

HB

238

HFIN

FILE

FISCAL NOTE

#1

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB238-DOA-FIN-4-20-07
 Bill Version: HB 238
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: An act relating to the response account of the oil and RDU: Centralized Admin Services
hazardous release prevention and response fund Component: Finance
 Sponsor: Representative Meyer
 Requester: _____ Component No. 59

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
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 (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Calculating balances created by legislation such as this are within the normal course of business for the Division of Finance.

Prepared by: Debbie Bump, Deputy Director
 Division: Division of Finance
 Approved by: Kevin Brooks, Deputy Commissioner
 Agency: Department of Administration

Phone: 465-5615
 Date/Time: 4/20/07 1:00 PM
 Date: 4/20/07

FISCAL NOTE

#12

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: HB 238-DEC-SPAR-4-20-07
Bill Version: HB 238
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Dept of Environmental Conservation
Title An Act relating to the response account of the oil and RDU Spill Prevention and Response
hazardous substance release prevention and response fund. Component: Response Fund Administration
Sponsor Representative Meyer
Requestor House Finance Committee Component No. 2259

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
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 ()	*	*	*	*	*	*
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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 (FY2007) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation is intended to increase the revenue to the response account by transferring \$40 million to a new sub-account that would yield a higher return on investment based on an assumption that the funds would not be needed for five years. The response account, however, is an emergency account and access to the full balance may be needed at any time i.e., it is not possible to accurately predict when a catastrophic event may occur. In such cases, the state may incur a significant investment loss depending on how the balance in the new sub-account is invested. Such investment decisions are made by the Department of Revenue not the Department of Environmental Conservation. From a revenue perspective the state will benefit from any increase as a result of a more aggressive investment strategy. More aggressive investment strategies also have higher risk. There are no costs associated with this proposed legislation. However, it is not possible to project the magnitude of the revenue that may be generated since interest rates and interest income will vary from year to year nor can the potential loss from an emergency withdrawal be accurately estimated. Any potential investment loss should not become a limitation for use of the full balance if needed.

Prepared by: Larry Diotrick, Director
Division: Spill Prevention and Response
Approved by: Larry Hartig, Commissioner
Agency: Department of Environmental Conservation

Phone 465-5250
Date/Time 4/21/07 11:45 AM
Date 4/21/2007

FISCAL NOTE

#3

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB238 DOR-TRE-4-24-07
 Bill Version: HB 238
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Oil & Hazard Substance Response Account RDU Tax and Treasury
 Component Treasury Division
 Sponsor Representative Meyer
 Requester House Finance Committee Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual	40.9	40.9	40.9	40.9	40.9	40.9
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	40.9	40.9	40.9	40.9	40.9	40.9

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1052 Oil/Haz Rel Prev and Resp Fund	40.9	40.9	40.9	40.9	40.9	40.9
TOTAL	40.9	40.9	40.9	40.9	40.9	40.9

Estimate of any current year (FY2007) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

House Bill 238 sets up a subaccount in the response account in the amount of \$40 million. It is anticipated the fund will be managed the asset allocation of 39% Broad Market Fixed Income Pool, 44% Domestic Equity Pool and 17% International Equity Pool to yield a greater rate of return than its current investment in the Gefonsi fund earns.

The above investment management costs include external investment management fees, audit, accounting and custody fees. These costs are projected based on median market returns based on Callan and Associates, March 2007, capital market assumptions.

Prepared by: Susan Taylor, Comptroller Phone 465-2352
 Division: Treasury Division Date/Time Tuesday, 9:17 am
 Approved by: Brian Andrews, Deputy Commissioner Date 4/24/2007
 Agency: Department of Revenue

Amended
Pg 2

HOUSE BILL NO. 238

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE MEYER

Introduced: 4/16/07

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the response account of the oil and hazardous substance release
2 prevention and response fund; and providing for an effective date."

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

4 * Section 1, AS 43.55.221(a) is amended to read:

5 (a) Not later than 30 days after the end of each calendar quarter, the
6 commissioner of administration shall determine, as of the end of that quarter, the fiscal
7 year's

8 (1) unreserved and unobligated balance in the response account of the
9 oil and hazardous substance release prevention and response fund established in
10 AS 46.08.010; for purposes of this paragraph, the "unreserved and unobligated balance
11 in the response account" means the cash balance of the account, plus any net
12 unrealized loss of the subaccount established in AS 46.08.025(c), minus [LESS]
13 the sum of

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

- 1 (B) encumbrances of money in the account; and
- 2 (C) other liabilities of the account;

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

5 (3) the balance of the response mitigation account established by
 6 AS 46.08.025(b) that originated from the sources described in AS 46.08.025(a)(3) and
 7 that is available for appropriation to the response account of the fund established in
 8 AS 46.08.010.

9 * Sec. 2. AS 46.08.020(c) is amended to read:

10 (c) The realized income of the subaccount established in AS 46.08.025(c)
 11 and the interest earned on the balances of each of the following accounts shall be
 12 deposited into the general fund and credited to the prevention account in the fund:

- 13 (1) the prevention account;
- 14 (2) the prevention mitigation account;
- 15 (3) the response account; and
- 16 (4) the response mitigation account.

17 * Sec. 3. AS 46.08.025 is amended by adding a new subsection to read:

18 (c) A subaccount is established in the response account in the fund consisting
 19 of appropriations from the response account. Money in the subaccount shall be
 20 invested to yield higher returns than might be feasible to obtain with other money in
 21 the response account. In establishing or modifying the investment policy for the
 22 subaccount, the commissioner of revenue shall assume that those funds will not be
 23 needed for at least five years. However, expenditures shall be made from the
 24 subaccount whenever the amount outside of the subaccount is insufficient to meet
 25 obligations of the response account.

26 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
 27 read:

28 TRANSITION. On the effective date of this Act, the Department of ~~Revenue~~ *Administration* shall
 29 transfer \$40,000,000 from the response account of the oil and hazardous substance release
 30 prevention and response fund (AS 46.08.010(a)(2)) to the subaccount established in
 31 AS 46.08.025(c), enacted in sec. 3 of this Act.

1 * Sec. 5. This Act takes effect July 1, 2007.



REPRESENTATIVE KEVIN MEYER

HOUSE DISTRICT 30

Sponsor Statement for HB 238

"An Act relating to the response account of the oil and hazardous substance release prevention and response fund; and providing for an effective date."

The Response Fund was established in 1986 to provide a readily available source of funding to investigate, contain, clean up and take other action necessary to protect the public and environment from the release or threatened release of hazardous substances.

In 1994 the Response Fund was divided into the Response and Prevention Accounts. The Prevention Account provides operating funds for the Department of Environmental Conservation's Division of Spill Prevention and Emergency Response while the Response Account is maintained for declared disasters and other emergencies. Earnings from the \$50,000,000 Response Account are deposited in the Prevention Account.

