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Chenoweth  
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CS FOR HOUSE BILL NO. 238(RES)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE SPECIAL COMMITTEE ON OIL AND GAS

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to and redesignating the oil and hazardous substance release  
2 response fund and to the content of reports relating to oil and hazardous  
3 substances; amending requirements relating to the revision of state and regional  
4 master prevention and contingency plans and requirements related to expenditures  
5 for oil or hazardous substances; amending the authority to contract to provide  
6 personnel to respond to a release or threatened release of oil or a hazardous  
7 substance; terminating the nickel-per-barrel oil conservation surcharge; and levying  
8 and collecting two new oil surcharges; providing for the suspension and  
9 reimposition of one of the new surcharges; and providing for an effective date."

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

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

12 (g) In addition to any other powers conferred upon the governor by law, the

1 governor may, under AS 26.23.010 - 26.23.220,

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

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

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

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

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

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

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

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

26 (9) make provisions for the availability and use of temporary  
27 emergency housing;

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

29 (11) use money from the oil and hazardous substance release  
30 response account in the oil and hazardous substance release prevention and response  
31 fund, established by AS 46.08.010, to respond to a declared disaster emergency related

1 to an oil or hazardous substance discharge.

2 \* Sec. 2. AS 29.60.510(a) is amended to read:

3 (a) The commissioner may use money from the oil and hazardous substance  
4 release response account in the oil and hazardous substance release prevention and  
5 response fund to make grants to a municipality or village that is affected by the release  
6 or by the response to the release and that demonstrates that the release or response to  
7 the release involves extraordinary expenditures that are beyond the reasonable  
8 capability of the municipality or village to meet from the current revenue sources of  
9 the municipality or village if

10 (1) the governor determines that a release of oil or a hazardous  
11 substance exceeds 2,500 barrels of oil, or exceeds an amount of a hazardous substance  
12 that, when released into the environment, presents a threat to the economy and public  
13 welfare of the municipalities and villages affected by it at least equivalent in effect to  
14 the effect of a release of oil in an amount defined by this paragraph;

15 (2) the release has been proclaimed a disaster emergency by the  
16 governor under AS 26.23.020; and

17 (3) the governor finds that

18 (A) the release of the oil or hazardous substance into the  
19 environment presents a real and substantial threat to the economy and public  
20 welfare of the municipalities and villages that are affected by the release and  
21 by the resultant activities to contain and clean up the release; and

22 (B) it is in the best interest of the state to pay the expenses  
23 incurred by municipalities and villages to mitigate the social and economic  
24 effects that arise out of the release of the oil or the hazardous substance and  
25 the resultant cleanup activities.

26 \* Sec. 3. AS 29.60.510(b) is amended to read:

27 (b) For each disaster emergency declared by the governor under AS 26.23.020,  
28 and subject to agreement with the commissioner of environmental conservation as to  
29 the amount of money in the fund that may be used by the department to make grants,  
30 the commissioner may expend not more than \$10,000,000 [OF THE BALANCE OF  
31 THE FUND THAT IS APPROPRIATED TO THE SPILL RESERVE OR] of the

1 unrestricted balance of the fund for grants authorized under this section. If the  
2 commissioner and the commissioner of environmental conservation do not agree on the  
3 amount of money in the fund that may be used by the department to make grants  
4 under AS 29.60.500 - 29.60.599, the governor shall make the determination.

5 \* Sec. 4. AS 29.60.560(e) is amended to read:

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

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

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

13 \* Sec. 5. AS 29.60.599(4) is amended to read:

14 (4) "fund" means the oil and hazardous substance release prevention  
15 and response fund established by AS 46.08.010;

16 \* Sec. 6. AS 37.14.410 is amended to read:

17 Sec. 37.14.410. REIMBURSED EXPENDITURES. (a) Amounts received by  
18 the state as reimbursement for expenses related to the Exxon Valdez oil spill incurred  
19 by the state on or before December 31, 1992, shall be deposited in the general fund  
20 and, except as required under (b) of this section, may not be credited to the oil and  
21 hazardous substance release mitigation account under AS 46.04.010 or to an account  
22 established in AS 46.08.020 or 46.08.025.

23 (b) A percentage of each payment deposited in the general fund under (a) of  
24 this section shall be credited to the oil and hazardous substance release prevention  
25 mitigation account established in [OIL AND HAZARDOUS SUBSTANCE  
26 RELEASE MITIGATION ACCOUNT UNDER AS 46.04.010 OR] AS 46.08.020.  
27 That percentage is determined by dividing

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

31 (2) the total amount of expenses for which the state may be reimbursed

1 under (a) of this section.

2 \* Sec. 7. AS 43.55 is amended by adding a new section to read:

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

6 (b) The surcharge imposed by (a) of this section is in addition to and shall be  
7 paid in the same manner as the tax imposed by AS 43.55.011 - 43.55.150, and is in  
8 addition to the surcharge imposed by AS 43.55.300 - 43.55.310.

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

11 \* Sec. 8. AS 43.55 is amended by adding a new section to read:

12 Sec. 43.55.211. USE OF REVENUE DERIVED FROM SURCHARGE. The  
13 legislature may use the annual estimated balance of the account maintained under  
14 AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge levied  
15 under AS 43.55.201 to make appropriations to the response account in the oil and  
16 hazardous substance release prevention and response fund established by AS 46.08.010.

17 \* Sec. 9. AS 43.55 is amended by adding a new section to read:

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

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

27 (A) reserves for outstanding appropriations from the response  
28 account;

29 (B) encumbrances of money in the response account; and

30 (C) other liabilities of the response account;

31 (2) balance of the account maintained under AS 37.05.142 that accounts

1 for the proceeds of the surcharge that are deposited in the general fund;

2 (3) balance of the release mitigation account that originated from the  
3 sources described in AS 46.08.025(a)(2) and that is available for appropriation to the  
4 response account of the fund established in AS 46.08.010;

5 (4) total appropriations from the response account of the oil and  
6 hazardous substance release prevention and response fund established in AS 46.08.010;  
7 in calculating total appropriations under this paragraph, the commissioner of  
8 administration may not consider money appropriated from the response account for a  
9 purpose described in AS 46.08.045(a)(1).

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

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

13 (2) determine the difference between the amount determined under (1)  
14 of this subsection and the amount determined under (a)(1) of this section; and

15 (3) report the amount determined under (2) of this subsection to the  
16 commissioner.

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

23 (d) If the commissioner of administration reports that the difference determined  
24 under (b) of this section equals or exceeds \$50,000,000, the commissioner of revenue  
25 shall suspend imposition and collection of the surcharge levied and collected under  
26 AS 43.55.201. Suspension of the imposition and collection of the surcharge begins on  
27 the first day of the calendar quarter next following the commissioner's receipt of the  
28 commissioner of administration's report under (b) of this section. Before the first day  
29 of a suspension authorized by this subsection, the commissioner shall make a  
30 reasonable effort to notify all persons who are known to the department to be paying  
31 the surcharge under AS 43.55.201 that the surcharge will be suspended.

1 (e) Except as provided in AS 43.55.231, if the commissioner of administration  
2 reports that the difference determined under (b) of this section is less than  
3 \$50,000,000, the commissioner of revenue shall require imposition and collection of  
4 the surcharge authorized under AS 43.55.201. Reimposition of the surcharge begins  
5 on the first day of the calendar quarter next following the commissioner's receipt of  
6 the commissioner of administration's report under (b) of this section. Before the first  
7 day of reimposition of the surcharge authorized by this subsection, the commissioner  
8 shall make a reasonable effort to notify all persons who are known to the department  
9 to be required to pay the surcharge under AS 43.55.201 that the surcharge will be  
10 reimposed.

11 (f) Notwithstanding the requirement of (a) of this section that the cumulative  
12 determination of receipts and expenditures be made quarterly, when the amount  
13 determined under (b) of this section is \$45,000,000 or more, the commissioner of  
14 administration shall make the determinations required by this section not later than 30  
15 days before each calendar quarter and every 30 days thereafter.

16 \* Sec. 10. AS 43.55 is amended by adding a new section to read:

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

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

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

29 (b) The amount of money required to be appropriated from the general fund  
30 to the response account in the oil and hazardous substance release prevention and  
31 response fund by (a) of this section is the amount, determined for the last day of the

1 preceding fiscal year, that is the sum of the actual or estimated balance of

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

4 (2) the portion of the balance of the response mitigation account that  
5 originated from the recovery of money described in AS 46.08.025(a)(2) and that was  
6 originally expended from the response account of the fund.

7 \* Sec. 11. AS 43.55 is amended by adding a new section to read:

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

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

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

13 \* Sec. 12. AS 43.55 is amended by adding new sections to read:

14 ARTICLE 2A. ADDITIONAL CONSERVATION SURCHARGE ON OIL.

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

18 (b) The surcharge imposed by (a) of this section is in addition to and shall be  
19 paid in the same manner as the tax imposed by AS 43.55.011 - 43.55.150; and is in  
20 addition to the surcharge imposed by AS 43.55.201 - 43.55.299.

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

23 Sec. 43.55.310. USE OF REVENUE DERIVED FROM SURCHARGE. The  
24 legislature may use the annual estimated balance of the account maintained under  
25 AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge levied  
26 under AS 43.55.300 to make appropriations to the oil and hazardous substance release  
27 prevention account in the oil and hazardous substance release prevention and response  
28 fund established by AS 46.08.010.

29 \* Sec. 13. AS 43.55.900(15) is amended to read:

30 (15) "surcharge" means

31 (A) when used in AS 43.55.201 - 43.55.299, the surcharge

1 levied by AS 43.55.201;

2 (B) when used in AS 43.55.300 - 43.55.310, the surcharge  
3 levied by AS 43.55.300 [AS 43.55.200];

4 \* Sec. 14. AS 46.04.010 is amended to read:

5 Sec. 46.04.010. REIMBURSEMENT FOR CLEANUP EXPENSES. The  
6 department shall promptly seek reimbursement under AS 46.03.760(e), AS 46.08.070,  
7 or from an applicable federal fund, for the expenses it incurs in cleaning up or  
8 containing a discharge of oil. If the department obtains reimbursement for a portion  
9 of its expenses from a federal fund, the remainder of the expenses incurred may be  
10 recovered under AS 46.03.760(e) or AS 46.08.070. Money received by the department  
11 under this section shall be deposited in the general fund and credited to a special  
12 account called the "oil and hazardous substance release response mitigation account".

13 \* Sec. 15. AS 46.04.200(a) is amended to read:

14 (a) The department shall

15 (1) prepare [AND ANNUALLY REVIEW AND REVISE] a statewide  
16 master oil and hazardous substance discharge prevention and contingency plan;

17 (2) annually review the statewide master oil and hazardous  
18 substance discharge prevention and contingency plan; and

19 (3) revise the statewide master oil and hazardous substance  
20 discharge prevention and contingency plan when, in the judgment of the  
21 commissioner, revision is necessary.

22 \* Sec. 16. AS 46.04.200(c) is amended to read:

23 (c) In preparing [AND ANNUALLY REVIEWING] the initial state master  
24 plan, the commissioner shall

25 (1) consult with municipal and community officials, and with  
26 representatives of affected regional organizations;

27 (2) submit the draft plan to the public for review and comment;

28 (3) submit the plan to the legislature for review, not later than the 10th  
29 day following the convening of a [EACH] regular session [, THE PLAN AND ANY  
30 ANNUAL REVISION OF THE PLAN];

31 (4) require or schedule unannounced oil spill drills to test the

1 sufficiency of an oil discharge prevention and contingency plan approved under  
2 AS 46.04.030 or of the cleanup plans of a party identified under (b)(2) of this section;  
3 and

4 (5) submit the plan [AND ANY ANNUAL REVISION] to the Alaska  
5 State Emergency Response Commission for its review and approval under  
6 AS 46.13.045.

7 \* Sec. 17. AS 46.04.210(a) is amended to read:

8 (a) For any region of the state, the boundaries of which are determined by the  
9 commissioner by regulation, in which the department is required to review and approve  
10 an oil discharge prevention and contingency plan submitted by a person under  
11 AS 46.04.030, the department shall

12 (1) prepare [AND ANNUALLY REVIEW AND REVISE] a regional  
13 master oil and hazardous substance discharge prevention and contingency plan;

14 (2) annually review the regional master oil and hazardous substance  
15 discharge prevention and contingency plan; and

16 (3) revise the regional master oil and hazardous substance  
17 discharge prevention and contingency plan; the commissioner shall revise a  
18 regional master plan whenever, in the judgment of the commissioner, revision is  
19 necessary.

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

21 Sec. 46.08.005. PURPOSE. The legislature finds and declares that the release  
22 of oil or hazardous substances into the environment presents a real and substantial  
23 threat to the public health and welfare, to the environment, and to the economy of the  
24 state. The legislature therefore concludes that it is in the best interest of the state and  
25 its citizens to provide a readily available fund for the payment of the expenses incurred  
26 by the Department of Environmental Conservation in responding to releases or  
27 threatened releases of oil or hazardous substances, 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 substances.

30 \* Sec. 19. AS 46.08.010(a) is amended to read:

31 (a) There is established in the state general fund the oil and hazardous

1 substance release prevention and response fund. The fund shall be administered by  
2 the commissioner. The fund is composed of two accounts.

3 (1) the oil and hazardous substance release prevention account;

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

5 \* Sec. 20. AS 46.08.010(b) is amended to read:

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

9 \* Sec. 21. AS 46.08.020 is amended to read:

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

14 (1) money received from federal, state, or other sources or from a  
15 private donor;

16 (2) [MONEY RECOVERED OR OTHERWISE RECEIVED FROM  
17 PARTIES RESPONSIBLE FOR THE CONTAINMENT AND CLEANUP OF OIL OR  
18 A HAZARDOUS SUBSTANCE AT A SPECIFIC SITE., BUT EXCLUDING FUNDS  
19 FROM PERFORMANCE BONDS AND OTHER FORMS OF FINANCIAL  
20 RESPONSIBILITY HELD IN ESCROW PFNDING SATISFACTORY  
21 PERFORMANCE OF A PRIVATELY FINANCED RESPONSE ACTION;

22 (3) fines or [,] penalties collected [, OR DAMAGES RECOVERED  
23 UNDER AS 46.08.005 - 46.08.080 OR OTHER LAW FOR COSTS INCURRED] by  
24 the state as a result of the release or threatened release of oil or a hazardous substance;

25 (3) the interest earned on the balances of each of the following:

26 (A) the prevention account;

27 (B) the prevention mitigation account;

28 (C) the response account; and

29 (D) the response mitigation account;

30 (4) fees for services collected under AS 44.46.025(a)(4) and (a)(5);

31 (5) fees for services collected under AS 44.46.025(a)(8) to the extent

1 those fees involve certification of laboratories conducting environmental analyses  
2 of oil or hazardous substances or other related analyses required by the  
3 department:

4 (6) fees collected by the department for the registration of oil spill  
5 response action contractors under AS 46.04.035.

6 (b) Money received by the state under (a)(2) - (6) [(a)(2) AND (a)(3)] of this  
7 section shall be deposited in the general fund and credited to a special account called  
8 the "oil and hazardous substance release prevention mitigation account." The  
9 legislature may annually appropriate to the prevention account in the fund from the  
10 prevention mitigation [THIS] account a sum equal to the amount received under  
11 (a)(2) - (6) [(a)(2) AND (a)(3)] of this section during the calendar year preceding the  
12 legislative session in which the appropriation are to be made.

