

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

SB 260 cont. - SB 264 644 235

4/28/89 ypm
Chenoweth

CSSB 260 ()

INCOME FROM NICKEL-PER-BARREL FEE:

	<u>Cumulative</u>
FY 90 = \$ 32,000,000	
FY 1st Q: \$ 8,000,000	\$ 8,000,000
FY 2nd Q: 8,000,000	16,000,000
FY 3rd Q: 8,000,000	24,000,000
FY 4th Q: <u>8,000,000</u>	32,000,000
\$32,000,000	
FY 91 = \$ 30,000,000	
FY 1st Q: \$ 7,500,000	39,500,000
FY 2nd Q: 7,500,000	47,000,000
FY 3rd Q: 7,500,000	54,500,000
FY 4th Q: <u>7,500,000</u>	62,000,000
\$30,000,000	
FY 92 = \$ 28,000,000	
FY 1st Q: \$ 7,000,000	69,000,000
FY 2nd Q: 7,000,000	76,000,000
FY 3rd Q: 7,000,000	83,000,000
FY 4th Q: <u>7,000,000</u>	90,000,000
\$28,000,000	
FY 93 = \$ 26,000,000	
FY 1st Q: \$ 6,500,000	96,500,000
FY 2nd Q: 6,500,000	103,000,000
FY 3rd Q: 6,500,000	109,500,000
FY 4th Q: <u>6,500,000</u>	116,000,000
\$26,000,000	
FY 94 = \$ 24,000,000	
FY 1st Q: \$ 6,000,000	122,000,000
FY 2nd Q: 6,000,000	128,000,000
FY 3rd Q: 6,000,000	134,000,000
FY 4th Q: <u>6,000,000</u>	140,000,000
\$24,000,000	
FY 95 = \$ 22,000,000	
FY 1st Q: \$ 5,500,000	145,500,000
FY 2nd Q: 5,500,000	151,000,000
FY 3rd Q: 5,500,000	156,000,000
FY 4th Q: <u>5,500,000</u>	162,000,000
\$22,000,000	

- 1 -

TK
 EXPENDITURES FROM OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND
 (AS 46.08.010):

		<u>Cumulative</u>
FY 90 = \$ 4,500,000	(\$4,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 1,125,000	\$ 1,125,000
FY 2nd Q:	1,125,000	2,250,000
FY 3rd Q:	1,125,000	3,375,000
FY 4th Q:	<u>1,125,000</u>	4,500,000
	\$ 4,500,000	

FY 91 = \$ 4,500,000	(\$4,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 1,125,000	\$ 5,625,000
FY 2nd Q:	1,125,000	6,750,000
FY 3rd Q:	1,125,000	7,875,000
FY 4th Q:	<u>1,125,000</u>	9,000,000
	\$ 4,500,000	

FY 92 = \$ 3,500,000	(\$3,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 875,000	\$ 9,875,000
FY 2nd Q:	875,000	10,750,000
FY 3rd Q:	875,000	11,625,000
FY 4th Q:	<u>875,000</u>	12,500,000
	\$ 3,500,000	

FY 93 = \$ 3,500,000	(\$3,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 875,000	\$13,375,000
FY 2nd Q:	875,000	14,250,000
FY 3rd Q:	875,000	15,125,000
FY 4th Q:	<u>875,000</u>	16,000,000
	\$ 3,500,000	

FY 94 = \$ 3,500,000	(\$3,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 875,000	\$16,875,000
FY 2nd Q:	875,000	17,750,000
FY 3rd Q:	875,000	18,625,000
FY 4th Q:	<u>875,000</u>	19,500,000
	\$ 3,500,000	

FY 95 = \$ 3,500,000	(\$3,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 875,000	\$20,375,000
FY 2nd Q:	875,000	21,250,000
FY 3rd Q:	875,000	22,125,000
FY 4th Q:	<u>875,000</u>	23,000,000
	\$ 3,500,000	

COMPUTATION -- NORMAL OPERATIONS, NO CATASTROPHIC DISCHARGES:

	<u>5c per barrel to</u> <u>general fund</u>	<u>Expended from</u> <u>AS 4C.08.010</u>	<u>Net</u>	<u>Tax on/off?</u>
FY 90:				
FY 1st Q:	\$ 8,000,000	\$ 1,125,000	\$ 6,875,000	On
FY 2nd Q:	16,000,000	2,250,000	13,750,000	On
FY 3rd Q:	24,000,000	3,375,000	20,625,000	On
FY 4th Q:	32,000,000	4,500,000	27,500,000	On <u>1/</u>
FY 91:				
FY 1st Q:	\$ 39,500,000	5,625,000	33,875,000	Cn
FY 2nd Q:	39,500,000	6,750,000	32,750,000	Off
FY 3rd Q:	39,500,000	7,875,000	31,625,000	Off
FY 4th Q:	39,500,000	9,000,000	30,500,000	Off
FY 92:				
FY 1st Q:	\$ 39,500,000	9,875,000	29,625,000	Off
FY 2nd Q:	39,500,000	10,750,000	28,750,000	Off
FY 3rd Q:	39,500,000	11,625,000	27,875,000	Off
FY 4th Q:	39,500,000	12,500,000	27,000,000	Off
FY 93:				
FY 1st Q:	\$ 39,500,000	13,375,000	26,125,000	Off
FY 2nd Q:	39,500,000	14,250,000	25,250,000	Off
FY 3rd Q:	39,500,000	15,125,000	24,375,000	Off <u>2/</u>
FY 4th Q:	39,500,000	16,000,000	23,500,000	Off
FY 94:				
FY 1st Q:	\$ 45,500,000	16,875,000	28,625,000	On <u>3/</u>
FY 2nd Q:	51,500,000	17,750,000	33,750,000	On
FY 3rd Q:	51,500,000	18,625,000	32,875,000	Off
FY 4th Q:	51,500,000	19,500,000	32,000,000	Off
FY 95:				
FY 1st Q:	\$ 51,500,000	20,375,000	31,175,000	Off
FY 2nd Q:	51,500,000	21,250,000	30,250,000	Off
FY 3rd Q:	51,500,000	22,125,000	29,325,000	Off
FY 4th Q:	51,500,000	23,000,000	28,500,000	Off

1/ Quarter closes 6/30/90; tax "off" effective 10/1/90

2/ Quarter closes 3/31/93; tax "on" effective 7/1/93

3/ Quarter closes 9/30/93; tax "off" effective 1/1/94

COMPUTATION -- CATASTROPHIC DISCHARGE, October 10, 1991,

Assumed cost to state for cleanup is \$20,000,000 in that quarter,
 \$ 5,000,000 in each of next following two quarters (\$ 30,000,000
 total) :

	<u>5c per barrel to general fund</u>	<u>Expended from AS 46.08.010</u>	<u>Net</u>	<u>Tax on/off?</u>
FY 90:				
FY 1st Q:	\$ 8,000,000	\$ 1,125,000	\$ 6,875,000	On
FY 2nd Q:	16,000,000	2,250,000	13,750,000	On
FY 3rd Q:	24,000,000	3,375,000	20,635,000	On
FY 4th Q:	32,000,000	4,500,000	27,500,000	On <u>1/</u>
FY 91:				
FY 1st Q:	\$ 39,500,000	5,625,000	33,875,000	On
FY 2nd Q:	39,500,000	6,750,000	32,750,000	Off
FY 3rd Q:	39,500,000	7,875,000	31,625,000	Off
FY 4th Q:	39,500,000	9,000,000	30,500,000	Off
FY 92:				
FY 1st Q:	\$ 39,500,000	9,875,000	29,625,000	Off
* FY 2nd Q:	39,500,000	30,750,000	8,750,000	Off <u>2/</u>
FY 3rd Q:	39,500,000	36,625,000	2,875,000	Off
FY 4th Q:	46,500,000	42,500,000	4,000,000	On
FY 93:				
FY 1st Q:	\$ 53,000,000	43,375,000	10,125,000	On
FY 2nd Q:	59,500,000	44,750,000	15,250,000	On
FY 3rd Q:	66,000,000	45,125,000	21,375,000	On
FY 4th Q:	72,500,000	46,000,000	26,500,000	On <u>3/</u>
FY 94:				
FY 1st Q:	\$ 78,500,000	46,875,000	31,625,000	On
FY 2nd Q:	78,500,000	47,750,000	30,750,000	Off
FY 3rd Q:	78,500,000	48,625,000	29,875,000	Off
FY 4th Q:	78,500,000	49,500,000	29,000,000	Off
FY 95:				
FY 1st Q:	78,500,000	50,375,000	28,125,000	Off
FY 2nd Q:	78,500,000	51,250,000	27,250,000	Off
FY 3rd Q:	78,500,000	52,125,000	26,375,000	Off
FY 4th Q:	78,500,000	53,000,000	25,500,000	Off

1/ Quarter closes 6/30/90; tax "off" effective 10/1/90

2/ Quarter closes 12/31/91; tax "on" effective 4/1/92

3/ Quarter closes 6/30/93; tax "off" effective 10/1/93

4/22/89

Fahrenkamp

A M E N D M E N T

OFFERED IN THE SENATE

BY THE RESOURCES COMMITTEE

TO: CSSB 260 (Oil & Gas)

Page 4, following line 1:

Insert a new bill section to read:

"* Sec. 3. APPLICATION OF AS 43.59.060. (a) AS 43.59.060, added by sec. 2 of this Act, does not apply to prevent the levy and collection of the severance tax imposed by AS 43.59 until the first day of the fiscal year next following the day on which the balance of the oil and hazardous substance release response fund first exceeds \$100,000,000.

(b) The commissioner of administration shall certify to the commissioner of environmental conservation, the commissioner of revenue, and the division of legislative finance the date on which the balance of the oil and hazardous substance release response fund first exceeds \$100,000,000."

Renumber the following bill section accordingly.

4/19/89 RAS, SFC

STATE OF ALASKA
1989 LEGISLATIVE SESSION

Bill Version: CS SB 260 (Oil & Gas)
Publish Date: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Severance tax on oil
Sponsor: Kerttula and Szymanski
Requestor: S. Spec. Comm. on Oil & Gas

Agency Affected: Department of Revenue
BRU: Oil & Gas Audit Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	32,000	30,000	28,000	26,000	23,000

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page for analysis.

Prepared By: Roger Marks
Division: Oil & Gas Audit Division

Phone: 277-5627
Date: April 17, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 4/17/89

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

CS SB 260
Fiscal Note Analysis

1. This bill imposes an additional severance tax on oil of \$.05 per barrel. This tax revenue is deposited into the general fund but a special accounting is to be kept of these deposits. Once the balance of deposits from this tax equals or exceeds \$100 million, the tax is discontinued until such time as the balance falls below \$100 million, at which point the tax is reimposed.
2. The FY 90 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.
3. The sum of revenue collected from this tax under our current assumptions from FY 90 through FY 94 is \$139 million, well above the \$100 million cap. The implied assumption made in this fiscal is that a significant portion of the revenue collected under this tax between FY 90 and FY 94 would be expended to ameliorate impacts of the EXXON/Valdez spill.
4. The volumes are based on the mid-price scenario of the Spring 1988 Department of Revenue forecast.

