

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

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HOUSE RESOURCES

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4/27/94

HOUSE CS FOR CS FOR SENATE BILL NO. 215(STA)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:  
Referred:

Sponsors: SENATORS MILLER, Kelly

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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

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

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

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

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

28 (3) A FINDING BY THE GOVERNOR THAT

29 (A) THE RELEASE OF THE OIL OR HAZARDOUS  
30 SUBSTANCE INTO THE ENVIRONMENT PRESENTS A REAL AND  
31 SUBSTANTIAL THREAT TO THE ECONOMY AND PUBLIC WELFARE

1 OF THE MUNICIPALITIES AND VILLAGES THAT ARE AFFECTED BY  
2 THE RELEASE AND BY THE RESULTANT ACTIVITIES TO CONTAIN  
3 AND CLEAN UP THE RELEASE; AND

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

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

10 Sec. 29.60.510. MUNICIPAL IMPACT GRANTS AUTHORIZED. (a)  
11 Subject to (b) of this section, the [THE] commissioner may use money from the oil  
12 and hazardous substance release prevention and response fund to make grants to a  
13 municipality, [OR] village, or school district that is affected by the release or by the  
14 response to the release and that demonstrates that the release or response to the release  
15 involves extraordinary expenditures that are beyond the reasonable capability of the  
16 municipality, [OR] village, or school district to meet from the current revenue sources  
17 of the municipality, [OR] village, or school district if

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

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

27 (3) THE GOVERNOR FINDS THAT

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

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

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

8 (b) For each release or threatened release of oil or a hazardous substance  
9 (1) for which the commissioner of environmental conservation may  
10 under AS 46.08.045. expend money from the oil and hazardous substance release  
11 response account in the fund [DISASTER EMERGENCY DECLARED BY THE  
12 GOVERNOR UNDER AS 26.23.020], and subject to agreement with the commissioner  
13 of environmental conservation as to the amount of money in the fund that may be used  
14 by the department to make grants. the commissioner may expend not more than  
15 \$10,000,000 [OF THE BALANCE OF THE FUND THAT IS APPROPRIATED TO  
16 THE SPILL RESERVE OR] of the unrestricted balance of the oil and hazardous  
17 substance release response account in the fund for grants for purposes described  
18 in AS 29.60.520: if [AUTHORIZED UNDER THIS SECTION. IF] the commissioner  
19 and the commissioner of environmental conservation do not agree on the amount of  
20 money in the response account in the fund that may be used by the department to  
21 make grants under AS 29.60.500 - 29.60.599 for release or threatened release of oil  
22 or a hazardous substance. the governor shall make the determination:

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

29 (c) Notwithstanding the limitation of AS 37.07.080(e) against the transfer of  
30 money between appropriations, when the commissioner and the commissioner of  
31 environmental conservation have agreed to the amount of money in the oil and

1 hazardous substance release response account [FUND] that may be used by the  
2 department to make grants, or when that determination has been made by the governor,  
3 the commissioner of environmental conservation shall promptly transfer that amount  
4 to the department for use under AS 29.60.500 - 29.60.599.

5 (c) For money that has been transferred under (c) of this section, if within any  
6 one-year period thereafter the commissioner does not use the money to make a grant  
7 under AS 29.60.500 - 29.60.599, the commissioner shall [, AT THE DIRECTION OF  
8 THE GOVERNOR OR THE REQUEST OF THE COMMISSIONER OF  
9 ENVIRONMENTAL CONSERVATION,] return the unexpended amount transferred  
10 under (c) of this section to the oil and hazardous substance release response  
11 account of the fund.

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

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

15 (1) only for

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

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

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

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

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

31 (iv) housing functions and services, limited to leasing or

1 making other arrangements for temporary housing to be occupied by  
2 persons associated with containment or cleanup of the release;

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

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

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

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

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

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

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

23 Sec. 29.60.530. CRITERIA TO EVALUATE GRANT APPLICATIONS. (a)  
24 In determining whether an expenditure or proposed expenditure by a municipality,  
25 [OR] village, or school district is eligible for a grant under AS 29.60.510, the  
26 department shall consider

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

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

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

2 (b) The department may reject an application for a grant under AS 29.60.510  
3 or approve an application for a grant in an amount that is less than the amount  
4 requested by a municipality, [OR] village, or school district if the department  
5 determines that payment of the amount requested is not warranted under (a) of this  
6 section.

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

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

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

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

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

25 (1) make an assessment of the social and economic effects of the  
26 release of the oil or hazardous substance:

27 (2) develop a plan to

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

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

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

2 (e) Expenditures made under this section may be made only from the amount  
3 transferred to the commissioner under AS 29.60.510(c), unless

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

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

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

10 (4) "fund" means the oil and hazardous substance release prevention  
11 and response fund established by AS 46.08.010:

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

13 (7) "service"

14 (A) means

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

19 (ii) [, OR] a comparable function performed or service  
20 provided by a village: or

21 (iii) a function performed or service provided by a  
22 school district:

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

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

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

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

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

1 hazardous substance release mitigation account under AS 46.04.010 or to an account  
2 established in AS 46.08.020 or 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 prevention account established in [OIL AND  
5 HAZARDOUS SUBSTANCE RELEASE MITIGATION ACCOUNT UNDER  
6 AS 46.04.010 OR] AS 46.08.020. That percentage is determined by dividing

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

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

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

13 Sec. 43.55.201. SURCHARGE LEVIED. (a) Every producer of oil shall pay  
14 a surcharge of \$0.02 per barrel of oil produced from each lease or property in the state,  
15 less any oil the ownership or right to which is exempt from taxation.

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

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

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

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

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

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

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

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

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

7 (C) other liabilities of the account;

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

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

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

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

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

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

25 (d) If the commissioner of administration reports that the sum reported under  
26 (b) of this section equals or exceeds \$50,000,000, the commissioner of revenue shall  
27 suspend imposition and collection of the surcharge levied and collected under  
28 AS 43.55.201. Suspension of the imposition and collection of the surcharge begins on  
29 the first day of the calendar quarter next following the commissioner's receipt of the  
30 commissioner of administration's report under (b) of this section. Before the first day  
31 of a suspension authorized by this subsection, the commissioner shall make a

1 reasonable effort to notify all persons who are known to the department to be paying  
2 the surcharge under AS 43.55.201 that the surcharge will be suspended.

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

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

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

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

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

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

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

1 (2) the portion of the balance of the response mitigation account  
2 established by AS 46.08.025(b) that originated from the recovery of money described  
3 in AS 46.08.025(a)(3).

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

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

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

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

10 ARTICLE 2A. ADDITIONAL CONSERVATION SURCHARGE ON OIL.

11 Sec. 43.55.300. SURCHARGE LEVIED. (a) Every producer of oil shall pay  
12 a surcharge of \$03 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 43.55.201 - 43.55.231.

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

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

26 (15) "surcharge" means

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

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

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

1           Sec. 46.04.010. REIMBURSEMENT FOR CLEANUP EXPENSES. The  
2 department shall promptly seek reimbursement under AS 46.03.760(e), AS 46.08.070,  
3 or from an applicable federal fund, for the expenses it incurs in cleaning up or  
4 containing a discharge of oil. If the department obtains reimbursement for a portion  
5 of its expenses from a federal fund, the remainder of the expenses incurred may be  
6 recovered under AS 46.03.760(e) or AS 46.08.070. Money received by the department  
7 under this section shall be deposited in the general fund and credited to

8                     (1) the oil and hazardous substance release response mitigation  
9                     account established under AS 46.08.025(b): the amount required to be deposited  
10                    under this paragraph shall represent the proportion of the expenses recovered  
11                    that were originally paid for from the oil and hazardous substance release account  
12                    established under AS 46.08.010(a)(2): or

13                    (2) [A SPECIAL ACCOUNT CALLED] the ["] oil and hazardous  
14                    substance release prevention mitigation account established under AS 46.08.020(b):  
15                    the amount required to be deposited under this paragraph is the amount of  
16                    money recovered that exceeds the amount payable to the response mitigation  
17                    account under (1) of this section ["].

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

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

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

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

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

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

12                   (1) the oil and hazardous substance release prevention account:

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

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

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

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

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

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

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

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

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

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

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

9            (B) described in AS 46.08.025(a)(3):

10           (4) [(3)] fines, penalties, or damages recovered under AS 46.08.005 -  
11 46.08.080 or other law for costs incurred by the state as a result of the release or  
12 threatened release of oil or a hazardous substance;

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

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

17            (A) the prevention account:

18            (B) the prevention mitigation account:

19            (C) the response account: and

20            (D) the response mitigation account.

21           (b) Money received by the state under (a)(2) - (6) [(a)(2) AND (a)(3)] of this  
22 section shall be deposited in the general fund and credited to a special account called  
23 the "oil and hazardous substance release prevention mitigation account." The  
24 legislature may annually appropriate to the prevention account in the fund from the  
25 prevention mitigation [THIS] account a sum equal to the amount received under  
26 (a)(2) - (6) [(a)(2) AND (a)(3)] of this section during the calendar year preceding the  
27 legislative session in which the appropriations are to be made.

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

29           Sec. 46.08.025. FINANCING OF THE OIL AND HAZARDOUS  
30 SUBSTANCE RELEASE RESPONSE ACCOUNT. (a) The legislature may  
31 appropriate from the following sources to the oil and hazardous substance release

1 response account in the fund:

2 (1) the annual estimated balance of the account maintained under  
3 AS 37.05.142 for deposit into the general fund of the proceeds of the oil conservation  
4 surcharge levied by AS 43.55.201;

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

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

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

15 (B) fines, penalties, and damages described in  
16 AS 46.08.020(a)(4).

