

**SB**

**153**

# FISCAL NOTE

**STATE OF ALASKA  
2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 153  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Environmental Conservation  
 Title: An Act replacing the storage tank assistance BRU: Contaminated Sites  
 fund with the underground storage tank revolving loan fund... Component: Contaminated Sites  
 Sponsor: Senator Leman  
 Requestor: Resource Committee Component Number: 2386

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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
<b>TAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 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  
 Division: Spill Prevention and Response  
 Approved by: Kurt Fredriksson  
Department of Environmental Conservation

Phone 465-5255  
 Date/Time 3/27/2001 3:50 PM  
 Date 3/28/01 4:45pm

For distribution information, call the Governor's Legislative Office

22-LS0696J  
Cook  
4/23/01

**CS FOR SENATE BILL NO. 153(RES)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY THE SENATE RESOURCES COMMITTEE**

Offered:  
Referred:

Sponsor(s): SENATOR LEMAN

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act replacing the storage tank assistance fund with the underground storage tank  
2 revolving loan fund and relating to that revolving loan fund; repealing the tank cleanup  
3 program and the tank upgrading and closure program; and providing for an effective  
4 date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 \* Section 1. AS 46.03.360(e) is amended to read:

7 (e) Under AS 44.62 (Administrative Procedure Act), the board shall adopt  
8 regulations under which the department shall

9 (1) rank requests for assistance under AS 46.03.422 [AS 46.03.420  
10 AND 46.03.422];

11 (2) determine which costs of risk assessment, containment, corrective  
12 action, and cleanup are eligible costs under AS 46.03.422 [AS 46.03.420 AND  
13 46.03.422;

14 (3) DETERMINE WHICH COSTS OF UPGRADING AND

1 CLOSURE ARE ELIGIBLE COSTS UNDER AS 46.03.430].

2 \* Sec. 2. AS 46.03.360(f) is amended to read:

3 (f) If the department determines that an owner or operator is not eligible for a  
4 loan under AS 46.03.422 [ASSISTANCE UNDER AS 46.03.410 - 46.03.430] or that  
5 a cost is not eligible under AS 46.03.422 [AS 46.03.415 - 46.30.430] and the affected  
6 owner or operator disputes that determination, or if an owner or operator disputes the  
7 ranking assigned to a request for assistance under AS 46.03.422 [AS 46.03.420 OR  
8 46.03.422], the owner or operator may apply to the board for resolution of the dispute.  
9 The board may issue a decision in a dispute brought to it under this subsection. The  
10 decision is binding on the owner, operator, and department.

11 \* Sec. 3. AS 46.03.360(g) is amended to read:

12 (g) The board may adopt regulations to limit the number of sites per calendar  
13 year for which an owner or operator may be awarded a loan under AS 46.03.422  
14 [FINANCIAL ASSISTANCE UNDER AS 46.03.420 - 46.03.430]. The department  
15 shall implement the regulations.

16 \* Sec. 4. AS 46.03.365(c) is amended to read:

17 (c) When [EXCEPT AS PROVIDED IN AS 46.03.420(c)(2)(A), WHEN] the  
18 regulations adopted under this section address areas governed by federal laws or  
19 regulations, the state regulations must be consistent with federal laws and regulations  
20 and may not be more stringent than the federal laws and regulations.

21 \* Sec. 5. AS 46.03.385(e) is amended to read:

22 (e) The department shall deposit fees collected under this section into  
23 [LEGISLATURE MAY APPROPRIATE THE ANNUAL ESTIMATED BALANCE  
24 OF THE ACCOUNT MAINTAINED BY THE COMMISSIONER OF  
25 ADMINISTRATION UNDER AS 37.05.142 TO] the underground storage tank  
26 revolving loan [ASSISTANCE] fund established under AS 46.03.410.

27 \* Sec. 6. AS 46.03.405 is amended to read:

28 **Sec. 46.03.405. Prohibitions.** A person, including a governmental entity or  
29 institution [,] or a public corporation, may not operate an underground petroleum  
30 storage tank or tank system unless

31 (1) the tank and tank system are [IS] registered with the department as

1 provided in AS 46.03.360 - 46.03.450 or other law; and

2 (2) [EXCEPT AS PROVIDED IN AS 46.03.420(c)(1)(D),] the person  
3 has provided to the department proof of financial responsibility to the extent required  
4 under regulations adopted under AS 46.03.365 or proof of application for  
5 arrangements that would satisfy state financial responsibility requirements.

6 \* Sec. 7. AS 46.03.410 is amended to read:

7 **Sec. 46.03.410. Underground storage [STORAGE] tank revolving loan**  
8 **[ASSISTANCE] fund.** (a) There is established the underground storage tank  
9 revolving loan [ASSISTANCE] fund. It consists of money appropriated to it by law,  
10 repayments of principal and interest on loans made or fees collected under  
11 AS 46.03.385 - 46.03.450, and income earned on money in the fund [. THE  
12 DEPARTMENT SHALL DEPOSIT EARNINGS ON MONEY IN THE FUND IN  
13 THE GENERAL FUND. THE LEGISLATURE MAY USE THE ESTIMATED  
14 BALANCE IN THE ACCOUNT MAINTAINED BY THE COMMISSIONER OF  
15 ADMINISTRATION UNDER AS 37.05.142 TO MAKE APPROPRIATIONS TO  
16 THE FUND]. The legislature may appropriate unencumbered money from the fund  
17 for the cost of risk assessment, containment, corrective action, and cleanup relating to  
18 an underground petroleum storage tank system owned or operated by the state, the  
19 University of Alaska, a public corporation, a school district, or another political  
20 subdivision or instrumentality of the state. The legislature may also appropriate  
21 unencumbered money from the fund for state legal and regulatory expenses associated  
22 with underground petroleum storage tanks. An application for funds under  
23 AS 46.03.420, 46.03.422, and 46.03.430 is not considered an encumbrance for  
24 purposes of this subsection.

