

**ALASKA LEGISLATURE**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994**

**1181**

255

**Petition for Protecting the Oil and Hazardous Substance Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
Mary Forbes	<i>Mary Forbes</i>	418 Mill Bay Kodiak	486-2685
BOB PFOTZENREUTER	<i>Bob Pfotzenreuter</i>	1711 Mill Bay #3 Kodiak	486-1910
CALVIN JOSEFSON	<i>Calvin Josefson</i>	1410 Kestrel Kodiak	486-3814
<del>Paul F. Schweitzer</del>	<del><i>Paul F. Schweitzer</i></del>	<del>Box 1443 Kodiak AK</del>	<del>486-5520</del>
Lilky Hansen	<i>Lilky Hansen</i>	212 Hillcrest #5 Kodiak	486-4403
C.S. Dalmyphe (Claude S. Dalmyphe Jr.)	<i>C.S. Dalmyphe</i>	104 Fishermen Bend Ave. Apt 104 Kodiak AK 99605	486-9965
Shakuntala Dalmyphe	<i>Shakuntala Dalmyphe</i>	104 Fishermen Bend Ave. Apt 104 Kodiak AK 99605	486-9965
Nina Berg	<i>Nina Berg</i>	P.O. Box 407	7 4071
P.O. Chelam Bergstrom Anderson	<i>P.O. Chelam Bergstrom Anderson</i>	P.O. Box 625	6-8391
ROMEO R.T. MARSHMAN JR.	<i>Romeo Marshman Jr.</i>	81 Reagan Dr.	6-6964

**Petition for Protecting the Oil and Hazardous Substance Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
M. Chaele ENOWAN	<i>M. Chaele Enowan</i>	POB 4487 Kodiak	486-5807
Carrie Jensen	<i>Carrie Jensen</i>	POB 4487 Kodiak	" "
WENDY BECK	<i>Wendy Beck</i>	BOX 2790 KODIAK	
Joe Allen	<i>Joe Allen</i>	Bx 2714 Kodiak	6-3247
Jaymeon Bennett	<i>Jaymeon Bennett</i>	Box 368 Kodiak	6-4855
Rita Sealander	<i>Rita Sealander</i>	Box 9644 Kodiak	6-5380
CHARLENE PARENT	<i>Charlene Parent</i>	Box 1829	486 6334

### Petition for Protecting the Oil and Hazardous Substance Release Response Fund (470 Fund)

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name	Signature	Address	Phone
DEBRA NIELSEN	<i>Debra Nielsen</i>	Box 8381 Kodiak AK	507) 486-3839
CHRISTINE A. GRAY	<i>Christine Gray</i>	914 Bejaroff Kodiak AK	486-2839
Robin L. Stagle	<i>Robin L. Stagle</i>	P.O. Box 1421 Kodiak	907-486-6280
Maureen Butler	<i>Maureen Butler</i>	Box 2610 Kodiak	486-4604
FRANCES CATER	<i>Frances R. Cater</i>	Box 1472 Kodiak	486-5604
Cami Heald	<i>Cami Heald</i>	PO 8748 Kodiak	<del>486-4604</del>
SPANFER DANNENITZ	<i>Spanfer Dannenitz</i>	PO Box 8161 Kodiak AK	59015
Steve Richter	<i>Steve Richter</i>	PO 8748 Kodiak	
Carol Shell	<i>Carol Shell</i>	PO Box 33 Port Lions, AK	454-2448
JUDY HELLER	<i>Judy Heller</i>	Box 430 Kodiak	486-8401
Marta Seybert - Baker	<i>Marta Seybert Baker</i>	411 New Way	486-2100
GLORIA KENNEDY	<i>Gloria Kennedy</i>	Box 66 Kodiak	486-4056
BALIKA FINLAY	<i>Balika Finlay</i>	Box 300 Kodiak	486-6337
April Laktonen	<i>April Laktonen</i>	Box 8932 Kodiak	486-2420
Emily Calloway	<i>Emily Calloway</i>	Box 8704	6-5591
Dan Stockdale	<i>Dan Stockdale</i>	12761 Nich Dr.	7-2658
CATHY CORRY	<i>Cathy Corry</i>	S.R. 1940 Marmot Di.	486 4199
Mike Milligan	<i>Mike Milligan</i>	S.R. 9171	487-4400
Chris Provost	<i>Chris Provost</i>	Box 4068	486-3828

Please send to Rep. Eileen MacLean Co-chair House Finance Committee, State Capitol, Juneau, AK 99801-1182

**Petition for Protecting the Oil and Hazardous Substance  
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
John Smith		Box 2922 Kodiak	487-4939
Christine Bell		P.O. 1094 Sterling	262-2103
Vivante Bell		1318 Ismailov	486-6862
Kelly Caldwell		Box 2706	+87-2776
Judith Phillips		Box 5569 Chumak	486-5954
Alan Thum		Box 329 Kodiak	486-8114
Kelli A. Benson		P.O. 2897 Kodiak	486-8534
Harold Torsen		P.O. Box 2855 Kodiak	486-8289
Carl Enslaw		P.O. Box 1552 Kodiak	486-3348
Kenny Neely		P.O. Box 441 Kodiak	486-9453
Mike McDonald		11 Box 614 Kodiak	486-2871
Amy Carmel		1721 Larch St Kodiak	486-5587
John Nunn		Box 2125 Kodiak	
Bela Ann Baker		Box 2135 Kodiak	486-5001
Alexis Kelly Wells		1211 Larch St Kodiak	486-5001
Jeanne Billings		762 F Barometer St.	487-2193
Ed Smith		2674 Spruce Cape Rd	486-2066
Steve Robert		2674 Spruce Cape Rd	486-2066
Carl Smith		616 Lower Midway St APT.	486-4970
Chelle Madson		1211 Larch St Kodiak	486-3464
William Ome		717 Willow St. Kodiak	486-4580

Please send to Rep. Eileen MacLean Co-chair House Finance Committee, State Capitol, Juneau, AK 99801-1182

### Petition for Protecting the Oil and Hazardous Substance Release Response Fund (470 Fund)

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name	Signature	Address	Phone
DALE STATION	Dale E. Station	Box 2910 Kodiak	487-2162
Cindy L. Falls	Cindy L. Falls	Box 2910 Kodiak	487-2162
Shirley Kendrick	Shirley Kendrick	Box 3081 Kodiak	486-4501
Pete Kendrick	Pete Kendrick	Box 3081 Kodiak	486-4501
Barbara Rudio	Barbara Rudio	Mill Mill Bay #1 Kodiak	486-8369
TESS DIETRICH	Tess Dietrich	Box 3342 KODIAK	487-2369
Kelly Cleary	Kelly Cleary	Box 18 Kodiak	486-8470
Douglas Pengilly	Douglas Pengilly	Box 9377 Kodiak	486-2431
Ivan Vining	Ivan Vining	172 Selic Fl #4 Kodiak	486-2270
S. Forrest Blau	S. Forrest Blau	S.R. 7700 Kodiak	486-1853
Susan Buerstedt	Susan Buerstedt	2981 Spruce Cape Rd #13 Kodiak	486-1111
Roger B. Smith	Roger B. Smith	P.O. Box 2473 Kodiak AK	486-4032
Jaris Mensch	Jaris Mensch	Box 631 Kodiak AK	486-8280
Patricia Peterson	Patricia Peterson	Box 2633 Kodiak AK	6-5641
Kate Fields	Kate Fields	4022 Cliffside Kodiak	486-6373
Janet Axell	Janet L. Axell	Box 3895 Kodiak AK	486-5111
Sharon Natt	Sharon S. Natt	Box 688 Kodiak AK	6-5885
Karen Woodcock	Karen Woodcock	7225 Alaska Ave Kodiak AK	7-2700
Patricia Szabo	PATRICIA SZABO	Box 11039 Kodiak AK	486-1111
Steve Beintson	Steve Beintson	715 Willow Kodiak AK	486-8150
Harry Heberg	HARRY HERBERG	P.O. Box 296 Kodiak	486-2785
Sue Emerson	Sue Emerson	Box 3907 Kodiak	486-4390

Please send to Rep. Eileen MacLean, Co-chair House Finance Committee, State Capitol, Juneau, AK 99801-1182

**Pettion for Protecting the Oil and Hazardous Substance Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name	Signature	Address	Phone
Mrs. Houston	<i>Mrs. Houston</i>	1323 BERARD	486-2831
Stephen Thruside	<i>Stephen Thruside</i>	418 Mill Pt	486-2685
McBuck	<i>Mark Buck</i>	Box 649 Kodiak	486-4680
Wesley B. ...	<i>Wesley B. ...</i>	412 Marine Way Kodiak	486-3259
Wesley C. ...	<i>Wesley C. ...</i>	412 Marine Way Kodiak	486-3259
James Tadi	<i>James Tadi</i>	612 Kozan	486-5247
David F. ...	<i>David F. ...</i>	" "	" "
Carol Weeks	<i>Carol Weeks</i>	419 Birch	486-3569
Janet Shea	<i>Janet Shea</i>	713 Vance Murray	486-5312
Mary Ann ...	<i>Mary Ann ...</i>	613 " " "	486-4681
Christie ...	<i>Christie ...</i>	421 Mill Bay Kodiak	486-3490
MARY ...	<i>MARY ...</i>	Box 8684	486-1723
Mari Holden	<i>Mari Holden</i>	Box 2225 Kodiak	486-4505
Suzanne ...	<i>Suzanne ...</i>	722 E. Nezmet #3 Kodiak	486-2623
Lubna ...	<i>Lubna ...</i>	1338 Mountainview Kodiak	486-3076
Ann ...	<i>Ann ...</i>	12816 Noth Dr Kodiak	487-2721
D. ...	<i>D. ...</i>	1338 Mountainview Dr Kodiak	486-8111
Debi Munro	<i>Debi Munro</i>	SR 3650 Woodland Dr. Kodiak	486-3506
Andrew Eberly	<i>Andrew Eberly</i>	P.O. Box 3179 Kodiak	487-4071
Bruce ...	<i>Bruce ...</i>	311 Hillcrest Kodiak AK	486-4305
Janis ...	<i>Janis ...</i>	P.O. Box 3487, Kodiak, AK	486-8462
Ronald ...	<i>Ronald ...</i>	3650 Woodland Dr. Kodiak	486-3506
Roderick J. O'Connor	<i>Roderick J. O'Connor</i>	P.O. Box 3488 Kodiak, AK	99615
Jim PETERSON	<i>Jim PETERSON</i>	12816 NOth DR KODIAK AK	99615
Mark Thissen	<i>Mark Thissen</i>	Box 3262 Kodiak AK	486-2419
MARY ANN HICKEY	<i>MARY ANN HICKEY</i>	PO Box 1907 12350 Noth DR. KODIAK AK	99615 48

Please send to Rep. Eileen MacLean Co-chair House Finance Committee, State Capitol, Juneau, AK 99801-1182

### Petition for Protecting the Oil and Hazardous Substance Release Response Fund (470 Fund)

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name                      Signature                      Address                      Phone

- ~~Lucinda Amberfield~~ ~~Lucinda Amberfield~~ Box 2518 Kodiak 486-3621
- ~~Twila Cassette~~ ~~Twila Cassette~~ Box 8235 Kodiak 6-8445
- ~~Laurie Muesel~~ ~~Laurie Muesel~~ PO Box 157 Kodiak 486-2312
- ~~Judy Mathews~~ ~~Judy Mathews~~ Box 4091 Kodiak 486-2509
- ~~Shirley G. Larson~~ ~~Shirley G. Larson~~ Box 3913 Kodiak
- ~~Christine Krauss~~ ~~Christine Krauss~~ Box 2518 Kodiak 486-3621
- ~~Christ. Nielson~~ ~~Christ. Nielson~~ Box 3552 Kodiak 487-2654
- ~~Christy Nielson~~ ~~Christy Nielson~~ Box 3552 Kodiak 487-2654
- ~~John Whiddon~~ ~~John Whiddon~~ 1116 Spruce 6-8130
- ~~John Anderson~~ ~~John Anderson~~ Box 2518 Kodiak 486-3621
- ~~Michelle K. Lovelace~~ ~~Michelle K. Lovelace~~ Box 2942 Kodiak 486-4151
- ~~Roxy BRINGOLD~~ ~~Roxy BRINGOLD~~ Box 8570 486-3017
- ~~Kaia Tollefson~~ ~~Kaia Tollefson~~ Box 4162 Kodiak 486-8497
- ~~Jon Perstikoff~~ ~~Jon Perstikoff~~ Box 9 Port Lions AK 486-2706
- ~~Sanya Nichol~~ ~~Sanya Nichol~~ P.O. Box 3308 Kodiak 486-6266
- ~~Kate V. Brill~~ ~~Kate V. Brill~~ 3538 #3 Kodiak 486-2607
- ~~Marla Seibert Baker~~ ~~Marla Seibert Baker~~ 411 Neve Kodiak 6-2607
- ~~Niki Ford~~ ~~Niki Ford~~ Box 4186 Kodiak AK 486-3751
- ~~Jean Levenson~~ ~~Jean Levenson~~ Box 1284 Kodiak 7-4488
- ~~Altra Mahler~~ ~~Altra Mahler~~ 214 Mill Bay Rd 486-4347
- ~~Lisa Wietton~~ ~~Lisa Wietton~~ Box 8508 Kodiak 6-8108
- ~~Paul B. Smith~~ ~~Paul B. Smith~~ P.O. Box 1668 - 6-5874
- ~~Debbie Clark~~ ~~Debbie Clark~~ Box 7 6-5357
- ~~Mark C. Engh~~ ~~Mark C. Engh~~ 126 River Run Cir Sec (A) 8583 98166 (916) 727 2844
- ~~MARK SCHUBERT~~ ~~MARK SCHUBERT~~ 8300 WASHA RD #121, SARASOTA, FL 34232
- ~~Colleen Rankin~~ ~~Colleen Rankin~~ P.O. Box 2283 Kodiak 486-1964

Christine Krauss

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<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
Shelly Egle	<i>[Signature]</i>	Box 3274 Kodiak	482-2318
Brian D Johnson	<i>[Signature]</i>	Box 2661 Kodiak	486-4888
Robert B. Brodit	<i>[Signature]</i>	Box 296 Kodiak AK	486-3079
JAMES E CRAWFORD	<i>[Signature]</i>	Box 2684 Kodiak AK	486 6559
PETER RAUWILIA	<i>[Signature]</i>	Box 335 Kodiak AK	486-3451
Dante Diakath	<i>[Signature]</i>	P.O. Box 3505 Kodiak AK	486-2008
Debi R. Clark	<i>[Signature]</i>	Box 2009 Kodiak AK	99615
Orville B. Clark	<i>[Signature]</i>	"	"
Richard H. Powell	<i>[Signature]</i>	Box 2074 Kodiak AK	99615
Nora S. Kraft	<i>[Signature]</i>	Box 2474 Kodiak AK	99615
JAMES D. BALAMANI	<i>[Signature]</i>	Box 3328 Kodiak AK	99615
Aileen Shinner	<i>[Signature]</i>	Box 2280 Kodiak AK	99615
Bob Boney	<i>[Signature]</i>	304 Wilson Kodiak AK	99615
Mr. K. Clark	<i>[Signature]</i>	Box 2917 Kodiak AK	99615
William Cleary	<i>[Signature]</i>	Box 18 Kodiak AK	99615
Mimi Woods	<i>[Signature]</i>	Box 7812 Kodiak	99615
John [unclear]	<i>[Signature]</i>	Box 468 Kodiak AK	
Debra Stevens	<i>[Signature]</i>	1719 Selief Ja Kodiak AK	99615
Bob [unclear]	<i>[Signature]</i>	Box 2411 Kodiak AK	99615
John [unclear]	<i>[Signature]</i>	Box 9445 Kodiak	99615
Clair S. Welch	<i>[Signature]</i>	Box 2316 Kodiak	99615
Carole S. [unclear]	<i>[Signature]</i>	P.O. Box 8818 Kodiak	99615
Candy [unclear]	<i>[Signature]</i>	Box 3109 Kodiak	99615
Marcia Bunker	<i>[Signature]</i>	Mason Rd Kodiak	
Uelva [unclear]	<i>[Signature]</i>	P.O. Box 1079 Kodiak	99615

Please send to Rep. Eileen MacLean Co-chair House Finance Committee, State Capitol, Juneau, AK 99801-1182

**Proposal for Responding to a  
"Release" or a "Threatened Release"**

	<b>Prevention Account</b>	<b>Response Account</b>
<b>&lt;2500 BBLs</b>	Immediate Access, no requirement for Governor's approval, uses would be included in the annual report	Governor must Declare a Disaster emergency to use this account for small releases or threatened releases
<b>&gt;2500 BBLs</b>	Not available	Immediate Access, no requirement for Governor's approval, uses would be included in the annual report

**DEPT. OF ENVIRONMENTAL CONSERVATION**

OFFICE OF THE COMMISSIONER  
410 WILLOUGHBY AVE., #105, JUNEAU, AK 99801-1795

Phone: (907) 465-5050  
Fax: (907) 465-5070

May 4, 1994

The Honorable Gene Therriault  
House of Representatives  
State Capitol, Room 421  
Juneau, AK 99801-1182

Dear Representative Therriault:

I am writing to you regarding another "proposal for responding to a release or threatened release" which the Department received from your office late this morning. Thank you for providing this information to us.

I want to formally respond to this proposal so that the Department's position is clear. Initially, I had three very major concerns with HCS CS SB215( ) work draft "Version T". This version set a 2,500 barrel (105,000 gallons) threshold on oil spills before DEC could use the Response Account within the Oil and Hazardous Substance Spill Prevention and Response Fund (OHSSPRF). In addition, this version did not allow use of the Response Account for threatened releases. And, "version T" required that I notify the Governor, within 72 hours of learning of a spill, about specific action that DEC will take to clean up or contain the spill. Within those same 72 hours the Governor must formally advise me that our planned actions are approved, disapproved or should be modified in some way. These requirements are unacceptable to the Administration.