The following table illustrates the projected revenue potential of the \$.05 per barrel additional severance tax for FY 95 and beyond:

<u>Fiscal</u> <u>Year</u>	Future Years	
	<u>Annual</u> <u>\$(000)</u>	<u>Cumulative</u> <u>\$(000)</u>
1995	20,000	20,000
1996	17,000	37,000
1997	15,000	52,000
1998	13,000	65,000
1999	11,000	76,000
2000	9,000	85,000
2001	8,000	93,000
2002	7,000	100,000

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Severance tax on oil

Agency Affected: Department of Revenue
BRU: Oil & Gas Audit Division

Sponsor: Kerttula and Szymanski
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	32,000	30,000	28,000	26,000	23,000

FUNDING: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page for analysis.

Prepared By: Roger Marks
Division: Oil & Gas Audit Division

Phone: 277-5627
Date: April 10, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 4/11/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

SB 260
Fiscal Note Analysis

1. This bill imposes an additional severance tax on oil of 5¢ per barrel.
2. The FY 90 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.
3. The volumes are based on the mid-price scenario of the Spring 1989 Department of Revenue forecast.

Future Years

<u>Fiscal Year</u>	<u>\$ (000s)</u>
1995	20,000
1996	17,000
1997	15,000
1998	13,000
1999	11,000
2000	9,000
2001	8,000
2002	7,000
2003	6,000
2004	5,000
2005	4,000
2006	3,000
2007	3,000
2008	2,000

4/11/89
5(046)
LCS
FIN

STATE OF ALASKA
1989 LEGISLATIVE SESSION

Bill Version: SB 260
Publish Date: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Severance tax on oil
Sponsor: Kerttula and Szymanski
Requestor: S. Oil & Gas Committee

Agency Affected: Department of Revenue
BRU: Oil & Gas Audit Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	36,000	35,000	33,000	30,000	27,000

SB 260

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page for analysis.

Prepared By: Roger Marks Phone: 277-5627
Division: Oil & Gas Audit Division Date: April 7, 1989

Approved by Commissioner: Hugh Malone Date: 4/10/89
Agency: Department of Revenue

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

RECEIVED
APR 11 1989

SB 260
Fiscal Note Analysis

1. This bill imposes an additional severance tax on oil of 5¢ per barrel.
2. The FY 90 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.
3. The volumes are based on the mid-price scenario of the Spring 1989 Department of Revenue forecast.

Future Years

<u>Fiscal Year</u>	<u>\$ (000s)</u>
1995	23,000
1996	20,000
1997	17,000
1998	15,000
1999	13,000
2000	11,000
2001	9,000
2002	8,000
2003	6,000
2004	6,000
2005	4,000
2006	4,000
2007	3,000
2008	3,000

4/13/89
5 (215)
FIN

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
Title: * See below BRU: Finance
Sponsor: Kerttula and Szymanski Components: _____
Requestor: _____

* An Act levying a severance tax on oil and providing that all the proceeds of that tax may be appropriated to the oil and hazardous substance release response fund; and providing for an effective date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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)

No cost to the Division of Finance. The cost to set up central accounting for this can be absorbed in the existing budget.

Prepared By: Keith Busch, Director Phone: 465-2240
Division: Finance Date: 4/17/89

Approved by Commissioner: John M. Andrews Date: 4/17/89
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

RECEIVED
APR 18 1989

LEGISLATIVE FINANCE

58 260

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act levying a severance tax
on oil and providing for an effective date. BRU: Finance
 Sponsor: Kerttula and Szymanski Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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)

No cost to the Division of Finance. The cost to set up accounting for this can be absorbed in the existing budget.

Prepared by: Keith Busch, Director *Keith Busch* Phone: 465-2240
 Division: Finance Date: 4/13/89

Approved by Commissioner: John M. Andrews *[Signature]* Date: 4/13/89
 Agency: Department of Administration

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

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HOUSE COMMITTEE REPORT

(11)

Date Referred: May 5, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 5/6/89

The FINANCE Committee considered:

CSSB 260 (FINANCE) am

CS FOR SENATE BILL NO. 260 (Finance) am

[CONSERVATION SURCHARGE ON OIL]

"An Act imposing a conservation surcharge of \$.05 per barrel on oil subject to the oil and gas properties production tax; authorizing the appropriation of the proceeds of the surcharge to the oil and hazardous substance release (SEE ATTACHED FOR FULL TITLE)

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
- [] have attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [] ^(indeterminate) fiscal note(s) Rev. 4/29/89
- [] zero fiscal note(s) _____
- [] zero fn/analysis Admin 4/28/89

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

Lynn Hoffman Hoffman
Ronald J. Larson Larson
Cliff Swackhammer Swackhammer
Ray Brown Brown
Harjo Koponen Koponen
Tom Ulmer Ulmer
Ray Wallis Wallis

Signature	Do Not Pass	No Rec	Amend
<u>Dick Sholtz</u> Sholtz		<input checked="" type="checkbox"/>	
<u>Bob Phillips</u> Phillips		<input checked="" type="checkbox"/>	
<u>Steve Rieger</u> Rieger		<input checked="" type="checkbox"/>	

CO - Ronald J. Larson
 Chairman's Signature
 CO Lynn Hoffman

Revised 4/29/89

FISCAL NOTE

REQUEST:

Revision Date: April 28, 1989
Title: An Act Imposing 5¢/bbl
fee on crude oil production
Sponsor: Kerttula & Szymanski
Requestor:

Agency Affected: Revenue
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	See Analysis	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

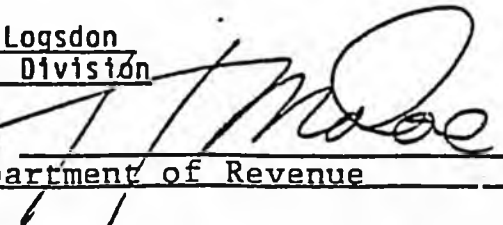
POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Charles L. Logsdon
Division: Oil & Gas Audit Division

Phone: 277-5627
Date: April 28, 1989

Approved by Commissioner: 
Agency: Department of Revenue

Date: 4/28/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

CSSB 260
Fiscal Note Analysis

1. This bill imposes an additional severance tax on oil of \$.05 per barrel. This tax revenue is deposited into the general fund but a special accounting is to be kept of these deposits. Once the balance of deposits from this tax equals or exceeds \$25 million the tax is discontinued until such time as the balance falls below \$25 million at which point the tax is reimposed.
2. The FY 1990 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.
3. The volumes are based on the mid-price scenario of the Spring 1989 Department Revenue forecast.
4. The sum of revenue collected from this tax under our current assumptions from FY 1990 through FY 1994 is \$140 million, well above the \$25 million cap. It is likely that a significant portion of the revenue collected under this tax between FY 1990 and FY 1994 would be expended to ameliorate impacts of the EXXON/Valdez spill. The following table illustrates therefore, the maximum revenue that could be generated from a \$.05/bbl tax and the cumulative amount which could theoretical be made available in the event of another catastrophic oil spill.
5. The following table also illustrates the projected revenue potential of increasing the tax to \$.10/bbl and imposing the tax on State royalty barrels. Each increase in the tax of \$.05/bbl increases revenues by roughly \$30 million per year with a declining difference as Alaska production declines. The taxing of royalty barrels has the effect of transferring part of the royalty income (general fund and permanent fund) to the spill fund and has no net fiscal effect on State revenues.
6. Because the of the imposition-suspension feature of the tax, the practical effect of the \$25 million fund size is to limit the size of the check which could be immediately written to cover oil spill costs. There are several considerations with respect to the size of the fund. The ability to generate revenues into this fund is tied to future production. That is, it is harder to replenish the fund in later years as Alaskan production declines. For instance referring to the table, if a catastrophic spill occurred in 1995 which required the State to spend \$100 million, and the fund was capped at \$25 million, the fund could not be replenished until the following year. And if it is assumed that future fund revenues are available to cover the remaining \$75 million in costs associated with this hypothetical spill, this would take 6 years (2000).

Department of Revenue
April 29, 1989
CS SB 260 (Finance)

This fiscal note was prepared prior to the drafting of a Senate Finance Committee CS for SB 260. We understand that the elements of the CS are (as compared with the April 26 draft used by the committee for discussion on April 28): a \$.05 per-barrel "conservation surcharge" in the severance tax (AS 43.55), levied at the wellhead; the cap on the fund would be \$50 million. Additionally, the proposed CS would add a severability clause to protect against the possibility that the provisions suspending imposition of the tax (should the legislature or the governor fail to fund the oil and hazardous substance release response fund) might be found invalid.

Department of Revenue
April 29, 1989

CSSB 260 (Finance)

1. This bill imposes a conservation surcharge in the severance tax on oil of \$.05 per barrel. This tax revenue is deposited into the general fund but a special accounting is to be kept of these deposits. The legislature is authorized to appropriate from this fund to the oil and hazardous substance release response fund. Whenever collections under the tax exceed expenditures from the fund by \$50 million or more, the tax is suspended. The tax is reimposed when the fund falls to less than \$50 million.

2. The table below shows the maximum collections annually from the tax. The FY 1990 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.

3. The volumes are based on the mid-price scenario of the Spring 1989 Department of Revenue forecast.

4. The annual and cumulative maximum revenue collectable under this tax under our current assumptions from FY 1990 through FY 2008 are shown on the table below. The table does not attempt to analyze expenditures from the fund; the maximum revenue will not be collected if the fund ever exceeds \$50 million.

ANNUAL AND CUMULATIVE REVENUE POTENTIAL OF
\$.05 PER BARREL SEVERANCE TAX
(Millions \$)

	ANNUAL	CUMULATIVE
1990	32	32
1991	30	62
1992	28	91
1993	26	117
1994	23	140
1995	20	160
1996	17	178
1997	15	193
1998	13	206
1999	11	217
2000	9	226
2001	8	234
2002	7	241
2003	6	247
2004	5	252
2005	4	255
2006	3	259
2007	3	261
2008	2	264

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act levying a severance tax on oil and providing for an effective date.
SPONSOR: Kerttula and Szymanski
Requestor: _____

Agency Affected: Department of Administration
BRU: Finance
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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)

No cost to the Division of Finance. The cost to set up accounting for this can be absorbed in the existing budget.

Prepared By: Keith Busch, Director
Division: Finance

Keith Busch

Phone: 465-2240

Date: 4/13/89

Approved by Commissioner: John M. Andrews
Agency: Department of Administration

Date: 4/13/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Changes in CS SB 260 (FIN) have no fiscal impact. This fiscal note is appropriate for 4-28-89

Amended: 4/29/89
Offered: 4/28/89
Referred: Rules

6-1129M

Original sponsors: Kerttula and Szymanski

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 260 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act imposing a conservation surcharge of \$.05 per
7 barrel on oil subject to the oil and gas properties
8 production tax; authorizing the appropriation of the
9 proceeds of the surcharge to the oil and hazardous
10 substance release response fund; providing for sus-
11 pension of the surcharge when cumulative deposits of
12 revenue generated by the surcharge equal or exceed
13 cumulative expenditures from the fund by \$50,000,000,
14 and for reimposition of the surcharge when cumulative
15 deposits of revenue generated by the surcharge do not
16 exceed cumulative expenditures from the fund by
17 \$50,000,000 or more; requiring suspension of the
18 surcharge under other conditions; and providing for
19 an effective date."

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

21 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that the
22 March 24, 1989, oil spill disaster in Prince William Sound demonstrates a
23 need for the state to have an independent spill containment and cleanup
24 capability in the event of future discharges of oil or a hazardous sub-
25 stance.