House Bill 238 creates a sub-account within the Response Account and directs the Commissioner of Revenue to manage the sub-account to generate a higher rate of return. Since its inception, the Response Account has been managed along with the General Fund and in the last three years has generated a rate of return between 1% and 3%. In 2000 a sub-account was established in the Constitutional Budget Reserve (CBR) that is similar to the one created in HB 238. In the last three years the CBR sub-account has earned between 1% and 7.5% more each fiscal year than the rest of the CBR.

HB 238 maximizes the rate of return on the \$50,000,000 Response Account, while maintaining adequate reserves to respond to an emergency. Generating more earnings from the Response Account will help make the Prevention Account, where expenditures have consistently exceeded revenues, sustainable. A sustainable Prevention Account provides predictable funding for Alaska's spill response infrastructure and will help prevent the emergencies the Response Account is designed for.



REPRESENTATIVE KEVIN MEYER

HOUSE DISTRICT 30

MEMORANDUM

DATE: April 19, 2007
TO: Representative Kevin Meyer
FROM: Mike Pawlowski
RE: Sectional Analysis for HB 238
(Version No. 25 - LS0853A)

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adjusts the formula used by the Commissioner of Administration to calculate the quarterly balance of the Response Account by requiring the addition of net losses to the beginning balance of the account.

Section 2. Adds realized income of the subaccount created in section 3 to allow the transfer of earnings to the Prevention Account.

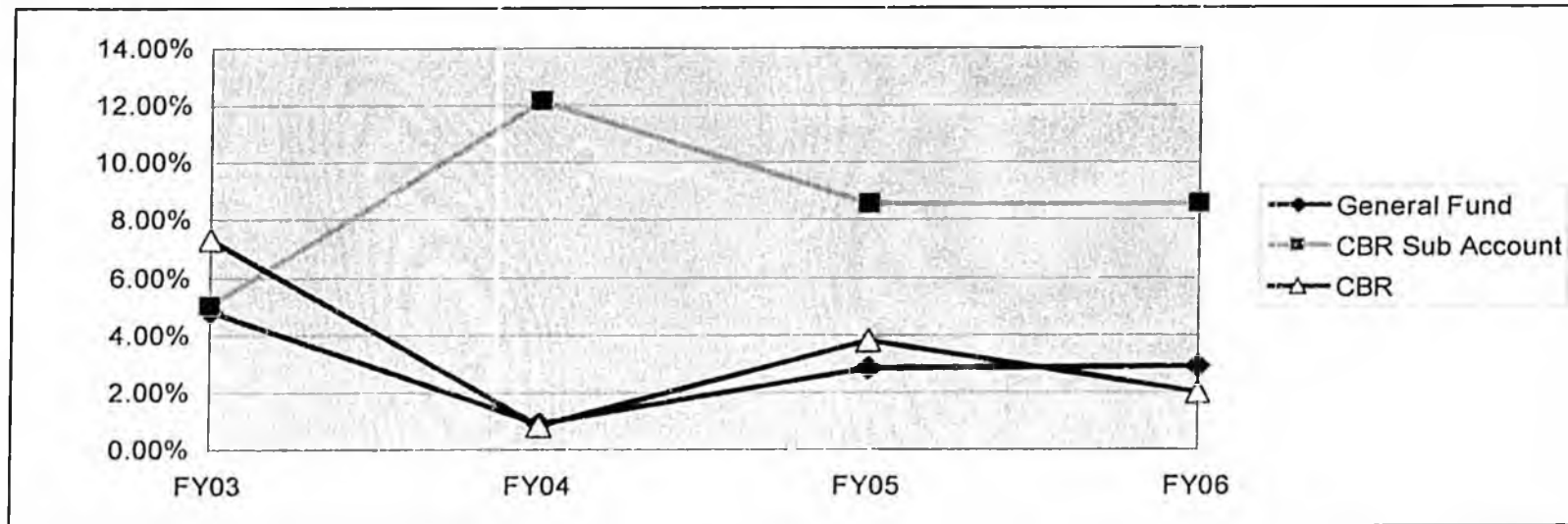
Section 3. Creates a sub account in the Response Account and directs the Commissioner of Revenue to manage the subaccount based on a five year, rather than cash basis.

Section 4. Transfers \$40,000,000 from the Response Account to the subaccount created in section 3.

Section 5. Effective date clause.

Annual Returns for the CBR, CBR Sub Account & the General Fund

Prepared by Representative Meyer's Office



1, 3 & 5 Year Returns for the General Fund, CBR & CBR Sub Account

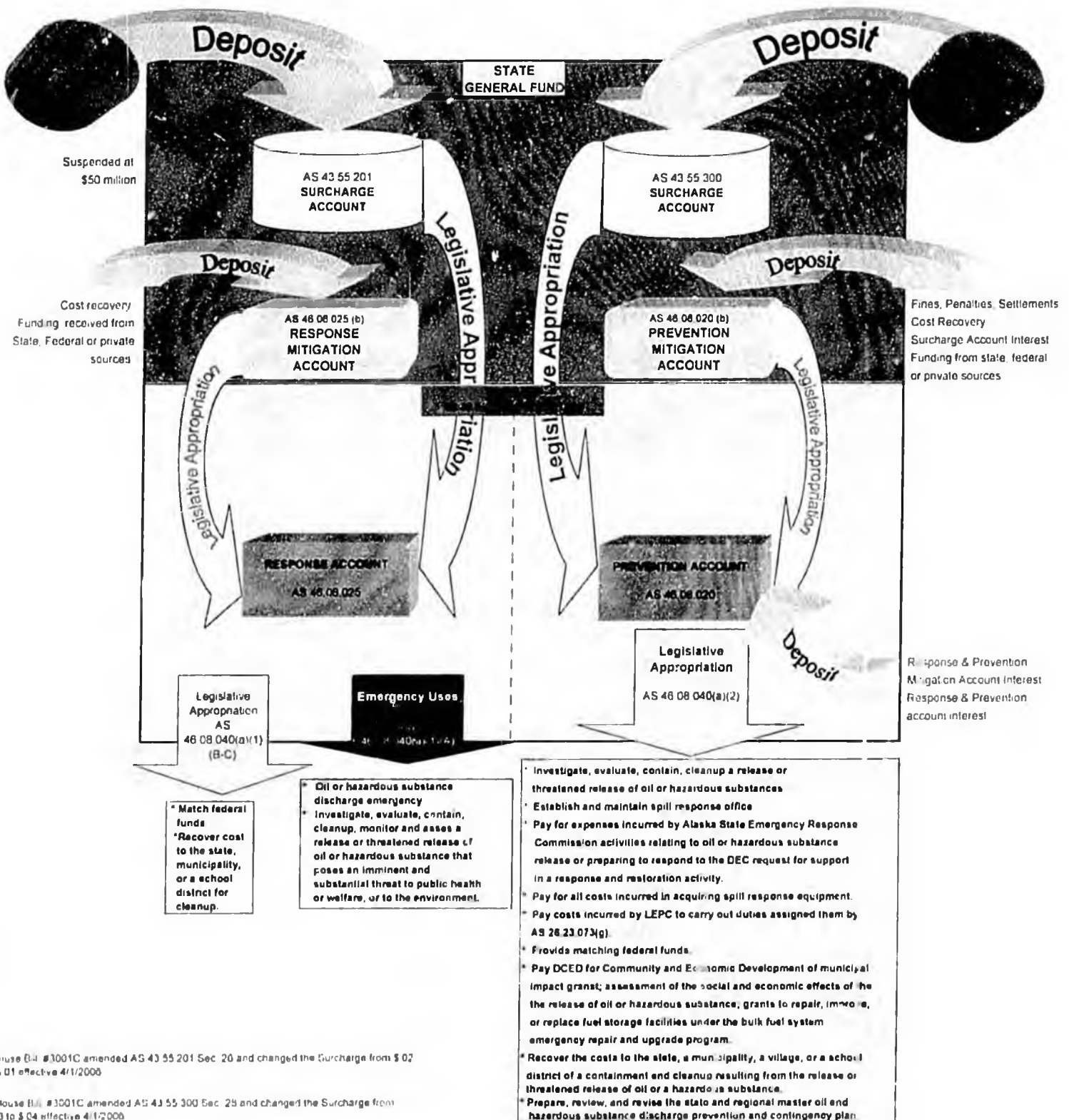
	1 Year	3 Year	5 Year
General Fund	2.92%	2.22%	3.22%
CBR	1.98%	2.19%	3.97%
CBRF Sub Account	8.57%	9.74%	5.55%

