

SCOMM

119:18

Alaska State Legislature

During Interim: (June - Dec.)
716 West 4th Avenue, Suite 500
Anchorage, Alaska 99501-2133
(907) 269-0200
Fax (907) 269-0204



During Session: (Jan. - May)
State Capitol
Juneau, Alaska 99801-1182
(907) 465-4993
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Drue Pearce
President of the Senate
SB 273
Sponsor Statement
3/21/2000

Alaska arguably has the world's best oil spill prevention and response program. However, the current program is limited to vessels that carry oil as cargo (tank vessels), and on-shore oil facilities such as oil wells, pipelines, refineries, and tank farms.

Most of Alaska's oil spills come from carriers that are currently not required to prepare for spill response. Since 1995, 93 spills totaling 5,286 gallons of oil came from regulated vessels and facilities. During this same period, 945 spills totaling 258,000 gallons of oil came from non-regulated carriers. SB 273 will expand the prevention and response program to include larger non-tank vessels and the railroads transporting oil in bulk.

Specifically, non-tank vessels covered by this bill are defined as self-propelled watercraft of 400 or greater gross registered tons. These vessels include larger fishing and processing vessels, cargo and cruise ships, and public vessels engaged in commerce such as the Alaska State Ferries. SB 273 requires these vessels to provide a response plan that will clean up the spill as quickly as possible with minimal damage to the environment. The legislation also requires vessel operators to provide proof of financial ability to respond to damages resulting from a spill.

Recent major oil spills along the Alaska Railroad system and from a large fishing vessel in Dutch Harbor illustrate the need to expand Alaska's oil spill prevention and response program. The railroad, cruise ships, large fishing vessels, container ships, along with Alaska's State Ferries carry large volumes of oil and should be prepared to respond quickly in the case of an spill.

Alaska is the only state on the West Coast that has not extended its contingency plan and financial responsibility laws to include non-tank vessels. In light of recent spills from these vessels in our waters, and from the railroad on our land, it is time to strengthen our oil spill laws. SB 273 will provide a heightened awareness of prevention and response readiness and will reduce the number and consequences of oil spills in the future.

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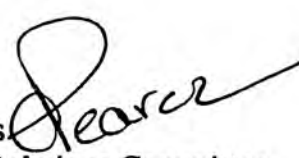


During Session: (Jan. - May)
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Drue Pearce
President of the Senate

Memorandum

Date: April 14¹⁷, 2000

To: Representative Ramona Barnes 
World Trade & State/Federal Relations Committee

From: Senator Drue Pearce, Senate President.

RE: SB 273 – Oil Spill Response and Prevention

I concur with the amendments made by the House Resources Committee to SB 273.

In response to those who do not believe that they need to be a part of the State safety net for spill response, I offer the attached amendment as a compromise. In short, the amendment makes participation in the safety net optional. If a company chooses not to participate in the safety net and has a spill they will be subject to the civil liability standards for gross negligence currently set out in statute and higher expenses paid to the response organizations as a result of their lack of participation.

I respectfully request that SB 273 be scheduled for a hearing in the World Trade Committee at your earliest possible convenience.

Thank you for your consideration.

A M E N D M E N T

OFFERED IN THE

TO: HCS CSSB 273(RES), Version "X," dated 4/15/00

1 Page 4, following line 14:

2 Insert new subsections to read:

3 "(e) Notwithstanding (a) of this section, a person may cause or permit the
4 operation of a nontank vessel within the waters of this state or cause or permit the
5 transfer of oil to or from a nontank vessel without complying with the requirements
6 of (a) and (c) of this section. Notwithstanding (b) of this section, a person may cause
7 or permit the transfer of oil to or from a railroad tank car without complying with the
8 requirements of (b) and (c) of this section. If, under the authorization set out in this
9 subsection, a person causes or permits the operation of a nontank vessel or a railroad
10 tank car, or causes or permits the transfer of oil to or from a railroad tank car, without
11 complying with the requirements of (a) - (c) of this section and the person is
12 responsible under this section for the containment, control, and cleanup of an oil
13 discharge from the vessel or railroad tank car caused by the person's negligence or
14 intentional conduct, in addition to liability for any other penalties or damages, the
15 person is liable

16 (1) for payment to the state of an amount determined by multiplying
17 the amount of the penalty set out in AS 46.03.758(b)(1)(A) - (C) that may be imposed
18 for the oil discharge by a factor of five; and

19 (2) to each oil spill response action contractor or other party engaged
20 to contain, control, or clean up the oil in an amount of two times the actual costs of
21 the containment, control, and cleanup incurred by the contractor or other party.

22 (f) Notwithstanding the threshold amount of oil discharge that, under
23 AS 46.03.758(e), imposes liability for the payment of penalty under AS 46.03.758(b),
24 if a discharge of oil not permitted under applicable state and federal law occurs from
25 a nontank vessel or railroad tank car within the territorial jurisdiction of the state, or

1 into or upon the adjacent outer continental shelf of the state, in addition to the person
 2 causing or permitting the discharge, the following persons are jointly and severally
 3 liable to the state, in a civil action for the full amount of the penalties established in
 4 the regulations adopted under authority of AS 46.03.758(b) computed and applied to
 5 the total amount of oil discharged:

6 (1) if the discharge occurs from a railroad tank car, the owner and
 7 operator of the railroad tank car and

8 (A) the operator of the train of which the car is a part;

9 (B) the owner, lessee, or operator of, or other person
 10 responsible for, the storage yard in which the railroad tank car is parked at the
 11 time of the discharge; or

12 (C) the owner of the oil carried as cargo in the railroad tank
 13 car;

14 (2) if the discharge occurs from a nontank vessel, the owner and
 15 operator of the vessel."

16 Reletter the following subsections accordingly.

17 Page 5, line 16:

18 Delete "(f)"

19 Insert "(h)"

20 Page 7, line 14:

21 Delete "AS 46.04.055(f)"

22 Insert "AS 46.04.055(h)"

23 Page 7, line 21:

24 Delete "AS 46.04.055(f)"

25 Insert "AS 46.04.055(h)"

26 Page 7, line 24:

27 Delete "AS 46.04.055(f)"

1

Insert "AS 46.04.055(h)"



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Special Committee on World Trade and State/Federal Relations

Official Business

**State Capitol
Juneau, AK 99801-1182**

FOR IMMEDIATE RELEASE: April 19, 2000

CONTACT: Rep. Ramona L. Barnes (907) 465-3438

Legislators Offer Solution to Capitol Deadlock **Resolution Provides Analysis of Impacts on Businesses and Consumers**

(JUNEAU) -- Representative Ramona L. Barnes (R-Anchorage), Chair of the House Committee on World Trade and State/Federal Relations, has announced her support for a proposed solution to the current legislative deadlock over environmental impacts of spills from nontank vessels and railroad tank cars.

Representative Gail Phillips (R-Homer), Chair of the House Committee on Economic Development and Tourism, will introduce a resolution establishing a 13-member task force, chaired by either the Commissioner or Deputy Commissioner of the Alaska Department of Environmental Conservation.