26 (b) It is the purpose of this Act to provide assurance to the people
27 of the state that their health, safety, and well-being will be protected
28 from the adverse consequences of oil and hazardous substance releases of a
29 magnitude that presents a grave and substantial threat to the economy and

1 the environment of the state.

2 * Sec. 2. AS 43.55 is amended by adding new sections to read:

3 ARTICLE 2. CONSERVATION SURCHARGE.

4 Sec. 43.55.200. SURCHARGE LEVIED. (a) Every producer of oil
5 shall pay a surcharge of \$.05 per barrel of oil produced from each
6 lease or property in the state, less any oil the ownership or right to
7 which is exempt from taxation.

8 (b) The surcharge imposed by (a) of this section is in addition
9 to and shall be paid in the same manner as the tax imposed by AS 43.-
10 55.011 - 43.55.150.

11 (c) A producer of oil shall make reports of production in the
12 same manner and under the same penalties as required under AS 43.55.-
13 011 - 43.55.150.

14 Sec. 43.55.210. DISPOSITION OF PROCEEDS OF SURCHARGE. (a) The
15 commissioner shall deposit the proceeds of the surcharge levied by
16 AS 43.55.200 into the general fund.

17 (b) The commissioner of administration shall separately account
18 for all proceeds of the surcharge that are deposited into the general
19 fund.

20 Sec. 43.55.220. USE OF REVENUE DERIVED FROM SURCHARGE. The
21 legislature may appropriate the annual estimated balance of the ac-
22 count established under AS 43.55.210 to the oil and hazardous sub-
23 stance release response fund established by AS 46.08.010.

24 Sec. 43.55.230. SUSPENSION AND REIMPOSITION OF THE SURCHARGE.

25 (a) Not later than 30 days after the end of each calendar quarter,
26 the commissioner of administration shall determine the cumulative
27 total of money

28 (1) that has been deposited through that calendar quarter
29 into the general fund under AS 43.55.210;

1 (2) expended through that calendar quarter from the oil and
2 hazardous substance release response fund established in AS 46.08.010.

3 (b) Within 15 days after making the determinations required by
4 (a) of this section, the commissioner of administration shall report
5 to the commissioner the difference between the amount determined under
6 (a)(1) of this section and amount determined under (a)(2) of this
7 section.

8 (c) If the commissioner of administration reports that the
9 difference determined under (b) of this section equals or exceeds
10 \$50,000,000, the commissioner of revenue shall suspend imposition and
11 collection of the surcharge levied and collected under AS 43.55.200.
12 Suspension of the imposition and collection of the surcharge begins on
13 the first day of the calendar quarter next following the commissioner's
14 receipt of the commissioner of administration's report under (b)
15 of this section. Before the first day of a suspension authorized by
16 this subsection, the commissioner shall make a reasonable effort to
17 notify all persons who are known to the department to be paying the
18 surcharge under AS 43.55.200 that the surcharge will be suspended.

19 (d) Except as provided in AS 43.55.240, if the commissioner of
20 administration reports that the difference determined under (b) of
21 this section is less than \$50,000,000, the commissioner of revenue
22 shall require imposition and collection of the surcharge authorized
23 under AS 43.55.200. Reimposition of the surcharge begins on the first
24 day of the calendar quarter next following the commissioner's receipt
25 of the commissioner of administration's report under (b) of this
26 section. Before the first day of reimposition of the surcharge au-
27 thorized by this subsection, the commissioner shall make a reasonable
28 effort to notify all persons who are known to the department to be
29 required to pay the surcharge under AS 43.55.200 that the surcharge

1 and hazardous substance release response fund first exceeds \$50,000,000.

2 * Sec. 4. APPLICABILITY OF ACT. This Act does not relieve a person
3 responsible for an oil terminal facility, offshore exploration or produc-
4 tion facility, or a vessel that transports crude oil, or a person who has
5 control of a hazardous substance, from the responsibility for containing
6 and cleaning up a discharge of oil or the hazardous substance as required
7 by law.

8 * Sec. 5. This Act takes effect July 1, 1989.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

1 the environment of the state.

2 * Sec. 2. AS 43.55 is amended by adding new sections to read:

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10 55.011 - 43.55.150.

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19 fund.

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21 legislature may appropriate the annual estimated balance of the ac-
22 count established under AS 43.55.210 to the oil and hazardous sub-
23 stance release response fund established by AS 46.08.010.

24 Sec. 43.55.230. SUSPENSION AND REIMPOSITION OF THE SURCHARGE.
25 (a) Not later than 30 days after the end of each calendar quarter,
26 the commissioner of administration shall determine the cumulative
27 total of money

28 (1) that has been deposited through that calendar quarter
29 into the general fund under AS 43.55.210;

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Amended: 4/29/89
Offered: 4/28/89
Referred: Rules

6-1129M

Original sponsors: Kerttula and Szymanski

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 260 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act imposing a conservation surcharge of \$.05 per
7 barrel on oil subject to the oil and gas properties
8 production tax; authorizing the appropriation of the
9 proceeds of the surcharge to the oil and hazardous
10 substance release response fund; providing for sus-
11 pension of the surcharge when cumulative deposits of
12 revenue generated by the surcharge equal or exceed
13 cumulative expenditures from the fund by \$50,000,000,
14 and for reimposition of the surcharge when cumulative
15 deposits of revenue generated by the surcharge do not
16 exceed cumulative expenditures from the fund by
17 \$50,000,000 or more; requiring suspension of the
18 surcharge under other conditions; and providing for
19 an effective date."

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

21 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that the
22 March 24, 1989, oil spill disaster in Prince William Sound demonstrates a
23 need for the state to have an independent spill containment and cleanup
24 capability in the event of future discharges of oil or a hazardous sub-
25 stance.

26 (b) It is the purpose of this Act to provide assurance to the people
27 of the state that their health, safety, and well-being will be protected
28 from the adverse consequences of oil and hazardous substance releases of a
29 magnitude that presents a grave and substantial threat to the economy and

1 the environment of the state.

2 * Sec. 2. AS 43.55 is amended by adding new sections to read:

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19 fund.

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21 legislature may appropriate the annual estimated balance of the ac-
22 count established under AS 43.55.210 to the oil and hazardous sub-
23 stance release response fund established by AS 46.08.010.

24 Sec. 43.55.230. SUSPENSION AND REIMPOSITION OF THE SURCHARGE.
25 (a) Not later than 30 days after the end of each calendar quarter,
26 the commissioner of administration shall determine the cumulative
27 total of money

28 (1) that has been deposited through that calendar quarter
29 into the general fund under AS 43.55.210;

1 (2) expended through that calendar quarter from the oil and
2 hazardous substance release response fund established in AS 46.08.010.

3 (b) Within 15 days after making the determinations required by
4 (a) of this section, the commissioner of administration shall report
5 to the commissioner the difference between the amount determined under
6 (a)(1) of this section and amount determined under (a)(2) of this
7 section.

8 (c) If the commissioner of administration reports that the
9 difference determined under (b) of this section equals or exceeds
10 \$50,000,000, the commissioner of revenue shall suspend imposition and
11 collection of the surcharge levied and collected under AS 43.55.200.
12 Suspension of the imposition and collection of the surcharge begins on
13 the first day of the calendar quarter next following the commission-
14 er's receipt of the commissioner of administration's report under (b)
15 of this section. Before the first day of a suspension authorized by
16 this subsection, the commissioner shall make a reasonable effort to
17 notify all persons who are known to the department to be paying the
18 surcharge under AS 43.55.200 that the surcharge will be suspended.

19 (d) Except as provided in AS 43.55.240, if the commissioner of
20 administration reports that the difference determined under (b) of
21 this section is less than \$50,000,000, the commissioner of revenue
22 shall require imposition and collection of the surcharge authorized
23 under AS 43.55.200. Reimposition of the surcharge begins on the first
24 day of the calendar quarter next following the commissioner's receipt
25 of the commissioner of administration's report under (b) of this
26 section. Before the first day of reimposition of the surcharge au-
27 thorized by this subsection, the commissioner shall make a reasonable
28 effort to notify all persons who are known to the department to be
29 required to pay the surcharge under AS 43.55.200 that the surcharge

1 will be reimposed.

2 Sec. 43.55.240. SURCHARGE NOT IMPOSED. The surcharged author-
3 ized by AS 43.55.200 is not levied during any fiscal year for which
4 the estimated revenue from the surcharge would be sufficient to re-
5 store the balance of the oil and hazardous substance release response
6 fund on the first day of the fiscal year to at least \$50,000,000, and

7 (1) the legislature does not, during the regular legisla-
8 tive session preceding the first day of the fiscal year, appropriate
9 money from the general fund to the oil and hazardous substance release
10 response fund sufficient to restore the balance of that fund on the
11 first day of the fiscal year to at least \$50,000,000; or

12 (2) the legislature, during the regular legislative session
13 preceding the first day of the fiscal year, appropriates money from
14 the general fund to the oil and hazardous substance release response
15 fund sufficient to restore the balance of that fund on the first day
16 of the fiscal year to at least \$50,000,000 and, because of gubernatorial veto or reduction in the amount of the appropriation, restoration of the balance of the fund to at least \$50,000,000 does not
17 become law.

18 Sec. 43.55.290. DEFINITION. In AS 43.55.200 - 43.55.290 "sur-
19 charge" means the surcharge levied by AS 43.55.200.

20 * Sec. 3. APPLICATION OF AS 43.55.240. (a) AS 43.55.240, added by
21 sec. 2 of this Act, does not apply to prevent the levy and collection of
22 the surcharge imposed by AS 43.55.200 until the first day of the fiscal
23 year next following the day on which the balance of the oil and hazardous
24 substance release response fund first exceeds \$50,000,000.

25 (b) The commissioner of administration shall certify to the commis-
26 sioner of environmental conservation, the commissioner of revenue, and the
27 division of legislative finance the date on which the balance of the oil
28
29

1 and hazardous substance release response fund first exceeds \$50,000,000.

2 * Sec. 4. APPLICABILITY OF ACT. This Act does not relieve a person
3 responsible for an oil terminal facility, offshore exploration or produc-
4 tion facility, or a vessel that transports crude oil, or a person who has
5 control of a hazardous substance, from the responsibility for containing
6 and cleaning up a discharge of oil or the hazardous substance as required
7 by law.

8 * Sec. 5. This Act takes effect July 1, 1989.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

COPY

POUCH V STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

MEMORANDUM

May 4, 1989

SUBJECT: CSSB 260 (Finance) am - sectional analysis
TO: Senator Jalmar Kerttula
FROM: Jack Chenoweth
Legislative Counsel

The Senate-passed legislation imposes a nickel-per-barrel conservation surcharge on oil subject to the state oil and gas properties production (i.e. severance) tax, authorizes appropriation of revenue generated by the surcharge to the oil and hazardous substance release response fund (AS 46.08.010), and provides a mechanism by which the levy and collection of the surcharge will "click on" and "click off" under certain circumstances.

Bill section 1 offers a statement of the purpose for the legislation. The statement appears in other Senate-sponsored legislation that is part of what had started as a four-bill package.

Bill section 2 adds new sections to AS 43.55, the state's severance tax:

Sec. 43.55.200 levies the surcharge. The incidence of the surcharge is the same as for the severance tax, and the surcharge is made payable in the same manner as the existing severance tax.