As I understand it, the latest proposal does allow the Response Account to be available for use for threatened releases of oil or a hazardous substance. However, the Response Account would only be available for oil spills greater than 105,000 gallons and for spills for which the Governor has declared a disaster emergency. It also proposes to provide an appropriation each year from the Prevention Account within the OHSSPRF to be available for releases and threatened releases which are less than 105,000 gallons of oil. Utilization of the Prevention Account for responses to releases and threatened releases remains a problem.

The concept of this legislation as it left the Senate, and the reason that I have supported that bill, is that two specific accounts are established within the OHSSPRF which have very clearly defined roles. The Prevention Account is intended to support Alaska's various programs which lead to preventing future spills or in being better prepared to respond to spills when they happen. The Response Account is

**DEPT. OF ENVIRONMENTAL CONSERVATION**

OFFICE OF THE COMMISSIONER  
410 WILLOUGHBY AVE., #105, JUNEAU, AK 99801-1795

Phone: (907) 465-5050  
Fax: (907) 465-5070

May 2, 1994

The Honorable Ron Larson  
Co-Chair House Finance Committee  
Room 502 State Capitol  
Juneau, AK 99801-1182

The Honorable Eileen MacLean  
Co-Chair House Finance Committee  
Room 507 State Capitol  
Juneau, AK 99801-1182

Dear Representatives Larson and MacLean:

I am writing to you in response to HCS for CS for SB215(STA) and to the proposed work draft HCS for CS for SB215(FIN) currently being prepared by Representative Therriault for adoption as the House Finance committee substitute.

Both of these bills make some very critical changes to this legislation and to the Department of Environmental Conservation's (DEC) ability to respond to oil spills and to spills of other hazardous substances. Both of these versions restrict DEC from accessing the Response Account established by this bill within the Oil and Hazardous Substance Spill Prevention and Response Fund (OHSSPRF) to respond to oil spills and spills of hazardous substances. Specifically, under these versions, DEC would not be allowed to access the Response Account to respond to "threatened releases of oil or a hazardous substance." Additionally, oil spills of less than 2,500 barrels (105,000 gallons) could not be responded to using the Response Account.

These proposed changes work in direct opposition to the purpose of SB215. The bill's intention was to clearly establish two accounts within the OHSSPRF; one to maintain an effective spill prevention program within the State of Alaska, and the second to be used for responding to spills and threatened spills which were determined to be imminent. "Imminent release" is further defined in this bill so that everyone is clear as to the meaning of this term. As a result of these proposed changes, the prevention account would have to absorb well over 80% of all of the spills DEC typically responds to over the course of a year.

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As I understand it, the latest proposal does allow the Response Account to be available for use for threatened releases of oil or a hazardous substance. However, the Response Account would only be available for oil spills greater than 105,000 gallons and for spills for which the Governor has declared a disaster emergency. It also proposes to provide an appropriation each year from the Prevention Account within the OHSSPRF to be available for releases and threatened releases which are less than 105,000 gallons of oil. Utilization of the Prevention Account for responses to releases and threatened releases remains a problem.

The concept of this legislation as it left the Senate, and the reason that I have supported that bill, is that two specific accounts are established within the OHSSPRF which have very clearly defined roles. The Prevention Account is intended to support Alaska's various programs which lead to preventing future spills or in being better prepared to respond to spills when they happen. The Response Account is


May 4, 1994

established to respond to releases and threatened releases. Your proposed CS, even with these new proposed changes seriously compromises this division of purposes.

Any proposal which does not allow the Response Account, under all cases, to be used to respond to a release or threatened release of oil or a hazardous substance is not workable. Any use of a threshold to determine whether the Response Account can be used is unacceptable. A "small spill" in the wrong place can have very serious and even life-threatening implications. Notifying the Governor is a normal part of responding to a spill, but the 72 hour requirement will be unworkable in actual practice. However, I will support similar requirements to those in HCS CS SB215(RES). The establishment of a prevention appropriation to deal with smaller spills, although well-meaning, will not be a good long term solution due to the other significant financial pressures on the Prevention Account (e.g. underground storage tanks, SERC's and LEPC's, capital projects, community grants, etc.), and the long term decline in Prevention Account surcharge revenues.

Representative Therriault, I very much appreciate the efforts you are making to move this bill to final passage, but these few issues described above will stand in the way of this Administration's support for this bill.

Sincerely,



John A. Sandor  
Commissioner

BP/JAS/mmf (CO-comm\sb215gt.ltr)

cc: House Finance Committee Members

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

**DEPT. OF ENVIRONMENTAL CONSERVATION**

OFFICE OF THE COMMISSIONER  
410 WILLOUGHBY AVE., #105, JUNEAU, AK 99801-1795

Phone: (907) 465-5050  
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May 2, 1994

The Honorable Ron Larson  
Co-Chair House Finance Committee  
Room 502 State Capitol  
Juneau, AK 99801-1182

The Honorable Eileen MacLean  
Co-Chair House Finance Committee  
Room 507 State Capitol  
Juneau, AK 99801-1182

Dear Representatives Larson and MacLean:

I am writing to you in response to HCS for CS for SB215(STA) and to the proposed work draft HCS for CS for SB215(FIN) currently being prepared by Representative Therriault for adoption as the House Finance committee substitute.

Both of these bills make some very critical changes to this legislation and to the Department of Environmental Conservation's (DEC) ability to respond to oil spills and to spills of other hazardous substances. Both of these versions restrict DEC from accessing the Response Account established by this bill within the Oil and Hazardous Substance Spill Prevention and Response Fund (OHSSPRF) to respond to oil spills and spills of hazardous substances. Specifically, under these versions, DEC would not be allowed to access the Response Account to respond to "threatened releases of oil or a hazardous substance." Additionally, oil spills of less than 2,500 barrels (105,000 gallons) could not be responded to using the Response Account.

These proposed changes work in direct opposition to the purpose of SB215. The bill's intention was to clearly establish two accounts within the OHSSPRF; one to maintain an effective spill prevention program within the State of Alaska, and the second to be used for responding to spills and threatened spills which were determined to be imminent. "Imminent release" is further defined in this bill so that everyone is clear as to the meaning of this term. As a result of these proposed changes, the prevention account would have to absorb well over 80% of all of the spills DEC typically responds to over the course of a year.

Governor Hickel's remarks to the press on the 5th Anniversary of the Exxon Valdez Oil Spill clearly stated that the only acceptable split of the nickel surcharge was one in which 3 cents was allocated to the Prevention Account and 2 cents was allocated to the Response Account within the OHSSPRF. At every turn, more purposes have been added to the underfunded Prevention Account: underground storage tanks; SERC's; new capital projects; municipal impact assistance grants and impact assessments; and now threatened releases of oil and hazardous substances. The changes proposed above now place significant new burdens on the Prevention Account. The financial effect of this change, combined with crediting the entire spill reserve to the Response Account, would be to effectively change the 3 cent and 2 cent split of the nickel in SB 215. Such a change is unacceptable to the Administration.

Restricting DEC from responding to threatened releases using the Response Account will also result in a significant increase in the cost of cleaning up spills within the state. It is always cheaper to respond to an imminent spill than it is to clean up a spill which has already occurred. These versions of the bill will encourage DEC to wait until the spill has occurred before acting. Secondly, DEC has been very successful in keeping the cost to the State for responding to emergency spills low, by making sure that the responsible party pays for the clean up activities. One of the factors that has helped DEC be successful in getting the responsible parties to pay is that we have a large fund, in this case a \$50 million Response Account, to bring to the problem if they are unwilling to do it themselves. If DEC is placed in the situation of threatening to employ a \$2 to \$3 million account to deal with the problem, our success may be severely limited.

Finally, the Legislative Audit requested by Chairman Larson does not reach conclusions which justify this type of unnecessary restriction on the use of the Response Account. Over the entire life of the so called 470 Fund, DEC has used less than 1% of the fund to respond to releases and threatened releases that pose an imminent threat. We anticipate no change in this record provided we can continue to bring the full weight of a \$50 million Response Account to bear on the problem and that we can continue to use this account to respond to threatened releases which pose an imminent and substantial threat to cause "personal injury, injury to life, or loss of or damage to property, including the environment."

In the past few years DEC has had to respond to a number of "imminent" spills by mobilizing people and materials. One example of the use of the Response Account comes when a ship is endangered, and it does not have the necessary response materials immediately available. The ship may not even have a response plan. In Glacier Bay last year, we responded to the grounding of the Yorktown Clipper. Last winter a ship ran aground off Prince of Wales Island. Two years ago a Korean ship caught fire in Dutch Harbor. Before that, we found ourselves responding to a loose

May 2, 1994

fuel barge in the Prince William Sound. In each of these cases, we had to have the financial resources necessary to prevent a disaster. Requiring the Governor to declare a disaster first is not reasonable and could be dangerous.

I would respectfully urge retention of the 3 cent Prevention and 2 cent Response split of the nickel as designated in SB215 passed by the Senate. Anything less would not be acceptable to the Administration.

Sincerely,

  
John A. Sandor  
Commissioner

RP/MT/CN/JAS/mmf (CO\comm\hcssb215.mem)

# Alaska State Legislature

SENATOR  
MIKE MILLER

3000 E. BEAUFORT  
NORTH POLE, ALASKA 99705  
(907) 485-7802

Senate District 12



Senate

Wade Johnson  
State Capitol  
Juneau, Alaska  
99801-1162  
(907) 485-4076

## SPONSOR STATEMENT - SENATE BILL 215

Last session, SB 215 was introduced to address several critical concerns relating to the 5 cents per barrel Oil and Hazardous Substance Release Response Fund. It has become increasingly clear that legislation is needed this session to address these concerns, and get the 470 Fund back to what it was originally intended when the Legislature enacted the nickel tax in 1989 - the creation of a \$50 million emergency reserve fund to have immediately available for critical response activity and the ability to fund certain necessary state programs in the area of spill prevention and response.

The current version before you of Senate Bill 215 splits the revenue generated from the nickel per barrel surcharge into a 60/40 ratio (or 3 cents/2 cents) and creates two accounts for the appropriation and expenditure of those revenues.

The Response Account, into which 40% of the tax is appropriated (2¢), will provide funding for releases of oil or other hazardous substances that are emergency or very serious in nature and that require immediate response. This account will initially receive the existing balance of the spill reserve (approximately \$37 million) as well as an ongoing 2 cents from the nickel per barrel surcharge. When the balance of this fund reaches \$50 million, the tax will shut off; when the balance falls below \$50 million, the surcharge will be reimposed.

The Prevention Account, into which 60% of the tax is appropriated (3¢), will provide funding for programs administered by DEC (as well as other agencies) for spill preparedness and related operating expenditures. Unlike the 2 cents in the Response Account, the 3 cent portion of the tax will never shut off. This account will provide an ongoing source of revenue for state prevention programs.

CSSB 215(Fin) am(EFD FLD) represents many hours of effort by all parties involved and is supported by the administration. I would urge this committee's favorable consideration and prompt passage of the legislation.

8-LS8001NQ  
Cramer  
5/3/94

**HOUSE BILL NO.**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Introduced:**  
**Referred:**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act making, repealing, and amending appropriations for grants and for  
2 capital and operating expenses of state government; and providing for an effective  
3 date."

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

5 \* **Section 1.** Section 21, ch. 79, SLA 1993, page 72, lines 21 - 23, is amended to read:

6		APPROPRIATION	GENERAL
7		ITEMS	FUND

8 Sitka - [16"] Water Main and Sewer  
9 Improvements Halibut Point Road -

10	Katlan to Sawmill Creek Road (ED 2)	500,000	500,000
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11 \* **Sec. 2.** The unexpended and unobligated balance of the appropriation made in sec. 165,  
12 ch. 96, SLA 1991, page 94, line 5 (Kenai Peninsula Borough school district - Nikiski  
13 Elementary School zone lights - \$40,000) is reappropriated to the Department of  
14 Administration for payment as a grant under AS 37.05.315 to the Kenai Peninsula Borough

1 for the purchase and installation of an electronic warning siren to be located at North Star  
2 Elementary School.

3 \* Sec. 3. Section 21, ch. 79, SLA 1993, page 98, lines 15 - 18, is amended to read:

4	APPROPRIATION	GENERAL
5	ITEMS	FUND
6 Municipality of Anchorage -		
7 Chugiak, Birchwood, Eagle River		
8 Road Service Area, Hiland Road <u>engineering,</u>		
9 <u>repairs, and reconstruction</u> [PHASE II		
10 CONSTRUCTION] (ED 10 - 25)	500,000	500,000

11 \* Sec. 4. The unexpended and unobligated balance of the appropriation made in sec. 38,  
12 ch. 65, SLA 1993, page 45, line 15 (Ombudsman - \$1,597,500) lapses into the general fund  
13 June 30, 1995.

14 \* Sec. 5. The unexpended and unobligated balance of the appropriation made in sec. 38,  
15 ch. 65, SLA 1993, page 10, line 11 (Office of the Governor Executive Operations -  
16 \$8,407,000) lapses into the general fund June 30, 1995.

17 \* Sec. 6. The unexpended and unobligated balance of the appropriation made in sec. 38,  
18 ch. 65, SLA 1993, page 10, line 29 (Office of Management & Budget - \$6,551,200) lapses  
19 into the general fund June 30, 1995.

20 \* Sec. 7. The unexpended and unobligated balance of the appropriation made in sec. 137,  
21 ch. 41, SLA 1993 (Medicaid disproportionate share claims - \$5,604,000) lapses August 30,  
22 1994.

23 \* Sec. 8. Section 19, ch. 79, SLA 1993, page 13, lines 34 - 36 is amended to read:

24	ALLOCATIONS	
25 Bristol Bay Mental Health		
26 <u>Facility design</u>		
27 <u>and planning</u> [CENTER -		
28 STORM WINDOWS/		
29 PLUMBING UPGRADE]		
30 (ED 39)	186,000	

31 \* Sec. 9. Section 21, ch. 79, SLA 1993, page 58, lines 21 - 23 is amended to read:

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APPROPRIATION  
ITEMS

GENERAL  
FUND

Alaska Youth and Parent Foundation

- facility renovations [ROOF REPAIRS

AND HANDICAP ACCESS] (ED 10 - 25)

20,000

20,000

\* Sec. 10. The unexpended and unobligated balance, not to exceed \$1,750,000, of the appropriation made in sec. 12, ch. 79, SLA 1993 (research programs for prevention, containment, cleanup, and amelioration of oil spills - \$5,000,000) is reappropriated to the Department of Commerce and Economic Development for payment as a grant under AS 37.05.316 to the Prince William Sound Aquaculture Corporation to provide for the restoration and replacement of natural resources injured and services lost or diminished as a result of the Exxon Valdez oil spill through the operation of hatcheries for the production of common property salmon fry and smolt for Prince William Sound.

\* Sec. 11. Section 138, ch. 41, SLA 1993, is amended by adding new subsections to read:

(c) In addition to the \$21,714,000 that was appropriated by (a) of this section from the general fund to the mental health trust income account (AS 37.14.011), the sum of \$4,147,992 is appropriated from the general fund to the mental health trust income account (AS 37.14.011) as reimbursement of additional federal money received by the state through the federal Medicaid program for services provided to Medicaid recipients and other low-income patients at the Alaska Psychiatric Institute from July 1, 1989, to June 30, 1993.

(d) Contingent on the department requesting proposals for design, site preparation, utility hook-ups, and construction based on the new Alaska Psychiatric Institute being no larger than 72 beds, with a per bed cost of no more than \$300,000, the sum of \$25,861,992 is appropriated from the mental health trust income account (AS 37.14.011) to the Department of Health and Social Services and is allocated for the following purposes in the amounts listed:

Mental health trust beneficiary projects	\$ 3,000,000
Construction of replacement facility or facilities for the Alaska Psychiatric Institute	22,861,992

1 \* Sec. 12. Section 3, ch. 83, SLA 1993, page 4, line 18 is amended to read:

2	SCHOOL DISTRICT/REAA	PROJECT	ALLOCATION
3	Mt. Edgecumbe High School	Deferred maintenance projects	303,800
4		<u>for high school, dormitories,</u>	
5		<u>and gymnasium</u>	

6 \* Sec. 13. The unexpended and unobligated balance of the appropriation made in sec. 227,  
7 ch. 117, SLA 1989, page 102, line 9 (Brevig Mission community facilities improvements/road  
8 improvements - \$34,500) is reappropriated to the Department of Administration for payment  
9 as a grant under AS 37.05.315 to the City of Brevig Mission community facilities  
10 improvement.

11 \* Sec. 14. The unexpended and unobligated balance of the appropriation made in sec. 114,  
12 ch. 117, SLA 1989 (Noorvik survey and platting) is reappropriated to the Department of  
13 Administration for payment as a grant under AS 37.05.315 to the City of Noorvik for survey  
14 and platting.

15 \* Sec. 15. The unexpended and unobligated balance of the appropriation made in sec. 218,  
16 ch. 117, SLA 1989 (Kotzebue - NANA search and rescue programs) is reappropriated to the  
17 Department of Administration for payment as a grant under AS 37.05.315 to the City of  
18 Kotzebue for NANA search and rescue programs.

19 \* Sec. 16. The unexpended and unobligated balance of the appropriation made in sec. 227,  
20 ch. 117, SLA 1989, page 102, line 6 (North Slope Borough - Wainwright washeteria upgrade -  
21 \$149,900) is reappropriated to the Department of Administration for payment as a grant under  
22 AS 37.05.315 to the City of Wainwright for the Wainwright community center remodel  
23 project.