25 (b) The commissioner may use money in the underground storage tank  
26 revolving loan fund to pay for

27 (1) grants and loans under AS 46.03.420 and 46.03.422 for risk  
28 assessment, containment, corrective action, and cleanup costs; [AND]

29 (2) costs of administering the fund and the tank cleanup loan  
30 program under AS 46.03.422; and

31 (3) grants under AS 46.03.430 for tank system upgrading and closure.

1 (c) The commissioner shall prepare a report on the status of the underground  
2 storage tank revolving loan [ASSISTANCE] fund and notify the legislature not later  
3 than the 10th day following the convening of each regular session of the legislature  
4 that the report is available. The report may include information considered significant  
5 by the commissioner but must include

6 (1) the amount and source of money received by the fund during the  
7 preceding fiscal year;

8 (2) the amount of money expended during the preceding fiscal year for  
9 each type of expense authorized under (b) of this section;

10 (3) a detailed summary of department activities paid for from the fund  
11 during the preceding fiscal year, including how many requests for assistance have  
12 been made to the department to use the fund for grants or loans for testing, site  
13 assessment, risk assessment, upgrading, closure, containment, corrective action, and  
14 cleanup costs, and the number of requests funded in each activity area;

15 (4) the projected cost for the next fiscal year of monitoring, operating,  
16 and maintaining sites where department activities have been completed or are  
17 expected to start or be continued during the fiscal year;

18 (5) the priority list of tank system sites for which the department  
19 expects to provide financial assistance in the next fiscal year.

20 \* Sec. 8. AS 46.03.410 is amended to read:

21 **Sec. 46.03.410. Underground storage tank revolving loan fund.** (a) There  
22 is established the underground storage tank revolving loan fund. It consists of money  
23 appropriated to it by law, repayments of principal and interest on loans made or fees  
24 collected under AS 46.03.385 - 46.03.450, and income earned on money in the fund.  
25 The legislature may appropriate unencumbered money from the fund for the cost of  
26 risk assessment, containment, corrective action, and cleanup relating to an  
27 underground petroleum storage tank system owned or operated by the state, the  
28 University of Alaska, a public corporation, a school district, or another political  
29 subdivision or instrumentality of the state. The legislature may also appropriate  
30 unencumbered money from the fund for state legal and regulatory expenses associated  
31 with underground petroleum storage tanks. An application for funds under

1 AS 46.03.422 [AS 46.03.420, 46.03.422, AND 46.03.430] is not considered an  
2 encumbrance for purposes of this subsection.

3 (b) The commissioner may use money in the underground storage tank  
4 revolving loan fund to pay for

5 (1) [GRANTS AND] loans under AS 46.03.422 [AS 46.03.420 AND  
6 46.03.422] for risk assessment, containment, corrective action, and cleanup costs; and

7 (2) costs of administering the fund and the tank cleanup loan program  
8 under AS 46.03.422 [; AND

9 (3) GRANTS UNDER AS 46.03.430 FOR TANK SYSTEM  
10 UPGRADING AND CLOSURE].

11 (c) The commissioner shall prepare a report on the status of the underground  
12 storage tank revolving loan fund and notify the legislature not later than the 10th day  
13 following the convening of each regular session of the legislature that the report is  
14 available. The report may include information considered significant by the  
15 commissioner but must include

16 (1) the amount and source of money received by the fund during the  
17 preceding fiscal year;

18 (2) the amount of money expended during the preceding fiscal year for  
19 each type of expense authorized under (b) of this section;

20 (3) a detailed summary of department activities paid for from the fund  
21 during the preceding fiscal year, including how many requests [FOR ASSISTANCE]  
22 have been made to the department to use the fund for [GRANTS OR] loans for testing,  
23 site assessment, risk assessment, upgrading, closure, containment, corrective action,  
24 and cleanup costs, and the number of requests funded in each activity area;

25 (4) the projected cost for the next fiscal year of monitoring, operating,  
26 and maintaining sites where department activities have been completed or are  
27 expected to start or be continued during the fiscal year;

28 (5) the priority list of tank system sites for which the department  
29 expects to provide loans [FINANCIAL ASSISTANCE] in the next fiscal year.

30 \* Sec. 9. AS 46.03.420(a) is amended to read:

31 (a) The commissioner may make a grant from the underground storage tank

1        revolving loan [ASSISTANCE] fund to an owner or operator of an underground  
2        petroleum storage tank system, other than the state or federal government, for the costs  
3        of risk assessment, containment, corrective action, and cleanup resulting from a  
4        release of petroleum from or associated with an underground petroleum storage tank  
5        system if the owner or operator meets the requirements of this section. Applications  
6        for assistance under this section must be submitted to the department before July 1,  
7        1994. Under regulations of the board, the department shall rank requests under this  
8        section in order of priority, giving greatest priority to those tank systems that present  
9        the greatest threat or potential threat to human health.

10     \* Sec. 10. AS 46.03.420(i) is amended to read:

11             (i) The department shall deposit money collected under this section into  
12             [LEGISLATURE MAY APPROPRIATE THE ANNUAL ESTIMATED BALANCE  
13             OF THE ACCOUNT MAINTAINED BY THE COMMISSIONER OF  
14             ADMINISTRATION UNDER AS 37.05.142 TO] the underground storage tank  
15             revolving loan [ASSISTANCE] fund established under AS 46.03.410.