Sec. 43.55.210 directs payment of the revenue from the surcharge into the general fund and a separate accounting of the amounts so deposited.

Sec. 43.55.220 authorizes the legislature to appropriate from the account (in the general fund) established to receive the revenue generated by the surcharge to the oil and hazardous substance release response fund (AS 46.08.010), an existing fund.

Sec. 43.55.230 contains one element of the "on/off" feature applicable to levy and collection of the surcharge. Comparing amounts deposited into the general fund to amounts expended from the oil and hazardous substance release response fund: when cumulative revenue generated by the surcharge exceeds cumulative expenditures from the fund by \$50,000,000 or more, levy and collection of the surcharge is suspended; when cumulative revenue from the surcharge exceeds cumulative expenditures from the fund by less than \$50,000,000, levy and collection of the surcharge is reimposed. The cumulative totalling is done 30 days after the close of the calendar quarter; a comparison of the two figures follows; the change (i.e. suspension or reimposition of the surcharge) takes effect the first day of the next following calendar quarter. The commissioner of revenue must alert taxpayers to the change(s).

Sec. 43.55.240 addresses the second element of the "on/off" feature applicable to the levy and collection of the surcharge. If, during a forthcoming fiscal year, estimated revenue from the surcharge would be sufficient to restore the balance of the oil and hazardous substance release response fund to \$50,000,000, the surcharge may not be imposed during that fiscal year

-- if the legislature adjourns from a regular session without appropriating revenue from the surcharge account from the general fund over to the oil and hazardous substance release response fund sufficient to restore the balance of that fund to at least \$50,000,000; or

-- if the legislature makes the appropriation but the governor, exercising veto powers, does not allow the appropriation of an amount sufficient to restore the balance of that fund to at least \$50,000,000.

Sec. 43.55.290 adds a definition pertinent to the chapter.

Bill section 3 is included in order to meet the argument that, in its first year(s), the estimated revenue from the surcharge may not be sufficient to bring the balance in the oil and hazardous substance release response fund to at least \$50,000,000. In essence, the "on/off" feature does not trigger until the balance of that fund first reaches \$50,000,000.

Senator Jalmar Kerttula
Page 3
May 4, 1989

Bill section 4, a provision common to the various bills in this package, is included to make clear that this legislation does not relieve a party from exercising responsibility for a containment or cleanup as may be required by law.

Bill section 5 gives the bill a July 1, 1989 effective date.

JC:gc
WKG10/050

S

B

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SENATE COMMITTEE REPORT

FURTHER

4/21/89

DATE TURNED INTO OFFICE

4/28/89

Mr. President:

Finance

Committee considered

SB 261

requiring the Dept. of Environmental Conservation to prepare and to annually review and revise a master oil and hazardous substance discharge and prevention contingency plan for the state and regional oil and hazardous substance discharge and prevention contingency plans for certain and recommended regions of the state, and to implementation of that plan;

- replace with CS SB 261 (Fin)) same title
- or adopt CS) new title
- attached amendment(s) and technical title change (HB only)
- letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

James ...

Chair: *Paul ... (DO PASS)* signature and recommendation

Committee Backup attached

R/O 3FC 4-28-89

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSST 261 (Fin)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 4/27/89 Agency Affected: DEC
 Title: An Act relating to oil and hazardous substance discharge contingency plans BRU: Environmental Quality
 Sponsor: Duncan, Kerttula, Szymanski Components: Environmental Quality
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		246.9	246.9	246.9	246.9	246.9
TRAVEL		20.0	20.0	20.0	20.0	20.0
CONTRACTUAL		165.0	165.0	40.0	40.0	40.0
SUPPLIES		5.0	5.0	5.0	5.0	5.0
EQUIPMENT		25.0	25.0	25.0	25.0	25.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		461.9	461.9	336.9	336.9	336.9

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		461.9	461.9	336.9	336.9	336.9
TOTAL		461.9	461.9	336.9	336.9	336.9

POSITIONS:

FULL-TIME		5	5	5	5	5
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Lynn Tomich Kent Phone: 465-2630
 Division: Environmental Quality Date: 4/27/89

Approved by Commissioner: *ADH* Date: 4/27/89
 Agency: Department of Environmental Conservation

- Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

Telephone:
(907) 465-2600

FISCAL ANALYSIS

CSSB 261 (Fin).

April 28, 1989

Contact: Lynn Kent

PREPARE MASTER AND REGIONAL CONTINGENCY PLANS (461.9)

The Department estimates that four technical positions and one clerical position would be required to develop an initial state master plan and regional contingency plans, to annually review and revise the plans, and to annually conduct hearings on the plans. For the first two years, contractual services in the amount of \$125.0 would be required for a consultant to assist in developing the initial plans.

The following is a breakdown of position costs. The Ecologist III would be located in the Central Office in Juneau, one Ecologist II would be located in each of the three Regional Offices (Fairbanks, Anchorage, and Juneau), and the Clerk Typist II would support efforts in the Central and Regional Offices.

Position		100	200	300	400	500	Total
Ecologist III	<i>RANGE</i> 20	57.7	5.0	8.0	1.0	5.0	76.7
Ecologist II	18	57.7	5.0	8.0	1.0	5.0	76.7
Ecologist II	18	51.1	5.0	8.0	1.0	5.0	70.1
Ecologist II	18	51.1	5.0	8.0	1.0	5.0	70.1
Clerk Typist II	7	29.3	0	8.0	1.0	5.0	43.3
Total		246.9	20.0	40.0	5.0	25.0	336.9

*In additional, there are \$125.0 in first- and second-year costs:

Position Total	336.9
Additional Contractual	<u>125.0</u>
Grant Total	461.9

This fiscal note shows "other" funds as the funding source because funding will come from the Oil and Hazardous Substance Release Fund. However, additional resources will need to be provided to the Response Fund, as there is not currently an adequate balance to support this effort.

Chenoueth,
4/27/89

Adopted
4/28/89

Original sponsors: Duncan, Kerttula,
Szymanski, et al.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 261 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring the Department of Environmental
7 Conservation to prepare and to annually review and
8 revise a master oil and hazardous substance discharge
9 and prevention contingency plan for the state and
10 regional oil and hazardous substance discharge and
11 prevention contingency plans for certain regions of
12 the state, and to the implementation of those plans;
13 and providing for an effective date."

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

15 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that the
16 March 24, 1989, oil spill disaster in Prince William Sound demonstrates a
17 need for the state to have an independent spill containment and cleanup
18 capability in the event of future discharges of oil or a hazardous sub-
19 stance.

20 (b) It is the purpose of this Act to provide assurance to the people
21 of the state that their health, safety, and well-being will be protected
22 from the adverse consequences of oil and hazardous substance releases of a
23 magnitude that presents a grave and substantial threat to the economy and
24 the environment of the state.

25 * Sec. 2. AS 46.04 is amended by adding new sections to read:

26 ARTICLE 2. OIL AND HAZARDOUS SUBSTANCE DISCHARGE AND
27 PREVENTION CONTINGENCY PLANS.

28 Sec. 46.04.200. STATE MASTER PLAN. (a) The department shall
29 prepare and annually review and revise a statewide master oil and

1 hazardous substance discharge and prevention contingency plan.

2 (b) The state master plan prepared under this section must

3 (1) take into consideration the elements of an oil dis-
4 charge contingency plan approved or submitted for approval under
5 AS 46.04.030;

6 (2) clarify and specify the respective responsibilities of
7 each of the following in the assessment, containment, and cleanup of a
8 catastrophic oil discharge or of a significant discharge of a hazard-
9 ous substance into the environment of the state:

10 (A) agencies of the state;

11 (B) municipalities of the state;

12 (C) appropriate federal agencies;

13 (D) operators of facilities;

14 (E) private parties whose land and other property may
15 be affected by the oil or hazardous substance discharge; and

16 (F) other parties identified by the commissioner as
17 having an interest in or the resources to assist in the contain-
18 ment and cleanup of an oil or hazardous substance discharge;

19 (3) specify the respective responsibilities of parties
20 identified in (2) of this subsection in an emergency response; and

21 (4) identify actions necessary to reduce the likelihood of
22 catastrophic oil discharges and significant discharges of hazardous
23 substances.

24 (c) In preparing and annually reviewing the state master plan,
25 the commissioner shall

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

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

1 (3) submit to the legislature for review, not later than
2 the 10th day following the convening of each regular session, the plan
3 and any annual revision of the plan; and

4 (4) require or schedule unannounced oil spill drills to
5 test the sufficiency of an oil discharge contingency plan approved
6 under AS 46.04.030 or of the cleanup plans of a party identified under
7 (b)(2) of this section.

8 Sec. 46.04.210. REGIONAL MASTER PLAN. (a) For any region of
9 the state, the boundaries of which are determined by the commissioner
10 by regulation, in which the department is required to review and
11 approve an oil discharge contingency plan submitted by a person under
12 AS 46.04.030, the department shall prepare and annually review and
13 revise a regional master oil and hazardous substance discharge and
14 prevention contingency plan.

15 (b) The provisions of AS 46.04.200(b) and (c) apply to prepara-
16 tion and review of a regional master plan under this section.

17 * Sec. 3. AS 46.08.040 is amended to read:

18 Sec. 46.08.040. PURPOSES OF THE FUND. The commissioner may use
19 money from the fund to

20 (1) investigate and evaluate the release or threatened
21 release of oil or a hazardous substance, and contain, clean up, and
22 take other necessary action, such as monitoring and [,] assessing, to
23 address a [INVESTIGATING, AND EVALUATING THE] release or threatened
24 release of oil or a hazardous substance that poses an imminent and
25 substantial threat to the public health or welfare, or to the environ-
26 ment;

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

1 1980); [AND]

2 (3) recover the cost to the state or to a municipality of a
3 containment and cleanup resulting from the release or the threatened
4 release of oil or a hazardous substance;

5 (4) prepare, review, and revise

6 (A) the state's master oil and hazardous substance
7 discharge and prevention contingency plan required by AS 46.04.-
8 200; and

9 (B) a regional master oil and hazardous substance
10 discharge and prevention contingency plan required by AS 46.04.-
11 210; and

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

14 * Sec. 4. PREPARATION OF INITIAL PLANS. The commissioner of environ-
15 mental conservation shall present the initial statewide master plan pre-
16 pared under AS 46.04.200, enacted by sec. 2 of this Act, and any initial
17 regional master plans required by AS 46.04.210, enacted by sec. 2 of this
18 Act, to the governor by July 1, 1990, and to the legislature in January,
19 1991, in accordance with AS 46.04.200(c)(3), added by sec. 2 of this Act.

20 * Sec. 5. APPLICABILITY OF ACT. This Act does not relieve a person
21 responsible for an oil terminal facility, offshore exploration or produc-
22 tion facility, or a vessel that transports crude oil, or a person who has
23 control of a hazardous substance, from the responsibility for containing
24 and cleaning up a discharge of oil or the hazardous substance as required
25 by law.