24 \* Sec. 17. Section 21, ch. 79, SLA 1993, page 112, lines 13 - 14 is amended to read:

25		APPROPRIATION	GENERAL
26		ITEMS	FUND
27	Koyuk - <u>Public safety facility</u>		
28	[FIRE STATION/EQUIPMENT] (ED 38)	42,000	42,000

29 \* Sec. 18. Section 21, ch. 79, SLA 1993, page 110, lines 8 - 9, is amended to read:

30		APPROPRIATION	GENERAL
31		ITEMS	FUND

1	City of Hughes - Street Lights, <u>generator</u>		
2	<u>upgrade, power poles</u> (ED 36)	60,000	60,000
3	* Sec. 19. Section 21, ch. 79, SLA 1993, page 110. lines 18 - 19, is amended to read:		
4		APPROPRIATION	GENERAL
5		ITEMS	FUND
6	City of Nulato - Road Improvements <u>and</u>		
7	<u>equipment purchase</u> (ED 36)	20,000	20,000
8	* Sec. 20. Section 154, ch. 5, FSSLA 1992, page 111, line 15, is amended to read:		
9		APPROPRIATION	GENERAL
10		ITEMS	FUND
11	Nulato local road upgrade project <u>and</u>		
12	<u>solid waste site expansion</u> (ED 24)	50,000	50,000
13	* Sec. 21. Section 21, ch. 79, SLA 1993, page 110, lines 14 - 15, is amended to read:		
14		APPROPRIATION	GENERAL
15		ITEMS	FUND
16	City of Newhalen - <u>Municipal garage, clinic</u>		
17	<u>building</u> [LAUNDROMAT IMPROVEMENTS]		
18	(ED 36)	20,800	20,800
19	* Sec. 22. Section 154, ch. 5, FSSLA 1992, page 116, line 19, as amended by sec. 47, ch.		
20	41, SLA 1993, is amended to read:		
21		APPROPRIATION	GENERAL
22		ITEMS	FUND
23	Beaver Village <u>multi-purpose building</u>		
24	<u>construction and</u> health clinic building		
25	(ED 24)	70,000	70,000
26	* Sec. 23. Section 165, ch. 96, SLA 1991, page 127, line 17, as amended by sec. 46, ch.		
27	41, SLA 1993, is amended to read:		
28		APPROPRIATION	GENERAL
29		ITEMS	FUND
30	Beaver Traditional Council - <u>Multi-purpose</u>		
31	<u>building construction and</u> Clinic building		

1 (ED 24) 10,000 10,000  
 2 \* **Sec. 24.** The balance in the former electrical service extension fund (former  
 3 AS 44.83.370) in the Alaska Energy Authority on August 11, 1993, is appropriated from the  
 4 fund to the electrical service extension fund in the Department of Community and Regional  
 5 Affairs (AS 42.45.200).

6 \* **Sec. 25.** Section 154, ch. 5, FSSLA 1992, page 118, line 7, is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
7		
8		
9	Perryville - fuel tanks, <u>[AND] truck, and</u>	
10	<u>completion of dike system construction</u>	

11	(ED 27)	68,000	68,000
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12 \* **Sec. 26.** Section 165, ch. 96, SLA 1991, page 71, line 9, is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND

13			
14			
15	Western Alaska fuel cooperative - bulk fuel		
16	tank acquisition and installation <u>and fuel</u>		
17	<u>facility construction</u> (ED 26)		
18	300,000	300,000	

18 \* **Sec. 27.** The unexpended and unobligated balance of the appropriation made in sec. 154,  
 19 ch. 5, FSSLA 1992, page 106, line 11 (Steese volunteer fire department all wheel drive tanker-  
 20 \$70,000) is reappropriated to the Department of Administration for payment as a grant under  
 21 AS 37.05.315 to the Fairbanks North Star Borough for a Steese volunteer fire department  
 22 rescue vehicle and miscellaneous equipment.

23 \* **Sec. 28.** The unexpended and unobligated balance of the appropriation made in sec. 19,  
 24 ch. 79, SLA 1993, page 108, lines 22 - 24 (Two Rivers rescue building expansion - \$75,000)  
 25 is reappropriated to the Department of Health and Social Services, interior region emergency  
 26 medical services for Two Rivers rescue ambulance garage and training room.

27 \* **Sec. 29.** Section 227, ch. 117, SLA 1989, page 92, line 20, is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
28		
29		
30	Yakutat - subsurface drainage improvement,	
31	<u>retaining walls, and guard rails</u> (ED 2)	
	110,00	110,000

1 \* **Sec. 30.** The unexpended and unobligated balance of the appropriation made in sec. 227,  
2 ch. 117, SLA 1989, page 103, line 7 (Stebbins water access road - \$34,500) is reappropriated  
3 to the Department of Administration for payment as a grant under AS 37.05.315 to the City  
4 of Stebbins for a water access road, line extension, and pump station improvements.

5 \* **Sec. 31.** Section 152, ch. 5, FSSLA 1992, page 58, line 13, is amended to read:

6 ALLOCATIONS

7 Kotzebue - water

8 and sewer [SEWAGE

9 COLLECTION

10 SYSTEM] (ED 22) 1,293,000

11 \* **Sec. 32.** Section 152, ch. 5, FSSLA 1992, page 58, line 22, is amended to read:

12 ALLOCATIONS

13 Unalakleet - water,

14 sewer, and solid

15 waste improvements

16 [AIRPORT UTILITIES

17 PROJECT] (ED 23) 1,366,000

18 \* **Sec. 33.** (a) The sum of \$250,000 of the unexpended and unobligated balance, on July 1,  
19 1994, of the appropriation made in sec. 4, ch. 24, SLA 1984, page 57, line 23, as amended  
20 by sec. 461, ch. 105, SLA 1985 (Juneau Hangar (AAOF) - \$3,841,200) that was encumbered  
21 but not expended when that appropriation was repealed and reappropriated by sec. 137,  
22 ch. 117, SLA 1989, is reappropriated to the Department of Fish and Game for use in fiscal  
23 year 1995 to prepare to transfer operation of the sockeye and chinook programs at Snettisham  
24 hatchery to the private sector.

25 (b) The remaining unexpended and unobligated balance, after the appropriation made  
26 in (a) of this section, of the appropriation made in sec. 4, ch. 24, SLA 1984, page 57, line 23,  
27 as amended by sec. 461, ch. 105, SLA 1985 (Juneau Hangar (AAOF) - \$3,841,200) that was  
28 encumbered but not expended when that appropriation was repealed and reappropriated by  
29 sec. 137, ch. 117, SLA 1989, is reappropriated to the Department of Military and Veterans'  
30 Affairs for deferred maintenance for army guard facilities.

31 (c) The unexpended and unobligated balance of the appropriation made in sec. 137,

1 ch. 117, SLA 1989 (Nome Hangar Project) is reappropriated to the Department of Military and  
2 Veterans' Affairs for deferred maintenance for army guard facilities.

3 \* **Sec. 34** The unexpended and unobligated balance of the appropriation made in sec. 137,  
4 ch. 117, SLA 1989 (Nome hangar project additional overhead charges) is reappropriated to  
5 the Department of Military and Veterans' Affairs for deferred maintenance for army guard  
6 facilities.

7 \* **Sec. 35.** Upon refund to the Department of Commerce and Economic Development of  
8 the amount held in deposit as security for the existing lease for the Tokyo office of the office  
9 of international trade, including interest earned on the account, that amount is reappropriated  
10 to the Department of Commerce and Economic Development, office of international trade, for  
11 costs related to new office space in Tokyo for the fiscal year ending June 30, 1995.

12 \* **Sec. 36.** Section 21, ch. 79, SLA 1993, page 83, lines 28 - 31, is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
15 Municipality of Anchorage - Water and		
16 Wastewater Utility Vitrified Clay		
17 Pipe <u>study and</u> Replacement		
18 District 13 (ED 13)	50,000	50,000

19 \* **Sec. 37.** Contingent upon the passage by the Eighteenth Alaska State Legislature and the  
20 enactment into law of a bill that (1, establishes the oil and hazardous substance release  
21 prevention account and the oil and hazardous substance release response account (or  
22 substantially similar accounts) in the oil and hazardous substance release prevention and  
23 response fund (or a substantially similar successor to the oil and hazardous substance release  
24 response fund (AS 46.08.010)), and (2) takes effect on or after July 1, 1994, the amount  
25 derived from the oil conservation surcharge collected under AS 43.55.200 on or after July 1,  
26 1994, and before the effective date of a section of that bill setting out transitional provisions  
27 applicable to the oil conservation surcharge is appropriated from the general fund to the oil  
28 and hazardous substance release prevention and response fund (or a substantially similar  
29 successor to the oil and hazardous substance release response fund (AS 46.08.010)) and is  
30 allocated between the oil and hazardous substance release prevention account and the oil and  
31 hazardous substance release response account (or substantially similar accounts) in the

1 proportions provided by law.

2 \* **Sec. 38.** The unexpended and unobligated balance of the appropriation made in sec. 17,  
3 ch. 79, SLA 1993, page 6, line 8 (Alaska Court System imaging system - \$207,500) is  
4 reappropriated to the Alaska Court System for computer hardware, software, and maintenance.

5 \* **Sec. 39.** (a) The sum of \$30,000 from the unexpended and unobligated balance of the  
6 appropriation made in sec. 139, ch. 208, SLA 1990, page 47, line 14 (Juneau-Pioneer home  
7 bus turnout construction - \$65,000) is reappropriated to the Department of Community and  
8 Regional Affairs for payment as a grant under AS 37.05.316 to Perseverance Theater for the  
9 Alaska conservatory job training and employment grant.

10 (b) The balance of the unexpended and unobligated appropriation made in sec. 139,  
11 ch. 208, SLA 1990, page 47, line 14, as amended by (a) of this section (Juneau-Pioneer home  
12 bus turnout construction - \$65,000) is reappropriated to the Department of Fish and Game to  
13 prepare for the transfer of the sockeye and chinook programs at the Snettisham hatchery to  
14 the private sector.

15 \* **Sec. 40.** The unexpended and unobligated balance of the appropriation made in sec. 165,  
16 ch. 96, SLA 1991, page 78, line 6 (North Douglas highway extension - \$400,000) is  
17 reappropriated to the Department of Fish and Game to prepare for the transfer of the sockeye  
18 and chinook programs at the Snettisham hatchery to the private sector.

19 \* **Sec. 41.** The unexpended and unobligated balance of the appropriation made in sec. 139,  
20 ch. 208, SLA 1990, page 84, line 17, as amended by sec. 92, ch. 5, FSSLA 1992 (Juneau-  
21 Douglas Harbor Industrial Park construction and renovation and areawide fisheries  
22 development facilities - \$340,000) is reappropriated to the Department of Fish and Game to  
23 prepare for the transfer of the sockeye and chinook programs at the Snettisham hatchery to  
24 the private sector.

25 \* **Sec. 42.** The unexpended and unobligated balance of the appropriation made in sec. 34,  
26 ch. 107, SLA 1983, page 82, line 4, and allocated on page 85, line 11 (Fairbanks sludge  
27 disposal facility phase II - \$187,500) and on line 12 (Fairbanks northeast water transmission -  
28 \$1,980,000) as amended by sec. 72, ch. 171, SLA 1984, is reappropriated to the Department  
29 of Administration for payment as a grant under AS 37.05.315 to the City of Fairbanks for the  
30 completion of the Fairbanks Regional Health Center project.

31 \* **Sec. 43.** The sum of \$78,600 from the unexpended and unobligated balance of the

1 appropriation made in sec. 2, ch. 10, SLA 1983, page 9, line 8, as amended by sec. 277, ch.  
2 130, SLA 1986 (Sand Point water and sewer - \$1,868,000) is reappropriated to the Department  
3 of Environmental Conservation to purchase laboratory equipment and supplies.

4 \* Sec. 44. The unexpended and unobligated balance of the appropriation made in sec. 227,  
5 ch. 117, SLA 1989, page 73, line 8 (McGrath retardant ramp repair - \$100,000) is  
6 reappropriated to the Department of Natural Resources for Forest Practices Act effectiveness  
7 research.

8 \* Sec. 45. The unexpended and unobligated balance of the appropriation made in sec. 38,  
9 ch. 65, SLA 1993, page 44, line 26 (Budget and Audit Committee - \$6,992,900) lapses into  
10 the general fund June 30, 1995.

11 \* Sec. 46. Section 122, ch. 130, SLA 1986 as amended by sec. 9, ch. 3, FSSLA 1987;  
12 sec. 138, ch. 173, SLA 1988; sec. 155, ch. 117, SLA 1989; sec. 109, ch. 208, SLA 1990;  
13 sec. 67, ch. 96, SLA 1991; sec. 65, ch. 5, FSSLA 1992; and sec. 21, ch. 41, SLA 1993, is  
14 amended to read:

15           Sec. 122. The sum of \$36,000 is appropriated from the general fund to the  
16 Legislative Finance Division for House Finance Committee education funding related  
17 activities for the fiscal years ending June 30, 1987, June 30, 1988, June 30, 1989,  
18 June 30, 1990, June 30, 1991, June 30, 1992, June 30, 1993, [AND] June 30, 1994,  
19 and June 30, 1995.

20 \* Sec. 47. The unexpended and unobligated balance of the appropriation made in sec. 38,  
21 ch. 65, SLA 1993, page 44, line 30 (Legislative Council - \$20,358,600) lapses into the general  
22 fund June 30, 1995.

23 \* Sec. 48. The unexpended and unobligated balance of the appropriation made in sec. 38,  
24 ch. 65, SLA 1993, page 45, line 14 (Legislative operating budget - \$5,000,000) lapses into the  
25 general fund June 30, 1995.

26 \* Sec. 49. The unexpended and unobligated balances of the appropriations made in sec. 3,  
27 ch. 128, SLA 1986, page 4, line 18 (Eagle School water well - \$300,000) and sec. 71, ch. 87,  
28 SLA 1989 (Dot Lake School sewer repair and water system upgrade - \$65,000) and remaining  
29 unexpended and unobligated balance of the appropriation made by sec. 72, ch 87, SLA 1989  
30 (Alaska Gateway School District/Eagle School power plant - \$78,000) that was encumbered  
31 but not expended when that appropriation was repealed by sec. 32, ch. 208, SLA 1990, and

1 the remaining unexpended and unobligated balance of the appropriation made by sec. 73,  
2 ch. 87, SLA 1989 (Alaska Gateway School District/Northway School emergency septage repair  
3 - \$94,000) that was encumbered but not expended when that appropriation was repealed by  
4 sec. 33, ch. 208, SLA 1990, are reappropriated to the Department of Education for payment  
5 as a grant under AS 37.05.316 to the Alaska Gateway School District for the new Tok School.

6 \* **Sec. 50.** (a) The unexpended and unobligated balances of the appropriations made in sec.  
7 158, ch. 3, FSSLA 1987, page 61, line 14 (Mat-Su Borough - Old Glenn ~~and~~ and Clark  
8 Wolverine Road upgrade - \$30,000); in sec. 227(a)(4), ch. 173, SLA 1988, page 76, line 20  
9 (plant materials center for flood control - \$50,000); in sec. 10, ch. 172, SLA 1988, page 7, line  
10 13 (Denali southside visitor center development - \$100,000); in sec. 227, ch. 117, SLA 1989,  
11 page 78, line 8 (Petersville Road - \$60,000); in sec. 163, ch. 96, SLA 1991, page 57, line 8  
12 (Talkeetna eastside sewer and water - \$2,000,000); in sec. 227, ch. 117, SLA 1989, page 86,  
13 line 9, and allocated on page 87, line 5 (Talkeetna water and sewer - \$800,000); and in sec.  
14 3, ch. 128, SLA 1986, page 22, line 9, and allocated on line 12, as amended by sec. 53, ch. 3,  
15 FSSLA 1987 (Talkeetna water and sewer - \$960,000), are reappropriated to the departments,  
16 in the amounts, and for the purposes set out in subsections (b) - (k) of this section.

17 (b) The sum of \$20,000 is appropriated from the amount reappropriated in (a) of this  
18 section to the Department of Community and Regional Affairs for payment as a grant under  
19 AS 37.05.316 to the Upper Susitna Senior Center for completion of building construction and  
20 kitchen equipment for the center.

21 (c) The sum of \$29,200 is appropriated from the amount reappropriated in (a) of this  
22 section to the Department of Community and Regional Affairs for payment as a grant under  
23 AS 37.05.316 to the Palmer Senior Center for sidewalk replacement and repair, lighting, and  
24 purchase of a van.

25 (d) The sum of \$49,000 is appropriated from the amount reappropriated in (a) of this  
26 section to the Department of Transportation and Public Facilities for the upgrade of Clark  
27 Wolverine Road.

28 (e) The sum of \$20,000 is appropriated from the amount reappropriated in (a) of this  
29 section to the Alaska Public Broadcasting Commission in the Department of Administration  
30 for payment as a grant under AS 44.21.268 to KTNA, the Talkeetna public radio station, for  
31 facility upgrade and expansion.

1 (f) The sum of \$50,000 is appropriated from the amount reappropriated in (a) of this  
2 section to the Department of Administration for payment as a grant under AS 37.05.315 to the  
3 Matanuska-Susitna Borough for a fire truck for the community of Big Lake.

4 (g) The sum of \$30,000 is appropriated from the amount reappropriated in (a) of this  
5 section to the Department of Administration for payment as a grant under AS 37.05.315 to the  
6 City of Houston for fire equipment.

7 (h) The sum of \$20,000 is appropriated from the amount reappropriated in (a) of this  
8 section to the Department of Transportation and Public Facilities for Petersville Road paving.

9 (i) The sum of \$25,000 is appropriated from the amount reappropriated in (a) of this  
10 section to the Department of Administration for payment as a grant under AS 37.05.315 to the  
11 Matanuska-Susitna Borough for Long Lake Road upgrade.

12 (j) The sum of \$5,000 is appropriated from the amount reappropriated in (a) of this  
13 section to the Department of Administration for payment as a grant under AS 37.05.315 to the  
14 Matanuska-Susitna Borough for Willow Creek community center office equipment.

15 (k) The sum of \$45,000 is appropriated from the amount reappropriated in (a) of this  
16 section to the Department of Administration for payment as a grant under AS 37.05.315 to the  
17 Matanuska-Susitna Borough for Bogard extension to Schrock.

18 (l) If the amount available to be reappropriated under (a) of this section is less than  
19 \$293,200, then the appropriations made by (b) - (k) of this section shall be reduced in  
20 proportion to the amount of the shortfall.

21 \* Sec. 51. Section 21, ch. 79, SLA 1993, page 102, lines 31 - 33, is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
24 Matanuska-Susitna Borough - Hollywood		
25 Road [FROM BIG LAKE EAST]		
26 Paving (ED 28)	100,000	100,000

27 \* Sec. 52. The unexpended and unobligated balance of the appropriation made in sec. 227,  
28 ch. 117, SLA 1989, page 95, line 6 (Anchorage Huffman Road extension, planning,  
29 engineering and design, Birch to Hillside - \$317,700) is reappropriated to the Department of  
30 Administration for payment as a grant under AS 37.05.315 to the Municipality of Anchorage  
31 for road and drainage rehabilitation for District 18, limited road service area.

