

SCOMM

133:5

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 113
(H) Publish Date: 2/19/03

Revision Date/Time (Note if correction): _____

Title Cplan Renewal

Dept. Affected: Environmental Conservation

BRU Spill Prevention and Response

Component Industry Preparedness &

Pipeline Operations

Sponsor Governor Murkowski

Requester Resources

Component No. 1922

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal: ☐

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)

This bill changes the time between oil spill contingency plan approvals from the current three years to five years. Plans are required of operators of oil terminals, pipelines, exploration and production facilities, oil tank vessels, nontank vessels, oil barges, and railroad tank cars.

This bill furthers the goal of permit streamlining and complements initiatives currently being undertaken by DEC to shift emphasis away from the administrative review and approval process, which can often become bogged down in legal and adjudicatory challenges from third parties, to actual inspection and verification of response capability, which falls under the purview of DEC's enforcement authority.

Continued on Page 2

Prepared by: Larry Dietrick, Director Phone 465-5250
Division: Spill Prevention and Response Date/Time 2/11/03 4:49 PM
Approved by: Kurt Fredriksson Date 2/11/2003
Agency: Department of Environmental Conservation

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 113

ANALYSIS CONTINUATION

Continuation from Page 1

The application, review and approval process for oil spill prevention and contingency plans has become unnecessarily burdensome to applicants and DEC. The ability to prevent and respond to spills will be improved by increasing the capacity to conduct on-site regulated facility and vessel inspections, spill drills and exercises, technical assistance, and interaction with regulated operators to enhance response preparedness.

The bill supports the Governor's goal of fostering clarity and certainty through clear and consistently applied industry requirements and providing a stable and predictable permitting process.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 113
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
 Title "An Act extending the renewal period for oil BRU Civil Division
discharge and contingency plans; . . ." Component Environmental Law
 Sponsor Rules Committee by Request of the Governor
 Requester House Special Committee on Oil and Gas Component No. 2092

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill extends the renewal period for oil discharge prevention and contingency plans (c-plans) from three to five years. Passage of this legislation is not anticipated to have a fiscal impact on the Department of Law. The department currently spends considerable time defending and advising the Department of Environmental Conservation on c-plan adjudications and appeals. The number and complexity of these challenges has steadily increased over time. The overall increase in the number and size of these challenges has been driven by the agendas of third-party litigants and the expanding availability of funding for these litigants. Extending the c-plan renewal cycle may reduce the rate of growth of this workload, but passage of this legislation may not result in an overall reduction of workload for the department in the area of c-plan adjudications and litigation.

Prepared by: Joan M. Kasson Phone (907) 465-5370
 Division Attorney General's Office Date/Time 2/26/03 4:36 PM
 Approved by: Kathryn Daughhetee for Gregg D. Renkes, Attorney General Date 2/26/2003
 Agency Department of Law

House Oil and Gas Special Committee

House Bill 113

"An Act extending the renewal period for oil discharge prevention and contingency plans"

Testimony of Larry Dietrick

*Alaska Department of Environmental Conservation
Division of Spill Prevention and Response*

February 27, 2003

This bill supports the Governor's goal of improving regulatory efficiency by reducing the administrative burden while improving spill prevention, preparedness and protection of the environment.

House Bill 113 will streamline the states permitting process by lengthening the time for renewal of Oil Discharge Prevention and Contingency Plans from the current three years to five years.

A five year-year renewal period will streamline the contingency review process for industry while maintaining Alaska's strong spill prevention and response standards.

Focusing on the actual testing of oil spill prevention and response preparedness through in-the-field inspections, drills, and exercises is our most effective means of ensuring spill prevention and response readiness and protection of the environment.

Oil Discharge Prevention and Contingency Plans are public noticed, reviewed and approved by the Department of Environmental Conservation.