Extrapolated Difference in Earnings Based on 40/10 Split¹

	2003	2004	2005	2006
Status Quo	\$52,410,000	\$50,460,000	\$51,420,000	\$51,460,000
HB 238	\$52,490,000	\$54,944,000	\$53,700,000	\$53,720,000
Difference:	\$80,000	\$4,484,000	\$2,280,000	\$2,260,000

¹ \$40,000,000 invested in the subaccount assuming CBR subaccount returns / \$10,000,000 invested in GF assuming GF returns. No fees are included.

Oil & Hazardous Substance Release Prevention and Response Fund



DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Overview - Response Fund Projections

2/12/2007

General Assumptions:

- There is no change to the 1¢/barrel surcharge funding *Response Account* activities.
- Revenue = \$2.4 million for each 1¢ per barrel increase;
- Increase is effective for FY2008, making Revenue available by FY2009
- Direct Appropriations continue to other Agencies.
- Personal Services salary & benefit costs continue to increase.
- Continued program commitment to find \$.5 million in savings each year.

NOTE: *Surcharge revenue is not available for spending until the year after it is collected.*

1¢ Increase - Projected Impacts

- ▶ Changes the surcharge funding *Prevention Account* activities from 4¢ to 5¢;
- ▶ Revenue increase = \$2.4 million per year.
- ▶ Fee revenues are added for potential FY2008 Legislation.
- ▶ No additional appropriations for Pipeline Corrosion issues.
- ▶ No additional Capital appropriations for Contaminated Sites cleanup.
- ▶ Program savings of \$500.0 per year is still required.

Impacts:

- a. Projected depletion of fund is extended 1 year to FY2010;
- b. Expenditures continue to exceed Revenues in all years;

2¢ Increase - Projected Impacts

- ▶ Changes the surcharge funding *Prevention Account* activities from 4¢ to 6¢;
- ▶ Revenue increase = \$4.8 million per year.
- ▶ Fee revenues are added for potential FY2008 Legislation.
- ▶ No additional appropriations for Pipeline Corrosion issues.
- ▶ No additional Capital appropriations for Contaminated Sites cleanup.
- ▶ Program savings of \$500.0 per year is still required.

Impacts:

- a. Projected depletion of fund is extended past FY2011;
- b. Expenditures begin to exceed Revenues again in FY2012;
- c. Small increase in fund balance, captured in FY2009 & FY2010, will help sustain the fund a bit past FY2011, if there are no increases in appropriations for pipeline integrity, contaminated sites cleanup, or other issues.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Overview - Response Fund Projections

2/12/2007

General Assumptions:

- There is no change to the 1¢/barrel surcharge funding *Response Account* activities.
- Revenue = \$2.4 million for each 1¢ per barrel increase;
- Increase is effective for FY2008, making Revenue available by FY2009
- Direct Appropriations continue to other Agencies.
- Personal Services salary & benefit costs continue to increase.
- Continued program commitment to find \$.5 million in savings each year.

NOTE: *Surcharge revenue is not available for spending until the year after it is collected.*

3¢ Increase - Projected Impacts

- ▶ Changes the surcharge funding *Prevention Account* activities from 4¢ to 7¢;
- ▶ Revenue increase = \$7.2 million per year.
- ▶ Fee revenues are added for potential FY2008 Legislation.
- ▶ Appropriations for Pipeline Integrity are possible.
- ▶ Capital appropriations for Contaminated Sites are possible.
- ▶ Program savings of \$500.0 per year is still required.

Impacts:

- a. Funding is available for Pipeline issues.
- b. Some Contaminated Site cleanups are funded through Capital Budgets.
- c. A fund balance exists well after FY2011;
- d. Expenditures do not exceed Revenues after FY2009;
- e. Small increases in fund balance continue through FY2012, providing a small cushion within the fund.