26 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).
27
28
29

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB.261 (0FG)
PUBLISH DATE: 4/17/89

1/5

REQUEST: draft **FISCAL NOTE**

Revision Date: _____ Agency Affected: Environmental Conservation
Title: An Act relating to oil and hazardous substance discharges, etc. BRU: Environmental Quality, Administrative Services
Sponsor: Duncan, Kerttula, Szymanski, et. Components: Environmental Quality
Requestor: _____ Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		975.0	975.0	975.0	975.0	975.0
TRAVEL		85.0	85.0	85.0	85.0	85.0
CONTRACTUAL		2,595.0	2,595.0	1,370.0	1,370.0	1,370.0
SUPPLIES		275.0	275.0	25.0	25.0	25.0
EQUIPMENT		390.0	390.0	140.0	140.0	140.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		4,320.0	4,320.0	2,595.0	2,595.0	2,595.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		4,320.0	4,320.0	2,595.0	2,595.0	2,595.0
TOTAL		4,320.0	4,320.0	2,595.0	2,595.0	2,595.0

POSITIONS:

FULL-TIME		15	15	15	15	15
PART-TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY		-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

(See Attached)

Prepared by: Dan Easton Phone: 465-2640
Division: Environmental Quality Date: April 14, 1989

Approved by Commissioner: A.D. Gyle Date: 4/14/89
Agency: Alaska Department of Environmental Conservation

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DRAFT

FISCAL ANALYSIS

CSSB 261

(4-14 WORK DRAFT)

April 14, 1989

THE FOLLOWING IS A VERY PRELIMINARY ANALYSIS BASED ON A BRIEF REVIEW OF THE PROPOSED LEGISLATION. THE ANALYSIS AND INCLUDED ESTIMATES WILL BE REFINED DURING THE COMMITTEE PROCESS.

ESTABLISH DEPOTS AND RESPONSE STATIONS (\$2,000.0)

The Department estimates that \$2,000.0 will be required for each of the first two years to establish and stock depots and response stations at a minimum of two locations: Valdez and on the Kenai Peninsula. Once established, subsequent year costs are expected to decline to \$500.0 for contracted services to maintain inventories and response readiness.

100	\$ -0-
200	\$ -0-
300	\$1,500.0
400	\$ 250.0
500	\$ 250.0
Total	<u>\$2,000.0*</u>

*includes \$1,500.0 in first- and second-year costs

PREPARE MASTER AND REGIONAL CONTINGENCY PLANS (\$350.0)

The Department estimates that four technical positions and one clerical position would be required to evaluate the existing state contingency plan, to oversee a contract to expand the existing plan to incorporate the additional items specified by the legislation, to annually review and revise the plan, to annually conduct hearings on the plan, and to develop and revise regional plans. For the first two years, contractual services in the amount of \$125.0 would be required for a consultant to assist in developing the initial plans.

100	\$ 235.0
200	\$ 20.0
300	\$ 65.0
400	\$ 5.0
500	\$ 25.0
Total	<u>\$ 350.0*</u>

*includes \$125.0 in first- and second-year costs

ADMINISTER OIL AND HAZARDOUS SUBSTANCE SPILL CONTAINMENT FUND
(\$170.0)

The Department projects the need for an accountant and an accounting technician to set up and administer the fund, and to track and approve payments from the fund (\$120.0).

The Department also foresees a need for \$50.0 in contractual funds to prepare, publish and distribute the annual report on discharges, environmental effects, the operational status of the response corps, and needed changes.

100	\$ 80.0
200	\$ 5.0
300	\$ 60.0
400	\$ 5.0
500	\$ 20.0
Total	<u>\$ 170.0</u>

ESTABLISH OIL AND HAZARDOUS SUBSTANCE RESPONSE OFFICE (\$1,800.0)

The Response Office would consist of a full-time staff of nine agency personnel: a director, six response specialists, one clerk-typist and one administrative assistant. First-year costs to establish and staff the office are estimated at \$700.0. Subsequent year costs are estimated at \$600.0. Other costs include training contracts (\$200.0), contracts with local governments (\$500.0), wages and per diem for volunteer training (\$300.0), and contracts with private response specialists (\$100.0).

100	\$ 660.0
200	\$ 60.0
300	\$ 970.0
400	\$ 15.0
500	\$ 95.0
Total	<u>\$1,800.0*</u>

*include \$100.0 in first- and second-year costs

SUMMARY

	100	200	300	400	500	TOTAL
Depots/Response Stations	-0-	-0-	\$1,500.0	\$250.0	\$250.0	\$2,000.0
Master Contingency Plans	\$235.0	\$20.0	\$ 650.0	\$ 5.0	\$ 25.0	\$ 350.0
Administer Spill Fund	\$ 80.0	\$ 5.0	\$ 60.0	\$ 5.0	\$ 20.0	\$ 170.0
Response Office	\$660.0	\$60.0	\$ 970.0	\$ 15.0	\$ 95.0	\$1,800.0
TOTAL	\$975.0	\$85.0	\$2,595.0	\$275.0	\$390.0	\$4,320.0*

*includes \$1,725.0 in first- and second-year, one-time costs

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 261 (Res)
PUBLISH DATE: April 21, 1989

FISCAL NOTE

REQUEST:

Revision Date: 4/24/89 Agency Affected: Environmental Conservation
Title: An Act relating to oil and hazardous substance discharge contingency plans BRU: Environmental Quality
Sponsor: Duncan, Korttula, Szymanski, etc. Components: Environmental Quality
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		235.0	235.0	235.0	235.0	235.0
TRAVEL		20.0	20.0	20.0	20.0	20.0
CONTRACTUAL		190.0	190.0	65.0	65.0	65.0
SUPPLIES		5.0	5.0	5.0	5.0	5.0
EQUIPMENT		25.0	25.0	25.0	25.0	25.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		475.0	475.0	350.0	350.0	350.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		475.0	475.0	350.0	350.0	350.0
TOTAL		475.0	475.0	350.0	350.0	350.0

POSITIONS:

FULL-TIME		5	5	5	5	5
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: Lynn Kent Phone: 465-2630
Division: Environmental Quality Date: April 24, 1989

Approved by Commissioner: *A. D. Kelly* Date: 4/24/89
Agency: Alaska Department of Environmental Conservation

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

RECEIVED
APR 24 1989

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

FISCAL ANALYSIS

CSSB 261 (Res)

April 24, 1989

PREPARE MASTER AND REGIONAL CONTINGENCY PLANS (\$475.0)

The Department estimates that four technical positions and one clerical position would be required to develop an initial state master plan and regional contingency plan, to annually review and revise the plans, and to annually conduct hearings on the plans. For the first two years, contractual services in the amount of \$125.0 would be required for a consultant to assist in developing the initial plans.

100	\$ 235.0
200	\$ 20.0
300	\$ 190.0
400	\$ 5.0
500	\$ 25.0
Total	\$ 475.0*

*includes \$125.0 in first- and second-year costs

This fiscal note shows "other" funds as the funding source because funding will come from the Oil and Hazardous Substance Release Response Fund. However, additional resources will need to be provided to the Response Fund, as there is not currently an adequate balance to support this effort.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 261
PUBLISH DATE: 4/18/89

bill file *A/B*

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Environmental Conservation
Title: An Act requiring DEC to prepare and BRU: Environmental Quality
annually review a master contingency plan
Sponsor: Duncan, Kerttula, et. al. Components: Environmental Quality
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		134.0	134.0	134.0	134.0	134.0
TRAVEL		10.0	10.0	10.0	10.0	10.0
CONTRACTUAL		149.0	149.0	24.0	24.0	24.0
SUPPLIES		3.0	3.0	3.0	3.0	3.0
EQUIPMENT		15.0	15.0	15.0	15.0	15.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		311.0	311.0	186.0	186.0	186.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		311.0	311.0	311.0	311.0	311.0
TOTAL		311.0	311.0	311.0	311.0	311.0

POSITIONS:

FULL-TIME		3.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

(See Attached)

Prepared by: Dan Easton Phone: 465-2640
Division: Environmental Quality Date: April 10, 1989

Approved by Commissioner: A. Dilley Date: 4/12/89
Agency: Alaska Department of Environmental Conservation

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

STEVE COWPER, GOVERNOR

Telephone:
(907) 465-2640

April 10, 1989

Contact: Dan Easton

FISCAL NOTE ANALYSIS

SB 261

The Department estimates that two new technical positions and one clerical position would be required to evaluate the existing state contingency plan, to oversee a contract to expand the existing plan to incorporate the additional items specified by the legislation, to annually review and revise the plan, to annually conduct hearings on the plan, and to develop and revise regional plans. For the first two years, contractual services in the amount of \$125.0 would be required for a consultant to develop the initial plans.

L r c

B S

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 3, 1989

FURTHER REFERRALS:

Date of Committee Action: 5/6/89

The FINANCE Committee considered:

CSSB 261 (FINANCE)

CS FOR SENATE BILL NO. 261 (Finance)

[OIL/HAZ. SUBST. CONTINGENCY PLANS]

"An Act requiring the Department of Environmental Conservation to prepare and to annually review and revise a master oil and hazardous substance discharge and prevention contingency plan for the state and regional oil and hazardous substance discharge and prevention contingency plans for certain regions of the state, and to the implementation of those plans; and RECOMMENDATIONS: effective date."

- [] be replaced with _____ [] the same title
- [] a new title
- [] have attached amendment(s)
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [] fiscal note(s) DEC 4/28/89
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

Swackhammer
Brown
Koponeh
Ulmer
Wallis

Signature	Name	Do Not Pass	No Rec	Amend
<u>Hoffman</u>	Hoffman	X		
<u>Larson</u>	Larson	X		
<u>Phillips</u>	Phillips	✓		
<u>Shultz</u>	Shultz	✓		
<u>Rieger</u>	Rieger	✓		

cc - Ronald J. Jan
Chairman's Signature
cc - Hoffman

FISCAL NOTE

REQUEST:

Revision Date: 4/27/89 Agency Affected: DEC
 Title: An Act relating to oil and hazardous substance discharge contingency plans BRU: Environmental Quality
 Sponsor: Duncan, Kerttula, Szymanski Components: Environmental Quality
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		246.9	246.9	246.9	246.9	246.9
TRAVEL		20.0	20.0	20.0	20.0	20.0
CONTRACTUAL		165.0	165.0	40.0	40.0	40.0
SUPPLIES		5.0	5.0	5.0	5.0	5.0
EQUIPMENT		25.0	25.0	25.0	25.0	25.0
LAND & STRUCTURES						
GRANTS, CLARIS						
MISCELLANEOUS						
TOTAL OPERATING		461.9	461.9	336.9	336.9	336.9

CAPITAL						
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REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		461.9	461.9	336.9	336.9	336.9
TOTAL		461.9	461.9	336.9	336.9	336.9

POSITIONS:

FULL-TIME		5	5	5	5	5
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Lynn Tomich Kent Phone: 465-2630
 Division: Environmental Quality Date: 4/27/89

Approved by Commissioner: *A. D. Hule* Date: 4/27/89
 Agency: Department of Environmental Conservation

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

Telephone:
(907) 465-2600

FISCAL ANALYSIS

CSSB 261 (Fin).

April 28, 1989

Contact: Lynn Kent

PREPARE MASTER AND REGIONAL CONTINGENCY PLANS (461.9)

The Department estimates that four technical positions and one clerical position would be required to develop an initial state master plan and regional contingency plans, to annually review and revise the plans, and to annually conduct hearings on the plans. For the first two years, contractual services in the amount of \$125.0 would be required for a consultant to assist in developing the initial plans.