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

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

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

29 (1) from the response account in the fund

30 (A) when authorized by AS 46.08.045, [(1)] to investigate and  
31 evaluate the release [OR THREATENED RELEASE] of oil or a hazardous

1 substance, and contain, clean up, and take other necessary action, such as  
2 monitoring and assessing, to address a release [OR THREATENED RELEASE]  
3 of oil or a hazardous substance that poses an imminent and substantial threat  
4 to the public health or welfare, or to the environment;

5 (B) to [(2) PAY ALL COSTS INCURRED TO

6 (A) ESTABLISH AND MAINTAIN THE OIL AND  
7 HAZARDOUS SUBSTANCE RESPONSE OFFICE:

8 (B) REVIEW OIL DISCHARGE PREVENTION AND  
9 CONTINGENCY PLANS SUBMITTED UNDER AS 46.04.030;

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

19 (D) VERIFY OR ESTABLISH PROOF OF FINANCIAL  
20 RESPONSIBILITY REQUIRED BY AS 46.04.040:

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

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

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

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

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and

(C) to [(5)] recover the costs to the state, a municipality, [OR] a village, or a school district of a containment and cleanup resulting from the release [OR THE THREATENED] release of oil or a hazardous substance for which money was expended from the response account:

(2) from the prevention account in the fund to

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

(B) pay all costs incurred to

(i) establish and maintain the oil and hazardous substance response office:

(ii) review oil discharge prevention and contingency plans submitted under AS 46.04.030:

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

(iv) verify or establish proof of financial responsibility required by AS 46.04.040:

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

(i) the oil and hazardous substance response corps:

and

(ii) the oil and hazardous substance response depots:

(D) pay, when presented with appropriate documentation by

1 the Alaska State Emergency Response Commission, expenses incurred by  
2 the commission for

3 (i) its activities, including staff support, when the  
4 activities and staff support relate to oil or hazardous substances:  
5 and

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

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

15 (F) pay the costs, if approved by the commissioner, that  
16 were incurred by local emergency planning committees to carry out the  
17 duties assigned them by AS 46.13.080:

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

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

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

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

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

- 1                   (J) [(6)] prepare, review, and revise  
2                   (i) [(A)] the state's master oil and hazardous substance  
3 discharge prevention and contingency plan required by AS 46.04.200;  
4 and  
5                   (ii) [(B)] a regional master oil and hazardous substance  
6 discharge prevention and contingency plan required by AS 46.04.210;  
7 and  
8                   (K) [(7)] restore the environment by addressing the effects of  
9 an oil or hazardous substance release.

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

- 11                   (D) pay, when presented with appropriate documentation by the  
12 Department of Military and Veterans' Affairs, expenses incurred by the  
13 Department of Military and Veterans' Affairs for  
14                   (i) Alaska State Emergency Response Commission  
15 activities, including staff support, when the activities and staff support  
16 relate to oil or hazardous substances; and  
17                   (ii) the costs to the Department of Military and  
18 Veterans' Affairs of being prepared for and responding to a request by  
19 the department for support in activities that relate to response to and  
20 restoration of the effects of an oil or hazardous substance release;

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

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

28 \* Sec. 29. AS 46.08 is amended by adding a new section to read:

29                   Sec. 46.08.045. USE OF THE RESPONSE ACCOUNT. (a) The  
30 commissioner may use money from the response account in the fund to respond to a  
31 release when the governor declares a disaster related to an oil or hazardous substance

1 discharge emergency under AS 26.23.020(c). During the effective period of the  
2 disaster emergency, the commissioner may use money from the response account to  
3 respond to the disaster emergency.

4 (b) Notwithstanding (a) of this section, money from the response account may  
5 be used for the purposes described in AS 46.08.040(a)(1)(A) without a declaration  
6 under AS 26.23.020(c) when the release would exceed 2,500 barrels of oil, or would  
7 exceed an amount of a hazardous substance released into the environment that presents  
8 a threat to the economy and public welfare at least equivalent in effect to the effect  
9 of a release of more than 2,500 barrels of oil if

10 (1) within 72 hours of being advised of a release of oil, the  
11 commissioner prepares and provides to the governor and the members of the  
12 Legislative Budget and Audit Committee a written report relating to the release,  
13 summarizing the release, the state's actions, both taken and anticipated, the costs of  
14 the state's actions, both taken and anticipated, and other information considered  
15 appropriate by the commissioner; and

16 (2) not later than 72 hours after the commissioner is advised of the  
17 release, the governor, in writing, approves the commissioner's use of the money in the  
18 account; the governor shall approve or modify and approve the state's response to the  
19 release as set out in the commissioner's report and may, at any time during the period  
20 of the state's response to the release, approve, disapprove, or modify action taken or  
21 expected to be taken by the department in its use of money in the response account to  
22 respond to the release.

23 \* Sec. 30. AS 46.08.050(b) is amended to read:

24 (b) A [THE] department that is appropriated or allocated money from the  
25 fund, either directly or through a reimbursable service agreement with the  
26 Department of Environmental Conservation, shall develop procedures governing the  
27 expenditure of, and accounting for, money it expends [EXPENDED] from the fund,  
28 The Department of Environmental Conservation may not reimburse or pay money  
29 to another state agency for the agency's activities under AS 46.08.040 unless the  
30 state agency provides to the department the information necessary to complete the  
31 report required by AS 46.08.060 [, AND MAY NOT DELAY IMPLEMENTATION

1 OF THIS CHAPTER PENDING THE EFFECTIVE DATE OF THE PROCEDURES].

2 \* Sec. 31. AS 46.08.060(a) is amended to read:

3 (a) The commissioner shall submit a report to the legislature not later than the  
4 10th day following the convening of each regular session of the legislature. The report  
5 may include information considered significant by the commissioner but must include:

6 (1) the amount of money expended by the department under  
7 AS 46.08.040(a)(1)(A) and (2)(A) [AS 46.08.040(a)] during the preceding fiscal year;

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

10 (A) AS 46.04.010 (reimbursement of cleanup expenses):

11 (B) AS 46.08.020(a)(4) (recovery of fines, penalties, and  
12 damages); and

13 (C) AS 46.08.025(a)(3) (cost recoveries) [AS SPECIFIED IN  
14 AS 46.08.020];

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

17 (4) a [DETAILED] summary of department activities in responses paid  
18 for [FUNDED] by the response account [FUND] during the preceding fiscal year,  
19 including response descriptions and statements outlining the nature of the threat; [IN  
20 THIS PARAGRAPH, "DETAILED" INCLUDES INFORMATION DESCRIBING  
21 EACH PERSONAL SERVICES POSITION AND TOTAL COMPENSATION FOR  
22 THAT POSITION, EACH CONTRACT IN EXCESS OF \$20,000, AND EACH  
23 PURCHASE IN EXCESS OF \$10,000]; and

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

28 \* Sec. 32. AS 46.08.060(b) is amended to read:

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

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

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

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

9 \* Sec. 33. AS 46.08.060(c) is amended to read:

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

17 \* Sec. 34. AS 46.08.070 is amended by adding a new subsection to read:

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

21 \* Sec. 35. AS 46.08.075(a) is amended to read:

22 (a) The state has a lien for expenditures by the state from the [OIL AND  
23 HAZARDOUS SUBSTANCE RELEASE RESPONSE] fund, or from any other state  
24 fund, for the costs of response, containment, removal, or remedial action resulting from  
25 an oil or hazardous substance release [SPILL], or, with respect to response costs, for  
26 the costs of response to a threatened [THE SUBSTANTIAL THREAT OF A] release  
27 of oil or a hazardous substance, against all property owned by a person who is  
28 determined by the commissioner to be liable for the expenditures under this chapter,  
29 AS 46.03, AS 46.04, 42 U.S.C. 9607, or other state or federal law. The lien includes  
30 interest, at the maximum rate allowable under AS 45.45.010(a), from the date of the  
31 expenditures. The state may file an action in a court of competent jurisdiction in order

1 to foreclose on the lien.

2 \* Sec. 36. AS 46.08.075(e) is amended to read:

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

10 \* Sec. 37. AS 46.08.900(5) is amended to read:

11 (5) "fund" means the oil and hazardous substance release prevention  
12 and response fund:

13 \* Sec. 38. AS 46.08.900(9) is amended to read:

14 (9) "release"

15 (A) means any spilling, leaking, pumping, pouring, emitting,  
16 emptying, discharging, injecting, escaping, leaching, dumping, or disposing into  
17 the environment;

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

19 (i) a permitted release; or

20 (ii) an act of nature;

21 \* Sec. 39. AS 46.08.900(11) is amended to read:

22 (11) "threatened release" means [AN IMMEDIATE 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. 40. AS 46.08.900 is amended by adding new paragraphs to read:
- 2 (13) "catastrophic oil discharge" and "catastrophic oil release" have the  
3 meaning given the term "catastrophic oil discharge" in AS 46.04.900;
- 4 (14) "prevention account" means the oil and hazardous substance  
5 release prevention account established in AS 46.08.010(a)(1);
- 6 (15) "prevention mitigation account" means the oil and hazardous  
7 substance release prevention mitigation account established in AS 46.08.020(b);
- 8 (16) "response account" means the oil and hazardous substance release  
9 response account established in AS 46.08.010(a)(2);
- 10 (17) "response mitigation account" means the oil and hazardous  
11 substance release response mitigation account established in AS 46.08.025(b).
- 12 \* Sec. 41. AS 46.09.900(8) is amended to read:
- 13 (8) "threatened release" means [AN IMMINENT DANGER] that a  
14 release is imminent: a release is imminent if
- 15 (A) it is impending, or on the point of happening; or
- 16 (B) though not impending, in the judgment of the  
17 commissioner
- 18 (i) the incident or occurrence may reasonably be  
19 expected to culminate in an actual release; and
- 20 (ii) that actual release may reasonably be expected to  
21 cause personal injury, other injury to life, or loss of or damage to  
22 property, including the environment [WILL OCCUR].
- 23 \* Sec. 42. AS 19.65.025; AS 24.20.600, 24.20.610, 24.20.620, 24.20.630; AS 43.55.200,  
24 43.55.210, 43.55.220, 43.55.230, 43.55.240; AS 44.46.025(a)(4) and (5); AS 46.08.040(b),  
25 46.08.040(d); and sec. 3, ch. 112, SLA 1989 are repealed.
- 26 \* Sec. 43. TREATMENT OF APPROPRIATION TO FORMER SPILL RESERVE FOR  
27 PURPOSES OF AS 43.55.230. For the purpose of former AS 43.55.230(a)(2), repealed by  
28 sec. 42 of this Act, an appropriation to the former spill reserve referred to in AS 29.60.510(b),  
29 the reference to which is deleted by sec. 3 of this Act, is not an expenditure.
- 30 \* Sec. 44. SURCHARGE IMPOSED BY AS 43.55.201 - 43.55.231 SUSPENDED AND  
31 REIMPOSED. In addition to the circumstances set out in AS 43.55.231, the surcharge