16     \* Sec. 11. AS 46.03.422(a) is amended to read:

17             (a) The commissioner may make a loan from the underground storage tank  
18             revolving loan [ASSISTANCE] fund to an owner or operator of an underground  
19             petroleum storage tank system for the costs of risk assessment, containment, corrective  
20             action, and cleanup resulting from a release of petroleum from or associated with an  
21             underground petroleum storage tank system if the owner or operator submitted a  
22             timely application for a grant under AS 46.03.420 and agrees

23                     (1) to accept a loan in the same or lesser amount instead of a grant for  
24                     the same project;

25                     (2) to provide additional security or collateral for the loan if requested  
26                     by the department;

27                     (3) [EITHER] to

28                             (A) upgrade all underground petroleum storage tanks located at  
29                             the facility from which the release occurred to the standards set by state and  
30                             federal regulations according to a time line established by the department; or

31                             (B) remove and properly dispose of all liquids and sludges

1 from the underground petroleum storage tanks located at the facility from  
2 which the release occurred, conduct a site assessment, and either fill the tanks  
3 with inert solid material or properly dismantle, remove, and dispose of the  
4 tanks in accordance with applicable state and federal regulations; and

5 (4) to submit a plan for risk assessment, containment, corrective  
6 action, and cleanup to the department for its review and approval; if the department  
7 and the owner or operator cannot reach agreement on a plan, on later changes in the  
8 plan, or on a cleanup decision, the owner or operator may apply to the board to review  
9 the dispute; the board may issue a recommendation to the department in a dispute  
10 brought to it under this paragraph; the recommendation may include a suggested time  
11 limit for completing appropriate cleanup activities or reaching a cleanup decision.

12 \* Sec. 12. AS 46.03.422(a) is amended to read:

13 (a) The commissioner may make a loan from the underground storage tank  
14 revolving loan fund to an owner or operator of an underground petroleum storage tank  
15 system for the costs of risk assessment, containment, corrective action, and cleanup  
16 resulting from a release of petroleum from or associated with an underground  
17 petroleum storage tank system if the owner or operator submitted a timely application  
18 for a grant under former AS 46.03.420 and agrees

19 (1) to accept a loan in the same or lesser amount instead of a grant for  
20 the same project;

21 (2) to provide additional security or collateral for the loan if requested  
22 by the department;

23 (3) to

24 (A) upgrade all underground petroleum storage tanks located at  
25 the facility from which the release occurred to the standards set by state and  
26 federal regulations according to a time line established by the department; or

27 (B) remove and properly dispose of all liquids and sludges  
28 from the underground petroleum storage tanks located at the facility from  
29 which the release occurred, conduct a site assessment, and either fill the tanks  
30 with inert solid material or properly dismantle, remove, and dispose of the  
31 tanks in accordance with applicable state and federal regulations; and

1 (4) to submit a plan for risk assessment, containment, corrective  
2 action, and cleanup to the department for its review and approval; if the department  
3 and the owner or operator cannot reach agreement on a plan, on later changes in the  
4 plan, or on a cleanup decision, the owner or operator may apply to the board to review  
5 the dispute; the board may issue a recommendation to the department in a dispute  
6 brought to it under this paragraph; the recommendation may include a suggested time  
7 limit for completing appropriate cleanup activities or reaching a cleanup decision.

8 \* Sec. 13. AS 46.03.422(e) is amended to read:

9 (e) This section does not affect

10 (1) the liability under state or federal law of a person or entity that  
11 receives a loan [ASSISTANCE] under this section for the costs of risk management,  
12 containment, corrective action, and cleanup resulting from a release of petroleum; or

13 (2) the authority of the department to seek recovery from the owner or  
14 operator of costs other than [GRANTS OR] loans actually made to an owner or  
15 operator under this section.

16 \* Sec. 14. AS 46.03.422(g) is amended to read:

17 (g) A loan payment under this section, when combined with loans and grants  
18 to the same owner or operator under former AS 46.03.420 and former AS 46.03.430  
19 [46.03.430], may not exceed \$500,000.

20 \* Sec. 15. AS 46.03.422(h) is amended to read:

21 (h) The department shall deposit loan repayments and other money  
22 collected under this section into [LEGISLATURE MAY APPROPRIATE TO] the  
23 underground storage tank revolving loan [ASSISTANCE] fund established under  
24 AS 46.03.410 [THE ANNUAL ESTIMATED BALANCE OF THE ACCOUNT  
25 MAINTAINED UNDER AS 37.05.142 BY THE COMMISSIONER OF  
26 ADMINISTRATION TO KEEP TRACK OF LOAN REPAYMENTS, INCLUDING  
27 INTEREST PAYMENTS, UNDER THIS SECTION].

28 \* Sec. 16. AS 46.03.422 is amended by adding a new subsection to read:

29 (i) To be eligible for a loan under this section, an owner or operator shall  
30 provide the department with a written sworn statement on a form required by  
31 regulation of the department that the owner or operator has not been eligible for self-

1 insurance under 40 CFR 280.95 at any time on or after July 1, 2001. This subsection  
2 does not apply to an owner or operator that is a municipality. For purposes of this  
3 subsection, "sworn statement" has the meaning given in AS 11.56.240.