"The task force would be charged with evaluating the requirements of SB 273 to develop contingency plans for dealing with the effects of spills from railroad tank cars and nontank vessels," Phillips said. "The task force would be required to prepare a report in time for the first day of the First Session of the 22nd Alaska Legislature."

"As Senate Bill 273 has progressed rapidly through the legislature, implementation has become increasingly complex and a cause of greater concern," Barnes said. "There is a significant element missing from the overall equation. We need an analysis of the impact on Alaska businesses, on the continued viability of our exports, and of the effects on Alaska's residents and consumers."

###



Official Business

MEMBER
Natural Resources
Committee

Alaska State Legislature

**Vice-Chair, Legislative Council
Chair, World Trade
And
State/Federal Relations**

REPRESENTATIVE
RAMONA L. BARNES
District 22

Anchorage

Anchorage, AK 99510
(907) 269-0100
Fax: (907) 269-0105

State Capitol
Juneau, AK 99801-1182
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April 19, 2000

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature

Dear President Pearce:

I understand your strong interest in passage of SB 273 and appreciate the environmental concerns that prompted the legislation. I believe most or all of us in the Legislature share those concerns.

However, you are asking that we pass legislation that brings with it many unanswered questions and issues. As you may recall, I have repeatedly requested an assessment of the economic impact of this legislation on the state, its businesses and especially, its residents.

There has developed a feeling that as the legislation has progressed, implementation becomes increasingly complex and of concern. Even the basic costs for tramper steamers, fish processors and cruise lines are bandied about in widely-ranging numbers.

I still see a significant element missing in the overall equation. Again, we need an analysis of the impact on businesses in our state, the continued viability of our exports and the effect on Alaska's residents and consumers. This is major legislation that has moved at a fast pace and with what appears to be reluctant support. I share this reluctance because I see us rushing into law something that needs considerable further evaluation and review.

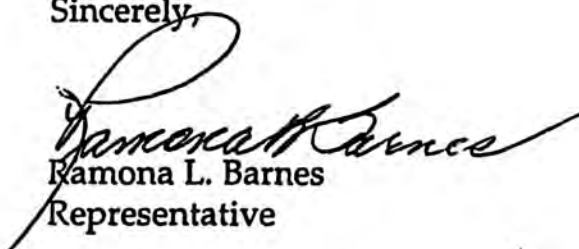
Fortunately, existing federal regulations already provide significant regulation for spill response, cleanup and financial responsibility in Alaska waters. As I know you must be aware, many of the affected industries have for some time, suggested that rather than pass legislation this year a balanced, interim task force

be established to accomplish this necessary review. In this way, working closely with DEC, legislation could be crafted to meet the concerns of all those involved. For example, the environmental concerns SB 273 now attempts to address while in addition, it could address the economic concerns to which I refer above. Also, such lingering questions of redundancy (including the cost to businesses of such redundancy) and overlap with existing federal law could be thoroughly addressed. This could still effectively result in final regulations being in place by April, 2002, just as they would under SB 273 in its present form.

The government working together with interested parties is a time-honored process that certainly would seem preferable to putting this into law now and later seeking answers to the many questions that are sure to arise.

In the interests of time, I am including a draft of a resolution for your consideration to implement an interim task force.

Sincerely,



Ramona L. Barnes
Representative

Attachment

CC: House Speaker Brian Porter

Executive Office
Telephone: (907) 265-2403
Facsimile: (907) 265-2312
e-mail: sheffieldw@akrr.com

April 21, 2000

The Honorable Ramona Barnes
Alaska House of Representatives
State Capitol, Room 403
Juneau, Alaska 99801

Dear Representative Barnes:

Thank you for your continuing support of the Alaska Railroad, especially regarding recent oil spill contingency plan legislation. The ARRC supports the Senate President's initial legislation, and as we have advised Senator Pearce, we intend to continue on our path of improvements regardless of the disposition of this bill. However, we understand your valid concerns about cost and implementation. One of the reasons we moved quickly, before legislation was introduced, was because we were convinced that we could better manage costs of implementation if the decisions and schedule were kept in-house.

I also wanted to give you a quick synopsis of our efforts at both Gold Creek and Canyon, what the current situation is, and what the eventual outcomes are likely to be.

First, I would like to emphasize that last November's spill response at Canyon is nearly closed out. Of the 12,000 gallons spilled, the ARRC recovered more than 11,000 gallons, which is an unusually high recovery rate and quite a successful response effort. We have monitored the site over the winter and will recover any residual oil or emulsion from the underflow dams we put in place before winter closed in.

Gold Creek has been more problematic, but there has been no lack of effort. I believe that inflammatory statements from various sources and an adversarial press corps have generated a "folk history" of this response that differs greatly from the facts.

The spill occurred in the middle of the night during one of the most intense winter storms Southcentral Alaska has seen in many years. The derailment and resulting spill

in the roadless area of the Alaska Railroad, coupled with the storm conditions, hampered immediate first response. Even the regulators in those first days were quoted widely about the fact that weather had "dealt us a bad hand," in the words of ADEC's lead response official. All of the highways in Southcentral and Interior Alaska were closed due to severe icing conditions, and the Alaska Railroad was blocked in numerous locations due to snow and mud slides across the track. The ARRC responded according to our extensive emergency response plan, which you may view on-line at akrr.com/emeresp/erp.htm.

Our initial hope was that snow would absorb much of the spilled fuel and that frozen ground would keep it from contaminating soil. However, as we removed damaged cars, transferred fuel to safe tankers, and got to the spill itself, it was clear that the warm fuel (about 50 degrees) went through the snow quickly and melted the thin layer of frozen soil beneath the snowpack. While some critics continued to hold to the theory that the fuel sat, accessible, for days, subsequent cleanup and sampling have shown that not to be the case.

Since January 10 (the date the wreck was cleared, all cars had been lightered, and all contaminated snow and overburden had been removed) we have been drilling recovery and monitoring wells, and using skimmer pumps and groundwater depression to recover fuel. There are more than 125 wells at the site. Recovery has averaged about 200 gallons per day and we have recovered almost 14,000 gallons total to date. (While this may seem low, it is comparable to a similar recovery effort that has been going on at Elmendorf Air Force Base for more than a year and a half; soil and groundwater recovery is a much more difficult task than conventional, above-ground recovery.)

We have maintained 24-hour operations, established an on-site mancamp, devoted special worktrains and train crews to the job, and have expended more than \$6 million in Alaska Railroad revenues on this project to date. (I note that while indeed, this represents an expenditure of State of Alaska assets, there has been no cost to the General Fund. The ARRC funds all of its operations from earned revenue.)

While the media represent the decision to forego excavation of soils as a recent development, in fact this option was analyzed and rejected, from a technical standpoint, more than eight weeks ago. Excavation would involve huge amounts of material to be moved, and result in a massive crater within the Denali State Park. It was deemed to be fundamentally unsafe, because of the need to handle material with heavy equipment multiple times and the resulting hole created by the work. It was considered to be technically unsound because most of the contaminated soil is covered by more than 30 feet of clean soils, and because there was no practical way to treat the excavated soil.