13 \* Sec. 22. AS 46.08 is amended by adding a new section to read:

14 Sec. 46.08.025. FINANCING OF THE OIL AND HAZARDOUS  
15 SUBSTANCE RELEASE RESPONSE ACCOUNT. (a) The legislature may  
16 appropriate from the following sources to the oil and hazardous substance release  
17 response account in the fund:

18 (1) money received from federal, state, or other sources or from a  
19 private donor;

20 (2) money recovered or otherwise received from parties responsible for  
21 the containment and cleanup of oil or a hazardous substance at a specific site, but  
22 excluding

23 (A) money from performance bonds and other forms of  
24 financial responsibility held in escrow pending satisfactory performance of a  
25 privately financed response action; or

26 (B) fines and penalties described in AS 46.08.020(a)(2); and  
27 (3) natural resource or other damages recovered by the state as a result  
28 of the release or threatened release of oil or a hazardous substance, but excluding  
29 money described in (a)(2) of this section or AS 46.08.040(a)(2).

30 (b) Money received by the state under (a)(2) and (3) of this section shall be  
31 deposited in the general fund and credited to a special account called the "oil and

1 hazardous substance release response mitigation account." The legislature may  
2 annually appropriate to the response account in the fund from the response mitigation  
3 account a sum equal to the amount received under (a)(2) and (3) of this section during  
4 the calendar year preceding the legislative session in which the appropriations are to  
5 be made.

6 \* Sec. 23. AS 46.08.040(a) is amended to read:

7 (a) The [IN ADDITION TO MONEY IN THE FUND THAT IS  
8 TRANSFERRED TO THE COMMISSIONER OF COMMUNITY AND REGIONAL  
9 AFFAIRS TO MAKE GRANTS UNDER AS 29.60.510 AND TO PAY FOR IMPACT  
10 ASSESSMENTS UNDER AS 29.60.560, THE] commissioner of environmental  
11 conservation may use money from the prevention account in the fund to

12 (1) [INVESTIGATE AND EVALUATE THE RELEASE OR  
13 THREATENED RELEASE OF OIL OR A HAZARDOUS SUBSTANCE, AND  
14 CONTAIN, CLEAN UP, AND TAKE OTHER NECESSARY ACTION SUCH  
15 AS MONITORING AND ASSESSING, TO ADDRESS A RELF OR  
16 THREATENED RELEASE OF OIL OR A HAZARDOUS SUBSTANCE THAT  
17 POSES AN IMMINENT AND SUBSTANTIAL THREAT TO THE PUBLIC  
18 HEALTH OR WELFARE, OR TO THE ENVIRONMENT;

19 (2)] pay all costs incurred to

20 (A) establish and maintain the oil and hazardous substance  
21 response office;

22 (B) review oil discharge prevention and contingency plans  
23 submitted under AS 46.04.030;

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

30 (D) verify or establish proof of financial responsibility required  
31 by AS 46.04.040;

1                    (2) establish and maintain [(3) PAY THE EXPENSES INCURRED  
2 BY THE ALASKA DIVISION OF EMERGENCY SERVICES FOR] the oil and  
3 hazardous substance response corps and the oil and hazardous substance response  
4 depots;

5                    (3) [WHEN PRESENTED WITH APPROPRIATE  
6 DOCUMENTATION BY THE DIVISION;

7                    (4) PROVIDE MATCHING FUNDS FOR PARTICIPATION IN  
8 FEDERAL OIL DISCHARGE CLEANUP ACTIVITIES AND UNDER 42 U.S.C.  
9 9601-9657 (COMPREHENSIVE ENVIRONMENTAL RESPONSE,  
10 COMPENSATION, AND LIABILITY ACT OF 1980);

11                    (5)] recover the costs to [THE STATE,] a municipality [,] or a village  
12 of a containment and cleanup resulting from the release or the threatened release of  
13 oil or a hazardous substance;

14                    (4) [(6)] prepare, review, and revise

15                    (A) the state's master oil and hazardous substance discharge  
16 prevention and contingency plan required by AS 46.04.200; and

17                    (B) a regional master oil and hazardous substance discharge  
18 prevention and contingency plan required by AS 46.04.210; and

19                    (5) [(7)] restore the environment by addressing the effects of an oil or  
20 hazardous substance release.

21 \* Sec. 24. AS 46.08.040(c) is amended to read:

22                    (c) Notwithstanding other provisions of this section, money from the oil and  
23 hazardous substance release prevention account [FUND] may not be used for a  
24 purpose specified in (a) [(a)(2) - (7)] and (d) [(d)(2)] of this section unless money is  
25 available from an appropriation made specifically for that purpose.

26 \* Sec. 25. AS 46.08.040(d) is amended to read:

27                    (d) Upon a request from

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

1 (2) the commissioner of transportation and public facilities, the  
2 commissioner shall transfer money from the prevention account in the fund to the  
3 Department of Transportation and Public Facilities to pay for the construction or  
4 refurbishment of one or more vessels of the Alaska marine highway system that have  
5 the capability to assist in responding to spills of oil and hazardous substances; in  
6 expending money in the prevention account in the fund whose use for vessels of the  
7 marine highway system is authorized by AS 19.65.025 and this paragraph, the  
8 commissioner shall give priority to construction of one or more new vessels that have  
9 the characteristics required by this paragraph.

10 \* Sec. 26. AS 46.08 is amended by adding a new section to read:

11 Sec. 46.08.045. PURPOSES OF THE OIL AND HAZARDOUS SUBSTANCE  
12 RELEASE RESPONSE ACCOUNT. (a) In addition to money in the response  
13 account that is transferred to the commissioner of community and regional affairs to  
14 make grants under AS 29.60.510 and to pay for impact assessments under  
15 AS 29.60.560, the commissioner of environmental conservation may use money from  
16 the response account to

17 (1) investigate and evaluate the release or threatened release of oil or  
18 a hazardous substance, and contain, clean up, and take other necessary action, such as  
19 monitoring and assessing, to address a release or threatened release of oil or a  
20 hazardous substance that poses an imminent and substantial threat to the public health  
21 or welfare, or to the environment;

22 (2) recover the costs to the state of a containment and cleanup resulting  
23 from the release or the threatened release of oil or a hazardous substance;

24 (3) restore the environment by addressing the effects of an oil or  
25 hazardous substance release; and

26 (4) provide matching funds for participation in federal oil discharge  
27 cleanup activities and under 42 U.S.C. 9601 - 9657 (Comprehensive Environmental  
28 Response, Compensation and Liability Act of 1980).

29 (b) When the governor declares a disaster related to an oil or hazardous  
30 substance discharge emergency under AS 26.23.020(c), the governor may, during the  
31 effective period of the disaster emergency, use money from the response account to

1 respond to the disaster emergency.

2 (c) Notwithstanding other provisions of this section, money from the response  
3 account may be used for the purposes in (a) of this section without a specific  
4 legislative appropriation. However, when exercising this authority, the commissioner  
5 of environmental conservation shall, within five days of accessing the response  
6 account, provide a written report to the governor summarizing the release, the state's  
7 actions, both taken and anticipated, the costs of the state's actions, both taken and  
8 anticipated, and other information considered appropriate by the commissioner or the  
9 governor. The governor may, at any time during the state's response, approve,  
10 disapprove, or amend the action.

11 \* Sec. 27. AS 46.08.050(b) is amended to read:

12 (b) A [THE] department that is appropriated or allocated money from the  
13 fund, either directly or through a reimbursable service agreement with the  
14 Department of Environmental Conservation, shall develop procedures governing the  
15 expenditure of, and accounting for, money it expends [EXPENDED] from the fund.  
16 The Department of Environmental Conservation may not reimburse or pay money  
17 to another state agency for the agency's activities under AS 46.08.040 or  
18 AS 46.08.045 unless the state agency provides to the department the information  
19 necessary to complete the report required by AS 46.08.060 [ , AND MAY NOT  
20 DELAY IMPLEMENTATION OF THIS CHAPTER PENDING THE EFFECTIVE  
21 DATE OF THE PROCEDURES].

22 \* Sec. 28. AS 46.08.060(a) is amended to read:

23 (a) The commissioner shall submit a report to the legislature not later than the  
24 10th day following the convening of each regular session of the legislature. The report  
25 may include information considered significant by the commissioner but must include:

26 (1) the amount of money expended by the department under  
27 AS 46.08.045 [AS 46.08.040(a)] during the preceding fiscal year;

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

30 (A) AS 46.04.010 (reimbursement of cleanup expenses);

31 (B) AS 46.08.020(a)(2) (recovery of fines and penalties); and

1 (C) AS 46.08.025(a)(2) and (a)(3) (cost recoveries, natural  
2 resources and other damages) [AS SPECIFIED IN AS 46.08.020];

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

5 (4) [A DETAILED SUMMARY OF DEPARTMENT ACTIVITIES IN  
6 RESPONSES FUNDED BY THE FUND DURING THE PRECEDING FISCAL  
7 YEAR, INCLUDING RESPONSE DESCRIPTIONS AND STATEMENTS  
8 OUTLINING THE NATURE OF THE THREAT; IN THIS PARAGRAPH,  
9 "DETAILED" INCLUDES INFORMATION DESCRIBING EACH PERSONAL  
10 SERVICES POSITION AND TOTAL COMPENSATION FOR THAT POSITION,  
11 EACH CONTRACT IN EXCESS OF \$20,000, AND EACH PURCHASE IN EXCESS  
12 OF \$10,000; AND

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

17 \* Sec. 29. AS 46.08.060(b) is amended to read:

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

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

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

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

29 \* Sec. 30. AS 46.08.060(c) is amended to read:

30 (c) In addition to the department's report required under (a) of this section, the  
31 governor shall submit a report about use of the fund during the previous fiscal year to

1 the legislature not later than the 10th day following the convening of each regular  
2 session of the legislature. In the report, the governor shall describe in detail the  
3 governor's use of money from the response account [FUND], with separate  
4 explanations, by agency, of the activities that were paid for [FUNDED] under the  
5 authority of AS 46.08.045 [AS 46.08.040(b)].

6 \* Sec. 31. AS 46.08.070 is amended by adding a new subsection to read:

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

10 \* Sec. 32. AS 46.08.075(a) is amended to read:

11 (a) The state has a lien for expenditures by the state from [THE OIL AND  
12 HAZARDOUS SUBSTANCE RELEASE RESPONSE] fund, or from any other state  
13 fund, for the costs of response, containment, removal, or remedial action resulting from  
14 an oil or hazardous substance release [SPILL], or, with respect to response costs, for  
15 the costs of response to a threatened [THE SUBSTANTIAL THREAT OF A] release  
16 of oil or a hazardous substance, against all property owned by a person who is  
17 determined by the commissioner to be liable for the expenditures under this chapter,  
18 AS 46.03, AS 46.04, 42 U.S.C. 9607, or other state or federal law. The lien includes  
19 interest, at the maximum rate allowable under AS 45.45.010(a), from the date of the  
20 expenditures. The state may file an action in a court of competent jurisdiction in order  
21 to foreclose on the lien.

22 \* Sec. 33. AS 46.08.075(e) is amended to read:

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

30 \* Sec. 34. AS 46.08.900(5) is amended to read:

31 (5) "fund" means the oil and hazardous substance release prevention

1        and response fund;

2        \* Sec. 35. AS 46.08.900 is amended by adding new paragraphs to read:

3                    (13) "prevention account" means the oil and hazardous substance  
4                    release prevention account established in AS 46.08.010(a)(1);

5                    (14) "prevention mitigation account" means the oil and hazardous  
6                    substance release prevention mitigation account established in AS 46.08.020(b);

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

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

11        \* Sec. 36. AS 26.23.195(b); AS 43.55.200, 43.55.210, 43.55.220, 43.55.230, 43.55.240;  
12 AS 46.08.040(b); and sec. 3, ch. 112, SLA 1989 are repealed.

13        \* Sec. 37. TREATMENT OF APPROPRIATION TO FORMER SPILL RESERVE FOR  
14 PURPOSES OF AS 43.55.230. For the purpose of former AS 43.55.230(a)(2), repealed by  
15 sec. 36 of this Act, an appropriation to the former spill reserve referred to in AS 29.60.510(b),  
16 the reference to which is repealed by sec. 3 of this Act, is not an expenditure.

17        \* Sec. 38. TRANSITION PROVISION CONCERNING LAPSE AND AVAILABILITY  
18 FOR EXPENDITURE OF APPROPRIATIONS FROM FORMER OIL AND HAZARDOUS  
19 SUBSTANCE RELEASE RESPONSE FUND. Notwithstanding the provisions of  
20 AS 46.08.010(b), amended by sec. 20 of this Act, money remaining in the oil and hazardous  
21 substance release response fund at the end of the 1994 state fiscal year lapses into the two  
22 accounts established in AS 46.08.010(a), amended by sec. 19 of this Act, and remains  
23 available for expenditure in successive fiscal years on the following basis:

24                    (1) 60 percent of the money remaining in the oil and hazardous substance  
25 response fund is allocated to the oil and hazardous substance release prevention account  
26 established by AS 46.08.010(a)(1), added by sec. 19 of this Act; and

27                    (2) 40 percent of the money remaining in the oil and hazardous substance  
28 response fund will be allocated to the oil and hazardous substance release response account  
29 established by AS 46.08.010(a)(2), added by sec. 19 of this Act.

30        \* Sec. 39. TRANSITIONAL PROVISIONS APPLICABLE TO CONSERVATION  
31 SURCHARGE ON OIL IMPOSED BY AS 43.55.200 AFTER JUNE 30, 1994, AND

1 BEFORE THE EFFECTIVE DATE OF THIS ACT. After June 30, 1994, and before the  
2 effective date of this Act, a producer of oil who is required by AS 43.55.200 - 43.55.240,  
3 repealed by this Act, to pay the oil conservation surcharge of \$.05 per barrel of oil shall pay  
4 that levy. The provisions of AS 43.55.210 - 43.55.240, repealed by this Act, apply to the  
5 amounts received by the state under AS 43.55.200 - 43.55.240, but as to the amounts received  
6 after June 30, 1994, and before the effective date of this Act, if so appropriated by the  
7 legislature and notwithstanding any other provision of law relating to the deposit of and  
8 accounting for those receipts,

9 (1) on the effective date of this Act, the commissioner of revenue shall allocate

10 (A) 40 percent of the amount received to the oil and hazardous  
11 substance release response account established by AS 46.08.010(a)(2), added by  
12 sec. 19 of this Act; and

13 (B) 60 percent of the amount received to the oil and hazardous  
14 substance release prevention account established by AS 46.08.010(a)(1), added by  
15 sec. 19 of this Act; and

16 (2) the allocations made under (1) of this section are credited to the respective  
17 accounts for purposes of determination of the suspension and reimposition of the surcharge  
18 under AS 43.55.231, added by sec. 10 of this Act.

19 \* Sec. 40. APPLICATION OF AS 43.55.231. (a) AS 43.55.231, added by sec. 10 of this  
20 Act, does not apply to prevent the levy and collection of the surcharge imposed by  
21 AS 43.55.201 until the first day of the fiscal year next following the day on which the balance  
22 of the oil and hazardous substance release response account in the oil and hazardous substance  
23 release prevention and response fund described in AS 43.55.221(a), added by sec. 9 of this  
24 Act, first exceeds \$50,000,000.

25 (b) The commissioner of administration shall certify to the commissioner of  
26 environmental conservation, the commissioner of revenue, the revisor of statutes, and the  
27 division of legislative finance the date on which the balance of the oil and hazardous  
28 substance release response account in the oil and hazardous substance release prevention and  
29 response fund described in AS 43.55.221(a), added by sec. 9 of this Act, first exceeds  
30 \$50,000,000.

31 \* Sec. 41. This Act takes effect July 1, 1994.

