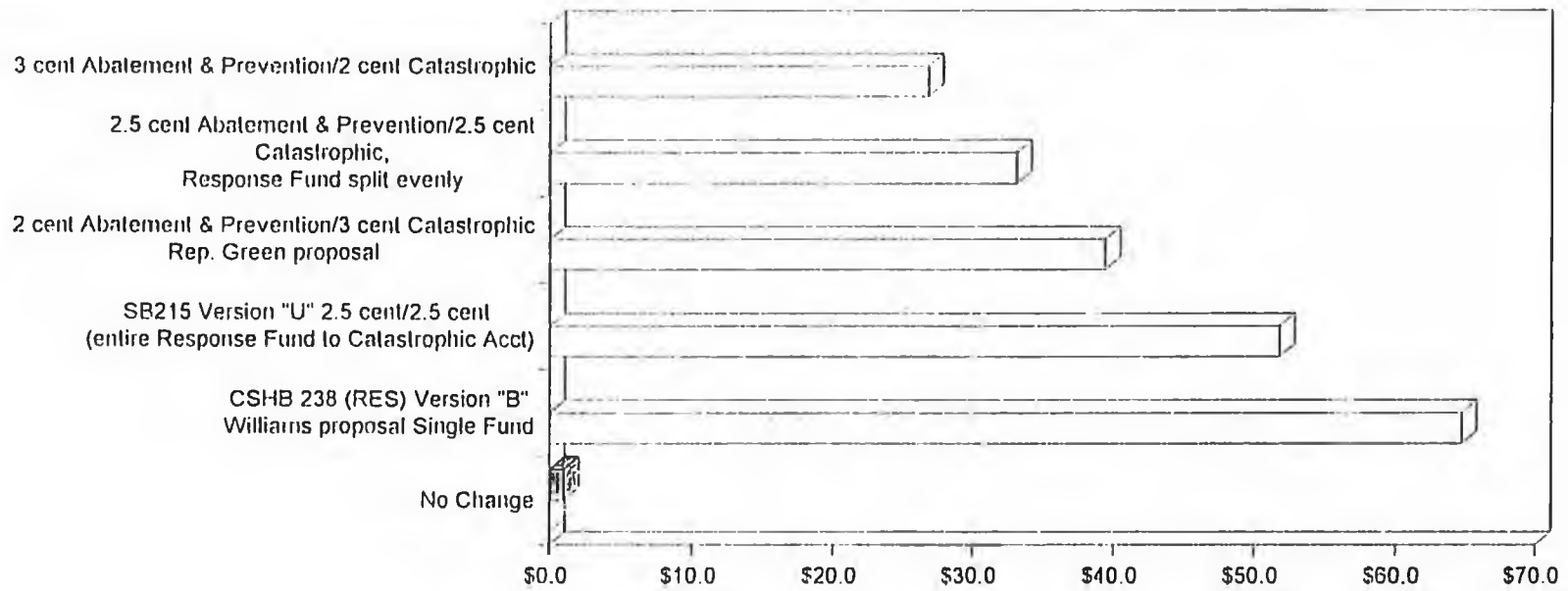
Response Fund Restructuring Options Net Tax Reduction to Surcharge Payees Over 5 Years



2/24/94 12:57 PM

DRAFT

**Response Fund Restructuring Options
Comparison of Initial Benefit to Surcharge Payee**



CSSB215 Version "U"

FISCAL NOTE

STATE OF ALASKA

BILL NO.

SB 215

1994 LEGISLATIVE SESSION

Revision Date: _____
 Title: Oil and Hazardous Substance Release
 Response Fund
 Sponsor: Senator Miller
 Requestor: Senate Resources Committee

Department Affected: Environmental Conservation
 BRU: SPAR/Administrative Services
 Component: All SPAR Components
 Response Fund Administration

COMPONENT SERIAL NO.

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	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TOTAL	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached

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

Phone: 465-5010

Date: 2/24/94

Approved by Commissioner: [Signature]
 Agency: Department of Environmental Conservation

Date: 2/24/94

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FISCAL NOTE

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	5-Year Total
Revenue from .025 surcharge	\$12,750.0	\$12,250.0	\$11,250.0	\$10,250.0	\$9,500.0	\$8,500.0	\$64,500.0
State Spill Prevention Program*	\$13,300.0	\$13,699.0	\$14,110.0	\$14,533.0	\$14,969.0	\$15,418.0	\$86,029.0
Difference	(\$550.0)	(\$1,449.0)	(\$2,860.0)	(\$4,283.0)	(\$5,469.0)	(\$6,918.0)	(\$21,529.0)
Total GF Cost	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0	\$21,529.0

* This number reflects current funding of the state's spill response and prevention program, increased by 3% each year for inflation.

This legislation proposes to fund the state's entire spill prevention and response program from a 2.6 cent per barrel surcharge on crude oil produced in Alaska. Since SB215 Version "U" now allows the catastrophic account, established in SB215, to be used for both hazardous substance and oil spills, and there is no spill-size-threshold in order to access the catastrophic account, no non-catastrophic spill reserve need be established.

The figure for the 2.5 cent surcharge revenue is extrapolated from forecasts contained in the Department of Revenue

Alaska State Legislature

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Senate District 0



Senate

While in Session
State Capitol
Juneau, Alaska
99801-1182
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SPONSOR STATEMENT - SENATE BILL 215

Last session, SB 215 was introduced to address several critical concerns relating to the 5 cents per barrel Oil and Hazardous Substance Release Response Fund. It has become increasingly clear that legislation is needed this session to address these concerns, and get the 470 Fund back to what it was originally intended when the Legislature enacted the nickel tax in 1989 - the creation of a \$50 million emergency reserve fund to have immediately available for critical response activity and the ability to fund certain necessary state programs in the area of spill prevention and response.

The current version before you of Senate Bill 215 splits the revenue generated from the nickel per barrel surcharge into a 60/40 ratio (or 3 cents/2 cents) and creates two accounts for the appropriation and expenditure of those revenues.

The Response Account, into which 40% of the tax is appropriated (2¢), will provide funding for releases of oil or other hazardous substances that are emergency or very serious in nature and that require immediate response. This account will initially receive the existing balance of the spill reserve (approximately \$37 million) as well as an ongoing 2 cents from the nickel per barrel surcharge. When the balance of this fund reaches \$50 million, the tax will shut off; when the balance falls below \$50 million, the surcharge will be reimposed.

The Prevention Account, into which 60% of the tax is appropriated (3¢), will provide funding for programs administered by DEC (as well as other agencies) for spill preparedness and related operating expenditures. Unlike the 2 cents in the Response Account, the 3 cent portion of the tax will never shut off. This account will provide an ongoing source of revenue for state prevention programs.

CSSB 215(Fin) am(EFD FLD) represents many hours of effort by all parties involved and is supported by the administration. I would urge this committee's favorable consideration and prompt passage of the legislation.



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Overview of the House CS for CSSB 215 (FIN) am H

This is a brief overview of the principal components of Senate Bill (SB) 215 as passed by the House and concurred with by the Senate. Major features of the bill are as follows:

- The prevention account conservation surcharge is 3 cents per barrel. This surcharge level should provide sufficient revenues to fund the Alaska Department of Environmental Conservation (DEC) current spill prevention programs at FY 94 levels through the year 2000 if current priorities are maintained in the budget process [section 17].
- The response account conservation surcharge is 2 cents per barrel [section 13]. The \$50 million cap is maintained with clearer surcharge suspension and reimposition language [sections 15 and 16]. This new language still reduces the amount of surcharge required to be paid to reach the \$50 million cap by approximately \$43.7 million (Alaska Department of Revenue fiscal note, April 25, 1994 of \$48.7 million minus the \$5 million deposited into the prevention account).
- Cost-recovery funds (money recovered from responsible parties) are deposited into the response mitigation account. The new surcharge suspension and imposition language and its the annual appropriation "blackmail or incentive clause" applies to response mitigation account money that originated from the response account. This means that any mitigation funds must be appropriated back into the response account or the two-cent response surcharge is suspended [section 16]. Under current statute, mitigation account funds are not included under the blackmail clause. The blackmail clause is included because of the Constitutional prohibition against the dedication of funds that prevents surcharge proceeds from being directly deposited into the response fund.
- The response account is accessible for response actions. Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when 1) the governor declares a disaster emergency or 2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 30].
- Response action is not limited to initial first response [language removed from section 20].

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- The response account inflation proofing provision that would have resulted in a substitution of general fund deposits for surcharge collections was deleted.
- The threshold for municipal impact grants remains releases of 2,500 barrels or more (as in current statute). Grants would be made from the response account. School districts are eligible for grants [sections 1, 2 and 3]. The House State Affairs Committee amended the bill to require the commissioner of the Department of Community and Regional Affairs to return grant money after one year. Under current statute, money is returned at the request of the governor or the commissioner of the Department of Environmental Conservation.
- Language in previously proposed Senate Finance Committee substitutes authorizing use of the prevention account for response depot equipment and for the acquisition of assets for preparedness measures is clarified to help ensure that expenditures relate to oil and hazardous substances [sections 23 and 27].
- Interest on the response fund accounts is credited to the prevention account. This should equal approximately \$2.5 million annually.

Significant problems:

- The bill authorizes use of the prevention account for underground storage tank grants [section 27, AS 46.08.040(a)(2)(G)] and above ground storage tank grants [section 27, AS 46.08.040(a)(2)(H)(ii)]. **These are both new uses of the response fund. The current backlog of underground grants requests totals \$65 million and the application period, which was to sunset this fiscal year, was extended (HB 513). Approximately \$5 million has been spent annually on this program; the source of funding for the past two years was primarily mitigation account proceeds. The problem with this new use of the prevention account is that 1) the 3-cent surcharge is insufficient to fund the underground storage tank grant program and maintain current programs, 2) other sources of funds are available to underground storage tank owners, and 3) this action is inconsistent with the original stated intent of the proponents of response fund legislation---to provide greater equity in surcharge payments between crude and non crude operators and beneficiaries of the state response and prevention programs. The Alaska Energy Authority task force on above ground storage tanks estimate of capital costs to upgrade tanks to meet structural and safety requirements is approximately \$230 million. *This expanded use of the fund is the most significant problem with the bill because the three-cent prevention account surcharge is inadequate to pay for these additional programs***
- The entire estimated balance of the spill reserve (\$37 million) is appropriated to the response account less \$5 million to the prevention account [section 45]. This fails to recognize that the fund has always served two purposes--spill prevention and response. Given that future nickels are divided three cents for prevention and two cents for

Prince William Sound Regional Citizens' Advisory Council

response, it makes sense that previous nickels should be divided similarly. This was done as part of the fiscal year 95 operating budget.

- Restoration costs can be paid from the prevention account despite restoration being part of responding to a spill. Restoration is part of a continuum of clean up activities. If restoration can be paid from the prevention account, there will always be pressure to identify clean up actions as restoration and shift these costs to the prevention account. In the House Resources Committee Substitute, restoration was explicitly identified as part of spill response and clean up and, thus, made a purpose of the response account. This amendment was deleted in the House State Affairs Committee and attempts to restore this language failed in the House Finance Committee and on the House Floor. Restoration, however, is implicitly a use of the response account because restoration is included in the statutory definition of containment and clean up.
- The Citizens' Oversight Council on Oil and Other Hazardous Substances (COC) was established after the *Exxon Valdez* oil spill as one of the principal recommendations of the Oil Spill Commission. The Oil Spill Commission identified state and federal government and public complacency as one of the principal causes of the *Exxon Valdez* oil spill. The COC was established by the legislature in response to this recommendation. Similarly, Congress created the regional citizens' advisory councils of Cook Inlet and Prince William Sound in the Oil Pollution Act of 1990 (OPA 90) to oversee and advise on issues related to the transAlaska pipeline and marine transportation of crude oil. Both the COC and use of the response fund to pay for its operations were deleted.

Summary of changes CSSB 215(FIN) am (efd fld) to House Versions

CSSB 215(FIN) am (efd fld) Sec&Stat	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94
1. AS 26.23.020 (g)	Same as Senate	Same as Senate	Same as Senate
2. AS 29.60.500	Same as Senate	Same as Senate	Same as Senate
3. AS 29.60.510	Same as Senate	Requires C&RA to return grant money unused after one year	Same as State Affairs
4. AS 29.60.520	Same as Senate	Technical amendment adds "actual" before costs under (a)(2)(B).	Same as State Affairs
5. AS 29.60.530	Same as Senate	Same as Senate	Same as Senate
6. AS 29.60.540 (b)	Same as Senate	Same as Senate	Same as Senate
7. AS 29.60.560(a)	Same as Senate	Same as Senate	Same as Senate
8. AS 29.60.560(e)	Same as Senate	Same as Senate	Same as Senate
9. AS 29.60.599(4)	Same as Senate	Same as Senate	Same as Senate
10. AS 29.60.599(7)	Same as Senate	Same as Senate	Same as Senate
11. AS 29.60.599(9)	Same as Senate	Same as Senate	Same as Senate
12. AS 37.14.410	Same as Senate	Same as Senate	Same as Senate
13. AS 43.55.201	Same as Senate	Same as Senate	Same as Senate

CSSB 215(FIN) am (efd fld)	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94
14. AS 43.55.211	Same as Senate	Same as Senate	Same as Senate
15. AS 43.55.221	Same as Senate	Same as Senate	Same as Senate
16. AS 43.55.231	Same as Senate	Same as Senate	Same as Senate
17. AS 43.55.299	Same as Senate	Same as Senate	Same as Senate
18. AS 43.55.900	Same as Senate	Same as Senate	Same as Senate
19. AS 46.04.010	Adopted DEC am#1 which directs recoveries into response mitigation first.	Same as Resources	Same as Resources
20. AS 46.08.005	Same as Senate	Deletes response to "a threatened release" from uses of response fund. Also limits response uses of prevention account to smaller spills.	Same as State Affairs <i>Therriault will propose Amendment to return to Senate version</i>
21. AS 46.08.010(a)	Same as Senate	Same as Senate	Same as Senate
22. AS 46.08.010(b)	Same as Senate	Same as Senate	Same as Senate
23. AS 46.08.010(c)	Same as Senate	Same as Senate	Removes reference to Depots and Corps (same as SB 33) - <i>Passed leg., signed by Sent to Gov.</i>

CSSB 215(FIN) am (efd fld)	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94
24. AS 46.08.020	Directly deposits interest from the 4 accounts into the prevention account. Adds a new Section 25	Goes back to Senate version	Same as resources adds new section 25
25. AS 46.08.025	26. Same as Senate	Same as Senate	26. Same as Senate
26. AS 46.08.040(a)	27. Adds "restoration of the environment" as a use of the response fund. Also allows prevention account money for muni impact assistance grants.	Deletes language added by Resources. Also deletes response to a "threatened release" as a use of the response fund.	27. Similar to State Affairs section 26, SB 33 changes allowing funding for agreements under AS 46.08.090/040; Deletes reference to DES Depots and Corps; Add House Resources amendment regarding C&RA Municipal impact assistance grants
27. AS 46.08.040(a)(2)(D)	28. Same as Senate	Same as Senate	28. AS 46.08.040a2C, Same as Senate Bill 33
28. AS 46.08.040(c)	29. Same as Senate	Same as Senate	29. Same as Senate

Draft "T"

CSSB 215(FIN) am (efd fld)	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94 <i>Delete</i>
29. AS 46.08.045	30. Same as Senate	Amends uses so that if the Governor DOES NOT declare a disaster, use of the response fund is limited to spills 2,500 bbls or larger. Also requires, if the governor DOES NOT declare a disaster that the commissioner report to the governor, and LB&A within 72 hours of using response money, and that the governor approve the use of the money - in writing - not later than 72 hours after the commissioner is advised of the release.	30. same as Section 29 State Affairs New Section 31 - use of prevention account - allows unobligated portion of prevention account to be used for releases < 2500 BBLs and threatened releases. (it is the intent, but needs amendment) <i>This section will propose amendment to amend to meet Gov's concern</i>
30. 46.08.050(b)	31. Same as Senate	Same as Senate	32. Same as Senate
31. 46.08.060(a)	32. Additional requirement for reporting of cost recoveries on prevention account.	Deletes language added in Resources. Also expands reporting requirements to include investigating and evaluating with prevention account monies.	33. Requires reporting for the entire fund ie- both accounts
32. AS 46.08.060(b)	33. Same as Senate	Same as Senate	34. Same as Senate
33. AS 46.08.060(c)	34. Same as Senate	Same as Senate	35. Same as Senate
34. AS 46.08.070	35. Same as Senate	Same as Senate	36. Same as Senate

CSSB 215(FIN) am (efd fld)	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94
35. AS 46.08.075(a)	36. Same as Senate	Same as Senate	37. Same as Senate
36. AS 46.08.075(e)	37. Same as Senate	Same as Senate	38. Same as Senate
37. AS 46.08.900(5)	38. Same as Senate	Same as Senate	39. Same as Senate
38. AS 46.08.900(9)	39. Same as Senate	Same as Senate	40. Same as Senate
39. AS 46.08.900(11)	40. Same as Senate	Same as Senate	41. Same as Senate
40. AS 46.08.900(13-)	41. Deletes the definition of "catastrophic oil discharge"	Same as Senate	42. Same as Senate
41. AS 46.09.900(8)	42. Same as Senate	Same as Senate	43. Same as Senate
42. Repealers	43. Same as Senate	Same as Senate	44. Same as Senate
43. Spill Reserve	44. Same as Senate	Same as Senate	45. Same as Senate
44. Surcharge	45. Same as Senate	Same as Senate	46. Same as Senate
45. Transitional	46. Same as Senate	Same as Senate	47. Same as Senate
46. SB 33	47. Same as Senate	Same as Senate	48. Same as Senate



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Summary of Changes in the Proposed Senate Finance Committee Substitute ("V" draft) for CSSB 215 (RES) and Previous Senate Finance Committee Proposals and Comparison with Proposed House Resources Committee Substitute for House Bill 238 ("Z" draft)

This overview provides a "thumbnail" sketch of the principal changes in the currently proposed Senate Finance Committee substitute for Senate Bill (SB) 215 and how SB 215 compares with HB 238 "Z" draft. In general, SB 215 is significantly improved in this most recent draft. The first set of bullets highlight improvements; this is followed by bullets indicating aspects of the bill that are still problematic. After each bullet, the SB 215 section is indicated to facilitate cross reference. The final section compares SB 215 and HB 238 as currently drafted.

Principal changes to SB 215:

- The prevention account conservation surcharge is increased from 2.5 cents to 3 cents per barrel. This surcharge level should provide sufficient revenues to fund the Alaska Department of Environmental Conservation (DEC) current spill prevention programs at FY 94 levels through the year 2000 [section 17].
- The response account conservation surcharge is changed from 2.5 cents to 2 cents per barrel [section 13]. The \$50 million cap is maintained with clearer surcharge suspension and reimposition language [sections 15 and 16]. This new language still reduces the amount of surcharge required to be paid to reach the \$50 million cap by approximately \$52 million.
- The response account is more readily accessible for all response actions. Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when 1) the governor declares a disaster emergency or 2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 30].
- Response action is no longer limited to initial first response [language removed from section 20].
- The response account inflation proofing provision that would have resulted in a substitution of general fund deposits for surcharge collections was deleted.
- The threshold for municipal impact grants remains releases of 2,500 barrels or more (as in current statute). Grants would be made from the response account. School districts would be eligible for grants [sections 1 and 3].

Prince William Sound Regional Citizens' Advisory Council

- Language in the previously proposed committee substitute authorizing use of the prevention account for response depot equipment and for the acquisition of assets for preparedness measures is clarified to ensure that expenditures relate to oil and hazardous substances [sections 23 and 26].

New or unchanged problems in SB 215:

- The Senate Finance Committee substitute authorizes use of the prevention account for underground storage tank grants. This is a new use of the response fund. The current backlog of grants requests totals \$65 million and the application period, which was to sunset this fiscal year, is likely to be extended. Approximately \$5 million has been spent annually on this program, primarily from mitigation account proceeds. The problem with this new use of the prevention account is that 1) the 3-cent surcharge is insufficient to fund the underground storage tank grant program and maintain current programs, 2) other sources of funds are available to underground storage tank owners, and 3) this action is inconsistent with the original stated intent of the proponents of response fund legislation---to provide greater equity in surcharge payments between crude and non crude operators and beneficiaries of the state response and prevention programs [section 26, AS 46.08.040(a)(2)(H)].
- The entire estimated balance of the spill reserve is appropriated to the response account despite 1) approximately 42 percent of the balance originating from state general funds and not surcharge payments and 2) the current practice of paying the next fiscal year's prevention program appropriations prior to appropriating the unencumbered balance to the spill reserve. Forward funding prevention programs becomes increasingly critical as North Slope production declines and the 3 cent surcharge becomes inadequate to fund prevention programs. The mechanism for appropriating the entire balance previously permanently suspended the 2 cent response surcharge if the appropriation did not occur this year or if the appropriation was vetoed or reduced by the governor. In this most recent proposal, the 2 cent response surcharge is suspended until the legislature makes the appropriation to the response account [section 45].
- Authorization for oil and hazardous substance response depot equipment purchases specifies the Alaska Department of Military and Veteran Affairs (DMVA), Division of Emergency Services. The DEC also has authority for establishing response depots and is the more appropriate lead agency for oil and hazardous substance depots or the oil and hazardous substances component of all-hazards depots. The DMVA would be the lead agency on all-hazards depots [section 26, AS 46.08.040(a)(2)(C)(ii)].
- Cost recovery efforts for state expenditures would be paid from the response account while local government and school district cost recovery efforts would be paid from the prevention account [section 26]. This is inconsistent with using the response account to pay for costs associated with releases or threatened releases.

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Comparison with the Proposed CSHB 238 (RES) "Z" draft

Similarities:

- The nickel is split the same with a 3 cent per barrel conservation surcharge directed to the prevention account and a 2 cent per barrel conservation surcharge directed to the response account.
- The provisions for capping the response account at \$50 million, calculating the cap, and suspending and reimposing the 2-cent surcharge are similar. Under both proposals, approximately \$52 million less than required under current statutes in surcharge proceeds would be paid to reach the \$50 million cap; mitigation account receipts that are cost recovery of funds expended from the response account would be counted toward the balance calculation to suspend the surcharge; and fines, penalties and damage payments would not be credited against the cap.
- Provisions for accessing the response account are similar with a report from the DEC commissioner to the governor within 120 hours and the provision for the governor to approve, disapprove or amend the response action at any time.
- Similar to SB 215, response action in HB 238 is not limited to initial, first response.
- Provisions for municipal impact grants are similar with the exception that school districts are not added as eligible entities in HB 238. The response account is the source of funds in both bills.
- The house bill makes no changes to current statutes with regards to response depots equipment acquisition. However, the proposed HB 238 direct DEC to establish and maintain the oil and hazardous substances response corps and depots.

Differences:

- Unlike the proposed SB 215, the HB 238 proposal does not authorize appropriations from the prevention account for the underground storage tank grant program.
- Similarly, HB 238 does not require appropriation of the entire balance of the spill reserve to the response account to avoid suspending the response account surcharge. Instead, 60 percent of the balance is directed to the prevention account and 40 percent to the response account. This is based on the premise that the balance would be split how the nickel is split and approximately half of the balance originated from general fund appropriations.
- All cost recovery costs are paid from the response account under HB 238.

OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND
Senate Bill 215 (5/2/94)

CSSB 215 (FIN) am (efd fld)

HCS CSSB 215 (RES)

HCS CSSB 215 (STA)& 5/2/94 WD

Response Account Provisions

The response account is accessible for response actions.

The response account is accessible for response actions.

Uses of the response account for response to actual releases is restricted.

Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when

Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when

Money in the response account can be used to respond to a release--not a threatened release ---of oil when

1) the governor declares a disaster emergency or

1) the governor declares a disaster emergency or

1) when the governor declares a disaster emergency and 2) if the release exceeds 2,500 barrels (105,000 gallons) of oil, "or would exceed an amount of a hazardous substance released into the environment that presents a threat to the economy and public welfare at least equivalent in effect to the effect of a release of more than 2,500 barrels of oil." [section 20]

2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 30]. The report is provided to the Legislative Budget and Audit Committee.

2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 30]. The report is provided to the Legislative Budget and Audit Committee.

2) the commissioner's written report must be delivered within 72 hours of being notified of a release (rather than 120 hours after initiating response); the written report must be provided to all members of the Legislative Budget and Audit Committee (rather than to the committee); and 3) within the same 72 hours, the governor must, in writing, approve the use of the response account. The result of this change is that at the time a release is being evaluated and a response planned, the DEC commissioner, governor and their staff are distracted preparing reports.