4 \* Sec. 17. AS 46.08.040(a) is amended to read:

5 (a) In addition to money in the response account of the fund that is transferred  
6 to the commissioner of community and economic development to make grants under  
7 AS 29.60.510 and to pay for impact assessments under AS 29.60.560, the  
8 commissioner of environmental conservation may use money

9 (1) from the response account in the fund

10 (A) when authorized by AS 46.08.045, to investigate and  
11 evaluate the release or threatened release of oil or a hazardous substance, and  
12 contain, clean up, and take other necessary action, such as monitoring and  
13 assessing, to address a release or threatened release of oil or a hazardous  
14 substance that poses an imminent and substantial threat to the public health or  
15 welfare, or to the environment;

16 (B) to provide matching funds in the event of a release of oil or  
17 a hazardous substance for which use of the response account is authorized by  
18 AS 46.08.045 for participation

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

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

23 (C) to recover the costs to the state, a municipality, a village, or  
24 a school district of a containment and cleanup resulting from the release or the  
25 threatened release of oil or a hazardous substance for which money was  
26 expended from the response account;

27 (2) from the prevention account in the fund to

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

1 substance, except a release described in AS 46.08.045(a);

2 (B) pay all costs incurred

3 (i) to establish and maintain the oil and hazardous  
4 substance response office;

5 (ii) under agreements entered into under AS 46.04.090  
6 or AS 46.09.040;

7 (iii) to review oil discharge prevention and contingency  
8 plans submitted under AS 46.04.030;

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

16 (v) to verify or establish proof of financial  
17 responsibility required by AS 46.04.040;

18 (C) pay, when presented with appropriate documentation by the  
19 Department of Military and Veterans' Affairs, the expenses incurred by the  
20 Department of Military and Veterans' Affairs for Alaska State Emergency  
21 Response Commission activities, including staff support, when the activities  
22 and staff support relate to oil or hazardous substances, and for the costs of  
23 being prepared for responding to a request by the department for support in  
24 response and restoration, but not including the costs of maintaining the  
25 response corps and the emergency response depots under AS 26.23.045;

26 (D) pay all costs incurred to acquire, repair, or improve an asset  
27 having an anticipated life of more than one year and that is acquired, repaired,  
28 or improved as a preparedness measure by which the state may respond to,  
29 recover from, reduce, or eliminate the effects of a release or threatened release  
30 of oil or a hazardous substance;

31 (E) pay the costs, if approved by the commissioner, that were

1 incurred by local emergency planning committees to carry out the duties  
2 assigned them by AS 26.23.073(g);

3 (F) provide matching funds in the event of the release of oil or  
4 a hazardous substance, except a release of oil for the containment and cleanup  
5 of which use of the response account is authorized by AS 46.08.045, for  
6 participation

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

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

10 (G) pay or reimburse the underground storage tank revolving  
11 loan [ASSISTANCE] fund established in AS 46.03.410 for expenditures from  
12 that fund authorized by AS 46.03.410(b);

13 (H) transfer to the Department of Community and Economic  
14 Development for payment by the commissioner of community and economic  
15 development of

16 (i) municipal impact grants when authorized under  
17 AS 29.60.510(b)(2);

18 (ii) assessments of the social and economic effects of  
19 the release of oil or hazardous substances as required by AS 29.60.560  
20 when, in the judgment of the commissioner, the release of oil or a  
21 hazardous substance is not one that is described in AS 46.08.045; and

22 (iii) grants to repair, improve, or replace fuel storage  
23 facilities under the bulk fuel system emergency repair and upgrade  
24 program;

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

29 (J) prepare, review, and revise

30 (i) the state's master oil and hazardous substance  
31 discharge prevention and contingency plan required by AS 46.04.200;

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and

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

and

(K) restore the environment by addressing the effects of an oil or hazardous substance release.

\* Sec. 18. AS 46.03.420 and 46.03.430 are repealed.

\* Sec. 19. The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITIONAL PROVISIONS. (a) The underground storage tank revolving loan fund established in AS 46.03.410, as amended in secs. 7 and 8 of this Act, is the successor to the storage tank assistance fund, and the balance in the storage tank assistance fund on the effective date of sec. 7 of this Act shall be retained in the underground storage tank revolving loan fund.

(b) The Department of Environmental Conservation may not enter into a grant agreement under AS 46.03.410 - 46.03.450 that requires payment by the department after June 30, 2004, of grant money from any source. The department may only pay money for a grant from the underground storage tank revolving loan fund before June 30, 2004.

\* Sec. 20. Sections 5, 7, 9 - 11, 15 - 17, and 19 of this Act take effect July 1, 2001.

\* Sec. 21. Sections 1 - 4, 6, 8, 12 - 14, and 18 of this Act take effect June 30, 2004.

22-LS0696F  
Cook  
3/29/01

CS FOR SENATE BILL NO. 153( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR LEMAN

A BILL  
FOR AN ACT ENTITLED

1 "An Act replacing the storage tank assistance fund with the underground storage tank  
2 revolving loan fund and relating to that revolving loan fund; repealing the tank cleanup  
3 program and the tank upgrading and closure program; and providing for an effective  
4 date."