1     \* **Sec. 53.** The unexpended and unobligated balance of the appropriation made in sec. 227,  
2 ch. 117, SLA 1989, page 102, line 18 (Cape Nome relocation - survey and right-of-way  
3 acquisition - \$25,000) is reappropriated to the Department of Administration for payment as  
4 a grant under AS 37.05.315 to the City of Nome to acquire material from Cape Nome to  
5 protect city property from damage caused by seasonal Bering Sea storms.

6     \* **Sec. 54.** (a) The unexpended and unobligated balance of the appropriation made in sec.  
7 152, ch. 5, FSSLA 1992, page 58, line 11 (Talkeetna - Eastside water/sewer - \$1,200,000) is  
8 reappropriated to the departments, in the amounts, and for the purposes set out in subsections  
9 (b) - (d) of this section.

10           (b) The sum of \$295,600 is appropriated from the amount reappropriated in (a) of this  
11 section to the Department of Administration for payment as a grant under AS 37.05.315 to the  
12 Matanuska-Susitna Borough to purchase tools, equipment, supplies, and other items to  
13 maintain the Talkeetna water and sewer system.

14           (c) The sum of \$150,000 is appropriated from the amount reappropriated in (a) of this  
15 section to the Department of Administration for payment as a grant under AS 37.05.315 to the  
16 Matanuska-Susitna Borough for planning and design of Talkeetna school renovation and  
17 addition.

18           (d) The sum of \$100,000 is appropriated from the amount reappropriated in (a) of this  
19 section to the Department of Administration for payment as a grant under AS 37.05.315 to the  
20 City of Palmer for repair of the city water system.

21           (e) If the amount available for reappropriation under (a) of this section is less than  
22 \$545,000, then the appropriations made by (b) - (d) of this section shall be reduced in  
23 proportion to the amount of the shortfall.

24     \* **Sec. 55.** The unexpended and unobligated balance of the appropriation made in sec. 2,  
25 ch. 45, SLA 1984, page 7, line 16 (Hidden Falls Chinook Facility - \$650,000) is  
26 reappropriated to the Department of Fish and Game for payment as a grant under  
27 AS 37.05.316 to the Cook Inlet Regional Aquaculture Association for evaluation, removal, and  
28 replacement of underground storage tanks at the Crook Creek Hatchery facility.

29     \* **Sec. 56.** The sum of \$39,000 from the unexpended and unobligated balance of the  
30 appropriation made in sec. 152, ch. 5, FSSLA 1992, page 37, line 13 (Energy enhancements -  
31 \$250,000) is reappropriated to the Department of Community and Regional Affairs, division

1 of energy, for payment as a grant under AS 37.05.316 to the Kotzebue Electric Association  
2 for the Kotzebue wind project.

3 \* **Sec. 57.** The unexpended and unobligated balance in the rural electrification revolving  
4 loan fund (AS 42.45.020) on June 30, 1994, is reappropriated to the Department of  
5 Community and Regional Affairs, division of energy, for the bulk fuel systems emergency  
6 repairs/upgrades capital project.

7 \* **Sec. 58.** Section 19, ch. 79, SLA 1993, page 13, lines 31-33, is amended to read:

8 **ALLOCATIONS**

9 [KOTZEBUE -] 130,000  
10 Maniilaq Emergency  
11 Services/Detoxification  
12 Center/Treatment Centers  
13 (ED 37)

14 \* **Sec. 59.** The unexpended and unobligated balance, not to exceed \$100,000, of the  
15 appropriation made in sec. 19, ch. 79, SLA 1993, page 15, lines 13 - 14 (Coal initiatives/test  
16 shipment project - \$150,000) is reappropriated to the Department of Commerce and Economic  
17 Development, small business assistance and development program, for the procurement  
18 technical assistance program.

19 \* **Sec. 60.** (a) Contingent on an appropriation of \$150,000 of the remaining balance of the  
20 appropriation made in sec. 146, ch. 96, SLA 1991, as amended, being made to the Alaska  
21 Public Broadcasting Commission for payment as grants to the telecommunications entities for  
22 the purposes and in the amounts listed in (b) of this section as this section was passed by the  
23 legislature, \$250,000 of the unexpended and unobligated balance of the appropriation made  
24 in sec. 146, ch. 96, SLA 1991, as amended by sec. 54, ch. 5, FSSLA 1992 as amended by sec.  
25 7, ch. 41, SLA 1993, and by sec. 6, ch. 41, SLA 1993 (national education effort for opening  
26 the Arctic National Wildlife Refuge - \$3,000,000) is reappropriated to the Office of the  
27 Governor for payment as a grant under AS 37.05.316 to Arctic Power, Inc., for promotion of  
28 the opening of the Arctic National Wildlife Refuge to oil and gas development.

29 (b) The unexpended and unobligated balance, after the appropriation made in (a) of  
30 this section, of the appropriation made in sec. 146, ch. 96, SLA 1991, as amended by sec. 54,  
31 ch. 5, FSSLA 1992 as amended by sec. 7, ch. 41, SLA 1993, and by sec. 6, ch. 41, SLA 1993

1 (national education effort for opening the Arctic National Wildlife Refuge - \$3,000,000) is  
 2 reappropriated to the Alaska Public Broadcasting Commission in the Department of  
 3 Administration for payment as grants under AS 44.21.268 to the recipients, for the purposes,  
 4 and in the amounts as follows:

5	RECIPIENT AND LOCATION	PURPOSE	APPROPRIATION
6			AMOUNT
7	Alaska Public Radio		
8	Network, Anchorage	equipment	23,500
9	KOAHNIC, Anchorage	equipment	23,500
10	KOTZ, Kotzebue	satellite dish	14,000
11	KBRW, Barrow	satellite dish	14,000
12	KYUK, Bethel	equipment	9,400
13	KDLG, Dillingham	equipment	7,000
14	KSKO, McGrath	Anvik translator	4,800
15	KRBD, Ketchikan	equipment	7,000
16	KBBI, Homer	uplink	7,000
17	KCAW, Sitka	Yakutat translator	9,400
18	KCUK, Chevak	satellite dish	7,000
19	KNSA, Unalakleet	satellite dish	7,000
20	KTOO, Juneau	equipment	9,400
21	KCZP, Kenai	equipment	7,000

22 (c) If the amount reappropriated in (b) of this section is less than \$150,000, then the  
 23 appropriations made by (b) of this section shall be reduced in proportion to the amount of the  
 24 shortfall.

25 (d) Contingent on an appropriation of \$150,000 of the remaining balance of the  
 26 appropriation made in sec. 146, ch. 96, SLA 1991, as amended, being made to the Alaska  
 27 Public Broadcasting Commission for payment as grants to the telecommunications entities for  
 28 the purposes and in the amounts listed in (b) of this section as this section was passed by the  
 29 legislature, the unexpended and unobligated balance of the appropriation made in sec. 146, ch.  
 30 96, SLA 1991, as amended by sec. 54, ch. 5, FSSLA 1992, as amended by sec. 7, ch. 41, SLA  
 31 1993, and by sec. 6, ch. 41, SLA 1993 (national education effort for opening the Arctic

1 National Wildlife Refuge - \$3,000,000), after the appropriations made in (a) and (b) of this  
2 section are made, lapses into the general fund June 30, 1995.

3 \* **Sec. 61.** The unexpended and unobligated balance, not to exceed \$500,000, of the  
4 appropriation made in sec. 152. ~~152.152~~, FSSLA 1992, page 57, line 8 (marine highway system  
5 administration building construction - \$1,500,000) is reappropriated to the Department of  
6 Transportation and Public Facilities for Alaska marine highway system improvements and  
7 overhaul.

8 \* **Sec. 62.** The sum of \$2,303,300 is appropriated from the educational facilities  
9 maintenance and construction fund (AS 37.05.560) to the general fund.

10 \* **Sec. 63.** (a) The sum of \$300,000 is appropriated from the general fund to the  
11 Department of Administration for payment as a grant under AS 37.05.315 to the City of Atka  
12 for the design, engineering, and construction of the Atka public dock.

13 (b) The sum of \$500,000 is appropriated from the general fund to the Department of  
14 Administration for payment as a grant under AS 37.05.315 to the Aleutians East Borough for  
15 the remodel and upgrade of the Akutan School.

16 (c) The sum of \$125,000 is appropriated from the general fund to the Department of  
17 Administration for payment as a grant under AS 37.05.315 to the Lake and Peninsula Borough  
18 for the design, engineering, and construction of the Perryville tsunami emergency shelter.

19 (d) The sum of \$150,000 is appropriated from the general fund to the Department of  
20 Administration for payment as a grant under AS 37.05.315 to the City of Sand Point for the  
21 design, engineering, and construction of the Sand Point water and sewer extension and  
22 improvements to the Sand Point dock to enhance school fisheries program.

23 (e) The sum of \$100,000 is appropriated from the general fund to the Department of  
24 Administration for payment as a grant under AS 37.05.315 to the Bristol Bay Borough for  
25 design, engineering, and construction of the South Naknek multipurpose building.

26 (f) The sum of \$3,294 is appropriated from the general fund to the Department of  
27 Health and Social Services for payment as a grant under AS 37.05.316 to the Southern Region  
28 Emergency Medical Services Council, Inc., for the purchase of rescue equipment for the  
29 Chignik Bay emergency medical services response team.

30 (g) The sum of \$100,000 is appropriated from the general fund to the Department of  
31 Education for payment as a grant under AS 37.05.316 to the Bristol Bay Borough School

1 District for the Bristol Bay computer lab upgrade.

2 (h) The sum of \$14,535 is appropriated from the general fund to the Alaska Public  
3 Broadcasting Commission for payment as a grant under AS 44.21.268 to the Alaska Public  
4 Radio Network for the acquisition of equipment for the St. Paul Island satellite downlink.

5 (i) The sum of \$8,883 is appropriated from the general fund to the Alaska Public  
6 Broadcasting Commission for payment as a grant under AS 44.21.268 to the Alaska Public  
7 Radio Network for the acquisition of equipment for the Unalaska satellite downlink.

8 (j) The sum of \$500,000 is appropriated from the general fund to the Department of  
9 Community and Regional Affairs for payment as a grant under AS 37.05.317 to the  
10 unincorporated community of Pedro Bay for equipment and for the design, engineering, and  
11 construction of the road and trail systems.

12 (k) The sum of \$100,000 is appropriated from the general fund to the Department of  
13 Administration for payment as a grant under AS 37.05.315 to the City of Dillingham for  
14 harbor improvements, including safety and security upgrades.

15 (l) The sum of \$100,000 is appropriated from the general fund to the Department of  
16 Administration for payment as a grant under AS 37.05.315 to the City of Kwethluk for the  
17 washeteria and water treatment plant building health and safety improvements.

18 (m) The sum of \$300,000 is appropriated from the general fund to the Department of  
19 Administration for payment as a grant under AS 37.05.315 to the Lake and Peninsula Borough  
20 for the design, engineering, construction, and equipment for the Egegik public dock.

21 (n) If the amount deposited in the general fund by the appropriation made in sec. 62  
22 of this Act is less than \$2,301,712, then the appropriations made by this section shall be  
23 reduced in proportion to the amount of the shortfall.

24 \* **Sec. 64.** Section 19, ch. 79, SLA 1993, page 41, lines 28 - 29, is amended to read:

25 **ALLOCATIONS**

26 Unalaska - 2,850,000

27 Icy Creek Dam

28 Design and construction

29 **and municipal landfill**

30 (ED 40)

31 \* **Sec. 65.** The unexpended and unobligated balance of the appropriation made in sec. 152,

1 ch. 5, FSSLA 1992, page 33, line 15 (regional boarding school feasibility study - \$200,000)  
 2 is reappropriated to the Department of Education for payment as a grant under AS 37.05.316  
 3 to the Galena School District for planning and analysis for a regional boarding school in  
 4 Galena.

5 \* Sec. 66. The unexpended and unobligated balance of the appropriation made in sec. 152,  
 6 ch. 5, FSSLA 1992, page 43, line 17, that is allocated on page 45, line 4 (Fireweed Lane,  
 7 Seward Highway to Spenard safety upgrades - \$1,584,000) is repealed.

8 \* Sec. 67. (a) Legislative Findings and Purpose. The legislature finds that

9 (1) as a result of the judgment entered by the United States District Court in  
 10 the criminal case United States of America v. Exxon Shipping Company and Exxon  
 11 Corporation, No. A90-015 CR, the state received \$50,000,000 in restitution "to be used by the  
 12 State of Alaska . . . exclusively for restoration projects, within the State of Alaska, relating  
 13 to the 'Exxon Valdez' oil spill";

14 (2) the judgment defines restoration as including "restoration, replacement, and  
 15 enhancement of affected resources; acquisition of equivalent resources and services, and long-  
 16 term environmental monitoring and research programs directed to the prevention, containment,  
 17 cleanup, and amelioration of oil spills";

18 (3) the money received by the state in restitution is held in the Exxon Valdez  
 19 oil spill restoration fund, established by the Department of Revenue, to implement the form  
 20 of the judgment;

21 (4) the appropriation in (b) of this section is made in order to achieve the  
 22 purposes in the court's restitution order.

23 (b) The sum of \$550,000 of interest accrued during the fiscal year that ends June 30,  
 24 1995, on the restitution payment described in (a) of this section is appropriated from the  
 25 Exxon Valdez oil spill restoration fund described in (a) of this section to the Department of  
 26 Transportation and Public Facilities for the maintenance and repair of the oil spill response  
 27 equipment storage facilities and docks at Tatitlik and Chenega.

28 \* Sec. 68. (a) Section 19, ch. 79, SLA 1993, page 48, lines 8 - 10, is amended to read:

29	APPROPRIATION	GENERAL
30	ITEMS	FUND
31	Petersburg - Water System Access	<u>1,700,000</u>
		<u>1,700,000</u>

1	and Improvement Project at Cabin	[1,800,000]	[1,800,000]
2	Creek (ED 2)		

3           (b) The sum of \$100,000 is appropriated from the general fund to the Department of  
4 Administration for payment as a grant under AS 37.05.315 to the City of Wrangell for  
5 Zimovia Highway water and sewer laterals.

6       \* Sec. 69. (a) An amount equal to the interest that will accrue on the loan between the  
7 City and Borough of Sitka and the former Alaska Power Authority that was funded by an  
8 appropriation made in sec. 243, ch. 141, SLA 1982, in the period from January 1, 1994,  
9 through the repayment of the loan is appropriated from the general fund to the Department  
10 of Community and Regional Affairs for deposit in the power project fund (AS 42.45.010) to  
11 satisfy the interest payments beginning with the payment due July 1, 1994, required under the  
12 loan.

13           (b) An amount equal to the appropriation made by (a) of this section is appropriated  
14 from the power project fund (AS 42.45.010) to the general fund.

15       \* Sec. 70. The appropriations made by secs. 28, 33(b) and (c), 43, 49, 50(b), (c), (d), and  
16 (e), 55 - 57, 60, 61, 63(g), (h), (i), and (j), and 65 of this Act are for capital projects and lapse  
17 under AS 37.05.020.

18       \* Sec. 71. Section 24 of this Act is retroactive to August 11, 1993.

19       \* Sec. 72. This Act takes effect immediately under AS 01.10.070(c).

**SB**

**215**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/28/94

FURTHER:

DATE TURNED INTO OFFICE: 4-7-94

The Finance Committee considered **SENATE BILL NO. 215**

Redesignating the oil and hazardous substance release response fund; repealing the authority in law by which marine highway vessels may be designed and constructed; amending requirements relating to the revision of state and regional master prevention and contingency plans; altering requirements applicable to liens for recovery of state expenditures; efd.

and recommends:

replace with \_\_\_\_\_ CS SB 215 (FINANCE)  
 or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_  
 attaches amendment(s)

same title  
 new title  
 technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal
DEC	4/7/94	<del>0</del>	
DPS	2/3/94	<del>0</del>	
DOR	3/25/94	<del>0</del>	
DOLaw	1/28/94	Indeterminate	
DIA	2/8/94	<del>0</del>	

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

**DO PASS:**

George Iker  
Tom Kelly  
Bob Whang

**OTHER RECOMMENDATIONS:**

Steve King No Recommendation

1. Steve King Do Pass  
 Co-Chair: Signature/Recommendation

2. Steve King - 10/20  
 Co-Chair: Signature/Recommendation

# FISCAL NOTE

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

**BILL NO.** CS SB215 (FIN)

Revision Date: \_\_\_\_\_  
 Title: Oil/Hazardous Substance Fund,  
Tax, Plans  
 Sponsor: Senate Resources Committee  
 Requestor: Senate Finance Committee

Department Affected: Environmental  
Conservation  
 BRU: Spill Prevention and Response  
 Component: All SPAR Components, Response Fund  
Admin. Component in Admin. BRU  
 COMPONENT SERIAL NO. All of the above.

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY94) cost: \$ \_\_\_\_\_

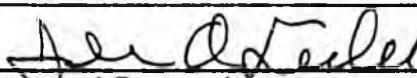
**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary.)

Prepared by: Bob Poe, Director   
 Division: Information & Administrative Services

Phone: 465-5010  
 Date: 4/7/94

Approved by Commissioner:   
 Agency: Department of Environmental Conservation

Date: 4/7/94

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# FISCAL NOTE

(S) RES  
THEN FIN

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO: SB 215

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Oil/Hazardous Subs Release Response Fund BRU: Alaska State Troopers  
 Component: Detachments  
 Sponsor: S. Miller  
 Requestor: S. Finance COMPONENT SERIAL NO. 799

**EXPENDITURES/REVENUES: (Thousands of Dollars.) (inflation not included)**

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL EXPENDITURES</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHANGE IN REVENUES ( )</b>	-0-	-0-	-0-	-0-	-0-	-0-
<small>Revenue Code</small>						

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 94) impact: \$ \_\_\_\_\_

**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.) *4/7/94 Lee Ann Lucas (DPS) approved application of this note to CSSB 215 (Fin)*  
 No impact is anticipated to the Department of Public Safety.