Other Provisions

Reduction in surcharge payments equals approximately \$48 million.

Reduction in surcharge payments equals approximately \$48 million.

Reduction in surcharge payments in excess of \$48 million.

Entire balance of spill reserve (\$35 million) to response account.

Entire balance of spill reserve (\$35 million) to response account.

Entire balance of spill reserve (\$35 million) to response account.

OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND

Senate Bill 215 (5/2/94)

CSSB 215 (FIN) am (efd fld)

HCS CSSB 215 (RES)

HCS CSSB 215 (STA)& 5/2/94 WD

Response Account Provisions

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1) the governor declares a disaster emergency or

1) the governor declares a disaster emergency or

1) when the governor declares a disaster emergency and 2) if the release exceeds 2,500 barrels (105,000 gallons) of oil, "or would exceed an amount of a hazardous substance released into the environment that presents a threat to the economy and public welfare at least equivalent in effect to the effect of a release of more than 2,500 barrels of oil." [section 20]

2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 30]. The report is provided to the Legislative Budget and Audit Committee.

2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 30]. The report is provided to the Legislative Budget and Audit Committee.

2) the commissioner's written report must be delivered within 72 hours of being notified of a release (rather than 120 hours after initiating response); the written report must be provided to all members of the Legislative Budget and Audit Committee (rather than to the committee); and 3) within the same 72 hours, the governor must, in writing, approve the use of the response account. The result of this change is that at the time a release is being evaluated and a response planned, the DEC commissioner, governor and their staff are distracted preparing reports.

Other Provisions

Reduction in surcharge payments equals approximately \$48 million.

Reduction in surcharge payments equals approximately \$48 million.

Reduction in surcharge payments in excess of \$48 million.

Entire balance of spill reserve (\$35 million) to response account.

Entire balance of spill reserve (\$35 million) to response account.

Entire balance of spill reserve (\$35 million) to response account.



Regional Citizens' Advisory Council / 750 W. 2nd Ave., Suite 100 / Anchorage, Alaska 99501-2168 / (907) 277-7222 / FAX (907) 277-4523

"Citizens promoting environmentally safe operation of the Alyeska terminal and associated tankers."

Overview of CSSB 215 (FIN) am (efd fld) and Comparison with Proposed House Resources Committee Substitute for House Bill 238 ("Z" draft)

This is a brief overview of the principal changes in Senate Bill (SB) 215 as passed by the senate and previously proposed versions of SB 215. In general, CSSB 215 (FIN) am (efd fld) is improved from the Senate Resources Committee substitute. The first set of bullets highlight improvements to the bill; this is followed by bullets indicating aspects of the bill that are still problematic. After each bullet, the CSSB 215 (FIN) am (efd fld) section is indicated to facilitate cross reference. The final section compares SB 215 and the HB 238 "Z" draft.

Principal changes to SB 215:

- The prevention account conservation surcharge is increased from 2.5 cents to 3 cents per barrel. This surcharge level should provide sufficient revenues to fund the Alaska Department of Environmental Conservation (DEC) current spill prevention programs at FY 94 levels through the year 2000 [section 17].
- The response account conservation surcharge is changed from 2.5 cents to 2 cents per barrel [section 13]. The \$50 million cap is maintained with clearer surcharge suspension and reimposition language [sections 15 and 16]. This new language still reduces the amount of surcharge required to be paid to reach the \$50 million cap by approximately \$52 million. The new suspension and imposition language also places cost-recovery funds that originated from the response account and deposited into the response mitigation account under the annual "blackmail or incentive clause." This means that any mitigation funds must be appropriated back into the response account or the two-cent response surcharge is suspended [section 16]. Under current statute, mitigation account funds are not included under the blackmail clause.
- The response account is more readily accessible for all response actions. Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when 1) the governor declares a disaster emergency or 2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 29].
- Response action is no longer limited to initial first response [language removed from section 20].
- The response account inflation proofing provision that would have resulted in a substitution of general fund deposits for surcharge collections was deleted.

Prince William Sound Regional Citizens' Advisory Council

- The threshold for municipal impact grants remains releases of 2,500 barrels or more (as in current statute). Grants would be made from the response account. School districts are eligible for grants [sections 1, 2 and 3].
- Language in previously proposed Senate Finance Committee substitutes authorizing use of the prevention account for response depot equipment and for the acquisition of assets for preparedness measures is clarified to help ensure that expenditures relate to oil and hazardous substances [sections 23 and 26].

New or unchanged problems in SB 215:

- The Senate Finance Committee substitute authorizes use of the prevention account for underground storage tank grants [section 26, AS 46.08.040(a)(2)(H)]. **This is a new use of the response fund. The current backlog of grants requests totals \$65 million and the application period, which was to sunset this fiscal year, is likely to be extended. Approximately \$5 million has been spent annually on this program; the source of funding for the past two years was primarily mitigation account proceeds. The problem with this new use of the prevention account is that 1) the 3-cent surcharge is insufficient to fund the underground storage tank grant program and maintain current programs, 2) other sources of funds are available to underground storage tank owners, and 3) this action is inconsistent with the original stated intent of the proponents of response fund legislation---to provide greater equity in surcharge payments between crude and non crude operators and beneficiaries of the state response and prevention programs.**
- **The entire estimated balance of the spill reserve is appropriated to the response account. This fails to recognize that the fund has always served two purposes---spill prevention and response. Given that future nickels are divided three cents for prevention and two cents for response, it makes sense that previous nickels should be divided similarly.** In addition, approximately 42 percent of the balance originating from state general funds and not surcharge payments.
- In the CSSB 215 (FIN) am (efd fld), the 2-cent response surcharge is suspended until June 30, 1995 if the legislature fails to appropriate the entire balance of the spill reserve to the response account [section 44]. This is an improvement over the previous Senate Resources Committee version.
- Authorization for oil and hazardous substance response depot equipment purchases specifies the Alaska Department of Military and Veteran Affairs (DMVA), Division of Emergency Services. The DEC also has authority for establishing response depots and is the more appropriate lead agency for oil and hazardous substance depots or the oil and hazardous substances component of all-hazards depots. The DMVA would be the lead agency on all-hazards depots [section 26, AS 46.08.040(a)(2)(C)(ii)].

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- **Restoration costs are paid from the prevention account despite restoration being part of responding to a spill.** Restoration is part of a continuum of clean up activities. If restoration can be paid from the prevention account, there will always be pressure to identify clean up actions as restoration and shift these costs to the prevention account.
- The Citizens' Oversight Council on Oil and Other Hazardous Substances (COC) was established after the *Exxon Valdez* oil spill as one of the principal recommendations of the Oil Spill Commission. The Oil Spill Commission identified state and federal government and public complacency as one of the principal causes of the *Exxon Valdez* oil spill. The COC was established by the legislature in response to this recommendation. Similarly, Congress created the regional citizens' advisory councils of Cook Inlet and Prince William Sound in the Oil Pollution Act of 1990 (OPA 90) to oversee and advise on issues related to the transAlaska pipeline and marine transportation of crude oil. Both the COC and use of the response fund to pay for its operations were deleted.

Comparison with the Proposed CSHB 238 (RES) "Z" draft

Similarities:

- The nickel is split the same with a 3-cent-per-barrel conservation surcharge directed to the prevention account and a 2-cent-per-barrel conservation surcharge directed to the response account.
- The provisions for capping the response account at \$50 million, calculating the cap, and suspending and reimposing the 2-cent surcharge are similar. Under both proposals, approximately \$52 million less than required under current statutes in surcharge proceeds would be paid to reach the \$50 million cap; mitigation account receipts that are cost recovery of funds expended from the response account would be counted toward the balance calculation to suspend the surcharge; and fines, penalties and damage payments would not be credited against the cap.
- Provisions for accessing the response account are similar with a report from the DEC commissioner to the governor within 120 hours and the provision for the governor to approve, disapprove or amend the response action at any time.
- Similar to SB 215, response action in HB 238 is not limited to initial, first response.
- Provisions for municipal impact grants are similar with the exception that school districts are not added as eligible entities in HB 238. The response account is the source of funds in both bills.
- The house bill makes no changes to current statutes with regards to response depots equipment acquisition. However, the proposed HB 238 direct DEC to

Prince William Sound Regional Citizens' Advisory Council

establish and maintain the oil and hazardous substances response corps and depots.

Differences:

- Unlike the proposed SB 215, the HB 238 proposal does not authorize appropriations from the prevention account for the underground storage tank grant program.
- Similarly, HB 238 does not require appropriation of the entire balance of the spill reserve to the response account to avoid suspending the response account surcharge. Instead, 60 percent of the balance is directed to the prevention account and 40 percent to the response account. This is based on the premise that the balance would be split how the nickel is split and approximately half of the balance originated from general fund appropriations.
- House Bill 238 does not eliminate the COC.
- House Bill 238 more clearly identifies the response account as the source of funds for restoration.

SECTIONAL ANALYSIS
CSSB 215 (FIN) am(efd fld)

SECTION 1: This section amends existing law to give the Governor authority to spend money from the response account for declared disaster emergencies.

SECTION 2: Adds school districts to existing law authorizing municipal and village assistance for spill related expenses; eliminates certain references to reflect changes in Section 3; limits applicability to "sudden" releases.

SECTION 3: Adds school district reference; retains existing 2,500 barrel (or hazardous substance equivalent) threshold for grant eligibility but eliminates related requirement for a declaration of a disaster emergency and certain findings by the Governor; grant money could come from either account depending on type of spill (see Section 29); also makes technical, conforming changes.

SECTION 4: Conforming amendment - adds reference to "school districts" to section on purposes of municipal impact grants.

SECTION 5: Conforming amendment - adds "school districts" to section containing grant application evaluation criteria.

SECTION 6: Conforming amendment - adds "school district" to section prohibiting use of local grants for capital improvements.

SECTION 7: Conforming amendment - adds "school districts" to section regarding impact assessments and development of cost recovery and mitigation plans for each disaster emergency declared by the Governor; makes section apply to disaster emergencies and releases under 46.08.045(b) (see also section 29 discussion).

SECTION 8: Technical, conforming amendment to revise reference from the "Fund" to the "Response" account.

SECTION 9: Revises definition of "fund" to reflect new name: oil and hazardous substance release prevention and response fund.

SECTION 10: Revises definition of "service" in 29.60 to include services provided by "school districts".

SECTION 11: Adds a definition of "school district" to 29.60.

SECTION 12: Conforming amendment - changes terminology and statutory references in current law dealing with Exxon

Valdez reimbursed expenditures to reflect establishment of the prevention and response accounts.

SECTION 13: Creates a new section that levies a 2 cent per barrel surcharge.

SECTION 14: Provides that the Legislature may appropriate this 2 cent per barrel surcharge into the response account.

SECTION 15: New section which sets up the accounting mechanics of the response and related accounts and provides that once the combined totals of the response account, portions of the response mitigation account relating to cost recovery and the general fund surcharge account equals or exceeds \$50,000,000, the levy is suspended beginning on the first day of the next calendar quarter following receipt of this information from the commissioner. The commissioner is required to make a reasonable effort to notify those who are paying the surcharge of the suspension. The surcharge is reimposed beginning on the first day of the next calendar quarter following receipt of the report discussed above if the balance falls below the \$50,000,000 mark. Affected parties also must be notified that the surcharge will be reimposed.

SECTION 16: The surcharge is not levied during any fiscal year for which the Legislature fails to appropriate the required amounts (surcharge; cost recovery monies) to the response account or the appropriation is vetoed or reduced by the Governor.

SECTION 17: Adds Title 43 definitions for "response account" and "response mitigation account" to reflect new provisions of this bill.

ARTICLE 2A: Authorizes a second surcharge of 3 cents per barrel that can be appropriated into the prevention account.

SECTION 18: Technical conforming amendments which refer to the new accounts and related statutory references.

SECTION 19: Amends 46.04.010 which deals with reimbursement for certain oil cleanup expenses. Expenses recovered under this law paid out of the former fund and the new response account are deposited into the general fund and credited to the response mitigation account. Expenses recovered that originated from the prevention account are credited to the prevention mitigation account.

SECTION 20: Amends "Purpose" section to recognize creation of the two accounts within the fund and describes the general purposes for these accounts.

SECTION 21: Revises section of existing law that creates the oil and hazardous substance release response fund to reflect new fund name (now the oil and hazardous substance release prevention and response fund) and to create the oil and hazardous substance release prevention account and the oil and hazardous substance release response account.

SECTION 22: Technical amendment to reflect establishment of accounts and to clarify that appropriations to an account do not lapse and remain available for expenditure in future years.

SECTION 23: Deletes reference to provision that allows the commissioner to transfer fund money to DOT for purposes of constructing or refurbishing ferries that can respond to spills but adds the following exceptions to the general rule that the fund can't be used for capital improvements: response depot equipment and the acquisition, repair or improvement of assets to be used as preparedness measures for oil and hazardous substance releases.

SECTION 24: This section provides for the financing of the prevention account. The Legislature is authorized to appropriate money from the following sources into the prevention account: Applicable surcharge proceeds; money from other state, federal and private sources; money recovered for reimbursement of expenditures made out of the prevention account; and all fines, penalties, damages and interest earned on the various accounts (prevention, prevention mitigation, response, response mitigation, surcharge). Except for the surcharge which has its own separate account in the general fund, these monies are first deposited into the general fund and credited to the prevention mitigation account and then may be appropriated from the mitigation account to the prevention account.

SECTION 25: This section provides for the financing of the response account. The account includes surcharge proceeds; money from other state, federal and private sources; and money recovered from parties that was initially paid out of the current fund or the new response account (not including fines, penalties and damages). Except for the surcharge, these monies go to the general fund response mitigation account and then can be appropriated to the response account.

SECTION 26: This section rewrites existing law to establish the allowed uses for money in the response and prevention accounts.

Response account uses include: to investigate, evaluate, contain and cleanup and take other necessary action to address a release or threatened release of oil and hazardous substances described in Section 29; to provide certain

matching funds in connection with a Section 29 release; and to pay for the costs to the state, municipality, village or school district for cost recovery efforts relating to money that was expended from the response account.

The prevention account can be used to: investigate, evaluate, contain and cleanup and take other necessary action regarding releases not described in Section 29; pay all costs to establish and maintain the response office, response corps (DMVA) and response depots (DMVA); pay all costs to review contingency plans, conduct training, inspections, tests and take other action to verify or establish preparedness for oil and hazardous substance releases, and to establish proof of financial responsibility; pay documented expenses incurred by the Alaska State Emergency Response Commission for staff and response and restoration support activities; pay all costs incurred to acquire, repair or improve an asset to be used as an emergency preparedness measure relating to releases of oil or a hazardous substance; pay the costs, approved by the commissioner, incurred by the local emergency planning committees; provide certain matching funds; provide money to the storage tank assistance fund; pay for cost recovery efforts relating to money expended from the prevention account; prepare, revise and review the master and regional prevention and contingency plans; and to pay for restoration efforts.

SECTION 27: This section, which is contingent on the passage of SB 33, authorizes the department to pay the Department of Military Affairs for Alaska Emergency Response Commission activities and general costs to the DMVA for being prepared for and responding to a request to support response and restoration activities relating to oil and hazardous substance releases.

SECTION 28: The legislature may not use more than 3% of the estimated balance of the prevention account to pay the costs incurred by local emergency planning committees.

SECTION 29: Provides that money from the response account can be used for disaster emergencies relating to oil and hazardous substance releases and other oil and hazardous releases. In the latter case, the Commissioner has to report the situation to the Governor and the Legislative Budget and Audit Committee within 120 hours. The Governor may at any time approve, disapprove or modify. If no action is taken by the Governor, the commissioner may continue to use the account.

SECTIONS 30, 31, 32, 33 and 34: These sections implement the legislative auditor's recommendations regarding development and expansion of accounting procedures and reporting requirements.

SECTIONS 35, 36, 37 and 38: Technical, conforming amendments.

SECTION 39: This section clarifies the definition of "threatened release" in 46.08.

SECTION 40: New definitions to reflect new terminology.

SECTION 41: This section clarifies the definition of "threatened release" in 46.09.

SECTION 42: Conforming repealers; repeals existing surcharge; repeals departments user fee authority for contingency plan and financial responsibility reviews; repeals provisions relating to construction of ferries; repeals all provisions regarding Citizens Oversight Council on Oil and Other Hazardous Substances.

SECTION 43: Technical, conforming provision.

SECTION 44: The response account surcharge is suspended for the next fiscal year if the unexpended and unobligated balance of the former oil and hazardous substance release response fund as of June 30, 1994 is not appropriated to the newly created response account this session or the appropriation is vetoed or reduced by the Governor.

SECTION 45: 5 cent per barrel surcharges received after June 30 and before the effective date of this bill are split 60 (prevention)/40 (response) and credited to each account for purposes of determining the suspension and reimposition of the surcharge under Sections 15 and 16.

SECTION 46: Ties section 27 to passage of SB 33.

Oil and Hazardous Substance Release Response Fund
Historical Expenditures and Funding
Actual Data

	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	TOTAL
Revenue to Response Fund									
General Fund Balance Forward									\$0.0
Mitigation Account Transfers In	\$302.7		\$136.5	\$197.6	\$1,696.1	\$30.1	\$1,823.3	\$661.2	\$4,847.5
General Fund Transfers In	\$380.7	\$976.2	\$10,500.0	\$32,600.0					\$44,456.9
General Fund Program Receipts Transfer In			\$9,469.0	\$15,596.7	\$2,976.9	(\$553.0)			\$27,489.6
Total General Fund Transfers In	\$683.4	\$976.2	\$20,105.5	\$48,394.3	\$4,673.0	(\$522.9)	\$1,823.3	\$661.2	\$76,794.0
.05 Surcharge Receipts Transfer In					\$27,000.0	\$28,500.0	\$27,000.0	\$26,700.0	\$109,200.0
TOTAL REVENUE	\$683.4	\$976.2	\$20,105.5	\$48,394.3	\$31,673.0	\$27,977.1	\$28,823.3	\$27,361.2	\$185,994.0
Expenditures From The Response Fund									
Statewide Programs	\$428.7	\$329.9		\$1,702.0	\$6,034.7	\$8,617.3	\$23,785.2	\$14,083.0	\$54,552.1
Exxon Valdez Oil Spill			\$6,271.6	\$31,775.6	\$24,912.1	\$15,702.8	\$297.0		\$78,959.1
Capital Budget					\$583.7	\$555.9	\$177.9	\$2,774.0	\$4,091.5
TOTAL EXPENDITURES	\$428.7	\$329.9	\$6,271.6	\$33,477.6	\$31,530.5	\$24,876.0	\$24,260.1	\$16,857.0	\$138,031.4
Analysis									
% General Funds For Fiscal Year	100.00%	100.00%	100.00%	100.00%	14.75%	-1.87%	6.33%	2.42%	41.29%
% Surcharge Funds For Fiscal Year	0.00%	0.00%	0.00%	0.00%	85.25%	101.87%	93.67%	97.58%	58.71%
Proportion Expended From General Funds	\$428.7	\$329.9	\$6,271.6	\$33,477.6	\$4,652.0	(\$464.9)	\$1,534.6	\$407.4	\$46,636.8
Proportion Expended From Surcharge Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$26,878.5	\$25,340.9	\$22,725.5	\$16,449.6	\$91,394.6
Total Expenditures	\$428.7	\$329.9	\$6,271.6	\$33,477.6	\$31,530.5	\$24,876.0	\$24,260.1	\$16,857.0	\$138,031.4
Reconciliation									
Total Revenue									\$185,994.0
Less Total Expenditures									\$138,031.4
Subtotal									\$47,962.6
Less Reserve For Encumbrances									\$10,559.2
Spill Reserve Balance									\$37,403.4



Cordova District Fishermen United

P.O. Box 939
 Cordova, Alaska 99574
 (907) 424-3447 FAX (907) 424-3430

April 15, 1994

Chairman Bill Williams
 House Resources Committee
 Alaska State Legislature
 State Capitol
 Juneau, AK 99811-1182

Dear Chairman Williams:

Enclosed are five pages of signatures from people in Cordova who ~~oppose~~ any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund. If you have any questions or require additional information, please call me any time. Thank you for your consideration.

Sincerely,
 CORDOVA DISTRICT FISHERMEN UNITED

Dorne Hawxhurst
 Dorne Hawxhurst, Executive Director

cc: House Resources Committee
 Senator Georgianna Lincoln

Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name	Signature	Address	Phone
Mark Heibrink	Mark Heibrink	P.O. Box 2084	
Peter D. Ochs	Peter D. Ochs	Box 447	424-7191
Jeff P. Howson	Jeff P. Howson	Box 2308	424-7281
Darla Church	Darla Church	Box 406	424-3389
Nen Hill	Nen Hill	Box 1290	424-1498
Kenneth Varto	Kenneth Varto	Box 852 Cordova	424-7729
Charles Trombride	Charles Trombride	Box 1744 Cordova	424-3758
Thomas E. Donovan	Thomas E. Donovan	Box 114 Cordova	424-3951
Tina M. Donovan	Tina M. Donovan	Box 164 Cordova	424-3951
Jim Pahl	James R. Pahl	Box 179 CDV	424-3479
Georgi Kaebling	Georgi Kaebling	Box 533 Cordova	424-5108
Matt G. Miller	Matt G. Miller	PO 141483 Anch AK 99514	
Eugene Brown	Eugene Brown	P.O. Box 306 Cordova	99574
John Long	Sylvia Long	Box 135 Cordova	55524
Christa Janka	Christa Janka	Box 1231 Cordova	99574
SELINA KEETON	Selina Keeton	P.O. Box 1841 Pt. Townsend WA 98368	
Brian L. King	Brian L. King	Box 915 Cordova, AK	99574
James Spicer	James Spicer	Box 2232211 Anch, AK	99522-2211
Lawrence Kairamuk	Lawrence Kairamuk	3501 E. 42nd #214, Anch, AK	99578
Cheryl M. Kelli	Cheryl M. Kelli	Box 2406 Cordova, AK	99574-2406
James Kairamuk	James Kairamuk	Box 2272 Cordova	4247603
KARL RECKER	Karl Recker	Box 1185 CORDOVA	424-7466
MARK STEEN	Mark Steen	Box 1310 CORDOVA AK	424-5455
JAMES FULTON	James Fulton	P.O. Box 1435 ANTIPOCH, CA	94509
T.F. OSBORN	T.F. Osborn	P.O. Box 1986 CORDOVA AK	99574
JUDY LIETZAU	Judy Lietzau	P.O. Box 2145 CORDOVA AK	99574
Jennifer Ballak	Jennifer Ballak	1625 W. Dickerson #1 Sea WA	98119

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

Petition for Protecting the Oil and Hazardous Substance Release Response Fund (470 Fund)

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name	Signature	Address	Phone #1	AK
7 Erika Winter		Neval Winter, 1703 Roosevelt	7 Anch	510-3706
Cantace L. Gregory		Landau, T. Mary Box 242	Indian	424-5825
Diana Masolini		DIANA MASOLINI Box 1131	Cordova	424-7328
Michael O'Leary		Michael O'Leary Box 1052	CDI	424-7557 99574
Faye Pahl		FAYE PAHL Box 179	CDV	AK 99574
POOR STANIS		Box 2462	Cordova	AK 99574
JAMES E. HAEGER		20 Box 1957	Cordova	AK 99574
Doreen Schaffer		Doreen Schaffer P.O. Box 443	Cordova	AK 99574
Ray Beaudin		1597	Cordova	AK 99574
Sheelley Chris-m		442	Cordova	AK 99574
Robert J. Koppchak		Koppchak Box 1126	Cordova	AK 99574
Kristen Ballum		Kristen Ballum P.O. Box 1689	Cordova	AK 99574
Mitch Nowicki		Box 2732	Cordova	AK 99574
Karen Patten		Box 1033	Cordova	AK 99574
R.J. Rudwick		Box 1748	Cordova	AK 99574
MATT SMALL			Cordova	
Robert M. Walsh		Box 956	Cordova	99574
Annabelle		Box 1366	Cordova	
Annabelle B. Williams		Annabelle Williams Box 2324	Cordova	AK 99574
Belle Melanson		Belle Melanson Box 325	Cordova	AK 99574
JAMES P. VANSANT		James P Vansant Box 1267	Cordova	AK 99574
BARCLAY JONES KOPCHAK		Barclay Jones Koppchak Box 1046	Cordova	AK 99574
Michael P. McCarty		Box May Glennallen	AK	99582
Kenneth D. Kritchman		Kenneth D. Kritchman Box 1255	Cordova	AK 99574
Wendy Weisel		Wendy Weisel Box 1939	Cordova	AK 99574
Laurie Berger		Box 1753	Cordova	AK 99574