DRAFT VERSION "Z" OF HB 238

SPLITS THE CURRENT 470 FUND INTO TWO ACCOUNTS

- 1 - SPILL RESPONSE ACCOUNT (THE \$50 MILLION SAVINGS ACCOUNT SIDE WHICH IS USED TO RESPOND TO SPILLS AFTER THEY HAPPEN)  
A 2 CENT SURCHARGE GOES INTO THIS ACCOUNT ONLY UNTIL IT REACHES \$50 MILLION AND THEN TURNS OFF. 2 CENT SURCHARGE KICKS BACK IN WHEN ACCOUNT FALLS BELOW \$50 MILLION
- 2- PREVENTION ACCOUNT (THIS IS THE "PROGRAM" SIDE WHICH COVERS SPILL PREVENTION AND PREPAREDNESS TYPES OF PROGRAMS IN DEC, AND OTHER DEPTS., COMMUNITIES, ETC)  
A CONTINUOUS 3 CENT SURCHARGE WILL GO INTO THIS ACCOUNT.

CURRENT BALANCE OF THE 470 FUND (\$37 MILLION) IS SPLIT BETWEEN THE TWO ACCOUNTS IN THE SAME PROPORTION AS FUTURE NICKELS ARE TO BE SPLIT (3/2 OR 60%/40%)

UNDER CURRENT LAW, INTEREST ACCRUED BY THE 470 FUND GOES TO THE GENERAL FUND. THE LEGISLATURE HAS THE OPTION OF APPROPRIATING IT BACK INTO THE FUND OR USING IT AS ANY OTHER G.F. MONEY . UNDER VERSION "Z" THAT IS STILL THE CASE, BUT ADDS LANGUAGE SUGGESTING THAT THE INTEREST ACCRUED BY THE TWO NEW SEPARATED ACCOUNTS "MAY" BE APPROPRIATED TO THE PREVENTION ACCOUNT. (IDEA HERE IS THAT BY SPLITTING THE NICKEL AND THE FUND, IT IS THE PREVENTION SIDE THAT WILL BE UNDERFUNDED AS PRODUCTION SLOWS DOWN AND INFLATION GOES UP OVER THE YEARS. THE INTEREST OFF THE ACCOUNTS COULD HELP TO OFFSET THAT SHORTFALL.

SECTIONS 20, 21,22 ARE TAKEN FROM RECOMMENDATIONS OF LEGISLATIVE AUDIT OF 470 FUND.

CSHB 238 (RES) "Z" VERSION  
MARCH 19, 1994

This draft divides the nickel surcharge into two accounts within the Oil and Hazardous Substance Release Response and Prevention Fund:

1) a PREVENTION account, which is allotted 3 cents and funds all of the state's current operating activities (except spill response, including matching funds for federal cleanup activities, and cost recovery) and

2) a RESPONSE account, which is allotted 2 cents and funds only responses, including matching funds for federal cleanup activities, and cost recoveries. There is no defining limitation on what kind of a response may be funded from the RESPONSE account. It would be essentially a revolving fund in that the costs from this account would be repaid to the state.

In addition to the surcharge funding for each account, the PREVENTION account also receives all penalties, fines, interest on both accounts, and program receipts, if any, received by the department for a number of oil and hazardous substance related activities. The RESPONSE account receives all cost recoveries and natural resource damages.

The draft also incorporates additional changes resulting from the Legislative Audit.

###

Section 1 is a technical amendment that directs the Governor may, in a declared disaster emergency related to oil or a hazardous substance, use the RESPONSE account.

Section 2 is directed that the RESPONSE account may be used for the municipal grants program. (Current statute requires a declared disaster emergency before this grant program is activated)

Section 3 is a technical amendment deleting the reference to the "spill reserve."

Sections 4 and 5 are technical amendments to the municipal grants statute changing the name of the Fund.

Section 6 amends the language regarding the Exxon Valdez reimbursements and sends them to the PREVENTION mitigation account.

Section 7 establishes the 2 cent surcharge.

Section 8 allows that surcharge to be appropriated to the RESPONSE account.

Section 9 sets out how the \$50 million cap is calculated. This is language previously offered by DEC. The 2 cent response surcharge is suspended when the balance in the response account reaches \$50 million and the next fiscal year's appropriation is provided for in the account. The suspension calculation is based upon a fiscal year analysis; not upon the basis of cumulative expenditures. The suspension calculation includes the 2 cent surcharge account as well as cost recovered monies originally from the 2 cent surcharge.

This response surcharge is reimposed when the balance calculation goes below \$50 million. The calculation is made upon a quarterly basis.

Section 10 is the "blackmail" clause for the 2 cent RESPONSE account. It suspends the 2 cent surcharge for one fiscal year if the legislature does not appropriate all of the 2 cent surcharge revenues in the surcharge account and all of the "cost recovered" 2 cent surcharge funds. The surcharge is also suspended if the legislature appropriates all of these funds and the governor vetoes or reduces the appropriation.

Section 11 sets out the proper names of the "response account" and the "response mitigation account."

Section 12 establishes the 3 cent surcharge and provides that it may be appropriated to the PREVENTION account (entitled the Oil and Hazardous Substance Release Prevention Account). This is a permanent surcharge.

Section 13 is a technical amendment needed because of the creation of the two surcharges.

Section 14 is a technical amendment needed to change the name of the mitigation account for costs that are recovered.

Sections 15 through 17 amend the state master plan and regional plan review and revision requirements in the same manner as other bills/drafts, but the wording is arranged differently.

Section 18 amends the PURPOSE section of the response fund to recognize the two purposes - PREVENTION and RESPONSE - and deletes the reference to the Department of Transportation.

Section 19 changes the name of the Fund to add PREVENTION and creates the two accounts - PREVENTION and RESPONSE.

Section 20 states that money appropriated to either account will not lapse back into the general fund but instead remains available in the account for appropriation by the Legislature.

Section 21 finances the PREVENTION account. Fines, penalties, program receipts for contingency plan review, financial responsibility review, some lab certifications, response action contractor registrations, and interest on both accounts and mitigation accounts are included. Cost recoveries and damages are not.

Section 22 finances the RESPONSE account. It receives cost recoveries and natural resource damages.

Section 23 sets forth the purposes of the PREVENTION account. It allows this account to fund all of DEC's and other agencies' current activities EXCEPT the grants to DCRA, spill response, including matching funds for federal cleanup activities, and efforts to recover state costs for response (these are all moved to the RESPONSE account). In addition, it cleans up the language regarding funding for depots and corps. Rather than provide for a reimbursement of expenses by DMVA, it simply states that the account may be used to establish and maintain the depots and corps.

Section 24 sets out that for all uses of the PREVENTION account, a legislative appropriation is necessary. This would include both the Citizens Oversight Council (which, under current law, does not need an appropriation) and the ferry.

Section 25 is a technical amendment adding that these uses (citizen's oversight council and the ferry) come from the PREVENTION account.

Section 26 establishes the purpose of the RESPONSE account. It includes the grants to DCRA (which are only made in the event of a declared disaster emergency), spill response, including funds needed to match federal cleanup activities, recovery of state expenses, and restoration of the environment.

Restoration is included both here and in the PREVENTION account because we restore the environment through the contaminated sites program but have also been advised by the Department of Law that there is no clear line between cleanup and restoration. In addition, natural resource damages, which go into the RESPONSE account, must be used for cleanup and restoration. Therefore, each account needs this included. The intent however is to fund the on-going contaminated sites program out of the PREVENTION account.

Money for DCRA, spill response, cost recovery and restoration may be used without a specific legislative appropriation however we have added a requirement that whenever the commissioner exercises this authority, he provide a report to the Governor within five days. The Governor may approve, disapprove, or modify the state's proposed action.

Section 27 amends the recording keeping requirements of the fund. It requires all agencies that receive money, either directly (DEC) or through an RSA with DEC, establish procedures for expenditure of those funds. It also precludes DEC from paying an RSA unless the receiving department provides to DEC the information necessary to generate the annual report.

Section 28 amends the annual report content. It focuses on the RESPONSE account, rather than the prevention account would be appropriated through the normal budget process.

The report is to include expenditures from the RESPONSE account, all money received as cost recovery, fines, penalties, and natural resource damages, a summary of municipal participation in response actions if those actions were funded from the RESPONSE account (such as the municipal grants program), and projected costs of response activities that are anticipated to continue to the next fiscal year and would be funded by the RESPONSE account. Essentially then, this report deals only with expenditures made without a specific legislative appropriation as allowed under Section 26.

Section 29 also amends the annual report language. The reporting requirements on contaminated sites has been amended to require the number of sites on the contaminated sites database and a prioritized listing of those sites based on their threat to the public health or the environment, rather than the detailed, confusing and cumbersome information currently required.

Section 30 is a technical amendment regarding the Governor's requirement to report his use of the RESPONSE account in the event of a declared disaster emergency.

Section 31 requires the department adopt regulations regarding cost recovery. This is intended to do two things - first, put the public on clear notice cost recovery will be sought and how; two, give assurance that DEC will have a legal process to seek recoveries and will follow it.

Sections 32 and 33 amend the lien provisions in current law, and are in both House and

Senate bills/work drafts.

Section 34 is a technical amendment changing the name of the Response Fund.

Section 35 sets defines the prevention account, prevention mitigation account, response account and response mitigation account.

Section 36 is the repealer. The only addition to this list from that in the HB 238 work drafts is AS 46.08.040(b), dealing with disaster emergencies. It has been moved into the Response Account section at the proposed AS 46.08.045(b).

Section 37 makes clear that any prior appropriations made to the spill reserve, as used to be done in the front section of the budget bill, are not considered expenditures.

Section 38 provides that the balance of the current Response Fund will be split between the PREVENTION and RESPONSE accounts in the same manner as the current nickel surcharge with 60% to the PREVENTION account and 40% to the RESPONSE account.

Section 39 - defer to Legislative Drafting.

Section 40 states that the blackmail clause does not take effect until the RESPONSE account reaches the cap.

Section 41 is the effective date - July 1, 1994.

Another way to look at the proposed draft:

These Sections deal with the PREVENTION account:

Section 6 (Exxon reimbursements)  
Section 12 (creates 3 cents surcharge)  
Section 21 (financing of account)  
Section 23 (purposes)  
Section 24 (appropriations required)  
Section 25 (COC and ferry appropriations are from Prevention account)

These Sections deal with the RESPONSE account:

Section 1 (declared disaster emergencies)  
Sections 2, 4 and 5 (municipal grants)  
Section 7 (creates 2 cents surcharge)  
Section 8 (use of surcharge)  
Section 9 (suspension/reimposition - cap)  
Section 10 (blackmail)  
Section 11 (technical amendment to define response and response mitigation accounts)  
Section 14 (cost recoveries into response mitigation)  
Section 22 (financing of account)  
Section 25 (purposes)  
Section 28 (Report to the Legislature on account use)  
Section 30 (Report to the Legislature by Governor if declared disaster)  
Section 31 (requires regulations for cost recovery)

These Sections deal with the Fund itself and/or both accounts:

Section 5 (changes the name of the Fund)  
Section 13 (technical amendment to identify both surcharges)  
Section 18 (amends Purpose of the Fund)  
Section 19 (creates both accounts within the Fund)  
Section 20 (appropriations to accounts do not lapse)  
Section 27 (recording keeping requirements for Fund)  
Section 29 (report to the Legislature regarding contaminated sites)  
Sections 32 and 33 (amends lien provisions)  
Section 34 (technical amendment changing name of Fund)  
Section 35 (definitions of both accounts and both mitigation accounts)  
Section 38 (divides current Fund balance between the two accounts)

These Sections deal with just the state and regional master plans:  
Sections 15, 16, and 17

# FISCAL NOTE

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

**BILL NO.** CSHB 238(RES) 8-LS0676Z

Revision Date:		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:	Hs. Special Comm. on Oil & Gas		
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						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL</b>						

<b>REVENUE FUND SOURCE:</b>	0.0	0.0	-2,500.0	-9,500.0	-9,000.0	
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**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	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 7, 1994
Approved by Commissioner:	Darrel J. Rexwinkel	Date: April 7, 1994
Agency:	Revenue	

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**Response Fund Restructuring Options  
Comparison of Proposals For SB215**

	No Change From Existing Statute	CSSB 215 .025/.025 Entire Response Fund to Spill Account	.025/.025 Response Fund split equally	03/02 Proposal Response Fund Split 50/50	03/02 Proposal Entire Response Fund to Spill Account
<b>Fiscal Year 1995</b>					
Beginning Balance of Response Fund	\$63.2				
Beginning Balance of Spill Account		\$50.3	\$31.6	\$25.3	\$47.7
Beginning Balance of Abatement Account		\$12.9	\$31.6	\$37.9	\$15.5
<b>Total .05 Surcharge Collected in FY95</b>	<b>\$26.2</b>				
Total Spill Surcharge Collected in FY95		\$0.0	\$13.1	\$10.5	\$5.2
Total Abatement Surcharge Collected in FY95		\$13.1	\$13.1	\$15.7	\$15.7
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$0.6)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$48.9				
Ending Balance of Spill Account		\$49.5	\$30.8	\$24.5	\$46.9
Ending Balance of Abatement Account		(\$0.6)	\$18.1	\$24.4	\$2.0
Suspension and Reimposition Calculation	(\$6.1)	\$49.8	\$44.2	\$35.3	\$52.5
<b>Fiscal Year 1996</b>					
Beginning Balance of Response Fund	\$75.1				
Beginning Balance of Spill Account		\$49.8	\$44.2	\$35.3	\$52.5
Beginning Balance of Abatement Account		\$12.5	\$31.2	\$40.1	\$17.7
<b>Total .05 Surcharge Collected in FY96</b>	<b>\$25.3</b>				
Total Spill Surcharge Collected in FY96		\$3.0	\$6.3	\$10.1	\$0.0
Total Abatement Surcharge Collected in FY96		\$12.7	\$12.7	\$15.2	\$15.2
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$0.8)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$60.7				
Ending Balance of Spill Account		\$49.0	\$43.4	\$34.5	\$51.7
Ending Balance of Abatement Account		(\$1.4)	\$17.3	\$26.2	\$3.8
Suspension and Reimposition Calculation	\$4.5	\$52.3	\$50.0	\$44.9	\$52.0

**Response Fund Restructuring Options  
Comparison of Proposals For SB215**

	No Change From Existing Statute	CSSB 215 025/ 025 Entire Response Fund to Spill Account	025/ 025 Response Fund split equally	03/ 02 Proposal Response Fund Split 60/40	03/ 02 Proposal Entire Response Fund to Spill Account
<b>Fiscal Year 1997</b>					
Beginning Balance of Response Fund	\$86.0				
Beginning Balance of Spill Account		\$52.3	\$50.0	\$44.9	\$52.0
Beginning Balance of Abatement Account		\$11.2	\$29.9	\$41.4	\$19.0
<b>Total .05 Surcharge Collected in FY97</b>	<b>\$24.8</b>				
Total Spill Surcharge Collected in FY97		\$0.0	\$0.0	\$7.4	\$0.0
Total Abatement Surcharge Collected in FY97		\$12.4	\$12.4	\$14.9	\$14.9
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3	\$14.3	\$14.3	\$14.3
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$1.7)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$71.2				
Ending Balance of Spill Account		\$51.5	\$49.2	\$44.1	\$51.2
Ending Balance of Abatement Account		(\$3.1)	\$15.6	\$27.1	\$4.7
Suspension and Reimposition Calculation	\$14.2	\$51.8	\$49.5	\$51.8	\$51.5
<b>Fiscal Year 1998</b>					
Beginning Balance of Response Fund	\$96.0				
Beginning Balance of Spill Account		\$51.8	\$49.5	\$51.8	\$51.5
Beginning Balance of Abatement Account		\$9.3	\$28.0	\$42.0	\$19.5
<b>Total .05 Surcharge Collected in FY98</b>	<b>\$23.8</b>				
Total Spill Surcharge Collected in FY98		\$0.0	\$3.0	\$0.0	\$0.0
Total Abatement Surcharge Collected in FY98		\$11.9	\$11.9	\$14.3	\$14.3
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8	\$14.8	\$14.8	\$14.8
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$2.4)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$80.7				
Ending Balance of Spill Account		\$51.0	\$48.7	\$51.0	\$50.7
Ending Balance of Abatement Account		(\$5.4)	\$13.3	\$27.2	\$4.8
Suspension and Reimposition Calculation	\$22.4	\$51.3	\$52.0	\$51.3	\$51.0