1 authorized by AS 43.55.201 is not levied on and after the effective date of this section and  
2 until June 30, 1995, if

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

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

11 \* Sec. 45. TRANSITIONAL PROVISIONS APPLICABLE TO CONSERVATION  
12 SURCHARGE ON OIL IMPOSED BY AS 43.55.200 AFTER JUNE 30, 1994, AND  
13 BEFORE THE EFFECTIVE DATE OF THIS SECTION. After June 30, 1994, and before the  
14 effective date of this section, every producer of oil who is required by AS 43.55.200 -  
15 43.55.240, repealed by this Act, to pay the oil conservation surcharge of \$.05 per barrel of oil  
16 shall pay that levy. The provisions of AS 43.55.210 - 43.55.240, repealed by this Act, apply  
17 to the amounts received by the state under AS 43.55.200 - 43.55.240, but as to the amounts  
18 received after June 30, 1994, and before the effective date of this section, if so appropriated  
19 by the legislature and notwithstanding any other provision of law relating to the deposit of and  
20 accounting for those receipts.

21 (1) on the effective date of this section, the commissioner of revenue shall  
22 allocate

23 (A) 40 percent of the amount received to the response account  
24 established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

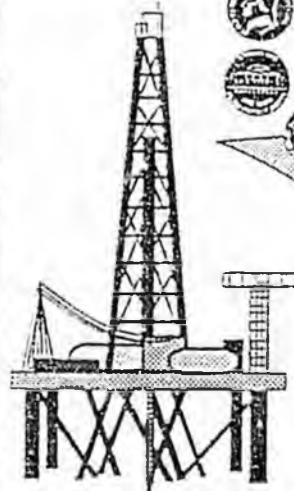
25 (B) 60 percent of the amount received to the prevention account  
26 established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act; and

27 (2) the allocations made under (1) of this section are credited to the respective  
28 accounts for purposes of determination of the suspension and reimposition of the surcharge  
29 under AS 43.55.221 and 43.55.231, added by secs. 15 and 16 of this Act.

30 \* Sec. 46. Section 27 of this Act takes effect only if a version of Senate Bill 33  
31 transfer the Alaska State Emergency Response Commission from the Department of

- 1 Environmental Conservation to the Department of Military and Veterans' Affairs is enacted
- 2 by the Eighteenth Alaska State Legislature and becomes law.

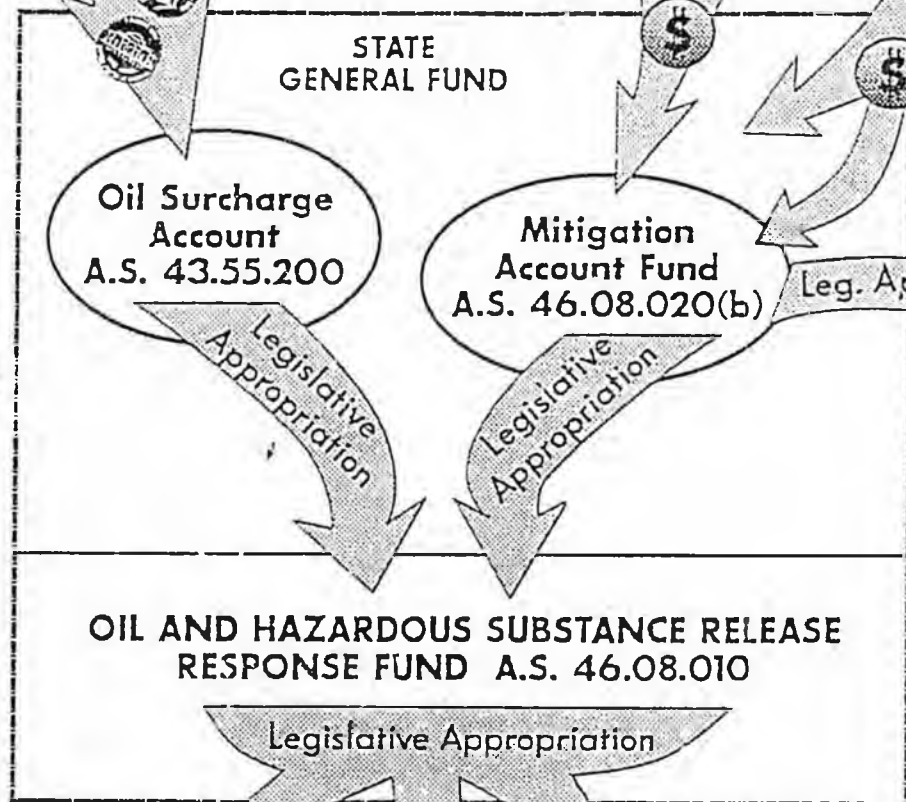
**FINES, PENALTIES, COST RECOVERY, SETTLEMENTS**



**ALASKA'S OIL**



**EXXON VALDEZ Settlement**



**OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND A.S. 46.08.010**

**Legislative Appropriation**

**OTHER AGENCIES**

- Military and Veterans Affairs (DES)
  - Response Preparedness & Planning
  - Response Depots & Corps
  - Hazards Analysis
- Transportation and Public Facilities
  - Oil Response Ferrtes
- Law
  - Cost Recovery
  - Regulations/Guidance
- Public Safety
  - Environmental Crimes
  - 24-Hour Dispatch
- Fish and Game
  - Contingency Plan Reviews
- Natural Resources
  - Contingency Plan Reviews
- Administration
  - Telecommunications Installation/Maintenance
  - State Emergency Response Commission
  - Citizens' Oversight Council - not funded in FY94

**ENVIRONMENTAL CONSERVATION**

- State Emergency Response Commission
- Local Emergency Planning Committees
- Hazardous Substance Spill Technology Review Council
- Contaminated Sites
- Government Preparedness and Response
- Industry Preparedness and Response
- Pollution Prevention
- Geographic Information Systems

**SPILL RESERVE (Emergency Reserve)**

WALTER J. HICKEL, GOVERNOR

**DEPT. OF ENVIRONMENTAL CONSERVATION**

OFFICE OF THE COMMISSIONER  
419 WILLOUGHBY AVENUE, SUITE 105  
JUNEAU, AK 99801-1795

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FEBRUARY 11, 1994 SENATE <sup>RESOURCES</sup> ~~FINANCE~~ COMMITTEE HEARING ON CS SB215  
RELATING TO THE OIL & HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND  
STATEMENT - JOHN SANDOR, COMMISSIONER, DEPT. OF ENVIRON. CONSERV.

Mr. Chairman, I appreciate the opportunity to again testify on this proposed legislation. As I said last April 17, 1993, I appreciate the Legislature closely examining the Oil and Hazardous Substance Release Response Fund and determining what opportunities there are to amend and improve the process by which this fund is managed and administered. During and following that testimony we offered suggestions for improvement in both the House and Senate Bills. During the summer and late last year we continued to work with legislators, committee staffs and in public briefings outlined the issues which we believed were important to address. Throughout, we have always searched for a consensus approach and common goals.

In 1991, I ordered an Internal Audit of this fund, and for the past three years have implemented a number of improvements in its management and administration. As a result we have been able to increase the fund balance of 6 million dollars in 1991 to 12 million in 1992, 24 million in 1993 and a projected balance of 37 million at the end of 1994. We are well on our way to achieving our objective of a 50 million dollar fund balance.

On January 19, 1994, in consultation with other agencies of the executive branch, we transmitted to the Honorable Mike Miller, Chairman of the Senate Resources Committee and the Honorable Bill Williams, Chairman of the House Resources Committee specific suggestions for modifications in the proposed legislation. We also proposed specific language changes a few days later, and we felt the Senate Resources subcommittee workshop effort which included all interested parties at the table was proceeding satisfactorily.

On February 5, 1994 I received a copy of the 2/3/94 work draft of CSHB 238 and later received a Draft of CSSB 215. To our disappointment, neither draft had adopted our suggestions. Enclosed with this statement is a comparative analysis of the projected impacts of our January 19 proposal, CSHB 238 and CSSB 215. CSHB 238 and CSSB 215 do not assure adequate funding and access for both spill response and operational activities and do not address some other significant concerns we have raised.

## Page two- Oil and Hazardous Substance Response Fund

Mr. Chairman, this Administration is strongly committed to environmental protection. When Governor Hickel was Secretary of Interior, and the Santa Barbara off-shore spill occurred, he instituted very dramatic changes in governmental oversight to not only clean-up the spill, but to put in place, prevention and response requirements that were tough but reasonable. His liability and financial responsibility requirements prompted some from the oil industry to seek his dismissal. He did not waiver.

We cannot afford to be less vigilant. We cannot afford to forget the lessons of the Exxon-Valdez Oil Spill. We cannot afford to make further reductions in our oversight, prevention and response capabilities. We cannot afford to be satisfied with half-time environmental coverage on the North Slope. We cannot afford to diminish our technical staffs even as we are reviewing the audits of an aging pipeline. At the same time, we do want to continue to improve the management of the Response Fund, and are carefully analyzing various options to achieving that objective.