The Honorable Ramona Barnes
April 21, 2000
Page 3

ADEC's main concern has been a potential threat to the Susitna River. We shared that concern early on, but more than \$1 million of scientific site work and the best professional judgment of more than half a dozen registered professional engineers and hydrologists (including both contractors we have used, and two of our staff civil engineers), has strongly suggested to us that the Susitna is not at risk. Indeed, in a recent Anchorage Daily News article, the ADEC project manager agreed that the analysis we have offered for more than 10 weeks appears to be well supported. The hydrologists agree that the most likely scenario is that the river will rise more quickly than the groundwater, further minimizing the likelihood that fuel and groundwater would flow towards the river. Most professional observers feel that the fuel remaining on top of the groundwater will be smeared through soils above it. While this produces more contamination vertically, it does not send a plume towards the river.

We intend to continue the steady recovery effort until skimming is no longer effective. At that point, we are likely to use standard *in situ* remediation such as air sparging or soil vapor extraction. These techniques are well proven and ADEC has approved many contaminated site workplans that depend on these bioventing techniques. (Essentially, the introduction of air into the system vents vapors and encourages biodegradation.) Further, we intend to leave in place the sentinel wells that could detect plume migration, continue to sample groundwater and Susitna River surface waters, and employ other monitoring techniques that will either confirm the stability of the site or let us know further action is necessary.

I estimate additional costs in the year 2000 of \$2 million to \$3 million, with expenditures of several hundred thousand dollars a year in out years. Again, I emphasize that the funding for this project comes directly out of operating and capital budgets based on earned revenue of the Alaska Railroad; if we were trying to avoid work and additional costs at Gold Creek, you would not see the kind of effort and expenditure we are putting in there. We are doing everything that is technically sound and logistically possible.

Again, thank you for your interest and support for this valuable, state-owned transportation system.

Very truly yours,

Governor Bill Sheffield
President and Chief Executive Officer

4/25/00

WORK DRAFT

WORK DRAFT

WORK DRAFT

1-LS1464VZ
Chenoweth
4/25/00

HOUSE CS FOR CS FOR SENATE BILL NO. 273()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR PEARCE

A BILL

FOR AN ACT ENTITLED

1 "An Act regarding oil discharge prevention, and relating to contingency plans and
2 proof of financial responsibility for all self-propelled nontank vessels exceeding 400
3 gross registered tonnage and for railroad tank cars; authorizing inspection of
4 nontank vessels and trains; and providing for an effective date."

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

6 * Section 1. AS 46.04 is amended by adding a new section to read:

7 Sec. 46.04.055. Nontank vessels and railroad tank cars. (a) A person may
8 not cause or permit the operation of a nontank vessel within the waters of the state or
9 cause or permit the transfer of oil to or from a nontank vessel unless the person has
10 furnished to the department and the department has approved proof of financial ability
11 to respond to damages meeting the requirements of AS 46.04.040. Proof of financial
12 responsibility required under this subsection is subject to adjustment of dollar amounts
13 under AS 46.04.045 and is established, for a nontank vessel that carries

14 (1) predominantly persistent product, at \$300 per incident for each

1 barrel of oil storage capacity on the vessel or \$5,000,000, whichever is greater; and
2 (2) predominantly nonpersistent product, at \$100 per incident for each
3 barrel of oil storage capacity on the vessel or \$1,000,000, whichever is greater.

4 (b) A person may not transport oil by railroad tank car or cause or permit the
5 transfer of oil to or from a railroad tank car unless the person has furnished to the
6 department and the department has approved proof of financial ability to respond to
7 damages meeting the requirements of AS 46.04.040. Proof of financial responsibility
8 required under this subsection is subject to adjustment of dollar amounts under
9 AS 46.04.045 and is established at

10 (1) \$300 per incident for each barrel of persistent product based on the
11 maximum amount of persistent product storage capacity of any train on the railroad;
12 and

13 (2) \$100 per incident for each barrel of nonpersistent product based
14 upon the maximum amount of nonpersistent product storage capacity of any train on
15 the railroad or \$1,000,000, whichever is greater.

16 (c) For purposes of AS 46.04.030(k), response planning standards apply to
17 nontank vessels and railroad tank cars as follows:

18 (1) for a nontank vessel,

19 (A) containment and control of 15 percent of the maximum oil
20 capacity of the nontank vessel within 48 hours; and

21 (B) cleanup of the discharge within the shortest possible time
22 consistent with minimizing damage to the environment; and

23 (2) for a railroad tank car,

24 (A) containment and control of 15 percent of the maximum oil
25 capacity of a train on the railroad within 48 hours; and

26 (B) cleanup of the discharge within the shortest possible time
27 consistent with minimizing damage to the environment.

28 (d) Notwithstanding the requirements of AS 46.04.040(e) and (l) and
29 46.04.047, for purposes of (a) of this section, an applicant may provide evidence of
30 financial responsibility by proof of entry of the nontank vessel in a protection and
31 indemnity association or proof of coverage with another insurer that

1 (1) is financially solvent and has a favorable history of claim handling;

2 (2) provides coverage against pollution risks in at least the amount of
3 the financial responsibility required under (a) of this section without any requirement
4 for a special endorsement;

5 (3) does not agree to be subject to direct action in court or to
6 appointment of an agent for service of process; and

7 (4) in the case of a protection and indemnity association or group of
8 insureds, is not authorized by the Department of Community and Economic
9 Development to sell insurance in the state so long as it is not listed by the Department
10 of Community and Economic Development as being disapproved for use in the state.

11 (e) The requirements of (a) - (d) of this section do not apply to a nontank
12 vessel operating in the waters of the state if the nontank vessel

13 (1) is engaged in innocent passage; for purposes of this paragraph, a
14 nontank vessel is engaged in innocent passage if its operation in state waters,
15 irrespective of whether it is a United States or foreign-flag vessel, would constitute
16 innocent passage under the Convention on the Territorial Sea and the Contiguous Zone,
17 April 29 1958, 15 U.S.T. 1606, or the United Nations Convention on the Law of the
18 Sea 1982, December 10, 1982, U.N. Publication No. E 83.V.5, 21 I.L.M. 1261 (1982),
19 were the vessel a foreign-flag vessel;

20 (2) enters state waters because of imminent danger to the crew, or in
21 an effort to prevent an oil spill or other harm to public safety or the environment, and
22 are inapplicable only until the vessel is able to leave state waters as soon as it may do
23 so without imminent risk of harm to the crew, public safety, or the environment; or

24 (3) enters state waters after the United States Coast Guard has
25 determined that the vessel is in distress, and are inapplicable only until the vessel is
26 able to leave state waters as soon as it may do so without imminent risk of harm to
27 the crew, public safety, or the environment.

28 * Sec. 2. AS 46.04.060 is amended to read:

29 Sec. 46.04.060. **Inspections.** (a) In addition to other rights of access or
30 inspection conferred upon the department by law or otherwise, the department may at
31 reasonable times and in a safe manner enter and inspect oil terminal facilities,

1 pipelines, exploration and production facilities, tank vessels, nontank vessels, trains,
2 and oil barges in order to

3 (1) ensure compliance with the provisions of this chapter; or

4 (2) participate in an examination of the structural integrity and the
5 operating and mechanical systems of those vessels, barges, nontank vessels, trains,
6 pipelines, and facilities by federal and state agencies with jurisdiction.

