

SB

153

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 153
 (S) Publish Date: 2/6/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservation
 Title An Act replacing the storage tank assistance BRU Spill Prevention and Response
fund with the underground storage tank revolving loan fund... Component Contaminated Sites
 Sponsor Senator Leman
 Requester Senate Finance Committee Component No. 2386

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

SB 153 replaces the underground storage tank grant and loan program with a revolving loan program. Operating costs to oversee cleanups will be the same regardless of whether the financial assistance is given in the form of a grant or loan as it is assumed that those operators currently eligible to receive grants will request loans. Additionally, regulations will need to be changed to repeal the grant program and establish loan requirements. This will be done by existing staff.

The amount needed to capitalize the loan program will need to be determined.

Prepared by: Larry Dietrick Phone 465-5255
 Division Spill Prevention and Response Date/Time 1/30/02 1:52 PM
 Approved by: Kurt Fredriksson Date 1/30/02
 Agency Department of Environmental Conservation

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Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
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1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

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Division: Spill Prevention and Response
Approved by: Kurt Fredriksson
Agency: Department of Environmental Conservation

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Date 1/30/02

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Senator Loren Leman

Sponsor Statement CS SB 153(FIN): Underground Storage Tank Loan Fund

Owners of underground storage tanks had until December 22, 1998 to either upgrade or close their underground storage tanks in response to nationwide concern over possible contamination of drinking water from leaking underground storage tanks.

The Alaska Legislature responded to this federal mandate by offering grants and loans to owners of underground storage tanks to help offset the costs of the new requirements. To date, \$38.9 million has been appropriated for upgrade, closure and cleanup grants and loans for underground storage tanks.

All applications for grant assistance under the Upgrade, Closure and Cleanup programs are in. There can be no new applicants. The Department and the Board of Storage Tank Assistance have ranked the applicants according to the changes made by SB 128 (ch 70 SLA 99).

CS SB 153 (FIN) ends the upgrade and closure grant program by June 30, 2002 and the tank cleanup grant program by June 30, 2004 after almost \$49.0 million in assistance to underground storage tank owners. It retains the cleanup loan program and changes it to a revolving loan program. The revolving loan program retains the current means test of self-insurance which guarantees assistance to the "Mom & Pop" companies the grants and loans were intended to assist, rather than larger companies.

The balance in the storage tank assistance fund on the effective date of SB 153 is transferred to the revolving loan fund. This capitalization with all repayments of principal and interest on loans, income earned on money in the fund and money appropriated to the fund will support the revolving loan fund.



Senator Loren Leman

Sectional Analysis CS SB 153(FIN): Underground Storage Tank Loan Fund

Section 1: Amends the responsibilities of the Board of Storage Tank Assistance and the Department to comport with the intent of SB 153, which is to repeal the UST grant programs by 2004 and to have the Department and the Board adjudicate disputes involving the revolving loan fund. (EFD 7/01/04)

Sections 2 and 3: Amends the Board of Storage Tank Assistance section to comport with the intent of SB 153. The Board will continue to hear disputes and adopt regulations related to loans under AS 46.03.422. (EFD 7/1/02)

Section 4: Amends the regulations governing UST systems to delete reference to grants under the tank cleanup program. (EFD 7/01/04)

Section 5: Tank Registration Fees: Sets up automatic deposit of storage tank registration fees to the renamed "revolving loan" fund.(EFD 7/1/02)

Section 6: Deletes reference to grants under the tank cleanup program. (EFD 7/01/04)

Section 7: Changes the Underground Storage Tank Assistance Fund to a revolving loan fund incorporating money appropriated to it by law, storage tank registration fees, repayments of principal and interest on loans and income earned on the money in the fund. Gives commissioner permission to use money in the fund to pay the costs of administering the fund, costs of the Board of Storage Tank Assistance, and the tank cleanup loan program (EFD 7/1/02)

Section 8: Becomes law in 2004, deletes references to tank cleanup grants. (EFD 7/01/04)

Section 9: Amends tank cleanup loan program statutes to reflect UST Assistance Fund as a revolving loan fund. (EFD 7/1/02)

Section 10: Amends tank cleanup grant program to cover any overlap of grant/loan combinations after the grant program is repealed, so no unintentional harm comes to a loan recipient. (EFD 7/1/02)

Section 11: Program receipts received under the tank cleanup program will be deposited into the revolving loan fund. (EFD 7/1/02)