Although we continue to favor our January 19, 1994 approach to improving the operation and management of the response fund, we have also done analyses on a 2 1/2 cent split of the nickel and a 2 cent spill response and 3 cent operation split of the nickel, with specific legislative language changes which would meet both our environmental protection and fund management objectives. Through this analysis we find the 2 1/2 cent split also does not enable us to meet pollution prevention, environmental protection, response and restoration objectives. However, the 2 cent and 3 cent split, with specific language changes, could enable us to meet these objectives.

Note:  
Jan. 19  
Version  
did not  
split the  
nickel

Accompanying this statement is a "draft bill" with a 2 cent and 3 cent split. This restores the state's ability to quickly respond to all spills of oil and hazardous substances, as well as restoration and research authorities, and assures adequate funding of activities of the Department of Military and Veterans Affairs (DMVA), and other agencies as the Legislature deems appropriate. It strengthens both the reporting and cost recovery requirements and provides for a report to the Governor of action on catastrophic or other significant releases that appear to require extraordinary action and funding. Although I still favor our January 19 approach to revisions in the fund, this alternative could be acceptable. This draft was developed jointly with the Department of Law and has also been reviewed by others in the Executive Branch.

Page three - Oil and Hazardous Substance Response Fund

Mr. Chairman, we have had several wake-up calls the last sixty days which should remind us of our vulnerability to accidents and natural disasters which will lead to oil and hazardous substance spills: The ARCO North Slope spill which was discovered the morning of December 30, 1993; the Overseas Ohio tanker vessel which hit an iceberg in Prince William Sound just 25 miles south of Valdez on January 2nd, 1994 and the more recent Los Angeles Earthquake.

The State of Alaska must have strong and well-coordinated prevention, response, clean-up and restoration programs to deal with such incidents. The Alaska Division of Emergency Services in DMVA, the DEC and other units of State government are working together to achieve that objective.

Mr. Chairman, the Administration wants to work in partnership with the Alaska Legislature to not only improve the management of the response fund, but to also strengthen the State's prevention and response capability. Our January 19, 1994 proposal achieves that objective. A split funding formula which would allocate no less than 3 cents for the prevention, contingency planning and operations programs could also achieve that objective.

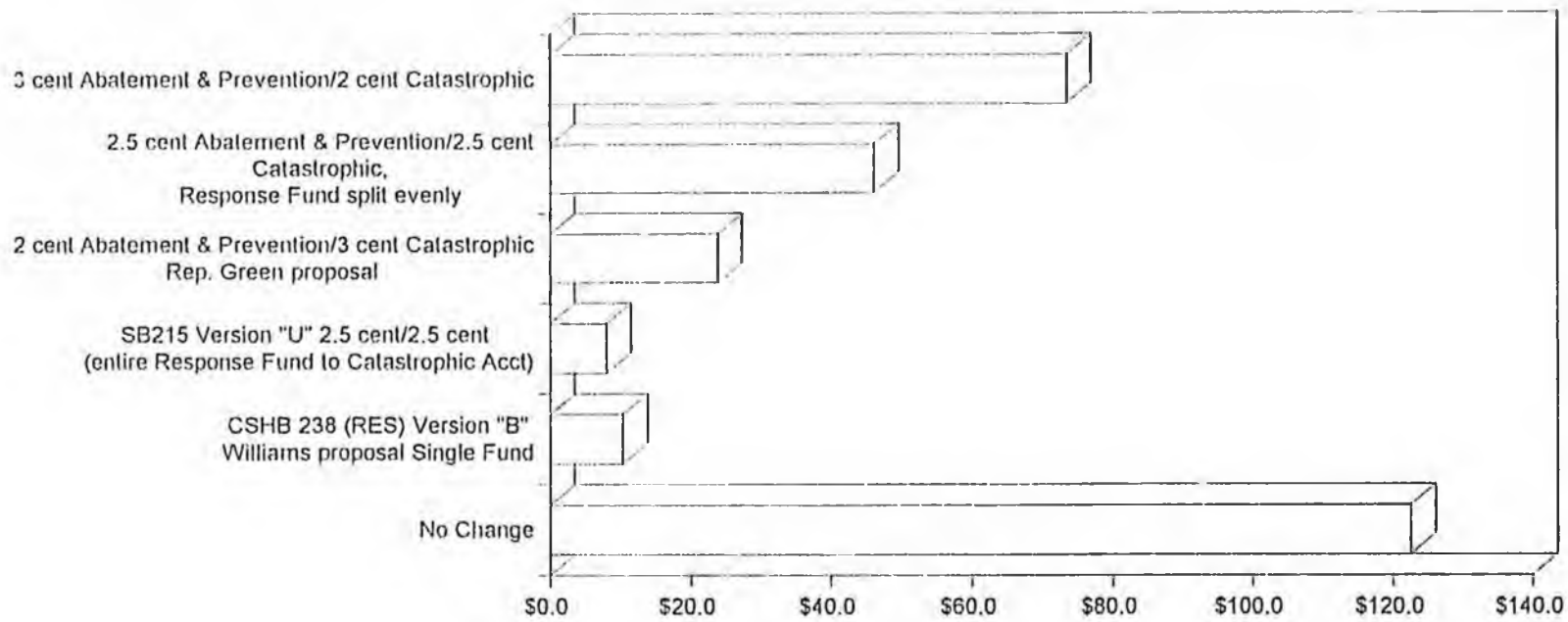
Thank you for the opportunity to participate in this hearing.

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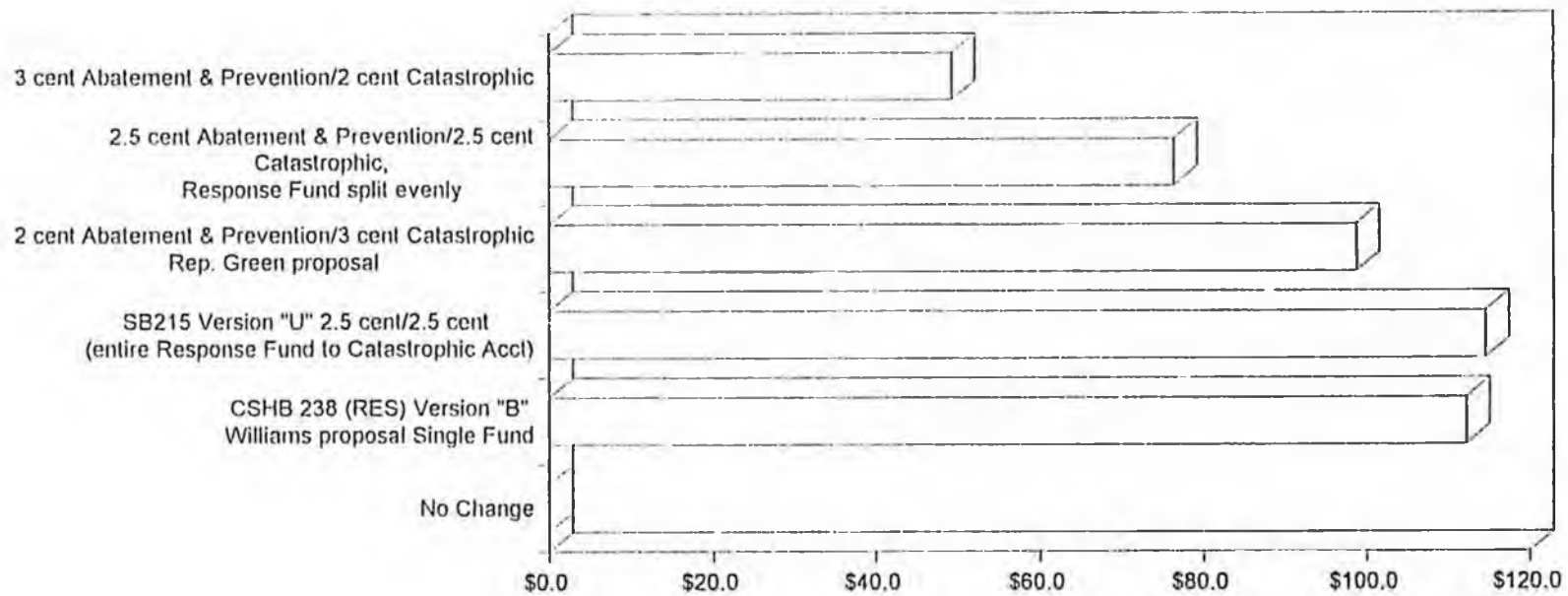
Chart2

*to surcharge payee*  
Total Net Cost - 5 Years (no discount)