7 (b) When the department determines that no federal or state agencies with
8 jurisdiction are performing timely and adequate inspections of an oil terminal facility,
9 pipeline, exploration or production facility, tank vessel, nontank vessel, train, or oil
10 barge, it may perform its own inspection of the structural integrity and operating and
11 mechanical systems of a facility, pipeline, tank vessel, nontank vessel, train, or oil
12 barge by using personnel with qualifications in the areas being inspected.

13 * Sec. 3. AS 46.04.060 is amended by adding a new subsection to read:

14 (c) For purposes of this section, "train" includes tracks, associated facilities,
15 and operations.

16 * Sec. 4. AS 46.04.900(12) is amended to read:

17 (12) "oil terminal facility" means an onshore or offshore facility of any
18 kind, and related appurtenances, including but not limited to a deepwater port, bulk
19 storage facility, or marina, located in, on, or under the surface of the land or waters
20 of the state, including tide and submerged land, that [WHICH] is used for the purpose
21 of transferring, processing, refining, or storing oil; a vessel, other than a nontank
22 vessel, is considered an oil terminal facility only when it is used to make a ship-to-ship
23 transfer of oil, and when it is traveling between the place of the ship-to-ship transfer
24 of oil and an oil terminal facility;

25 * Sec. 5. AS 46.04.900(21) is amended to read:

26 (21) "vessel" includes tank vessels, [AND] oil barges, and nontank
27 vessels;

28 * Sec. 6. AS 46.04.900 is amended to add new paragraphs to read:

29 (24) "nonpersistent product" has the meaning given to "non-persistent
30 or Group I oil" in 33 C.F.R. 155.1020;

31 (25) "nontank vessel" means a self-propelled watercraft of more than

400 gross registered tons; in this paragraph, "watercraft" includes commercial fishing vessels, commercial fish processor vessels, passenger vessels, and cargo vessels, but does not include a tank vessel, oil barge, or public vessel;

(26) "persistent product" has the meaning given to "persistent oil" in 33 C.F.R. 155.1020;

(27) "public vessel" means a vessel that is operated by and is either owned or bareboat chartered by the United States, a state or a political subdivision of that state, or a foreign nation, except when the vessel is engaged in commerce;

(28) "railroad tank car" means rolling stock used to transport oil in bulk as cargo by rail;

(29) "train" means connected rolling stock operated as a single moving vehicle on rails; for purposes of this paragraph, "connected rolling stock" includes railroad tank cars.

* Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to read:

TASK FORCE ON MOTORIZED OIL TRANSPORT. (a) There is established a Task Force on Motorized Oil Transport within the Department of Environmental Conservation.

(b) The Task Force on Motorized Oil Transport shall

(1) determine how to implement the response planning standards set out in AS 46.04.055(c), added by sec. 1 of this Act, for nontank vessel and railroad tank car contingency plans; and

(2) deliver a report to the Twenty-Second Alaska State Legislature on or before the first day the legislature convenes that contains its recommendations with respect to implementation of the response planning standards set out in AS 46.04.055.

* Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to read:

REGULATIONS. The Department of Environmental Conservation shall proceed to adopt regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of secs. 1 - 6 of this Act.

* Sec. 9. Sections 7 and 8 of this Act take effect immediately under AS 01.10.070(c).

- 1 * Sec. 10. Except as provided in sec. 9 of this Act, this Act takes effect September 1,
2 2000.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HCS CSSB 273 (WTR)

Revision Date/Time (Note if correction) _____

Dept. Affected: Environmental Conservation

Title "An Act requiring oil discharge prevention
and contingency plans...for non-tank vessels and railroad..."

BRU _____

Spill Prevention & Response

Sponsor Senator Pearce

Component Industry Preparedness & Pipeline Program

Requester World Trade and State/Federal Relations.

Component No. 1922

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	58.5	58.5	58.5	58.5	58.5	58.5
Travel	18.6	6.6	6.6	6.6	6.6	6.6
Contractual	125.4	5.4	5.4	5.4	5.4	5.4
Supplies	1.6	1.1	1.1	1.1	1.1	1.1
Equipment	6.5	1.2	1.2	1.2	1.2	1.2
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	210.6	72.8	72.8	72.8	72.8	72.8

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type) 1052 Oil/Haz FD	210.6	72.8	72.8	72.8	72.8	72.8
TOTAL	210.6	72.8	72.8	72.8	72.8	72.8

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time	1	1	1	1	1	1
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Fiscal Impact: One Environmental Specialist III, in Juneau will initially assist with the Task Force on Motorized Oil Transport and will subsequently receive and review financial responsibility documentation, maintain the associated database, and issue certificates of financial responsibility for nontank vessels and the railroad.

The Alaska Department of Environmental Conservation is tasked with managing, participating in, and staffing a Task Force on Motorized Oil Transport. The task force is directed to meet as frequently as needed to prepare a report to the Twenty-Second Alaska State Legislature. Contractual services will be for assistance with technical issues in applying the oil spill prevention and response rules to the Alaska Railroad and the various classes and categories of nontank vessels operating in the different areas of the state. The completed report will include recommendations on changes to the statutes and regulations. Additionally a facilitator will be retained to assist with the complexities in bringing together the divergent and often contentious views of the participating task force members. Travel and per diem is for Department staff to participate in task force meetings.

Prepared by: Larry Dietrick

Phone 465-5250

Division SPAR

Date/Time 4/25/00 12:05 PM

Approved by Commissioner

Date 4/25/00

Agency Department of Environmental Conservation

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

Personal Services New Position Detail

Department of Environmental Conservation

Scenario: FY2001 Legislative Fiscal Note Info

Component: Industry Preparedness and Pipeline Operations (1922)

BRU Name: Spill Prevention and Response

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#005	Environmental Spec III	FT	A	GG	Juneau	1A	18 A	12.0		43,860	0	0	14,617	58,477

Justification:

Environmental Specialist II will initially assist in developing regulations and will subsequently review financial responsibility documentation and maintain associated database.

Funding Detail:

1052	Oil/Hazardous Response Fund	100.00%	58,477
Total Funding:		100.00%	58,477

Component Summary:

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1052 Oil/Hazardous Response Fund	100.00%	58,477
Total Funding:	100.00%	58,477

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 273

Revision Date/Time (Note if correction) _____ Dept. Affected _____
Title oil discharge prevention and contingency plans BRU _____
Sponsor Senator Drue Pearce Component _____
Requester _____ Component No. _____

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 273 will create no fiscal impact to the state's general fund. However, the Alaska Railroad Corporation will incur a fiscal impact. Information attached

Prepared by: Wendy Lindskoog Phone 265-2498
Division _____ Date/Time 2/19/00 4:48 PM
Approved by Commissioner Date _____
Agency _____

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SB 273: By Senator Drue Pearce

Alaska Railroad Corporation Financial Responsibility:

Over the last several years, the Alaska Railroad corporation has had in place two \$10,000,000 lines of credit. One to meet self insurance requirements and one to meet operational requirements. These credit lines are with two separate national banks. They are currently for one year and are renewable annually. At this time, the lines of credit are whole and have not been drawn on.

