

SB

158

<TARGET><BILL>SB 158</BILL><SUBJECT>SB
158</SUBJECT><COMM>SRES30</COMM></TARGET>

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Governor Bill Walker
STATE OF ALASKA

January 23, 2018

The Honorable Pete Kelly
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Kelly,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to cost recovery relief for homeowners.

This bill would offer cost recovery relief to homeowners when they have a release of oil or hazardous substance from equipment used for space heating or electrical power generation. Current statutes require the Department of Environmental Conservation to seek complete cost recovery for cleaning up spilled petroleum or other hazardous substances. This can deter homeowners from reporting or cooperating with the department when they experience a spill at their home, such as a spill from a heating oil tank.

This bill would allow the Department to waive all or a portion of response costs for cleanup for homeowners. Requirements are:

- Release was from piping, tankage, or other equipment solely used to heat an individual's home or residential building with no more than 4 housing units;
- The individual did not willfully or negligently fail to comply with spill prevention, reporting, and response requirements;
- The individual took immediate measures upon discovery of the release and provides reasonable assistance in the clean-up.

Allowing relief from cost recovery would result in more timely and efficient cleanup of these contaminated sites, which protects human health and the environment.

I urge your prompt and favorable action on this bill.

Sincerely,

A handwritten signature in cursive script that reads "Bill Walker".

Bill Walker
Governor

Enclosure



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Environmental Conservation

OFFICE OF THE COMMISSIONER

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SB158 – Oil/Hazardous Substance Cleanup Cost Recovery Relief for Homeowners

Sectional Analysis

Section 1 (Page 1, lines 4 -8): provides an exception to existing mandatory cost recovery requirements.

Section 2 (Page 1, line 9 – 13): allows the Department to adopt regulations to waive cost recovery efforts in situations defined by the proposed legislation.

Section 3 (e) (Page 1, line 14 – Page 2 line 16): Establishes reasons the Department may waive cost recovery efforts. The Department must find the release was from a home or building with four or fewer housing units; the release was not willful and was reported to the Department immediately; the homeowner took immediate measures to stop and contain the release; and the homeowner granted access to the property and is cooperative.

Section 4 (Page 2, lines 17-22): establishes the ability for the Department to adopt regulations.

Section 5 (Page 2, lines 23-26): makes sections 1-3 of the legislation retroactive to January 2018.

Section 6 (Page 2, line 27): allows the Department to adopt regulations under section 4 immediately.



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Environmental
Conservation

OFFICE OF THE COMMISSIONER

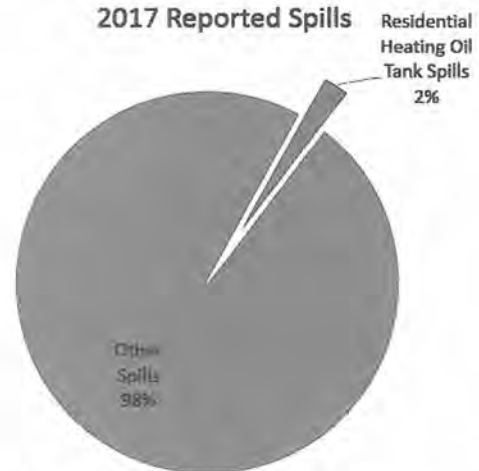
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House Bill 305 adds an exception to cost recovery statute AS 46.08.070 to allow leniency to homeowners in certain cases of fuel spills. The Department of Environmental Conservation Spill Prevention and Response Division (SPAR) responds to over 2,000 releases of fuel and other hazardous substances every year. In 2017, 50 of these occurred at homes and were related to the storage of home heating fuel.

Why stop recovering state costs for small fuel spills?

- Homeowners are reluctant to call SPAR for fear of receiving a bill. The change would encourage the reporting of releases so the Department can appropriately respond.
- Homeowners typically lack the expertise to safely clean up a release and cannot afford to pay a professional contractor to manage cleanup for them.
- A quick response is often cheaper and more effective than a slow one.
- Heating fuel spills can impact drinking water wells and introduce unsafe vapors in a home.
- Users of heating fuel pay a surcharge when they purchase refined fuel that supports the fund used to pay for most of SPAR's work.

2017 Reported Spills



What is the impact?

- Currently 150 active sites would be eligible as the bill is written.
- Average state costs for these sites can range anywhere from \$200 to \$4,000.
- The legislation does not remove liability for damages or responsibility to cleanup contamination.
- The bill allows DEC to forego cost recovery when providing technical assistance to a homeowner.
- Would reduce money going into the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund by approximately \$60,000 a year.



Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	SB 158
Fiscal Note Number:	1
(S) Publish Date:	1/24/2018

Identifier: DEC-SPAR-01-22-18
 Title: OIL/HAZARDOUS
 SUB.:CLEANUP/REIMBURSEMENT
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Environmental Conservation
 Appropriation: Spill Prevention and Response
 Allocation: Spill Prevention and Response
 OMB Component Number: 3094

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1052 Oil/Haz Fd (DGF)	(60.0)		(60.0)	(60.0)	(60.0)	(60.0)	(60.0)
Total	(60.0)	0.0	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
 If yes, by what date are the regulations to be adopted, amended or repealed? **01/01/20**

Why this fiscal note differs from previous version/comments:

Not applicable initial version.

Prepared By:	Kristin Ryan, Director	Phone:	(907)269-7604
Division:	Spill Prevention and Response	Date:	01/22/2018 02:30 PM
Approved By:	Alice Edwards, Deputy Commissioner	Date:	01/22/18
Agency:	Department of Environmental Conservation		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

This bill would offer cost recovery relief to homeowners or owners of residential buildings with four or fewer housing units when they have a release of oil from equipment used for space heating or electrical power generation. Containing fuel spills immediately substantially reduces costs for the responsible party as well as the State. It is difficult to quantify that savings to the State, but protracted, long-term cleanup on older spills is expensive and difficult.

Tracking releases associated with homeowners and residential buildings is already occurring within the Department of Environmental Conservation. The additional workload of verifying that responsible parties would qualify for exemption under this bill would be relatively minimal and would be absorbed by existing administrative staff.

Cost recovery fluctuates from year to year due to a variety of technical and logistical factors. Total cost recovery revenue relating to homeowners and residential buildings is \$60.0 per year on average. The Division expects a loss in cost recovery revenue of approximately \$60.0 annually, which constitutes a 3% reduction in overall expected cost recovery revenue.

The bill allows the Department to adopt regulations to waive cost recovery efforts in situations defined by the proposed legislation. Regulations will be adopted by 2020. The Division of Spill Prevention and Response will absorb the cost of promulgating regulations.