Prepared By: Lee Ann Lucas Phone: 465-4322  
 Division: Office of Commissioner Date: 2/3/94  
 Approved by Commissioner: *[Signature]* Date: 2/3/94  
 Agency: Richard L. Burton, Dept. of Public Safety

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# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CS SB 215 (RES)

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: An Act relating to oil and hazardous substances... BRU: Revenue Operations  
 Component: Oil & Gas Audit  
 Sponsor: Miller  
 Requestor: Senate Finance COMPONENT SERIAL NO. 115

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>						
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<b>REVENUE FUND SOURCE:</b>						
-----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.) None *4/11/94* *Rod Mourant advised that this note also applies to CSSB 215 (Fin).*

Prepared by: Leslie K. Stewart *[Signature]* Phone: 276-1363 ext. 271  
 Division: Oil & Gas Audit Division Date: March 24, 1994  
 Approved by Commissioner: Darrel J. Rexwinkel *[Signature]* Date: March 25, 1994  
 Agency: Revenue

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FISCAL NOTE

217194  
(S) RES  
THEN FIN  
BILL NO. SB 215

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

Revision Date: January 28, 1994  
 Title: "...redesignating the oil and hazardous  
 substance release response fund..."  
 Sponsor: Senator Miller  
 Requestor: Senator Miller

Department Affected: Department of Law  
 BRU: Legal Services, Exxon Valdez Litigation  
 Component: Legal Services, Operations  
 Exxon Valdez Litigation  
 COMPONENT SERIAL NO. 0093.1175

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx

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

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx

POSITIONS:

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

Estimate of current year (FY94) impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
 Please see the attached analysis.

4-11-94 Dick Pegues (DOLaw)  
 approved application  
 of this fiscal note to  
 CS5B 215 (Fin).

*Richard I. Pegues*

Prepared by: Richard I. Pegues, Director  
 Division: Administrative Services Division

Phone: 465-3672  
 Date: January 28, 1994

Approved by Commissioner: Bruce M. Botelng, Attorney General  
 Agency: Department of Law

Date: January 28, 1994

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## FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. SB 215

### ANALYSIS CONTINUATION:

SB 215 would split the present Oil and Hazardous Substance Release Response Fund (470 Fund) into two accounts. The first account, the catastrophic account, would be financed by a 3 cent a barrel conservation surcharge on oil production. The second account, the abatement account, would be financed by an on-going 2 cent surcharge.

Under present law, the Legislature can appropriate Oil and Hazardous Substance Fund (470) monies to the Department of Law and other departments for recovery of the costs of containment and cleanup (including restoration of the environment) resulting from the release or threatened release of oil or a hazardous substance. In the case of the Department of Law, this currently occurs in two instances. First, an annual amount of \$355,000 is appropriated from the oil and hazardous substance fund to the Legal Services Operations component to pay for the department's cost recovery enforcement efforts on behalf of the Department of Environmental Conservation. Second, an amount of \$1,005,200 was appropriated in FY 94 and \$805,200 is requested for FY 95 to pay for EXXON VALDEZ and certain other significant oil and hazardous substance cost recovery efforts. During the current fiscal year (FY 94) the department has already collected \$20,000,000 (\$14,762,703 for deposit in the general fund and \$5,237,297 for deposit in the mitigation account) that is attributable to the EXXON VALDEZ oil spill. In addition, the department has also already collected \$600,000 in cost recover services for deposit in the mitigation account, from other cost recovery efforts.

SB 215, by dividing the 470 Fund, would only allow use of the 3 cent catastrophic spill account for cost recovery efforts relating to spills over 4.2 million gallons or where the Governor has declared a disaster emergency. SB 215 also provides that all on-going spill prevention and response programs be funded by the 2 cent fund. However, the estimated revenues from the 2 cent surcharge are not sufficient to finance these activities, which include Department of Law cost recovery efforts relating to so-called non-catastrophic spills. In its fiscal note analysis of SB 215, the Department of Environmental Conservation has indicated that it would require an initial general fund appropriation of \$5,100,000 to offset the loss of 470 Fund monies. Substitution of general funds for 470 Funds, however, is somewhat problematic in view of the dramatic downturn in the state's general fund revenues. Because much of the Department of Law's cost recovery effort involves these so-called non-"catastrophic" spills the department will suffer a drastic decrease in funding resulting

**FISCAL NOTE**

**STATE OF ALASKA  
1994 LEGISLATIVE SESSION**

**BILL NO. SB 215**

**ANALYSIS CONTINUATION:**

in a severe reduction in its efforts to recover monies owed to the state by parties responsible for oil and hazardous substance pollution. Moreover, the Department of Law's cost recovery enforcement efforts provide an important incentive for cleanups by private parties who, in the absence of undertaking cleanup themselves, would face state-funded cleanups and repayment of those costs to the state. In many ways, cost recovery is the engine that drives private cleanups of oil and hazardous substance pollution. By creating a division between so-called catastrophic and non-catastrophic spill cost recovery efforts, SB 215 would disrupt state recovery efforts and serve as a disincentive for private cleanups. Because of the uncertainty of substitute funding if SB 215 is approved, we cannot predict the amount of substitute general funds that may be required, nor can we predict the amount of cost recovery funds that will be lost if substitute funding is not found.

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB 215(RES)

Revision Date: \_\_\_\_\_  
Title: "An Act relating to oil and hazardous substances:..."  
Sponsor: Senator Miller  
Requestor: Senate Finance

Department Affected: Administration  
BRU: Finance  
Component: Finance  
COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 94) cost: \$ 0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.) *4-11-94 Joe Thomas (DOA) approved application of this fiscal note to CSSB 215 (Fin).*

Prepared by: Don Wanie  
Division: Finance

Phone: 465-2240  
Date: \_\_\_\_\_

Approved by Commissioner: Nancy Bear Usery  
Agency: Department of Administration

Date: 3/2/94

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4-7-94 pm

SF-3, 24

WORK DRAFT

WORK DRAFT

WORK DRAFT

8-LS1107V

Chenoweth

4/6/94

Amends -

#1 (TK) Conceptual p. 22 Sub. sec (b) Notify LBA - Adopted

Adopted

#2 Chenoweth (GJ moved) p. 10 line 23 - Adopted

#3 (BS) Grants out of prevention account only p. 4, 5 + 6

Withdrawn

CS FOR SENATE BILL NO. 215( )

#4 (BS) p. 3 line 21 (SR) amend amend

IN THE LEGISLATURE OF THE STATE OF ALASKA

"was spontaneous and"

EIGHTEENTH LEGISLATURE - SECOND SESSION

#5 (TK) p. 20 line 14

BY Adopted

Offered:

Referred:

(F) add "approved by the Commissioner" Adopted

Sponsor(s): SENATORS MILLER, Kelly

#6 (TK) Delete eve

p. 20 lines 30 + 31

p. 21 line 1

Sec. 29 (p. 21 + 22)

delete - Adopted A BILL

FOR AN ACT ENTITLED

1 "An Act relating to oil and hazardous substances; redesignating the oil and  
 2 hazardous substance release response fund and relating to it; repealing the  
 3 authority in law by which marine highway vessels may be designed and  
 4 constructed to aid in oil and hazardous substance spill cleanup in state marine  
 5 water using money in the oil and hazardous substance release response fund and  
 6 repealing the authority of the Department of Environmental Conservation to levy  
 7 and collect fees for review of certain submissions related to oil; altering  
 8 requirements applicable to liens for recovery of state expenditures related to oil  
 9 or hazardous substances; terminating the nickel-per-barrel oil conservation  
 10 surcharge; levying and collecting two new oil surcharges; and providing for the  
 11 suspension and reimposition of one of the new surcharges; and providing for an  
 12 effective date."

**DIVISION OF LEGAL SERVICES**

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STATE OF ALASKA**

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Mail Stop 3101

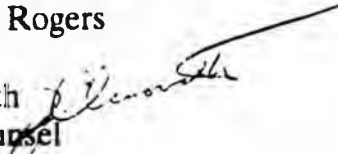
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

April 6, 1994

**SUBJECT:** CSSB 215 ( ) "V" (Work Order No. 8-LS1107\V)

**TO:** Senator Drue Pearce, Co-Chair  
Senate Finance Committee  
ATTN: David Rogers

**FROM:** Jack Chenoweth   
Legislative Counsel

The change, in bill section 24, of "equal to" to "not to exceed" raises the question that the purported limitation may not work. If this legislature imposes a "not to exceed" requirement and a later legislature appropriates in excess of the limitation, the question arises as to whether or not that later appropriation inferentially sets aside the statutory limitation. If it does, then, arguably, the later appropriation's inferential "amendment" of the statutory limitation arguably violates the second sentence of article II, section 13 ("bills for appropriations to be confined to appropriations."). If it does not, there may be a violation of article IX, section 7 and its prohibition against establishment of a dedicated fund. See *Sonneman v. Hicke*, 836 P.2d 936 (Alaska 1992):

One method of dedicating funds is to preclude the legislature from appropriating designated funds for any reason other than a designated purpose.

836 P.2d at 940.

There is less risk in the current law--"equal to"--because, arguably, the legislature may appropriate an amount "equal to" but it remains free to do otherwise. With the substitution comes the notion of an upper limit and the risk of a finding of a violation of a constitutional provision.

I should caution that the new material previously added at the end of bill section 28 may raise the same concern.

JBC:gc  
94-244.glc  
Enclosure

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

2 \* Section 1. AS 26.23.020(g) is amended to read:

3 (g) In addition to any other powers conferred upon the governor by law, the  
4 governor may, under AS 26.23.010 - 26.23.220,

5 (1) suspend the provisions of any regulatory statute prescribing  
6 procedures for the conduct of state business, or the orders or regulations of any state  
7 agency, if compliance with the provisions of the statute, order, or regulation would  
8 prevent, or substantially impede or delay, action necessary to cope with the disaster  
9 emergency;

10 (2) use all available resources of the state government and of each  
11 political subdivision of the state as reasonably necessary to cope with the disaster  
12 emergency;

13 (3) transfer personnel or alter the functions of state departments and  
14 agencies or units of them for the purpose of performing or facilitating the performance  
15 of disaster emergency services;

16 (4) subject to any applicable requirements for compensation under  
17 AS 26.23.160, commandeer or utilize any private property, except for all news media  
18 other than as specifically provided for in AS 26.23.010 - 26.23.220, if the governor  
19 considers this necessary to cope with the disaster emergency;

20 (5) direct and compel the relocation of all or part of the population  
21 from any stricken or threatened area in the state, if the governor considers relocation  
22 necessary for the preservation of life or for other disaster mitigation purpose;

23 (6) prescribe routes, modes of transportation, and destinations in  
24 connection with necessary relocation;

25 (7) control ingress to and egress from a disaster area, the movement of  
26 persons within the area, and the occupancy of premises in it;

27 (8) suspend or limit the sale, dispensing, or transportation of alcoholic  
28 beverages, firearms, explosives, and combustibles;

29 (9) make provisions for the availability and use of temporary  
30 emergency housing;

31 (10) allocate or redistribute food, water, fuel, or clothing; and

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(11) use money from the oil and hazardous substance release response account in the oil and hazardous substance release prevention and response fund, established by AS 46.08.010, to respond to a declared disaster emergency related to an oil or hazardous substance discharge.

\* Sec. 2. AS 29.60.500 is amended to read:

Sec. 29.60.500. PURPOSE AND POLICY. (a) The legislature finds and declares that a major release of oil or hazardous substances into the environment presents a real and substantial threat to the economy and public welfare of the municipalities, [AND] villages, and school districts that are affected by the release and the resultant activities to contain and clean up the release.

(b) The legislature concludes that it is in the best interest of the state and its citizens to provide a readily available fund for the payment of the expenses incurred by municipalities, [AND] villages, and school districts to mitigate the social and economic effects that arise out of a major release of oil or hazardous substances and resultant cleanup activities.

(c) It is the intent of the legislature and declared to be the public policy of the state that money to defray the cost of social and economic effects on municipalities, [AND] villages, and school districts arising from a major release of oil or a hazardous substance and resultant cleanup activities and to pay for efforts to abate that release will be immediately available upon

[(1)] a determination [BY THE GOVERNOR] that the release exceeds 2,500 barrels of oil, or exceeds an amount of a hazardous substance that when released into the environment presents a real and substantial threat to the economy and public welfare of the municipalities, [OR] villages, or school districts affected by it [;

(2) THE DECLARATION BY THE GOVERNOR OF A DISASTER EMERGENCY RELATING TO THE RELEASE; AND

(3) A FINDING BY THE GOVERNOR THAT

(A) THE RELEASE OF THE OIL OR HAZARDOUS SUBSTANCE INTO THE ENVIRONMENT PRESENTS A REAL AND SUBSTANTIAL THREAT TO THE ECONOMY AND PUBLIC WELFARE OF THE MUNICIPALITIES AND VILLAGES THAT ARE AFFECTED BY

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THE RELEASE AND BY THE RESULTANT ACTIVITIES TO CONTAIN AND CLEAN UP THE RELEASE; AND

(B) IT IS IN THE BEST INTEREST OF THE STATE TO PAY THE EXPENSES INCURRED BY MUNICIPALITIES AND VILLAGES TO MITIGATE THE SOCIAL AND ECONOMIC EFFECTS THAT ARISE OUT OF THE RELEASE OF THE OIL OR THE HAZARDOUS SUBSTANCE AND THE RESULTANT CLEANUP ACTIVITIES].

\* Sec. 3. AS 29.60.510 is amended to read:

Sec. 29.60.510. MUNICIPAL IMPACT GRANTS AUTHORIZED. (a)

Subject to (b) of this section, the [THE] commissioner may use money from the oil and hazardous substance release prevention ~~(and response)~~ fund to make grants to a municipality, [OR] village, or school district that is affected by the release or by the response to the release and that demonstrates that the release or response to the release involves extraordinary expenditures that are beyond the reasonable capability of the municipality, [OR] village, or school district to meet from the current revenue sources of the municipality, [OR] village, or school district if

[(1) THE GOVERNOR DETERMINES THAT] a release of oil [OR A HAZARDOUS SUBSTANCE] exceeds 2,500 barrels of oil, or if a release of a hazardous substance exceeds an amount of a hazardous substance that, when released into the environment, presents a threat to the economy and public welfare of the municipalities, [AND] villages, and school districts affected by it at least equivalent in effect to the effect of a release of oil in an amount defined by this subsection [PARAGRAPH;

(2) THE RELEASE HAS BEEN PROCLAIMED A DISASTER EMERGENCY BY THE GOVERNOR UNDER AS 26.23.020; AND

(3) THE GOVERNOR FINDS THAT

(A) THE RELEASE OF THE OIL OR HAZARDOUS SUBSTANCE INTO THE ENVIRONMENT PRESENTS A REAL AND SUBSTANTIAL THREAT TO THE ECONOMY AND PUBLIC WELFARE OF THE MUNICIPALITIES AND VILLAGES THAT ARE AFFECTED BY THE RELEASE AND BY THE RESULTANT ACTIVITIES TO CONTAIN

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AND CLEAN UP THE RELEASE; AND

(B) IT IS IN THE BEST INTEREST OF THE STATE TO PAY THE EXPENSES INCURRED BY MUNICIPALITIES AND VILLAGES TO MITIGATE THE SOCIAL AND ECONOMIC EFFECTS THAT ARISE OUT OF THE RELEASE OF THE OIL OR THE HAZARDOUS SUBSTANCE AND THE RESULTANT CLEANUP ACTIVITIES].

(b) For each release or threatened release of oil or a hazardous substance

(1) for which the commissioner of environmental conservation may, under AS 46.08.045, expend money from the oil and hazardous substance (release response) account in the fund [DISASTER EMERGENCY DECLARED BY THE GOVERNOR UNDER AS 26.23.020], and subject to agreement with the commissioner of environmental conservation as to the amount of money in the fund that may be used by the department to make grants, the commissioner may expend not more than \$10,000,000 [OF THE BALANCE OF THE FUND THAT IS APPROPRIATED TO THE SPILL RESERVE OR] of the unrestricted balance of the oil and hazardous substance (release response) account in the fund for grants for purposes described in AS 29.60.520; if [AUTHORIZED UNDER THIS SECTION. IF] the commissioner and the commissioner of environmental conservation do not agree on the amount of money in the (response account) in the fund that may be used by the department to make grants under AS 29.60.500 - 29.60.599 for release or threatened release of oil or a hazardous substance, the governor shall make the determination;

(2) for which money may not be expended from the (response account) under (1) of this subsection, and subject to appropriation of money in the fund that may be used by the department to make grants, the commissioner may expend not more than the amount appropriated from the oil and hazardous substance release prevention account in the fund for grants for purposes described in AS 29.60.520.

(c) Notwithstanding the limitation of AS 37.07.080(e) against the transfer of money between appropriations, when the commissioner and the commissioner of environmental conservation have agreed to the amount of money in the oil and hazardous substance (release response) account [FUND] that may be used by the

*Prevention*

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*(Prevention)*

*(Prevention)*

1 department to make grants, or when that determination has been made by the governor,  
2 the commissioner of environmental conservation shall promptly transfer that amount  
3 to the department for use under AS 29.60.500 - 29.60.599.