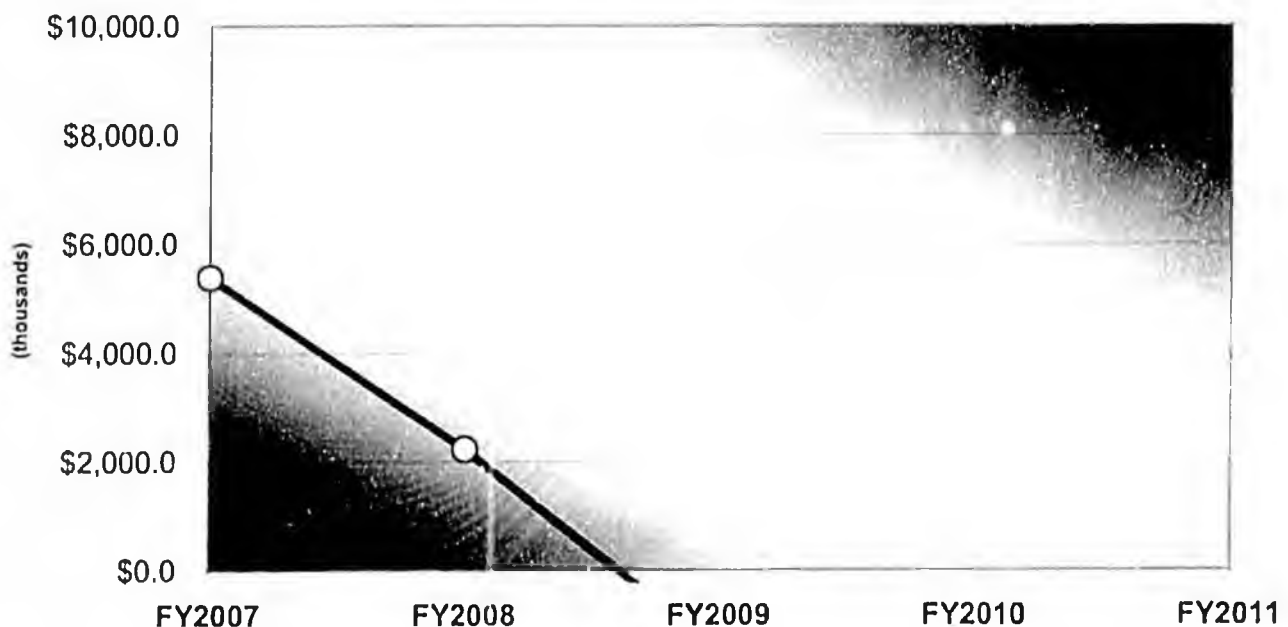
**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
RESPONSE FUND**

*PREVENTION ACCOUNT - BALANCE PROJECTION
1¢ - 4¢ PROJECTION*

2/12/2007

	FY2006 FUND BALANCE	7,166.6				
	FY2007	FY2008	FY2009	FY2010	FY2011	
REVENUE to PREVENTION ACCOUNT	12,952.5	12,477.5	12,550.0	12,550.0	12,550.0	
4 Cent Surcharge (Fall 2006 Revenue Sources Book)	7,758.7	9,700.0	9,800.0	9,800.0	9,800.0	
Cost Recovery/Fines/Penalties	2,143.8	1,527.5	1,500.0	1,500.0	1,500.0	
Interest	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0	
Transfers to the RF from other Funds	1,800.0					
TOTAL EXPENDITURES	14,725.0	15,637.5	16,237.5	16,837.5	17,437.5	
BUDGETED OPERATING EXPENDITURES	14,725.0	15,637.5	16,237.5	16,837.5	17,437.5	
DEC + Annual Salary Increases - FY2009 and Out Yrs	13,402.4	14,814.9	15,414.9	16,014.9	16,614.9	
DMVA -	497.6	497.6	497.6	497.6	497.6	
DOT - Continue Annual Approp from RF	825.0	825.0	825.0	825.0	825.0	
UNEXPENDED (estimated for 2008-2010)		(500.0)	(500.0)	(500.0)	(500.0)	
Proposed Changes	0.0	0.0	0.0	0.0	0.0	
DEC OPERATING						
DOT OPERATING						
DMVA OPERATING						
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	
ESTIMATED PREVENTION ACCOUNT BALANCE	5,394.1	2,234.1	(1,453.4)	(5,740.9)	(10,628.4)	
EXPENDITURES IN EXCESS OF REVENUE	(1,772.5)	(3,160.0)	(3,687.5)	(4,287.5)	(4,887.5)	

PREVENTION ACCOUNT BALANCE



**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
RESPONSE FUND**

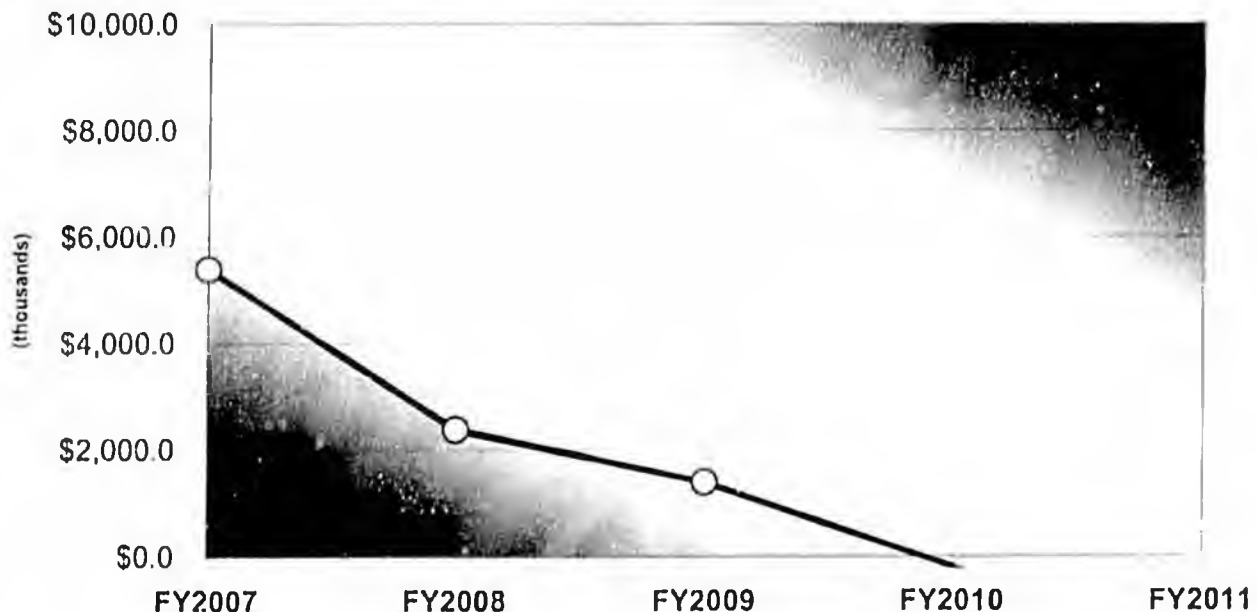
*PREVENTION ACCOUNT - BALANCE PROJECTION
1¢ / 5¢ SPLIT - IMPACT OF 1¢ INCREASE IN PREVENTION ACCOUNT SURCHARGE*