**Response Fund Restructuring Options  
Comparison of Proposals For SB215**

	No Change From Existing Statute	CSSB 215 025/025 Entire Response Fund to Spill Account	025/025 Response Fund split equally	03/02 Proposal Response Fund Split 60/40	03/02 Proposal Entire Response Fund to Spill Account
<b>Fiscal Year 1999</b>					
Beginning Balance of Response Fund	\$104.5				
Beginning Balance of Spill Account		\$51.3	\$52.0	\$51.3	\$51.0
Beginning Balance of Abatement Account		\$6.5	\$25.2	\$41.5	\$19.1
<b>Total .05 Surcharge Collected in FY99</b>	<b>\$22.4</b>				
Total Spill Surcharge Collected in FY99		\$0.0	\$0.0	\$0.0	\$4.5
Total Abatement Surcharge Collected in FY99		\$11.2	\$11.2	\$13.4	\$13.4
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2	\$15.2	\$15.2	\$15.2
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$3.3)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$88.8				
Ending Balance of Spill Account		\$50.5	\$51.2	\$50.5	\$50.2
Ending Balance of Abatement Account		(\$8.7)	\$10.0	\$26.3	\$3.9
Suspension and Reimposition Calculation	\$28.8	\$50.8	\$51.5	\$50.8	\$54.9
<b>Total Prevention Program Underfunding</b>		<b>(\$8.7)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Spill Account Surcharge Paid</b>	<b>\$122.5</b>	<b>\$3.0</b>	<b>\$22.4</b>	<b>\$28.0</b>	<b>\$9.7</b>
<b>Total Abatement Account Surcharge Paid</b>		<b>\$61.3</b>	<b>\$61.3</b>	<b>\$73.5</b>	<b>\$73.5</b>
<b>Total Surcharges Paid</b>	<b>\$122.5</b>	<b>\$64.2</b>	<b>\$83.7</b>	<b>\$101.5</b>	<b>\$83.2</b>

WALTER J. HICKEL, GOVERNOR

**DEPT. OF ENVIRONMENTAL CONSERVATION****OFFICE OF THE COMMISSIONER**410 Willoughby Avenue, Suite 105  
Juneau, AK 99801-1795

Telephone No. (907)465-5050

FAX No. (907)465-5070

March 15, 1994

The Honorable Bill Williams  
Chairman, House Resources Committee  
Room 128, Capitol Building  
Juneau, AK 99801

Dear Representative Williams:

I want to thank you for the amount of time you have given to HB 238, and the issues surrounding the Oil and Hazardous Substance Release Response Fund. Throughout the hearings, the public testimony has been at times pointed, but reflective of a concern that deserves the attention you have given it.

There have been a number of statements (paraphrased below in italics) made regarding the uses to which the Fund has been put that require clarification.

• *We have heard that the Fund has been used to cleanup a campground.* In fiscal year 1993, \$38,000 from the Response Fund was appropriated to DNR to address drinking water contamination at the Tok River Campground. A water sample showed 0.35 ppm (parts per million) petroleum hydrocarbons and trace amounts of xylene, and the source was suspected to be an old military fuel line between Haines and Fairbanks. Because this site is owned by the state and is used by both residents and tourists, it was included in the state owned contaminated sites to be addressed through the State Memorandum of Agreement. Whether the military fuel line is the source of contamination and the federal government is responsible for the associated cleanup costs has not yet been determined. If it is, we will seek cost recovery.

• *We have heard that the Fund was used to cleanup a greenhouse.* The state, through DNR, leased land for a commercial greenhouse in Soldotna. In 1984, the site was foreclosed upon, and management reverted back to DNR. The site is contaminated with dioxin, PCB, lead, and pesticides. There are also miscellaneous drums of waste oil. Starting in FY 90 under Kenai Special Projects funding (which were general funds) and continuing through FY 94, a total of \$306,191 has been spent on remediation, with \$219,000 coming from the Response Fund. There have been no funds expended on the construction of the greenhouse, as has been implied. All funds were expended on site assessment and cleanup of hazardous substances. The responsible party is insolvent.

- *We have heard that the Fund was used to build an airport.* In 1993, DNR removed underground fuel tanks at the airport in McGrath, and discovered extensive soil and groundwater contamination. In FY 93, \$42,613 from the Response Fund was appropriated to do a site assessment. In FY 94, \$123,000 from the Fund was appropriated to begin remediation, but this has not been spent while the project's priority is being conducted by DNR, who would be responsible for cost recovery. No drinking water wells appear to be threatened by this contamination but adjacent freshwater habitat may be impacted.
- *We have heard that the Fund was used to build a fish hatchery.* The only project we can identify is a project funded by the Exxon Valdez oil spill restoration fund. As part of the legislation which passed last session appropriating Exxon Valdez oil spill settlement funds (HCS CSSB 183 (FIN)), \$3,250,000 was included for development of a shellfish hatchery on the lower Kenai Peninsula, \$4,000,000 was included for a water delivery system connecting the Anchorage Municipal Water Utility with the Fort Richardson hatchery, and \$2,000,000 was included as a grant to the Prince William Sound Aquaculture Corporation for upgrade of the Main Bay Hatchery.
- *We have heard that only the oil companies pay for all oil and hazardous substance release cleanups.* In fact, all cleanup activities that take place using the Response Fund are subject to cost recovery, even when the activity is overseeing the remediation efforts of the party responsible for the release. Where the state is the responsible party, cost recovery is not sought.

While the responsible party is notified immediately that they will be required to repay the state's costs, demand letters are normally generated at the end of the project, once most or all the state's costs are known. Therefore, it can be several months before a demand letter is sent. For example, Defense Fuels (DFSC) was the responsible party for a spill that occurred in Indian last August. The demand letter, for more than \$64,000, was sent to the DFSC just a few weeks ago.

- *Finally, we have heard that the Response Fund has been mis-managed by DEC, and that it has been used as the Department's "slush fund."* To these charges, I would simply ask that you read the Audit recently completed by the Division of Legislative Audit on the Response Fund (Audit Control Number 18-4463-94). A copy has been sent to you and the members of this committee under separate cover. What the Audit will show you is that in fact the Fund has been used by DEC appropriately and within both the bounds of the statutes which govern it and the appropriations made by the Legislature.

Honorable Bill Williams

-3-

March 15, 1994

I trust this information will be useful to the Committee as it continues its deliberations. If anything additional is needed, please do not hesitate to let me know.

Sincerely,

  
John A. Sandor  
Commissioner

JA/MT/re (CO-COMM\REFUTE.RF)

cc: All Members, House Resources Committee  
All Members, Senate Finance Committee  
Pat Ryan, Chief of Staff, Office of the Governor  
Shelby Stastny, Director, OMB  
Raga Elim, Office of the Governor  
Dick Eliason, Legislative Liaison, Office of the Governor

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

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

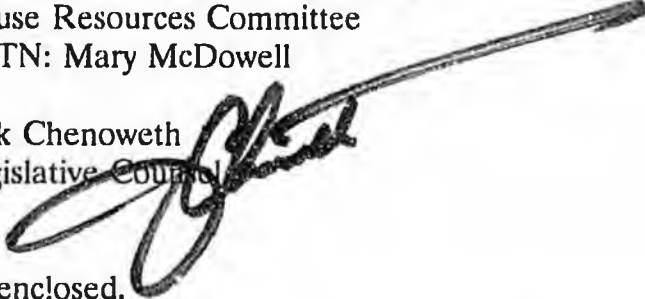
**MEMORANDUM**

March 29, 1994

**SUBJECT:** Amendments Z.1 - Z.3 to Draft CSHB 238 (Resources) (Work Order Nos. 8LS-0676\Z.1, Z.2, Z.3)

**TO:** Representative Bill Williams, Chair  
House Resources Committee  
ATTN: Mary McDowell

**FROM:** Jack Chenoweth  
Legislative Council



Three amendments are enclosed.

In Z.2, I am troubled that the net effect of these changes is to leave the Oversight Council in the legislative branch, directing requests for money to the Council, but the actual financial support is addressed as a part of the changes proposed in AS 46.08. I guess some modification like that suggested is essential in light of the division of the single fund into two accounts, but it all seems somewhat awkward. Doesn't it seem that way to you?

JBC:gc  
94-230.glc

Enclosure

A M E N D M E N T

Z.1

OFFERED IN THE HOUSE

TO: Draft CSHB 238(RES)

Page 11, following line 8:

Insert a new bill section to read:

"\* Sec. 21. AS 46.08.010(c) is amended to read:

(c) The fund shall be used for actual expenses incurred under AS 46.08.040 and 46.08.045. Except as provided in AS 46.08.040(a)(2) and 46.08.040(d)(2) [AS 46.08.040(d)(2)], the fund may not be used for capital improvements."

Renumber the following bill sections accordingly.

Page 19, line 15:

Delete "sec. 36"

Insert "sec. 37"

Page 19, line 26, after "this Act":

Insert "and may be appropriated for a purpose described in AS 46.08.040(a)(2), amended by sec. 24 of this Act"

A M E N D M E N T

Z.2.

OFFERED IN THE HOUSE

TO: Draft CSHB 238(RES)

Page 11, following line 8:

Insert a new bill section to read:

\*\* Sec. 21. AS 46.08.010(c) is amended to read:

(c) The fund shall be used for actual expenses incurred under AS 46.08.040. Except as provided in AS 46.08.040(d) [AS 46.08.040(d)(2)], the fund may not be used for capital improvements."

Re-number the following bill sections accordingly.

Page 14, line 18, after "AS 46.04.210;":

Delete "and"

Insert "[AND]"

Page 14, line 20, after "release":

Insert "and"

(6) pay for the operation of the Citizens' Oversight Council on Oil and Other Hazardous Substances established by AS 24.20.600"

Page 14, line 28, through page 15, line 1:

Delete

"(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)"

Insert

"[(1) THE ALASKA LEGISLATIVE COUNCIL, THE COMMISSIONER SHALL USE MONEY FROM 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)]"

Page 19, line 15:

Delete "sec. 36"

Insert "sec. 37"

A M E N D M E N T

Z.3

OFFERED IN THE HOUSE

TO: Draft CSHB 238(RES)

Page 9, line 23, after "initial":

Insert "and any revision of the"

Page 16, line 28, following "(2)":

Insert "a summary of the activities paid for under AS 46.08.040(a) during the preceding fiscal year;

(3)"

Page 17, line 3:

Delete "(3)"

Insert "(4) [(3)]"

Page 17, line 5:

Delete "(4) [A DETAILED"

Insert "(5) [(4) A DETAILED"

AMENDMENT

Z.4

OFFERED IN THE HOUSE

TO: Draft CSHB 238(RES)

Page 1, line 3, after "substances;":

Insert "repealing 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 response fund;"

Page 11, following line 8:

Insert a new bill section to read:

"\* Sec. 21. AS 46.08.010(c) is amended to read:

(c) The fund shall be used for actual expenses incurred under AS 46.08.040 and 46.08.045. Except as provided in AS 46.08.040(a)(2) [AS 46.08.040(d)(2)], the fund may not be used for capital improvements."

Renumber the following bill sections accordingly.

Page 14, line 28:

Delete "(1)"

Insert "[(1)]"

Page 14, line 31:

Delete "; and"

Insert "[; AND]"

Page 15, lines 1 - 9:

Delete all material and insert:

"[(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]."

Page 19, line 11, after "\* Sec. 36.":

Insert "AS 19.65.025;"

Page 19, line 15:

Delete "sec. 36"

Insert "sec. 37"

Page 19, line 26, after "this Act":

Insert "and may be appropriated for a purpose described in AS 46.08.040(a)(2), as amended by sec. 24 of this Act"

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER  
410 Willoughby Avenue, Suite 105  
Juneau, AK 99801-1795

Telephone No. (907)465-5050  
FAX No. (907)465-5070

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, operations 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

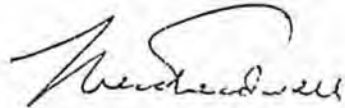
Type of Site	Number	Average State Cost/Site	21 Year Total Cost
RP	836	\$23,429	\$19,586,923
Federal	450	26,566	11,954,700
Orphan	88	644,450	56,711,600
Rural Bulk Orphan	100	644,450	64,154,998
RPs	398	23,429	9,329,561
State Owned	97	600,000	58,200,000
Total	1,969		\$219,937,781

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,



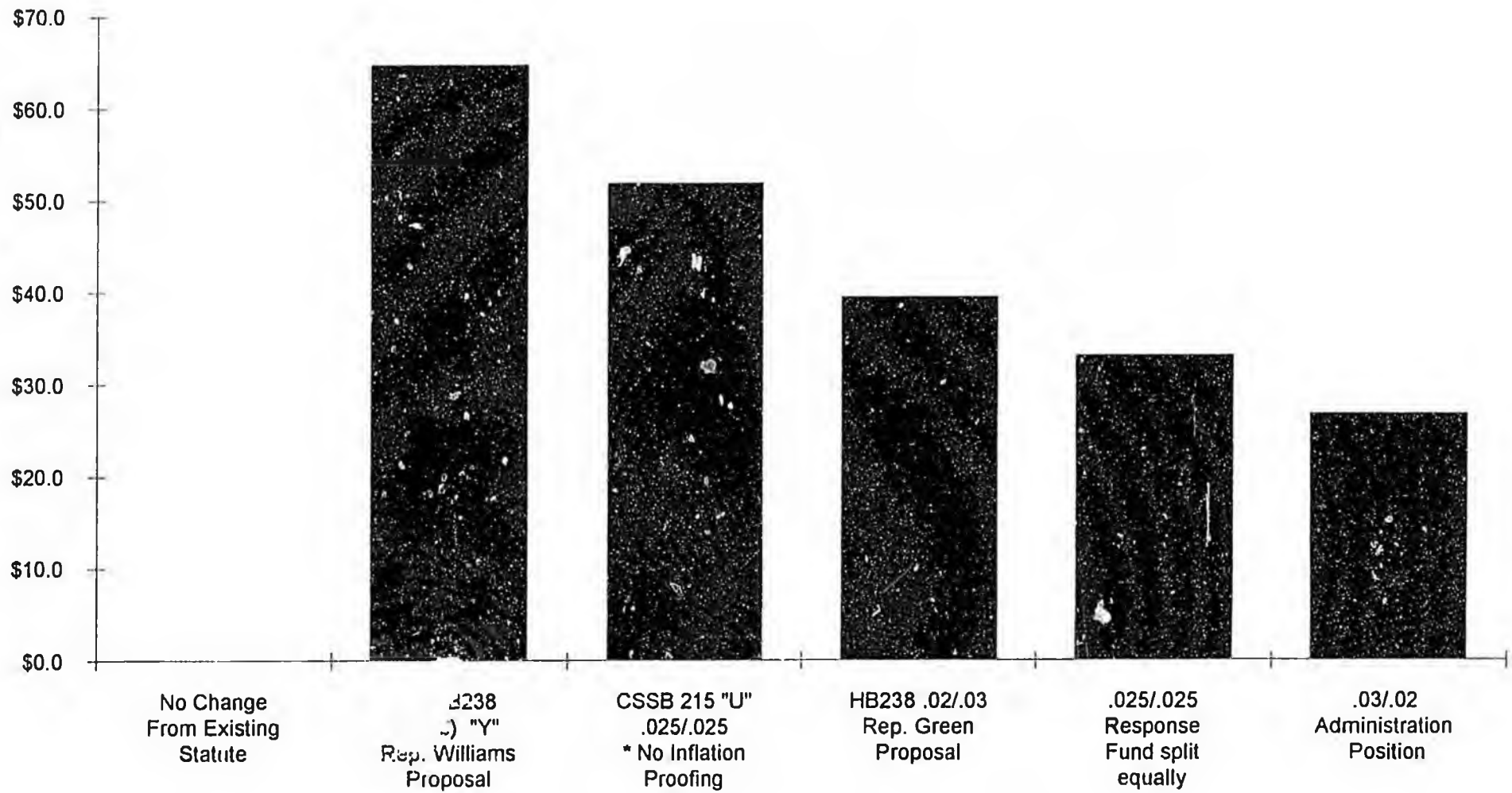
Mead Treadwell  
Deputy Commissioner

MAC/jsg (G:\SPAR\MAC\REP.JIM)