Please send to Senator Pearce/Co chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

Petition for Protecting the Oil and Hazardous Substance Release Response Fund (470 Fund)

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name	Signature	Address	Phone
W. K. WEAVERLING	W. K. Weaverling	Box 895 Cordova AK 99574	424-5305
Ralph E. Lohse	Ralph E. Lohse	Box 14 Cordova AK 99574	424-7170
Linda Lohse	Linda Lohse	Box 14 Cordova AK 99574	424-7170
Mark King	Mark King	Box 965 Cordova AK 99574	424-3373
ROBERT PRUMBS	Robert Prumbs	Box 171 Cordova AK 99574	424-5657
David Lorenson	David Lorenson	Box 1356 Cordova AK 99574	424-5719
Erwin Samuelson	Erwin Samuelson	Box 1212 Cordova AK 99574	7718
Gail T. Nolan	Gail T. Nolan	Box 770 Cordova AK 99574	3503
Rene Thomas	Rene Thomas	P.O. 1331 Cordova AK 99574	-3117
DAVID P. JANKA	David P. Janka	P.O. 1231 Cordova AK 99574	424-7602
BECKY CHAPEK	Becky Chapek	Box 1524 Cordova AK 99574	424-5356
Christina Taylor	Christina Taylor	Box 850 Cordova AK 99574	424-3605
Robert Blake	Robert Blake	Box 718 Cordova AK 99574	424-3605
John A. Coyle	John A. Coyle	Box 2473 Cordova AK 99574	424-3605
Kevin G. O'Shea	Kevin G. O'Shea	Box 1875 Cordova AK 99574	424-3605
Sandy VanDuke	Sandy VanDuke	Box 473 Cordova AK 99574	424-3605
CATHY SHERMAN	Cathy Sherman	Box 1186 Cordova AK 99574	424-3605
DAVID GRAMEL	David Gramel	Box 1676 Cordova AK 99574	424-3605
SUSAN OGGE	Susan Ogge	Box 895 Cordova AK 99574	424-3605
KENEK KANKIN	Kenek Kankin	Box 985 Cordova AK 99574	424-3605
Ray Quaid	Ray Quaid	Box 2234 Cordova AK 99574	424-3605
MICHAEL L. MEINTS	Michael L. Meints	Box 2402 Cordova AK 99574	424-3605
Kim J. Ewert	Kim J. Ewert	Box 1324 Cordova AK 99574	424-3605
Tia R. Smith	Tia R. Smith	Box 52 Cordova AK 99574	424-3605
Thea Thomas	Thea Thomas	Box 1566 Cordova AK 99574	424-3605
Sally Patch	Sally Patch	Box 956 Cordova AK 99574	424-3605
Mario Mannarino	Mario Mannarino	Box 1434 Cordova AK 99574	424-3605

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
William R Reid	Wm Reid	Bx 1234 CDV	424-7448
DOENE HAWKHURST	Doene Hawkhurst	Bx 856 CDV	424-3447/5257
Christine Honkola	Christine Honkola	Box 100 CDV	424-7520
JAMES MYKLAND	James Mykland	Box 1241 CDV	424-7115
John Boccia	John Boccia	Box 1312 CDV	424-5152
Richard Bisselle	Richard Bisselle	Box 1454 CDV	AK 424-3715
Kory Blake	Kory Blake	Box 1122 CDV	424-7194
Herb Jensen	Herb Jensen	Rx 294 CDV	424-3767
JIM JOHNSON	Jim Johnson	Box 267 CDV	424-7525
MICHAEL KOWICKI	Michael Kowicki	Box 7252 CDV	5492
Linda Masolin	Linda Masolin	Box 102 CDV	424-7489
John B. Davidson	John B. Davidson	Box 11 Cordova AK	5373
Michael B. Scott	Michael B. Scott	Box 855 Cordova, AK	3584
ANDREW F. ALLEN	Andrew F. Allen	Box 1836 CDV, AK	99574 (3684)
TERESA LaDOSIMONE	Teresa LaDOSIMONE	Box 169 Cordova, AK	424-7436
Dorothy Carpenter	Dorothy Carpenter	Box 1432 Cordova, AK	424-39
Susan Laird	Susan Laird	Box 1624 Cordova, AK	424-38
MAX C. Bennett	Max C. Bennett	Box 1806 Cordova, AK	99574
JANISS KAUANOWA	Janiss Kauanowa	Box 2272 Cordova, AK	99574 (424-7603)
MAX McARTY	Max McCarty	Post 2368 Cordova, AK	
TORIE BAKER	Torie Baker	PO BOX 1159 CDV	424-3820
XXXXXXXXXX			
Elizabeth Sinner	Elizabeth Sinner	Box 762 CDV	424-5611
CARROLL KOWICKI	Carroll Kowicki	Box 5435 CDV	424-3621
Jim Jager	Jim Jager	530 St. Lazarus Cr. Anchorage, AK	337-8602

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name	Signature	Address	Phone
Pete Mickelson	<i>Pete Mickelson</i>	Box 325, Cordova	424-5111
Dan Strickland	<i>Dan Strickland</i>	Box 9304-D Palmer, AK	745-1260
Tim Kennedy	<i>Tim Kennedy</i>	Box 299, Cordova	424-3604
Sheela Ann N. Mullins	<i>Sheela Ann N. Mullins</i>	Box 1136, Cordova	424-3604
STEVE L. COBB	<i>Steve L. Cobb</i>	Box 398, Cordova	424-7601
Heidi Babic	<i>Heidi Babic</i>	Box 1208, Cordova	424-7244
Jack Babic	<i>Jack Babic</i>	1208, CDU	424-7244
Robert J. Kordak	<i>Robert J. Kordak</i>	1126, CDU	424-7178
TRICIA A. CARON	<i>Tricia A. Caron</i>	Box 1202, Homer, AK	235-5511
Mike Gudlak	<i>Mike Gudlak</i>	Box 1236, CDU	424-3871
Cindy Appleby	<i>Cindy Appleby</i>	Box 1795, CDU	7597
Heather McCarly	<i>Heather McCarly</i>	Box 2368, CDU	7485
Tommy Hovner	<i>Tommy Hovner</i>	Box 1034	7387
Gene Dina Jankland Jr	<i>Gene Dina Jankland Jr</i>	P.O. 460, Cordova	5790

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

**Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
KAREN BUTTON		2706 W 30th ANCH, AK 99517	
Mei Mei Evans	Mei Mei Evans	P.O. Box 243074 AIA 99524	276-7269
JILL DELATTI		POB 101153 ANCH AK 99510	
Laurie Daniel		3605 Arctic #2789 Anch AK 99503	277-1549
GLADYS THOMPSON		2216 hakea Dr Anchorage, AK 99507	349-1456
Jana Sudkamp		3237 Wiley Post Ln Anch. AK 99517	
Ann E. Berron		PO Box 102783 Anchorage, AK 99510	
Nancy E. Michaelson	Nancy E. Michaelson	HCOI Box 6916 Palmer AK 99445	
Carolyn L. Ramsey		403 W. 32nd Ave #212 99503	
Christopher Farmer		1809 Cindy Lee Ln Anchorage, AK 99507	562-4762
Anna Young		Box 2905 Cordova AK 99574	
Mark Kansteiner		Box 1636 Seward, AK 99664	
Ken Leghorn		516 E. 3rd St. Juneau AK 99901	586-1972
Colleen Burch		12821 Mt. Place Anchorage AK 99516	345-5391
James Stratton		12821 Mt. Place " " "	
ROBERT A. GIGLES		REPUBLICAN FOR GOVERNOR - 94	
		7447 OBRIEN ST ANCH AK 99507	344-5469
JAMES R. CARTER		3505 WOODLAND PARK DR ANCHORAGE AK 99517	243-6744
CARY COLLING		468 N. BAILEY PALMER AK 99445	746-2201
JEAN CAMERON		2147 NE 14th Portland, OR 97212	
Cheryl Richardson		1747 Lawrence Ct. Anchorage AK 99501	
Rosie L. Cole		6155 Flanagan Dr Anch. Alaska 99504	
Kurt Byers		P.O. 81186 Fairbanks AK 99708	457-2230
GEORGE E. LUKENS II		758 OCEANVIEW DR ANCH AK 99515	345-2749
GEORGE E. LUKENS JR.		755 OCEANVIEW DR ANCH AK 99515	345-2749
PAUL LARRY BENSON JR		635 W 9TH #5 ANCH AK 99515	345-2749
TOM LAKES		PO Box 1006 Anch AK 99510	538-1606
Ken Elwood Jr.		PO Box 460 Cordova, Alaska 99574	907/245740

**Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name Signature Address Phone

Bob Todd [Signature] 572 Birch Dr 261-4615

Pauline Ford [Signature] 2413 Cordova Ave Anch 249-7514

[Signature] [Signature] 17 N YOUNG DR

James M. [Signature] [Signature] PO Box 5773 Anchorage 235-0011

CHARLES MUMFORD [Signature] P.O. Box 3442 Ilwaco 235-6094

DAVID GRIMES [Signature] Box 1636 Cordova

Kathy Tuleo [Signature] Box 83405 FHRs 99708-955-4286

Penelope Wells [Signature] PO Box 240454 Anch, AK 99524-327

William [Signature] [Signature] 3401 Denali #203 Anch AK 272-3112

Lorraine Eckstein [Signature] 986 W. 26 #206 Anch 99503 272-3112

Vin [Signature] [Signature] 1315 Cordova #202 Anch 99501 276-5555

Dan Law [Signature] PO Box 188, Anch AK 99666 835-4808

Jan [Signature] [Signature] 7030 Mulia Cir. Anch. 99507 344-6282

[Signature] [Signature] PO Box 5125 Anchorage AK 99507 276-5555

Frederick L. Ott [Signature] -6537 Revere Ave Wauwatosa, WI

Stan Stephens [Signature] Box 1297 Valdez 99686

Elizabeth Hatten [Signature] HC 52 Box 8900 Idiana 99540 653-7849

[Signature] [Signature] 1119 G St Anchorage, AK 99501

James R. Ballanger [Signature] HC 83 Box 2334 Eagle River, AK 99577 696-8136

Noel C. Nelson [Signature] 2515 Cottonwood St. Anch. AK 99508 272-5830

Steve Nelson [Signature] 2515 Cottonwood St, Anch, AK 99508 786-7436

Arthur Newman [Signature] 3836 Bryant Ridge Rd Anch AK 99504

Virginia W Moore [Signature] 14530 Echo St Anchorage AK 345-1355

Stephen Bodnar [Signature] box 2262 Cordova AK 99574 424-5427

Theodore F. Moore [Signature] 14530 Echo St. Anch, AK 99576 345-1355

Philip S. King [Signature] 7611 Mentra St Anch, AK 99518 349-1344

EVA CERDA [Signature] 7021 Tanik Anch. AK 99504 333-0747

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

**Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
Leslie Pearson	Leslie A Pearson	HC52 Box 8820 Indian 99540	653 1993
Michael L. ...	Michael L. ...	Box 1297	...
Don Strickland	Don Strickland	Box 9304-D Palmer AK	99645 745-1260
Dawn Lamm	Dawn Lamm	PO Box 133	...
Rick ...	Rick ...	Box 2421	...
R. A. Finberg	R. A. Finberg	PO Box 416	...
Mike Fitzgerald	Mike Fitzgerald	HC83 Box 2234	...
Peter Ginsburg	Peter Ginsburg	2600 Redwood St. Anch.	99508
Frank ...	Frank ...	3371	...
David ...	David ...	Box 1955	...
Ivan L. Wisdom	IVAN L. WIDOM	BOX 154 SELDOVIA, AK	99663
Hope Wing ND	Hope Wing ND	1660 Village	...
Richard McKean	Richard McKean	105 E. 11th Ave	...
Matt Carr	M. Carr	9981 FLATTOP AVE ANCH AK	99516
Carl ...	Carl ...	647 1/2	...
Marilyn ...	Marilyn ...	1401 Virginia Ct Anch	99501 272-3034
William ...	William ...	130	...
William ...	William ...	3605	...
Gene ...	Gene ...	1124 L St	...
DEBRA STUMP	Debra L. Stump	2420 DENNIS WAY	99515 3-15-2425
Paul ...	Paul ...	3170	...
Holly Kane	Holly Kane	4106	...
Pamela Brodie	Pamela Brodie	P.O. Box 104082	...
JAMES M. YOUNG	James M. Young	1742 W. 12th Ave A	...
Carol ...	Carol ...	2512	...
EUGENE LEVINE	Eugene Levine	7343	...

Please Send to Senator Pearce Co-Chair Senate Finance
State Capitol, Juneau, AK 99801-1182

**Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
JIM BRENNAN	<i>Jim Brennan</i>	1006 G. St.	229-7515
LANI BRENNAN	<i>Lani Brennan</i>	"	"
TINA ALSTATT	<i>Tina Alstatt</i>	PO BOX 24353	248-9877
MICHAEL A. ARMSTRONG	<i>Michael A. Armstrong</i>	15032 SNOWSHOE LN.	345-2878
SUSAN R. POST	<i>Susan R. Post</i>	7343 Linden Dr	248-0742
Lynn Fitch	<i>Lynn Fitch</i>	3231 Amber Bay	314-6915
Harvey Mills	<i>Harvey Mills</i>	2420 Dennis Way	345 2425
Marabeth B. Tilden	<i>Marabeth B. Tilden</i>	4720 Cambridge Way	361-0590
Martha Siebe	<i>Martha Siebe</i>	8700 Swiss Dr	346-3327
Earl Eamhart	<i>Earl Eamhart</i>	1043 W. 7th Ave	99510 345-1160
Catherine Portlock	<i>Catherine Portlock</i>	10501 Loudermill Ave	99516
Hugh Fleischer	<i>Hugh Fleischer</i>	1401 W. 11th Ave	99501
Lanie Fleischer	<i>Lanie Fleischer</i>	1401 W. 11th Ave	99501
Bret Baylund	<i>Bret Baylund</i>	16461 Black Birch Ct, Anchorage	99516 345-4032
Carin Smith	<i>Carin Smith</i>	16261 Black Birch Ct, Anchorage	99516 345-4032
Roger D. Plume	<i>Roger D. Plume</i>	311 Lexington	99502-3131
Colleen K. Praia	<i>Colleen K. Praia</i>	2429 Teleovana	99517
Clis Eames	<i>Clis Eames</i>	2615 W. 3rd, #2 Anch	99517 274-3621
Issue Heberster	<i>Issue Heberster</i>	PO Box 2570 Homer AK	99603 no phone
JOE ANDRETA	<i>Joe Andreta</i>	PO Box 205968 Anchorage	99520 258-4111
KEVIN HARRIS	<i>Kevin Harris</i>	510 Mt Anchorage	AK 99501 274-32
MICHAEL J. COUMBE	<i>Michael J. Coumbe</i>	PO Box 240743	99524 277-2444
HELEN COUMBE	<i>Helen Coumbe</i>	1430 A St	99501 272-8286
Patricia Gleason	<i>Patricia Gleason</i>	4211 Bridle Cir	99517 248-0442
Lena Oise	<i>Lena Oise</i>	PO Box 244034	99524 277-1330
Harriet Drummond	<i>Harriet Drummond</i>	2139 Hillcrest Pl.	99503 279-7722
RICHARD J. HELM	<i>Richard J. Helm</i>	PO Box 100916, ANC.	AK 99510 338-RICK

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

**Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
Blair Chambers	<i>Blair Chambers</i>	2101 Wetmore Fy Anch.	278-5035
CHRISTAL	<i>Christal</i>	4720 Eagle St #1 Anch. 99503	561-0515
Dorothy L. Greenkorn	<i>Dorothy L. Greenkorn</i>	1322 Virginia Ct Anchorage 99501	272-3763
Karl Ollis	<i>Karl Ollis</i>	3905 Wyo. Dr. Anchorage 99501	561-1171
Blair	<i>Blair</i>	2504 Louisa Dr. Anch. 99501	272-1947
Ronald K. Healy	<i>Ronald K. Healy</i>	1055 Thayer J. Fairbanks AK 99701	457-4672
M. W. Birch	<i>M. W. Birch</i>	1928 Stargate Cir Anch AK 99575	379-4165
G. W. WEAVERLING	<i>G. W. WEAVERLING</i>	Box 895 CORBOVA AK. 99579	429 5305
Joe Banta	<i>Joe Banta</i>	12304 Hilltop Dr Anch AK 99515	522-3808
THOMAS L. LOHMAN	<i>Thomas L. Lohman</i>	P.O. Box 642, BARROW, AK 99723	852-0350
Dorcas Sullivan-Garcia	<i>Dorcas Sullivan-Garcia</i>	7220 Holman Anchorage, 99516	345-7961
Roy A. WARREN	<i>Roy A. Warren</i>	PO Box 362 Juneau, AK 99803	781-4382
KEVIN M. O'SHEA	<i>Kevin M. O'Shea</i>	1865 E. Turner Rd #102D Anch. 99507	563-4996
Lynn McLeod	<i>Lynn McLeod</i>	5647 F. 4th, 6-703	99504 338-2662
Mark Johnson	<i>Mark Johnson</i>	MARK JOHNSON 18726 Horizon Dr. Juneau 463-5807	44821
Sharon Lohman	<i>Sharon Lohman</i>	Sharon Lohman 3340 Fitch Ave Juneau	
Suzie Kendrick	<i>Suzie Kendrick</i>	PO Box 4502 Soldotna AK	262-3799
JEFF GINALAS	<i>Jeff Ginalas</i>	5018 E 43 AVE Anchorage AK	337-2165
PRICE E. ERIC	<i>Price E. Eric</i>	1715 ORCA Dr Anch AK	274-2751
Nancy F. LETTING	<i>Nancy F. Letting</i>	P.O. Box 1353, Valdez, AK 99686	335-4500
GAIL K. EVANOFF	<i>Gail K. Evanoff</i>	P.O. Box 8060 Chenega Bay AK.	99574-8060

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

May 17, 1994

Governor Wally Hickel
State Capitol
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Hickel:

We want to first thank you for your work on the oil-taxation statute of limitations legislation. We are also writing to urge you to veto Senate Bill 215, regarding the oil and hazardous substance release response fund. You may recall that we met with you several months ago and discussed our concerns about HB 238 and SB 215. At that time we appreciated your assurance that you would not support a version of the bill merely because it included 3 cents for Prevention and 2 cents for Response.

You assured us and also stated in a press release, that, "the growth of this (response) fund should not be accelerated at the expense of the state's efforts to prevent future spills of oil and hazardous substances into Alaska's pristine environment." That is exactly what this bill does. It accelerates the growth of the response account and minimizes funding for prevention given the competition for uses of funds from the prevention account.

Although SB 215 passed with a 3/2 split, it is not the bill we discussed in our meeting. It does affect the state's ability to prevent future spills of oil and hazardous substances. In addition, the 3/2 split is no longer a true 3/2 split because the legislature added underground and above-ground storage tanks as uses of the response fund. The addition of underground and above ground storage tanks will dramatically reduce funding for spill prevention and response programs funded within DEC. We would like to stress that ironically, alleged misuse of the fund for the storage tank program was one of the false claims used initially to justify the need for a bill!

The underground storage tank program was funded at \$4.5 million this year. The backlog of grants is currently \$65 million and the program application period was extended by the Eighteenth legislature. The Alaska Energy Authority estimated that upgrading above-ground storage tanks will cost approximately \$200 to \$300 million dollars. Attempting to fund above-ground storage tanks, underground storage tanks, capital projects, the depot and corps program as well as core oil spill prevention and response programs out of the prevention account is not possible without severely weakening prevention programs.

In addition, \$13.5 million is a minimal level of funding for the DEC Spill Prevention and Response Division after years of budget cutting. In FY 93, for

example, it was around \$16 million. A recent division of legislative budget and audit report on the response fund indicated that the SPAR budget was at minimum levels and questioned whether, "complacency is again setting in." Without continued vigilance by the State of Alaska, we may find ourselves in the same unprepared situation we were in prior to the Exxon Valdez oil spill.

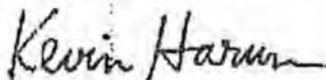
Even assuming minimal appropriations for underground and above ground storage tanks, these programs will take a significant portion of funds available from the 3 cent surcharge. This will result in the continued loss in critical professional positions for spill prevention and response programs within DEC.

Finally, we would also like to point to the elimination of the Citizens' Oversight Council on Oil and other Hazardous Substances, the unwillingness to split the existing response fund balance 60/40 and the elimination of the authority to use the funds for the restoration of environmental damages, as major deviations from the "package" that you stated must be part of any final version of SB 215.

Now that the legislature failed to pass the statute of limitations bill, it is even more important that you consider vetoing SB 215. Without the revisions to the statute of limitations the oil industry may be relieved of paying back taxes. Why should we give the industry an additional 2 cent tax break that will severely compromise the state's ability to prevent spills at the same time we give industry substantial tax relief?

Again we urge you to use your powers to help keep our state prepared and capable of preventing future oil spills by vetoing Senate Bill 215.

Sincerely,



Kevin Harun
Alaska Center for the Environment



Theo Matthews
United Cook Inlet Drift Assoc.

CC: Bill Williams, Chair House Resources Committee

From the desk of **Richard A. Fineberg**
Ester, Alaska 99725

P.O. Box 416
 Phone / Fax (907) 479-7778

(Via Fax)

February 26, 1994

Rep. Bill Williams, Chair
 House Resources Committee
 Alaska State House of Representatives
 Juneau, Alaska 99801-1182

Re: SB 215 / SB 238 ("470" Fund)

Dear Rep. Williams:

Once again you are being asked to consider bills modifying the oil spill response "470" fund on behalf of the oil industry. I am strongly opposed to any attempt to restructure or reduce the "470" fund and its mission without clear recognition of two things:

==> the crucial importance of prevention in the State's oil spill prevention program; and

==> the incredible magnitude of North Slope profits.

Regarding the first point, I find it strange that less than five years after the Exxon Valdez ran aground, unleashing what was arguably the worst oil spill in this nation's history, citizens are once again have to remind the Legislature that foolish complacency and misplaced trust played major roles in causing that spill. Although the Senate Resources Committee blatantly ignored the testimony from others in opposition to changing the "470" fund at this time, I believe that strong and well-grounded testimony covered the first point; I turn therefore to the second.

Spread across all North Slope oil production, the so-called "nickel-per-barrel" surcharge actually amounts to less than three cents per barrel after taxes. According to the Dept. of Revenue's Feb. 9 letter to Senator Zharoff, there are two principal reasons for this: First, the surcharge does not apply to royalty barrels, and, secondly, on the remaining 7/8 of production to which the surcharge applies, it is deductible from federal income tax. In simplified form, the true cost of the nickel per barrel would look like this:

\$0.05	surcharge on taxable (non-royalty) barrels
x 0.875	approximate equity (non-royalty) fraction
= \$0.04375	pre-tax surcharge spread across all barrels
x 0.65	35% federal income tax allowance for the \$0.04375 per-barrel payment
= \$0.02843	(2.83 cents per barrel) cost of the nickel-per-barrel after consideration of royalty and federal income tax effects

That's less than one percent of CY 1993 after-tax Alaska North Slope production and pipeline profits of approximately \$2.96 per barrel. That per-barrel profit produced an annual profit in excess of \$1.7 billion for the industry. This estimate, incidentally, fully recognizes the industry's poor fourth-quarter performance. Even on those few dark days in December when prices were at the \$10.00 per-barrel level, it appears that North Slope profits were still running on the order of \$400,000.00 per day.

To determine whether this 2.8 cents per barrel significantly affects oil industry operations, let's consider these profits in terms of what an investor might earn

*Fineberg / Rep. Bill Williams
2/26/94 (Page 2)*

elsewhere. If North Slope production and pipelining were controlled by one company instead of three, that firm's 1993 profits would have ranked on a par with the seventh most profitable firm on the Fortune 500 list of the nation's most profitable companies in 1992. Clearly, North Slope investors would be hard-pressed to duplicate their North Slope profits anywhere else in the nation. The Fortune listing from 1992 is attached to demonstrate that North Slope operations rank among the most profitable enterprises in the nation.