**DRAFT**

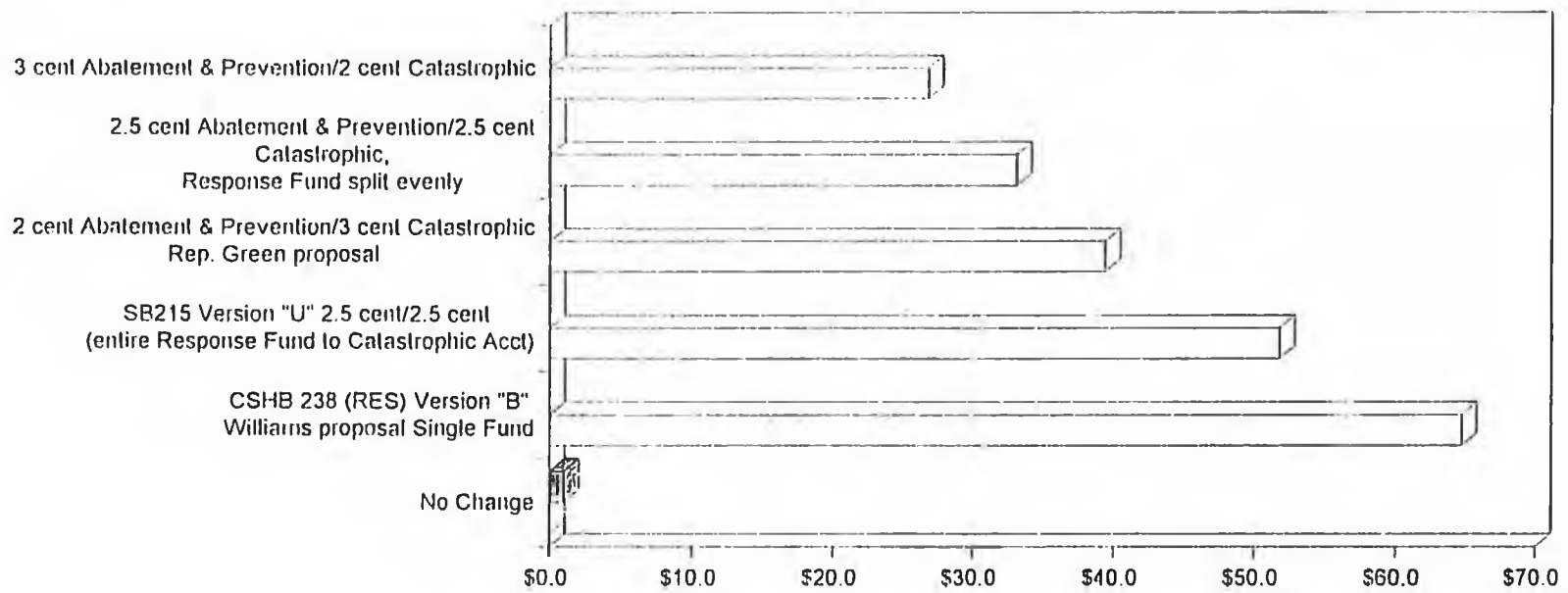
**Response Fund Restructuring Options  
Net Tax Reduction to Surcharge Payees Over 5 Years**



2/24/94 12:57 PM

**DRAFT**

**Response Fund Restructuring Options  
Comparison of Initial Benefit to Surcharge Payee**



CSSB215 Version "U"

FISCAL NOTE

STATE OF ALASKA

BILL NO.

SB 215

1994 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: Oil and Hazardous Substance Release  
           Response Fund  
 Sponsor: Senator Miller  
 Requestor: Senate Resources Committee

Department Affected: Environmental Conservation  
 BRU: SPAR/Administrative Services  
 Component: All SPAR Components  
                   Response Fund Administration

COMPONENT SERIAL NO.

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	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>	<b>\$550.0</b>	<b>\$1,449.0</b>	<b>\$2,860.0</b>	<b>\$4,283.0</b>	<b>\$5,469.0</b>	<b>\$6,918.0</b>

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

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

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0
1005 GF/Program Receipt						
1006 GF/MHTA						
Other						
<b>TOTAL</b>	<b>\$550.0</b>	<b>\$1,449.0</b>	<b>\$2,860.0</b>	<b>\$4,283.0</b>	<b>\$5,469.0</b>	<b>\$6,918.0</b>

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached

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

Phone: 465-5010  
 Date: 2/24/94

Approved by Commissioner: [Signature]  
 Agency: Department of Environmental Conservation

Date: 2/24/94

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FISCAL NOTE

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	5-Year Total
Revenue from .025 surcharge	\$12,750.0	\$12,250.0	\$11,250.0	\$10,250.0	\$9,500.0	\$8,500.0	\$64,500.0
State Spill Prevention Program*	\$13,300.0	\$13,699.0	\$14,110.0	\$14,533.0	\$14,969.0	\$15,418.0	\$86,029.0
Difference	(\$550.0)	(\$1,449.0)	(\$2,860.0)	(\$4,283.0)	(\$5,469.0)	(\$6,918.0)	(\$21,529.0)
Total GF Cost	\$550.0	\$1,449.0	\$2,860.0	\$4,283.0	\$5,469.0	\$6,918.0	\$21,529.0

\* This number reflects current funding of the state's spill response and prevention program, increased by 3% each year for inflation.

This legislation proposes to fund the state's entire spill prevention and response program from a 2.6 cent per barrel surcharge on crude oil produced in Alaska. Since SB215 Version "U" now allows the catastrophic account, established in SB215, to be used for both hazardous substance and oil spills, and there is no spill-size-threshold in order to access the catastrophic account, no non-catastrophic spill reserve need be established.

The figure for the 2.5 cent surcharge revenue is extrapolated from forecasts contained in the Department of Revenue

# Alaska State Legislature

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## 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.



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## **Overview of the House CS for CSSB 215 (FIN) am H**

This is a brief overview of the principal components of Senate Bill (SB) 215 as passed by the House and concurred with by the Senate. Major features of the bill are as follows:

- The prevention account conservation surcharge is 3 cents per barrel. This surcharge level should provide sufficient revenues to fund the Alaska Department of Environmental Conservation (DEC) current spill prevention programs at FY 94 levels through the year 2000 if current priorities are maintained in the budget process [section 17].
- The response account conservation surcharge is 2 cents per barrel [section 13]. The \$50 million cap is maintained with clearer surcharge suspension and reimposition language [sections 15 and 16]. This new language still reduces the amount of surcharge required to be paid to reach the \$50 million cap by approximately \$43.7 million (Alaska Department of Revenue fiscal note, April 25, 1994 of \$48.7 million minus the \$5 million deposited into the prevention account).
- Cost-recovery funds (money recovered from responsible parties) are deposited into the response mitigation account. The new surcharge suspension and imposition language and its the annual appropriation "blackmail or incentive clause" applies to response mitigation account money that originated from the response account. This means that any mitigation funds must be appropriated back into the response account or the two-cent response surcharge is suspended [section 16]. Under current statute, mitigation account funds are not included under the blackmail clause. The blackmail clause is included because of the Constitutional prohibition against the dedication of funds that prevents surcharge proceeds from being directly deposited into the response fund.
- The response account is accessible for response actions. Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when 1) the governor declares a disaster emergency or 2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 30].
- Response action is not limited to initial first response [language removed from section 20].

## Prince William Sound Regional Citizens' Advisory Council

- The response account inflation proofing provision that would have resulted in a substitution of general fund deposits for surcharge collections was deleted.
- The threshold for municipal impact grants remains releases of 2,500 barrels or more (as in current statute). Grants would be made from the response account. School districts are eligible for grants [sections 1, 2 and 3]. The House State Affairs Committee amended the bill to require the commissioner of the Department of Community and Regional Affairs to return grant money after one year. Under current statute, money is returned at the request of the governor or the commissioner of the Department of Environmental Conservation.
- Language in previously proposed Senate Finance Committee substitutes authorizing use of the prevention account for response depot equipment and for the acquisition of assets for preparedness measures is clarified to help ensure that expenditures relate to oil and hazardous substances [sections 23 and 27].
- Interest on the response fund accounts is credited to the prevention account. This should equal approximately \$2.5 million annually.

### Significant problems:

- The bill authorizes use of the prevention account for underground storage tank grants [section 27, AS 46.08.040(a)(2)(G)] and above ground storage tank grants [section 27, AS 46.08.040(a)(2)(H)(ii)]. **These are both new uses of the response fund. The current backlog of underground grants requests totals \$65 million and the application period, which was to sunset this fiscal year, was extended (HB 513). Approximately \$5 million has been spent annually on this program; the source of funding for the past two years was primarily mitigation account proceeds. The problem with this new use of the prevention account is that 1) the 3-cent surcharge is insufficient to fund the underground storage tank grant program and maintain current programs, 2) other sources of funds are available to underground storage tank owners, and 3) this action is inconsistent with the original stated intent of the proponents of response fund legislation---to provide greater equity in surcharge payments between crude and non crude operators and beneficiaries of the state response and prevention programs. The Alaska Energy Authority task force on above ground storage tanks estimate of capital costs to upgrade tanks to meet structural and safety requirements is approximately \$230 million. *This expanded use of the fund is the most significant problem with the bill because the three-cent prevention account surcharge is inadequate to pay for these additional programs***
- The entire estimated balance of the spill reserve (\$37 million) is appropriated to the response account less \$5 million to the prevention account [section 45]. This fails to recognize that the fund has always served two purposes--spill prevention and response. Given that future nickels are divided three cents for prevention and two cents for

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response, it makes sense that previous nickels should be divided similarly. This was done as part of the fiscal year 95 operating budget.

- Restoration costs can be paid from the prevention account despite restoration being part of responding to a spill. Restoration is part of a continuum of clean up activities. If restoration can be paid from the prevention account, there will always be pressure to identify clean up actions as restoration and shift these costs to the prevention account. In the House Resources Committee Substitute, restoration was explicitly identified as part of spill response and clean up and, thus, made a purpose of the response account. This amendment was deleted in the House State Affairs Committee and attempts to restore this language failed in the House Finance Committee and on the House Floor. Restoration, however, is implicitly a use of the response account because restoration is included in the statutory definition of containment and clean up.
- The Citizens' Oversight Council on Oil and Other Hazardous Substances (COC) was established after the *Exxon Valdez* oil spill as one of the principal recommendations of the Oil Spill Commission. The Oil Spill Commission identified state and federal government and public complacency as one of the principal causes of the *Exxon Valdez* oil spill. The COC was established by the legislature in response to this recommendation. Similarly, Congress created the regional citizens' advisory councils of Cook Inlet and Prince William Sound in the Oil Pollution Act of 1990 (OPA 90) to oversee and advise on issues related to the transAlaska pipeline and marine transportation of crude oil. Both the COC and use of the response fund to pay for its operations were deleted.