cc: House Resources Committee Members

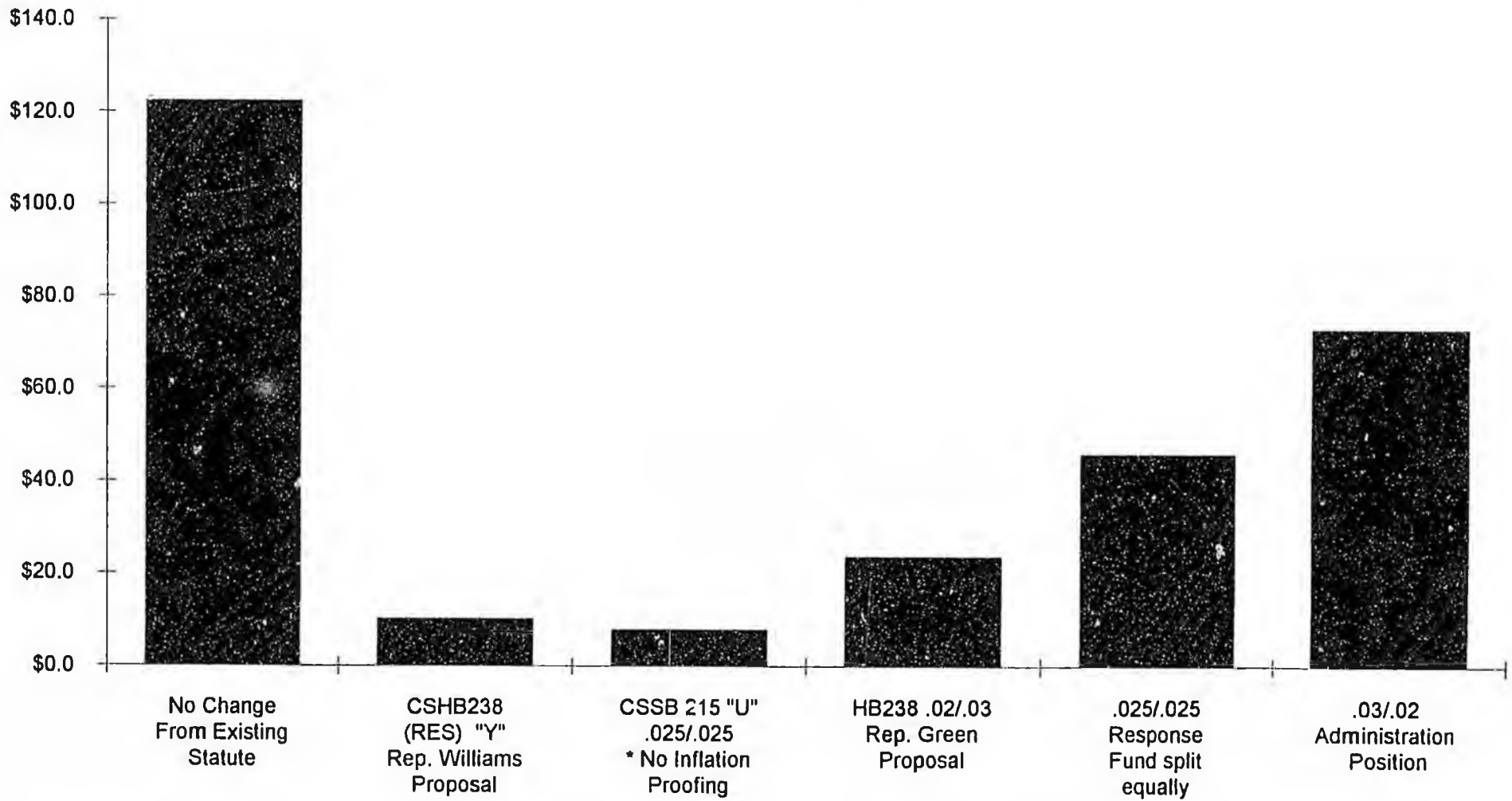
Representative Bill Williams, Chair  
Representative Bill Hudson  
Representative Con Bunde  
Representative Joe Green  
Representative Eldon Mulder  
Representative David Finklestein  
Representative Pat Carney  
Representative John Davies  
John A. Sandor, Commissioner, Department of Environmental Conservation  
Major General Hugh L. Cox III, Commissioner, Department of Military and  
Veterans Affairs

Response Fund Restructuring Options  
Initial Financial Benefit to Surcharge Payee

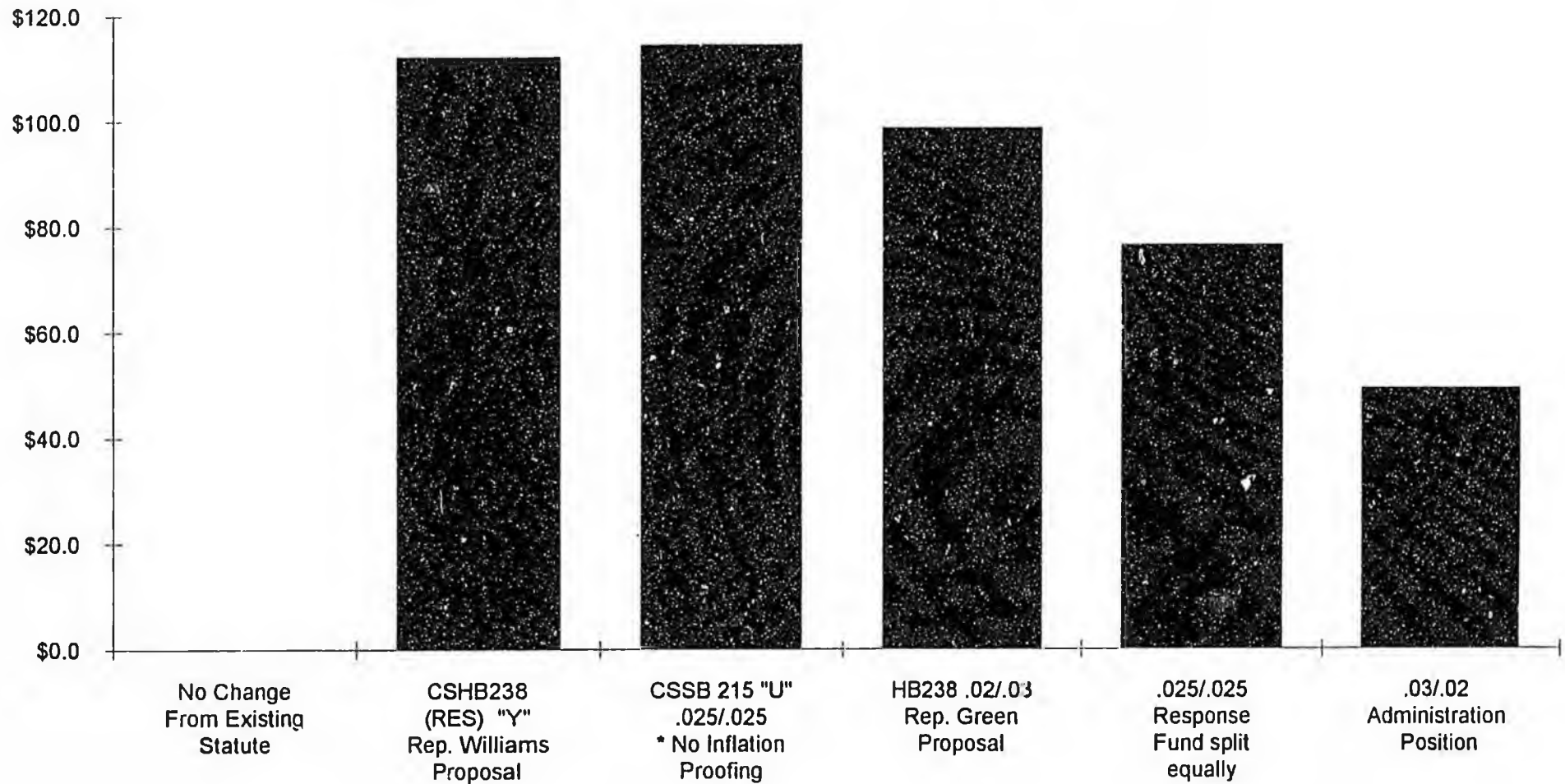


↑  
also pertains  
to version "Z"

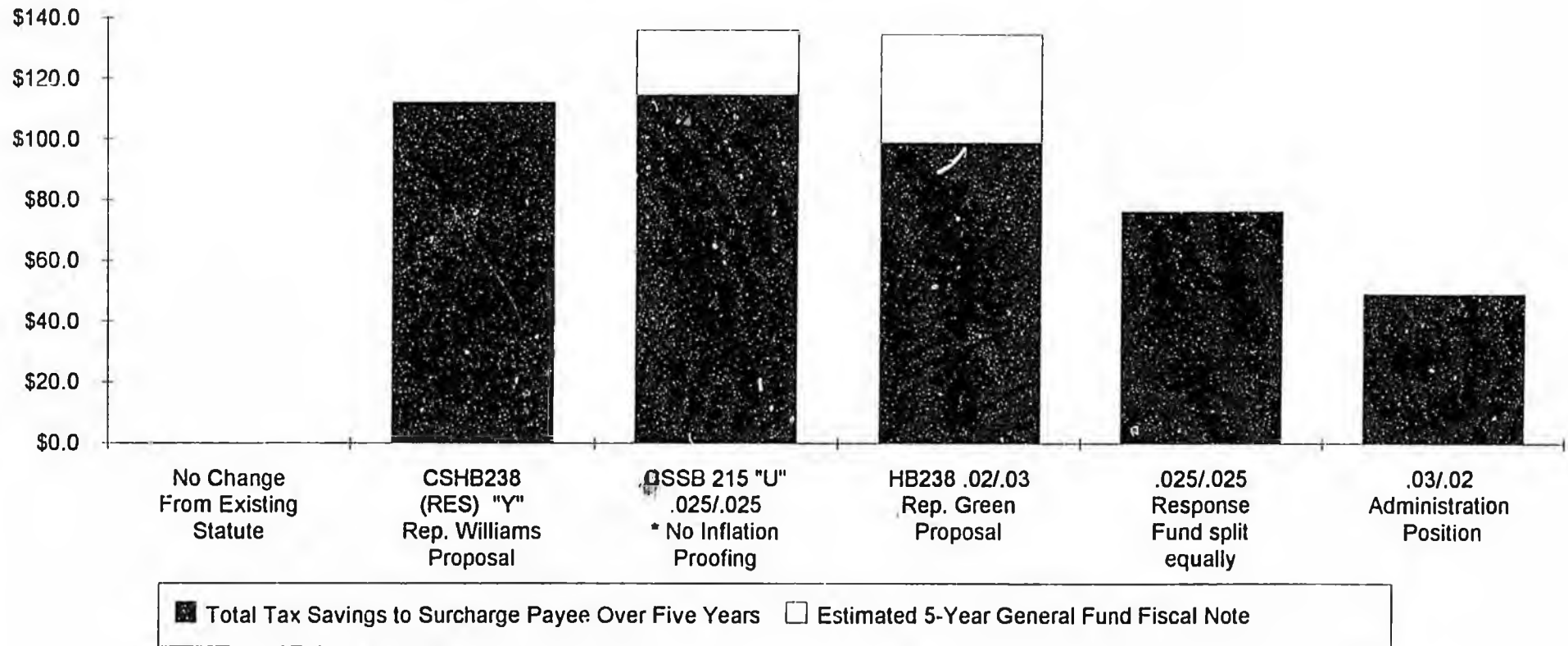
**Response Fund Restructuring Options  
Total Net Cost to Surcharge Payees Over 5 Years**



**Response Fund Restructuring Options  
Total Tax Savings to Surcharge Payee Over Five Years  
When Compared to No Change to Existing Statute**



**Response Fund Restructuring Options  
 Total Cost to the State of Alaska Over Five Years  
 Total Tax Savings to Surcharge Payee  
 Combined With Additional General Funds Required**



Response Fund Restructuring Options

	No Change From Existing Statute	CSHB238 (RES) Version "Y" Rep. Williams Proposal	SB 215 Version "U" .025/.025 entire Response Fund to Catastrophic Acct. * No Inflation Proofing	Original HB238 .02- Abatement Acct./ .03- Catastrophic Acct. Rep. Green Proposal	.025- Abatement Acct./ .025- Catastrophic Acct. Response Fund split evenly	.03-Abatement Acct./ .02- Catastrophic Acct. Administration Position
<b>Fiscal Year 1995</b>						
Initial Benefit to Surcharge Payee	\$0.0	\$64.7	\$51.8	\$39.4	\$33.1	\$26.8
Beginning Balance of Response Fund	\$63.2	\$63.2				
Beginning Balance of Spill Account			\$50.3	\$37.9	\$31.6	\$25.3
Beginning Balance of Abatement Account			\$12.9	\$25.3	\$31.6	\$37.9
Total .05 Surcharge Collected in FY95	\$26.2	\$26.2				
Total Spill Surcharge Collected in FY95			\$0.0	\$15.7	\$13.1	\$10.5
Total Abatement Surcharge Collected in FY95			\$13.1	\$10.5	\$13.1	\$15.7
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY96 Program		\$13.5				
Surcharge Tax Credit		\$11.9				
Ending Balance of Response Fund	\$48.9	\$48.9				
Ending Balance of Spill Account			\$50.3	\$37.9	\$31.6	\$24.5
Ending Balance of Abatement Account			(\$1.4)	\$11.0	\$17.3	\$24.4
Total Cost to Surcharge Payee	\$26.2	(\$50.4)	(\$39.0)	(\$13.5)	(\$7.2)	(\$0.9)
Suspension and Reimposition Calculation	(\$6.1)	\$50.0	\$50.8	\$53.9	\$45.0	\$35.3
<b>Fiscal Year 1996</b>						
Beginning Balance of Response Fund	\$75.1	\$63.5				
Beginning Balance of Spill Account			\$50.6	\$53.9	\$45.0	\$35.3
Beginning Balance of Abatement Account			\$11.7	\$21.5	\$30.4	\$40.1
Total .05 Surcharge Collected in FY96	\$25.3	\$25.3				
Total Spill Surcharge Collected in FY96			\$0.0	\$0.0	\$6.3	\$10.1
Total Abatement Surcharge Collected in FY96			\$12.7	\$10.1	\$12.7	\$15.2
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY97 Program		\$13.9				
Surcharge Tax Credit		\$10.5				
Ending Balance of Response Fund	\$60.7	\$48.8				
Ending Balance of Spill Account			\$50.6	\$53.9	\$45.0	\$34.5
Ending Balance of Abatement Account			(\$3.0)	\$6.8	\$15.7	\$26.2
Total Cost to Surcharge Payee	\$25.3	\$14.5	\$12.4	\$9.8	\$18.7	\$25.0
Suspension and Reimposition Calculation	\$4.5	\$50.0	\$50.9	\$54.2	\$51.8	\$44.9