It is also noteworthy that compared to Fortune 500 leaders in other industries, the North Slope is remarkably constant in its profits. Between 1987 and 1992, I estimate that North Slope production and pipelining profits exceeded \$2 billion in every year. By comparison, during those years, Fortune 500 powerhouses such as GM and IBM vanished from the ranks of the most profitable, racking up huge losses for several years in a row when they encountered hard times. In contrast, the costs of the Exxon Valdez didn't even knock Exxon out of the top five in 1989, while the oil market's travails in late 1993 only put a relatively small dent in the profitability of Alaskan operations for the year.

The spreadsheet on which my 1993 profit estimates are based is attached. The right-hand column identifies the sources for the data I have used. These are all published sources, and perhaps the most surprising thing is that the industry's ongoing public relations campaign has been so effective that these numbers are not widely discussed. Those of you who are familiar with the estimates I did in 1992 in a report to the Senate Finance Committee will recognize that I have revised my estimates to reflect new production cost data released by the Department of Revenue and published last fall by the Legislative Research Agency.

Clearly, \$0.03 per barrel is at most a minute fraction of North Slope profits. Moreover, this surcharge is virtually irrelevant to long-term industry profitability models, which typically forecast price changes in the \$2.00- to \$5.00-per-barrel range. Those models indicate that the North Slope should produce similarly strong profits into the next century, with or without alteration to the "470" fund.

I can think of several reasons why the oil industry might wish to divert the Legislature into wasting time on this red herring. But I can see no good reason why you, as our elected representatives, should fall for this industry ploy. In my estimation, your time during a 120-day session is too valuable to waste on this excursion. Your services are badly needed in other areas.

If I can provide additional information, please let me know. In the meantime, I close with best wishes in your efforts to resolve the far more pressing administrative and budget problems facing you.

Sincerely,



Richard A. Fineberg

enc.

ANS Profits Worksheet (Research Associates 2/94)

North Slope Profit Analysis: ALL FIELDS		/ -- CY 93 ANS Avg. (\$/bbl) -- /		Notes (2/16/94) LRA 9/93 post costs
		Gulf Coast	West Coast	
1	Average Price for ANS (\$/po)	\$16.36	\$15.45	ADOR (thru Nov.; Dec. = BP posting)
2	Quality Adjusted Price			(n.a.)
3	Production / Disposition			
	<i>Bbls. / day</i> <i>Days</i>			
a	Production (mm bbls. yr. / day)	586.19	1,606	ADOR (MMS; RevoNova)
b	Volume to East / West Coast (%)	15.80%	86.20%	ADOR (avg. thru Nov.)
4	Feeder Pipeline Tariffs	(\$0.10)	(\$0.10)	Wghtd. avg. sum of items 4a thru 4g (1992 data)
a	Operating & capital costs	(\$0.04)	(\$0.04)	Alaska Dept. of Law (ADL; 7/29/92) less 4b
b	State & local property tax (pipelines)	\$0.00	\$0.00	30% of total property tax * (feeder tariff / TAPS tariff)
c	State income tax (pipelines)	\$0.00	\$0.00	4d * (eff. state tax rate / eff. fed. tax rate)
d	Federal income tax (pipelines)	(\$0.01)	(\$0.01)	ADL (7/29/92) less item 4c
e	After-tax margin	(\$0.02)	(\$0.02)	ADL (7/29/92)
f	Recovery of deferred return	(\$0.01)	(\$0.01)	"
g	DR&R allowance	\$0.00	\$0.00	"
5	TAPS Pipeline Tariff	(\$2.92)	(\$2.92)	From ADOR Shortcut
a	Operating & capital costs	(\$0.97)	(\$0.97)	Line 5 - (items 5b thru 5g)
b	State & local property tax (pipelines)	(\$0.10)	(\$0.10)	30% of total property tax
c	State income tax (pipelines)	(\$0.09)	(\$0.09)	5d * (eff. state tax rate / eff. fed. tax rate)
d	Federal income tax (pipelines)	(\$0.60)	(\$0.60)	ADL (7/29/92) less item 4c
e	After-tax margin	(\$0.56)	(\$0.56)	ADL (7/29/92)
f	Recovery of deferred return	(\$0.49)	(\$0.49)	"
g	DR&R allowance	(\$0.05)	(\$0.05)	"
h	Pumpability Charge			
6	State Share (Feeder Lines)	(\$0.01)	(\$0.01)	Sum of items 4b, 4c
7	Federal Share (Feeder Lines)	(\$0.01)	(\$0.01)	Item 4d
8	Industry Profit (Feeder Lines)	\$0.03	\$0.03	Sum of items 4c, 4f
9	State Share (TAPS)	(\$0.25)	(\$0.25)	Sum of items 5b, 5c
10	Federal Share (TAPS)	(\$0.60)	(\$0.60)	Item 5d
11	Industry Profit (TAPS)	\$1.05	\$1.05	Sum of items 5c, 5f
12	Tanker (to Gulf / West Coast)	(\$3.42)	(\$1.11)	ADOR (from USFRA/ATRA thru July)
13	Wellhead value	\$9.92	\$11.32	Sum of items 1, 4, 5, 12
14	State Royalties, Production & Property Taxes	(\$2.78)	(\$8.12)	Sum of items 14a thru 14d
a	Royalty	(\$1.17)	(\$1.34)	Item 13 less field costs * est. field royalty
b	Severance tax	(\$1.19)	(\$1.36)	Item 13 * .875 * nominal severance * FIF
c	Spill Response & Conservation Tax	(\$0.05)	(\$0.05)	3.054 * .875
d	State & local property tax (production)	(\$0.97)	(\$0.97)	70% of total property tax (from ADOR Spr. 93, p. 6)
15	Production costs	(\$5.17)	(\$5.17)	Sum of items 15a, 15b (assumed = FY 1993)
a	Lifting Costs	(\$1.86)	(\$1.86)	From Leg. Res. Agency FY 93 (Sept. '93)
b	Depletion, Depreciation & Amortization	(\$3.31)	(\$3.31)	"
16	Net Revenue (production)	\$1.98	\$3.03	Sum of items 13, 14, 15
17	State Income Tax (production)	(\$0.17)	(\$0.17)	ADOR Fall 93 forecast, less items 4c, 5c
18	Federal Income Tax (production)	(\$0.61)	(\$0.94)	Est. 33.0% of items 16 + 17
19	Industry Profit (production)	\$1.24	\$1.98	Sum of items 16 thru 18
20	Total State Share (production + pipelines)	\$3.15	\$3.49	Sum of items 6, 9, 17
21	Total Federal Share (production + pipelines)	\$1.23	\$1.55	Sum of items 7, 10, 18
22	Total Industry Profit (production + pipelines)	\$2.38	\$3.06	Sum of items 8, 11, 19
23	CY 93 Industry Avg. per-barrel ANS Profit			\$2.96 (Gulf [line 22 * line 3b]) + (W. C. [line 22 * line 3b])
24	Est. CY 93 Industry Profits ==>	\$1,735.5	billion	(Line 23 * line 3a)

LARGEST U.S. INDUSTRIAL CORPORATIONS

Want proof that the U.S. auto industry is coming back? Check out Chrysler's return to investors.

FROM RICHARD FINEBERG

SALES		PROFITS		ASSETS		TOTAL STOCKHOLDERS' EQUITY		MARKET VALUE 3/5/92		PROFITS AS % OF ...			EARNINGS PER SHARE			TOTAL RETURN TO INVESTORS			RANK 1992							
\$millions	% change from 1991	\$millions	% change from 1991	\$millions	% change from 1991	\$millions	% change from 1991	\$millions	Rosc	SALES % Rank	ASSETS % Rank	COMMON STOCKHOLDERS' EQUITY % Rank	1992 \$	% change from 1991	1992-93 annual average % Rank	1992 % Rank	1992-93 annual % Rank	1992-93 % Rank								
132,774.9	7.3	(21,498.3)	500	—	—	131,012.8	2	8,228.4	22	27,556.0	11	(117)	461	(12.3)	451	(157.8)	416	(16.24)	—	—	15.9	167	4.7	201	17	
103,547.0	0.3	4,770.0	2	(14.8)	—	88,030.0	3	22,776.3	1	78,868.8	1	48	164	3.6	155	43.8	134	3.79	(14.4)	4.8	132	8.2	12	23.0	72	18
100,783.8	13.3	(7,188.0)	476	—	—	180,545.2	7	14,753.9	5	24,090.4	17	(21)	427	(4.1)	169	(88.8)	405	(15.41)	—	—	—	24.4	38	23.1	59	12
85,098.0	(0.5)	(6,468.0)	475	—	—	89,705.0	4	27,624.0	2	31,571.8	8	(89)	433	(5.7)	169	(18.0)	335	(8.70)	—	—	—	(13.9)	412	(2.4)	355	8
82,202.8	3.3	4,726.0	2	79.2	—	183,876.0	1	23,489.0	3	73,353.0	2	38	21	3.4	158	20.1	60	8.21	81.4	10.7	68	15.1	172	17.4	122	7
57,389.6	0.8	802.0	17	(88.1)	—	40,561.0	8	16,540.0	4	27,019.8	12	29	581	3.1	170	4.9	251	2.01	(56.8)	(4.9)	211	(2.2)	301	16.1	153	16
10,187.0	4.2	4,939.0	1	64.2	—	50,014.0	6	12,503.0	9	87,710.1	3	98	43	9.0	61	39.2	14	5.45	87.7	21.8	74	(1.2)	272	31.0	13	8
37,843.0	(1.1)	(8,227.0)	474	(170.9)	—	38,870.0	7	11,788.0	10	31,650.6	9	(104)	147	(10.3)	419	(34.3)	376	(5.65)	(181.2)	—	—	4.8	246	25.8	98	5
37,444.0	1.8	1,549.0	8	21.2	—	21,970.0	11	13,728.0	7	25,190.3	15	42	178	4.0	155	17.4	185	4.83	23.8	1.4	187	5.8	245	14.3	100	18
37,130.0	(1.1)	733.0	21	(48.0)	—	21,990.0	15	9,973.0	11	16,301.1	25	29	292	2.7	251	6.8	249	2.37	(48.1)	(7.0)	219	2.7	267	15.4	167	18
36,357.0	28.6	722.0	22	—	—	40,853.0	7	7,838.0	12	11,537.8	14	30	700	1.8	277	9.8	197	2.21	—	10.6	90	181.2	3	19.3	104	17
30,184.8	3.0	852.0	31	(84.8)	—	18,147.0	21	4,056.0	16	11,732.4	31	38	770	3.0	245	8.9	250	1.82	(84.1)	8.1	135	(13.9)	351	17.8	121	1
29,890.8	8.1	1,272.0	6	8.6	—	24,028.0	18	9,071.0	12	16,501.3	6	43	104	7.8	101	19.8	63	2.62	6.5	8.4	110	16.7	139	17.8	123	21
29,843.0	(0.3)	(74.0)	100	(106.0)	—	24,433.0	13	12,360.0	8	26,998.5	13	(10)	331	(0.3)	331	(0.6)	302	(0.15)	(104.0)	—	—	3.6	238	24.8	175	16
21,853.7	11.7	174.3	47	(88.3)	—	20,951.2	20	8,366.7	27	31,161.4	7	47	274	1.6	274	7.0	245	0.46	(86.0)	8.8	146	24.3	115	28.4	76	3
21,622.0	2.8	(187.0)	142	—	—	15,928.0	30	3,378.0	51	5,709.1	74	(10)	320	(1.8)	251	(8.8)	312	(2.87)	—	—	—	(8.0)	336	8.3	252	1
21,702.0	(2.2)	(190.0)	437	(1,050.0)	—	24,670.0	14	14,898.0	6	N.A.	N.A.	(10)	312	(0.7)	301	—	—	N.A.	—	—	—	—	—	—	—	19
21,119.0	3.8	372.4	48	19.7	—	9,738.0	50	3,232.1	71	6,575.4	57	48	272	3.0	217	10.0	23	1.50	(29.4)	10.4	71	(4.3)	378	24.0	31	8
20,577.0	4.7	(1,144.0)	12	8,641.2	—	23,128.0	19	6,547.0	21	17,438.8	14	29	131	5.0	178	17.5	85	3.53	8,960.0	3.1	191	(12.3)	358	5.2	191	27
19,177.0	(0.7)	(660.0)	47	(191.9)	—	16,180.0	18	8,074.0	15	19,128.7	16	(25)	344	(1.9)	354	(3.2)	322	(12.5)	(192.9)	—	—	11.4	105	17.8	124	5
18,263.0	2.4	(1,020.0)	144	(24.7)	—	24,081.0	10	2,878.0	40	7,886.7	44	(13)	408	(3.0)	374	(17.8)	385	(11.29)	(194.7)	—	—	80.8	136	14.3	161	22
18,041.0	3.1	803.0	20	13.0	—	24,164.0	17	8,721.0	19	19,692.9	23	49	171	8.3	233	11.8	139	4.56	21.0	(2.1)	287	72.8	192	16.7	147	15
17,813.0	(8.4)	(781.0)	161	(284.0)	—	13,781.0	33	3,022.0	56	2,150.6	167	(15)	399	(8.7)	624	(17.8)	364	(10.10)	(282.2)	—	—	(12.3)	403	4.8	294	1
18,427.0	13.0	149.0	31	(27.3)	—	13,700.0	31	7,499.0	18	19,358.4	21	43	708	4.0	225	7.2	219	2.18	(27.8)	3.8	181	23.5	119	7.5	167	4
18,164.0	(5.7)	(1,158.0)	47	—	—	17,263.0	34	3,709.0	42	N.A.	N.A.	(11)	432	(10.6)	441	—	—	N.A.	—	—	—	—	—	—	—	11
18,734.0	8.0	299.0	58	(18.2)	—	32,041.0	12	8,278.0	14	9,502.7	42	49	384	0.9	297	3.2	272	0.20	(1.1)	—	—	(19.4)	377	—	—	26
14,027.0	0.0	(2,788.0)	173	—	—	11,284.3	39	4,920.9	31	8,148.9	47	(17)	166	(24.9)	167	(54.7)	107	(23.39)	—	—	—	(18.3)	410	(3.8)	335	10
13,882.8	4.1	1,233.0	11	—	—	11,888.0	35	6,586.0	20	23,426.8	18	60	51	10.8	54	18.7	33	3.85	7.0	7.7	126	9.2	213	24.4	80	24
13,648.0	19.8	1,000.0	14	—	—	11,884.0	36	6,171.8	28	16,481.8	14	28	77	8.7	81	18.9	61	1.58	(28.9)	9.8	107	(10.3)	350	17.7	106	2
13,404.0	(2.1)	(1,133.0)	470	—	—	19,984.0	28	1,220.0	129	6,833.8	39	(88)	443	(8.0)	427	(163.7)	411	(8.23)	—	—	—	25.7	70	9.1	283	11
13,800.0	7.1	88.0	141	(82)	—	14,460.0	29	4,158.0	28	7,822.1	30	68	500	0.5	312	1.4	283	0.74	(37.3)	(7.0)	218	(5.8)	309	14.8	116	7
13,241.0	17.5	483.0	40	(0.2)	—	10,629.0	47	8,144.0	23	18,249.4	36	38	365	4.9	301	8.8	276	1.78	(50.8)	0.8	161	61.7	33	19.5	197	7
13,221.0	6.9	783.0	21	43.2	—	9,469.0	51	3,813.0	45	14,098.3	37	39	125	7.8	109	21.6	48	2.08	184.5	24.8	18	8.8	236	10.8	119	6
13,238.0	12.7	1,164.0	7	2.8	—	11,982.0	41	3,888.0	39	18,037.6	4	128	21	15.1	93	42.8	19	1.26	3.7	14.4	57	5.8	235	28.5	15	3
12,100.0	(8.4)	(1,293.0)	469	—	—	10,398.0	50	2,344.0	65	4,699.4	87	(10)	447	(12.4)	431	(73.2)	407	(3.91)	—	—	—	(22.3)	399	7.4	318	7
12,088.0	1.7	(712.0)	492	—	—	10,756.0	46	2,181.0	69	9,398.8	43	(18)	412	(8.6)	414	(14.4)	371	(5.95)	—	—	—	40.4	40	17.1	127	9
11,923.0	(8.7)	160.0	81	(10.2)	—	11,468.0	37	3,048.0	55	7,514.3	51	135	290	1.0	284	8.7	251	0.49	(30.4)	(8.9)	217	9.8	212	15.5	146	18
11,032.8	7.9	(538.0)	411	(784.8)	—	8,583.7	63	1,920.8	70	5,210.6	80	(52)	107	(7.7)	424	(34.4)	375	(9.22)	(67.7)	—	—	28.8	93	11.2	231	21
11,847.0	2.5	(244.0)	409	—	—	10,890.0	43	2,508.0	64	5,875.7	72	(18)	314	(1.4)	314	(4.5)	317	(1.43)	—	—	—	19.2	145	12.4	228	9
11,600.0	4.8	1,062.0	3	(4.8)	—	10,804.0	44	8,020.0	24	19,384.8	10	160	9	18.2	10	32.8	20	3.79	(4.1)	(11.3)	78	(20.4)	365	18.8	112	19
11,469.8	3.6	817.5	13	(24)	—	10,537.9	49	4,430.4	35	14,884.4	20	68	56	8.7	78	18.9	61	3.22	(1.3)	12.5	57	(2.9)	350	21.0	81	3
11,139.7	0.9	83.8	174	4,601.8	—	1,489.4	107	134.1	119	816.5	108	66	326	4.2	203	11.9	58	1.34	4,286.7	—	—	40.9	37	—	—	8
10,969.3	8.4	(1,038.0)	417	(272.5)	—	9,721.0	33	2,778.0	59	6,218.6	65	(58)	442	(10.6)	415	(17.3)	350	(4.82)	(276.8)	—	—	9.8	211	14.1	165	7
10,194.0	6.1	(2,433.0)	472	—	—	13,535.0	32	3,878.0	109	5,921.0	70	(23)	403	(17.3)	434	(16.4)	418	(24.12)	—	—	—	23.6	172	8.0	265	11
10,138.0	1.4	(283.0)	437	(191.9)	—	4,754.0	73	2,042.0	79	3,547.2	114	(28)	370	(4.2)	391	(13.9)	341	(4.56)	(184.2)	—	—	21.2	87	12.0	215	1
10,042.8	4.8	(228.8)	411	(231.8)	—	10,170.8	45	2,008.9	83	2,646.9	120	(18)	348	(7.2)	345	(8.2)	324	(1.23)	(213.7)	—	—	(1.5)	294	18.8	141	18
9,800.8	11.8	1,864.3	4	(8.3)	—	1,086.0	80	8,002.9	37	42,926.3	5	20	4	17.9	11	29.7	13	1.72	(53.0)	10.7	47	(20.4)	283	28.0	28	19
8,892.8	2.9	(235.7)	417	(232.5)	—	3,484.4	65	1,068.0	108	1,678.9	201	(1)	285	(8.9)	112	(20.8)	371	(4.78)	(224.6)	—	—	(8.4)	340	10.2	211	10
8,884.4	(1.9)	(1,139.7)	418	(1,918.5)	—	1,023.1	82	3,604.3	16	5,950.4	49	(11)	455	(10.8)	410	(22.2)	174	(18.41)	(1,868.7)	—	—	13.0	164	12.3	275	15
8,344.1	8.1	363.8	36	7.9	—	7,124.5	47	4,482.4	26	8,537.5	47	8	140	8.7	120	11.2	174	1.82	14.2	10.8	83	(15.7)	346	18.0	141	8

Continued on page 20A

CONTINUED

500

RANK 1992	1991	COMPANY
1	1	GENERAL MOTORS Detroit
2	2	EXXON Irving, Texas
3	3	FORD MOTOR Dearborn, Mich.
4	4	DITL. BUSINESS MACHINES Armonk, N.Y.
5	5	GENERAL ELECTRIC Fairfield, Conn.
6	6	MOORE Ad Hoc, Va.
7	7	PHILIP MORRIS New York
8	8	E.I. DU PONT DE NEMOURS Wilmington, Del.
9	9	CHEVRON San Francisco
10	10	TEXACO White Plains, N.Y.
11	11	CHRYSLER Highland Park, Mich.
12	12	BOEING Seattle
13	13	PROCTER & GAMBLE Cincinnati
14	14	AMOCO Chicago
15	15	PepsiCo Purchase, N.Y.
16	16	UNITED TECHNOLOGIES Hartford
17	17	BELL Int. Houston
18	18	ORACLE Oracle
19	19	MARTIN MARIETTA Huntsville, Ala.
20	20	DOWN CHEMICAL Midland, Mich.
21	21	ATLANTIC RICHFIELD Los Angeles
22	22	3M St. Paul, Minn.
23	23	ATLANTIC RICHFIELD Los Angeles
24	24	BIOCHAMILL DOLGARD St. Louis
25	25	HEWLETT-PACKARD Palo Alto, Calif.
26	26	UNION Carbide Pittsburgh
27	27	RUN HANCOCK HOLDINGS New York
28	28	ROYAL EQUIPMENT Hayward, Mass.
29	29	MONSIEUR MARIETTE & MFG. St. Paul
30	30	MERRILL & LYNCH New York, N.Y.
31	31	TRIMCO Houston
32	32	INTERNATIONAL PAPER Purchase, N.Y.
33	33	MOTOROLA Schaumburg, Ill.
34	34	SAWA LEX Chicago
35	35	COCA-COLA Atlanta
36	36	WESTINGHOUSE ELECTRIC Pittsburgh
37	37	ALLIED-SIGNAL North Haven, Conn.
38	38	PHILLIPS PETROLEUM Bartlett, Ill.
39	39	GOODYEAR TIRE & RUBBER Akron
40	40	GOODYEAR TIRE & RUBBER Akron
41	41	GOODYEAR TIRE & RUBBER Akron
42	42	WESTINGHOUSE ELECTRIC Pittsburgh
43	43	AMERSON-BUCH St. Louis
44	44	IMP Dallas, Texas
45	45	ROCKWELL INTERNATIONAL Seal Beach, Calif.
46	46	CATERPILLAR Peoria, Ill.
47	47	LOCKHEED California, Calif.
48	48	COASTAL Houston
49	49	BOEING Seattle
50	50	ASHLAND OIL Ashland, Ohio
51	51	ALLIANCE CO. OF AMERICA Pittsburgh
52	52	ASCHER DANIELS MIDLAND Decatur, Ill.

*** END ***

The data, names, abbreviations, and locations underlying the figures in this table are based on information provided by the companies themselves. For more information, contact the Fortune 500 office at 111 W. Wacker Drive, Chicago, Ill. 60601.

April 19, 1994

Representative Bill Hudson
State Capitol
Juneau, AK 99801-1182

Dear Representative Hudson:

I am writing in regards to SB 215, which proposes to separate the oil and hazardous substance release response fund into two accounts. Although I am against this bill, I understand the bill will likely pass. Therefore, I would like to make the following suggestion.

Rather than depositing the entire 470 fund into the response account, I would like to see 60-75% of the current balance put into the prevention account. This will ensure that money and resources will be available to provide an adequate preventive program.

I believe all Alaskans will be better served if we are capable of preventing a spill rather than being more fit to clean one up. It is easier to prevent mishaps from happening than to deal with them later. Please remember the example set by the Exxon Valdez--it was preventable.

I encourage you to provide adequate funding for the preventive account. Thank you for considering my thoughts.

Sincerely,



Michelle Bugni
3718 El Camino
Juneau, AK 99801

TO: Senator Fred Zharoff

April 12, 1994

FR: Wayne Coleman
Box 1913
Kodiak, AK 99615
486-3916

- RCAC
BOARD MEMBER

Fred,

Please try to amend SB 215 to eliminate the use of the prevention account for underground storage tank grants.

Abatement of leaking underground storage tank problems is an important program and must be funded through other sources.

Use of the SB 215 prevention account for the underground tank programs could seriously jeopardize funds available to DEC for prevention and response programs.

The 3 cent per barrel levy would then be totally inadequate to provide for depots and corps around the state, especially coastal communities, and areas like Kodiak would perhaps, never be able to achieve the level of spill prevention and protection that is necessary.

(7)

Date Referred: April 15, 1994

HOUSE COMMITTEE REP

FURTHER REFERRALS:

State Affairs

Finance

Date of Committee Action: 4/22/94

The RESOURCES Committee considered:

CSSB 215(FIN) am(efd fld)

CS FOR SENATE BILL NO. 215(FIN) am(efd fld)

OIL/HAZARDOUS SUBS. RELEASE RESPONSE FUND

"An Act relating to oil and hazardous substances; redesignating the oil and hazardous substance release response fund and relating to it; repealing the Citizens' Oversight Council on Oil and Other Hazardous Substances and the authority in law by which marine highway vessels may be designed and constructed to aid in oil and hazardous substance spill cleanup in state marine water using money in the oil and hazardous substance release (over for remainder of title)

RECOMMENDATIONS:

be replaced with ACS CSSB 215 (RES) [] a new title [x] the same title

[] have attached amendments(s)

[x] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[1] fiscal impact Revenue

[] fiscal note(s)

[4] zero fiscal note Pub. Safety, Law, DEC, Admin.