The proposed legislation would require the Alaska Railroad to have proof of financial responsibility to respond to damages of approximately \$5,450,000. This amount is derived from a maximum of 100 tank cars per train, multiplied by 545 barrels per tank car, multiplied by \$100 per barrel. Typically, an Alaska Railroad fuel train pulls approximately 50 car loads of fuel.

It is the railroad's intent to use a portion of an existing line of credit as proof of financial ability.

The Alaska Railroad also estimates the following cost for oil discharge prevention and contingency plans:

- 1) Contingency plan development: \$250,000
Includes mapping, environmental assessment, response needs (personnel and equipment), public involvement, agency review
- 2) Risk assessment: \$400,000
Includes risk assessment and recommendations by consultants and public review
- 3) Contingency plan implementation: \$1,000,000 – first year, \$750,000 – subsequent years
Assumes cost of equipment, personnel, training, drills annually

Backup for Railroad fiscal note

Category	Item	Number	Y2000	Y2001	Y2002	Y2003	Y2004
Equipment	40' Response Conexs	6	15	0	0		
	40' stock	6	180	10	10	10	10
	20' Yard containers	5	10	0	0	0	0
	20' stock	5	10	10	10	10	10
	Command center	5	150	75	10	10	10
	Vacuum unit	2	100	100	2.5	2.5	2.5
	Temporary fuel storage	10	30	25	2.5	2.5	2.5
	Locomotive kits	58	18	18	18	2.5	2.5
	Equip lease/rental		40	40	40	40	40
Contracts	ICS Management		65	70	75	80	85
	GIS/Mapping		125	45	15	15	15
	Response planning		35	10	10	10	10
	Risk assessment		225	45	5	5	5
	ADEC review/reimb.		65	15	15	65	15
Personnel	C-plan resp mgmt		90	50	50	50	50
	Training		75	30	30	30	30
Admin	Logistics		75	75	75	75	75
	Drills		50	80	30	30	50
	Community involvement		35	15	15	35	15
	Overhead		104.64	49.44	29.44	32.6	29
Totals			1497.64	762.44	442.44	505.1	458.5

note: totals came in slightly lower than numbers reflected in 2/19 + 4/13 fiscal notes.

586 1585

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 273

Revision Date/Time (Note if correction) 04/13/2000

Dept. Affect: DCED

Title Spill response legislation

BRU ARRC

Component _____

Sponsor Senator Drue Pearce

Requester _____

Component No. _____

Expenditures/Revenues

Thousands of Dollars

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual		1,650.0	750.0	750.0	750.0	750.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	1,650.0	750.0	750.0	750.0	750.0

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

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

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Railroad		1,650.0	750.0	750.0	750.0	750.0
TOTAL	0.0	1,650.0	750.0	750.0	750.0	750.0

Estimate of any current year (FY2000) cost: _____

0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Information attached outlines ARRC's proof of financial responsibility and provides estimates for oil discharge, prevention and contingency plans.

Prepared by: Wendy Lindskoog

Division ARRC

Approved by Commissioner [Signature]

Agency _____

Phone 265-2498

Date/Time 4/13/00 9:53 AM

Date 4/13

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SB 273: By Senator Drue Pearce

Alaska Railroad Corporation Financial Responsibility:

Over the last several years, the Alaska Railroad corporation has had in place two \$10,000,000 lines of credit. One to meet self insurance requirements and one to meet operational requirements. These credit lines are with two separate national banks. They are currently for one year and are renewable annually. At this time, the lines of credit are whole and have not been drawn on.

The proposed legislation would require the Alaska Railroad to have proof of financial responsibility to respond to damages of approximately \$5,450,000. This amount is derived from a maximum of 100 tank cars per train, multiplied by 545 barrels per tank car, multiplied by \$100 per barrel. Typically, an Alaska Railroad fuel train pulls approximately 50 car loads of fuel.

It is the railroad's intent to use a portion of an existing line of credit as proof of financial ability.

The Alaska Railroad also estimates the following cost for oil discharge prevention and contingency plans:

- 1) Contingency plan development: \$250,000
Includes mapping, environmental assessment, response needs (personnel and equipment), public involvement, agency review
- 2) Risk assessment: \$400,000
Includes risk assessment and recommendations by consultants and public review
- 3) Contingency plan implementation: \$1,000,000 – first year, \$750,000 – subsequent years
Assumes cost of equipment, personnel, training, drills annually

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

No. 1
Bill Version: SB 273
(S) Publish Date: 3-21-00

Revision Date/Time (Note if correction) _____	Dept. Affected <u>DOT&PF</u>
Title <u>"An Act requiring oil discharge prevention and contingency plans,..."</u>	BRU <u>Marine Highway System</u>
Sponsor <u>Senator Pearce</u>	Component <u>Southeast & Southwest</u>
Requester <u>Senate Resources</u>	Vessel Operations
	Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual	125.0	125.0	125.0	125.0	125.0	125.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	125.0	125.0	125.0	125.0	125.0	125.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other: Oil Spill Response Fund	125.0	125.0	125.0	125.0	125.0	125.0
TOTAL	125.0	125.0	125.0	125.0	125.0	125.0

Estimate of any current year (FY00) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This represents the estimated cost to the Alaska Marine Highway System to contract for oil spill response services to meet the requirements of this bill.

Prepared by	Dennis Poshard, Special Assistant to the Commissioner	Phone	465-3904
Division	Office of the Commissioner	Date/Time	2/18/00 2:21 PM
Approved by	Commissioner <i>[Signature]</i>	Date	
Agency	for Joseph L. Perkins, DOT&PF		

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL No. 2
Bill Version: SB 273
(S) Publish Date: 3-21-00

Revision Date/Time (Note if correction) _____ Dept. Affected: Environmental Conservation
Title "An Act requiring oil discharge prevention
and contingency plans...for non-tank vessels and railroad..." BRU Spill Prevention & Response
Sponsor Senator Pearce Component Industry Preparedness & Pipeline Program
Requester Senate Resources Component No. 1922

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	168.5	168.5	168.5	168.5	168.5	168.5
Travel	19.8	19.8	19.8	19.8	19.8	19.8
Contractual	127.7	37.7	37.7	37.7	37.7	37.7
Supplies	3.3	3.3	3.3	3.3	3.3	3.3
Equipment	19.5	3.7	3.7	3.7	3.7	3.7
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	338.8	233.0	233.0	233.0	233.0	233.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type) 1052 Oil/Haz FD	338.8	233.0	233.0	233.0	233.0	233.0
TOTAL	338.8	233.0	233.0	233.0	233.0	233.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time	3	3	3	3	3	3
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Fiscal Impact: Three (3) full time positions will be required to draft and administer regulations for approximately 50 new nontank vessel operators and railroads. Two Environmental Specialists III will be located in Anchorage to initially develop regulations, and will then subsequently review and approve individual oil discharge prevention and contingency plans, inspect vessels and railroad facilities, and conduct and evaluate spill response drills. One Environmental Specialist II in Juneau will initially assist in developing regulations, and will subsequently review financial responsibility documentation and maintain the associated database, and conduct southeast vessel inspections. During the first year, \$90.0 for professional services contracts is included to assist in the negotiated rule making process and technical issues associated with the regulations. Other contractual funds cover position support costs and technical assistance with inspections and spill response drills.