Summary of changes CSSB 215(FIN) am (efd fld) to House Versions

CSSB 215(FIN) am (efd fld) Sec&Stat	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94
1. AS 26.23.020 (g)	Same as Senate	Same as Senate	Same as Senate
2. AS 29.60.500	Same as Senate	Same as Senate	Same as Senate
3. AS 29.60.510	Same as Senate	Requires C&RA to return grant money unused after one year	Same as State Affairs
4. AS 29.60.520	Same as Senate	Technical amendment adds "actual" before costs under (a)(2)(B).	Same as State Affairs
5. AS 29.60.530	Same as Senate	Same as Senate	Same as Senate
6. AS 29.60.540 (b)	Same as Senate	Same as Senate	Same as Senate
7. AS 29.60.560(a)	Same as Senate	Same as Senate	Same as Senate
8. AS 29.60.560(e)	Same as Senate	Same as Senate	Same as Senate
9. AS 29.60.599(4)	Same as Senate	Same as Senate	Same as Senate
10. AS 29.60.599(7)	Same as Senate	Same as Senate	Same as Senate
11. AS 29.60.599(9)	Same as Senate	Same as Senate	Same as Senate
12. AS 37.14.410	Same as Senate	Same as Senate	Same as Senate
13. AS 43.55.201	Same as Senate	Same as Senate	Same as Senate

CSSB 215(FIN) am (efd fld)	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94
14. AS 43.55.211	Same as Senate	Same as Senate	Same as Senate
15. AS 43.55.221	Same as Senate	Same as Senate	Same as Senate
16. AS 43.55.231	Same as Senate	Same as Senate	Same as Senate
17. AS 43.55.299	Same as Senate	Same as Senate	Same as Senate
18. AS 43.55.900	Same as Senate	Same as Senate	Same as Senate
19. AS 46.04.010	Adopted DEC am#1 which directs recoveries into response mitigation first.	Same as Resources	Same as Resources
20. AS 46.08.005	Same as Senate	Deletes response to "a threatened release" from uses of response fund. Also limits response uses of prevention account to smaller spills.	Same as State Affairs <i>Therriault will propose Amendment to return to Senate version</i>
21. AS 46.08.010(a)	Same as Senate	Same as Senate	Same as Senate
22. AS 46.08.010(b)	Same as Senate	Same as Senate	Same as Senate
23. AS 46.08.010(c)	Same as Senate	Same as Senate	Removes reference to Depots and Corps (same as SB 33) - <i>Passed leg., signed by Sent to Gov.</i>

CSSB 215(FIN) am (efd fld)	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94
24. AS 46.08.020	Directly deposits interest from the 4 accounts into the prevention account.  Adds a new Section 25	Goes back to Senate version	Same as resources  adds new section 25
25. AS 46.08.025	26. Same as Senate	Same as Senate	26. Same as Senate
26. AS 46.08.040(a)	27. Adds "restoration of the environment" as a use of the response fund. Also allows prevention account money for muni impact assistance grants.	Deletes language added by Resources. Also deletes response to a "threatened release" as a use of the response fund.	27. Similar to State Affairs section 26, SB 33 changes allowing funding for agreements under AS 46.08.090/040; Deletes reference to DES Depots and Corps; Add House Resources amendment regarding C&RA Municipal impact assistance grants
27. AS 46.08.040(a)(2)(D)	28. Same as Senate	Same as Senate	28. AS 46.08.040a2C, Same as Senate Bill 33
28. AS 46.08.040(c)	29. Same as Senate	Same as Senate	29. Same as Senate

Draft "T"

CSSB 215(FIN) am (efd fld)	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94 <i>Delete</i>
29. AS 46.08.045	30. Same as Senate	Amends uses so that if the Governor DOES NOT declare a disaster, use of the response fund is limited to spills 2,500 bbls or larger. Also requires, if the governor DOES NOT declare a disaster that the commissioner report to the governor, and LB&A within 72 hours of using response money, and that the governor approve the use of the money - in writing - not later than 72 hours after the commissioner is advised of the release.	30. same as Section 29 State Affairs  New Section 31 - use of prevention account - allows unobligated portion of prevention account to be used for releases < 2500 BBLs and threatened releases. (it is the intent, but needs amendment)  <i>This section will propose amendment to amend to meet Gov's concern</i>
30. 46.08.050(b)	31. Same as Senate	Same as Senate	32. Same as Senate
31. 46.08.060(a)	32. Additional requirement for reporting of cost recoveries on prevention account.	Deletes language added in Resources. Also expands reporting requirements to include investigating and evaluating with prevention account monies.	33. Requires reporting for the entire fund ie- both accounts
32. AS 46.08.060(b)	33. Same as Senate	Same as Senate	34. Same as Senate
33. AS 46.08.060(c)	34. Same as Senate	Same as Senate	35. Same as Senate
34. AS 46.08.070	35. Same as Senate	Same as Senate	36. Same as Senate

CSSB 215(FIN) am (efd fld)	HCS CSSB215(RES)	HCS CSSB215(STA)	Work draft 5/2/94
35. AS 46.08.075(a)	36. Same as Senate	Same as Senate	37. Same as Senate
36. AS 46.08.075(e)	37. Same as Senate	Same as Senate	38. Same as Senate
37. AS 46.08.900(5)	38. Same as Senate	Same as Senate	39. Same as Senate
38. AS 46.08.900(9)	39. Same as Senate	Same as Senate	40. Same as Senate
39. AS 46.08.900(11)	40. Same as Senate	Same as Senate	41. Same as Senate
40. AS 46.08.900(13-)	41. Deletes the definition of "catastrophic oil discharge"	Same as Senate	42. Same as Senate
41. AS 46.09.900(8)	42. Same as Senate	Same as Senate	43. Same as Senate
42. Repealers	43. Same as Senate	Same as Senate	44. Same as Senate
43. Spill Reserve	44. Same as Senate	Same as Senate	45. Same as Senate
44. Surcharge	45. Same as Senate	Same as Senate	46. Same as Senate
45. Transitional	46. Same as Senate	Same as Senate	47. Same as Senate
46. SB 33	47. Same as Senate	Same as Senate	48. Same as Senate



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**Summary of Changes in the Proposed Senate Finance Committee Substitute ("V" draft) for CSSB 215 (RES) and Previous Senate Finance Committee Proposals and Comparison with Proposed House Resources Committee Substitute for House Bill 238 ("Z" draft)**

This overview provides a "thumbnail" sketch of the principal changes in the currently proposed Senate Finance Committee substitute for Senate Bill (SB) 215 and how SB 215 compares with HB 238 "Z" draft. In general, SB 215 is significantly improved in this most recent draft. The first set of bullets highlight improvements; this is followed by bullets indicating aspects of the bill that are still problematic. After each bullet, the SB 215 section is indicated to facilitate cross reference. The final section compares SB 215 and HB 238 as currently drafted.

**Principal changes to SB 215:**

- The prevention account conservation surcharge is increased from 2.5 cents to 3 cents per barrel. This surcharge level should provide sufficient revenues to fund the Alaska Department of Environmental Conservation (DEC) current spill prevention programs at FY 94 levels through the year 2000 [section 17].
- The response account conservation surcharge is changed from 2.5 cents to 2 cents per barrel [section 13]. The \$50 million cap is maintained with clearer surcharge suspension and reimposition language [sections 15 and 16]. This new language still reduces the amount of surcharge required to be paid to reach the \$50 million cap by approximately \$52 million.
- The response account is more readily accessible for all response actions. Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when 1) the governor declares a disaster emergency or 2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 30].
- Response action is no longer limited to initial first response [language removed from section 20].
- The response account inflation proofing provision that would have resulted in a substitution of general fund deposits for surcharge collections was deleted.
- The threshold for municipal impact grants remains releases of 2,500 barrels or more (as in current statute). Grants would be made from the response account. School districts would be eligible for grants [sections 1 and 3].

## Prince William Sound Regional Citizens' Advisory Council

- Language in the previously proposed committee substitute authorizing use of the prevention account for response depot equipment and for the acquisition of assets for preparedness measures is clarified to ensure that expenditures relate to oil and hazardous substances [sections 23 and 26].

### **New or unchanged problems in SB 215:**

- The Senate Finance Committee substitute authorizes use of the prevention account for underground storage tank grants. This is a new use of the response fund. The current backlog of grants requests totals \$65 million and the application period, which was to sunset this fiscal year, is likely to be extended. Approximately \$5 million has been spent annually on this program, primarily from mitigation account proceeds. The problem with this new use of the prevention account is that 1) the 3-cent surcharge is insufficient to fund the underground storage tank grant program and maintain current programs, 2) other sources of funds are available to underground storage tank owners, and 3) this action is inconsistent with the original stated intent of the proponents of response fund legislation---to provide greater equity in surcharge payments between crude and non crude operators and beneficiaries of the state response and prevention programs [section 26, AS 46.08.040(a)(2)(H)].
- The entire estimated balance of the spill reserve is appropriated to the response account despite 1) approximately 42 percent of the balance originating from state general funds and not surcharge payments and 2) the current practice of paying the next fiscal year's prevention program appropriations prior to appropriating the unencumbered balance to the spill reserve. Forward funding prevention programs becomes increasingly critical as North Slope production declines and the 3 cent surcharge becomes inadequate to fund prevention programs. The mechanism for appropriating the entire balance previously permanently suspended the 2 cent response surcharge if the appropriation did not occur this year or if the appropriation was vetoed or reduced by the governor. In this most recent proposal, the 2 cent response surcharge is suspended until the legislature makes the appropriation to the response account [section 45].
- Authorization for oil and hazardous substance response depot equipment purchases specifies the Alaska Department of Military and Veteran Affairs (DMVA), Division of Emergency Services. The DEC also has authority for establishing response depots and is the more appropriate lead agency for oil and hazardous substance depots or the oil and hazardous substances component of all-hazards depots. The DMVA would be the lead agency on all-hazards depots [section 26, AS 46.08.040(a)(2)(C)(ii)].
- Cost recovery efforts for state expenditures would be paid from the response account while local government and school district cost recovery efforts would be paid from the prevention account [section 26]. This is inconsistent with using the response account to pay for costs associated with releases or threatened releases.