[] zero fiscal note(s)

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Bill Hudson Hudson	✓	Pat Carney Carney	✓		
Jim Spence Spence	✓	Green Green			✓
Bob Mulder Mulder	✓	Davis Davis			✓
_____		David Imboden	✓		
W.R. Williams	✓				
Annette James	✓				

W.R. Williams
CHAIRMAN'S SIGNATURE

(11)
Date Referred: April 29, 1994

HOUSE COMMITTEE REPORT
FURTHER REFERRALS:

C

Date of Committee Action: 5/5/94

The FINANCE Committee considered:

CSSB 215(FIN) am(efd fld)

CS FOR SENATE BILL NO. 215(FIN) am(efd fld)

OIL/HAZARDOUS SUBS. RELEASE RESPONSE FUND

"An Act relating to oil and hazardous substances; redesignating the oil and hazardous substance release response fund and relating to it; repealing the Citizens' Oversight Council on Oil and Other Hazardous Substances and the authority in law by which marine highway vessels may be designed and constructed to aid in oil and hazardous substance spill cleanup in state marine water using money in the oil and hazardous substance release

COVER FOR REMAINDER OF TITLE

RECOMMENDATIONS:

be replaced with HCS CS SB 215 (FIN)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) Revenue 4/27/94
Law 4/27/94; Admin

zero fiscal note 005 _____

4 zero fiscal note(s) DPS 4/27/94; DEC 4/27

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	A.
Eileen P. Maclean	<input checked="" type="checkbox"/>				
Ronald J. [unclear]	<input checked="" type="checkbox"/>	Mark Hanley		<input checked="" type="checkbox"/>	
Richard J. Foster	<input checked="" type="checkbox"/>	Laura Martin		<input checked="" type="checkbox"/>	
		Sean P. Parrell		<input checked="" type="checkbox"/>	
		Ben [unclear]		<input checked="" type="checkbox"/>	
		Tom Hoff		<input checked="" type="checkbox"/>	
		Lay Brown			<input checked="" type="checkbox"/>
		Greg Therniault		<input checked="" type="checkbox"/>	

Eileen P. Maclean
CHAIRMAN'S SIGNATURE
MACLEAN

Alaska State House of Representatives
Eighteenth Legislature
Second Session

RCS# 954
Item 13

05-07-94
22:09:03

HCS CSSB 215(FIN)
Second Reading
Amendment No. 1

*Amendment to split current balance of the 470 Fund
60%/40% between new prevention & response accounts*

Yeas:	17	Brice, Brown, Carney, Davidson, Davies, B.Davis, Finkelstein, Grussendorf, Hoffman, Mackie, Menard, Moses, Nicholia, Nordlund, Sitton, Ulmer, Willis
Nays:	22	Barnes, Bunde, G.Davis, Foster, Green, Hanley, Hudson, James, Kott, Larson, MacLean, Martin, Mulder, Navarre, Olberg, Parnell, Porter, Sanders, Therriault, Toohey, Vezey, Williams
Excused:	1	Phillips
Absent:	0	

Alaska State Senate
Eighteenth Legislature
Second Session

RCS# 316
Item 9

04-13-94
15:06:03

CSSB 215(F1N) AM
Third Reading - Final Passage
Effective Date

Yeas:	10	Frank, Halford, Jacko, Kelly, Leman, Miller, Pearce, Phillips, Sharp, Taylor
Nays:	9	Adams, Donley, Durcan, Ellis, Kerttula, Lincoln, Little, Salo, Zharoff
Excused:	0	
Absent:	1	Rieger

DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

April 8, 1994

SUBJECT: Fiscal notes on bills with no administrative costs but with statewide fiscal impact

TO: Representative Bill Williams
Attn: Mary McDowell

FROM: Tamara Brandt Cook
Director

TBC

You have asked whether a fiscal note is required to be prepared for a bill that has no administrative costs associated with its implementation, but affects state revenue generally, such as a bill modifying laws relating to taxation. The language contained in statute is somewhat ambiguous as to this point. AS 24.08.035(a) states in part:

Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease that would result from enactment of the bill for the current fiscal year and five succeeding fiscal years, or if the bill has no fiscal impact, a statement to that effect shall be attached.

So, on the one hand, the language referring to the "amount of the appropriation increase or decrease" seems to be specifically addressed to administrative costs associated with implementing the bill, and, on the other hand, the reference to "fiscal impact" suggests that the fiscal impact on the state as a whole will trigger the fiscal note requirement.

I believe the best reading of the statute leads to the conclusion that it applies to any bill with fiscal impact on the state, regardless of the absence of administrative costs associated with the bill. My conclusion is based upon the language of subsection (c) which requires that a fiscal note contain information on "the fiscal impact on existing programs" and "the fiscal impact of new programs. . ." A revenue raising measure, such as a bill dealing with taxes, arguably involves either an existing or new revenue raising "program," just as a bill that makes benefits available involves a benefit

Representative Bill Williams

April 8, 1994

Page 2

"program." I believe that fiscal notes involving bills that require expenditures, like benefit programs, have typically included fiscal information on the costs of the actual benefits provided as well as the administrative costs associated with distributing those benefits. Why then should the language be construed not to include the fiscal impact of bills involving state receipts, like tax programs?

In any case, bear in mind that a bill involving state revenues, whether or not it has a fiscal note attached to it, must be referred to the Finance Committee under Uniform Rule 24(d). For example, a tax bill which increases one tax while decreasing another might carry a zero fiscal note, but, as a substantive matter, the bill involves revenues so a Finance Committee referral would be required.

TBC:pl

94-292.plm

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 215 (RES)

Revision Date:	Dept. Affected: Revenue
Title: <u>An Act relating to oil and hazardous substances...</u>	BRU: <u>Revenue Operations</u>
Sponsor: <u>Miller</u>	Component: <u>Oil & Gas Audit</u>
Requestor: <u>House Resources</u>	COMPONENT SERIAL NO. <u>115</u>

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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						
REVENUE FUND SOURCE:	-5,300.0	-10,000.0	-9,900.0	-9,500.0	-4,500.0	-9,500.0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)
 Revenue reduction estimates are based on production and tax revenues included in the *Revenue Sources Book, Fall 1993*, and expenditure analysis provided by the Department of Environmental Conservation. The fiscal note represents a simple mathematical calculation based on those estimates.

Prepared by:	<u>Leslie K. Stewart</u>	Phone: <u>276-1363 ext. 271</u>
Division:	<u>Oil & Gas Audit Division</u>	Date: <u>April 25, 1994</u>
Approved by Commissioner:	<u>Darrel J. Rexwinkel</u>	Date: <u>April 25, 1994</u>
Agency:	<u>Revenue</u>	

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HCS CS SB215(RES)

Revision Date: _____
 Title: Oil/Hazardous Substance Fund.
Tax, Plans
 Sponsor: Senate Resources Committee
 Requestor: House Resources Committee

Department Affected: Environmental Conservation
 BRU: Spill Prevention and Response
 Component: All SPAR Components, Response Fund
Admin. Component in Admin. BRU

COMPONENT SERIAL NO. All of the above.

Expenditures/Revenues:	(Thousands of Dollars)					
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
OPERATING EXPENDITURES						
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
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						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

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: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)
 SEE ATTACHED

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

Phone: 465-5010
 Date: 4/25/94

Approved by Commissioner: _____
 Agency: Department of Environmental Conservation

Date: 4/25/94

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Fiscal Analysis for
HCS CSSB215(RES)

	No Change From Existing Statute	HCS CSSB215 (RES) Entire Spill Reserve to Response Account
Fiscal Year 1995		
Beginning Balance of Response Fund	\$63.2	
Beginning Balance of Response Account		\$47.7
Beginning Balance of Prevention Account		\$15.5
Total .05 Surcharge Collected in FY95	\$26.2	
Total Response Surcharge Collected in FY95		\$5.2
Total Prevention Surcharge Collected in FY95		\$15.7
Interest Earned in FY95		\$2.5
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0
Ending Balance of Response Fund	\$48.9	
Ending Balance of Response Account		\$46.9
Ending Balance of Prevention Account		\$2.0
Suspension and Reimposition Calculation	(\$6.1)	\$52.5
Fiscal Year 1996		
Beginning Balance of Response Fund	\$75.1	
Beginning Balance of Response Account		\$52.5
Beginning Balance of Prevention Account		\$20.2
Total .05 Surcharge Collected in FY96	\$25.3	
Total Response Surcharge Collected in FY96		\$0.0
Total Prevention Surcharge Collected in FY96		\$15.2
Interest Earned in FY96		\$2.5
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0
Ending Balance of Response Fund	\$60.7	
Ending Balance of Response Account		\$51.7
Ending Balance of Prevention Account		\$6.3
Suspension and Reimposition Calculation	\$4.5	\$52.0

Fiscal Analysis for
HCS CSSB215(RES)

	No Change From Existing Statute	HCS CSSB215 (RES) Entire Spill Reserve to Response Account
Fiscal Year 1997		
Beginning Balance of Response Fund	\$86.0	
Beginning Balance of Response Account		\$52.0
Beginning Balance of Prevention Account		\$24.0
Total .05 Surcharge Collected in FY97	\$24.8	
Total Response Surcharge Collected in FY97		\$0.0
Total Prevention Surcharge Collected in FY97		\$14.9
Interest Earned in FY97		\$2.5
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		\$0.0
Ending Balance of Response Fund	\$71.2	
Ending Balance of Response Account		\$51.2
Ending Balance of Prevention Account:		\$9.7
Suspension and Reimposition Calculation	\$14.2	\$51.5
Fiscal Year 1998		
Beginning Balance of Response Fund	\$96.0	
Beginning Balance of Response Account		\$51.5
Beginning Balance of Prevention Account		\$27.0
Total .05 Surcharge Collected in FY98	\$23.8	
Total Response Surcharge Collected in FY98		\$0.0
Total Prevention Surcharge Collected in FY98		\$14.3
Interest Earned in FY98		\$2.5
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0
Ending Balance of Response Fund	\$80.7	
Ending Balance of Response Account		\$50.7
Ending Balance of Prevention Account		\$12.3
Suspension and Reimposition Calculation	\$22.4	\$51.0

Fiscal Analysis for
HCS CSSB215(RES)

	No Change From Existing Statute	HCS CSSB215 (RES) Entire Spill Reserve to Response Account
Fiscal Year 1999		
Beginning Balance of Response Fund	\$104.5	
Beginning Balance of Response Account		\$51.0
Beginning Balance of Prevention Account		\$29.1
Total .05 Surcharge Collected in FY99	\$22.4	
Total Response Surcharge Collected in FY99		\$4.5
Total Prevention Surcharge Collected in FY99		\$13.4
Interest Earned in FY99		\$2.5
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0
Ending Balance of Response Fund	\$88.8	
Ending Balance of Response Account		\$50.2
Ending Balance of Prevention Account		\$13.9
Suspension and Reimposition Calculation	\$28.8	\$54.9
Total Prevention Program Underfunding	\$0.0	\$0.0
Total Response Account Surcharge Paid	\$122.5	\$9.7
Total Prevention Account Surcharge Paid	\$0.0	\$73.5
Total Surcharges Paid	\$122.5	\$83.2
Total Surcharge Savings to Payor (5 Years)	\$0.0	\$39.3

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO: HCS CSSB 215(RES)

Revision Date: 04/21/94 Dept. Affected: Public Safety
 Title: Oil/Hazardous Subs Release Response Fund BRU: Alaska State Troopers
 Component: Detachments
 Sponsor: Senator Miller
 Requestor: H.RES COMPONENT SERIAL NO. 799

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	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-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES () <small style="text-align: center;">Revenue Code</small>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

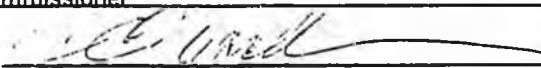
Estimate of current year (FY 94) impact: \$ _____

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.)

No impact is anticipated to the Department of Public Safety.

Prepared By: Lee Ann Lucas Phone: 465-4322
 Division: Office of Commissioner Date: 04/25/94
 Approved by Commissioner:  Date: 04/25/94
 Agency: Richard L. Burton, Dept. of Public Safety

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FISCAL NOTE

STATE OF ALASKA

BILL NO. HCSCSB 215 (RES)

1994 LEGISLATIVE SESSION

Revision Date: April 25, 1994
 Title: ...redesignating the oil and hazardous release response fund...
 Sponsor: Senator Miller
 Requestor: Senate Resources

Department Affected: Department of Law
 BRU: EXXON VALDEZ Litigation
 Component: EXXON VALDEZ Litigation
 COMPONENT SERIAL NO. 1175

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

The House Resources Committee Substitute for SB 215 makes minor technical changes and will not be a fiscal impact for the Department of Law.

Richard I. Peques

Prepared by: Richard I. Peques, Director

Phone: 465-3672

Division: Administrative Services Division

Date: April 25, 1994

Richard I. Peques/FOR

Approved by Commissioner: Bruce M. Botelho, Attorney General

Agency: Department of Law

Date: April 25, 1994

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 215 (Res)

Revision Date: _____ Dept. Affected: Administration
 Title: "An Act relating to oil and hazardous substances...." BRU: Finance
 Component: Finance
 Sponsor: Sen. Miller
 Requestor: (H) Resources COMPONENT SERIAL NO. 59

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

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

Estimate of current year (FY94) cost: none

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: Don Wanie, Director Phone: 465-2240
 Division: Finance Date: _____
 Approved by Commissioner: Nancy Bear Usura Date: 4/26/94
 Agency: Administration

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 215(FIN) am(EFD FLD)

Revision Date: April 18, 1994 Dept. Affected: Revenue
 Title: An Act relating to and redesignating the oil and hazardous BRU: Revenue Operations
substance release response fund... Component: Oil & Gas Audit Division
 Sponsor: Miller
 Requestor: Hs. Resources Committee COMPONENT SERIAL NO. 115

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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	FY95	FY96	FY97	FY98	FY99	FY00
REVENUE FUND SOURCE:	-5,300.0	-10,000.0	-9,900.0	-9,500.0	-4,500.0	-9,500.0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)
 Revenue reduction estimates are based on production and tax revenues included in the *Revenue Sources Book, Fall 1993*, and expenditure analysis provided by the Department of Environmental Conservation. The fiscal note represents a simple mathematical calculation based on those estimates.

Prepared by: Rod R. Mourant *[Signature]* Phone: 465-2302
 Division: Commissioner's Office Date: April 18, 1994
 Approved by Commissioner: Darrel J. Rexwinkel *[Signature]* Date: April 18, 1994
 Agency: Revenue

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS SB215 (FIN) cum (encl 10)

Revision Date: _____
 Title: Oil/Hazardous Substance Fund,
Tax. Plans
 Sponsor: Senate Resources Committee
 Requestor: House Resources Committee

Department Affected: Environmental
Conservation
 BRU: Spill Prevention and Response
 Component: All SPAR Components, Response Fund
Admin. Component in Admin. BRU
 COMPONENT SERIAL NO. All of the above.

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
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						
CHANGE IN REVENUES ()						

FUND SOURCE

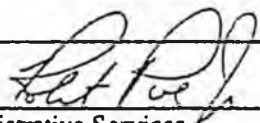
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTLA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

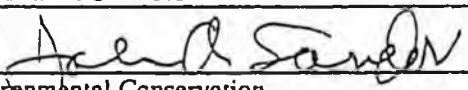
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

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

Phone: 465-5010
 Date: 4/19/94

Approved by Commissioner: 
 Agency: Department of Environmental Conservation

Date: 4/19/94

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Response Fund Alternatives
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
Fiscal Year 1995			
Beginning Balance of Response Fund	\$63.2		
Beginning Balance of Response Account		\$25.3	\$47.7
Beginning Balance of Prevention Account		\$37.9	\$15.5
Total .05 Surcharge Collected in FY95	\$26.2		
Total Response Surcharge Collected in FY95		\$10.5	\$5.2
Total Prevention Surcharge Collected in FY95		\$15.7	\$15.7
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5	\$13.5
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$48.9		
Ending Balance of Response Account		\$24.5	\$46.9
Ending Balance of Prevention Account		\$24.4	\$2.0
Suspension and Reimposition Calculation	(\$6.1)	\$35.3	\$52.5
Fiscal Year 1996			
Beginning Balance of Response Fund	\$75.1		
Beginning Balance of Response Account		\$35.3	\$52.5
Beginning Balance of Prevention Account		\$40.1	\$17.7
Total .05 Surcharge Collected in FY96	\$25.3		
Total Response Surcharge Collected in FY96		\$10.1	\$0.0
Total Prevention Surcharge Collected in FY96		\$15.2	\$15.2
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9	\$13.9
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$60.7		
Ending Balance of Response Account		\$34.5	\$51.7
Ending Balance of Prevention Account		\$26.2	\$3.8
Suspension and Reimposition Calculation	\$4.5	\$44.9	\$52.0

Response Fund Alternatives
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
Fiscal Year 1997			
Beginning Balance of Response Fund	\$86.0		
Beginning Balance of Response Account		\$44.9	\$52.0
Beginning Balance of Prevention Account		\$41.4	\$19.0
Total .05 Surcharge Collected in FY97	\$24.8		
Total Response Surcharge Collected in FY97		\$7.4	\$0.0
Total Prevention Surcharge Collected in FY97		\$14.9	\$14.9
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3	\$14.3
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		\$0.0	\$0.0
Ending Balance of Response Fund	\$71.2		
Ending Balance of Response Account		\$44.1	\$51.2
Ending Balance of Prevention Account		\$27.1	\$4.7
Suspension and Reimposition Calculation	\$14.2	\$51.8	\$51.5
Fiscal Year 1998			
Beginning Balance of Response Fund	\$96.0		
Beginning Balance of Response Account		\$51.8	\$51.5
Beginning Balance of Prevention Account		\$42.0	\$19.5
Total .05 Surcharge Collected in FY98	\$23.8		
Total Response Surcharge Collected in FY98		\$0.0	\$0.0
Total Prevention Surcharge Collected in FY98		\$14.3	\$14.3
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8	\$14.8
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$80.7		
Ending Balance of Response Account		\$51.0	\$50.7
Ending Balance of Prevention Account		\$27.2	\$4.8
Suspension and Reimposition Calculation	\$22.4	\$51.3	\$51.0

Response Fund Alternatives
CSHB238 Compared to CSSB215(FIN)

Fiscal Year 1999	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
Beginning Balance of Response Fund	\$104.5		
Beginning Balance of Response Account		\$51.3	\$51.0
Beginning Balance of Prevention Account		\$41.5	\$19.1
Total .05 Surcharge Collected in FY99	\$22.4		
Total Response Surcharge Collected in FY99		\$0.0	\$4.5
Total Prevention Surcharge Collected in FY99		\$13.4	\$13.4
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2	\$15.2
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$38.8		
Ending Balance of Response Account		\$50.5	\$50.2
Ending Balance of Prevention Account		\$26.3	\$3.9
Suspension and Reimposition Calculation	\$28.8	\$50.8	\$54.9
Total Prevention Program Underfunding	\$0.0	\$0.0	\$0.0
Total Response Account Surcharge Paid	\$122.5	\$28.0	\$9.7
Total Prevention Account Surcharge Paid	\$0.0	\$73.5	\$73.5
Total Surcharges Paid	\$122.5	\$101.5	\$83.2
Total Surcharge Savings to Payor (5 Years)	\$0.0	\$21.0	\$39.3

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 215 (Fin) am(Ord) (1d)

Revision Date: _____ Dept. Affected: Administration
 Title: *An Act relating to oil and hazardous substances... BRU: Finance
 Component: Finance
 Sponsor: Sen. Miller
 Requestor: _____ COMPONENT SERIAL NO. 59

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

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

Estimate of current year (FY94) cost: none

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: Don Wanie, Director Phone: 465-2240
 Division: Finance Date: _____
 Approved by Commissioner: Nancy Bear Usera Date: 4/15/94
 Agency: Administration

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FISCAL NOTE

No. 8
 Bill Version: CSB 215 (FIN)
 (S) Publish Date: 4-13-94

STATE OF ALASKA
 1994 LEGISLATIVE SESSION

Revision Date: April 13, 1994
 Title: Redesignating the oil and hazardous release response fund.
 Sponsor: Senator Miller
 Requestor: Senate Finance

Department Affected: Department of Law
 BRU: EKXON VALDEZ Litigation
 Component: EKXON VALDEZ Litigation
 COMPONENT SERIAL NO. 1175

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						
FUNDING:						
1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-
POSITIONS:						
FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

The CS for SB 215 makes sufficient changes that there will not be a fiscal impact for the Department of Law.

Prepared by: Richard I. Pegues, Director
 Division: Administrative Services Division

Phone: 465-3672
 Date: April 13, 1994

Approved by Commissioner: Bruce M. Botelho, Attorney General
 Agency: Department of Law

Date: April 13, 1994

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Replaces # 6

FISCAL NOTE

No. 3

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL

Bill Version: SB 215

(S) Publish Date: 4-8-94

Revision Date: _____ Dept. Affected: Public Safety
 Title: Oil/Hazardous Spills Release Response Fund BRU: Alaska State Troopers
 Component: Detachments
 Sponsor: S. Miller
 Requestor: S. Finance COMPONENT SERIAL NO. 799

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	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-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ()	-0-	-0-	-0-	-0-	-0-	-0-
<small>Revenue Code</small>						

SB 215

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 94) impact: \$ _____

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.)
 No impact is anticipated to the Department of Public Safety.
 Changes in SB 215 (Fin) have no fiscal impact. This fiscal note is appropriate.
4-7-94 ML

Prepared By: Lee Ann Lucas Phone: 465-4322
 Division: Office of Commissioner Date: 2/3/94
 Approved by Commissioner: [Signature] Date: 2/3/94
 Agency: Richard L. Burton, Dept. of Public Safety

FISCAL NOTE

No. 5

Bill Version: CS SB 215 (FIN)

(S) Publish Date: 4-12-94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL N

Revision Date: _____ Dept. Affected: Revenue
 Title: An act relating to oil and hazardous substances... BRU: Revenue Operations
 Component: Oil & Gas Audit
 Sponsor: Miller
 Requestor: Senate Finance COMPONENT SERIAL NO. 115

Expenditures/Revenues:

(Thousands of Dollars)

	FY95	FY96	FY97	FY98	FY99	FY00
OPERATING						
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						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.) None

Prepared by: Leslie K. Stewart
 Division: Oil & Gas Audit Division
 Approved by Commissioner: Carrel J. Rexwinkel
 Agency: Revenue

Phone: 276-1363 ext. 271
 Date: March 24, 1994
 Date: March 25, 1994

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 215 (FIN)

Revision Date: April 13, 1994
Title: "...redesignating the oil and hazardous release response fund..."
Sponsor: Senator Miller
Requestor: Senate Finance

Department Affected: Department of Law
BRU: EXXON VALDEZ Litigation
Component: EXXON VALDEZ Litigation
COMPONENT SERIAL NO. 1175

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

The CS for SB 215 makes sufficient changes that there will not be a fiscal impact for the Department of Law.

Prepared by: Richard I. Peques, Director
Division: Administrative Services Division
Approved by Commissioner: Bruce M. Botelho, Attorney General
Agency: Department of Law

Phone: 465-3672
Date: April 13, 1994
Date: April 13, 1994

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS SB215 (FIN)

Revision Date: _____
 Title: Oil/Hazardous Substance Fund,
Tax, Plans
 Sponsor: Senate Resources Committee
 Requestor: House Resources Committee

Department Affected: Environmental
Conservation
 BRU: Spill Prevention and Response
 Component: All SPAR Components, Response Fund
Admin. Component in Admin. BRU
 COMPONENT SERIAL NO. All of the above.