Economic Impact: This bill will require some operators to incur additional costs for oil spill response equipment, contracts with spill response organizations if they are not already voluntarily meeting the regulatory standard, and costs to obtain and demonstrate proof of financial responsibility.

Prepared by: Larry Dietrick Phone 465-5250
Division: SPAR Date/Time 2/18/00 5:35 PM
Approved by: Commissioner *Kurt Fendish* for Date 2-19-00
Agency: Department of Environmental Conservation

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1-LS1464\Z.1
Chenoweth
4/25/00

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 273(), Draft Version "Z"

- 1 Page 1, lines 3 and 4:
- 2 Delete "authorizing inspection of nontank vessels and trains;"
- 3 Page 3, line 28, through page 4, line 15:
- 4 Delete all material.
- 5 Renumber the following bill sections accordingly.
- 6 Page 5, line 30:
- 7 Delete "secs. 1 - 6"
- 8 Insert "secs. 1 - 4"
- 9 Page 5, line 31:
- 10 Delete "Sections 7 and 8"
- 11 Insert "Sections 5 and 6"
- 12 Page 6, line 1:
- 13 Delete "sec. 9"
- 14 Insert "sec. 7"

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MEMORANDUM

April 25, 2000

SUBJECT: Draft HCS CSSB 273 ()-- sectional analysis (Work Order No. 1-LS1464U)

TO: Senator Drue Pearce
Attn: Pat Carter

FROM: Jack Chenoweth
Assistant Revisor of Statutes

The bill draft concerns the expansion of the state's spill prevention and response program by extending proof of financial responsibility requirements and general response planning standards to larger nontank vessels and to railroads transporting oil in bulk. The draft makes important changes to the version reported by the House Resources Committee as HCS CSSB 273(Res).

Bill section 1. This bill section, proposing AS 46.04.055, adds the bulk of the new material setting conditions on the operation of nontank vessels and railroad tank cars. The requirements are expressed in terms of demonstrating an ability to respond to damages in the event of loss or spillage of oil (using terms of art borrowed from federal law, "persistent product" and "nonpersistent product," for which definitions are provided later in the bill). The dollar requirements for the financial responsibility requirements are set in subsections (a) and (b) and are subject to adjustment in the same manner as for oil tanker financial responsibility limits. In addition to meeting financial responsibility requirements, subsection (c) spells out general response planning standards that an operator must be prepared to meet in the event of a spill. How an operator may demonstrate financial responsibility to respond to damages is set out in subsection (d). Subsection (e) spells out exceptions from the general requirements for nontank vessels engaged in innocent passage or entering Alaska waters during certain emergency circumstances.

Bill section 2 extends the existing "inspections" provision, AS 46.04.060, to cover nontank vessels and trains.

Bill section 3 supplies a definition for "train" for purposes of AS 46.04.060.

Bill section 4 limits the existing definition of "oil terminal facility" for AS 46.04 by taking transfers involving nontank vessels out from under the imputed definition of "tanker facility" as it applies to transfers involving certain vessels.

Senator Drue Pearce
April 25, 2000
Page 2

Bill section 5 extends an existing definition of "vessel" within AS 46.04 to add "nontank vessels."

Bill section 6 supplies definitions for terms added to AS 46.04 by section 1 of this bill. The definitions are significant in that they generally distinguish among the vessels to which the requirements of proposed AS 46.04.055 and AS 46.04.060, as amended, are to apply.

To assist in preparation of the initial response planning standards that would be required by AS 46.04.055(c), **bill section 7** authorizes establishment of a "Task Force on Motorized Transport" and generally defines its responsibilities. The task force expires with the start of the First Session of the next legislature.

Bill section 8 authorizes early opportunity to start to develop implementing program regulations.

Bill sections 9 and 10 are effective date provisions.

JBC:pl
00-159.plm



Tony Knowles, Governor

**Department of Community
and Economic Development**

Office of the Commissioner

550 W. 7th Avenue, Suite 1770, Anchorage, AK 99501-3510
Telephone: (907) 269-8100 • Fax: (907) 269-8127 • Text Telephone: (907) 465-5437
Email: questions@dcad.state.ak.us • Website: www.dcad.state.ak.us/

April 24, 2000

The Honorable Ramona Barnes
Alaska House of Representatives
State Capitol, Room 403
Juneau, AK 99801-1182
Via fax: (907) 465-4565

Dear Representative Barnes:

You have requested information about the potential costs associated with SB 273. That bill, as we understand it, requires vessels over 400 gross tons to demonstrate proof of financial responsibility and to participate in Alaska's oil spill prevention and response safety net. Although we have not had time to fully research this issue, we have learned that the estimated costs associated with this legislation do not appear to be substantial and it does not appear that it will have any significant negative impact on the viability of our exports or the costs to Alaska residents and consumers.

The legislation establishes a process to have the requirements developed through a negotiated rulemaking that will be tasked with keeping the costs low and the requirements administratively simple. Because of the types of vessels involved and the realities of the markets for the vessels' commodities, the process was designed for the rules to be developed with the affected industries in order to accommodate their particular situations.

It is an underlying premise in the legislation that market forces, not state government regulation, is the best means for ensuring that the most cost efficient rates are established. This premise is based upon the current model which has evolved in Alaska over the past ten years for the vessels which carry oil as cargo traveling in the same waters as the vessels that would be covered by SB 273. That model is an existing network of nonprofit spill cooperatives that manage the response capability for their member companies. This is a private sector model that has evolved into the current backbone response system in Alaska. This backbone system provides response capabilities equal to or greater than what is required for nontank vessels under SB 273 and extends from Southeast Alaska to Nome, Dutch Harbor, Cook Inlet, and Prince William Sound.

"Promoting a healthy economy and strong communities"

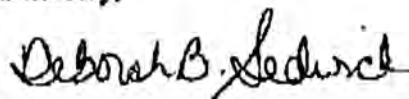
Assuming that most nontank vessel operators will recognize the practicality and cost effectiveness of piggybacking onto the existing backbone system, it is only logical that the increased membership will spread the costs over a greater number of participants. This creates the circumstances by which the costs for all members would likely be lowered.

Although our department has not conducted an analysis of costs, preliminary cost estimates made by Senator Pearce's office suggests that costs to the industry would not be exorbitant. Additional work is anticipated to create a greater menu of fee structures for nontank vessels. Single trip transit fees, seasonal fees, and/or fleet rates are examples of the additional methods to participate to accommodate nontank vessels. The spill cooperatives have indicated a willingness to do this during the negotiated rule making process. Ultimately, the fees should be negotiated between the spill cooperatives and their member operators. Since they are nonprofit corporations, they serve their members unfettered by government involvement or intrusion into rate setting.