Response Fund Restructuring Options

	No Change From Existing Statute	CSHB238 (RES) Version "Y" Rep. Williams Proposal	SB 215 Version "U" .025/.025 entire Response Fund to Catastrophic Acct. * No Inflation Proofing	Original HB238 .02- Abatement Acct./03- Catastrophic Acct. Rep. Green Proposal	.025- Abatement Acct./025- Catastrophic Acct. Response Fund split evenly	03-Abatement Acct./02- Catastrophic Acct. Administration Position
<b>Fiscal Year 1997</b>						
Beginning Balance of Response Fund	\$86.0	\$63.9				
Beginning Balance of Spill Account			\$50.9	\$54.2	\$51.6	\$44.9
Beginning Balance of Abatement Account			\$9.6	\$16.9	\$28.3	\$41.4
Total .05 Surcharge Collected in FY97	\$24.8	\$24.8				
Total Spill Surcharge Collected in FY97			\$0.0	\$0.0	\$0.0	\$7.4
Total Abatement Surcharge Collected in FY97			\$12.4	\$9.9	\$12.4	\$14.9
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3	\$14.3	\$14.3	\$14.3	\$14.3
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY98 Program		\$14.3				
Surcharge Tax Credit		\$9.6				
Ending Balance of Response Fund	\$71.2	\$48.8				
Ending Balance of Spill Account			\$50.9	\$54.2	\$51.6	\$44.1
Ending Balance of Abatement Account			(\$5.5)	\$1.8	\$13.2	\$27.1
Total Cost to Surcharge Payee	\$24.8	\$14.9	\$12.1	\$9.6	\$12.1	\$22.0
Suspension and Reimposition Calculation	\$14.2	\$50.0	\$51.2	\$54.5	\$51.9	\$51.8
<b>Fiscal Year 1998</b>						
Beginning Balance of Response Fund	\$96.0	\$64.3				
Beginning Balance of Spill Account			\$51.2	\$54.5	\$51.9	\$51.8
Beginning Balance of Abatement Account			\$6.9	\$11.7	\$25.6	\$42.0
Total .05 Surcharge Collected in FY98	\$23.8	\$23.8				
Total Spill Surcharge Collected in FY98			\$0.0	\$0.0	\$0.0	\$0.0
Total Abatement Surcharge Collected in FY98			\$11.9	\$9.5	\$11.9	\$14.3
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8	\$14.8	\$14.8	\$14.8	\$14.8
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY99 Program		\$14.8				
Surcharge Tax Credit		\$8.1				
Ending Balance of Response Fund	\$80.7	\$48.8				
Ending Balance of Spill Account			\$51.2	\$54.5	\$51.9	\$51.0
Ending Balance of Abatement Account			(\$8.6)	(\$3.9)	\$10.1	\$27.2
Total Cost to Surcharge Payee	\$23.8	\$15.4	\$11.6	\$9.2	\$11.6	\$14.0
Suspension and Reimposition Calculation	\$22.4	\$50.0	\$51.5	\$54.8	\$52.2	\$51.3

Response Fund Restructuring Options

	No Change From Existing Statute	CSHB238 (RES) Version "Y" Rep. Williams Proposal	SB 215 Version "U" .025/.025 entire Response Fund to Catastrophic Acct. * No Inflation Proofing	Original HB238 .02-Abatement Acct./ .03-Catastrophic Acct. Rep. Green Proposal	.025-Abatement Acct./ .025-Catastrophic Acct. Response Fund split evenly	.03-Abatement Acct./ .02-Catastrophic Acct. Administration Position
<b>Fiscal Year 1999</b>						
Beginning Balance of Response Fund	\$104.5	\$64.8				
Beginning Balance of Spill Account			\$51.5	\$54.8	\$52.2	\$51.3
Beginning Balance of Abatement Account			\$3.3	\$5.6	\$22.0	\$41.5
Total .05 Surcharge Collected in FY99	\$22.4	\$22.4				
Total Spill Surcharge Collected in FY99			\$0.0	\$0.0	\$0.0	\$0.0
Total Abatement Surcharge Collected in FY99			\$11.2	\$9.0	\$11.2	\$13.4
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2	\$15.2	\$15.2	\$15.2	\$15.2
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY00 Program		\$15.2				
Surcharge Tax Credit		\$6.3				
Ending Balance of Response Fund	\$88.8	\$48.8				
Ending Balance of Spill Account			\$51.5	\$54.8	\$52.2	\$50.5
Ending Balance of Abatement Account			(\$12.7)	(\$10.4)	\$6.0	\$26.3
Total Cost to Surcharge Payee	\$22.4	\$15.8	\$10.9	\$8.7	\$10.9	\$13.1
Suspension and Reimposition Calculation	\$28.8	\$50.0	\$51.8	\$55.1	\$52.5	\$50.8
<b>Total Net Cost - 5 Years (no discount)</b>	<b>\$122.5</b>	<b>\$10.3</b>	<b>\$8.0</b>	<b>\$23.8</b>	<b>\$46.1</b>	<b>\$73.3</b>
<b>Total Net Cost After Tax Effect (40% tax)</b>	<b>\$73.5</b>	<b>\$6.2</b>	<b>\$4.8</b>	<b>\$14.3</b>	<b>\$27.6</b>	<b>\$44.0</b>
<b>Total Tax Savings to Surcharge Payee Over Five Years</b>	<b>\$0.0</b>	<b>\$112.2</b>	<b>\$114.6</b>	<b>\$98.7</b>	<b>\$76.4</b>	<b>\$49.2</b>
<b>Estimated 5-Year General Fund Fiscal Note</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$21.5</b>	<b>\$35.8</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Cost to State of Alaska Over 5 Years</b>	<b>\$0.0</b>	<b>\$112.2</b>	<b>\$136.1</b>	<b>\$134.5</b>	<b>\$76.4</b>	<b>\$49.2</b>

# STATE OF ALASKA

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

March 16, 1994

The Honorable Bill Williams  
Chairman, House Resources Committee  
Capitol Building  
Juneau, AK 99801

Dear Representative Williams:

Legislative Audit recently completed its review of the Oil and Hazardous Substance Release Response Fund (470 Fund). The Department appreciated the work of the auditors, and their commitment to understanding the Fund and both its historical and current statutory rules.

A copy of that Audit has been previously sent to you for your review. While it contains a wealth of information, we would like to direct your attention to the Auditor's Comments beginning on page 33:

*"DEC is already dangerously close to having to implement statute with limited resources. Any reduction of staff positions in the Spill Prevention and Response (SPAR) division will jeopardize the likelihood of a successful prevention program. AOSC [the Alaska Oil Spill Commission] addressed this same problem in their final report on the events leading up to the Exxon Valdez grounding, 'Rigor flagged, complacency took root. Prevention was neglected with disastrous results.'*

*"We wonder whether complacency is again taking root. Program consequences must be considered when SPAR funding is reduced. SPAR needs to be funded at least at the current level to maintain its ongoing operations. However, if the legislature decides to reduce funding for SPAR then statutes should be amended or repealed so that required programs can be eliminated. Reduction of funding alone does not eliminate a department's duty to fulfill statute."*

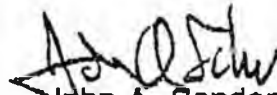
House Resources Committee

March 16, 1984

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The Department of Environmental Conservation looks forward to working with the House Resources Committee on how to best address the recommendations of the Audit.

Sincerely,



John A. Sandor  
Commissioner

JA/ch

cc: All Members, House Resources Committee

Walter J. Hickel  
WALTER J. HICKEL, GOVERNOR**DEPT. OF ENVIRONMENTAL CONSERVATION****OFFICE OF THE COMMISSIONER**410 Willoughby Avenue, Suite 105  
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March 15, 1994

The Honorable Bill Williams  
Chairman, House Resources Committee  
Room 128, Capitol Building  
Juneau, AK 99801

Dear Representative Williams:

I want to thank you for the amount of time you have given to HB 238, and the issues surrounding the Oil and Hazardous Substance Release Response Fund. Throughout the hearings, the public testimony has been at times pointed, but reflective of a concern that deserves the attention you have given it.

There have been a number of statements (paraphrased below in italics) made regarding the uses to which the Fund has been put that require clarification.

*We have heard that the Fund has been used to cleanup a campground.* In fiscal year 1993, \$38,000 from the Response Fund was appropriated to DNR to address drinking water contamination at the Tok River Campground. A water sample showed 0.35 ppm (parts per million) petroleum hydrocarbons and trace amounts of xylene, and the source was suspected to be an old military fuel line between Haines and Fairbanks. Because this site is owned by the state and is used by both residents and tourists, it was included in the state owned contaminated sites to be addressed through the State Memorandum of Agreement. Whether the military fuel line is the source of contamination and the federal government is responsible for the associated cleanup costs has not yet been determined. If it is, we will seek cost recovery.

*We have heard that the Fund was used to cleanup a greenhouse.* The state, through DNR, leased land for a commercial greenhouse in Soldotna. In 1984, the site was foreclosed upon, and management reverted back to DNR. The site is contaminated with dioxin, PCB, lead, and pesticides. There are also miscellaneous drums of waste oil. Starting in FY 90 under Kenai Special Projects funding (which were general funds) and continuing through FY 94, a total of \$306,191 has been spent on remediation, with \$219,000 coming from the Response Fund. There have been no funds expended on the construction of the greenhouse, as has been implied. All funds were expended on site assessment and cleanup of hazardous substances. The responsible party is insolvent.

Honorable Bill Williams

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March 15, 1994

- *We have heard that the Fund was used to build an airport.* In 1993, DNR removed underground fuel tanks at the airport in McGrath, and discovered extensive soil and groundwater contamination. In FY 93, \$42,613 from the Response Fund was appropriated to do a site assessment. In FY 94, \$123,000 from the Fund was appropriated to begin remediation, but this has not been spent while the project's priority is being conducted by DNR, who would be responsible for cost recovery. No drinking water wells appear to be threatened by this contamination but adjacent freshwater habitat may be impacted.
- *We have heard that the Fund was used to build a fish hatchery.* The only project we can identify is a project funded by the Exxon Valdez oil spill restoration fund. As part of the legislation which passed last session appropriating Exxon Valdez oil spill settlement funds (HCS CSSB 183 (FIN)), \$3,250,000 was included for development of a shellfish hatchery on the lower Kenai Peninsula, \$4,000,000 was included for a water delivery system connecting the Anchorage Municipal Water Utility with the Fort Richardson hatchery, and \$2,000,000 was included as a grant to the Prince William Sound Aquaculture Corporation for upgrade of the Main Bay Hatchery.
- *We have heard that only the oil companies pay for all oil and hazardous substance release cleanups.* In fact, all cleanup activities that take place using the Response Fund are subject to cost recovery, even when the activity is overseeing the remediation efforts of the party responsible for the release. Where the state is the responsible party, cost recovery is not sought.

While the responsible party is notified immediately that they will be required to repay the state's costs, demand letters are normally generated at the end of the project, once most or all the state's costs are known. Therefore, it can be several months before a demand letter is sent. For example, Defense Fuels (DFSC) was the responsible party for a spill that occurred in Indian last August. The demand letter, for more than \$64,000, was sent to the DFSC just a few weeks ago.

- *Finally, we have heard that the Response Fund has been mis-managed by DEC, and that it has been used as the Department's "slush fund."* To these charges, I would simply ask that you read the Audit recently completed by the Division of Legislative Audit on the Response Fund (Audit Control Number 18-4463-94). A copy has been sent to you and the members of this committee under separate cover. What the Audit will show you is that in fact the Fund has been used by DEC appropriately and within both the bounds of the statutes which govern it and the appropriations made by the Legislature.

Honorable Bill Williams

-3-

March 15, 1994

I trust this information will be useful to the Committee as it continues its deliberations. If anything additional is needed, please do not hesitate to let me know.

Sincerely,



John A. Sandor  
Commissioner

JA/MT/re (CO-COMM\REFUTE.RF)

- cc: All Members, House Resources Committee  
All Members, Senate Finance Committee  
Pat Ryan, Chief of Staff, Office of the Governor  
Shelby Stastny, Director, OMB  
Raga Elim, Office of the Governor  
Dick Eliason, Legislative Liaison, Office of the Governor

1337 Virginia Court  
Anchorage, AK 99501  
(907) 272-5534

March 9, 1994

Representative Bill Williams  
Chairman, House Resources Committee  
Alaska Legislature  
Juneau, AK 99811

Dear Representative Williams:

I am writing on HB 238. I have been an environmental consultants for the past 18 years and wrote the State of Alaska's Oil and Hazardous Substance Spill Master Plan. While proud of that effort, I know the result will be just another useless document gathering dust on the shelf if the 470 Fund is significantly changed as some legislators are proposing.

Of all the proposed legislative fixes to perceived 470 Fund problems, yours (Version Y) is the best, or least objectionable, but before discussing its merits and demerits, it's important to examine some of the assumptions driving all of these proposals.

Assumption 1: The 470 Fund unfairly lumps oil with other hazardous substances.

Oil may be the current lifeblood of Alaska's economy, but it is a hazardous substance. Furthermore, its extraction and production creates the bulk of the state's other hazardous substances including highly toxic drilling wastes, wastewater, and spent drilling equipment that is radioactive. The oil we are discussing is not something we put on our salads. Crude oil is a hazardous substance which is why, in 1989 in the wake of the Exxon Valdez Oil Spill, the Legislature amended the existing 470 Fund to include oil spill prevention and response.

Assumption 2: The proposed legislation will correct problems with the 470 Fund and improve spill response and prevention.

In fact, the so-called problems with the 470 Fund are largely a myth created by the oil industry. What abuses have occurred have already been addressed and corrected administratively by the Alaska Department of Environmental Conservation. The proposed legislation is nothing more than a tax-break for a few of the world's richest and most powerful multi-national corporations.

Assumption 3: Consumers should pay more of their share for oil spill prevention and response.

Some legislator actually said this in today's hearing. What planet does he live on? Consumers already do pay for all these costs. The oil industry passes on all costs to consumers and add a little extra for a tidy profit, that's how they stay in business. They even pass on costs for lobbying legislators and for misleading television ads depicting themselves as responsible corporate citizens at the mercy of fickle bureaucrats and elected officials and rabid environmentalists. By giving the Oil Industry yet another tax-break, the proposed legislation would do would shift more of the environmental protection burden from the bulk of the consumers--those in the lower '48-- onto Alaskan consumers. Are you sure you want to be doing this in an election year?

Assumption 4: The legislation is designed to improve spill prevention and response in Alaska.

If this were the case, the Legislature would be holding hearings on the frightening pattern of oil spills and failure of oil spill prevention and detection equipment. Moreover, the Legislature would be holding hearings on how to fund and equip response depots and volunteer response organizations.

Let's be honest, the proposed legislation began as a tax-break for the oil industry. It strikes me as strange that the Legislature would be considering tax-breaks for an industry that still owes billions of dollars in back-taxes, and in some cases has for more than a decade!

I know that the legislature sincerely intends to address Alaska's fiscal crisis next year, after re-election. However, I seriously doubt that giving the oil industry a tax-break this year is going to be in anybody's interest, that includes the industry's and the Legislature's.