Section 12: Amends tank cleanup loan program statutes to reflect UST Assistance Fund as a revolving loan fund. (EFD 7/1/02)

Sections 13, 14 and 16: Effective 2004 amends tank cleanup loan program statutes to clarify that this section only applies to loans available under this program (not loans and grants). (EFD 7/01/04)

Section 15: Acknowledges Tank upgrade and closure grants are repealed 7/1/02. (EFD 7/1/02)

Section 17: Allows department to deposit loan repayments and interest into the revolving loan fund. (EFD 7/1/02)

Section 18: New "means" test provision for the revolving loan fund - if the owner/operator is eligible for self-insurance under U. S. EPA regulations (\$10 million), the owner/operator is ineligible for a loan under this program. Municipalities are excluded from the means test. (EFD 7/1/02)

Section 19: Amends the Oil and Hazardous Substance Prevention and Response Account statute to reflect the UST Assistance Fund as a revolving loan fund. (EFD 7/1/02)

Section 20: Repeals the UST upgrade and closure grant program. (EFD 7/1/02)

Section 21: Repeals the UST cleanup grant program (EFD 7/01/04)

Section 22: (a) Transfers the funds the Legislature has appropriated to the Underground Storage Tank Assistance Fund into the UST Revolving Loan Fund.

(b) Makes plain that the upgrade and closure grant program will not be funded past June 30, 2002; and the tank cleanup grant program will not be funded past June 30, 2004. (EFD immediate)

Section 23: Effective Dates for establishing Revolving Loan fund and means test; and repeal of the UST upgrade and closure grant program.

Section 24: Effective Dates for continuation of Revolving Loan Fund and repeal of UST cleanup grant program.

Section 25: Immediate effective date for transitional provisions.

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Sponsor Statement

CS SB 153(FIN): Underground Storage Tank Loan Fund

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FACT SHEET ON UNDERGROUND STORAGE TANK (UST) PROGRAM
(applicable statutes: AS 46.03.360-450)

- Owners of underground storage tanks had until 12/22/98 to either upgrade or close their underground storage tanks.
- Prior to SB 128 (ch 70 SLA 1999) there were four UST grant and loan programs:
 - *Tank Tightness (AS 46.03.415)
 - *Reimbursement program (sec. 7, ch 96 SLA 90)
 - Upgrade & Closure Grants
 - Tank Clean Up Loans & Grants
 - * repealed by SB 128
- All applications for grant assistance under the Upgrade and Closure program (AS 46.03.430) are in. **THERE CAN BE NO NEW APPLICANTS.** Under the law prior to SB 128, DEC estimated it would use \$3.5 million of the \$5.0 million in the UST fund to give all of the qualified applicants grants. Under SB 128's provisions, the Upgrade and Closure grant list was last year valued at around \$32,200 to satisfy the qualified applicants. **CS SB 153 (FIN) will now phase this program out effective June 30, 2002, rather than June 30, 2004 because all eligible costs have been paid. It was the Senate's desire during the debate on SB 128 that the Storage Tank Assistance Fund be fully capitalized so that the Upgrade & Closure program could be finished in 2000. Clean up assistance was to end shortly after.**
- The Tank Clean Up Grant program (AS 46.03.420) under SB 128 now requires a one million dollar tangible net worth limitation, which reduces the number of qualified applicants on the Clean-up list which in FY 00 totaled \$23.3 million. This change moved off the list, applicants such as Unocal, Tesoro, Chevron Mapco and Providence Hospital, and retains the smaller "mom and pop" requests. Applying the \$1.0 million limitation to the Tank Clean Up grants has left about \$9.0 million of eligible costs. **Under CS SB 153 (FIN) this program will be phased out June 30, 2004, as all eligible costs are expected to have been paid by then. There can be no new applications (July 1, 1994 was the deadline).**
- The Tank Clean Up Loan Program (created by SB 128) (AS 46.03.422) requires that to receive a loan, the applicant must have submitted an application before July 1, 1994 (see: AS 46.03.422 (a) reference to AS 46.03.420). There can be no new applications for the tank clean up loan program.
- DEC RSA's money to the Division of Investments to handle the loans for these programs.

STATUTE CITATIONS FOR
CS SB 153 (FIN): UST Loan Fund

AS 46.03.360: Board of Storage Tank Assistance statutes

.420: Underground Storage Tank (UST) cleanup grant program

.422: Underground Storage Tank (UST) cleanup **loan** program

.430: Underground Storage Tank (UST) upgrade and closure grants