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

6 \* Section 1. AS 46.03.360(e) is amended to read:

7 (e) Under AS 44.62 (Administrative Procedure Act), the board shall adopt  
8 regulations under which the department shall

9 (1) rank requests for assistance under AS 46.03.422 [AS 46.03.420  
10 AND 46.03.422];

11 (2) determine which costs of risk assessment, containment, corrective  
12 action, and cleanup are eligible costs under AS 46.03.422 [AS 46.03.420 AND  
13 46.03.422];

14 (3) DETERMINE WHICH COSTS OF UPGRADING AND

1 CLOSURE ARE ELIGIBLE COSTS UNDER AS 46.03.430].

2 \* Sec. 2. AS 46.03.360(f) is amended to read:

3 (f) If the department determines that an owner or operator is not eligible for a  
4 loan under AS 46.03.422 [ASSISTANCE UNDER AS 46.03.410 - 46.03.430] or that  
5 a cost is not eligible under AS 46.03.422 [AS 46.03.415 - 46.30.430] and the affected  
6 owner or operator disputes that determination, or if an owner or operator disputes the  
7 ranking assigned to a request for assistance under AS 46.03.422 [AS 46.03.420 OR  
8 46.03.422], the owner or operator may apply to the board for resolution of the dispute.  
9 The board may issue a decision in a dispute brought to it under this subsection. The  
10 decision is binding on the owner, operator, and department.

11 \* Sec. 3. AS 46.03.360(g) is amended to read:

12 (g) The board may adopt regulations to limit the number of sites per calendar  
13 year for which an owner or operator may be awarded a loan under AS 46.03.422  
14 [FINANCIAL ASSISTANCE UNDER AS 46.03.420 - 46.03.430]. The department  
15 shall implement the regulations.

16 \* Sec. 4. AS 46.03.365(c) is amended to read:

17 (c) When [EXCEPT AS PROVIDED IN AS 46.03.420(c)(2)(A), WHEN] the  
18 regulations adopted under this section address areas governed by federal laws or  
19 regulations, the state regulations must be consistent with federal laws and regulations  
20 and may not be more stringent than the federal laws and regulations.

21 \* Sec. 5. AS 46.03.385(e) is amended to read:

22 (e) The department shall deposit fees collected under this section into  
23 [LEGISLATURE MAY APPROPRIATE THE ANNUAL ESTIMATED BALANCE  
24 OF THE ACCOUNT MAINTAINED BY THE COMMISSIONER OF  
25 ADMINISTRATION UNDER AS 37.05.142 TO] the underground storage tank  
26 revolving loan [ASSISTANCE] fund established under AS 46.03.410.

27 \* Sec. 6. AS 46.03.405 is amended to read:

28 **Sec. 46.03.405. Prohibitions.** A person, including a governmental entity or  
29 institution [,] or a public corporation, may not operate an underground petroleum  
30 storage tank or tank system unless

31 (1) the tank and tank system are [IS] registered with the department as

1 provided in AS 46.03.360 - 46.03.450 or other law; and

2 (2) [EXCEPT AS PROVIDED IN AS 46.03.420(c)(1)(D),] the person  
3 has provided to the department proof of financial responsibility to the extent required  
4 under regulations adopted under AS 46.03.365 or proof of application for  
5 arrangements that would satisfy state financial responsibility requirements.

6 \* Sec. 7. AS 46.03.410 is amended to read:

7 Sec. 46.03.410. Underground storage [STORAGE] tank revolving loan  
8 [ASSISTANCE] fund. (a) There is established the underground storage tank  
9 revolving loan [ASSISTANCE] fund. It consists of money appropriated to it by law,  
10 repayments of principal and interest on loans made or fees collected under  
11 AS 46.03.385 - 46.03.450, and income earned on money in the fund [. THE  
12 DEPARTMENT SHALL DEPOSIT EARNINGS ON MONEY IN THE FUND IN  
13 THE GENERAL FUND. THE LEGISLATURE MAY USE THE ESTIMATED  
14 BALANCE IN THE ACCOUNT MAINTAINED BY THE COMMISSIONER OF  
15 ADMINISTRATION UNDER AS 37.05.142 TO MAKE APPROPRIATIONS TO  
16 THE FUND]. The legislature may appropriate unencumbered money from the fund  
17 for the cost of risk assessment, containment, corrective action, and cleanup relating to  
18 an underground petroleum storage tank system owned or operated by the state, the  
19 University of Alaska, a public corporation, a school district, or another political  
20 subdivision or instrumentality of the state. The legislature may also appropriate  
21 unencumbered money from the fund for state legal and regulatory expenses associated  
22 with underground petroleum storage tanks. An application for funds under  
23 AS 46.03.420, 46.03.422, and 46.03.430 is not considered an encumbrance for  
24 purposes of this subsection.

25 (b) The commissioner may use money in the underground storage tank  
26 revolving loan fund to pay for

27 (1) grants and loans under AS 46.03.420 and 46.03.422 for risk  
28 assessment, containment, corrective action, and cleanup costs; [AND]

29 (2) costs of administering the fund and the tank cleanup loan  
30 program under AS 46.03.422; and

31 (3) grants under AS 46.03.430 for tank system upgrading and closure.

1 (c) The commissioner shall prepare a report on the status of the underground  
2 storage tank revolving loan [ASSISTANCE] fund and notify the legislature not later  
3 than the 10th day following the convening of each regular session of the legislature  
4 that the report is available. The report may include information considered significant  
5 by the commissioner but must include

6 (1) the amount and source of money received by the fund during the  
7 preceding fiscal year;

8 (2) the amount of money expended during the preceding fiscal year for  
9 each type of expense authorized under (b) of this section;

10 (3) a detailed summary of department activities paid for from the fund  
11 during the preceding fiscal year, including how many requests for assistance have  
12 been made to the department to use the fund for grants or loans for testing, site  
13 assessment, risk assessment, upgrading, closure, containment, corrective action, and  
14 cleanup costs, and the number of requests funded in each activity area;

15 (4) the projected cost for the next fiscal year of monitoring, operating,  
16 and maintaining sites where department activities have been completed or are  
17 expected to start or be continued during the fiscal year;

18 (5) the priority list of tank system sites for which the department  
19 expects to provide financial assistance in the next fiscal year.