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### Comparison with the Proposed CSHB 238 (RES) "Z" draft

#### Similarities:

- The nickel is split the same with a 3 cent per barrel conservation surcharge directed to the prevention account and a 2 cent per barrel conservation surcharge directed to the response account.
- The provisions for capping the response account at \$50 million, calculating the cap, and suspending and reimposing the 2-cent surcharge are similar. Under both proposals, approximately \$52 million less than required under current statutes in surcharge proceeds would be paid to reach the \$50 million cap; mitigation account receipts that are cost recovery of funds expended from the response account would be counted toward the balance calculation to suspend the surcharge; and fines, penalties and damage payments would not be credited against the cap.
- Provisions for accessing the response account are similar with a report from the DEC commissioner to the governor within 120 hours and the provision for the governor to approve, disapprove or amend the response action at any time.
- Similar to SB 215, response action in HB 238 is not limited to initial, first response.
- Provisions for municipal impact grants are similar with the exception that school districts are not added as eligible entities in HB 238. The response account is the source of funds in both bills.
- The house bill makes no changes to current statutes with regards to response depots equipment acquisition. However, the proposed HB 238 direct DEC to establish and maintain the oil and hazardous substances response corps and depots.

#### Differences:

- Unlike the proposed SB 215, the HB 238 proposal does not authorize appropriations from the prevention account for the underground storage tank grant program.
- Similarly, HB 238 does not require appropriation of the entire balance of the spill reserve to the response account to avoid suspending the response account surcharge. Instead, 60 percent of the balance is directed to the prevention account and 40 percent to the response account. This is based on the premise that the balance would be split how the nickel is split and approximately half of the balance originated from general fund appropriations.
- All cost recovery costs are paid from the response account under HB 238.

# OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND

## Senate Bill 215 (5/2/94)

CSSB 215 (FIN) am (efd fld)

HCS CSSB 215 (RES)

HCS CSSB 215 (STA)& 5/2/94 WD

**Response Account Provisions**

The response account is accessible for response actions.

The response account is accessible for response actions.

Uses of the response account for response to actual releases is restricted.

Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when

Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when

Money in the response account can be used to respond to a release--not a threatened release ---of oil when

1) the governor declares a disaster emergency or

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1) when the governor declares a disaster emergency and 2) if the release exceeds 2,500 barrels (105,000 gallons) of oil, "or would exceed an amount of a hazardous substance released into the environment that presents a threat to the economy and public welfare at least equivalent in effect to the effect of a release of more than 2,500 barrels of oil." [section 20]

2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 30]. The report is provided to the Legislative Budget and Audit Committee.

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2) the commissioner's written report must be delivered within 72 hours of being notified of a release (rather than 120 hours after initiating response); the written report must be provided to all members of the Legislative Budget and Audit Committee (rather than to the committee); and 3) within the same 72 hours, the governor must, in writing, approve the use of the response account. The result of this change is that at the time a release is being evaluated and a response planned, the DEC commissioner, governor and their staff are distracted preparing reports.

**Other Provisions**

Reduction in surcharge payments equals approximately \$48 million.

Reduction in surcharge payments equals approximately \$48 million.

Reduction in surcharge payments in excess of \$48 million.

Entire balance of spill reserve (\$35 million) to response account.

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# OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND

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Regional Citizens' Advisory Council / 750 W. 2nd Ave., Suite 100 / Anchorage, Alaska 99501-2168 / (907) 277-7222 / FAX (907) 277-4523

*"Citizens promoting environmentally safe operation of the Alyeska terminal and associated tankers."*

## **Overview of CSSB 215 (FIN) am (efd fld) and Comparison with Proposed House Resources Committee Substitute for House Bill 238 ("Z" draft)**

This is a brief overview of the principal changes in Senate Bill (SB) 215 as passed by the senate and previously proposed versions of SB 215. In general, CSSB 215 (FIN) am (efd fld) is improved from the Senate Resources Committee substitute. The first set of bullets highlight improvements to the bill; this is followed by bullets indicating aspects of the bill that are still problematic. After each bullet, the CSSB 215 (FIN) am (efd fld) section is indicated to facilitate cross reference. The final section compares SB 215 and the HB 238 "Z" draft.

### **Principal changes to SB 215:**

- The prevention account conservation surcharge is increased from 2.5 cents to 3 cents per barrel. This surcharge level should provide sufficient revenues to fund the Alaska Department of Environmental Conservation (DEC) current spill prevention programs at FY 94 levels through the year 2000 [section 17].
- The response account conservation surcharge is changed from 2.5 cents to 2 cents per barrel [section 13]. The \$50 million cap is maintained with clearer surcharge suspension and reimposition language [sections 15 and 16]. This new language still reduces the amount of surcharge required to be paid to reach the \$50 million cap by approximately \$52 million. The new suspension and imposition language also places cost-recovery funds that originated from the response account and deposited into the response mitigation account under the annual "blackmail or incentive clause." This means that any mitigation funds must be appropriated back into the response account or the two-cent response surcharge is suspended [section 16]. Under current statute, mitigation account funds are not included under the blackmail clause.
- The response account is more readily accessible for all response actions. Money in the response account can be used to respond to a release or threatened release of oil or a hazardous substance when 1) the governor declares a disaster emergency or 2) if within 120 hours of initiating the response action, the commissioner of DEC reports to the governor on the release, the state's action, and the anticipated cost of the response action. The governor may, at any time during the state's response, approve, disapprove, or amend the action [section 29].
- Response action is no longer limited to initial first response [language removed from section 20].
- The response account inflation proofing provision that would have resulted in a substitution of general fund deposits for surcharge collections was deleted.

## Prince William Sound Regional Citizens' Advisory Council

- The threshold for municipal impact grants remains releases of 2,500 barrels or more (as in current statute). Grants would be made from the response account. School districts are eligible for grants [sections 1, 2 and 3].
- Language in previously proposed Senate Finance Committee substitutes authorizing use of the prevention account for response depot equipment and for the acquisition of assets for preparedness measures is clarified to help ensure that expenditures relate to oil and hazardous substances [sections 23 and 26].

### **New or unchanged problems in SB 215:**

- The Senate Finance Committee substitute authorizes use of the prevention account for underground storage tank grants [section 26, AS 46.08.040(a)(2)(H)]. **This is a new use of the response fund. The current backlog of grants requests totals \$65 million and the application period, which was to sunset this fiscal year, is likely to be extended. Approximately \$5 million has been spent annually on this program; the source of funding for the past two years was primarily mitigation account proceeds. The problem with this new use of the prevention account is that 1) the 3-cent surcharge is insufficient to fund the underground storage tank grant program and maintain current programs, 2) other sources of funds are available to underground storage tank owners, and 3) this action is inconsistent with the original stated intent of the proponents of response fund legislation---to provide greater equity in surcharge payments between crude and non crude operators and beneficiaries of the state response and prevention programs.**
- **The entire estimated balance of the spill reserve is appropriated to the response account. This fails to recognize that the fund has always served two purposes---spill prevention and response. Given that future nickels are divided three cents for prevention and two cents for response, it makes sense that previous nickels should be divided similarly.** In addition, approximately 42 percent of the balance originating from state general funds and not surcharge payments.
- In the CSSB 215 (FIN) am (efd fld), the 2-cent response surcharge is suspended until June 30, 1995 if the legislature fails to appropriate the entire balance of the spill reserve to the response account [section 44]. This is an improvement over the previous Senate Resources Committee version.
- Authorization for oil and hazardous substance response depot equipment purchases specifies the Alaska Department of Military and Veteran Affairs (DMVA), Division of Emergency Services. The DEC also has authority for establishing response depots and is the more appropriate lead agency for oil and hazardous substance depots or the oil and hazardous substances component of all-hazards depots. The DMVA would be the lead agency on all-hazards depots [section 26, AS 46.08.040(a)(2)(C)(ii)].

## Prince William Sound Regional Citizens' Advisory Council

- **Restoration costs are paid from the prevention account despite restoration being part of responding to a spill.** Restoration is part of a continuum of clean up activities. If restoration can be paid from the prevention account, there will always be pressure to identify clean up actions as restoration and shift these costs to the prevention account.
- The Citizens' Oversight Council on Oil and Other Hazardous Substances (COC) was established after the *Exxon Valdez* oil spill as one of the principal recommendations of the Oil Spill Commission. The Oil Spill Commission identified state and federal government and public complacency as one of the principal causes of the *Exxon Valdez* oil spill. The COC was established by the legislature in response to this recommendation. Similarly, Congress created the regional citizens' advisory councils of Cook Inlet and Prince William Sound in the Oil Pollution Act of 1990 (OPA 90) to oversee and advise on issues related to the transAlaska pipeline and marine transportation of crude oil. Both the COC and use of the response fund to pay for its operations were deleted.

### Comparison with the Proposed CSHB 238 (RES) "Z" draft

#### Similarities:

- The nickel is split the same with a 3-cent-per-barrel conservation surcharge directed to the prevention account and a 2-cent-per-barrel conservation surcharge directed to the response account.
- The provisions for capping the response account at \$50 million, calculating the cap, and suspending and reimposing the 2-cent surcharge are similar. Under both proposals, approximately \$52 million less than required under current statutes in surcharge proceeds would be paid to reach the \$50 million cap; mitigation account receipts that are cost recovery of funds expended from the response account would be counted toward the balance calculation to suspend the surcharge; and fines, penalties and damage payments would not be credited against the cap.
- Provisions for accessing the response account are similar with a report from the DEC commissioner to the governor within 120 hours and the provision for the governor to approve, disapprove or amend the response action at any time.
- Similar to SB 215, response action in HB 238 is not limited to initial, first response.
- Provisions for municipal impact grants are similar with the exception that school districts are not added as eligible entities in HB 238. The response account is the source of funds in both bills.
- The house bill makes no changes to current statutes with regards to response depots equipment acquisition. However, the proposed HB 238 direct DEC to

## Prince William Sound Regional Citizens' Advisory Council

establish and maintain the oil and hazardous substances response corps and depots.