2/12/2007

	FY2006 FUND BALANCE	7,166.6			
	FY2007	FY2008	FY2009	FY2010	FY2011
REVENUE to PREVENTION ACCOUNT	12,952.5	12,627.5	15,250.0	15,250.0	15,250.0
4 Cent Surcharge (Fall 2006 Revenue Sources Book)	7,758.7	9,700.0	9,800.0	9,800.0	9,800.0
Increase Surcharge to 5¢ per barrel	0.0	0.0	2,400.0	2,400.0	2,400.0
*New Legislation FY2008: Fee Bill		150.0	300.0	300.0	300.0
Cost Recovery/Fines/Penalties	2,143.8	1,527.5	1,500.0	1,500.0	1,500.0
Interest	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
Transfers to the RF from other Funds	1,800.0				
TOTAL EXPENDITURES	14,725.0	15,637.5	16,237.5	16,837.5	17,437.5
BUDGETED OPERATING EXPENDITURES	14,725.0	15,637.5	16,237.5	16,837.5	17,437.5
DEC + Annual Salary Increases - FY2009 and Out Yrs	13,402.4	14,814.9	15,414.9	16,014.9	16,614.9
DMVA -	497.6	497.6	497.6	497.6	497.6
DOT - Continue Annual Approp from RF	825.0	825.0	825.0	825.0	825.0
UNEXPENDED (estimated for 2008-2010)		(500.0)	(500.0)	(500.0)	(500.0)
Proposed Changes	0.0	0.0	0.0	0.0	0.0
DEC OPERATING					
DOT OPERATING					
DMVA OPERATING					
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0
ESTIMATED PREVENTION ACCOUNT BALANCE	5,394.1	2,384.1	1,396.6	(190.9)	(2,378.4)
EXPENDITURES IN EXCESS OF REVENUE	(1,772.5)	(3,010.0)	(987.5)	(1,587.5)	(2,187.5)

**Estimated impacts of fee legislation, if proposed for FY2008*

PREVENTION ACCOUNT BALANCE



**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
RESPONSE FUND**

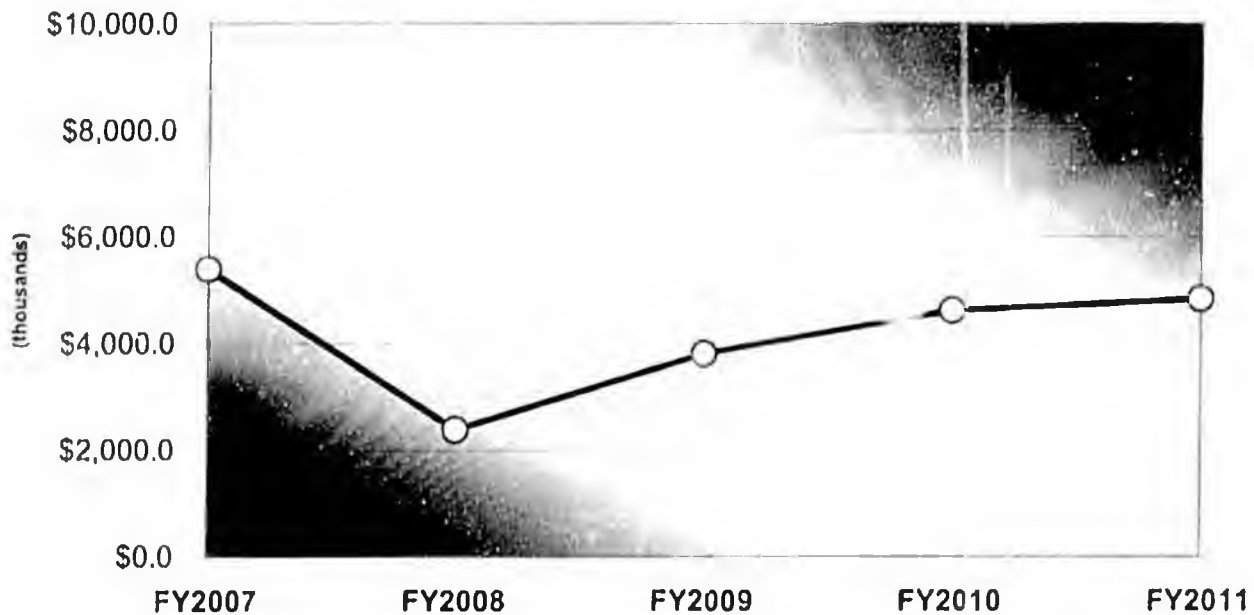
*PREVENTION ACCOUNT - BALANCE PROJECTION
1¢ / 6¢ SPLIT - IMPACT OF 2¢ INCREASE IN PREVENTION ACCOUNT SURCHARGE*

2/12/2007

	FY2006 FUND BALANCE	7,166.6			
	FY2007	FY2008	FY2009	FY2010	FY2011
REVENUE to PREVENTION ACCOUNT	12,952.5	12,627.5	17,650.0	17,650.0	17,650.0
4 Cent Surcharge (<i>Fall 2006 Revenue Sources Book</i>)	7,758.7	9,700.0	9,800.0	9,800.0	9,800.0
Increase Surcharge to 6¢ per barrel	0.0	0.0	4,800.0	4,800.0	4,800.0
New Legislation FY2008: Fee Bill		150.0	300.0	300.0	300.0
Cost Recovery/Fines/Penalties	2,143.8	1,527.5	1,500.0	1,500.0	1,500.0
Interest	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
Transfers to the RF from other Funds	1,800.0				
TOTAL EXPENDITURES	14,725.0	15,637.5	16,237.5	16,837.5	17,437.5
BUDGETED OPERATING EXPENDITURES	14,725.0	15,637.5	16,237.5	16,837.5	17,437.5
DEC + Annual Salary Increases - FY2009 and Out Yrs	13,402.4	14,814.9	15,414.9	16,014.9	16,614.9
DMVA -	497.6	497.6	497.6	497.6	497.6
DOT - Continue Annual Approp from RF	825.0	825.0	825.0	825.0	825.0
UNEXPENDED (estimated for 2008-2010)		(500.0)	(500.0)	(500.0)	(500.0)
Proposed Changes	0.0	0.0	0.0	0.0	0.0
DEC OPERATING					
DOT OPERATING					
DMVA OPERATING					
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0
ESTIMATED PREVENTION ACCOUNT BALANCE	5,394.1	2,384.1	3,796.6	4,609.1	4,821.6
EXPENDITURES IN EXCESS OF REVENUE	(1,772.5)	(3,010.0)	1,412.5	812.5	212.5