20 \* **Sec. 8.** AS 46.03.410 is amended to read:

21 **Sec. 46.03.410. Underground storage tank revolving loan fund.** (a) There  
22 is established the underground storage tank revolving loan fund. It consists of money  
23 appropriated to it by law, repayments of principal and interest on loans made or fees  
24 collected under AS 46.03.385 - 46.03.450, and income earned on money in the fund.  
25 The legislature may appropriate unencumbered money from the fund for the cost of  
26 risk assessment, containment, corrective action, and cleanup relating to an  
27 underground petroleum storage tank system owned or operated by the state, the  
28 University of Alaska, a public corporation, a school district, or another political  
29 subdivision or instrumentality of the state. The legislature may also appropriate  
30 unencumbered money from the fund for state legal and regulatory expenses associated  
31 with underground petroleum storage tanks. An application for funds under

1        AS 46.03.422 [AS 46.03.420, 46.03.422, AND 46.03.430] is not considered an  
2        encumbrance for purposes of this subsection.

3                (b) The commissioner may use money in the underground storage tank  
4        revolving loan fund to pay for

5                        (1) [GRANTS AND] loans under AS 46.03.422 [AS 46.03.420 AND  
6        46.03.422] for risk assessment, containment, corrective action, and cleanup costs; and

7                        (2) costs of administering the fund and the tank cleanup loan program  
8        under AS 46.03.422 [; AND

9                        (3) GRANTS UNDER AS 46.03.430 FOR TANK SYSTEM  
10        UPGRADING AND CLOSURE].

11                (c) The commissioner shall prepare a report on the status of the underground  
12        storage tank revolving loan fund and notify the legislature not later than the 10th day  
13        following the convening of each regular session of the legislature that the report is  
14        available. The report may include information considered significant by the  
15        commissioner but must include

16                        (1) the amount and source of money received by the fund during the  
17        preceding fiscal year;

18                        (2) the amount of money expended during the preceding fiscal year for  
19        each type of expense authorized under (b) of this section;

20                        (3) a detailed summary of department activities paid for from the fund  
21        during the preceding fiscal year, including how many requests [FOR ASSISTANCE]  
22        have been made to the department to use the fund for [GRANTS OR] loans for testing,  
23        site assessment, risk assessment, upgrading, closure, containment, corrective action,  
24        and cleanup costs, and the number of requests funded in each activity area;

25                        (4) the projected cost for the next fiscal year of monitoring, operating,  
26        and maintaining sites where department activities have been completed or are  
27        expected to start or be continued during the fiscal year;

28                        (5) the priority list of tank system sites for which the department  
29        expects to provide loans [FINANCIAL ASSISTANCE] in the next fiscal year.

30        \* Sec. 9. AS 46.03.420(a) is amended to read:

31                (a) The commissioner may make a grant from the underground storage tank

1        revolving loan [ASSISTANCE] fund to an owner or operator of an underground  
2        petroleum storage tank system, other than the state or federal government, for the costs  
3        of risk assessment, containment, corrective action, and cleanup resulting from a  
4        release of petroleum from or associated with an underground petroleum storage tank  
5        system if the owner or operator meets the requirements of this section. Applications  
6        for assistance under this section must be submitted to the department before July 1,  
7        1994. Under regulations of the board, the department shall rank requests under this  
8        section in order of priority, giving greatest priority to those tank systems that present  
9        the greatest threat or potential threat to human health.

10       \* Sec. 10. AS 46.03.420(i) is amended to read:

11                (i) The department shall deposit money collected under this section into  
12        [LEGISLATURE MAY APPROPRIATE THE ANNUAL ESTIMATED BALANCE  
13        OF THE ACCOUNT MAINTAINED BY THE COMMISSIONER OF  
14        ADMINISTRATION UNDER AS 37.05.142 TO] the underground storage tank  
15        revolving loan [ASSISTANCE] fund established under AS 46.03.410.

16       \* Sec. 11. AS 46.03.422(a) is amended to read:

17                (a) The commissioner may make a loan from the underground storage tank  
18        revolving loan [ASSISTANCE] fund to an owner or operator of an underground  
19        petroleum storage tank system for the costs of risk assessment, containment, corrective  
20        action, and cleanup resulting from a release of petroleum from or associated with an  
21        underground petroleum storage tank system if the owner or operator submitted a  
22        timely application for a grant under AS 46.03.420 and agrees

23                        (1) to accept a loan in the same or lesser amount instead of a grant for  
24        the same project;

25                        (2) to provide additional security or collateral for the loan if requested  
26        by the department;

27                        (3) [EITHER] to

28                                (A) upgrade all underground petroleum storage tanks located at  
29        the facility from which the release occurred to the standards set by state and  
30        federal regulations according to a time line established by the department; or

31                                (B) remove and properly dispose of all liquids and sludges

1 from the underground petroleum storage tanks located at the facility from  
2 which the release occurred, conduct a site assessment, and either fill the tanks  
3 with inert solid material or properly dismantle, remove, and dispose of the  
4 tanks in accordance with applicable state and federal regulations; and

5 (4) to submit a plan for risk assessment, containment, corrective  
6 action, and cleanup to the department for its review and approval; if the department  
7 and the owner or operator cannot reach agreement on a plan, on later changes in the  
8 plan, or on a cleanup decision, the owner or operator may apply to the board to review  
9 the dispute; the board may issue a recommendation to the department in a dispute  
10 brought to it under this paragraph; the recommendation may include a suggested time  
11 limit for completing appropriate cleanup activities or reaching a cleanup decision.