The various versions of the Legislation now before us are little more than variations of a Creature from the Black Lagoon. It's particularly ironic that EXXON, the people who brought us this particular Black Lagoon in the first place, are the ones pushing this legislation the hardest. Sure, they'd like to pretend the Exxon Valdez Oil Spill never happened. Most Alaskans wish the Exxon Valdez Spill never happened, but it did. And it will again and with the same or worse consequences, unless the Legislature exercises some restraint and leadership on this issue.

Assumption 5: The Industry needs and deserves tax-relief.

I haven't heard one Oil Industry lobbyist testify in all of the hearings thus far that the industry either needs or deserves tax relief. The reason why they haven't is because they are continuing to make money hand over fist on Alaskan oil. Instead, they say that the way the 470 Fund is structured is unfair. The industry may not want to pay money to an agency that watchdogs

it, but isn't paying the cost of doing business the basic tenet of the user-fee approach to government services advanced by Republicans and other self-proclaimed "fiscal conservatives"?

With all the problems facing the State, its incredible how much attention the Legislature is giving to fixing what isn't broken, the 470 fund. When one closely examines the assumptions underlying the "need" to "reform" the 470 Fund, it becomes apparent that the entire exercise is unwarranted. Here is a monster that deserves a quick and peaceful death.

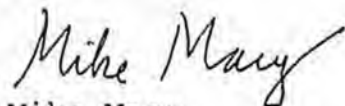
#### The Versions of HB 238

Having said all this, I will say that if we have to have any legislation, then I would support your "Y" version, Chairman Williams. I appreciate your attempt to make this oil-industry tax reduction less odious to the Alaskan people. Unlike Representative Joe Green's "S" version, or the original HB 238, your "Y" version, Chairman Williams, will at least allow ADEC to continue to use the 470 Fund to prevent and respond to spills. Unlike Representative Joe Green's "S" version, your "Y" version will not place insufferable burdens on municipalities and rural communities simply to give an unnecessary and unwarranted tax break to the wealthiest and most profitable multi-national corporations on the planet.

#### Public Process

I've gone to two hearings now where I didn't have a chance to testify. The first, a senate hearing was adjourned without hearing any testimony when the Chair realized there weren't any "Industry" people there to testify. Today, your committee ran out of time, but you suggested that your committee would revisit the issue to hear from "Industry". Both as a citizen and as a self-employed businessperson taking time away from his own livelihood without any compensation, I am appalled at this attitude. This makes a mockery of public process and further tarnishes the Legislature's image. Just whose government do legislators swear to uphold down there in Juneau, the people's, or the Big Peoples?

Sincerely,



Mike Macy

cc: Resource Committee Members, Reps. Phillips & Toohy

**MICHAEL J. FRANK**  
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(907) 248-5078

March 9, 1994

Representative Bill Williams  
Chairman, House Resources Committee  
Alaska Legislature  
State Capitol  
Juneau, Alaska 99801-1182

Dear Rep. Williams:

I attended the Resources Committee hearing today on legislation concerning the so-called "470 fund", but had to leave before I had a chance to testify. Therefore, I would appreciate it if you shared the following comments with other members of the committee.

I am opposed to current attempts to amend the 470 fund statutes. Instead, I think the Legislature should eliminate the \$50 million cap entirely, and expand the purposes of the fund.

I think the cap should be eliminated because in The Exxon Valdez Oil Spill Final Report, State of Alaska Response, ADEC (June 1993), it is made clear that \$50 million would not nearly have been enough to cover the out of pocket costs to the state arising from the T/V Exxon Valdez oil spill:

The state received just under \$80 million from Exxon in reimbursements based on state billings during the three years of the response. An additional \$27 million in unbilled expenses were repaid to the state treasury out of the \$1 billion state-federal claims settlement with Exxon, and at this writing (spring, 1993) roughly \$30 million in additional reimbursement is outstanding.

*Id.*, p. 23. In total, therefore, out of pocket costs for state government easily exceeded \$137 million, for which the state had to seek reimbursement from Exxon. Had Exxon been unwilling to enter into a reimbursement agreement shortly after the spill, the state would have faced years of litigation to recover its oversight expenses. As it was, the state's expenditures for attorney's fees were not reimbursed until the \$1 billion Exxon settlement, and in any case only "hard", easily provable expenses were reimbursed.

Moreover, had the spiller not been Exxon, but a shell tanker "corporation" unwilling to perform any clean up, the state would have had to use general fund (or Permanent Fund) dollars to clean up the spill. This could easily have cost billions of dollars. Only after clean up would the state have been able to seek reimbursement and only following years of litigation. (The current financial responsibility laws do not create a clean up fund the state can tap into. They only guarantee that some minimal amount of money will be available to satisfy a judgment in the event the owner/operator/spill discharger disappears or is bankrupt.)

In light of this Exxon Valdez history, the \$50 million cap is much, much too low.

I also think the Legislature should expand the 470 fund to include a reserve for expenditures the state will have in decommissioning TAPS when the North Slope oil fields run dry. Under the TAPS tariff Settlement Agreement, the TAPS owners have been allowed to charge off literally tens of millions of dollars to their own "reserve" which they purportedly intend to draw from to pay expenses for decommissioning TAPS and restoring the right-of-way, as is required by state and federal leases with Aiyeska. The state, so generous with the TAPS owners and *their* need for a reserve, has in contrast set aside no moneys to pay for state oversight expenses during TAPS's decommissioning. The 470 fund provides a vehicle for creating just such a reserve. The Legislature should have at least the same foresight as the TAPS's owners have had in planning for the day when considerable sums of money will be needed to oversee restoration of the environment that TAPS now occupies.

I agree with comments made by RCAC chair Stan Stephens and others critical of the particulars of the pending legislation. While I appreciate your own effort in offering a better bill than Representative Green's, I simply do not see the need to satisfy the Prudhoe Bay producers' demand for relief from a tax which in any event is passed on to all American consumers of TAPS oil at the gas station pump.

Sincerely,

A handwritten signature in cursive script that reads "Michael J. Frank". The signature is written in dark ink and is positioned above the printed name.

Michael J. Frank

March 9, 1994 Re: HB 238 (Revising the 470 Fund)

To: Alaska House of Representatives Committee on Resources  
From: Larry Smith, Executive Secretary, Kachemak Resource Inst.

My Exxon Valdez spill responsibilities included the prioritization for oil boom placement, the assignment of vessels and the provision of oil-spotting and supply aircraft, for the Kenai Peninsula Borough.

I participated in the legislatively sponsored all-interests working group which worked with the Senate Special Committee on Oil and Gas on post-spill legislative changes to fix the enormous problems uncovered by incompetent spill response by the state and by the industry.

I became the first chairman of the Prevention, Response and Operations committee for the OPA '90 mandated Cook Inlet Regional Citizen's Advisory Council. I represented CIRCAC in the Technical Implementation Working Group, another all interests effort, this one convened by ADEC to work up the regulatory package to implement the legislation. Even Exxon provided responsible negotiators in that process. We all knew, however, that as we worked many months on the issues in a cooperative manner that big oil lobbyists were diligently pushing quite different ideas than company spokesmen in the working group. Not the best basis for trust and cooperation.

Today, once again, representatives of companies that do not regularly pay royalties and taxes without causing great expense have come to you for tax relief, at a time the rest of us must tighten our belts and pay much more in local taxes for basic services for which the legislature can no longer find funding.

Seek no further. Stop up the reverse revenue streams that flow from the State to the oil industry: the state provides them many benefits, unavailable to anyone else: tax incentives, rebates, refunds, tariff netbacks, and settlements. The legislature would serve us well by a clear and complete exposition of these special privileges.

As to the nickel a barrel supposedly contributed to the 470 Fund I doubt that it ever amounted to much more than three cents after the reverse revenue stream is accounted for.

Compare this to California which has three funds to do the work of our Oil and Hazardous Substances Release Response Fund. The per

barrel contribution adds up to 33 cents. A surcharge of 4 cents a barrel for petroleum discharges, 4 cents a barrel for other hazardous substances, and 25 cents a barrel to create a big spill response fund of \$50 million. In addition California has an uncapped borrowing authority for catastrophic spill reponse that allows maximum reponse, with provision for the state to increase per barrel surcharges by another 75 cents until response and restoration expenses are repaid. At the time of enactment this was estimated to give California a \$13,000,000,000 (Thirteen Billion) emergency response capability in the absence of a responsible party willing and able to contain, cleanup and restore. Up to \$1/bbl would be surcharged to repay the state.

What is not working properly about the 470 Fund is not what it has been used for, but what it has not been used for. Where are the depots and corps? Where is the hazards analysis? Where are the storage tank farm repairs in rural Alaska?

Let me tell you how we can benefit from well funded depots and corps. Make agreements with Cook Inlet Spill Response Inc.(CISPRI), Alaska Clean Seas (ACS), Southeast Alaska Petroleum Resources Organization (SEAPRO ), and others for an integrated program. State equipment staged in their depots and corps training coordinated by these reponse organizations, under the right terms can substantially reduce refined product carriers and tank farm contingency plan costs and we will all directly benefit by finally having as good a statewide program as we have now only at Alyeska. The state must come forward and pay its share. To do that a healthy funding source is required. At Alyeska the state pays a minimum of 25% of the Prevention and Response bill by tariff netbacks. We should do no less statewide, with the surcharge.

\$85,000,000,000 are just some of North Slope producers profits since oil started coming out of the Trans-Alaska Pipeline. That is the minimum estimate for after tax and expense profit at Valdez. Profits for transportation and refining and manufacturing are not known. The Alaska Department of Revenue studies estimate clear profit of \$6.59/barrel at Valdez from 1969 through 1987 (DOR report 3/15/89 by Deakin, p. i. of Summary, p. 1 of Overview.)

DOR's mid-case scenario for FY 2000 for a profit of 2.419 billion dollars of after tax profit based on 410 million barrels at a clear profit of \$5.90/barrel in 1993 dollars. 1993, not a good year, produced an estimated net profit of \$4.54/barrel for

589 million barrels for a total of \$2.674 billion dollars.

It has not been at all easy for the State of Alaska to collect tariffs, surcharges and taxes from the industry. Hasn't the state spent \$200 million for legal work on tax settlements? Didn't Charlie Cole, when he was Attorney General, ask the Federal Energy Regulatory Commission to order Alyeska to return over \$50 million improperly netbacked for prevention and response activities since 1989. It seems as if every tax and tariff bill from Alaska is appealed, negotiated and settled for about fifty cents on the dollar.

A committee member alluded to hypocrisy during today's hearing. It seems the height of it to complain about a nickel that has never amounted to much more than 3 cents a barrel in netback and taxbreak reality. Even if it was a whole nickel that is less than 15% of what the same companies pay per barrel in California, for the same purposes.

I don't see any hypocrisy in the differing views from coastal communities. The difference in opinion arises mainly from the very different levels of prevention and response capability around the state. Comparing Prince William Sound activity to the Interior, the Peninsulas, Bristol Bay, Southeast or Cook Inlet is like comparing Disneyland to penny arcades.

In answer to the question: Shouldn't other users contribute to the 470 Fund? I would say that ultimately that nobody pays but consumers -- in Alaska or elsewhere. We are the spigot from which big oil's Alaska profits spew in their tens of billions.

Please do what you can to remove the roadblocks to implementation of the 470 fund and other legislation. Remember it was the same lobbyists who wish now to hamstring the fund that have stalled the implementing regulations for legislation passed in 1990. Stalled the regs for three years and concurrently proposed tax breaks.

I am impressed by the honest efforts by Representative Williams and Senator Pearce, in particular, to try to move the debate along and to salvage the sense of the program for the benefit of Alaska.

My thanks to all legislators who are thorough and objective in their approach to issues.



# Alaska State Legislature

Please enter into the record my testimony to the House Resource Committee  
 committee name  
 committee on HB 238, dated March 9, 1994  
 bill/subject

The Prince William Sound Conservation Alliance feels very strongly that there need not be any changes to the 470 fund. We find it appalling that ~~the~~ our legislatures are even considering limiting funds for response when we are only 5 short years from such a catastrophic spill as the Exxon Valdez Oil spill. Tremendous progress has been made in these 5 years. Response capabilities have increased dramatically and necessarily, especially to 97% of spills which are not catastrophic but require quick and appropriate response. ~~These~~ ~~these~~ these response capabilities have existed because of the 470 fund as it presently sits. The only proposal thus far to HB 238 that even remotely recognizes those with memories reaching farther than 5 years who understand the importance of this fund is Representative Bill Williams. IF any changes must be made to the current fund we can at least acknowledge Representative Williams' dedication to the legislative process and his attempt to listen to the concerns of citizens in this state - we urge ~~your~~ our legislatures to keep the 470 fund as is.

Signed:

Testifier Marnil J. Graham

Prince William Sound Conservation Alliance

Representing (Optional)

PO Box 3024, Valdez, AK 99686

Address

(907) 835-2799

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the of Resources  
 committee name  
 committee on HB 238 SPILL RESPONSE FUND, dated 3/9/94  
 bill/subject

LET THE BELL STAND AS WRITTEN.  
 USE SURPLUS FUND TO FUND D.E.C.  
 MONITORING OF THE TERMINAL.  
 ALASKA SELF MONITORING OF THE WATER  
 BALLEST TREATMENT PLANT MUST STOP

Signed: [Signature]  
 Testifier

Representing (Optional)  
BOX 2493 VALDEZ AK 99686  
 Address  
535 5473  
 Phone No.

MICHAEL S. O'MEARA  
P.O. BOX 1125  
HOMER, ALASKA 99603

MARCH 15, 1993

TESTIMONY TO THE  
HOUSE RESOURCES COMMITTEE  
HB 238 (2/3/94 CS WORK DRAFT)

The 5th anniversary of the Exxon Valdez disaster is upon us. Do you remember what it was like in coastal communities? A surprising number of us still experience the spill's effects. And we remember why we had to go through all of it.

We remember an oil industry prideful and arrogant in its unwillingness to provide reasonable and necessary prevention and response measures. We remember meek and ineffectual federal and state regulators emasculated by the money and power of the industry. And we know how it feels to be sacrificed for the greed, comfort, and convenience of others. We never want to see it happen again. Never.

As legislators with the knowledge of that experience you have the sacred responsibility to see that it never does.

House Bill 238 was originally conceived at the behest of an oil industry intent on avoiding payment of the five-cent per barrel surcharge imposed after the spill. Industry would deny the people of Alaska money needed to offset the risks and damages resulting from oil and gas activities. Underneath 21 pages of complicated wording, HB238 seems still to be a vehicle for granting the oil industry a massive tax reduction.

At least in the face of all the public testimony in opposition to this bill some accommodations to common sense and decency have found their way into the committee substitute. You are to be commended for:

Including hazardous substances as a subject of the bill

Redefining "catastrophic release" to include spills of 10,000 barrels or more

Providing some mechanism for minimal funding of response preparation, prevention, and mitigation.

Unfortunately, the bottom line is that splitting the fund in two assures inadequate funding for all aspects of spill prevention and response.

-- more --

-- HB 233, O'Meara, 3/15/94 --

Legislative appropriation of the surcharge to the funds remains discretionary, with no assurance to the public that needed programs will be supported. Limitations on the uses of money in the funds and deletion of annual, required revision of state and regional contingency plans reflects a stronger desire on the part of the legislature to assure savings for the oil industry than to prevent and respond effectively to spills. And the \$50 million cap on the "catastrophic response" fund, combined with a \$10 million per spill limit is a farce, in light of the costs of attempting to deal with the Exxon Valdez disaster.

Considering all of this I would make the following recommendations regarding HB 235.