You have also inquired about potential conflicts with federal law. It is our understanding that the underlying insurance coverage used to satisfy the federal financial responsibility requirement can also be used to satisfy the state financial responsibility requirement under SB 273. Financial responsibility to the State of Alaska is essential to compensate the state for damages to state resources. There is no requirement for contingency plans for nontank vessels under the federal Oil Pollution Act.

In conclusion, the initial cost estimates for participation do not appear to be such as to negatively affect the companies involved and also appear consistent with costs in other states. The preferred method for ensuring efficiency in rates is to let private sector market forces drive their magnitude and to let the negotiated rule making process be the forum where more specific estimates and fee structures can be established so that the rules can be tailored to ensure that costs are kept low.

Sincerely,



Deborah B. Sedwick
Commissioner

cc: Senator Drue Pearce
Pat Pouchot, Office of the Governor
Commissioner Michelle Brown, DEC



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MEMBER
Natural Resources
Committee

Alaska State Legislature

**Vice-Chair, Legislative Council
Chair, World Trade****And
State/Federal Relations**REPRESENTATIVE
RAMONA L. BARNES
District 22Anchorage
P.O. Box 103382
Anchorage, AK 99510
(907) 269-0100
Fax: (907) 269-0105State Capitol
Juneau, AK 99801-1182
(907) 465-3438
Fax: (907) 465-4565

April 19, 2000

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature

Dear President Pearce:

I understand your strong interest in passage of SB 273 and appreciate the environmental concerns that prompted the legislation. I believe most or all of us in the Legislature share those concerns.

However, you are asking that we pass legislation that brings with it many unanswered questions and issues. As you may recall, I have repeatedly requested an assessment of the economic impact of this legislation on the state, its businesses and especially, its residents.

There has developed a feeling that as the legislation has progressed, implementation becomes increasingly complex and of concern. Even the basic costs for tramper steamers, fish processors and cruise lines are bandied about in widely-ranging numbers.

I still see a significant element missing in the overall equation. Again, we need an analysis of the impact on businesses in our state, the continued viability of our exports and the effect on Alaska's residents and consumers. This is major legislation that has moved at a fast pace and with what appears to be reluctant support. I share this reluctance because I see us rushing into law something that needs considerable further evaluation and review.

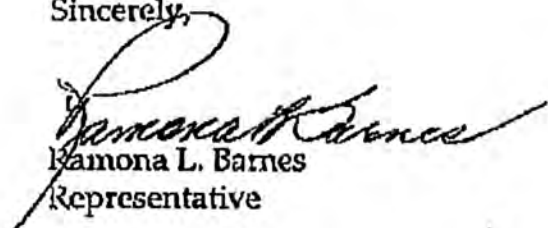
Fortunately, existing federal regulations already provide significant regulation for spill response, cleanup and financial responsibility in Alaska waters. As I know you must be aware, many of the affected industries have for some time, suggested that rather than pass legislation this year a balanced, interim task force

be established to accomplish this necessary review. In this way, working closely with DEC, legislation could be crafted to meet the concerns of all those involved. For example, the environmental concerns SB 273 now attempts to address while in addition, it could address the economic concerns to which I refer above. Also, such lingering questions of redundancy (including the cost to businesses of such redundancy) and overlap with existing federal law could be thoroughly addressed. This could still effectively result in final regulations being in place by April, 2002, just as they would under SB 273 in its present form.

The government working together with interested parties is a time-honored process that certainly would seem preferable to putting this into law now and later seeking answers to the many questions that are sure to arise.

In the interests of time, I am including a draft of a resolution for your consideration to implement an interim task force.

Sincerely,



Ramona L. Barnes
Representative

Attachment

CC: House Speaker Brian Porter

Alaska State Legislature



Official Business
Phone: (907)465-2689
Fax: (907)465-3472

State Capitol
Room 411
Juneau, Alaska 99801-1182

Representative Gail Phillips

MEMORANDUM

DATE: April 26, 2000
TO: Representative Ramona Barnes
FROM: Representative Gail Phillips
RE: SB 273

Ramona
Gail

I would like for the Committee to consider the attached amendment for SB 273.

Senator Pearce's letter to you did not discuss the issue of Inspections, only the issue of Financial Responsibility and the creation of a task force.

I don't think that Inspection Authority is needed to check for a certificate of financial responsibility.

The issue of inspections should be something the task force sets up procedures for -- if anyone feels it is necessary for DEC to get involved in inspections.

Frankly, in my discussions with the Commissioner earlier in the Session, I expressed my concern over DEC's proposal to board ships to do inspections. This is already marine law under the authority of the Coast Guard. If we are going to insert a State agency into federal law, I believe this is something that needs much more discussion by the task force.

Thanks for the consideration. I have also requested the title change resolution.

GP:lm

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MEMORANDUM

April 25, 2000

SUBJECT: Amendment Z.1 to HCS CSSB 273(), draft version "Z" (Work Order No. 1-LS1464\Z.1)

TO: Representative Gail Phillips

FROM: Jack Chenoweth
Assistant Revisor of Statutes 

The amendment proposes deletion of bill sections 2 and 3 of the draft of HCS CSSB 273(), thereby eliminating all reference in the bill to exercise of inspection authority over nontank vessels and rail tank cars. The deletion necessitates removal of the second clause of the draft's bill title, and the amendment does this. This change of bill content by action taken in the second house requiring a bill title change should be attended by a concurrent resolution to waive the applicable Uniform Rule provisions that prohibit the change. If a committee adopts amendment Z.1, it should request a title change concurrent resolution.

JBC:pl
00-163.plm

This is the fiscal note that was not accepted.

4/26/00

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HCS SCR 1 (RLS)

Revision Date/Time (Note if correction) 04/26/00 10 a.m. Dept. Affected Environmental Conservation
Title Relating to the Task Force on Motorized Oil BRU Administration
Transport _____ Component Office of the Commissioner
Sponsor Senate Rules
Requester House Rules Component No. 633

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	0.0					
Travel	12.0					
Contractual	120.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	132.0	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
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type) 1052 Oil/Haz FD	132.0					
TOTAL	132.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Fiscal Impact: Under this resolution the Alaska Department of Environmental Conservation is tasked with managing, participating in, and staffing a 13 member Task Force on Motorized Oil Transport. The task force is directed to meet as frequently as needed to perform the work and prepare a report to the Twenty-Second Alaska State Legislature.

Contractual services will be for assistance with technical issues in applying the oil spill prevention and response rules to the Alaska Railroad and to the various classes and categories of nontank vessels operating in the different areas of the state. The completed report will also include recommendations on changes to the statutes and regulations. Additionally a facilitator will be retained to assist with the complexities in bring together the divergent and often contentious views of the 13 participating task force members. Travel is for two of the 3 required Department Task Force members to travel monthly to task force meetings held in Anchorage.