Expenditures/Revenues: (Thousands of Dollars)

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
OPERATING EXPENDITURES						
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
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

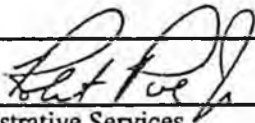
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

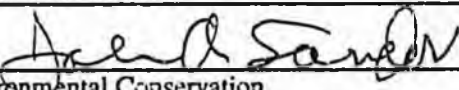
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

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

Phone: 465-5010
 Date: 4/19/94

Approved by Commissioner: 
 Agency: Department of Environmental Conservation

Date: 4/19/94

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Response Fund Alternatives
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
Fiscal Year 1995			
Beginning Balance of Response Fund	\$63.2		
Beginning Balance of Response Account		\$25.3	\$47.7
Beginning Balance of Prevention Account		\$37.9	\$15.5
Total .05 Surcharge Collected in FY95	\$26.2		
Total Response Surcharge Collected in FY95		\$10.5	\$5.2
Total Prevention Surcharge Collected in FY95		\$15.7	\$15.7
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5	\$13.5
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$48.9		
Ending Balance of Response Account		\$24.5	\$46.9
Ending Balance of Prevention Account		\$24.4	\$2.0
Suspension and Reimposition Calculation	(\$6.1)	\$35.3	\$52.5
Fiscal Year 1996			
Beginning Balance of Response Fund	\$75.1		
Beginning Balance of Response Account		\$35.3	\$52.5
Beginning Balance of Prevention Account		\$40.1	\$17.7
Total .05 Surcharge Collected in FY96	\$25.3		
Total Response Surcharge Collected in FY96		\$10.1	\$0.0
Total Prevention Surcharge Collected in FY96		\$15.2	\$15.2
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9	\$13.9
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$60.7		
Ending Balance of Response Account		\$34.5	\$51.7
Ending Balance of Prevention Account		\$26.2	\$3.8
Suspension and Reimposition Calculation	\$4.5	\$44.9	\$52.0

Response Fund Alternatives
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
Fiscal Year 1997			
Beginning Balance of Response Fund	\$86.0		
Beginning Balance of Response Account		\$44.9	\$52.0
Beginning Balance of Prevention Account		\$41.4	\$19.0
Total .05 Surcharge Collected in FY97	\$24.8		
Total Response Surcharge Collected in FY97		\$7.4	\$0.0
Total Prevention Surcharge Collected in FY97		\$14.9	\$14.9
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3	\$14.3
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		\$0.0	\$0.0
Ending Balance of Response Fund	\$71.2		
Ending Balance of Response Account		\$44.1	\$51.2
Ending Balance of Prevention Account		\$27.1	\$4.7
Suspension and Reimposition Calculation	\$14.2	\$51.8	\$51.5
Fiscal Year 1998			
Beginning Balance of Response Fund	\$96.0		
Beginning Balance of Response Account		\$51.8	\$51.5
Beginning Balance of Prevention Account		\$42.0	\$19.5
Total .05 Surcharge Collected in FY98	\$23.8		
Total Response Surcharge Collected in FY98		\$0.0	\$0.0
Total Prevention Surcharge Collected in FY98		\$14.3	\$14.3
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8	\$14.8
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$80.7		
Ending Balance of Response Account		\$51.0	\$50.7
Ending Balance of Prevention Account		\$27.2	\$4.8
Suspension and Reimposition Calculation	\$22.4	\$51.3	\$51.0

Response Fund Alternatives
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
Fiscal Year 1999			
Beginning Balance of Response Fund	\$104.5		
Beginning Balance of Response Account		\$51.3	\$51.0
Beginning Balance of Prevention Account		\$41.5	\$19.1
Total .05 Surcharge Collected in FY99	\$22.4		
Total Response Surcharge Collected in FY99		\$0.0	\$4.5
Total Prevention Surcharge Collected in FY99		\$13.4	\$13.4
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2	\$15.2
Estimated Response Account Use	\$0.3	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$88.8		
Ending Balance of Response Account		\$50.5	\$50.2
Ending Balance of Prevention Account		\$26.3	\$3.9
Suspension and Reimposition Calculation	\$28.8	\$50.8	\$54.9
Total Prevention Program Underfunding	\$0.0	\$0.0	\$0.0
Total Response Account Surcharge Paid	\$122.5	\$28.0	\$9.7
Total Prevention Account Surcharge Paid	\$0.0	\$73.5	\$73.5
Total Surcharges Paid	\$122.5	\$101.5	\$83.2
Total Surcharge Savings to Payor (5 Years)	\$0.0	\$21.0	\$39.3

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 215(RES)

Revision Date:	Dept. Affected: Revenue
Title: An Act relating to and redesignating the oil and hazardous substance release response fund...	BRU: Revenue Operations
Sponsor: Miller	Component: Oil & Gas Audit Division
Requestor: Hs. Resources Committee	COMPONENT SERIAL NO. 115

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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						
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REVENUE FUND SOURCE:	-5,300.0	-10,000.0	-9,900.0	-9,500.0	-4,500.0	
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)
 Revenue reduction estimates are based on production and tax revenues included in the *Revenue Sources Book, Fall 1993*, and expenditure analysis provided by the Department of Environmental Conservation. The fiscal note represents a simple mathematical calculation based on those estimates.
 As requested by the House Resources Committee, analysis for the next five fiscal years is provided.

Prepared by:	Rod R. Mourant	Phone: 465-2302
Division:	Commissioner's Office	Date: April 11, 1994
Approved by Commissioner:	Darrel J. Rexwinkel	Date: April 11, 1994
Agency:	Revenue	

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

No. 6

Bill Version: SB 215

(S) Publish Date: 4-12-94

Revision Date: January 28, 1994
Title: "...redesignating the oil and hazardous substance release response fund..."
Sponsor: Senator Miller
Requestor: Senator Miller

Department Affected: Department of Law
BRU: Legal Services, Exxon Valdez Litigation
Component: Legal Services, Operations Exxon Valdez Litigation
COMPONENT SERIAL NO. 0093.1175

EXPENDITURES/REVENUES:

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

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx

POSITIONS:

FULL-TIME	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: _____

ANALYSIS: (Attach a separate page if necessary.)
Please see the attached analysis.

Changes in CSB 215 (Fix)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.
4-11-94 RL
date Comte Aide (initial)

Prepared by: Richard I. Peques, Director
Division: Administrative Services Division

Phone: 465-3672
Date: January 28, 1994

Approved by Commissioner: Bruce M. Botellog, Attorney General
Agency: Department of Law

Date: January 28, 1994

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 215

ANALYSIS CONTINUATION:

SB 215 would split the present Oil and Hazardous Substance Release Response Fund (470 Fund) into two accounts. The first account, the catastrophic account, would be financed by a 3 cent a barrel conservation surcharge on oil production. The second account, the abatement account, would be financed by an on-going 2 cent surcharge.

Under present law, the Legislature can appropriate Oil and Hazardous Substance Fund (470) monies to the Department of Law and other departments for recovery of the costs of containment and cleanup (including restoration of the environment) resulting from the release or threatened release of oil or a hazardous substance. In the case of the Department of Law, this currently occurs in two instances. First, an annual amount of \$355,000 is appropriated from the oil and hazardous substance fund to the Legal Services Operations component to pay for the department's cost recovery enforcement efforts on behalf of the Department of Environmental Conservation. Second, an amount of \$1,005,200 was appropriated in FY 94 and \$805,200 is requested for FY 95 to pay for EXXON VALDEZ and certain other significant oil and hazardous substance cost recovery efforts. During the current fiscal year (FY 94) the department has already collected \$20,000,000 (\$14,762,703 for deposit in the general fund and \$5,237,297 for deposit in the mitigation account) that is attributable to the EXXON VALDEZ oil spill. In addition, the department has also already collected \$600,000 in cost recover services for deposit in the mitigation account, from other cost recovery efforts.

SB 215, by dividing the 470 Fund, would only allow use of the 3 cent catastrophic spill account for cost recovery efforts relating to spills over 4.2 million gallons or where the Governor has declared a disaster emergency. SB 215 also provides that all on-going spill prevention and response programs be funded by the 2 cent fund. However, the estimated revenues from the 2 cent surcharge are not sufficient to finance these activities, which include Department of Law cost recovery efforts relating to so-called non-catastrophic spills. In its fiscal note analysis of SB 215, the Department of Environmental Conservation has indicated that it would require an initial general fund appropriation of \$5,100,000 to offset the loss of 470 Fund monies. Substitution of general funds for 470 Funds, however, is somewhat problematic in view of the dramatic downturn in the state's general fund revenues. Because much of the Department of Law's cost recovery effort involves these so-called non-"catastrophic" spills the department will suffer a drastic decrease in funding resulting

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 215

ANALYSIS CONTINUATION:

in a severe reduction in its efforts to recover monies owed to the state by parties responsible for oil and hazardous substance pollution. Moreover, the Department of Law's cost recovery enforcement efforts provide an important incentive for cleanups by private parties who, in the absence of undertaking cleanup themselves, would face state-funded cleanups and repayment of those costs to the state. In many ways, cost recovery is the engine that drives private cleanups of oil and hazardous substance pollution. By creating a division between so-called catastrophic and non-catastrophic spill cost recovery efforts, SB 215 would disrupt state recovery efforts and serve as a disincentive for private cleanups. Because of the uncertainty of substitute funding if SB 215 is approved, we cannot predict the amount of substitute general funds that may be required, nor can we predict the amount of cost recovery funds that will be lost if substitute funding is not found.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL

No. 3

Bill Version: SB 215

(S) Publish Date: 4-8-94

Revision Date: _____ Dept. Affected: Public Safety
 Title: Oil/Hazardous Subs Release Response Fund BRU: Alaska State Troopers
 Component: Detachments
 Sponsor: S. Miller
 Requestor: S. Finance COMPONENT SERIAL NO. 799

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	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-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ()	-0-	-0-	-0-	-0-	-0-	-0-
<small>Revenue Code</small>						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 94) impact: \$ _____

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.)

No impact is anticipated to the Department of Public Safety.

Changes in CS5B 215 (Fin) have no fiscal impact. This fiscal note is appropriate.

4-7-94

AL

Prepared By: Lee Ann Lucas Phone: 465-4322
 Division: Office of Commissioner Date: 2/3/94
 Approved by Commissioner: [Signature] Date: 2/3/94
 Agency: Richard L. Burton, Dept. of Public Safety

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SB 215

CSSB215 Version "U"

FISCAL NOTE

STATE OF ALASKA
 1994 LEGISLATIVE SESSION

BILL NO. SB 215

Revision Date: _____
 Title: Oil and Hazardous Substance Release
Response Fund
 Sponsor: Senator Miller
 Requestor: Senate Resources Committee

Department Affected: Environmental Conservation
 BRU: SPAR/Administrative Services
 Component: All SPAR Components
Response Fund Administration

COMPONENT SERIAL NO. _____

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	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE

1002 Federal Receipts						
2003 GF Match						
2004 GF	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0
1005 GF/Program Receipts						
1006 GF/MHTA						
Other						
TOTAL	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached

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

Phone: 465-5010
 Date: 2/24/94

Approved by Commissioner: _____
 Agency: Department of Environmental Conservation

Date: 2/24/94

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FISCAL NOTE

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	5-Year Total
Revenue from .025 surcharge	\$12,750.0	\$12,250.0	\$11,250.0	\$10,250.0	\$9,500.0	\$8,500.0	\$64,500.0
State Spill Prevention Program*	\$13,300.0	\$13,699.0	\$14,110.0	\$14,533.0	\$14,969.0	\$15,418.0	\$85,029.0
Difference	(\$550.0)	(\$1,449.0)	(\$2,860.0)	(\$4,283.0)	(\$5,469.0)	(\$6,918.0)	(\$21,529.0)
Total GF Cost	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0	\$21,529.0

* This number reflects current funding of the state's spill response and prevention program, increased by 3% each year for inflation.

This legislation proposes to fund the state's entire spill prevention and response program from a 2.5 cent per barrel surcharge on crude oil produced in Alaska. Since SB215 Version "U" now allows the catastrophic account, established in SB215, to be used for both hazardous substance and oil spills, and there is no spill-size-threshold in order to access the catastrophic account, no non-catastrophic spill reserve need be established.

The figure for the 2.5 cent surcharge revenue is extrapolated from forecasts contained in the Department of Revenue



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

State Capitol
Juneau, AK 99801-1182

MEMORANDUM

TO: Representative Ramona Barnes
Speaker of the House

FROM: House Democratic Minority

DATE: May 6, 1994

SUBJECT Amendments to SB 215

The attached amendments are critical revisions to the oil and hazardous substance spill response fund HCS CSSB 215(FIN). These amendments will result in legislation consistent with the best interests of the state.

- Amendment #1--CONDITIONAL SUSPENSION OF SURCHARGE IMPOSED BY AS 43.55.201 - 43.55.231. This amendment will split the current balance of the spill reserve fund in the same proportion as the nickel per barrel will be split in the future under SB 215: 60% percent to the prevention side and 40% to the response side. With the addition of the underground and above ground storage tank programs to uses of the prevention portion of the fund, it is absolutely essential that that portion of the fund be adequately supported.

- Amendment #2-- This amendment will return to the Senate and House Resources language on uses of the response side of the fund. The amendment will make it clear that the response side of the fund should be used for restoration activities that result from a spill. Restoration should be viewed as part of the natural continuum of response. The phrase, "excluding the acquisition of wildlife habitat" has been added to answer concerns raised by Representative Hanley in the House Finance Committee.

A M E N D M E N T

BEING DRAFTED TO LATEST VERSION
HCS CSSB 215(FIN)

OFFERED IN THE HOUSE

TO: ECS CSSB 215() "T" Draft 5/2/94

Page 27, lines 24 Through Page 28, line 4:

Delete all material and insert:

"* Sec. 46. CONDITIONAL SUSPENSION OF SURCHARGE IMPOSED BY AS 43.55.201 - 43.55.231. In addition to the circumstances set out in AS 43.55.231, the surcharge authorized by AS 43.55.201 is not levied on and after the effective date of this section and until June 30, 1995, if

(1) the Eighteenth Alaska State Legislature does not, during the Second Regular Session or during any special session held before the effective date of this section,

(A) appropriate to the oil and hazardous substance release prevention and response fund established by AS 46.08.010(a), as amended by sec. 21 of this Act, the balance, as of July 1, 1994, of the account established under former AS 43.55.210 to receive the proceeds of the conservation surcharge; the appropriation required by this subparagraph must be allocated as follows:

(i) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act and

(ii) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act and

(B) appropriate at least an amount equal to the estimated amount, as of the day before the effective date of this section, of the unexpended and unobligated balance of the former oil and hazardous substance release response fund, exclusive of the amount appropriated under (A) of this paragraph, to the oil and hazardous substance release prevention and response fund; the appropriation required by this subparagraph must be allocated as follows:

(i) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act and

(ii) 50 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act, appropriated for purposes described in AS 46.08.040(1)(C)(C)(i) and (ii), added by sec. 27 of this Act and for purposes described in AS 46.04.030 or AS 46.08.100 - 46.08.190; or

(2) the governor vetoes or reduces any of the amounts appropriated or allocated under (1) of this section."

Page 23, lines 5 - 7:

Delete "APPLICABLE TO CONSERVATION SURCHARGE ON OIL IMPOSED BY AS 43.55.200 AFTER JUNE 30, 1994, AND BEFORE THE EFFECTIVE DATE OF THIS SECTION."

Insert ". (a)"

Page 23, line 21:

Delete "section"

Insert "subsection"

Page 23, following line 23:

Insert a new subsection to read:

"(b) On the effective date of this section, if so appropriated by the legislature, the commissioner of administration shall transfer to the oil and hazardous substance release prevention and response fund established by AS 46.08.010(a), as amended by sec. 21 of this Act, an amount equal to the estimated amount, as of the day before the effective date of this section, of the unexpended and unobligated balance of the former oil and hazardous substance release response fund; the appropriation required by this subparagraph must be allocated as follows:

(1) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

(2) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act."

#2

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSFB 215()

*BEING drafted TO latest version
HCS CSFB 215 (FIN)*

Page 18 , line 4, after "environment":

Insert ", restore the environment, excluding the acquisition of wildlife
habitat"

Page 21, line 20 through line 21:

Delete all material.

HOUSE RESOURCES COMMITTEE MEETING
APRIL 22, 1994

AMENDMENTS WHICH MAY BE PROPOSED
FOR CS SB 215(RES)am (efd fld)

A M E N D M E N T

Y.3

OFFERED IN THE HOUSE

TO: CSSB 215(FIN) am(efd fld)

Page 26, line 21, through page 27, line 1:

Delete all material and insert:

** Sec. 44. CONDITIONAL SUSPENSION OF SURCHARGE IMPOSED BY AS 43.55.201 - 43.55.231. In addition to the circumstances set out in AS 43.55.231, the surcharge authorized by AS 43.55.201 is not levied on and after the effective date of this section and until June 30, 1995, if

(1) the Eighteenth Alaska State Legislature does not, during the Second Regular Session or during any special session held before the effective date of this section,

(A) appropriate to the oil and hazardous substance release prevention and response fund established by AS 46.08.010(a), as amended by sec. 21 of this Act, the balance, as of July 1, 1994, of the account established under former AS 43.55.210 to receive the proceeds of the conservation surcharge; the appropriation required by this subparagraph must be allocated as follows:

(i) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

(ii) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act; and

(B) appropriate at least an amount equal to the estimated amount, as of the day before the effective date of this section, of the unexpended and unobligated balance of the former oil and hazardous substance release response fund, exclusive of the amount appropriated under (A) of this paragraph, to the oil and hazardous substance release prevention and response fund; the appropriation required by this subparagraph must be allocated as follows:

(i) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

(ii) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act, to be appropriated for purposes described in AS 46.08.040(a)(2)(C)(i) and (ii), added by sec. 26 of this Act, and for purposes described in AS 46.08.100 - 46.08.190; or

(2) the governor vetoes or reduces any of the amounts appropriated or allocated under (1) of this section."

Page 27, lines 2 - 4:

Delete "APPLICABLE TO CONSERVATION SURCHARGE ON OIL IMPOSED BY AS 43.55.200 AFTER JUNE 30, 1994, AND BEFORE THE EFFECTIVE DATE OF THIS SECTION."

Insert ". (a)"

Page 27, line 18:

Delete "section"

Insert "subsection"

Page 27, following line 20:

Insert a new subsection to read:

"(b) On the effective date of this section, if so appropriated by the legislature, the commissioner of administration shall transfer to the oil and hazardous substance release prevention and response fund established by AS 46.08.010(a), as amended by sec. 21 of this Act, an amount equal to the estimated amount, as of the day before the effective date of this section, of the unexpended and unobligated balance of the former oil and hazardous substance release response fund; the appropriation required by this subparagraph must be allocated as follows:

(1) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

(2) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act."

EXPLANATION OF AMENDMENT Y.3

Amendment Y.3 does a couple of things.

The first thing is simply to clarify what was evidently an oversight in the provisions of the Senate-passed version of the bill. That is to spell out what is intended to happen with the nickels that have accumulated during FY 94 in the Surcharge Account, which have not yet been appropriated into the 470 Fund. When this was brought up on the Senate floor it was noted that the intent was to split the surcharge balance just as the incoming new surcharges would be split, and that it could be done in the front section of the budget. The Senate has now added that language to their budget and section (1)(A) of amendment Y.3 simply reflects that part of the plan within the bill.

The significant change that Y.3 would make to SB 215 is to split the current balance of the former 470 Fund in the same proportions as the future nickels will be split, and earmarks the portion of that which goes into the prevention account for the funding of oil and hazardous substance response corps and depots.

All of the money that has gone into the 470 fund over the years, whether from general fund deposits or from the nickel surcharge has, by law, been intended for the purposes spelled out in 46.08.040 which all fall within two main categories - prevention and response. And all of the expenditures that have come out of the 470 fund have fallen under those two categories. All of the money remaining in the fund was and is intended for those two purposes. Corps and Depots are specifically listed in the law as one of the purposes of the fund. Sb 215 makes the determination that the appropriate proportional use, the appropriate division of the money coming into the fund, is 40% to the savings account for response to spills, and 60% to preparedness and prevention of spills. It is only logical then, that the current accumulated balance of the 470 fund be split in the proportions which we are deemed most appropriate by SB 215.

AMENDMENT ADDRESSES NEGATIVES OF SB215. As proposed in SB 215, the creation of two surcharges, 2-cent and 3-cent, in lieu of the nickel surcharge in current law, has three main negative effects, all of which can be the lessened by amending the bill to split the current fund balance:

1. LOSS OF AVAILABLE FUNDING FOR CORPS AND DEPOTS. Since the 3-cent surcharge will only generate enough revenue to fund the regular on-going prevention programs of DEC, there will be little or no "spare" revenue to establish and maintain spill corps and depots. Adoption of this amendment will still accomplish the bill's goals of ensuring that the spill reserve will reach and maintain a level of \$50 million and the 2-cent surcharge will turn off in

a reasonable amount of time, and the oil industry will save many millions of dollars. But it will accomplish those goals WITHOUT undermining the state's ability to complete a major piece of our protection puzzle, the establishment of corps and depots. Without this amendment to hold on to a portion of the current balance of the 470 fund for this purpose, the future funding of depots will be left to the chance that the state will make General Fund appropriations for them --- and given the revenue projections in coming years, that is not likely to happen. Without proper and well-located equipment and supplies and trained personnel, a savings account for cleaning up spills after-the fact will be of little comfort to Alaskans.

2. FISCAL IMPACT TO GENERAL FUND. Splitting the account would reduce the impact on the state general fund. The Senate-passed version of the bill, in which the current balance is all deposited into the Response Account, will mean a General Fund loss of approximately \$50 million in six years. Amending the bill to split the current balance would reduce that fiscal impact to a GF loss of approximately \$32 million in six years.

3. 3-CENT SURCHARGE EVENTUALLY WILL NOT BE SUFFICIENT TO FUND ON-GOING PREVENTION PROGRAMS AT CURRENT LEVEL. While the zero five-year fiscal note from DEC shows that the 3-cent surcharge will generate enough revenue to cover their current levels of programs, longer term projections reveal that as inflation goes up, and oil production declines, the 3-cent surcharge for the prevention side will no longer fully fund the current level of on-going prevention and preparedness programs in the state's operating budget. Splitting the current balance would allow some additional funding to accumulate in the form of interest. Since the bill allows interest to be appropriated back into the prevention account, this may help to offset the funding shortfall in future years for those programs.

AMENDMENT ALSO CLARIFIES DISPOSITION OF NICKELS STILL IN THE SURCHARGE ACCOUNT. In addition to amending the way the current balance of the 470 fund would be allocated, this amendment clarifies the intent that accumulated FY94 surcharge money will be allocated in the same way that future surcharge money will be under the bill. The Senate version of the bill evidently inadvertently neglected to specifically spell out the disposition of the nickels that are currently in the surcharge account where the nickels accumulate during a fiscal year before they are appropriated each year in the budget into the 470 Fund. However, the Senate has since added language to the front section of the budget to spell out the intent to split the accumulated FY94 which are in the surcharge account 60/40 (prevention account/response account) just as the future nickels will be split. This amendment simply includes that intent as part of SB 215.

Without this amendment, it will be extremely difficult, at best,

to obtain funding in future years to establish and maintain the corps and depots. The depot program is widely recognized as the critical missing component of the protection of Alaska's coastline and rivers.

To accompany
amendment
V. 3

DRAFT LETTER OF INTENT
FOR HCS CS SB 215 (RES)

BY HOUSE RESOURCES COMMITTEE

In recognition of the vital importance of establishing and maintaining a statewide network of oil and hazardous substance response depots and corps, the legislature is allocating a portion of the balance of the former Oil and Hazardous Substance Release Response Fund to be used for that purpose. While acknowledging dissatisfaction with the performance of state agencies to date in regard to depots and corps, the legislature remains committed to this goal.

It is the intent of the legislature that prior to appropriating the funds allocated in SB 215 for depots and corps, the recommendations of the November 1992, Division of Legislative Audit review of the Response Depot and Corps program be addressed. Of particular importance are recommendations two and three, which are as follows:

Recommendation Number Two

The Alaska Department of Environmental Conservation and the Alaska Department of Military and Veteran Affairs should perform the depot selection process in accordance with statute. AS 46.04.200(b)(5) requires that the State Master Plan must designate the locations where emergency response depots should be established and where emergency response corps personnel should be available. In preparing the State Master Plan, the statute requires the commissioner of DEC to consult with municipal and community officials and representatives of affected regional organizations; submit draft plans to the public for review and comments; submit the plan to the legislature for its review, and submit the plan to the State Emergency Response Commission for its review and approval.

Recommendation Number Three

Long-term plans, complete with an implementation schedule and estimated cost figures, should be completed by DMVA and approved by DEC before making financial commitments with OHSRRF funds. The use of OHSRRF funds for depots and volunteer corps should be closely monitored by DEC to ensure the integrity of the fund and that expenditures are made only for purposes for which the fund was established. Establishing the equipment depots and volunteer corps is a long-term

project spanning several fiscal years. Without the existence of an agreed upon long-term plan, there is no assurance that decision regarding the type and priority of goods and services purchased with the OHSRRF fund are for the purposes intended of that fund.