**Estimated impacts of fee legislation, if proposed for FY2008*

PREVENTION ACCOUNT BALANCE



**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
RESPONSE FUND**

**PREVENTION ACCOUNT - BALANCE PROJECTION
1¢ / 7¢ SPLIT - IMPACT OF 3¢ INCREASE IN PREVENTION ACCOUNT SURCHARGE**

2/12/2007

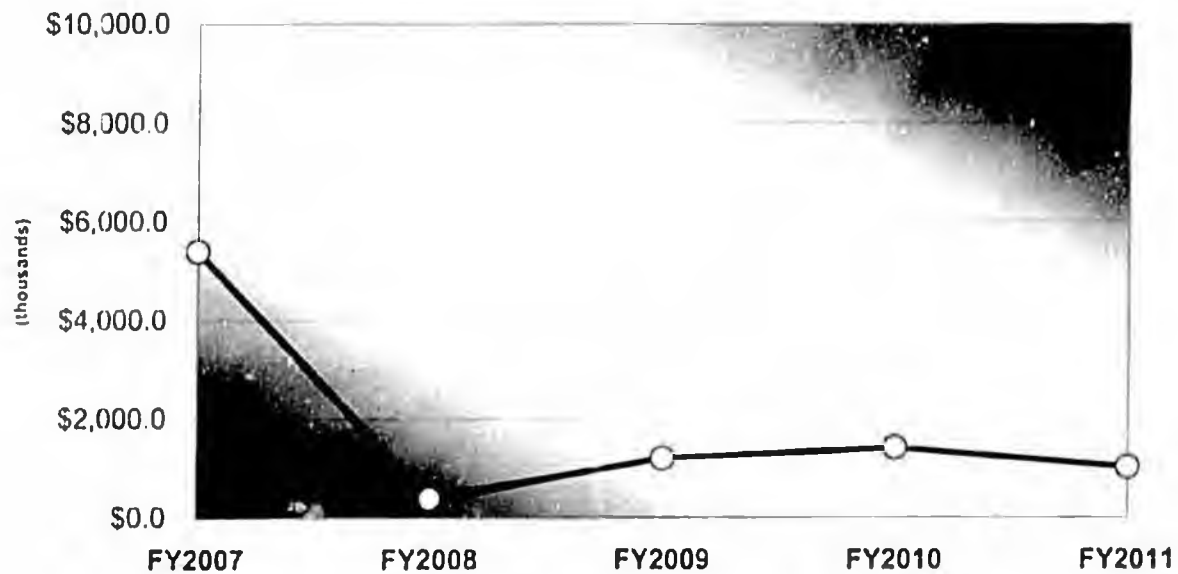
	FY2006 FUND BALANCE	FY2007	FY2008	FY2009	FY2010	FY2011
REVENUE to PREVENTION ACCOUNT	7,166.6	12,952.5	12,627.5	20,050.0	20,050.0	20,050.0
4 Cent Surcharge (Fall 2006 Revenue Sources Book)		7,758.7	9,700.0	9,800.0	9,800.0	9,800.0
Increase Surcharge to 7¢ per barrel		0.0	0.0	7,200.0	7,200.0	7,200.0
New Legislation FY2008: Fee Bill			150.0	300.0	300.0	300.0
Cost Recovery/Fines/Penalties		2,143.8	1,527.5	1,500.0	1,500.0	1,500.0
Interest		1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
Transfers to the RF from other Funds		1,800.0				
TOTAL EXPENDITURES		14,725.0	17,637.5	19,237.5	19,837.5	20,437.5
BUDGETED OPERATING EXPENDITURES		14,725.0	15,637.5	18,237.5	18,837.5	19,437.5
DEC + Annual Salary Increases - FY2009 and Out Yrs		13,402.4	14,814.9	16,414.9	17,014.9	17,614.9
DMVA -		497.6	497.6	497.6	497.6	497.6
DOT - Continue Annual Approp from RF		825.0	825.0	1,825.0	1,825.0	1,825.0
UNEXPENDED (estimated for 2008-2010)			(500.0)	(500.0)	(500.0)	(500.0)
Proposed Changes		0.0	1,000.0	0.0	0.0	0.0
** DEC OPERATING - Add: Pipeline Integrity			1,000.0			
DOT OPERATING						
DMVA OPERATING						
<i>Note: Proposed changes are listed in the first year but continue to impact operating expenditures in the out years.</i>						
CAPITAL EXPENDITURES		0.0	1,000.0	1,000.0	1,000.0	1,000.0
***DEC Capital - Add: Contaminated Sites Cleanup			1,000.0	1,000.0	1,000.0	1,000.0
ESTIMATED PREVENTION ACCOUNT BALANCE		5,394.1	384.1	1,196.6	1,409.1	1,021.6
EXPENDITURES IN EXCESS OF REVENUE		(1,772.5)	(5,010.0)	812.5	212.5	(387.5)

*Estimated impacts of fee legislation, if proposed for FY2008

** Amount is not a valid estimate of cost - was chosen for projection purposes only for pipeline issues

*** Amount is not a valid estimate of need - was chosen for projection purposes only

PREVENTION ACCOUNT BALANCE

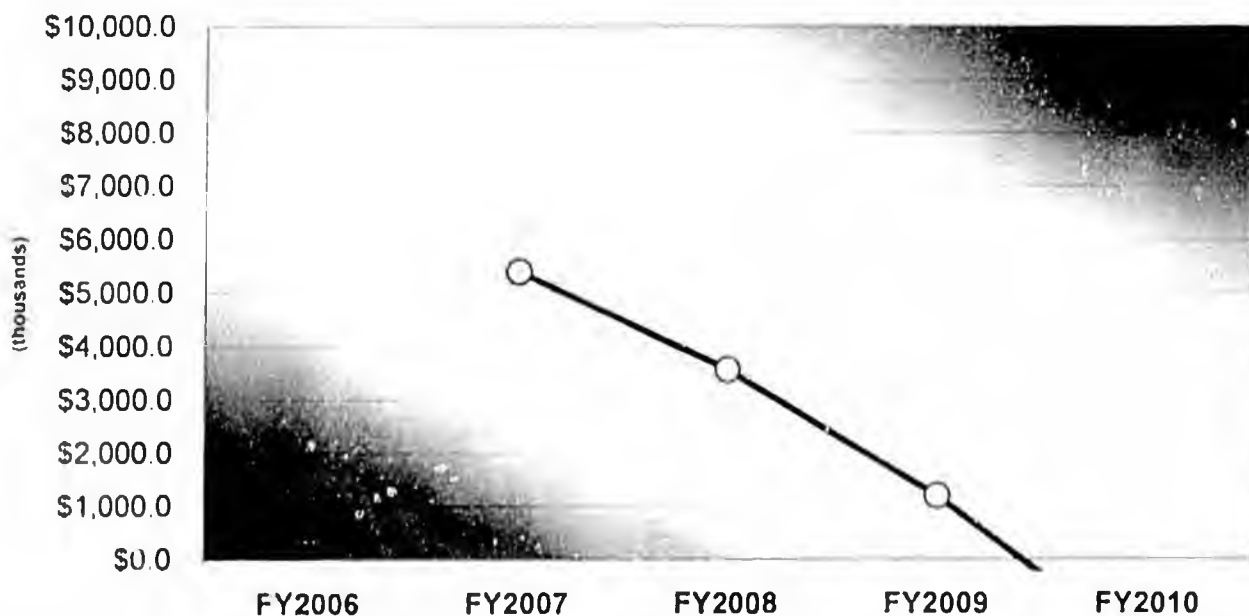


Representative Kevin Meyer
RESPONSE FUND - BALANCE PROJECTION
 Projection Based on the FY08 Operating Budget (House)
 Assumes Response Account Earnings of 2.5%