12 \* Sec. 12. AS 46.03.422(a) is amended to read:

13 (a) The commissioner may make a loan from the underground storage tank  
14 revolving loan fund to an owner or operator of an underground petroleum storage tank  
15 system for the costs of risk assessment, containment, corrective action, and cleanup  
16 resulting from a release of petroleum from or associated with an underground  
17 petroleum storage tank system if the owner or operator submitted a timely application  
18 for a grant under former AS 46.03.420 and agrees

19 (1) to accept a loan in the same or lesser amount instead of a grant for  
20 the same project;

21 (2) to provide additional security or collateral for the loan if requested  
22 by the department;

23 (3) to

24 (A) upgrade all underground petroleum storage tanks located at  
25 the facility from which the release occurred to the standards set by state and  
26 federal regulations according to a time line established by the department; or

27 (B) remove and properly dispose of all liquids and sludges  
28 from the underground petroleum storage tanks located at the facility from  
29 which the release occurred, conduct a site assessment, and either fill the tanks  
30 with inert solid material or properly dismantle, remove, and dispose of the  
31 tanks in accordance with applicable state and federal regulations; and

1 (4) to submit a plan for risk assessment, containment, corrective  
2 action, and cleanup to the department for its review and approval; if the department  
3 and the owner or operator cannot reach agreement on a plan, on later changes in the  
4 plan, or on a cleanup decision, the owner or operator may apply to the board to review  
5 the dispute; the board may issue a recommendation to the department in a dispute  
6 brought to it under this paragraph; the recommendation may include a suggested time  
7 limit for completing appropriate cleanup activities or reaching a cleanup decision.

8 \* Sec. 13. AS 46.03.422(e) is amended to read:

9 (e) This section does not affect

10 (1) the liability under state or federal law of a person or entity that  
11 receives a loan [ASSISTANCE] under this section for the costs of risk management,  
12 containment, corrective action, and cleanup resulting from a release of petroleum; or

13 (2) the authority of the department to seek recovery from the owner or  
14 operator of costs other than [GRANTS OR] loans actually made to an owner or  
15 operator under this section.

16 \* Sec. 14. AS 46.03.422(g) is amended to read:

17 (g) A loan payment under this section, when combined with loans and grants  
18 to the same owner or operator under former AS 46.03.420 and former AS 46.03.430  
19 [46.03.430], may not exceed \$500,000.

20 \* Sec. 15. AS 46.03.422(h) is amended to read:

21 (h) The department shall deposit loan repayments and other money  
22 collected under this section into [LEGISLATURE MAY APPROPRIATE TO] the  
23 underground storage tank revolving loan [ASSISTANCE] fund established under  
24 AS 46.03.410 [THE ANNUAL ESTIMATED BALANCE OF THE ACCOUNT  
25 MAINTAINED UNDER AS 37.05.142 BY THE COMMISSIONER OF  
26 ADMINISTRATION TO KEEP TRACK OF LOAN REPAYMENTS, INCLUDING  
27 INTEREST PAYMENTS, UNDER THIS SECTION].

28 \* Sec. 16. AS 46.08.040(a) is amended to read:

29 (a) In addition to money in the response account of the fund that is transferred  
30 to the commissioner of community and economic development to make grants under  
31 AS 29.60.510 and to pay for impact assessments under AS 29.60.560, the

1 commissioner of environmental conservation may use money

2 (1) from the response account in the fund

3 (A) when authorized by AS 46.08.045, to investigate and  
4 evaluate the release or threatened release of oil or a hazardous substance, and  
5 contain, clean up, and take other necessary action, such as monitoring and  
6 assessing, to address a release or threatened release of oil or a hazardous  
7 substance that poses an imminent and substantial threat to the public health or  
8 welfare, or to the environment;

9 (B) to provide matching funds in the event of a release of oil or  
10 a hazardous substance for which use of the response account is authorized by  
11 AS 46.08.045 for participation

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

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

16 (C) to recover the costs to the state, a municipality, a village, or  
17 a school district of a containment and cleanup resulting from the release or the  
18 threatened release of oil or a hazardous substance for which money was  
19 expended from the response account;

20 (2) from the prevention account in the fund to

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

26 (B) pay all costs incurred

27 (i) to establish and maintain the oil and hazardous  
28 substance response office;

29 (ii) under agreements entered into under AS 46.04.090  
30 or AS 46.09.040;

31 (iii) to review oil discharge prevention and contingency

1 plans submitted under AS 46.04.030;

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

9 (v) to verify or establish proof of financial  
10 responsibility required by AS 46.04.040;

11 (C) pay, when presented with appropriate documentation by the  
12 Department of Military and Veterans' Affairs, the expenses incurred by the  
13 Department of Military and Veterans' Affairs for Alaska State Emergency  
14 Response Commission activities, including staff support, when the activities  
15 and staff support relate to oil or hazardous substances, and for the costs of  
16 being prepared for responding to a request by the department for support in  
17 response and restoration, but not including the costs of maintaining the  
18 response corps and the emergency response depots under AS 26.23.045;

19 (D) pay all costs incurred to acquire, repair, or improve an asset  
20 having an anticipated life of more than one year and that is acquired, repaired,  
21 or improved as a preparedness measure by which the state may respond to,  
22 recover from, reduce, or eliminate the effects of a release or threatened release  
23 of oil or a hazardous substance;

24 (E) pay the costs, if approved by the commissioner, that were  
25 incurred by local emergency planning committees to carry out the duties  
26 assigned them by AS 26.23.073(g);