It is the intent of the legislature that this planning process occur and that plans be reviewed and approved by the legislature before any funds are appropriated for response depots and corps from the balance allocated to the prevention account.

The purpose of this allocation is for establishing, equipping, and maintaining oil and hazardous substance response depots and for training volunteer oil and hazardous substances response personnel. It is NOT to be used to fund DEC and DMVA staff for more than minimal oversight of the implementation and maintenance of the program. In addition, it is the intent of the legislature that a wide geographic area for response depots be reviewed to ensure establishment of depots in the areas of the state that currently have minimal response capabilities. These include Western Alaska, the Aleutian Chain, the Yukon River, Cook Inlet, and Southeast Alaska.

A M E N D M E N T

Y.4

OFFERED IN THE HOUSE

TO: CSSB 215(FIN) am(efd fld)

Page 9, lines 30 - 31:

Delete "the oil and hazardous substance release"

Insert "a [THE OIL AND HAZARDOUS SUBSTANCE RELEASE]"

Page 10, line 3:

After "prevention"

Insert "mitigation"

After "in"

Insert "AS 46.08.020(b)"

Page 10, line 5:

Delete "OR] AS 46.08.020"

Insert "OR AS 46.08.020]"

Page 20. lines 25 - 27:

Delete all material.

Page 20, line 28:

Delete "(I)"

Insert "(H)"

Page 21, line 1:

Delete "(J)"

Insert "(I)"

Page 21. line 8:

Delete "(K)"

Insert "(J)"

EXPLANATION OF AMENDMENT Y.4

Amendment Y.4 would return to the situation under current law regarding where the Exxon reimbursement payments go, and from where the Storage Tank Assistance Program is funded.

The state is due to receive about \$28 million in Exxon Valdez Oil Spill reimbursements between now and the year 2001. That money may come to the state in roughly equal annual payments or it may not. Currently that money goes into the General Fund and the Mitigation Account (which is also part of the unrestricted General Fund). The Senate-passed version of SB 215 provides that that money instead will go into the Oil and Hazardous Substance Prevention Account, where its use is restricted.

In addition, SB 215 moves the Storage Tank Assistance Program (STA) into the Oil and Hazardous Substance Prevention Account. It appears that the logic is that the Exxon Settlement money could offset the financial demands of funding the STA Program. Under current law that use of the funding source is already be available for STA as both are basically General Fund items now. The drawback of moving both under the prevention account is that the money available from the Exxon reimbursements is a small fraction of the demand for STA program funding. Therefore, as that demand exceeds Exxon payments, the STA program will have to directly compete for, and possible drain, the funds available in the prevention account from the 3-cent surcharge intended to fund the on-going prevention programs.

Amendments Submitted by D.E.C.

Amendments to CSS3 215 (FIN) am(efd fld)

1) Section 19, page 14 lines 7-16 replace with:

(1) the oil and hazardous substance release response mitigation account established under AS 46.08.025(b); the amount required to be deposited under this paragraph shall represent the proportion of the expenses recovered that were originally paid for from the oil and hazardous substance release response account established under AS 46.08.010(a)(2); or

(2) [A SPECIAL ACCOUNT CALLED] the ["] oil and hazardous substance release prevention mitigation account established under AS 46.08.020(b); the amount required to be deposited under this paragraph is the amount of money recovered that exceeds the amount payable to the response mitigation account under (1) of this section ["].

Passed

2) Section 26, page 21, line 9 add a new subsection L:

(L) pay for grants under AS 29.60.510 and impact assessments under AS 29.60.560 made by the commissioner of community and regional affairs.

Passed

3) Section 26, page 17, line 31, replace with:

contain, clean up, including restoration of the environment, and take other necessary action, such as monitoring and

Passed

4) Section 31, page 23, line 4 add a new subsection (D) between "cost recoveries" and "[AS SPECIFIED . . .]":

(D) AS 46.08.020(a)(3) (cost recoveries)

Passed

5) Delete lines 24-25, p. 25 and renumber remaining subsections accordingly.

Section 40

Passed

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

April 23, 1994

SUBJECT: HCS CSSB 215 (Resources) (Work Order No. 8-LS1107L)

TO: Representative Bill Williams, Chair
House Resources Committee
ATTN: Mary McDowell or Gail Ford

FROM: Jack Chenoweth
Legislative Counsel 

All the amendments sought by the Department of Environmental Conservation and approved by the committee have been inserted, along with amendment Y.8 prepared in this office. Some of the department's amendments present problems.

I have made the second amendment, authorizing use of the prevention account for municipal grants and impact assistance under AS 29.60.500 - 29.60.599, though not at the point indicated. However, the change necessitated a correction in the opening sentence of AS 46.08.040(a), which I also made. The change affects provisions in AS 29.60.500 - 29.60.599--notably to AS 29.60.510(b)(1) and 29.60.560(e)(1), and perhaps elsewhere. I did not make these collateral changes. They need to be made before the bill is passed from committee.

I incorporated amendment # 4 into AS 46.08.060(a)(2)(C).

As to the last, amendment # 5, the deletion of a definition for "catastrophic oil discharge" out of bill section 41 leaves that term, as it appears in AS 46.08.130(b)(1), without a definition. Look at AS 46.08.130(b) and see if it will work, in context, without the definition. (That appears to be the only place in AS 46.08 where that term is used.)

The ramifications of the committee's adoption of the department's second amendment without changes in AS 29.60 should have your careful attention.

JBC:lmb
94-126.lmb

Enclosure

Amendments Submitted by D.E.C.

Amendments to CSSB 215(FIN) am(efd fld)

1) Section 19, page 14 lines 7-16 replace with:

(1) the oil and hazardous substance release response mitigation account established under AS 46.08.025(b); the amount required to be deposited under this paragraph shall represent the proportion of the expenses recovered that were originally paid for from the oil and hazardous substance release response account established under AS 46.08.010(a)(2); or

(2) [A SPECIAL ACCOUNT CALLED] the ["] oil and hazardous substance release prevention mitigation account established under AS 46.08.020(b); the amount required to be deposited under this paragraph is the amount of money recovered that exceeds the amount payable to the response mitigation account under (1) of this section ["].

2) Section 26, page 21, line 9 add a new subsection L

(L) pay for grants under AS 29.60.510 and impact assessments under AS 29.60.560 made by the commissioner of community and regional affairs.

3) Section 26, page 17, line 31, replace with:

contain, clean up, including restoration of the environment, and take other necessary action, such as monitoring and

4) Section 31, page 23, line 4 add a new subsection (D) between "cost recoveries" and "[AS SPECIFIED . . .]":

(D) AS 46.08.020(a)(3) (cost recoveries)

5) Delete lines 24-25, p. 25 and renumber remaining subsections accordingly.

MEMORANDUM

State of Alaska

Department of Law

to: Bob Poe
Department of Environmental
Conservation

DATE: April 8, 1994

FILE NO.:

TEL. NO.: 269-5275

SUBJECT: CSSB 215 (FIN)

FROM: Breck C. Tostevin
Assistant Attorney General
Environmental Section-Anchorage

You asked for our views on the effect of section 26 of the Senate Finance Committee CS for SB 215 on use of the new "response account" to restore the environment by addressing the effects of an oil or hazardous substance release.

As you know, this bill would divided the existing Oil and Hazardous Substance Response Fund ("Fund") into two account accounts. See section 20. The use of each account is limited to statutorily authorized purposes. The bill divides the existing purposes between the two accounts. See section 26. Because of this division, a potential problem arises with respect to use of the prevention account for restoration of the environment.

It is my understanding that it was the intention of the drafters of CSSB 215(FIN) to allow restoration of the environment as a purpose of both accounts. Both accounts contain an authorization to use funds to "contain, clean up, and take other necessary action, such as monitoring and assesing, to address a release or threatened release of oil or a hazardous substance." The definition section of the response fund statutes contains a definition of "containment and cleanup" that includes "restoration of the environment." AS 46.08.900(3). However, because the express reference to restoration of the environment is only contained in the prevention account authorization in AS 46.04.040(a)(2), a court could mistakenly conclude that because the express reference to restoration was removed restoration is not a purpose of the response account.

In order to eliminate this potential source of confusion, a specific reference to restoration should be added to sec. 26, AS 46.08.040(a)(1)(A), by adding the following language to line 1 of page 18:

contain, clean up, including restoration of the environment,
and take other necessary action, such as monitoring and

This fix would make clear that restoration is an authorized use of the response account.

Bob,

I discussed three changes with Janice. One is substantive and the other two are technical. You mention that you might be able to get items offered as Senate floor amendments. Other than my restoration fix faxed to you Friday, these are the other suggested changes.

1) The substantive change. Section 19 allocates oil spill cost recoveries between the two mitigation accounts (AS 46.04.010). As drafted oil cost recoveries from the former fund are deposited to the response mitigation account. Our proposal is to switch the operative language in subparts one and two of section 19 so that the former fund cost recoveries go to the prevention mitigation account. In other words, everything other than response account recoveries goes to the prevention mitigation account.

2) Technical amendment. There is no authorization in section 26 (AS 46.08.040(a) for municipal impact assistance grants from the prevention account that are contemplated by section 3 (AS 29.60.510(b)(2) [page 5 lines 24-29]. We disagree as a policy matter that these grants should be made from the prevention account. However, if the authorization is going to be made a conforming amendment is needed. The technical amendment would add language similar to AS 46.08.040(a) [page 17, lines 25-28] to AS 46.08.040(a)(2) so as to authorize municipal impact grant appropriations from the prevention account.

3) Technical amendment. Delete catastrophic oil discharge definition from section 40 [lines 25-26 page 25]. This definition is not needed since the only reference in AS 46.08 to catastrophic discharges already refers back to the cross-referenced definition section. See AS 46.08.130(b)(2).

Breck

AMENDMENT

Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE DAVIES

TO: CSSB 215(FIN) am(efd fld)

Page 16, line 11, after "substance":

Insert "and"

Page 16, lines 14 - 19:

Delete "; and"

(6) the interest earned on the balances of each of the following:

(A) the prevention account;

(B) the prevention mitigation account;

(C) the response account; and

(D) the response mitigation account"

Page 16, line 20:

Delete "(a)(2) - (6)"

Insert "(a)(2) - (5)"

Page 16, line 25:

Delete "(a)(2) - (6)"

Insert "(a)(2) - (5)"

Page 16, following line 26:

Insert a new bill section to read:

"* Sec. 25. AS 46.08.020 is amended by adding a new subsection to read:

(c) The interest earned on the balances of each of the following accounts shall be deposited into the general fund and credited to the prevention account in the fund:

(1) the prevention account;

- (2) the prevention mitigation account;
- (3) the response account; and
- (4) the response mitigation account."

Renumber the following bill sections accordingly.

Page 26, line 19:

Delete "sec. 42"

Insert "sec. 43"

Page 27, line 21:

Delete "Section 27"

Insert "Section 28"

SB 215

Chenoweth
4/21/94

Re: Citizens' Oversight
Council

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE FINKELSTEIN

TO: CSSB 215(FIN) am (erf fld)

Page 21, following line 27:

Insert a new bill section to read:

** Sec. 29. AS 46.08.040(d) is amended to read:

(d) Upon a request from

[(1)] the Alaska Legislative Council, the commissioner shall use money from the prevention account in the fund to reimburse the Alaska Legislative Council for expenditures that it makes for the operation of the Citizens' Oversight Council on Oil and Other Hazardous Substances, established under AS 24.20.600 [; AND

(2) THE COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES, THE COMMISSIONER SHALL TRANSFER MONEY FROM THE FUND TO THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES TO PAY FOR THE CONSTRUCTION OR REFURBISHMENT OF ONE OR MORE VESSELS OF THE ALASKA MARINE HIGHWAY SYSTEM THAT HAVE THE CAPABILITY TO ASSIST IN RESPONDING TO SPILLS OF OIL AND HAZARDOUS SUBSTANCES; IN EXPENDING MONEY IN THE FUND WHOSE USE FOR VESSELS OF THE MARINE HIGHWAY SYSTEM IS AUTHORIZED BY AS 19.65.025 AND THIS PARAGRAPH, THE COMMISSIONER SHALL GIVE PRIORITY TO CONSTRUCTION OF ONE OR MORE NEW VESSELS THAT HAVE THE CHARACTERISTICS REQUIRED BY THIS PARAGRAPH]."

Renumber the following bill sections accordingly.

Page 26, line 14:

Delete "AS 24.20.600, 24.20.610, 24.20.620, 24.20.630;"

Page 26, lines 15 - 16:

Delete ", 46.08.040(d)"

Budget Front Section
 Language needed if 470 Fund
 Bal. is split

AMENDMENT

"* Sec. AA. (a) The sum of \$25,900,000 derived from the surcharge collected under AS 43.55.200 during fiscal year 1994 is appropriated from the general fund to the oil and hazardous substance release response fund (AS 46.08.010).

(b) Contingent upon the passage by the Eighteenth Alaska State Legislature and the enactment into law of a bill establishing the oil and hazardous substance release prevention account and the oil and hazardous substance release response account (or substantially similar accounts) in the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)), the amount of \$25,900,000 that was appropriated under (a) of this section is transferred from the oil and hazardous substance release response fund (AS 46.08.010) to the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)) and is appropriated into the following accounts (or substantially similar accounts) in the amounts listed

ACCOUNT	APPROPRIATION
Oil and hazardous substance release prevention account	\$15,540,000
Oil and hazardous substance release response account	10,360,000

* Sec. BB. (a) The unexpended and unobligated balance of the oil and hazardous substance release response fund (AS 46.08.010) on June 30, 1994, not otherwise appropriated, is appropriated to the Department of Environmental Conservation for spill reserve for fiscal year 1995, unless a bill establishing the oil and hazardous substance release prevention account and the oil and hazardous substance release response account (or substantially similar accounts) in the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)) is passed by the Eighteenth Alaska State Legislature, is enacted into law, and takes effect on or before July 1, 1994.

(b) Contingent upon the passage by the Eighteenth Alaska State Legislature and the enactment into law of a bill that (1) establishes the oil and hazardous substance release prevention account and the oil and hazardous substance release response account (or substantially similar accounts) in the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)), and (2) takes effect on or before July 1, 1994, the unexpended and unobligated balance of the oil and hazardous substance release response fund (AS 46.08.010) on June 30, 1994, not otherwise appropriated, is appropriated to the oil and hazardous substance release prevention account (or substantially similar account) and the oil and hazardous substance release response account (or substantially similar account) in the proportions provided by law.

(c) Contingent upon the passage by the Eighteenth Alaska State Legislature and the enactment into law of a bill that (1) establishes the oil and hazardous substance release prevention account and the oil and hazardous substance release response account (or substantially similar accounts) in the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)), and (2) takes effect after July 1, 1994, the unexpended and unobligated balance of the amount appropriated by (a) of this section is appropriated to the oil and hazardous substance release prevention account (or substantially similar account) and the oil and hazardous substance release response account (or substantially similar account) in the proportions provided by law."

DRAFT

SUGGESTED LANGUAGE FOR OPERATING BUDGET
FRONT SECTION
RELATED TO CSSB215

* **Sec. __** The sum of \$25,900,000 derived from surcharge collected under AS 43.55.200 is appropriated from the general fund to the oil and hazardous substance release response fund (AS 46.08.010).

Upon passage of CSSB 215 the sum of \$15,540,000 is appropriated from the oil and hazardous substance release prevention and response fund to the oil and hazardous substance release prevention account (AS 46.08.010(a)) within the oil and hazardous substance release prevention and response fund. The sum of \$10,360,000 is appropriated from the oil and hazardous substance release prevention and response fund to the oil and hazardous substance release response account (AS 46.08.010(a)) within the oil and hazardous substance release prevention and response fund.

* **Sec. __** The unexpended and unobligated balance of the oil and hazardous substance release response fund (AS 46.08.010) on June 30, 1994, not otherwise appropriated, is appropriated to the Department of Environmental Conservation for fiscal year 1995 for spill reserve.

Upon passage of CSSB 215 the unexpended and unobligated balance of the oil and hazardous substance release prevention and response fund (AS 46.08.010), not otherwise appropriated, is appropriated to the oil and hazardous substance release response account (AS 46.08.010(a)) within the oil and hazardous substance release prevention and response account.

Revised 4/19/94

HCS for CSSB 215 (FIN)

section 27, page 18, line 1

contain, clean up, including restoration of the environment, which does not include habitat acquisition, and take other necessary action, such as monitoring and

Explanation of Amendment

This amendment was recommended by the Alaska Department of Law, and passed with overwhelming support by the House Resources Committee, to clarify that both the response and prevention accounts can be used for restoration and is largely technical. It explicitly does not allow the response account to be used for habitat acquisition. This amendment is needed because restoration is part of a continuum of clean up activities and allows clean up to proceed without legal confusion regarding cost recovery.

C: testimony

EXPLANATION OF AMENDMENT SPLITTING THE CURRENT BALANCE OF THE
470 FUND

The 3-2 split of the nickel in SB 215 DOES generate enough money on the prevention account side to roughly cover the operating budget expenses of existing on-going prevention programs -- BUT a major drawback in this split nickel approach is that it precludes having the necessary additional funds to cover the other extremely important authorized uses of the prevention account.

One primary concern is the current lack of response depots and corps in the state. While this bill leaves in the authority to use surcharge-generated funds for corps and depots, the 3-cent surcharge that goes to the prevention side will not produce enough money beyond the amount needed to fund on-going programs to fund them. Given the state's fiscal situation, the likelihood of obtaining General Fund money in coming years to complete this critical element in our preparedness program seems remote. Lack of depots and corps to respond to spills leaves most of the coastline of Alaska, as well as the major rivers of the state, extremely vulnerable to serious damage.

Also, SB 215 has added the funding of underground and above ground storage tank assistance as new authorized uses of the prevention account. These tanks are going to require many many millions of dollars. This responsibility will place enormous new demands on the prevention account at the very time we are reducing the surcharge and thus the funding level that will be available.

This amendment is a way to ease these dilemmas. In SB 215 the 470 fund is split into two new funds, one for response and one for prevention, yet it takes the entire current balance of the old 470 fund and puts it into the response side, and begins with a balance of zero in the prevention side.

This amendment would instead split the current existing balance of the former 470 Fund in the same proportions as the future nickels will be split.

This splitting of the current balance is a logical step in the process of now creating two accounts out of the current one account. All of the money that has come into the 470 fund over the years, all of it that has been spent, and all of it that remains in the fund balance, has been intended by law for those two categories of purpose: response and prevention. This Amendment is consistent with the determination in this bill that the appropriate proportional uses of the money is 40% - 60%.

Without this amendment, the critical unfinished piece of the state's spill preparedness is not likely to be put in place, at least not for a long long time. With or without this amendment, there will not be enough funding in the prevention account to cover

the demands of storage tanks, all the critically needed on-going prevention programs, and the establishment of needed depots and corps. However, with this amendment the state will be \$22 million closer to addressing those needs.

NOTE: The other provision of this amendment is simply to clarify what was evidently an oversight in the provisions of the Senate-passed version of the bill. That is to spell out what is intended to happen with the nickels that have accumulated during FY 94 in the Surcharge Account, which have not yet been appropriated into the 470 Fund. When this was brought up on the Senate floor it was noted that the intent was to split the surcharge balance just as the incoming new surcharges would be split, and that it could be done in the front section of the budget. The Senate has now added that language to their budget. So this language in the amendment simply reflects that part of the plan within the bill.

SUMMARY-----

The amendment strikes a sound balance between several goals:

Fill up the \$50 million spill reserve in a reasonable amount of time -- and that would still be accomplished in about two years.

Save money for the oil industry -- and even with this amendment the industry will realize a direct out-of pocket savings of about 32 million dollars in the next six years.

Help to ensure that response depots and corps can become a reality and that storage tanks can be more adequately addressed -- and without having to underfund the on-going prevention programs to accomplish those goals.



HOUSE RESOURCES COMMITTEE

Currently in Surcharge
Account \$26 M

10.4 = 40% to response acct

15.6 = 60% to prevention acct

Currently in Spill Reserve \$38M

15.2 = 40% to response acct

22.8 = 60% for corps
and depots

NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR
Post Office Box 110001
Juneau, Alaska 99811-0001

WALTER J. HICKEL
Governor



JOHN MANLY
Press Secretary

BRIAN HART
Assistant Press Secretary

907-465-3500
FAX:907-586-8369

FOR RELEASE: March 24, 1993
No. 94 - 062

STATE COAST GUARD SIGN AGREEMENT ON SPILL PREVENTION AND RESPONSE

JUNEAU--On the fifth anniversary of the Exxon Valdez oil spill, Governor Walter J. Hickel and U.S. Coast Guard Rear Admiral Roger T. Rufe today signed a memorandum of agreement (MOA) that solidifies a partnership approach to preventing and responding to oil and hazardous substance spills in Alaska.

"One thing we remember most vividly from the Exxon Valdez spill five years ago was the lack of command coordination," Governor Hickel said. "It wasn't clear who was in charge of the clean up efforts. Since that time, however, state agencies and the Coast Guard have developed a coordinated approach to spill response and prevention. This agreement spells out in writing what responsibility each of us will assume."

"Pollution prevention will always be our first priority," said Rear Admiral Rufe. "This agreement will help us coordinate better if a spill occurs, but it clearly emphasizes cooperation in preventing oil spills in the first place."

Since the spill in 1989, the Coast Guard and the Alaska Department of Environmental Conservation (DEC) have made special efforts together to improve spill prevention and response capabilities, said DEC Commissioner John Sandor.

"Under state and federal laws, both the state and Coast Guard have major responsibilities during a spill in marine waters," Sandor said. "It is essential that we work together effectively during emergencies, plus there is much we can do together to prevent spills from taking place."

In the MOA, the state and Coast Guard agree to (1) share information on

DEPT. OF ENVIRONMENTAL CONSERVATION

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May 2, 1994

The Honorable Ron Larson
Co-Chair House Finance Committee
Room 502 State Capitol
Juneau, AK 99801-1182

The Honorable Eileen MacLean
Co-Chair House Finance Committee
Room 507 State Capitol
Juneau, AK 99801-1182

Dear Representatives Larson and MacLean:

I am writing to you in response to HCS for CS for SB215(STA) and to the proposed work draft HCS for CS for SB215(FIN) currently being prepared by Representative Therriault for adoption as the House Finance committee substitute.

Both of these bills make some very critical changes to this legislation and to the Department of Environmental Conservation's (DEC) ability to respond to oil spills and to spills of other hazardous substances. Both of these versions restrict DEC from accessing the Response Account established by this bill within the Oil and Hazardous Substance Spill Prevention and Response Fund (OHSSPRF) to respond to oil spills and spills of hazardous substances. Specifically, under these versions, DEC would not be allowed to access the Response Account to respond to "threatened releases of oil or a hazardous substance." Additionally, oil spills of less than 2,500 barrels (105,000 gallons) could not be responded to using the Response Account.

These proposed changes work in direct opposition to the purpose of SB215. The bill's intention was to clearly establish two accounts within the OHSSPRF; one to maintain an effective spill prevention program within the State of Alaska, and the second to be used for responding to spills and threatened spills which were determined to be imminent. "Imminent release" is further defined in this bill so that everyone is clear as to the meaning of this term. As a result of these proposed changes, the prevention account would have to absorb well over 80% of all of the spills DEC typically responds to over the course of a year.

NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR
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Juneau, Alaska 99811-0001

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"One thing we remember most vividly from the Exxon Valdez spill five years ago was the lack of command coordination," Governor Hickel said. "It wasn't clear who was in charge of the clean up efforts. Since that time, however, state agencies and the Coast Guard have developed a coordinated approach to spill response and prevention. This agreement spells out in writing what responsibility each of us will assume."

"Pollution prevention will always be our first priority," said Rear Admiral Rufe. "This agreement will help us coordinate better if a spill occurs, but it clearly emphasizes cooperation in preventing oil spills in the first place."

Since the spill in 1989, the Coast Guard and the Alaska Department of Environmental Conservation (DEC) have made special efforts together to improve spill prevention and response capabilities, said DEC Commissioner John Sandor.

"Under state and federal laws, both the state and Coast Guard have major responsibilities during a spill in marine waters," Sandor said. "It is essential that we work together effectively during emergencies, plus there is much we can do together to prevent spills from taking place."