Heed public concerns and scrap the bill -- but if you feel you must pass something, focus on the welfare of the people above all else:

Simplify and shorten the bill so that ordinary people can read it and understand

Increase the surcharge to ten-cents per barrel

If you must split the fund, apply 5-cents to "catastrophic response" and 5-cents to preparation, prevention, and mitigation

Increase the "catastrophic response" fund cap to at least \$100 million

Remove per spill expenditure limits

Retain your revised definition of "catastrophic" and continue to include hazardous substances

Find a way to make appropriations to both funds and all accounts mandatory.

Remember the Exxon Valdez. Remember the reasons it occurred. I find it difficult to believe that any of you would wish to be counted among those responsible for the next major spill. Tell the oil industry that to be welcome in Alaska it must be willing to pay its way by preserving and improving the "470" fund. Kill HB238.

END OF DOCUMENT





## Cordova District Fishermen United

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

March 16, 1994

Representative Bill Williams  
Chair, House Resources Committee  
State Capitol  
Juneau, AK 99801-1182

Dear Representative Williams:

On behalf of Cordova District Fishermen United (CDFU) I wish to express our opposition to the "S" version of HB 238. There is no compelling reason for this bill other than to provide a tax reduction to the oil industry.

There is a great deal of misinformation being spread about the 470 Fund. Most of the examples being used to show how the fund is being misused actually involve small amounts of money and were all approved by the legislature through the appropriations process. If changes need to be made they should be made when the DEC budget is reviewed by the finance committees.

The most important lesson we learned from the Exxon Valdez oil spill is that prevention is the best tool we have to protect public health and the environment from oil spills. By splitting the nickel, the legislature is in effect, reducing funding for critical prevention programs.

The "catastrophic oil release response account" which would receive 3 cents of the per barrel surcharge would only be available for the most extreme spill events, and only for "emergency first response." Since the likelihood of an oil spill of 100,000 barrels or more is quite small, we can anticipate this fund will remain dormant and collect dust while the state is left without the ability to deal with the serious acute and chronic affects of smaller spills. Any spill can be catastrophic. The size of a spill matters far less than where the spill occurs (i.e., a municipal drinking water system or an anadromous fish stream) or what the spilled substance consists of.

The remaining 2 cents would go into a the "oil and hazardous substances release contingency and abatement account" that would be woefully inadequate to fund the ongoing spill prevention and response programs presently being funded from the 470 Fund. There are several other problems with the "S" version of HB 238. Among other things, it would:

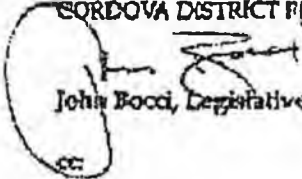
- cause detrimental reductions in spill prevention and response programs now and especially in the future, threatening public health and the environment;
- give a \$74 million reduction in the nickel-per-barrel tax that was intended to be ongoing;
- reduce DEC's ability to respond to hazardous substance spills and spills smaller than 100,000 barrels; and
- allow fines and penalties levied for illegal actions to be credited toward the suspension of the tax.

Apathy caused the Exxon Valdez Oil Spill. The state had virtually no spill prevention or response programs in place when it occurred. Nearly 5 years later, the legislature is threatening to return back to the same vulnerable position. What HB 238 "S" version removes much of the oversight that has been put in place since the 11 million gallon oil spill in Prince William Sound.

CDFU urges the House Resources Committee to oppose the "S" version of HB 238. If the Committee deems that a bill is necessary, we urge that the Committee pass the "Y" version of HB 238 that does not split the nickel. However, we oppose allowing fines and penalties to be used toward the \$50 million cap. These monies should be available to provide a buffer in future years when oil production declines and the nickel is not adequate to fund the spill prevention and response programs.

Sincerely,

SORDOVA DISTRICT FISHERMEN UNITED



John Bocci, Legislative Committee Chair

Governor Hickel  
Rep. Barnes  
Rep. Phillips  
Rep. Finkelstein  
Rep. Davies  
Rep. Green  
Rep. James  
Rep. Hudson  
Rep. Bunde  
Rep. Mulder  
Rep. Carney  
Rep. Vezry  
Rep. Larson  
Rep. MacLean



## Cordova District Fishermen United

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

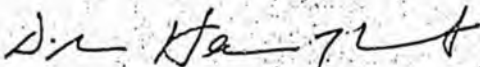
April 15, 1994

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, 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.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
7 Tera Winters	<i>Tera Winters</i>	Nevada Winter, 1703 Roosevelt Ave	501-37106
Cantace L. Gregory	<i>Cantace L. Gregory</i>	London - Murray, Box 342 Cordova	424-3825
Diana Masolini	<i>Diana Masolini</i>	DIANA MASOLINI Box 1131 Cordova	424-7328
Michael O'Leary	<i>Michael O'Leary</i>	Michael O'Leary Box 1052 Cordova	424-7755 AK 99574
Faye Paul	<i>FAYE PAUL</i>	Box 179 Cordova	AK 99574
Alex Strande	<i>Alex Strande</i>	Box 2462 Cordova	AK 99574
JAMES E. HAGER	<i>JAMES E. HAGER</i>	P.O. Box 1952 Cordova	AK 99574
Dreama Schaffer	<i>Dreama Schaffer</i>	P.O. Box 443 Cordova	AK 99574
Ray Bonardi	<i>Ray Bonardi</i>	1592 Cordova	AK 99574
Sheeloy Chrisman	<i>Sheeloy Chrisman</i>	482 Cordova	AK 99574
<del>Robert J. Kopchak</del>	<del><i>Robert J. Kopchak</i></del>	<del>Box 1126 Cordova</del>	<del>AK 99574</del>
Kristen Ballum	<i>Kristen Ballum</i>	P.O. Box 1689 Cordova	AK 99574
Mitch Nowicki	<i>Mitch Nowicki</i>	Box 2232 Cordova	AK 99574
Karen P. Pratt	<i>Karen P. Pratt</i>	Box 1033 Cordova	AK 99574
R.T. Rowlett	<i>R.T. Rowlett</i>	Box 1748 Cordova	AK 99574
MATT SMALL		Cordova	
Quinn M. Walsh	<i>Quinn M. Walsh</i>	Box 956 Cordova	99574
Tommy Sullivan	<i>Tommy Sullivan</i>	Box 1366 Cordova	
Vanette B. Williams	<i>Vanette B. Williams</i>	Box 2324 Cordova	AK 99574
Belle Michelson	<i>Belle Michelson</i>	Box 325 Cordova	AK 99574
JAMES P. VANSANT	<i>James P. Vansant</i>	Box 1263 Cordova	AK 99574
BARCLAY JONES-KOPCHAK	<i>Barclay Jones Kopchak</i>	Box 1126 Cordova	AK 99574
Michael P. McCalla	<i>Michael P. McCalla</i>	Box May Glennation	AK 99574
Kenneth D. Kritchman	<i>Kenneth D. Kritchman</i>	Box 1255 Cordova	AK 99574
Wendy Weisel	<i>Wendy Weisel</i>	Box 1989 Cordova	AK 99574
Laurie Berger	<i>Laurie Berger</i>	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

<del>C.K. WEAVERLING</del>	<del>Charles Weaverling</del>	<del>Box 895</del>	<del>Cordova AK 99574</del>	<del>424-5305</del>
<del>Ujela [Signature]</del>	<del>Ralph E. Lohse</del>	<del>Box 14</del>	<del>Cordova AK 99574</del>	<del>424-7170</del>
Linda Lohse	Linda Lohse	Box 14	Cordova, AK 99574	424-7170
Mark King	Mark King	Box 965	Cordova, AK 99574	424 3373
ROBERT PRUMBS	[Signature]	Box 171	Cordova AK 99574	424-5657
<del>Dan Lohrbergson</del>	<del>DAN TORGERSON</del>	<del>Box 1356</del>	<del>Cordova AK 99574</del>	<del>424-5719</del>
<del>[Signature]</del>	<del>ERWIN SAMUELSON</del>	<del>Box 1212</del>	<del>Cordova AK 99574</del>	<del>7718</del>
<del>[Signature]</del>	<del>GAIL T. NOLAN</del>	<del>770</del>	<del>CDV AK 99574</del>	<del>3503</del>
<del>[Signature]</del>	<del>[Signature]</del>	<del>Po 1331</del>	<del>CDV AK 99574</del>	<del>-3117</del>
DAVID P. JANKA	[Signature]	POB1231	Cordova AK 99574	424-7602
BECKY CHAPEK	[Signature]	Box 1564	CDV AK 99574	424-5356
Christina Tupper	[Signature]	Box 850	Cordova AK 99574	424-5356
Robert Blake	[Signature]	Box 718	Cordova AK 99574	424-5356
John A. Crouse	John A. Crouse	Box 2473	Cordova, AK 99574	
Kevin G. O'Toole	[Signature]	Box 1875	Cordova, AK 99574	
Sandy VanDuke	Sandra VanDuke	Box 473	Cordova AK 99574	
CATHY SHERMAN	Cathy Sherman	Box 1186	Cordova AK 99574	
DAVID GRAMES	[Signature]	Box 1676	Cordova AK 99574	
SUSAN OGLE	[Signature]	Box 895	Cordova, AK 99574	
KEENE KANIKIN	Keene Kanikin	Box 985	Cordova, AK 99574	
Andy Reed	[Signature]	Box 2234	Cordova AK 99574	
MICHAEL L. MEINTS	[Signature]	Box 2402	Cordova AK 99574	
Kim J Ewers	Kim Ewers	Box 1324	Cordova AK 99574	
Lia R. Smith	Lia R. Smith	Box 52	Cordova AK 99574	
Thea Thomas	[Signature]	Box 1366	Cordova AK 99574	
Sally Patch	Sally Patch	Box 956	Cordova AK 99574	
Maire Mannarino	Maire Mannarino	Box 1434	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.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
William R REID	Wm Reid	Bx 1234 CDV.	424-7448
DORNE HAWKHURST	Dn Ha	711 Bx 856 CDV	424-3447/5757
Christine Honkola	Christine Honkola	Box 100 CDV	424-7530
JAMES MYKLAND	James L. Myland	Box 1241 CDV	424-7115
John Bocci	John Bocci	Bx 1312 CDV	424-5152
Michael Bredde	Michael Bredde	Bx 4584 CDV. AK	424-3775
Kory Blake	Kory Blake	Box 1122 CDV	424-7194
Herb Jensen	Herb Jensen	Bx 294 CDV.	424-3767
JIM JOHNSON	Jim Johnson	Bx 263 CDV	424-3525
MITCH KOWICKI	Mitch Kowicki	BX 2232 CDV	5492
Linda Masolin	Linda M. Masolin	Box 102 CDV	424-7489
John G. Arvidson	John G. Arvidson	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 LO DE SIMONE	Teresa Lo De Simone	Box 169 Cordova, AK	424-7436
Dennis Carpenter	Dennis Carpenter	Box 1430 Cordova, AK	424-391
SUSAN LAIRD	Susan Laird	Box 1624 Cordova AK	424-386
MAX L. BENNETT	Max L. Bennett	Box 1006 Cordova AK	99574
JAMES KAHANAN	James Kahanan	Box 2272 Cordova AK	99574 (424-7603)
MAX MCCARTHY	Max McCarthy	PO Box 368 Cordova AK	
TORIE BAKER	Torie Baker	PO Box 1159 CDV	424-3820
<del>John F. ...</del>			
Elizabeth Senes	Elizabeth Senes	Box 762 CDV	424-5691
CAROL KOMPKE	Carol Kompke	Box 435 CDV.	424-3521
Jim Jaeger	Jim Jaeger	570 St. Lazarus Cr. Anchorage, AK	357-8602

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.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
Mark Heidbrink	Mark Heidbrink	PO Box 2084	—
Peter D Ochs	Peter D Ochs	Box 447	424-3191
Jeff P. Hawley	Jeff P. Hawley	Box 2318	424-7281
Darla Church	Darla Church	Box 406	424-3389
Ilen Hill	Kenneth A Hill	Box 1290	424-1498
Kenneth Varton	Kenneth Varte	Box 852 Cordova	424-7779
Charles Trowbridge	Charles Trowbridge	Box 1744 Cordova	424-3758
<del>Tina M. Donovan</del>	<del>Tina M. Donovan</del>	<del>Box 114 Cordova</del>	<del>424-3951</del>
Tina M. Donovan	Tina M. Donovan	Box 114 Cordova	424-3951
Jim Pahl	James R. Pahl	Box 179 CDV	424-3479
Gerri Kaeckling	Gerri Kaeckling	Box 533 Cordova	424-5108
Matt G. Miller	Mark Miller	PO 141483 Anch	99514
Evelyn Brown	Evelyn Brown	P.O. Box 306 Cordova	99574
Sylvia Lange	Sylvia Lange	Box 135 Cordova	55524
Annette Janka	Annette Janka	Box 1231 Cordova	99574
SELINA KEETON	Selina Keeton	P.O. Box 1841 Pt. Townsend WA	98368
Brian L. King	Brian L. King	Box 845 Cordova, AK	99574
Tracy Speier	Tracy Speier	Box 222211, Anch, AK	99522-2211
Lawrence Kairaimak	Lawrence Kairaimak	3501 E. 42nd #214, Anch, AK	99518
Cheryl M. Kettel	Cheryl M. Kettel	Box 2406 Cordova, AK	99574-2406
James Kallonen	James Kallonen	Box 2272 Cordova	4247603
KARI RECKER	Karl Becker	Box 1185 CORDOVA	424-7466
MARY STEEN	Mary H. Steen	Box 1310 CORDOVA AK	424-5455
JAMES FULTON	J. Fulton	P.O. Box 1435 ANTIOCH, CA	94509
J.F. OSBORN	J.F. Osborn	P.O. Box 1986 CORDOVA AK	99574
JUDY LIETEAU	Judy Lieteau	P.O. Box 2195 CORDOVA AK	99574
Jennifer Pollak	Jennifer Pollak	1675 W. Nickerson #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.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
Pete Mickelson	<i>Pete Mickelson</i>	Box 225, 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 N. Mullins	<i>Sheela N. Mullins</i>	Box 136, Cordova	424-3664
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 Korchnak	<i>Robert J. Korchnak</i>	1126, CDU	424-7178
TRICIA A CARON	<i>Tricia A. Caron</i>	Box 1202, Homer, AK	235-5555
Mike Gundlach	<i>Mike Gundlach</i>	Box 1236, CDU	424-3871
Cindy Anator	<i>Cindy Anator</i>	Box 1795, CDU	-7597
Heather McCarly	<i>Heather McCarly</i>	Box 2368, CDU	7785
Tony Hopper	<i>Tony Hopper</i>	Box 1034	7387
Gene "Dina" Jankard Jr.	<i>Gene Jankard Jr.</i>	P.O. 460, Cordova	5790

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

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## 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>
Mike Nelson	Pete Nibel	Box 225, Cordova	424-5111
Strickland	Jan Strickland	Box 9304-D Palmer, AK	745-1260
Emphreus	Emphreus	Box 290, Cordova	424-3604
William Williams	William Williams	Box 1136, Cordova	421-3664
James Cobb	James Cobb	Box 398, Cordova	424-7601
Jackie Babie	Jackie Babie	Box 1208, Cordova	424-7244
Jackie Babie	Jackie Babie	1208, CDU	424-7244
Robert J. Korhok	Robert J. Korhok	1126, CDU	424-7178
JACOB CARON	JACOB CARON	Box 1202, HOMER, AK	235-5555
Bill J. Holt	Bill J. Holt	Box 1236, CDU	424-3871
Cindy Appleby	Cindy Appleby	Box 1795, CDU	7577
Heather McLarty	Heather McLarty	Box 2368, CDU	7785
Tony Homer	Tony Homer	Box 1034	7387
Daniel Frankland Jr	Daniel Frankland Jr	P.O. 460, Cordova	5790

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