4 (d) For money that has been transferred under (c) of this section, if within any  
5 one-year period thereafter the commissioner does not use the money to make a grant  
6 under AS 29.60.500 - 29.60.599, the commissioner shall, at the direction of the  
7 governor or the request of the commissioner of environmental conservation, return the  
8 unexpended amount transferred under (c) of this section to the oil and hazardous  
9 substance <sup>(Prevention)</sup> ~~(release response account)~~ of the fund. ~~§~~

10 \* Sec. 4. AS 29.60.520 is amended to read:

11 Sec. 29.60.520. PURPOSES OF MUNICIPAL IMPACT GRANTS. (a) A  
12 grant made under AS 29.60.510 may be made

13 (1) only for

14 (A) provision of subsistence resources on which the residents  
15 of the municipality, [OR] village, or school district rely for subsistence needs;

16 (B) the additional costs of a reasonable and appropriate function  
17 or service, including administrative expenses for the incremental costs of  
18 providing the function or service, limited to:

19 (i) public health and welfare functions and services,  
20 including hospital, clinic, and emergency medical services; alcohol,  
21 drug abuse, and mental health services; family support services; and the  
22 operation of waste disposal systems and water quality improvement  
23 systems;

24 (ii) public safety functions and services, including police  
25 protection, search and rescue, and fire protection;

26 (iii) public utility functions and services, including the  
27 operation of electric generating plants and distribution systems, water  
28 supply systems, telephone systems, and fuel distribution systems; and

29 (iv) housing functions and services, limited to leasing or  
30 making other arrangements for temporary housing to be occupied by  
31 persons associated with containment or cleanup of the release;

1 (C) costs associated with leasing transportation facilities for use  
2 in activities associated with the containment or cleanup;

3 (D) costs of repair or replacement of equipment or a capital  
4 asset associated with a function or service set out in (B) of this paragraph the  
5 useful life of which has been substantially reduced by use associated with the  
6 containment or cleanup; and

7 (2) to compensate the municipality, [OR] village, or school district for

8 (A) the reduction of revenue attributable to the release of the  
9 oil or hazardous substance; and

10 (B) the costs of projects or activities that are delayed or lost  
11 because of the efforts of the municipality, [OR] village, or school district  
12 responding to the release or associated with the containment or cleanup of oil  
13 or the hazardous substance.

14 (b) If money received under this section is used for a capital expenditure, the  
15 commissioner may require the municipality, [OR] village, or school district that  
16 acquired the item as a capital expenditure to transfer it to the state at the end of the  
17 period during which the item is actually used for spill response if the commissioner  
18 finds that retention of the item would confer an inappropriate benefit on the  
19 municipality, [OR] village, or school district.

20 \* Sec. 5. AS 29.60.530 is amended to read:

21 Sec. 29.60.530. CRITERIA TO EVALUATE GRANT APPLICATIONS. (a)

22 In determining whether an expenditure or proposed expenditure by a municipality,  
23 [OR] village, or school district is eligible for a grant under AS 29.60.510, the  
24 department shall consider

25 (1) the degree to which the effect on the municipality, [OR] village, or  
26 school district is directly caused by the oil or hazardous substance release or the  
27 response to the release;

28 (2) the availability of money to the recipient from other sources that  
29 can meet the costs of providing the functions or services; and

30 (3) the severity of the effect addressed in the grant application.

31 (b) The department may reject an application for a grant under AS 29.60.510

1 or approve an application for a grant in an amount that is less than the amount  
2 requested by a municipality, [OR] village, or school district if the department  
3 determines that payment of the amount requested is not warranted under (a) of this  
4 section.

5 (c) The department shall adopt, by regulation, criteria by which to rank all or  
6 a portion of applications for the purpose of establishing the priority order of awarding  
7 grants if money requested by eligible municipalities, [AND] villages, and school  
8 districts under this section exceeds the amount available. The criteria must be based  
9 on the elements set out in (a) of this section. If the total amount of money requested  
10 by eligible municipalities, [AND] villages, and school districts under this section  
11 exceeds the amount available, the department shall rank applications for the purpose  
12 of establishing the priority order of awarding grants in accordance with the regulations.

13 \* Sec. 6. AS 29.60.540(b) is amended to read:

14 (b) Money received by a municipality, [OR] village, or school district under  
15 AS 29.60.500 - 29.60.599 may not be used for a capital improvement, as that term is  
16 defined in AS 46.08.900.

17 \* Sec. 7. AS 29.60.560(a) is amended to read:

18 (a) For each disaster emergency declared by the governor under AS 26.23.020  
19 based on a release of oil or a hazardous substance or for each other release of oil or  
20 a hazardous substance for which money may be expended under AS 46.08.045(b),  
21 the commissioner, after consulting with and securing the written approval of the  
22 attorney general and after consulting with other state agencies, shall

23 (1) make an assessment of the social and economic effects of the  
24 release of the oil or hazardous substance;

25 (2) develop a plan to

26 (A) recover the cost of release-related expenditures; and

27 (B) mitigate the social and economic effects of the release of  
28 the oil or hazardous substance on the municipalities, the villages, the school  
29 districts, and the region in which the discharge occurs.

30 \* Sec. 8. AS 29.60.560(e) is amended to read:

31 (e) Expenditures made under this section may be made only from the amount

1 transferred to the commissioner under AS 29.60.510(c), unless

2 (1) the commissioner and the commissioner of environmental  
3 conservation mutually agree that payment may be made from money in the oil and  
4 hazardous substance release response account in the oil and hazardous substance  
5 release prevention and response fund not transferred under AS 29.60.510(c); or

6 (2) the commissioner pays them from another source.

7 \* Sec. 9. AS 29.60.599(4) is amended to read:

8 (4) "fund" means the oil and hazardous substance release prevention  
9 and response fund established by AS 46.08.010;

10 \* Sec. 10. AS 29.60.599(7) is amended to read:

11 (7) "service"

12 (A) means

13 (i) a function performed or service provided by a  
14 municipality under a duty or power authorized by this title or by  
15 another provision of law authorizing a municipality to perform functions  
16 or provide services;

17 (ii) [, OR] a comparable function performed or service  
18 provided by a village; or

19 (iii) a function performed or service provided by a  
20 school district;

21 (B) includes functions not previously performed and services  
22 not previously provided by the municipality or village;

23 \* Sec. 11. AS 29.60.599 is amended by adding a new paragraph to read:

24 (9) "school district" has the meaning given in AS 14.30.350.

25 \* Sec. 12. AS 37.14.410 is amended to read:

26 Sec. 37.14.410. REIMBURSED EXPENDITURES. (a) Amounts received by  
27 the state as reimbursement for expenses related to the Exxon Valdez oil spill incurred  
28 by the state on or before December 31, 1992, shall be deposited in the general fund  
29 and, except as required under (b) of this section may not be credited to the oil and  
30 hazardous substance release mitigation account under AS 46.04.010 or to an account  
31 established in AS 46.08.020 or 46.08.025.

1 (b) A percentage of each payment deposited in the general fund under (a) of  
2 this section shall be credited to the prevention account established in [OIL AND  
3 HAZARDOUS SUBSTANCE RELEASE MITIGATION ACCOUNT UNDER  
4 AS 46.04.010 OR] AS 46.08.020. That percentage is determined by dividing

5 (1) the amount of the expenses for which the state may be reimbursed  
6 under (a) of this section that were paid from the oil and hazardous substance release  
7 response fund established under AS 46.08.010, by

8 (2) the total amount of expenses for which the state may be reimbursed  
9 under (a) of this section.

10 \* Sec. 13. AS 43.55 is amended by adding a new section to read:

11 Sec. 43.55.201. SURCHARGE LEVIED. (a) Every producer of oil shall pay  
12 a surcharge of \$.02 per barrel of oil produced from each lease or property in the state,  
13 less any oil the ownership or right to which is exempt from taxation.

14 (b) The surcharge imposed by (a) of this section is in addition to and shall be  
15 paid in the same manner as the tax imposed by AS 43.55.011 - 43.55.150; and is in  
16 addition to the surcharge imposed by AS 43.55.300 - 43.55.310.

17 (c) A producer of oil shall make reports of production in the same manner and  
18 under the same penalties as required under AS 43.55.011 - 43.55.150.

19 \* Sec. 14. AS 43.55 is amended by adding a new section to read:

20 Sec. 43.55.211. USE OF REVENUE DERIVED FROM SURCHARGE. The  
21 legislature may appropriate the annual estimated balance of the account maintained  
22 under AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge  
23 levied under AS 43.55.201 to the response account in the oil and hazardous substance  
24 release prevention and response fund established by AS 46.08.010.

25 \* Sec. 15. AS 43.55 is amended by adding a new section to read:

26 Sec. 43.55.221. SUSPENSION AND REIMPOSITION OF THE  
27 SURCHARGE. (a) Not later than 30 days after the end of each calendar quarter, the  
28 commissioner of administration shall determine, as of the end of that quarter, the fiscal  
29 year's

30 (1) unreserved and unobligated balance in the response account of the  
31 oil and hazardous substance release prevention and response fund established in

1 AS 46.08.010; for purposes of this paragraph, the "unreserved and unobligated balance  
2 in the response account" means the cash balance of the account less the sum of

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

4 (B) encumbrances of money in the account; and

5 (C) other liabilities of the account;

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

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

12 (b) Within 15 days after making the determinations required by (a) of this  
13 section, the commissioner of administration shall

14 (1) add the amounts determined under (a)(1) - (3) of this section; and

15 (2) report the sum calculated under (1) of this subsection to the  
16 commissioner of revenue.

17 (c) In making the determination required by (a) of this section, the  
18 commissioner of administration may not consider money described in (a) of this  
19 section that is subject to a dedication imposed by law that restricts the use of the  
20 money to a specific purpose for which the response account of the oil and hazardous  
21 substance release prevention and response fund established in AS 46.08.010 may not  
22 be lawfully expended.

23 (d) If the commissioner of administration reports that the sum reported under  
24 (b) of this section equals or exceeds \$50,000,000, the commissioner of revenue shall  
25 suspend imposition and collection of the surcharge levied and collected under  
26 AS 43.55.201. Suspension of the imposition and collection of the surcharge begins on  
27 the first day of the calendar quarter next following the commissioner's receipt of the  
28 commissioner of administration's report under (b) of this section. Before the first day  
29 of a suspension authorized by this subsection, the commissioner shall make a  
30 reasonable effort to notify all persons who are known to the department to be paying  
31 the surcharge under AS 43.55.201 that the surcharge will be suspended.

1 (e) Except as provided in AS 43.55.231, if the commissioner of administration  
2 reports that the sum reported under (b) of this section is less than \$50,000,000, the  
3 commissioner of revenue shall require imposition and collection of the surcharge  
4 authorized under AS 43.55.201. If the surcharge is not in effect, reimposition of the  
5 surcharge begins on the first day of the calendar quarter next following the  
6 commissioner's receipt of the commissioner of administration's report under (b) of this  
7 section. Before the first day of reimposition of the surcharge authorized by this  
8 subsection, the commissioner shall make a reasonable effort to notify all persons who  
9 are known to the department to be required to pay the surcharge under AS 43.55.201  
10 that the surcharge will be reimposed.

11 \* Sec. 16. AS 43.55 is amended by adding a new section to read:

12 Sec. 43.55.231. SURCHARGE NOT IMPOSED. (a) The surcharge authorized  
13 by AS 43.55.201 is not levied during any fiscal year for which

14 (1) the legislature does not, during the regular or a special legislative  
15 session preceding the first day of the fiscal year, appropriate at least an amount equal  
16 to the amount determined under (b) of this section from the general fund to the  
17 response account in the oil and hazardous substance release prevention and response  
18 fund; or

19 (2) the legislature, during the regular or a special legislative session  
20 preceding the first day of the fiscal year, appropriates at least the amount of money  
21 equal to the amount determined under (b) of this section from the general fund to the  
22 response account in the oil and hazardous substance release prevention and response  
23 fund and that appropriation is vetoed or reduced by the governor.

24 (b) The amount of money required to be appropriated from the general fund  
25 to the response account in the oil and hazardous substance release prevention and  
26 response fund by (a) of this section is the amount, determined for the last day of the  
27 preceding fiscal year, that is the sum of the actual or estimated balance of

28 (1) the account maintained under AS 37.05.142 to account for all  
29 proceeds of the surcharge that are deposited into the general fund; and

30 (2) the portion of the balance of the response mitigation account  
31 established by AS 46.08.025(b) that originated from the recovery of money described

1 in AS 46.08.025(a)(3).

2 \* Sec. 17. AS 43.55 is amended by adding new sections to read:

3 Sec. 43.55.299. DEFINITIONS. In AS 43.55.201 - 43.55.299,

4 (1) "response account" means the oil and hazardous substance release  
5 response account established in AS 46.08.010(a)(2);

6 (2) "response mitigation account" means the oil and hazardous  
7 substance release response mitigation account established in AS 46.08.025(b).

8 **ARTICLE 2A. ADDITIONAL CONSERVATION SURCHARGE ON OIL.**

9 Sec. 43.55.300. SURCHARGE LEVIED. (a) Every producer of oil shall pay  
10 a surcharge of \$.03 per barrel of oil produced from each lease or property in the state,  
11 less any oil the ownership or right to which is exempt from taxation.

12 (b) The surcharge imposed by (a) of this section is in addition to and shall be  
13 paid in the same manner as the tax imposed by AS 43.55.011 - 43.55.150; and is in  
14 addition to the surcharge imposed by AS 43.55.201 - 43.55.231.

15 (c) A producer of oil shall make reports of production in the same manner and  
16 under the same penalties as required under AS 43.55.011 - 43.55.150.

17 Sec. 43.55.310. USE OF REVENUE DERIVED FROM SURCHARGE. The  
18 legislature may appropriate the annual estimated balance of the account maintained  
19 under AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge  
20 levied under AS 43.55.300 to the oil and hazardous substance release prevention  
21 account in the oil and hazardous substance release prevention and response fund  
22 established by AS 46.08.010.

23 \* Sec. 18. AS 43.55.900(15) is amended to read:

24 (15) "surcharge" means

25 (A) when used in AS 43.55.201 - 43.55.299, the surcharge  
26 levied by AS 43.55.201 [AS 43.55.200];

27 (B) when used in AS 43.55.300 - 43.55.310, the surcharge  
28 levied by AS 43.55.300;

29 \* Sec. 19. AS 46.04.010 is amended to read:

30 Sec. 46.04.010. REIMBURSEMENT FOR CLEANUP EXPENSES. The  
31 department shall promptly seek reimbursement under AS 46.03.760(e), AS 46.08.070.

1 or from an applicable federal fund, for the expenses it incurs in cleaning up or  
2 containing a discharge of oil. If the department obtains reimbursement for a portion  
3 of its expenses from a federal fund, the remainder of the expenses incurred may be  
4 recovered under AS 46.03.760(e) or AS 46.08.070. Money received by the department  
5 under this section shall be deposited in the general fund and credited to

6 (1) the oil and hazardous substance prevention mitigation account  
7 established under AS 46.08.020(b); the amount required to be deposited under this  
8 paragraph shall represent the proportion of the expenses recovered that were  
9 originally paid for from the oil and hazardous substance release prevention  
10 account established under AS 46.08.010(a)(1); or

11 (2) [ ^ SPECIAL ACCOUNT CALLED] the ["] oil and hazardous  
12 substance release response mitigation account established under AS 46.08.025(b); the  
13 amount required to be deposited under this paragraph is the amount of money  
14 recovered that exceeds the amount payable to the prevention mitigation account  
15 under (1) of this section ["].

16 \* Sec. 20. AS 46.08.005 is amended to read:

17 Sec. 46.08.005. PURPOSE. The legislature finds and declares that the release  
18 of oil or hazardous substances into the environment presents a real and substantial  
19 threat to the public health and welfare, to the environment, and to the economy of the  
20 state. The legislature therefore concludes that it is in the best interest of the state and  
21 its citizens to provide a [READILY AVAILABLE] fund containing two accounts.  
22 Within the fund,

23 (1) one account consists of money readily available to the  
24 commissioner for the payment of the expenses incurred by the Department of  
25 Environmental Conservation during a response to a release or threatened [AND  
26 THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES IN THE  
27 PROTECTION OF THE ENVIRONMENT OF THE STATE FROM THE] release of  
28 oil or hazardous substances when authorized by AS 46.08.045 and for related  
29 purposes intended to address those releases;

30 (2) the other account consists of money that the state may use  
31 during a response to a release or threatened release of oil or a hazardous

1 substance, other than one described in (1) of this subsection, to pay the expenses  
2 of making preparations for the possibility of a release or threatened release of oil  
3 or hazardous substances, to reduce the amount, degree, or intensity of a release  
4 or threatened release, and for other related purposes identified in law [OR  
5 HAZARDOUS SUBSTANCES].

6 \* Sec. 21. AS 46.08.010(a) is amended to read:

7 (a) There is established in the state general fund the oil and hazardous  
8 substance release prevention and response fund. The fund shall be administered by  
9 the commissioner. The fund is composed of two accounts.

10 (1) the oil and hazardous substance release prevention account;

11 (2) the oil and hazardous substance release response account.

12 \* Sec. 22. AS 46.08.010(b) is amended to read:

13 (b) Money from an appropriation made to an account in the fund remaining  
14 in that account [THE FUND] at the end of a fiscal year does not lapse and remains  
15 available for expenditure in successive fiscal years.

16 \* Sec. 23. AS 46.08.010(c) is amended to read:

17 (c) The fund shall be used for actual expenses incurred under AS 46.08.040.  
18 Except as provided in AS 46.08.040(a)(2)(C)(ii) for the equipment that is required  
19 for and placed in the oil and hazardous substance response depots and in  
20 AS 46.08.040(a)(2)(E) for the acquisition, repair, or improvement of assets as  
21 preparedness measures [AS 46.08.040(d)(2)], the fund may not be used for capital  
22 improvements.

23 \* Sec. 24. AS 46.08.020 is amended to read:

24 Sec. 46.08.020. FINANCING OF THE OIL AND HAZARDOUS  
25 SUBSTANCE RELEASE PREVENTION ACCOUNT [FUND]. (a) The legislature  
26 may appropriate from the following sources to the prevention account in the fund:

27 (1) the annual estimated balance of the account maintained under  
28 AS 37.05.142 for deposits into the general fund of the proceeds of the oil  
29 conservation surcharge levied by AS 43.55.300;

30 (2) money received from other state sources, from federal [, STATE,]  
31 or other sources, or from a private donor;

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(3) [(2)] money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance at a specific site, but excluding money

(A) [FUNDS] from performance bonds and other forms of financial responsibility held in escrow pending satisfactory performance of a privately financed response action; and

(B) described in AS 46.08.025(a)(3);

(4) [(3)] fines, penalties, or damages recovered under AS 46.08.005 - 46.08.080 or other law for costs incurred by the state as a result of the release or threatened release of oil or a hazardous substance;

(5) the interest earned on the balance of the accounts maintained under AS 37.05.142 for deposits into the general fund from the proceeds of the surcharges levied under AS 43.55.201 and 43.55.300; and

(6) the interest earned on the balances of each of the following:

(A) the prevention account;

(B) the prevention mitigation account;

(C) the response account; and

(D) the response mitigation account.