Prepared by: Barabara Frank
Division Administration
Approved by Commissioner [Signature]
Agency Department of Environmental Conservation

Phone 465-5250
Date/Time 4/26/00 9:54 AM
Date 4-26-00

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AMENDED TO SHOW O/H FUNDING SOURCE

Handed out by
Larry Dietrick - DEC
4 26-00

VI

PREVENTION OF OIL SPILLS

- A. Cooperative Implementation:** The Parties are coordinating their efforts to prevent oil spills in the marine environment.

To the extent permitted under applicable laws, the Parties agree to cooperate in the execution of their respective regulatory responsibilities to minimize duplication of effort. The Parties will also seek to identify opportunities for innovative implementation of vessel and facility prevention plans. Both Parties recognize the importance of encouraging cross-training in each other's regulations and rules including the areas of inspection and response.

- B. Vessel Inspections:** Each Party recognizes they may elect to independently exercise their respective examination responsibilities in accordance with applicable law, regulations and policies. The Coast Guard conducts inspection programs for the purpose of enforcing both international agreements and domestic law aboard United States and foreign-flagged vessels. The State has authority to conduct inspections for the purpose of ensuring compliance with state laws and regulations and can participate in joint examinations with federal agencies. Further, either Party may evaluate the inspection process and make recommendations for improvement or perform its own inspections in accordance with applicable laws.

1. The Parties agree to work together to avoid inconsistent requirements and to find ways to conduct vessel inspections in such a way that disruption to the industry is minimized and efficiency and safety maximized. To this end, the Parties will endeavor to exchange information and conduct joint inspections or may pursue agreements under which a single inspection may fulfill both state and federal requirements.
2. In implementing any State examination programs, the State agrees to avoid conflicts and unnecessary duplication in reviewing Federal inspection programs by on-going consultation with the Coast Guard.
3. Review of inspection records: The Parties each agree to make inspection records available to the other and to cooperatively review inspection results, subject to applicable laws, regulations, and procedures.
4. The State shall report recognized discrepancies in meeting the requirements of international agreements believed to exist aboard United States and foreign-flagged vessels to the responsible Officer in Charge, Marine Inspection (OCMI).
5. Requirements in State Waters: The Parties will cooperate to establish consistent pollution prevention requirements, and to cooperatively monitor, examine and exchange information relative to those requirements, for vessels to operate in State waters.

6. The State will promptly inform the cognizant OCMI and the Coast Guard will promptly inform the ADEC Industry Preparedness and Pipeline Program's Marine Vessel Section Manager of any situation or circumstance relative to a vessel whose condition or equipment may significantly increase the potential for an unauthorized discharge or create an unusual or an unacceptable risk to public health and safety, or the safety of navigation. Both Parties also agree to ensure joint notification when an initial report is received from Alyeska SERVVS regarding any irregularity or indication of a problem which threatens a tanker or its cargo (including ballast water) as well as situations where a tanker leaves both the U.S. Coast Guard designated Prince William Sound and Valdez Arm traffic lanes (except when an outbound tanker leaves the lanes at the Hinchinbrook Entrance terminus).
7. Both Parties agree to share all applicable information obtained from their respective vessel inspections.

- C. Vessel Screening:** The Coast Guard, under federal law, through the District Commander and the Captain of the Port (COTP), has the authority to regulate the entry of vessels into the COTP zone, including those determined to be a threat to the environment. The State may establish the means by which it can determine whether tank vessels entering the waters of the State pose a substantial risk of harm to the public health and safety and the environment.

When the State determines that a particular vessel or vessels pose a substantial risk, that determination will be forwarded to the cognizant Captain of the Port (COTP). The COTP shall consider that information in making a determination under federal law as to appropriate action to be taken, if any, including the possibility of denial of entry.

- D. Tank Vessel Crewing:** The Coast Guard establishes and enforces requirements for crewing, competence, and documentation of personnel aboard vessels.

1. The Coast Guard will consult with the State, to the extent practicable, in its evaluation and implementation of additional requirements for crewing, training, and qualification requirements through the crewing standards process.
2. The Parties agree to actively promote and coordinate research projects to identify human factors which need to be regulated to prevent pollution incidents.

- E. Tank Vessel Transfer Operations:** Monitoring tank vessel transfer operations has been identified as an effective pollution prevention action.

The Parties will cooperate to monitor transfer operations involving tank vessels (as well as cruise ships, fish processors, fishing vessels, etc.), including, but not limited to, dockside transfer at facilities, lightering and bunkering operations. Each party will advise the other of violations observed.

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER

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Juneau, AK 99801-1795
PHONE: (907) 465-506
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April 24, 2000

The Honorable Drue Pearce
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801

Dear Madam President:

Attached is a fiscal note for House CS for Senate Concurrent Resolution No. 1 (rls) establishing the Task Force on Motorized Oil Transport. This resolution has been forwarded from the House to the Senate for concurrence. Attaching a fiscal note to a resolution is not frequently done; however, passage of this resolution will result in significant costs to the Department of Environmental Conservation (DEC). The resolution directs the Commissioner of DEC and two of her staff to serve on the task force. Additionally, DEC is to provide staff support to the 13 members.

Determining how to apply oil spill prevention and response rules to such different entities as the railroad, cruise ships, seafood processors, and tramper ships is a challenging task. Professional service contracts will provide the department assistance in managing these complex issues, addressing technical matters and determining changes to statutes and regulations. The divergent interests and already demonstrated concern for these complicated issues require the use of a skilled facilitator. Contractual costs of \$120.0 will provide for facilitation, technical assistance and report drafting.

The task force is directed to meet as frequently as needed to complete their report prior to the start of the Twenty Second Alaska State Legislature. Two of the three required Department task force

The Honorable Drue Pearce

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April 24, 2000

members will need travel and per diem to attend monthly meetings in Anchorage. That cost is estimated to be \$12.0

If you have any questions or concerns, please do not hesitate to contact me 465-5199.

Sincerely,



Kurt Fredriksson,
Deputy Commissioner

Attachment

cc: Conference Committee Members
Senator Adams
Senator Parnell
Senator Torgerson
Representative Davies
Representative Mulder
Representative Therriault
Pat Pourchot, Governor's Office

G:\Allshare\Legislat\Senate 2000\HCS for CS Senate Resolution 1.doc

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HCS SCR 1 (RLS)

Revision Date/Time (Note if correction) _____	Dept. Affected <u>Environmental Conservation</u>
Title <u>Relating to the Task Force on Motorized Oil</u>	BRU <u>Administration</u>
Transport _____	Component <u>Office of the Commissioner</u>
Sponsor <u>Senate Rules</u>	
Requester <u>House Rules</u>	Component No. <u>633</u>

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	0.0					
Travel	12.0					
Contractual	120.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	132.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	132.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	132.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

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Prepared by: <u>Barabara Frank</u>	Phone <u>465-5250</u>
Division <u>Administration</u>	Date/Time <u>4/24/00 2:02 PM</u>
Approved by Commissioner <u>[Signature]</u>	Date <u>4-24-00</u>
Agency <u>Department of Environmental Conservation</u>	

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