Oil Discharge Prevention and Contingency Plans are required for operators of oil terminals, refineries, crude oil transmission pipelines, oil exploration and production facilities, oil tank vessels, oil barges, nontank vessels of over 400 gross tons, and railroad tank cars.

There are multiple benefits from the change proposed by the bill.

The bill furthers the goal of permit streamlining with no loss of environmental protection, and complements initiatives currently being undertaken by the Department to shift the emphasis away from the administrative review and approval process to field verification of response capability.

The bill will significantly reduce the administrative burden on the regulated community and will shift the emphasis from paperwork to performance.

The reduction in paperwork will increase the ability of operators and the Department to focus on spill prevention and facility operation.

The change will allow operators more time to make practical enhancements to their spill prevention and response capabilities.

The change will improve environmental protection and preparedness through increased field presence and the ability to work directly with operators to ensure response readiness through on-site facility and vessel inspections, spill drills and exercises.

The change will make the state renewal cycle consistent with the five year renewal cycle for federal oil spill contingency plans required under the Oil Pollution Act of 1990, as well as those of other West Coast states.

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FRANK H. MURKOWSKI
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February 18, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill extending the renewal period for oil discharge prevention and contingency plans under AS 46.04.030 and 46.04.055 from three years to five years.

AS 46.04.030 requires that all operators of oil terminals, pipelines, exploration or production facilities, tank vessels, and oil barges have an approved oil discharge prevention and contingency plan in order to operate. AS 46.04.055 requires that operators of nontank vessels over 400 gross tons and railroad tank cars transporting oil also have an approved oil discharge prevention and contingency plan. Current law requires that these contingency plans be renewed every three years.

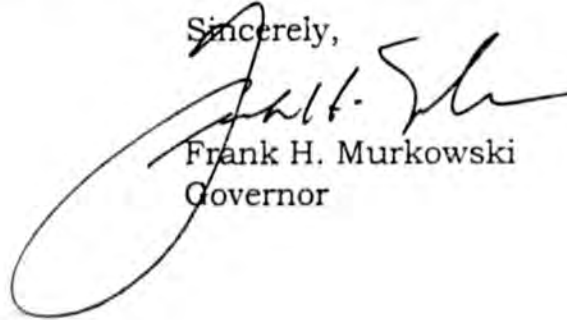
In contrast, federal oil spill response plans are reviewed and renewed every five years. However, there is no requirement that state contingency plans match the federal renewal cycle.

A five-year renewal period will streamline the review for both the state and industry, while maintaining Alaska's strong oil spill prevention and response standards. Focusing on the actual testing of oil spill prevention and response

readiness through in-the-field inspections, drills, and exercises is our most effective means of ensuring spill prevention and response readiness.

I urge your prompt and favorable action on this measure.

Sincerely,

A large, stylized handwritten signature in dark ink, likely belonging to Frank H. Murkowski. The signature is fluid and cursive, with a large loop at the bottom left.

Frank H. Murkowski
Governor

1 Amendment _____

2
3
4 OFFERED IN THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

5 BY _____

6 TO: HB 113

7
8
9 Page 1, following line 10:

10 Insert a new bill section to read:

11 ** Sec. 2 The uncodified law of the State of Alaska is amended by adding a new section
12 to read:

13 TRANSITION. Notwithstanding any contrary provision of AS 46.04, including the
14 review procedures in AS 46.04.030, and the regulations adopted under AS 46.04, the expiration
15 date of an oil discharge prevention and contingency plan approved by the Department of
16 Environmental Conservation before the effective date of this Act shall be extended for two years,
17 or for a shorter period if a shorter period is requested by the holder of the approved plan, if

18 (1) the plan is still in effect on the day before the effective date of this Act; and

19 (2) the Department of Environmental Conservation has not given a notice of
20 violation of AS 46.04.030 to the holder of the plan that has not been corrected to the satisfaction
21 of the Department of Environmental Conservation.

22
23 Renumber remaining sections accordingly.

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