The following is a breakdown of position costs. The Ecologist III would be located in the Central Office in Juneau, one Ecologist II would be located in each of the three Regional Offices (Fairbanks, Anchorage, and Juneau), and the Clerk Typist II would support efforts in the Central and Regional Offices.

Position		100	200	300	400	500	Total
Ecologist III	<i>RANGE</i> 20	57.7	5.0	8.0	1.0	5.0	76.7
Ecologist II	18	57.7	5.0	8.0	1.0	5.0	76.7
Ecologist II	18	51.1	5.0	8.0	1.0	5.0	70.1
Ecologist II	18	51.1	5.0	8.0	1.0	5.0	70.1
Clerk Typist II	7	29.3	0	8.0	1.0	5.0	43.3
Total		246.9	20.0	40.0	5.0	25.0	336.9

*In addition, there are \$125.0 in first- and second-year costs:

Position Total	336.9
Additional Contractual	125.0
Grant Total	461.9

This fiscal note shows "other" funds as the funding source because funding will come from the Oil and Hazardous Substance Release Fund. However, additional resources will need to be provided to the Response Fund, as there is not currently an adequate balance to support this effort.

Original sponsors: Duncan, Kerttula,
Szymanski, et al.

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 261 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act requiring the Department of Environmental
7 Conservation to prepare and to annually review and
8 revise a master oil and hazardous substance discharge
9 and prevention contingency plan for the state and
10 regional oil and hazardous substance discharge and
11 prevention contingency plans for certain regions of
12 the state, and to the implementation of those plans;
13 and providing for an effective date."
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
15 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that the
16 March 24, 1989, oil spill disaster in Prince William Sound demonstrates a
17 need for the state to have an independent spill containment and cleanup
18 capability in the event of future discharges of oil or a hazardous sub-
19 stance.
20 (b) It is the purpose of this Act to provide assurance to the people
21 of the state that their health, safety, and well-being will be protected
22 from the adverse consequences of oil and hazardous substance releases of a
23 magnitude that presents a grave and substantial threat to the economy and
24 the environment of the state.
25 * Sec. 2. AS 46.04 is amended by adding new sections to read:
26 ARTICLE 2. OIL AND HAZARDOUS SUBSTANCE DISCHARGE AND
27 PREVENTION CONTINGENCY PLANS.
28 Sec. 46.04.200. STATE MASTER PLAN. (a) The department shall
29 prepare and annually review and revise a statewide master oil and

1 hazardous substance discharge and prevention contingency plan.

2 (b) The state master plan prepared under this section must

3 (1) take into consideration the elements of an oil dis-
4 charge contingency plan approved or submitted for approval under
5 AS 46.04.030;

6 (2) clarify and specify the respective responsibilities of
7 each of the following in the assessment, containment, and cleanup of a
8 catastrophic oil discharge or of a significant discharge of a hazard-
9 ous substance into the environment of the state:

10 (A) agencies of the state;

11 (B) municipalities of the state;

12 (C) appropriate federal agencies;

13 (D) operators of facilities;

14 (E) private parties whose land and other property may
15 be affected by the oil or hazardous substance discharge; and

16 (F) other parties identified by the commissioner as
17 having an interest in or the resources to assist in the contain-
18 ment and cleanup of an oil or hazardous substance discharge;

19 (3) specify the respective responsibilities of parties
20 identified in (2) of this subsection in an emergency response; and

21 (4) identify actions necessary to reduce the likelihood of
22 catastrophic oil discharges and significant discharges of hazardous
23 substances.

24 (c) In preparing and annually reviewing the state master plan,
25 the commissioner shall

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

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

1 (3) submit to the legislature for review, not later than
2 the 10th day following the convening of each regular session, the plan
3 and any annual revision of the plan; and

4 (4) require or schedule unannounced oil spill drills to
5 test the sufficiency of an oil discharge contingency plan approved
6 under AS 46.04.030 or of the cleanup plans of a party identified under
7 (b)(2) of this section.

8 Sec. 46.04.210. REGIONAL MASTER PLAN. (a) For any region of
9 the state, the boundaries of which are determined by the commissioner
10 by regulation, in which the department is required to review and
11 approve an oil discharge contingency plan submitted by a person under
12 AS 46.04.030, the department shall prepare and annually review and
13 revise a regional master oil and hazardous substance discharge and
14 prevention contingency plan.

15 (b) The provisions of AS 46.04.200(b) and (c) apply to prepara-
16 tion and review of a regional master plan under this section.

17 * Sec. 3. AS 46.08.040 is amended to read:

18 Sec. 46.08.040. PURPOSES OF THE FUND. The commissioner may use
19 money from the fund to

20 (1) investigate and evaluate the release or threatened
21 release of oil or a hazardous substance, and contain, clean up, and
22 take other necessary action, such as monitoring and [,] assessing, to
23 address a [INVESTIGATING, AND EVALUATING THE] release or threatened
24 release of oil or a hazardous substance that poses an imminent and
25 substantial threat to the public health or welfare, or to the environ-
26 ment;

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

1 1980); [AND]

2 (3) recover the cost to the state or to a municipality of a
3 containment and cleanup resulting from the release or the threatened
4 release of oil or a hazardous substance;

5 (4) prepare, review, and revise

6 (A) the state's master oil and hazardous substance
7 discharge and prevention contingency plan required by AS 46.04.-
8 200; and

9 (B) a regional master oil and hazardous substance
10 discharge and prevention contingency plan required by AS 46.04.-
11 210; and

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

14 * Sec. 4. PREPARATION OF INITIAL PLANS. The commissioner of environ-
15 mental conservation shall present the initial statewide master plan pre-
16 pared under AS 46.04.200, enacted by sec. 2 of this Act, and any initial
17 regional master plans required by AS 46.04.210, enacted by sec. 2 of this
18 Act, to the governor by July 1, 1990, and to the legislature in January,
19 1991, in accordance with AS 46.04.200(c)(3), added by sec. 2 of this Act.

20 * Sec. 5. APPLICABILITY OF ACT. This Act does not relieve a person
21 responsible for an oil terminal facility, offshore exploration or produc-
22 tion facility, or a vessel that transports crude oil, or a person who has
23 control of a hazardous substance, from the responsibility for containing
24 and cleaning up a discharge of oil or the hazardous substance as required
25 by law.

26 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature

Senator Drue Pearce, Chair
Senator Tim Kelly
Senator Rick Halford
Senator Paul Fischer
Senator Al Adams



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99801
(907) 465-4993

3111 C STREET, SUITE 100
ANCHORAGE, ALASKA 99503
(907) 561-2018

SENATE SPECIAL COMMITTEE ON OIL AND GAS

To: Members of the Senate Special
Committee on Oil and Gas

From: Committee staff

Re: SB 261, Sectional Analysis

Date: April 11, 1989

Section 1. Purpose:

The purpose of this act is to provide the state's residents with assurance that their health and safety needs will be protected from the effects of oil and hazardous substance releases.

Section 2. AS. 46.04

Chapter 4, Oil Pollution Control, is amended by adding new sections to require oil and hazardous substance discharge and prevention contingency plans.

AS 46.04.200. State Master Plans

The Department of Environmental Conservation shall prepare and annually review and revise a statewide master oil and hazardous substance discharge and prevention plan. This plan must consider the elements of the oil discharge contingency plan required to be submitted for oil terminal facilities, offshore exploration or production facilities, or for tank vessels or barges.

The plan should clarify and specify the responsibilities of state, federal and municipal agencies, the operators of facilities and other private parties regarding assessment, containment, and cleanup of a catastrophic oil discharge or a significant discharge. The master plan should specify the responsibilities of the above groups in an emergency response and identify the actions necessary to reduce the likelihood of catastrophic releases.

The commissioner shall consult with local officials and regional representatives of organizations and may submit a draft plan for public review.

AS 46.04.210. Regional Master Plan

The department shall prepare and annually review a regional master plan for an area where a oil discharge contingency plan is required. The commissioner will determine the boundaries of the area by regulation. The regional plan is subject to the criteria specified for the master state plan.

Section 3. AS 46.08.040. Purposes of the Fund.

This section of existing law, dealing with the uses of the oil and hazardous substance release fund, is amended to include the cost of preparing, revising and reviewing the master and regional oil discharge and prevention contingency plans. It also amends the section to allow restoration of the environment as a purpose for which the fund can be used.

Section 4. Preparation of Initial Plans.

The plans should be presented to the legislature and the governor by July 1, 1990.

RECEIVED APR 11 1989

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465-3800

LEGISLATIVE AFFAIRS AGENCY

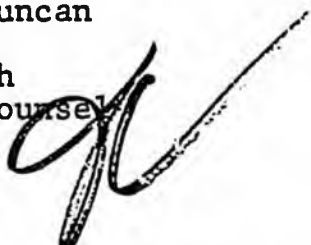
MEMORANDUM

April 11, 1989

SUBJECT: Senate Bill 261, relating to preparation and annual review of oil and hazardous substance discharge and contingency plans, and to their implementation -- sectional analysis

TO: Senator Jim Duncan

FROM: Jack Chenoweth
Legislative Counsel



This legislation adds to the duties of the Department of Environmental Conservation responsibility to prepare and annually review and revise (1) a master oil and hazardous substance discharge and prevention contingency plan for the state, and (2) regional oil and hazardous substance discharge and prevention contingency plans for certain regions of the state. The legislation identifies a source of money for that preparation, review, and revision, and makes related changes.

Bill section 1 states the purpose of the legislation.

The principal substantive additions are set out in bill section 2. Proposed AS 46.04.200 adds the requirement of a state master oil and hazardous substance discharge and prevention contingency plan and specifies the contents of that plan, the assignment of responsibilities made under the plan, and action that agencies should take to implement the plan. Preparation of the plan should take into consideration the content of oil discharge contingency plans filed by companies required to develop and obtain approval of those plans under AS 46.04.030. The section directs that, in the preparation and annual revision of the plan, the commissioner shall consult with parties designated and may submit the proposed draft for public review and comment.

Proposed AS 46.04.210, also added by bill section 2, adds parallel provisions for the development, revision, and re-

Senator Jim Duncan
Page 2
April 11, 1989

view of regional master plans. Under AS 46.04.210(a), the commissioner is to develop a regional master plan for a region, whose boundaries are determined by the commissioner, "in which the department is required to review and approve an oil discharge contingency plan submitted . . . under AS 46.04.030."

Bill section 3 amends AS 46.08.040, a section of state law defining the objectives or purposes of the state's oil and hazardous substance release response fund. The amendment made by the bill section adds to the purposes for which use of the fund balance is authorized the preparation, review, and revision of these plans, the investigation and evaluation of a release or threatened release of oil or a hazardous substance, and the restoration of the environment following a release of oil or a hazardous substance.

Bill section 4, an uncodified section, directs the commissioner of environmental conservation to prepare the initial state master plan and any initial regional master plans by July 1, 1990.

The legislation is given an immediate effective date by bill section 5.

JC:gc
WKG9/043

MEMORANDUM

State of Alaska

TO: Glenn Adams
Special Assistant
Dept. of Environmental
Conservation

DATE: May 14, 1984

FILE NO: 366-368-84

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Calculating inci-
dental administra-
tive costs in pollu-
tion incidents

By: Douglas K. Mertz *DM*
Assistant Attorney General
Department of Law

You requested our opinion regarding calculation of "incidental administrative costs", as that phrase is used in AS 46.-03.760(e). That provision makes polluters liable to the state

for the full amount of actual damages caused to the state by the violation, including direct and indirect costs associated with the abatement, containment or removal of the pollutant, restoration of the environment to its former state, and all incidental administrative costs.