(b) Money received by the state under (a)(2) - (6) [(a)(2) AND (a)(3)] of this section shall be deposited in the general fund and credited to a special account called the "oil and hazardous substance release prevention mitigation account." The legislature may annually appropriate to the prevention account in the fund from the prevention mitigation [THIS] account a sum <sup>delete</sup> ~~not to exceed~~ <sup>add</sup> [EQUAL TO] the amount received under (a)(2) - (6) [(a)(2) AND (a)(3)] of this section during the calendar year preceding the legislative session in which the appropriations are to be made.

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\* Sec. 25. AS 46.08 is amended by adding a new section to read:

Sec. 46.08.025. FINANCING OF THE OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE ACCOUNT. (a) The legislature may appropriate from the following sources to the oil and hazardous substance release response account in the fund:

(1) the annual estimated balance of the account maintained under

1 AS 37.05.142 for deposit into the general fund of the proceeds of the oil conservation  
2 surcharge levied by AS 43.55.201;

3 (2) money received from other state sources, from federal or other  
4 sources, or from a private donor; and

5 (3) money recovered or otherwise received from parties responsible for  
6 the containment and cleanup of oil or a hazardous substance at a specific site for  
7 which the state expended money from the former oil and hazardous substance release  
8 response fund before the effective date of this section or for which the state expended  
9 money from the response account, but excluding

10 (A) money from performance bonds and other forms of  
11 financial responsibility held in escrow pending satisfactory performance of a  
12 privately financed response action;

13 (B) fines, penalties, and damages described in  
14 AS 46.08.020(a)(4).

15 (b) Money received by the state under (a)(2) and (3) of this section shall be  
16 deposited in the general fund and credited to a special account called the "oil and  
17 hazardous substance release response mitigation account." The legislature may  
18 annually appropriate to the response account from the fund from the response mitigation  
19 account a sum equal to the amount received under (a)(2) and (3) of this section during  
20 the calendar year preceding the legislative session in which the appropriations are to  
21 be made.

22 \* Sec. 26. AS 46.08.040(a) is amended to read:

23 (a) In addition to money in the response account of the fund that is  
24 transferred to the commissioner of community and regional affairs to make grants  
25 under AS 29.60.510 and to pay for impact assessments under AS 29.60.560, the  
26 commissioner of environmental conservation may use money

27 (1) from the response account in the fund

28 (A) when authorized by AS 46.08.045, [(1)] to investigate and  
29 evaluate the release or threatened release of oil or a hazardous substance, and  
30 contain, clean up, and take other necessary action, such as monitoring and  
31 assessing, to address a release or threatened release of oil or a hazardous

1 substance that poses an imminent and substantial threat to the public health or  
2 welfare, or to the environment;

3 (B) to [(2)] PAY ALL COSTS INCURRED TO

4 (A) ESTABLISH AND MAINTAIN THE OIL AND  
5 HAZARDOUS SUBSTANCE RESPONSE OFFICE;

6 (B) REVIEW OIL DISCHARGE PREVENTION AND  
7 CONTINGENCY PLANS SUBMITTED UNDER AS 46.04.030;

8 (C) CONDUCT TRAINING, RESPONSE EXERCISES,  
9 INSPECTIONS, AND TESTS, IN ORDER TO VERIFY EQUIPMENT  
10 INVENTORIES AND ABILITY TO PREVENT AND RESPOND TO OIL  
11 AND HAZARDOUS SUBSTANCE RELEASE EMERGENCIES, AND TO  
12 UNDERTAKE OTHER ACTIVITIES INTENDED TO VERIFY OR  
13 ESTABLISH THE PREPAREDNESS OF THE STATE, A MUNICIPALITY,  
14 OR A PARTY REQUIRED BY AS 46.04.030 TO HAVE AN APPROVED  
15 CONTINGENCY PLAN TO ACT IN ACCORDANCE WITH THAT PLAN;  
16 AND

17 (D) VERIFY OR ESTABLISH PROOF OF FINANCIAL  
18 RESPONSIBILITY REQUIRED BY AS 46.04.040;

19 (3) PAY THE EXPENSES INCURRED BY THE ALASKA DIVISION  
20 OF EMERGENCY SERVICES FOR THE OIL AND HAZARDOUS SUBSTANCE  
21 RESPONSE CORPS AND THE OIL AND HAZARDOUS SUBSTANCE RESPONSE  
22 DEPOTS WHEN PRESENTED WITH APPROPRIATE DOCUMENTATION BY  
23 THE DIVISION;

24 (4) provide matching funds in the event of a release of oil or a  
25 hazardous substance for which use of the response account is authorized by  
26 AS 46.08.045 for participation

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

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

30 and

31 (C) to [(5)] recover the costs to the state, a municipality, [OR]

1 a village , or a school district of a containment and cleanup resulting from the  
2 release or the threatened release of oil or a hazardous substance for which  
3 money was expended from the response account;

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

5 (A) investigate and evaluate the release or threatened release  
6 of oil or a hazardous substance, except a release described in  
7 AS 46.08.045(a), and contain, clean up, and take other necessary action,  
8 such as monitoring and assessing, to address a release or threatened  
9 release of oil or a hazardous substance, except a release described in  
10 AS 46.08.045(a);

11 (B) pay all costs incurred to

12 (i) establish and maintain the oil and hazardous  
13 substance response office;

14 (ii) review oil discharge prevention and contingency  
15 plans submitted under AS 46.04.030;

16 (iii) conduct training, response exercises, inspections,  
17 and tests, in order to verify equipment inventories and ability to  
18 prevent and respond to oil and hazardous substance release  
19 emergencies, and to undertake other activities intended to verify or  
20 establish the preparedness of the state, a municipality, or a party  
21 required by AS 46.04.030 to have an approved contingency plan to  
22 act in accordance with that plan; and

23 (iv) verify or establish proof of financial  
24 responsibility required by AS 46.04.040;

25 (C) pay the expenses incurred by the division of emergency  
26 services for

27 (i) the oil and hazardous substance response corps;

28 and

29 (ii) the oil and hazardous substance response depots;

30 (D) pay, when presented with appropriate documentation by  
31 the Alaska State Emergency Response Commission, expenses incurred by

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the commission for

(i) its activities, including staff support, when the activities and staff support relate to oil or hazardous substances; and

(ii) the costs of being prepared for and responding to a request by the department for support in activities that relate to response to and restoration of the effects of an oil or hazardous substance release;

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

(F) pay the costs incurred by local emergency planning committees to carry out the duties assigned them by AS 46.13.080;

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

(i) in federal oil discharge cleanup activities; and

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

(H) pay or reimburse the storage tank assistance fund established in AS 46.03.410 for expenditures from that fund authorized by AS 46.03.410(b);

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

~~(J) reimburse the Alaska Legislative Council under AS 46.08.040(d) for its expenditures for the operation of the Citizens'~~

*TK approved by the Commissioner Adopted*

*TK Delete COC See 29: deletion also Adopted 11-1 (DP)*

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~~Oversight Council on Oil and Other Hazardous Substances, out~~

(K) [(6)] prepare, review, and revise

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

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

(L) [(7)] restore the environment by addressing the effects of an oil or hazardous substance release.

\* Sec. 27. AS 46.08.040(a)(2)(D) is repealed and reenacted to read:

(D) pay, when presented with appropriate documentation by the Department of Military and Veterans' Affairs, expenses incurred by the Department of Military and Veterans' Affairs for

(i) Alaska State Emergency Response Commission activities, including staff support, when the activities and staff support relate to oil or hazardous substances; and

(ii) the costs to the Department of Military and Veterans' Affairs of being prepared for and responding to a request by the department for support in activities that relate to response to and restoration of the effects of an oil or hazardous substance release;

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

(c) Notwithstanding other provisions of this section, money from the fund may not be used for a purpose specified in (a)(1)(B) or (C) or (a)(2) [(a)(2) - (7) AND (d)(2)] of this section unless money is available from an appropriation made specifically for that purpose. The legislature may use not more than three percent of the estimated annual balance of the prevention account to make appropriations for the purposes described in (a)(2)(F) of this section.

\* Sec. 29. AS 46.08.040(d) is amended to read:

(d) ~~Upon a request from~~

~~[(1)] the Alaska Legislative Council, the commissioner shall use money~~

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from the prevention account in the fund to reimburse the Alaska Legislative Council for expenditures that it makes for the operation of the ~~Citizens' Oversight Council on Oil and Other Hazardous Substances~~, established under AS 24.20.600 [; AND

(2) THE COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES, THE COMMISSIONER SHALL TRANSFER MONEY FROM THE FUND TO THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES TO PAY FOR THE CONSTRUCTION OR REFURBISHMENT OF ONE OR MORE VESSELS OF THE ALASKA MARINE HIGHWAY SYSTEM THAT HAVE THE CAPABILITY TO ASSIST IN RESPONDING TO SPILLS OF OIL AND HAZARDOUS SUBSTANCES; IN EXPENDING MONEY IN THE FUND WHOSE USE FOR VESSELS OF THE MARINE HIGHWAY SYSTEM IS AUTHORIZED BY AS 19.65.025 AND THIS PARAGRAPH, THE COMMISSIONER SHALL GIVE PRIORITY TO CONSTRUCTION OF ONE OR MORE NEW VESSELS THAT HAVE THE CHARACTERISTICS REQUIRED BY THIS PARAGRAPH].

\* Sec. 30. AS 46.08 is amended by adding a new section to read:

Sec. 46.08.045. USE OF THE RESPONSE ACCOUNT. (a) The commissioner may use money from the response account in the fund to respond to a release or threatened release when the governor declares a disaster related to a oil or hazardous substance discharge emergency under AS 26.23.020(c). During the effective period of the disaster emergency, the commissioner may use money from the response account to respond to the disaster emergency.

(b) Notwithstanding (a) of this section, money from the response account may be used for the purpose in AS 46.08.040(a)(1)(A) without a declaration under AS 26.23.020(c). However, when exercising authority under this subsection, the commissioner shall, within 120 hours of using money in the response account when authorized by this subsection, provide a written report to the governor summarizing the release, the state's actions, both taken and anticipated, the costs of the state's actions, both taken and anticipated, and other information considered appropriate by the commissioner or the governor. The governor may, at any time during the state's response, approve, disapprove, or amend the action.

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1 \* Sec. 31. AS 46.08.050(b) is amended to read:

2 (b) A [THE] department that is appropriated or allocated money from the  
3 fund, either directly or through a reimbursable service agreement with the  
4 Department of Environmental Conservation, shall develop procedures governing the  
5 expenditure of, and accounting for, money it expends [EXPENDED] from the fund.  
6 The Department of Environmental Conservation may not reimburse or pay money  
7 to another state agency for the agency's activities under AS 46.08.040 unless the  
8 state agency provides to the department the information necessary to complete the  
9 report required by AS 46.08.060 [, AND MAY NOT DELAY IMPLEMENTATION  
10 OF THIS CHAPTER PENDING THE EFFECTIVE DATE OF THE PROCEDURES].

11 \* Sec. 32. AS 46.08.060(a) is amended to read:

12 (a) The commissioner shall submit a report to the legislature not later than the  
13 10th day following the convening of each regular session of the legislature. The report  
14 may include information considered significant by the commissioner but must include:

15 (1) the amount of money expended by the department under  
16 AS 46.08.040(1)(A) [AS 46.08.040(a)] during the preceding fiscal year;

17 (2) the amount and source of money received and money recovered by  
18 or on behalf of the department during the preceding fiscal year under

19 (A) AS 46.04.010 (reimbursement of cleanup expenses);

20 (B) AS 46.08.020(a)(4) (recovery of fines, penalties, and  
21 damages); and

22 (C) AS 46.08.025(a)(3) (cost recoveries) [AS SPECIFIED IN  
23 AS 46.08.020];

24 (3) a summary of municipal participation in the department's responses  
25 that were paid for [FUNDED] by the response account [FUND];

26 (4) a [DETAILED] summary of department activities in responses paid  
27 for [FUNDED] by the response account [FUND] during the preceding fiscal year,  
28 including response descriptions and statements outlining the nature of the threat; [IN  
29 THIS PARAGRAPH, "DETAILED" INCLUDES INFORMATION DESCRIBING  
30 EACH PERSONAL SERVICES POSITION AND TOTAL COMPENSATION FOR  
31 THAT POSITION, EACH CONTRACT IN EXCESS OF \$20,000, AND EACH

1 PURCHASE IN EXCESS OF \$10,000); and

2 (5) the projected cost to the department for the next fiscal year of  
3 monitoring, operating, and maintaining sites where response [HAS BEEN  
4 COMPLETED OR] is expected to be continued during the fiscal year, to the extent  
5 these costs would be paid for from the response account.

6 \* Sec. 33. AS 46.08.060(b) is amended to read:

7 (b) As part of the department's on-going identification efforts associated with  
8 oil spill or hazardous substance release or waste sites, the commissioner shall include  
9 in the report under this section

10 (1) the number [A SUMMARY] of [THE] sites that are included in  
11 the department's contaminated sites data base, whether the site is active or closed;  
12 and [IDENTIFIED BY THE DEPARTMENT;]

13 (2) a prioritized listing of those sites, both statewide and by  
14 community, based on the immediate and long-term threats to the public health or  
15 welfare or to the environment [POSED BY THESE SITES; AND

16 (3) THE APPROPRIATE ACTIONS NEEDED TO ABATE THESE  
17 THREATS, AND THEIR ESTIMATED COST].

18 \* Sec. 34. AS 46.08.060(c) is amended to read:

19 (c) In addition to the department's report required under (a) of this section, the  
20 governor shall submit a report about use of the fund during the previous fiscal year to  
21 the legislature not later than the 10th day following the convening of each regular  
22 session of the legislature. In the report, the governor shall describe in detail the  
23 governor's use of money from the fund, with separate explanations, by agency, of the  
24 activities that were paid for [FUNDED] under the authority of AS 46.08.045  
25 [AS 46.08.040(b)].

26 \* Sec. 35. AS 46.08.070 is amended by adding a new subsection to read:

27 (d) The department shall adopt regulations to implement the cost recovery  
28 requirements of (a) and (b) of this section, but may not delay cost recovery actions  
29 pending the effective date of the adoption of the regulations.

30 \* Sec. 36. AS 46.08.075(a) is amended to read:

31 (a) The state has a lien for expenditures by the state from the [OIL AND

1 HAZARDOUS SUBSTANCE RELEASE RESPONSE] fund, or from any other state  
2 fund, for the costs of response, containment, removal, or remedial action resulting from  
3 an oil or hazardous substance release [SPILL], or, with respect to response costs, for  
4 the costs of response to a threatened [THE SUBSTANTIAL THREAT OF A] release  
5 of oil or a hazardous substance, against all property owned by a person who is  
6 determined by the commissioner to be liable for the expenditures under this chapter,  
7 AS 46.03, AS 46.04, 42 U.S.C. 9607, or other state or federal law. The lien includes  
8 interest, at the maximum rate allowable under AS 45.45.010(a), from the date of the  
9 expenditures. The state may file an action in a court of competent jurisdiction in order  
10 to foreclose on the lien.

11 \* Sec. 37. AS 46.08.075(e) is amended to read:

12 (e) A person with an ownership interest in property against which a lien is  
13 recorded may bring an action in a court of competent jurisdiction to require that the  
14 lien be released. The lien may be released to the extent of that person's ownership  
15 interest if the court finds that the person is not liable for the expenses incurred by the  
16 state in connection with the costs of response, containment, removal, or remedial  
17 action resulting from the [OIL OR HAZARDOUS SUBSTANCE] release or from the  
18 threatened [THREAT OF] release, of oil or a hazardous substance.

19 \* Sec. 38. AS 46.08.900(5) is amended to read:

20 (5) "fund" means the oil and hazardous substance release prevention  
21 and response fund;

22 \* Sec. 39. AS 46.08.900(9) is amended to read:

23 (9) "release"

24 (A) means any spilling, leaking, pumping, pouring, emitting,  
25 emptying, discharging, injecting, escaping, leaching, dumping, or disposing into  
26 the environment;

27 (B) [, EXCEPT THAT "RELEASE"] does not include

28 (i) a permitted release; or

29 (ii) an act of nature;

30 \* Sec. 40. AS 46.08.900(11) is amended to read:

31 (11) "threatened release" means [AN IMMINENT DANGER] that a

1 release is imminent; a release is imminent if

2 (A) it is impending, or on the point of happening; or

3 (B) though not impending, in the judgment of the

4 commissioner

5 (i) the incident or occurrence may reasonably be  
6 expected to culminate in an actual release; and

7 (ii) that actual release may reasonably be expected to  
8 cause personal injury, other injury to life, or loss of or damage to  
9 property, including the environment [WILL OCCUR];

10 \* Sec. 41. AS 46.08.900 is amended by adding new paragraphs to read:

11 (13) "catastrophic oil discharge" and "catastrophic oil release" have the  
12 meaning given the term "catastrophic oil discharge" in AS 46.04.900;

13 (14) "prevention account" means the oil and hazardous substance  
14 release prevention account established in AS 46.08.010(a)(1);

15 (15) "prevention mitigation account" means the oil and hazardous  
16 substance release prevention mitigation account established in AS 46.08.020(b);

17 (16) "response account" means the oil and hazardous substance release  
18 response account established in AS 46.08.010(a)(2);

19 (17) "response mitigation account" means the oil and hazardous  
20 substance release response mitigation account established in AS 46.08.025(b).

21 \* Sec. 42. AS 46.09.900(8) is amended to read:

22 (8) "threatened release" means [AN IMMINENT DANGER] that a  
23 release is imminent; a release is imminent if

24 (A) it is impending, or on the point of happening; or

25 (B) though not impending, in the judgment of the

26 commissioner

27 (i) the incident or occurrence may reasonably be  
28 expected to culminate in an actual release; and

29 (ii) that actual release may reasonably be expected to  
30 cause personal injury, other injury to life, or loss of or damage to  
31 property, including the environment [WILL OCCUR].

1 \* Sec. 43. AS 19.65.025; AS 43.55.200, 43.55.210, 43.55.220, 43.55.230, 43.55.240;  
2 AS 44.46.025(a)(4) and (5); AS 46.08.040(b), and sec. 3, ch. 112, SLA 1989 are repealed.