1

	FY2005 FUND BALANCE	7,782.7					
			FY2006	FY2007	FY2008	FY2009	FY2010
REVENUE			0.0	12,952.5	12,477.5	12,550.0	12,550.0
4 Cent Surcharge			0.0	7,758.7	9,700.0	9,800.0	9,800.0
Cost Recovery/Fines/Penalties			0.0	2,143.8	1,527.5	1,500.0	1,500.0
Interest			0.0	1,250.0	1,250.0	1,250.0	1,250.0
FY2007 Transfer 1.8 million from CPVF to RF (Language)			0.0	1,800.0	0.0		
 Note: Revenue from change effective 7/1/2006 will be available for use until FY2008 Budgets							
TOTAL EXPENDITURES			0.0	14,725.0	14,314.9	14,914.9	15,514.9
EXPENDITURES IN EXCESS OF REVENUE			0.0	(1,772.5)	(1,837.4)	(2,364.9)	(2,964.9)
OPERATING EXPENDITURES			0.0	14,725.0	14,314.9	14,914.9	15,514.9
DEC + Annual Salary Increases - FY2008 and Out Yrs			0.0	13,402.4	14,814.9	15,414.9	16,014.9
DMVA - Continue Annual Approp from RF			0.0	497.6	0.0	0.0	0.0
DOT - Continue Annual Approp from RF			0.0	825.0	0.0	0.0	0.0
Reduce CPVEC in operating					0.0	0.0	0.0
Unexpended				0.0	(500.0)	(500.0)	(500.0)
Proposed Changes			0.0	0.0	0.0	0.0	0.0
DEC OPERATING				0.0			
DOT OPERATING				0.0			
DMVA OPERATING				0.0			
CAPITAL EXPENDITURES			0.0	0.0	0.0	0.0	0.0
ESTIMATED FUND BALANCE				5,394.1	3,556.7	1,191.8	(1,773.1)

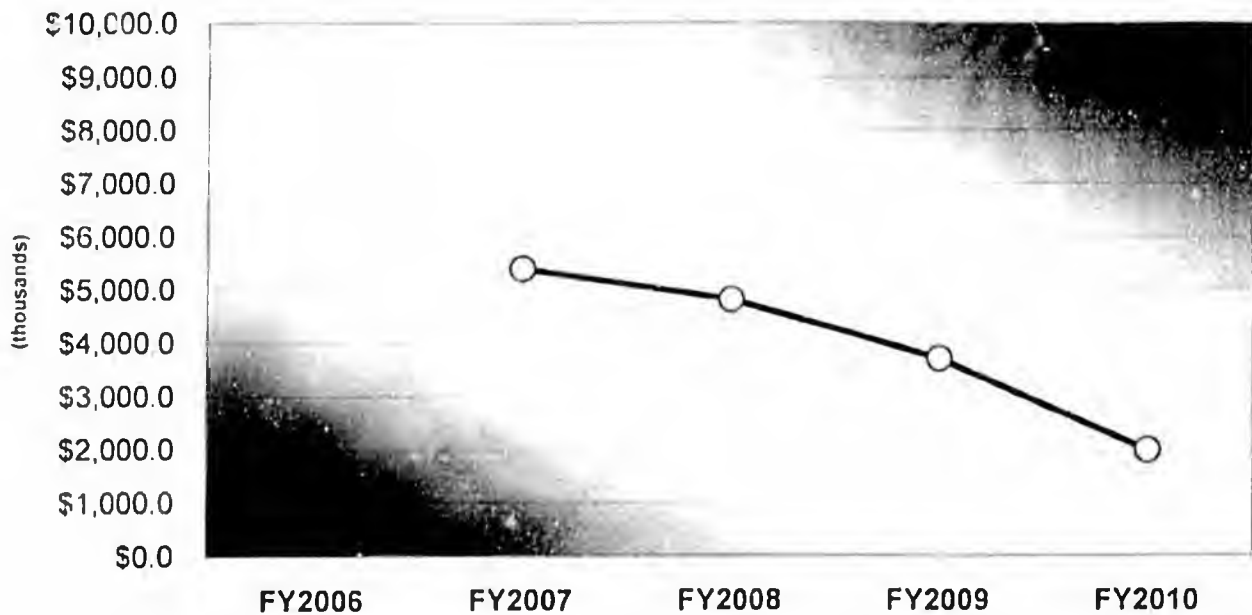
RESPONSE FUND BALANCE



Representative Kevin Meyer
RESPONSE FUND - BALANCE PROJECTION
 Projection Based on the FY08 Operating Budget (House)
 HB 238: Assumes Response Account Earnings of 5%

	FY2005 FUND BALANCE	7,782.7	FY2006	FY2007	FY2008	FY2009	FY2010
REVENUE			0.0	12,952.5	13,727.5	13,800.0	13,800.0
4 Cent Surcharge			0.0	7,758.7	9,700.0	9,800.0	9,800.0
Cost Recovery/Fines/Penalties			0.0	2,143.8	1,527.5	1,500.0	1,500.0
Interest			0.0	1,250.0	2,500.0	2,500.0	2,500.0
FY2007 Transfer 1.8 million from CPVF to RF (Language)			0.0	1,800.0	0.0		
<p style="margin-left: 20px;">Note: Revenue from change effective 7/1/2006 will be available for use until FY2008 Budgets</p>							
TOTAL EXPENDITURES			0.0	14,725.0	14,314.9	14,914.9	15,514.9
EXPENDITURES IN EXCESS OF REVENUE			0.0	(1,772.5)	(587.4)	(1,114.9)	(1,714.9)
OPERATING EXPENDITURES			0.0	14,725.0	14,314.9	14,914.9	15,514.9
DEC + Annual Salary Increases - FY2008 and Out Yrs			0.0	13,402.4	14,814.9	15,414.9	16,014.9
DMVA - Continue Annual Approp from RF			0.0	497.6	0.0	0.0	0.0
DOT - Continue Annual Approp from RF			0.0	825.0	0.0	0.0	0.0
Reduce CPVEC in operating					0.0	0.0	0.0
Unexpended				0.0	(500.0)	(500.0)	(500.0)
Proposed Changes			0.0	0.0	0.0	0.0	0.0
DEC OPERATING				0.0			
DOT OPERATING				0.0			
DMVA OPERATING				0.0			
CAPITAL EXPENDITURES			0.0	0.0	0.0	0.0	0.0
ESTIMATED FUND BALANCE				5,394.1	4,806.7	3,691.8	1,976.9