Specifically you ask whether each item of "incidental administrative costs" must be documented in detail (postage, office supplies, etc.), or whether another method of calculation -- e.g., a flat percentage of salary -- could be used. The statute reveals a policy of allowing the state to recoup its true costs, including all incidental costs, so we believe the courts would accept any consistent accounting method reasonably calculated to arrive at those true costs.

For example, it would probably be an acceptable method of proving incidental administrative costs to add a certain amount, to cover costs, to the fully documented costs, such as employee salary. That amount must be arrived at through a carefully structured study and must include only costs which it would be difficult or inefficient to account for on a detailed, per-item basis.

To put it in concrete terms, your department could take all the usual costs of doing business which apply to department personnel working on a particular pollution incident, such as ordinary office supplies, ordinary postage, portions of the time of support staff not assigned to that incident (such as a receptionist or administrative officer), and from these determine a true "cost of doing business". That cost could then be expressed in terms which allow inclusion in a particular project such as a certain dollar amount per employee/hour actually spent on the project. (E.g., if incidental administrative costs to the

Glenn Adams, Special Assistant
Dept. of Environmental Conservation
366-368-84

May 14, 1984
Page 2

department were calculated as \$5 per employee per hour, you would simply multiply the "incidental administrative costs" rate by the employee hours spent on the incident, or, alternatively, add the \$5 to each employee's hourly wage and benefit "rate".)

Two caveats are in order: since this method is for the purpose of showing true costs, as nearly as can be calculated, the figures should be determined through a well-designed and executed study of the actual costs, including incidental administrative costs, of running your department. 1/ Secondly, the costs included under "incidental administrative costs" should not include those costs which can just as easily be recorded on a per-item basis, such as long-distance telephone, certified mail and courier costs, and other non-routine special services. Such items are routinely itemized in costs bills submitted to courts by litigants, so it is likely that a court would insist on an itemization unless it can be shown to be impossible or inefficient.

I hope this helps. Please let me know, or consult our Administrative Services Division, if you need further help in determining a proper amount to include in your calculation of true costs to the state, including incidental administrative costs.

DKM:dlm

1/ For examples, you might consult the Department of Law's Division of Administrative Services, which periodically calculates the true cost to the state of each hour of attorney time, including support and administrative costs. The resulting figure is then used to support requests for attorney fee awards in court.

MEMORANDUM

State of Alaska

TO: Richard A. Neve'
Commissioner
Dept. of Environmental
Conservation

FROM: Norman C. Gorsuch
Attorney General

By: Douglas K. Mertz *DM*
Assistant Attorney General
Department of Law

DATE: September 2, 1983

FILE NO: 366-090-84

TELEPHONE NO: 465-3600

SUBJECT: Re: Proper expenditures from Oil Spill Expense Reserve Account

You have asked our opinion on what expenditures are proper from the Oil Spill Expense Reserve Account. That fund was created by a legislative appropriation in 1980 for the purpose of enabling the Department of Environmental Conservation to deal with oil spills. You now ask our advice on whether Reserve Account funds may be spent on travel, training, and equipment in anticipation of spills, or are limited to direct expenses incurred in controlling specific spills.

We believe it is compatible with the legislative intent behind the appropriation to spend funds on training, travel, and equipment specifically intended to be of use in combating spills, but that the funds are not available for routine administration of departmental functions, including the oil spills program.

The language in the appropriation itself is extremely broad. It consists of a single line item appropriation to ADEC as follows: "HB 205 Prevention & control/oil pollution \$1,542,600" -- (ch. 120, SLA 1980, at 67). HB 205 was a bill, enacted as chapter 116 of SLA 1980, which revised the State's oil pollution laws. The figure of \$1,542,600 is the total amount requested by ADEC in the fiscal note accompanying HB 205 (see 1980 House Journal Supplement No. 43). Of that amount, the note requested that \$1,000,000 be set aside as a continuing account for responding to oil spills, while the remainder was suggested as allocations for positions and support for administration of ADEC's oil spill program in FY 1981. ^{1/} The fiscal note justified creation of the reserve account by referring to the

^{1/} In 1981 the legislature made \$1,000,000 of the \$1,542,600 into a continuing appropriation. Sec. 26, ch. 16, SLA 1981.

Richard A. Neve', Commissioner
Dept. of Environmental Conservation
Our file: 366-090-84

September 2, 1983
Page 2

extraordinary costs of fighting particular spills within the state (e.g., the Lee Wang Zin and the Glacier Queen -- and outside it (e.g., the Amoco Cadiz and the Argo Merchant), where clean-up and investigation costs went into the millions. Since major spills are not predictable, either in frequency or cost, it was the department's position that the only way the state could provide for its own spill response capabilities was by setting up a separate account outside of the routine operational budget.

Legislative acts, including appropriations, must be interpreted so as to give effect to the legislature's intention. But to be binding that intention must be included in the statement of purpose of the appropriation. Other expressions of legislative intent, outside of the appropriation act, may be considered as evidence of what the legislature wished to accomplish in the enactment, but such extrinsic sources cannot substitute for expressions of purpose found in the act. In other words, although limitations expressed in an enactment are binding law, in the absence of such limitations in the enactment, other expressions such as committee reports or letters of intent do not themselves gain the force of law.

In this case, the only direct limitation on the appropriation is that it be connected with administration of HB 205 and with prevention and control of oil pollution. The fiscal note, prepared by ADEC, should be taken as a general guide to legislative intent, since the total appropriation matches that requested in the note, but cannot be taken as binding the department to particular allocations. It is the clear law in Alaska that agencies may transfer between allocations within an appropriation (AS 37.07.080(e)) as long as the stated purpose of the appropriation is observed. Thus, in this instance, the only binding obligation on DEC is that the \$1,542,600 be spent for oil pollution prevention and control.

To apply this conclusion to your specific questions, we have little difficulty with your proposed uses of the funds. Training to enable ADEC personnel to prevent or control oil spills is clearly within the scope, as are attendant necessary expenses such as travel costs. Equipment for use in controlling spills -- both replacement equipment and new technologies -- is directly related to the intended purpose. Laboratory equipment used to analyze spilled oil, either to identify the precise substance for better response or to identify the spiller for

Richard A. Neve', Commissioner
Dept. of Environmental Conservation
Our file: 366-090-84

September 2, 1983
Page 3

enforcement purposes 2/, also falls in this category.

We mention one caveat. In apparently adopting ADEC's oil pollution strategy, as set out in the fiscal note to HB 205, the legislature separated the reserve account from other appropriations for routine operational expenses of the department. While it can be argued that the appropriation language is broad enough to cover any oil spill related activity of the department, we think it is the better policy to reserve the fund for expenses connected with preparing for, executing, and following up on responses to spills. In other words, we advise against use of the reserve account for ordinary and routine expenses of the department, even when they have some relation to oil pollution. Of course this may leave some gray areas, but that is unavoidable given the imprecision in the language of the legislative appropriation.

Let us know if you have further questions.

DKM:dlm

cc: Keith Kelton

2/ We have previously concluded that reserve account funds may be used to support oil spill related litigation, since recovering expenses and penalties is mandated under the same substantive oil pollution laws and is a clear deterrent to discharges. See 1981 Inf. Op. Att'y Gen. (July 9; J66-795-81).

Alaska Water Resources Board
Resolution No. 89-17

Authority For Immediate Oil Spill Response by
State or Federal Authorities

WHEREAS: Recent oil spills by tankers and other vessels in Alaska waters have demonstrated that immediate and effective response may make a critical difference between success or failure of the eventual containment and clean-up of the spill; and

WHEREAS: Conventional assumptions regarding the vessel and cargo owner's responsibility hold that the owners must be given first opportunity to take effective measures to contain and clean-up the spill, and that only after a demonstrated failure to do so may the state or federal agencies assume control of the clean-up and control strategy; and

WHEREAS: The vessel and cargo owners' motivations and actions regarding clean-up may in some instances be influenced by economic rather than environmental considerations; and

WHEREAS: The potential for delay while inadequate or ineffective control measures are attempted has potentially drastic consequences for the natural environment and the economic livelihood of Alaskans.

NOW THEREFORE BE IT RESOLVED: The Alaska Water Resources Board urges the Governor to request that the Attorney General analyze any legal constraints on the ability of the State to enact legislation permitting the Alaska Department of Environmental Conservation or the U.S. Coast Guard, as appropriate, to take control of the containment and clean-up of an oil spill immediately after it is discovered, if the agency has reason to believe that effective response may otherwise be delayed, or the resources potentially affected are of such high value, that immediate governmental direction is required.

Adopted this 9th day of March, 1989
Alaska Water Resources Board



Peg Tileston, Chairwoman
Alaska Water Resources Board

*Wally
Entom...*

SOUTHEAST CONFERENCE

P.O. Box 22286

Juneau, Alaska 99802

BULLETIN
APRIL 1989

Bill Privett, President Ted Ferry, 1st V.P. McKie Campbell, 2nd V.P.

FROM THE PRESIDENT: The Southeast Conference Board of Directors has been very active lately. The development of the Tongass Position and the subsequent distribution, as well as testimony at the Congressional hearings in Sitka, has been consuming. As we presented in Sitka, the position is a bottom line compromise, one that will not diminish the importance of the timber industry in Southeast Alaska. Its intent is to maintain the timber industry based on market demand for timber, as well as preserving and providing for other values and industries of the forest. The State has now adopted the Conference position as the State's position and Governor Cowper joined us in Sitka for our presentation to the Senate Committee. Our position was well received, and in several instances, referred to as the 'best shot' the industry has for protecting jobs and contracts.

On another note, the Board of Directors by a vote of 8 yes and 1 no, passed a resolution in support of Senate Bill 261 requiring the Department of Environmental Conservation to prepare a State Master Oil and Hazardous Substance Discharge Plan. It also urged the State and Federal governments to assure the protection of the people and the environment of Southeast Alaska by preparing a Southeast Region Oil and Hazardous Substance Discharge and Prevention Plan and by making available appropriate oil spill containment equipment and supplies in Yakutat, Sitka and Annette Island and any other appropriate locations. This resolution was entered for consideration by the Board of Directors by Sitka Mayor John Dapceovich. If you are interested in a copy of the resolution, please call 463-3445.

The sun has been out and we all need to think of our ferry ride to the Annual Meeting in Skagway in September!

FROM THE HILL - Things are moving fast and furiously here!

- Major reductions are being proposed by both the House and the Senate in the Alaska Marine Highway budget. The Senate is talking about a reduction of up to 3.5 million dollars, which would mean the lay-up of 2 vessels in order to absorb the impact of the cut.
- There has been lots of discussion about cutting Municipal Assistance and Revenue Sharing by 10-15%. We are working on keeping these cuts to a more livable level of 5 - 7 1/2%. Currently, the House budget cuts Revenue Sharing by 10% and Municipal Assistance by 15%.
- The proposed funding for Senior Citizen Property Tax Exemptions is at the current fiscal year level in both the House and the Senate.
- The current proposal for funding school debt is at \$104 million, which is a 10% reduction in the current funding level. We are working to get that figure up to \$109 million on the Senate side.