3 \* Sec. 44. TREATMENT OF APPROPRIATION TO FORMER SPILL RESERVE FOR  
4 PURPOSES OF AS 43.55.230. For the purpose of former AS 43.55.230(a)(2), repealed by  
5 sec. 43 of this Act, an appropriation to the former spill reserve referred to in AS 29.60.510(b),  
6 the reference to which is deleted by sec. 3 of this Act, is not an expenditure.

7 \* Sec. 45. SURCHARGE IMPOSED BY AS 43.55.201 - 43.55.231 SUSPENDED AND  
8 REIMPOSED. In addition to the circumstances set out in AS 43.55.231, the surcharge  
9 authorized by AS 43.55.201 is not levied on and after the effective date of this section and  
10 until June 30, 1995, if

11 (1) the Eighteenth Alaska State Legislature does not, during the Second  
12 Regular Session or during any special session held before the effective date of this section,  
13 appropriate at least an amount equal to the estimated amount, as of the day before the  
14 effective date of this section, of the unexpended and unobligated balance of the former oil and  
15 hazardous substance release response fund to the response account in the oil and hazardous  
16 substance release prevention and response fund; or

17 (2) the governor vetoes or reduces the amount appropriated under (1) of this  
18 section.

19 \* Sec. 46. TRANSITIONAL PROVISIONS APPLICABLE TO CONSERVATION  
20 SURCHARGE ON OIL IMPOSED BY AS 43.55.200 AFTER JUNE 30, 1994, AND  
21 BEFORE THE EFFECTIVE DATE OF THIS SECTION. After June 30, 1994, and before the  
22 effective date of this section, every producer of oil who is required by AS 43.55.200 -  
23 43.55.240, repealed by this Act, to pay the oil conservation surcharge of \$.05 per barrel of oil  
24 shall pay that levy. The provisions of AS 43.55.210 - 43.55.240, repealed by this Act, apply  
25 to the amounts received by the state under AS 43.55.200 - 43.55.240, but as to the amounts  
26 received after June 30, 1994, and before the effective date of this section, if so appropriated  
27 by the legislature and notwithstanding any other provision of law relating to the deposit of and  
28 accounting for those receipts,

29 (1) on the effective date of this section, the commissioner of revenue shall  
30 allocate

31 (A) 40 percent of the amount received to the response account

1 established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and  
2 (B) 60 percent of the amount received to the prevention account  
3 established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act; and  
4 (2) the allocations made under (1) of this section are credited to the respective  
5 accounts for purposes of determination of the suspension and reimposition of the surcharge  
6 under AS 43.55.221 and 43.55.231, added by secs. 15 and 16 of this Act.

7 \* Sec. 47. Section 27 of this Act takes effect only if a version of Senate Bill 33  
8 transferring the Alaska State Emergency Response Commission from the Department of  
9 Environmental Conservation to the Department of Military and Veterans' Affairs is enacted  
10 by the Eighteenth Alaska State Legislature and becomes law.

11 \* Sec. 48. If sec. 27 of this Act takes effect under sec. 47 of this Act, it takes effect on the  
12 effective date of the Act described in sec. 47, or on July 1, 1994, whichever is later.

13 \* Sec. 49. Except as provided in sec. 48 of this Act, this Act takes effect July 1, 1994.

3-22-94

8-LS110VI  
Chenoweth  
3/21/94

*B-5 moved for adoption as a working draft.  
JK objected.*

**CS FOR SENATE BILL NO. 215( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATORS MILLER, Kelly**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to oil and hazardous substances; redesignating the oil and  
 2 hazardous substance release response fund and its uses; repealing the authority  
 3 in law by which marine highway vessels may be designed and constructed to aid  
 4 in oil and hazardous substance spill cleanup in state marine water using money  
 5 in the oil and hazardous substance release response fund and the authority of  
 6 the Department of Environmental Conservation to levy and collect fees for review  
 7 of certain submissions related to oil; altering requirements applicable to liens for  
 8 recovery of state expenditures related to oil or hazardous substances; terminating  
 9 the nickel-per-barrel oil conservation surcharge; levying and collecting two new oil  
 10 surcharges; providing for the suspension and reimposition of one of the new  
 11 surcharges; and authorizing appropriations to the underground storage tank  
 12 assistance fund of a portion of reimbursements for expenditures related to the

1 Exxon Valdez oil spill; and providing for an effective date."

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

3 \* Section 1. FINDING AND DETERMINATION FOR SECTION 5. The legislature

4 (1) finds and declares that the release of petroleum from or associated with  
5 underground petroleum storage tanks presents a real and substantial threat to the public health  
6 and welfare, to the environment, and to the economy of the state; and

7 (2) determines that it is in the best interest of the state and its citizens to  
8 finance a portion of the storage tank assistance fund out of reimbursed expenditures received  
9 by the state for expenses related to the Exxon Valdez oil spill.

10 \* Sec. 2. AS 29.60.510(a) is amended to read:

11 (a) Subject to (b) of this section, the [THE] commissioner may use money  
12 from the oil and hazardous substance release prevention and response fund to make  
13 grants to a municipality or village that is affected by the release of oil or a hazardous  
14 substance or by the response to the release and that demonstrates that the release or  
15 response to the release involves extraordinary expenditures that are beyond the  
16 reasonable capability of the municipality or village to meet from the current revenue  
17 sources of the municipality or village if

18 (1) the governor determines that the [A RELEASE OF] oil or [A]  
19 hazardous substance [EXCEEDS 2,500 BARRELS OF OIL, OR EXCEEDS AN  
20 AMOUNT OF A HAZARDOUS SUBSTANCE THAT], when released into the  
21 environment, presents a threat to the economy and public welfare of the municipalities  
22 and villages affected by it [AT LEAST EQUIVALENT IN EFFECT TO THE EFFECT  
23 OF A RELEASE OF OIL IN AN AMOUNT DEFINED BY THIS PARAGRAPH;

24 (2) THE RELEASE HAS BEEN PROCLAIMED A DISASTER  
25 EMERGENCY BY THE GOVERNOR UNDER AS 26.23.020]; and

26 (2) [(3)] the governor finds that

27 [(A) THE RELEASE OF THE OIL OR HAZARDOUS  
28 SUBSTANCE INTO THE ENVIRONMENT PRESENTS A REAL AND  
29 SUBSTANTIAL THREAT TO THE ECONOMY AND PUBLIC WELFARE  
30 OF THE MUNICIPALITIES AND VILLAGES THAT ARE AFFECTED BY  
31 THE RELEASE AND BY THE RESULTANT ACTIVITIES TO CONTAIN

*Response  
at  
municipal  
level*

1 AND CLEAN UP THE RELEASE; AND

2 (B)] it is in the best interest of the state to pay the expenses  
3 incurred by municipalities and villages to mitigate the social and economic  
4 effects that arise out of the release of the oil or the hazardous substance and  
5 the resultant cleanup activities.

6 \* Sec. 3. AS 29.60.510(b) is amended to read:

7 (b) For each release or threatened release of oil or a hazardous substance  
8 for which the commissioner of environmental conservation may, under  
9 AS 46.08.045(a), expend money from the response account in the fund [DISASTER  
10 EMERGENCY DECLARED BY THE GOVERNOR UNDER AS 26.23.020], and  
11 subject to agreement with the commissioner of environmental conservation as to the  
12 amount of money in the fund that may be used by the department to make grants, the  
13 commissioner may expend not more than \$10,000,000 [OF THE BALANCE OF THE  
14 FUND THAT IS APPROPRIATED TO THE SPILL RESERVE OR] of the  
15 unrestricted balance of the response account in the fund for grants authorized under  
16 this section. For each release or threatened release of oil or a hazardous substance  
17 for which money may not be expended from the response account, and subject to  
18 appropriation of money in the fund that may be used by the department to make  
19 grants, the commissioner may expend not more than the amount appropriated  
20 from the contingency and abatement account in the fund for grants authorized  
21 under this section. If the commissioner and the commissioner of environmental  
22 conservation do not agree on the amount of money in the response account in the  
23 fund that may be used by the department to make grants under AS 29.60.500 -  
24 29.60.599 for release or threatened release of oil or a hazardous substance, the  
25 governor shall make the determination.

26 \* Sec. 4. AS 37.14.410 is amended to read:

27 Sec. 37.14.410. REIMBURSED EXPENDITURES. (a) Amounts received by  
28 the state as reimbursement for expenses related to the Exxon Valdez oil spill incurred  
29 by the state on or before December 31, 1992, shall be deposited in the general fund  
30 and, except as required under (b) of this section and allowed under (c) of this  
31 section, may not be credited to the oil and hazardous substance release mitigation

1 account under AS 46.04.010 or to an account established in AS 46.08.020 or  
2 46.08.025.

3 (b) A percentage of each payment deposited in the general fund under (a) of  
4 this section shall be credited to the contingency and abatement mitigation account  
5 established in [OIL AND HAZARDOUS SUBSTANCE RELEASE MITIGATION  
6 ACCOUNT UNDER AS 46.04.010 OR] AS 46.08.020. That percentage is determined  
7 by dividing

8 (1) the amount of the expenses for which the state may be reimbursed  
9 under (a) of this section that were paid from the [OIL AND HAZARDOUS  
10 SUBSTANCE RELEASE RESPONSE] fund established under AS 46.08.010, by

11 (2) the total amount of expenses for which the state may be reimbursed  
12 under (a) of this section.

13 \* Sec. 5. AS 37.14.410 is amended by adding a new subsection to read:

14 (c) Notwithstanding the requirement of (b) of this section, the legislature may  
15 appropriate to the storage tank assistance fund established in AS 46.03.410 a portion  
16 of the reimbursement for expenditures that are received by the state under (a) of this  
17 section and that are credited or subject to credit to the contingency and abatement  
18 mitigation account.

19 \* Sec. 6. AS 43.55 is amended by adding a new section to read:

20 Sec. 43.55.201. SURCHARGE LEVIED. (a) Every producer of oil shall pay  
21 a surcharge of \$.025 per barrel of oil produced from each lease or property in the state,  
22 less any oil the ownership or right to which is exempt from taxation.

23 (b) The surcharge imposed by (a) of this section is in addition to and shall be  
24 paid in the same manner as the tax imposed by AS 43.55.011 - 43.55.150; and is in  
25 addition to the surcharge imposed by AS 43.55.300 - 43.55.310.

26 (c) A producer of oil shall make reports of production in the same manner and  
27 under the same penalties as required under AS 43.55.011 - 43.55.150.

28 \* Sec. 7. AS 43.55 is amended by adding a new section to read:

29 Sec. 43.55.211. USE OF REVENUE DERIVED FROM SURCHARGE. The  
30 legislature may appropriate the annual estimated balance of the account maintained  
31 under AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge

1 levied under AS 43.55.201 to the response account in the oil and hazardous substance  
2 release prevention and response fund established by AS 46.08.010.

3 \* Sec. 8. AS 43.55 is amended by adding a new section to read:

4 Sec. 43.55.221. SUSPENSION AND REIMPOSITION OF THE  
5 SURCHARGE. (a) Not later than 30 days after the end of each calendar quarter, the  
6 commissioner of administration shall determine, as of the end of that quarter,

7 (1) the unreserved and unobligated balance in the response account of  
8 the oil and hazardous substance release prevention and response fund established in  
9 AS 46.08.010; for purposes of this paragraph, the "unreserved and unobligated balance  
10 in the response account" means the cash balance of the account, less the sum of

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

12 (B) encumbrances of money in the account; and

13 (C) other liabilities of the account;

14 (2) the balance of the account maintained under AS 37.05.142 that is  
15 available for appropriation to the response account of the oil and hazardous substance  
16 release prevention and response fund established in AS 46.08.010;

17 (3) the balance of the response mitigation account established by  
18 AS 46.08.025(b) that originated from the sources described in AS 46.08.025(a)(2) and  
19 that is available for appropriation to the response account of the fund established in  
20 AS 46.08.010.

21 (b) Within 15 days after making the determinations required by (a) of this  
22 section, the commissioner of administration shall

23 (1) add the amounts determined under (a)(1) - (3) of this section; and

24 (2) report the sum calculated under (1) of this subsection to the  
25 commissioner.

26 (c) In making the determination required by (a) of this section, the  
27 commissioner of administration may not consider money described in (a) of this  
28 section that is subject to a dedication imposed by law that restricts the use of the  
29 money to a specific purpose for which the response account of the oil and hazardous  
30 substance release prevention and response fund established in AS 46.08.010 may not  
31 be lawfully expended.

1 (d) If the commissioner of administration reports that the sum reported under  
2 (b) of this section equals or exceeds \$50,000,000, the commissioner of revenue shall  
3 suspend imposition and collection of the surcharge levied and collected under  
4 AS 43.55.201. Suspension of the imposition and collection of the surcharge begins on  
5 the first day of the calendar quarter next following the commissioner's receipt of the  
6 commissioner of administration's report under (b) of this section. Before the first day  
7 of a suspension authorized by this subsection, the commissioner shall make a  
8 reasonable effort to notify all persons who are known to the department to be paying  
9 the surcharge under AS 43.55.201 that the surcharge will be suspended.

10 (e) Except as provided in AS 43.55.231, if the commissioner of administration  
11 reports that the sum reported under (b) of this section is less than \$50,000,000, the  
12 commissioner of revenue shall require imposition and collection of the surcharge  
13 authorized under AS 43.55.201. If the surcharge is not in effect, reimposition of the  
14 surcharge begins on the first day of the calendar quarter next following the  
15 commissioner's receipt of the commissioner of administration's report under (b) of this  
16 section. Before the first day of reimposition of the surcharge authorized by this  
17 subsection, the commissioner shall make a reasonable effort to notify all persons who  
18 are known to the department to be required to pay the surcharge under AS 43.55.201  
19 that the surcharge will be reimposed.

20 \* Sec. 9. AS 43.55 is amended by adding a new section to read:

21 Sec. 43.55.231. SURCHARGE NOT IMPOSED. (a) The surcharge authorized  
22 by AS 43.55.201 is not levied during any fiscal year for which

23 (1) the legislature does not, during the regular or a special legislative  
24 session preceding the first day of the fiscal year, appropriate at least an amount equal  
25 to the amount determined under (b) of this section from the general fund to the  
26 response account in the oil and hazardous substance release prevention and response  
27 fund; or

28 (2) the legislature, during the regular or a special legislative session  
29 preceding the first day of the fiscal year, appropriates at least the amount of money  
30 equal to the amount determined under (b) of this section from the general fund to the  
31 response account in the oil and hazardous substance release prevention and response

1 fund and that appropriation is vetoed or reduced by the governor.

2 (b) The amount of money required to be appropriated from the general fund  
3 to the response account in the oil and hazardous substance release prevention and  
4 response fund by (a) of this section is the amount, determined for the last day of the  
5 preceding fiscal year, that is the sum of the actual or estimated balance of

6 (1) the account maintained under AS 37.05.142 to account for all  
7 proceeds of the surcharge that are deposited into the general fund; and

8 (2) the portion of the balance of the response account paid into that  
9 account under AS 46.08.025(a)(2) and credited to the response mitigation account that  
10 represents amounts recovered from parties for which expenditures were originally made  
11 from

12 (A) the response account; or

13 (B) the former oil and hazardous substance release response  
14 fund if the expenditure was made for a release or threatened release of oil or  
15 a hazardous substance before the effective date of this Act.

16 \* Sec. 10. AS 43.55 is amended by adding new sections to read:

17 **ARTICLE 2A. ADDITIONAL CONSERVATION SURCHARGE ON OIL.**

18 Sec. 43.55.300. **SURCHARGE LEVIED.** (a) Every producer of oil shall pay  
19 a surcharge of \$.025 per barrel of oil produced from each lease or property in the state,  
20 less any oil the ownership or right to which is exempt from taxation.

21 (b) The surcharge imposed by (a) of this section is in addition to and shall be  
22 paid in the same manner as the tax imposed by AS 43.55.011 - 43.55.150; and is in  
23 addition to the surcharge imposed by AS 43.55.201 - 43.55.231.

24 (c) A producer of oil shall make reports of production in the same manner and  
25 under the same penalties as required under AS 43.55.011 - 43.55.150.

26 Sec. 43.55.310. **USE OF REVENUE DERIVED FROM SURCHARGE.** The  
27 legislature may appropriate the annual estimated balance of the account maintained  
28 under AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge  
29 levied under AS 43.55.300 to the contingency and abatement account in the oil and  
30 hazardous substance release prevention and response fund established by AS 46.08.010.

31 \* Sec. 11. AS 43.55.900(15) is amended to read:

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(15) "surcharge" means

(A) when used in AS 43.55.201 - 43.55.231, the surcharge levied by AS 43.55.201 [AS 43.55.200];

(B) when used in AS 43.55.300 - 43.55.310, the surcharge levied by AS 43.55.300;

\* Sec. 12. AS 46.08.005 is amended to read:

Sec. 46.08.005. PURPOSE. The legislature finds and declares that the release of oil or hazardous substances into the environment presents a real and substantial threat to the public health and welfare, to the environment, and to the economy of the state. The legislature therefore concludes that it is in the best interest of the state and its citizens to provide a [READILY AVAILABLE] fund containing two accounts.

Within the fund,

(1) one account consists of money readily available to the commissioner for the payment of the expenses incurred by the Department of Environmental Conservation during an emergency first response to a release or threatened [AND THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES IN THE PROTECTION OF THE ENVIRONMENT OF THE STATE FROM THE] release of oil or hazardous substances when authorized by AS 46.08.045 and for related purposes intended to address those releases;

(2) the other account consists of money that the state may use during a response to a release or threatened release of oil or a hazardous substance, other than a discharge described in (1) of this subsection, to pay the expenses of making preparations for the possibility of a release or threatened release of oil or hazardous substances, to reduce the amount, degree, or intensity of a release or threatened release, and for other related purposes identified in law [OR HAZARDOUS SUBSTANCES].

\* Sec. 13. AS 46.08.010(a) is amended to read:

(a) There is established in the state general fund the oil and hazardous substance release prevention and response fund. The fund shall be administered by the commissioner. The fund is composed of two accounts,

(1) the contingency and abatement account;