RESPONSE FUND BALANCE



Department of Environmental Conservation
Division of Spill Prevention and Response

RESPONSE ACCOUNT

EXPENDITURE HISTORY SINCE INCEPTION (10/2/1994 to PRESENT)

(\$ Thousands)

SITE DESCRIPTION	EXPENDITURES	ENCUMBRANCE
LDF (GC-1) FLOWLINE	\$ 5.2	\$ -
FV GENIE MARU #7,	\$ 16.6	\$ -
FV AMERICAN EAGLE	\$ 51.5	\$ -
M/V SELENDANG AYU	\$ 2,187.6	\$ 6.2
NRDA ISSUS/SELENDANG	\$ 12.6	\$ -
GC-2 OIL TRANSIT LINE	\$ 143.4	\$ 85.0
FLOW ST 2 TRAN OIL LINE RELEASE	\$ 96.5	\$ 14.6
GC2 TANK 8511 SPILL	\$ 10.8	\$ -
ENI ROCK FLOUR #2	\$ 10.8	\$ -
TRANS AK RGV-32	\$ 9.9	\$ -
GC2/FS2 DOL REVIEW	\$ 182.5	\$ 8,570.5
TUNTUTLIAK TF GAS SPILL	\$ 5.4	\$ -
LITTLE SUSITNA RIVER	\$ 1.1	\$ -
TETLIN DIESEL SPILL	\$ 2.3	\$ -
WOMENS BAY KODIAK 96	\$ 1.5	\$ -
NORDALE ROAD DRUMS	\$ 9.0	\$ -
NAVY ARCTIC SUB LAB	\$ 10.7	\$ -
THOMPSON PASS TRANS.	\$ 2.5	\$ -
DENNY PROPERTIES	\$ 119.2	\$ -
VMT 1/10/97	\$ 16.3	\$ -
M/V KUROSHIMA	\$ 562.9	\$ -
CROWLEY BARGE OVERTURN	\$ 7.4	\$ -
6 MILE GROUNDWATER	\$ 21.2	\$ -
GAFFNEY ST AREA WIDE	\$ 103.6	\$ -
BETTY KING	\$ 4.0	\$ -
ARCO DS 16	\$ 1.1	\$ -
EAST POINT SEAFOOD PROCESSOR	\$ 4.6	\$ -
MILNE POINT ROLLOVER	\$ 2.6	\$ -
SAVOOGNA DRUM INVESTIGATION	\$ 4.0	\$ -
HOOPER BAY YUTANA	\$ 1.4	\$ -
EAGLE ASBESTOS	\$ 137.9	\$ -
SADDLE AVE DRUMS	\$ 5.2	\$ -
WHITTIER IMPOUND YARD	\$ 34.5	\$ -
FV RONNY AGROUND	\$ 2.2	\$ -
EULA STREET DRUMS	\$ 3.2	\$ -
NINILCHIK R SULPHUR	\$ 13.1	\$ -
COLVILLE INC ROLLOVER	\$ 30.1	\$ -
CHESAPEAKE TRADER	\$ 8.1	\$ -
ARRC CANYON DERAILMENT	\$ 16.8	\$ -
NORTH COAST/KOYUK	\$ 3.4	\$ -
FLAXMAN ISLAND	\$ 2.3	\$ -
PERP Z PAD	\$ 3.0	\$ -
341 PARKS HIGHWAY DR	\$ 6.4	\$ -
LITTLE DIOMEDE SPILL	\$ 72.9	\$ -
UMIAT WELL #8 GAS	\$ 9.6	\$ -
WILDERNESS ADVENTURES	\$ 31.3	\$ -
SPIRIT OF '98	\$ 9.0	\$ -
WHITTIER STORM DRAIN	\$ 7.9	\$ -
ICICLE SEAFOODS EXPLOSION	\$ 4.6	\$ -

Department of Environmental Conservation
Division of Spill Prevention and Response

SITE DESCRIPTION	EXPENDITURES	ENCUMBRANCE
LILLY LAKE CONDOS	\$ 7.1	\$ -
KODIAK MYSTERY SHEEN	\$ 3.9	\$ -
SWANSON RIVER FIELD	\$ 22.0	\$ -
GOODNEWS BAY SPILL	\$ 10.8	\$ -
POLARIS SCHOOL ABANDONED DRUMS	\$ 20.5	\$ -
F/V WINDY BAY	\$ 24.9	\$ -
TESORO JET FUEL SPILL	\$ 11.1	\$ -
VESSEL QP SINKING	\$ 5.0	\$ -
VILLAGE COMMUNITIES	\$ 8.0	\$ -
6 MILE TRUCK STOP	\$ 54.1	\$ -
APL CHECK VALVE 92	\$ 10.1	\$ -
AIA DRUMS	\$ 4.6	\$ -
AK RAILROAD MI 263.4	\$ 245.3	\$ -
MCCALL PROPERTY	\$ 82.4	\$ -
ARRC MP 152.8	\$ 6.8	\$ -
TOKSOOK BAY	\$ 1.0	\$ -
TOKSOOK BAY	\$ 358.7	\$ -
THANE RD BUNKER	\$ 1.5	\$ -
FORWARD PAD RF	\$ 173.1	\$ -
MP399 TAPS BULLET HOLE RELEASE	\$ 139.3	\$ -
U PAD ACID SPILL/TRUCK ROLLOVER	\$ 36.9	\$ -
PEDRO BAY POWER PLANT	\$ 105.0	\$ -
RIVER TERRACE LAUNDROMAT	\$ 693.0	\$ -
GOLD CREEK WHITE	\$ 23.3	\$ -
INDIAN VALLEY	\$ 16.0	\$ -
WAINWRIGHT SCHOOL	\$ 1.1	\$ -
INDUSTRIAL RD DRM	\$ 3.5	\$ -
NIEUW AMSTERDAM	\$ 4.1	\$ -
WINDRAY	\$ 13.9	\$ -
KOYUKUK RIV FLOOD	\$ 3.1	\$ -
SUB-TOTAL	\$ 6,099.9	\$ 8,676.3

CIP BUDGET APPROPRIATIONS

* NON-BILLABLE APPROPRIATIONS	3118.9	\$	718
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GRAND TOTAL	\$	9,218.8	\$	8,748.1
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Note: Site expenditures less than \$1.0 have been removed from this spreadsheet. This category represents approximately \$8.9. This amount is not reflected in the grand total.

* In addition to accessing the account for emergency spills, the Response Account was used during the mid to late 1990s to fund several CIP budget appropriations to agencies other than DEC. Cost recovery is not sought for non-billable appropriations. This data in this spreadsheet is preliminary.