Northern Transportation Link - At the request of Senator Jim Duncan, the Juneau Economic Development Council prepared a study of transportation options linking Juneau to Canada. Major recommendations of the report include: that the State make a commitment to improve hard surface access to and from Juneau, either up the east side of Lynn Canal to Haines or up the Taku River Valley, and that the State secure funding for Environmental Impact Statements on these two options. Work on both of these recommendations is progressing.

"Working For All Alaska"

S B

2 6 4

SENATE COMMITTEE REPORT

FURTHER

4/21/89

DATE TURNED INTO OFFICE 4/28/89

Mr. President:

Finance Committee considered SB 264

establishing an oil and hazardous substance response office and corps;
and authorizing the use of the oil and hazardous substance release
response fund for certain expenses
and recommended

- replace with CS SB 264) same title
- or adopt _____) new title
- attached amendment(s) and _____) technical title change (HB only)
- SFC letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

FISCAL NOTE(S) [] zero ^{DEC 3909.9 Other} fiscal impact [] appropriation no FN
 new [] updated [] previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
 Chairman signature and recommendation

Committee Backup attached

R/0 JFC 4-28-89

LETTER OF INTENT
CSSB 264 (Finance)

Notwithstanding the provisions of AS 46.08.070 and similar laws, it is the intent of the legislature that the attorney general not seek to recover money expended by the Department of Environmental Conservation for the costs of establishing the oil and hazardous substance response office and oil and hazardous substance response depots even though that money is expended from the oil and hazardous substance release response fund.

R/O SFC 4-28-89

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSSR 264 (Fin)
PUBLISH DATE: 4/27/89

FISCAL NOTE

REQUEST:

Revision Date: April 28, 1989
Title: An Act establishing an oil and hazardous substance response office and corps, etc.
Sponsor: Kelly Sturgelewski Eliason, etc.
Requestor: _____
Agency Affected: Environmental Conservation
BRU: Environmental Quality Administrative Services
Components: Environmental Quality Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		443.9	443.9	443.9	443.9	443.9
TRAVEL		40.0	40.0	40.0	40.0	40.0
CONTRACTUAL		2872.0	2872.0	1772.0	1772.0	1772.0
SUPPLIES		259.0	259.0	259.0	259.0	259.0
EQUIPMENT		295.0	295.0	295.0	295.0	295.0
LAND & STRUCT./RES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		3909.9	3909.9	2809.9	2809.9	2809.9

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		3909.9	3909.9	2809.9	2809.9	2809.9
TOTAL		3909.9	3909.9	2809.9	2809.9	2809.9

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Lynn Kent Phone: 465-2630
Division: Environmental Quality Date: 4/28/89

Approved by Commissioner: [Signature] Date: 4/28/89
Agency: Alaska Department of Environmental Conservation

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Telephone:
(907) 465-2600

FISCAL ANALYSIS

CSSB 264 (Finance)

April 28, 1989

Contact: Lynn Kent

ESTABLISH DEPOTS AND RESPONSE STATIONS (\$2000.0)

The Department estimates that \$2000.0 will be required for each of the first two years to establish and stock depots and response stations at a minimum of two locations: Valdez and on the Kenai Peninsula. Once established, subsequent year costs are expected to decline to \$500.0 for contracted services to maintain inventories and response readiness.

100	\$ -0-
200	\$ -0-
300	\$1,500.0
400	\$ 250.0
500	\$ 250.0
Total	\$2,000.0*

*includes \$1,500.0 in first and second year costs

ESTABLISH OIL AND HAZARDOUS SUBSTANCE RESPONSE OFFICE (\$1909.9)

The Response Office would consist of a full-time staff of nine agency personnel: a director, six response specialists, one clerk-typist and one administrative assistant. The contractual line includes \$100.0 for the first two years for establishment of an office; this money will not be necessary in subsequent years. Other costs include training contracts (\$200.0), contracts with local governments (500.0), wages and per diem for volunteer training (\$300.0), contracts with private response specialists (\$100.0), and contracts for oil spill response research (\$100.0).

<u>Position</u>	<u>100</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>Total</u>
1 Env. Cons. Mgr. (Range 22)	65.9	5.0	8.0	1.0	5.0	84.9
1 Ecologist III (Range 20)	57.7	5.0	8.0	1.0	5.0	76.7
3 Ecologist II (Range 18)	159.9	15.0	24.0	3.0	15.0	216.9
2 Ecologist I (Range 16)	87.4	10.0	16.0	2.0	10.0	125.4
1 Clk Typist III (Range 8)	29.3	0	8.0	1.0	5.0	43.3
1 Admin Asst. III (Range 16)	43.7	5.0	8.0	1.0	5.0	62.7
Totals	443.9	40.0	72.0	9.0	45.0	609.9

Position Costs	\$ 609.9
Contractual Costs	\$1,300.0
Total	\$1,909.9

This fiscal note shows "other" funds as the funding source because funding will come from the Oil and Hazardous Substance Release Fund. However, additional resources will need to be provided to the Response Fund, as there is not currently an adequate balance to support this effort.

Original sponsors: Kelly, Sturgulewski,
Eliason, et al.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 264 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing an oil and hazardous substance
7 response office, corps, and depots; authorizing use
8 of money in the oil and hazardous substance release
9 response fund for certain related expenses; and
10 providing for an effective date."

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

12 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that the
13 March 24, 1989, oil spill disaster in Prince William Sound demonstrates a
14 need for the state to have an independent spill containment and clean-up
15 capability in the event of future discharges of oil or a hazardous sub-
16 stance.

17 (b) It is the purpose of this Act to provide assurance to the people
18 of the state that their health, safety, and well-being will be protected
19 from the adverse consequences of oil and hazardous substance releases of a
20 magnitude that presents a grave and substantial threat to the economy and
21 the environment of the state.

22 * Sec. 2. AS 46.08.040 is amended to read:

23 Sec. 46.08.040. PURPOSES OF THE FUND. The commissioner may use
24 money from the fund to

25 (1) contain, clean up, and take other necessary action,
26 such as monitoring, assessing, investigating, and evaluating the
27 release or threatened release of oil or a hazardous substance that
28 poses an imminent and substantial threat to the public health or
29 welfare, or to the environment;

1 (2) pay all costs incurred to establish and maintain the
2 oil and hazardous substance response office and for the expenses of
3 the oil and hazardous substance response corps and the oil and hazard-
4 ous substance response depots established by that office;

5 (3) provide matching funds for participation in federal oil
6 discharge cleanup activities and under 42 U.S.C. 9601 - 9657 (Compre-
7 hensive Environmental Response, Compensation, and Liability Act of
8 1980); and

9 (4) [(3)] recover the cost to the state or to a municipal-
10 ity of a containment and cleanup resulting from the release or the
11 threatened release of oil or a hazardous substance.

12 * Sec. 3. AS 46.08 is amended by adding new sections to read:

13 ARTICLE 2. OIL AND HAZARDOUS SUBSTANCE RESPONSE OFFICE.

14 Sec. 46.08.100. OFFICE ESTABLISHED. There is established in the
15 department the oil and hazardous substance response office. The
16 office shall include a director and employees who are specially
17 trained in programs and technologies related to the containment and
18 cleanup of releases or threatened releases of oil and hazardous sub-
19 stances.

20 Sec. 46.08.110. RESPONSE CORPS. (a) The office shall establish
21 an oil and hazardous substance response corps.

22 (b) The corps consists of volunteers who register with the
23 office and agree to be trained by the office in techniques for con-
24 tainment and cleanup and to be available on short notice to assist the
25 office in containment and cleanup.

26 (c) Members of the corps are entitled to per diem and expenses
27 as determined by the commissioner for training and for days spent in
28 service to the state in containment and cleanup actions.

29 Sec. 46.08.120. RESPONSE DEPOTS. The office shall maintain

1 emergency response depots in areas of the state determined by the
2 director to be potential sites of releases or threatened releases of
3 oil or hazardous substances. The depots shall be equipped and staffed
4 in a manner that ensures prompt response when containment and cleanup
5 actions are necessary.

6 Sec. 46.08.130. DUTIES OF THE OFFICE. (a) The office shall be
7 prepared to respond promptly to a discharge of oil or a hazardous
8 substance.

9 (b) The office may respond under (a) of this section to an oil
10 or hazardous substance discharge only if:

11 (1) the oil discharge is a catastrophic oil discharge that
12 constitutes an emergency under AS 46.04.080(a);

13 (2) the discharge of oil or a hazardous substance is de-
14 clared to be an emergency under AS 46.03.865;

15 (3) the governor declares the discharge an emergency under
16 AS 26.23;

17 (4) the commissioner reasonably believes that there has
18 been a discharge of oil or a hazardous substance, or that there is a
19 potential discharge of oil or a hazardous substance, and the discharge
20 may qualify under (1) - (3) of this subsection; or

21 (5) the commissioner reasonably believes that the discharge
22 or potential discharge poses an imminent and substantial threat to
23 public health or welfare or to the environment.

24 Sec. 46.08.140. EMERGENCY POWERS. (a) When the office has
25 reasonable grounds to believe that a release of oil or a hazardous
26 substance has occurred or is threatened to occur which, in the judg-
27 ment of its director, presents an imminent or present danger to the
28 health or welfare of the people of the state or would result in or is
29 likely to result in irreversible or irreparable damage to the natural

1 resources or environment, and it appears to be prejudicial to the
2 interest of the people of the state to delay action until an oppor-
3 tunity for a hearing can be provided, state employees or members of
4 the corps may, with permission of the director and without prior
5 hearing, enter private property for the purpose of containment or
6 cleanup.

7 (b) The property owner affected by a response action taken under
8 (a) of this section has the right to be heard as soon as practicable
9 and to present proof to the office that the containment or cleanup
10 action is unnecessary or that it is not necessary to enter the per-
11 son's property for the containment or cleanup action.

12 Sec. 46.08.150. CONTRACTS. The office may enter into agreements
13 with agencies of the state and federal government, political subdivi-
14 sions, the University of Alaska, or private entities to

15 (1) establish and maintain regional oil and hazardous
16 substances depots and to acquire the supplies and equipment necessary
17 for response readiness;

18 (2) train members of response corps; and

19 (3) conduct research into oil and hazardous substances
20 spill technology.

21 Sec. 46.08.160. LIMITATION OF LIABILITY. The state, an employee
22 of the state, and a member of the corps are not liable for costs or
23 damages as a result of actions taken under AS 46.08.100 - 46.08.190 in
24 response to a release or threatened release unless the actions taken
25 by the state, the employee, or the member of the corps constitute
26 gross negligence or intentional misconduct.

27 Sec. 46.08.190. DEFINITIONS. In AS 46.08.100 - 46.08.190

28 (1) "corps" means the oil and hazardous substance response
29 corps;

1 (2) "depots" means the oil and hazardous substance supply
2 and equipment storage depots;

3 (3) "office" means the oil and hazardous substance response
4 office.

5 * Sec. 4. APPLICABILITY OF ACT. This Act does not relieve a person
6 responsible for an oil terminal facility, offshore exploration or produc-
7 tion facility, or a vessel that transports crude oil, or a person who has
8 control of a hazardous substance from the responsibility for containing and
9 cleaning up a discharge of oil or the hazardous substance as required by
10 law.

11 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).
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