In the MOA, the state and Coast Guard agree to (1) share information on

spills, (2) jointly plan for and respond to spills, (3) cooperatively work together to prevent spills, (4) allow the state to access the national oil spill liability trust fund of \$1 billion to pay state costs of cleaning up oil spills, (5) coordinate enforcement action, and (6) maintain close communications to reduce the conflict between each party's permits, directives, and instructions.

Governor Hickel noted that one of the most important ways Alaska can remember the lessons of the Exxon Valdez spill is to focus its efforts on prevention of future spills.

"It has never been more true that, 'an ounce of prevention is worth a pound of cure,' than when it comes to spilled oil," Hickel said. "Disasters like the Exxon Valdez spill are preventable. When you consider the billions of dollars spent to clean up after that spill, committing a sufficient level of state funding to spill prevention efforts is cheap by comparison.

"This is why I am putting the oil industry on notice that the current proposals they are pushing in Juneau to alter the so-called 470 fund are absolutely unacceptable. I will not accept any version of this bill that does not commit at least 3 cents of the current nickel per barrel surcharge to the state spill prevention and response programs and activities.

"I agree with industry that a spill clean up fund of \$50 million must be built. Under my administration this fund has already grown to more than \$37 million. But the growth of this fund should not be accelerated at the expense of the state's efforts to prevent future spills of oil and hazardous substances into Alaska's pristine environment."

The MOA takes effect immediately and remains in effect indefinitely.

###

For further information, contact Mike Conway, Director of Spill Prevention and Response, DEC, Juneau, 465-5250.

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May 2, 1994

The Honorable Ron Larson
Co-Chair House Finance Committee
Room 502 State Capitol
Juneau, AK 99801-1182

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Co-Chair House Finance Committee
Room 507 State Capitol
Juneau, AK 99801-1182

Dear Representatives Larson and MacLean:

I am writing to you in response to HCS for CS for SB215(STA) and to the proposed work draft HCS for CS for SB215(FIN) currently being prepared by Representative Therriault for adoption as the House Finance committee substitute.

Both of these bills make some very critical changes to this legislation and to the Department of Environmental Conservation's (DEC) ability to respond to oil spills and to spills of other hazardous substances. Both of these versions restrict DEC from accessing the Response Account established by this bill within the Oil and Hazardous Substance Spill Prevention and Response Fund (OHSSPRF) to respond to oil spills and spills of hazardous substances. Specifically, under these versions, DEC would not be allowed to access the Response Account to respond to "threatened releases of oil or a hazardous substance." Additionally, oil spills of less than 2,500 barrels (105,000 gallons) could not be responded to using the Response Account.

These proposed changes work in direct opposition to the purpose of SB215. The bill's intention was to clearly establish two accounts within the OHSSPRF; one to maintain an effective spill prevention program within the State of Alaska, and the second to be used for responding to spills and threatened spills which were determined to be imminent. "Imminent release" is further defined in this bill so that everyone is clear as to the meaning of this term. As a result of these proposed changes, the prevention account would have to absorb well over 80% of all of the spills DEC typically responds to over the course of a year.

Governor Hickel's remarks to the press on the 5th Anniversary of the Exxon Valdez Oil Spill clearly stated that the only acceptable split of the nickel surcharge was one in which 3 cents was allocated to the Prevention Account and 2 cents was allocated to the Response Account within the OHSSPRF. At every turn, more purposes have been added to the underfunded Prevention Account: underground storage tanks; SERC's; new capital projects; municipal impact assistance grants and impact assessments; and now threatened releases of oil and hazardous substances. The changes proposed above now place significant new burdens on the Prevention Account. The financial effect of this change, combined with crediting the entire spill reserve to the Response Account, would be to effectively change the 3 cent and 2 cent split of the nickel in SB 215. Such a change is unacceptable to the Administration.

Restricting DEC from responding to threatened releases using the Response Account will also result in a significant increase in the cost of cleaning up spills within the state. It is always cheaper to respond to an imminent spill than it is to clean up a spill which has already occurred. These versions of the bill will encourage DEC to wait until the spill has occurred before acting. Secondly, DEC has been very successful in keeping the cost to the State for responding to emergency spills low, by making sure that the responsible party pays for the clean up activities. One of the factors that has helped DEC be successful in getting the responsible parties to pay is that we have a large fund, in this case a \$50 million Response Account, to bring to the problem if they are unwilling to do it themselves. If DEC is placed in the situation of threatening to employ a \$2 to \$3 million account to deal with the problem, our success may be severely limited.

Finally, the Legislative Audit requested by Chairman Larson does not reach conclusions which justify this type of unnecessary restriction on the use of the Response Account. Over the entire life of the so called 470 Fund, DEC has used less than 1% of the fund to respond to releases and threatened releases that pose an imminent threat. We anticipate no change in this record provided we can continue to bring the full weight of a \$50 million Response Account to bear on the problem and that we can continue to use this account to respond to threatened releases which pose an imminent and substantial threat to cause "personal injury, injury to life, or loss of or damage to property, including the environment."


In the past few years DEC has had to respond to a number of "imminent" spills by mobilizing people and materials. One example of the use of the Response Account comes when a ship is endangered, and it does not have the necessary response materials immediately available. The ship may not even have a response plan. In Glacier Bay last year, we responded to the grounding of the Yorktown Clipper. Last winter a ship ran aground off Prince of Wales Island. Two years ago a Korean ship caught fire in Dutch Harbor. Before that, we found ourselves responding to a loose

May 2, 1994

fuel barge in the Prince William Sound. In each of these cases, we had to have the financial resources necessary to prevent a disaster. Requiring the Governor to declare a disaster first is not reasonable and could be dangerous.

I would respectfully urge retention of the 3 cent Prevention and 2 cent Response split of the nickel as designated in SB215 passed by the Senate. Anything less would not be acceptable to the Administration.

Sincerely,


John A. Sandor
Commissioner

RP/MT/CN/JAS/mmf (CO\comm\hcssb215.mem)

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

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May 4, 1994

The Honorable Gene Therriault
House of Representatives
State Capitol, Room 421
Juneau, AK 99801-1182

Dear Representative Therriault:

I am writing to you regarding another "proposal for responding to a release or threatened release" which the Department received from your office late this morning. Thank you for providing this information to us.

I want to formally respond to this proposal so that the Department's position is clear. Initially, I had three very major concerns with HCS CS SB215() work draft "Version T". This version set a 2,500 barrel (105,000 gallons) threshold on oil spills before DEC could use the Response Account within the Oil and Hazardous Substance Spill Prevention and Response Fund (OHSSPRF). In addition, this version did not allow use of the Response Account for threatened releases. And, "version T" required that I notify the Governor, within 72 hours of learning of a spill, about specific action that DEC will take to clean up or contain the spill. Within those same 72 hours the Governor must formally advise me that our planned actions are approved, disapproved or should be modified in some way. These requirements are unacceptable to the Administration.

As I understand it, the latest proposal does allow the Response Account to be available for use for threatened releases of oil or a hazardous substance. However, the Response Account would only be available for oil spills greater than 105,000 gallons and for spills for which the Governor has declared a disaster emergency. It also proposes to provide an appropriation each year from the Prevention Account within the OHSSPRF to be available for releases and threatened releases which are less than 105,000 gallons of oil. Utilization of the Prevention Account for responses to releases and threatened releases remains a problem.

The concept of this legislation as it left the Senate, and the reason that I have supported that bill, is that two specific accounts are established within the OHSSPRF which have very clearly defined roles. The Prevention Account is intended to support Alaska's various programs which lead to preventing future spills or in being better prepared to respond to spills when they happen. The Response Account is

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
410 Willoughby Avenue, Suite 105
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Telephone No. (907)465-5050
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March 18, 1994

The Honorable Jeannette James
Alaska State House of Representatives
Room 501, State Capitol Building
Juneau, AK 99801-1182

Dear Representative James:

Thank you for your interest in response fund issues and for taking the time to express your concerns and questions to me. My letter will provide information you have asked for concerning long-term plans for emergency response depots and volunteer corps and contaminated sites.

In State statutes, the responsibility for establishing and managing the depots and corps rests with the Department of Military and Veterans Affairs (DMVA). I encourage you to contact DMVA directly for their response to this issue. Since our Department has worked with DMVA on this project over the years because of our responsibility to lead the State's response efforts for oil and hazardous substance spills, we are providing the following information as our best estimate at this time.

For the last two years, the Department of Environmental Conservation (DEC) has been working on the "Nearshore Demonstration Project" which was created by the Legislature in our FY 93 budget to develop a prototype nearshore oil spill response equipment package. This project will culminate in the deployment of two different equipment packages -- one for open water, crude spills and the other for inside passage, non-crude spills -- during April and May of this year for testing and evaluation. We expect to have the evaluation completed with recommendations for additional kinds of units not long after the tests. Based on the information we have developed so far, I am providing you estimates for coastal oil spill response packages that could be strategically placed around the State.

One unit, designed for open water coastal areas, consists of a small barge (to receive the product collected), deflection boom, and a skimmer designed to be operated by fishing vessels of opportunity. The estimated unit purchase price for

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
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Phone: (907) 465-5050
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May 4, 1994

The Honorable Gene Therriault
House of Representatives
State Capitol, Room 421
Juneau, AK 99801-1182

Dear Representative Therriault:

I am writing to you regarding another "proposal for responding to a release or threatened release" which the Department received from your office late this morning. Thank you for providing this information to us.

I want to formally respond to this proposal so that the Department's position is clear. Initially, I had three very major concerns with HCS CS SB215() work draft "Version T". This version set a 2,500 barrel (105,000 gallons) threshold on oil spills before DEC could use the Response Account within the Oil and Hazardous Substance Spill Prevention and Response Fund (OHSSPRF). In addition, this version did not allow use of the Response Account for threatened releases. And, "version T" required that I notify the Governor, within 72 hours of learning of a spill, about specific action that DEC will take to clean up or contain the spill. Within those same 72 hours the Governor must formally advise me that our planned actions are approved, disapproved or should be modified in some way. These requirements are unacceptable to the Administration.

As I understand it, the latest proposal does allow the Response Account to be available for use for threatened releases of oil or a hazardous substance. However, the Response Account would only be available for oil spills greater than 105,000 gallons and for spills for which the Governor has declared a disaster emergency. It also proposes to provide an appropriation each year from the Prevention Account within the OHSSPRF to be available for releases and threatened releases which are less than 105,000 gallons of oil. Utilization of the Prevention Account for responses to releases and threatened releases remains a problem.

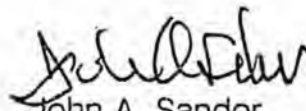
The concept of this legislation as it left the Senate, and the reason that I have supported that bill, is that two specific accounts are established within the OHSSPRF which have very clearly defined roles. The Prevention Account is intended to support Alaska's various programs which lead to preventing future spills or in being better prepared to respond to spills when they happen. The Response Account is

established to respond to releases and threatened releases. Your proposed CS, even with these new proposed changes seriously compromises this division of purposes.

Any proposal which does not allow the Response Account, under all cases, to be used to respond to a release or threatened release of oil or a hazardous substance is not workable. Any use of a threshold to determine whether the Response Account can be used is unacceptable. A "small spill" in the wrong place can have very serious and even life-threatening implications. Notifying the Governor is a normal part of responding to a spill, but the 72 hour requirement will be unworkable in actual practice. However, I will support similar requirements to those in HCS CS SB215(RES). The establishment of a prevention appropriation to deal with smaller spills, although well-meaning, will not be a good long term solution due to the other significant financial pressures on the Prevention Account (e.g. underground storage tanks, SERC's and LEPC's, capital projects, community grants, etc.), and the long term decline in Prevention Account surcharge revenues.

Representative Therriault, I very much appreciate the efforts you are making to move this bill to final passage, but these few issues described above will stand in the way of this Administration's support for this bill.

Sincerely,



John A. Sandor
Commissioner

BP/JAS/mmf (CO-comm\sb215gt.ltr)

cc: House Finance Committee Members

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March 18, 1994

The Honorable Jeannette James
Alaska State House of Representatives
Room 501, State Capitol Building
Juneau, AK 99801-1182

Dear Representative James:

Thank you for your interest in response fund issues and for taking the time to express your concerns and questions to me. My letter will provide information you have asked for concerning long-term plans for emergency response depots and volunteer corps and contaminated sites.

In State statutes, the responsibility for establishing and managing the depots and corps rests with the Department of Military and Veterans Affairs (DMVA). I encourage you to contact DMVA directly for their response to this issue. Since our Department has worked with DMVA on this project over the years because of our responsibility to lead the State's response efforts for oil and hazardous substance spills, we are providing the following information as our best estimate at this time.

For the last two years, the Department of Environmental Conservation (DEC) has been working on the "Nearshore Demonstration Project" which was created by the Legislature in our FY 93 budget to develop a prototype nearshore oil spill response equipment package. This project will culminate in the deployment of two different equipment packages -- one for open water, crude spills and the other for inside passage, non-crude spills -- during April and May of this year for testing and evaluation. We expect to have the evaluation completed with recommendations for additional kinds of units not long after the tests. Based on the information we have developed so far, I am providing you estimates for coastal oil spill response packages that could be strategically placed around the State.

One unit, designed for open water coastal areas, consists of a small barge (to receive the product collected), deflection boom, and a skimmer designed to be operated by fishing vessels of opportunity. The estimated unit purchase price for

one of these is \$500,000. Annual operations and maintenance cost will vary by location but can be estimated at \$150,000 each. We think that there could be as many as a dozen sites around the State -- not covered by government or industry, but where spill risk exists -- where this kind of unit could be located. This results in a total purchase price of \$6 million with an annual estimated cost of \$1.8 million.

The other unit we have been working on is a rapid response vessel capable of moving equipment to a spill site in protected waters (like Southeast Alaska). The purchase price of these would be about \$250,000 each with an annual operation and maintenance cost of \$100,000 each. These units could be deployed in about 10 locations in Southeast Alaska and several each in Bristol Bay, Norton Sound and Kotzebue Sound, as well as throughout the Yukon and Kuskokwim Rivers. If the Legislature were to support purchase of 20 of these items, that costs out to \$5 million purchase price and \$2 million annual operations and maintenance.

Through local response agreements, DEC will be entering into partnership with local communities for responding to the routine spills (DEC receives about 2,000 reports of spills annually -- typically, all are non-disaster emergencies.). We will supply local communities with a basic, "first aid" response equipment capability and use the Response Fund ("470 Fund") to pay for the community costs to respond to these kinds of spills. Currently, we have a \$400,000 capital budget request to start the program for FY 95. We estimate that a total of \$1 million would cover this arrangement and we could seek cost recovery from spillers to maintain that capability in the future.

The Kenai Borough has put together an unsolicited request this year for a direct appropriation from the Response Fund to outfit a hazmat team for \$250,000. This amount does not include personnel costs, operations and maintenance, nor training. Their price tag for equipment seems reasonable, although we were not involved in developing the list. Once the statewide hazards analysis is completed, the State will have the specific information needed to identify the appropriate locations for these teams. My best guess at this time is these hazmat teams could be targeted for Fairbanks, Anchorage, Kenai, Juneau and Ketchikan. The total cost to establish these would be \$1.25 million. The annual training, operation and maintenance, and personnel costs are unknown, but these could be considered the local match.

You have also asked, "When are contaminated sites going to be cleaned up and what will it cost?" The following should answer your questions regarding the Department's role in cleaning up a contaminated site, the time it takes to cleanup a site, and the associated cost to the State.

What does the Department do with contaminated sites?

A contaminated site is a location where there has been a past improper discharge

or disposal of a hazardous substance that could threaten public health or the environment.

The Department oversees the investigation and cleanup of contaminated sites by the responsible party. By overseeing the responsible party's cleanup, the Department can assure Alaskans that the source of contamination has been removed, and that any remaining contamination is below levels that will harm the public or the environment. A strong oversight program conveys to the responsible parties their obligation under State law to clean up their contaminated site.

In addition to responsible party oversight, the Department directly cleans up sites where the responsible party cannot be found or is unwilling or incapable to do the cleanup directly. At these sites, the State hires and supervises term contractors who do the actual investigation and cleanup.

How long will it take to clean up contaminated sites?

The length of time needed to fully assess and clean up an average contaminated site ranges from three to five years. Very simple sites could take less time, while the most complex sites may take much longer. The number of contaminated sites is constantly changing. New sites are discovered and brought to the Department's attention and active sites are cleaned up. We estimate it would take 21 years to clean up the current inventory of 1051 sites and an additional 920 sites which we estimate will be discovered during that period and will need cleanup. Some sites are virtually impossible to clean up cost effectively or require only monitoring while Mother Nature does the job.

Sites that are expected to be added to the inventory in the future include:

- o The Department of Defense (DOD) has estimated it will spend \$1.1 billion to clean up the contaminated military sites in Alaska. To date, 350 sites have been discovered and we estimate an additional 90 sites will be discovered as a result of the high priority DOD has placed on the site discovery process over the next two years.
- o Discovery of approximately 500 contaminated sites is expected to result from the current initiative to bring rural bulk fuel tank facilities into compliance with federal and State spill prevention requirements.
- o Liability for contaminated properties will continue to cause buyers and sellers of real estate to practice due diligence and assess the property prior to completing a land transaction. These assessments are estimated to result in the discovery of 330 contaminated properties.

What will it cost the State to clean up contaminated sites?

Over the next 21 years at current staffing levels, cleanup standards, and technological abilities, we estimate it will cost the State approximately \$220 million to cleanup all the contaminated sites that have been discovered to date and sites which are expected to be discovered. The table below lists the number of sites, average cost per site, and total cost over the next twenty one years to cleanup each type of contaminated site. One of the reasons we support a strong Research and Development program is because we can continue to help reduce these costs with more effective technology.

Projected Contaminated Sites Cleanup Costs

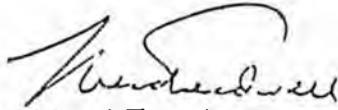
Type of Site	Number	Average State Cost/Site	21 Year Total Cost
RP	836	\$23,429	\$19,586,923
Federal	450	26,566	11,954,700
Orphan	88	644,450	56,711,600
Rural Bulk Orphan	100	644,450	64,154,998
RPs	398	23,429	9,329,561
State Owned	97	600,000	58,200,000
Total	1,969		\$219,937,781

The actual cost to the State differs by the type of contaminated site. The greatest cost to the State is for cleanup of sites where a responsible party is unable or unwilling to clean up or where the State is the responsible party. Where the Department oversees the cleanup of a site by the responsible party the cost to the State is much less. The Department's oversight of federal sites has the least cost to the State since the Department receives federal funds for this work under a cooperative agreement with DOD.

In addition to the contaminated sites situation described above, the Department also manages an underground storage tank program which is funded by the Storage Tank Assistance fund, not the Response Fund. Revenue for the Fund comes from the Mitigation Account of the General Fund and collection of registration fees. It is used to make grants and loans available to owners and operators of underground storage tanks for tank testing, closure, upgrade, and cleanup activities. Currently there are 826 unfunded requests for \$43 million in financial assistance. The Administration is working with the Legislature to apply a 1 penny per gallon motor fuel tax for appropriation to the Storage Tank Assistance Fund to replace the mitigation account in the future.

We are sharing this letter with other members of the House Resources Committee.
Thank you for asking.

Sincerely,



Mead Treadwell
Deputy Commissioner

MAC/jsg (G:\SPAR\MAC\REP.JIM)

cc: House Resources Committee Members

Representative Bill Williams, Chair
Representative Bill Hudson
Representative Con Bunde
Representative Joe Green
Representative Eldon Mulder
Representative David Finklestein
Representative Pat Carney
Representative John Davies
John A. Sando Commissioner, Department of Environmental Conservation
Major General n. L. Cox III, Commissioner, Department of Military and
Veterans Affairs

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FEBRUARY 11, 1994 SENATE ^{RESOURCES} COMMITTEE HEARING ON CS SB215
RELATING TO THE OIL & HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND
STATEMENT - JOHN SANDOR, COMMISSIONER, DEPT. OF ENVIRON. CONRS.

Mr. Chairman, I appreciate the opportunity to again testify on this proposed legislation. As I said last April 17, 1993, I appreciate the Legislature closely examining the Oil and Hazardous Substance Release Response Fund and determining what opportunities there are to amend and improve the process by which this fund is managed and administered. During and following that testimony we offered suggestions for improvement in both the House and Senate Bills. During the summer and late last year we continued to work with legislators, committee staffs and in public briefings outlined the issues which we believed were important to address. Throughout, we have always searched for a consensus approach and common goals.

In 1991, I ordered an Internal Audit of this fund, and for the past three years have implemented a number of improvements in its management and administration. As a result we have been able to increase the fund balance of 6 million dollars in 1991 to 12 million in 1992, 24 million in 1993 and a projected balance of 37 million at the end of 1994. We are well on our way to achieving our objective of a 50 million dollar fund balance.

On January 19, 1994, in consultation with other agencies of the executive branch, we transmitted to the Honorable Mike Miller, Chairman of the Senate Resources Committee and the Honorable Bill Williams, Chairman of the House Resources Committee specific suggestions for modifications in the proposed legislation. We also proposed specific language changes a few days later, and we felt the Senate Resources subcommittee workshop effort which included all interested parties at the table was proceeding satisfactorily.

On February 5, 1994 I received a copy of the 2/3/94 work draft of CSHB 238 and later received a Draft of CSSB 215. To our disappointment, neither draft had adopted our suggestions. Enclosed with this statement is a comparative analysis of the projected impacts of our January 19 proposal, CSHB 238 and CSSB 215. CSHB 238 and CSSB 215 do not assure adequate funding and access for both spill response and operational activities and do not address some other significant concerns we have raised.

Page two- Oil and Hazardous Substance Response Fund

Mr. Chairman, this Administration is strongly committed to environmental protection. When Governor Hickel was Secretary of Interior, and the Santa Barbara off-shore spill occurred, he instituted very dramatic changes in governmental oversight to not only clean-up the spill, but to put in place, prevention and response requirements that were tough but reasonable. His liability and financial responsibility requirements prompted some from the oil industry to seek his dismissal. He did not waiver.

We cannot afford to be less vigilant. We cannot afford to forget the lessons of the Exxon-Valdez Oil Spill. We cannot afford to make further reductions in our oversight, prevention and response capabilities. We cannot afford to be satisfied with half-time environmental coverage on the North Slope. We cannot afford to diminish our technical staffs even as we are reviewing the audits of an aging pipeline. At the same time, we do want to continue to improve the management of the Response Fund, and are carefully analyzing various options to achieving that objective.

Although we continue to favor our January 19, 1994 approach to improving the operation and management of the response fund, we have also done analyses on a 2 1/2 cent split of the nickel and a 2 cent spill response and 3 cent operation split of the nickel, with specific legislative language changes which would meet both our environmental protection and fund management objectives. Through this analysis we find the 2 1/2 cent split also does not enable us to meet pollution prevention, environmental protection, response and restoration objectives. However, the 2 cent and 3 cent split, with specific language changes, could enable us to meet these objectives.

Accompanying this statement is a "draft bill" with a 2 cent and 3 cent split. This restores the state's ability to quickly respond to all spills of oil and hazardous substances, as well as restoration and research authorities, and assures adequate funding of activities of the Department of Military and Veterans Affairs (DMVA), and other agencies as the Legislature deems appropriate. It strengthens both the reporting and cost recovery requirements and provides for a report to the Governor of action on catastrophic or other significant releases that appear to require extraordinary action and funding. Although I still favor our January 19 approach to revisions in the fund, this alternative could be acceptable. This draft was developed jointly with the Department of Law and has also been reviewed by others in the Executive Branch.

Note:
Jan. 19
Version
did not
split the
nickel

Page three - Oil and Hazardous Substance Response Fund

Mr. Chairman, we have had several wake-up calls the last sixty days which should remind us of our vulnerability to accidents and natural disasters which will lead to oil and hazardous substance spills: The ARCO North Slope spill which was discovered the morning of December 30, 1993; the Overseas Ohio tanker vessel which hit an iceberg in Prince William Sound just 25 miles south of Valdez on January 2nd, 1994 and the more recent Los Angeles Earthquake.

The State of Alaska must have strong and well-coordinated prevention, response, clean-up and restoration programs to deal with such incidents. The Alaska Division of Emergency Services in DMVA, the DEC and other units of State government are working together to achieve that objective.

Mr. Chairman, the Administration wants to work in partnership with the Alaska Legislature to not only improve the management of the response fund, but to also strengthen the State's prevention and response capability. Our January 19, 1994 proposal achieves that objective. A split funding formula which would allocate no less than 3 cents for the prevention, contingency planning and operations programs could also achieve that objective.

Thank you for the opportunity to participate in this hearing.

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