27 (F) provide matching funds in the event of the release of oil or  
28 a hazardous substance, except a release of oil for the containment and cleanup  
29 of which use of the response account is authorized by AS 46.08.045, for  
30 participation

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

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

3 (G) pay or reimburse the underground storage tank revolving  
4 loan [ASSISTANCE] fund established in AS 46.03.410 for expenditures from  
5 that fund authorized by AS 46.03.410(b);

6 (H) transfer to the Department of Community and Economic  
7 Development for payment by the commissioner of community and economic  
8 development of

9 (i) municipal impact grants when authorized under  
10 AS 29.60.510(b)(2);

11 (ii) assessments of the social and economic effects of  
12 the release of oil or hazardous substances as required by AS 29.60.560  
13 when, in the judgment of the commissioner, the release of oil or a  
14 hazardous substance is not one that is described in AS 46.08.045; and

15 (iii) grants to repair, improve, or replace fuel storage  
16 facilities under the bulk fuel system emergency repair and upgrade  
17 program;

18 (I) recover the costs to the state, a municipality, a village, or a  
19 school district of a containment and cleanup resulting from the release or  
20 threatened release of oil or a hazardous substance for which money was  
21 expended from the prevention account;

22 (J) prepare, review, and revise

23 (i) the state's master oil and hazardous substance  
24 discharge prevention and contingency plan required by AS 46.04.200;  
25 and

26 (ii) a regional master oil and hazardous substance  
27 discharge prevention and contingency plan required by AS 46.04.210;  
28 and

29 (K) restore the environment by addressing the effects of an oil  
30 or hazardous substance release.

31 \* Sec. 17. AS 46.03.420 and 46.03.430 are repealed.

1 \* Sec. 18. The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3 TRANSITIONAL PROVISIONS. (a) The underground storage tank revolving loan  
4 fund established in AS 46.03.410, as amended in secs. 7 and 8 of this Act, is the successor to  
5 the storage tank assistance fund, and the balance in the storage tank assistance fund on the  
6 effective date of sec. 7 of this Act shall be retained in the underground storage tank revolving  
7 loan fund.

8 (b) The Department of Environmental Conservation may not enter into a grant  
9 agreement under AS 46.03.410 - 46.03.450 that requires payment by the department after  
10 June 30, 2004, of grant money from any source. The department may only pay money for a  
11 grant from the underground storage tank revolving loan fund before June 30, 2004.

12 \* Sec. 19. Sections 5, 7, 9 - 11, 15, 16, and 18 of this Act take effect July 1, 2001.

13 \* Sec. 20. Sections 1 - 4, 6, 8, 12 - 14, and 17 of this Act take effect June 30, 2004.

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Senator Loren Leman

## Sponsor Statement CS SB 153: 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 grant 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).

SB 153 ends the grant programs in 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 balance in the storage tank assistance fund on the effective date of SB 153 is retained in the revolving loan fund. 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 Lemman

### Sectional Analysis CS SB 153: Underground Storage Tank Loan Fund

Sections 1, 2, and 3: Amend 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 6/30/04)

Section 4: Amends the regulations governing UST systems to delete reference to grants under the tank cleanup program. (EFD 6/30/04)

Section 5: Tank Registration Fees: Sets up automatic deposit of storage tank registration fees to the renamed "revolving loan" fund. (EFD 7/1/01)

Section 6: Deletes reference to grants under the tank cleanup program. (EFD 6/30/04)

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 and the tank cleanup loan program (EFD 7/1/01)

Section 8: Becomes law in 2004, then amended to delete references to tank upgrade and closure grants. (EFD 6/30/04)

Section 9: Amends tank cleanup loan program statutes to reflect UST Assistance Fund as a revolving loan fund. (EFD 7/1/01)

Section 10: Program receipts received under the tank cleanup program will be deposited into the revolving loan fund. (EFD 7/1/01)

Section 11: Amends tank cleanup loan program statutes to reflect UST Assistance Fund as a revolving loan fund. (EFD 7/1/01)

Sections 12, 13 and 14: Effective 6/30/04 amends tank cleanup loan program statutes to clarify that this section only applies to loans available under this program (not loans and grants). (EFD 6/30/04)

Section 15: Allows department to deposit loan repayments and interest into the revolving loan fund. (EFD 7/1/01)

Section 16: Amends the Oil and Hazardous Substance Prevention and Response Account statute to reflect the UST Assistance Fund as a revolving loan fund. (bottom of page 10, top of page 11) (EFD 7/1/01)

Section 17: Repeals the UST cleanup grant program and the UST upgrade and closure grant programs. (EFD 6/30/04)

Section 18: (a) Moves 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, closure and cleanup grant programs will not be funded past June 30, 2004. (EFD 7/1/01)

Section 19: Effective Dates for establishing Revolving Loan fund

Section 20: Effective Dates for continuation of Revolving Loan Fund and repeal of UST cleanup grant program and the UST upgrade and closure grant programs

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 Loans and Grants
    - Clean Up Loans & Grants
  - \* repealed by SB 128
- All applications for grant assistance under the Upgrade and Closure program 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 list is valued at around \$32, 200 to satisfy the qualified applicants.
- The Clean Up Grant program 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 moves off the list, applicants such as Unocal, Tesoro, Chevron Mapco and Providence Hospital, and retains the smaller "mom and pop" requests.
- The Clean Up Loan Program (created by SB 128) 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. All applications are in for the Clean up grant & loan programs. It's now a matter of finishing off the lists.
- Applying the \$1.0 million limitation to the Clean up grants has resulted in about \$9.0 million of eligible costs.
- 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.
- DEC RSA's money to the Division of Investments to handle the loans for these programs.