### Differences:

- Unlike the proposed SB 215, the HB 238 proposal does not authorize appropriations from the prevention account for the underground storage tank grant program.
- Similarly, HB 238 does not require appropriation of the entire balance of the spill reserve to the response account to avoid suspending the response account surcharge. Instead, 60 percent of the balance is directed to the prevention account and 40 percent to the response account. This is based on the premise that the balance would be split how the nickel is split and approximately half of the balance originated from general fund appropriations.
- House Bill 238 does not eliminate the COC.
- House Bill 238 more clearly identifies the response account as the source of funds for restoration.

SECTIONAL ANALYSIS  
CSSB 215 (FIN) am(efd fld)

SECTION 1: This section amends existing law to give the Governor authority to spend money from the response account for declared disaster emergencies.

SECTION 2: Adds school districts to existing law authorizing municipal and village assistance for spill related expenses; eliminates certain references to reflect changes in Section 3; limits applicability to "sudden" releases.

SECTION 3: Adds school district reference; retains existing 2,500 barrel (or hazardous substance equivalent) threshold for grant eligibility but eliminates related requirement for a declaration of a disaster emergency and certain findings by the Governor; grant money could come from either account depending on type of spill (see Section 29); also makes technical, conforming changes.

SECTION 4: Conforming amendment - adds reference to "school districts" to section on purposes of municipal impact grants.

SECTION 5: Conforming amendment - adds "school districts" to section containing grant application evaluation criteria.

SECTION 6: Conforming amendment - adds "school district" to section prohibiting use of local grants for capital improvements.

SECTION 7: Conforming amendment - adds "school districts" to section regarding impact assessments and development of cost recovery and mitigation plans for each disaster emergency declared by the Governor; makes section apply to disaster emergencies and releases under 46.08.045(b) (see also section 29 discussion).

SECTION 8: Technical, conforming amendment to revise reference from the "Fund" to the "Response" account.

SECTION 9: Revises definition of "fund" to reflect new name: oil and hazardous substance release prevention and response fund.

SECTION 10: Revises definition of "service" in 29.60 to include services provided by "school districts".

SECTION 11: Adds a definition of "school district" to 29.60.

SECTION 12: Conforming amendment - changes terminology and statutory references in current law dealing with Exxon

Valdez reimbursed expenditures to reflect establishment of the prevention and response accounts.

SECTION 13: Creates a new section that levies a 2 cent per barrel surcharge.

SECTION 14: Provides that the Legislature may appropriate this 2 cent per barrel surcharge into the response account.

SECTION 15: New section which sets up the accounting mechanics of the response and related accounts and provides that once the combined totals of the response account, portions of the response mitigation account relating to cost recovery and the general fund surcharge account equals or exceeds \$50,000,000, the levy is suspended beginning on the first day of the next calendar quarter following receipt of this information from the commissioner. The commissioner is required to make a reasonable effort to notify those who are paying the surcharge of the suspension. The surcharge is reimposed beginning on the first day of the next calendar quarter following receipt of the report discussed above if the balance falls below the \$50,000,000 mark. Affected parties also must be notified that the surcharge will be reimposed.

SECTION 16: The surcharge is not levied during any fiscal year for which the Legislature fails to appropriate the required amounts (surcharge; cost recovery monies) to the response account or the appropriation is vetoed or reduced by the Governor.

SECTION 17: Adds Title 43 definitions for "response account" and "response mitigation account" to reflect new provisions of this bill.

ARTICLE 2A: Authorizes a second surcharge of 3 cents per barrel that can be appropriated into the prevention account.

SECTION 18: Technical conforming amendments which refer to the new accounts and related statutory references.

SECTION 19: Amends 46.04.010 which deals with reimbursement for certain oil cleanup expenses. Expenses recovered under this law paid out of the former fund and the new response account are deposited into the general fund and credited to the response mitigation account. Expenses recovered that originated from the prevention account are credited to the prevention mitigation account.

SECTION 20: Amends "Purpose" section to recognize creation of the two accounts within the fund and describes the general purposes for these accounts.

SECTION 21: Revises section of existing law that creates the oil and hazardous substance release response fund to reflect new fund name (now the oil and hazardous substance release prevention and response fund) and to create the oil and hazardous substance release prevention account and the oil and hazardous substance release response account.

SECTION 22: Technical amendment to reflect establishment of accounts and to clarify that appropriations to an account do not lapse and remain available for expenditure in future years.

SECTION 23: Deletes reference to provision that allows the commissioner to transfer fund money to DOT for purposes of constructing or refurbishing ferries that can respond to spills but adds the following exceptions to the general rule that the fund can't be used for capital improvements: response depot equipment and the acquisition, repair or improvement of assets to be used as preparedness measures for oil and hazardous substance releases.

SECTION 24: This section provides for the financing of the prevention account. The Legislature is authorized to appropriate money from the following sources into the prevention account: Applicable surcharge proceeds; money from other state, federal and private sources; money recovered for reimbursement of expenditures made out of the prevention account; and all fines, penalties, damages and interest earned on the various accounts (prevention, prevention mitigation, response, response mitigation, surcharge). Except for the surcharge which has its own separate account in the general fund, these monies are first deposited into the general fund and credited to the prevention mitigation account and then may be appropriated from the mitigation account to the prevention account.

SECTION 25: This section provides for the financing of the response account. The account includes surcharge proceeds; money from other state, federal and private sources; and money recovered from parties that was initially paid out of the current fund or the new response account (not including fines, penalties and damages). Except for the surcharge, these monies go to the general fund response mitigation account and then can be appropriated to the response account.

SECTION 26: This section rewrites existing law to establish the allowed uses for money in the response and prevention accounts.

Response account uses include: to investigate, evaluate, contain and cleanup and take other necessary action to address a release or threatened release of oil and hazardous substances described in Section 29; to provide certain

matching funds in connection with a Section 29 release; and to pay for the costs to the state, municipality, village or school district for cost recovery efforts relating to money that was expended from the response account.

The prevention account can be used to: investigate, evaluate, contain and cleanup and take other necessary action regarding releases not described in Section 29; pay all costs to establish and maintain the response office, response corps (DMVA) and response depots (DMVA); pay all costs to review contingency plans, conduct training, inspections, tests and take other action to verify or establish preparedness for oil and hazardous substance releases, and to establish proof of financial responsibility; pay documented expenses incurred by the Alaska State Emergency Response Commission for staff and response and restoration support activities; pay all costs incurred to acquire, repair or improve an asset to be used as an emergency preparedness measure relating to releases of oil or a hazardous substance; pay the costs, approved by the commissioner, incurred by the local emergency planning committees; provide certain matching funds; provide money to the storage tank assistance fund; pay for cost recovery efforts relating to money expended from the prevention account; prepare, revise and review the master and regional prevention and contingency plans; and to pay for restoration efforts.

SECTION 27: This section, which is contingent on the passage of SB 33, authorizes the department to pay the Department of Military Affairs for Alaska Emergency Response Commission activities and general costs to the DMVA for being prepared for and responding to a request to support response and restoration activities relating to oil and hazardous substance releases.

SECTION 28: The legislature may not use more than 3% of the estimated balance of the prevention account to pay the costs incurred by local emergency planning committees.

SECTION 29: Provides that money from the response account can be used for disaster emergencies relating to oil and hazardous substance releases and other oil and hazardous releases. In the latter case, the Commissioner has to report the situation to the Governor and the Legislative Budget and Audit Committee within 120 hours. The Governor may at any time approve, disapprove or modify. If no action is taken by the Governor, the commissioner may continue to use the account.

SECTIONS 30, 31, 32, 33 and 34: These sections implement the legislative auditor's recommendations regarding development and expansion of accounting procedures and reporting requirements.

SECTIONS 35, 36, 37 and 38: Technical, conforming amendments.

SECTION 39: This section clarifies the definition of "threatened release" in 46.08.

SECTION 40: New definitions to reflect new terminology.

SECTION 41: This section clarifies the definition of "threatened release" in 46.09.

SECTION 42: Conforming repealers; repeals existing surcharge; repeals departments user fee authority for contingency plan and financial responsibility reviews; repeals provisions relating to construction of ferries; repeals all provisions regarding Citizens Oversight Council on Oil and Other Hazardous Substances.

SECTION 43: Technical, conforming provision.

SECTION 44: The response account surcharge is suspended for the next fiscal year if the unexpended and unobligated balance of the former oil and hazardous substance release response fund as of June 30, 1994 is not appropriated to the newly created response account this session or the appropriation is vetoed or reduced by the Governor.

SECTION 45: 5 cent per barrel surcharges received after June 30 and before the effective date of this bill are split 60 (prevention)/40 (response) and credited to each account for purposes of determining the suspension and reimposition of the surcharge under Sections 15 and 16.

SECTION 46: Ties section 27 to passage of SB 33.

Oil and Hazardous Substance Release Response Fund  
Historical Expenditures and Funding  
Actual Data

	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	TOTAL
<b>Revenue to Response Fund</b>									
General Fund Balance Forward									\$0.0
Mitigation Account Transfers In	\$302.7		\$136.5	\$197.6	\$1,696.1	\$30.1	\$1,823.3	\$661.2	\$4,847.5
General Fund Transfers In	\$380.7	\$976.2	\$10,500.0	\$32,600.0					\$44,456.9
General Fund Program Receipts Transfer In			\$9,469.0	\$15,596.7	\$2,976.9	(\$553.0)			\$27,489.6
Total General Fund Transfers In	\$683.4	\$976.2	\$20,105.5	\$48,394.3	\$4,673.0	(\$522.9)	\$1,823.3	\$661.2	\$76,794.0
.05 Surcharge Receipts Transfer In					\$27,000.0	\$28,500.0	\$27,000.0	\$26,700.0	\$109,200.0
<b>TOTAL REVENUE</b>	<b>\$683.4</b>	<b>\$976.2</b>	<b>\$20,105.5</b>	<b>\$48,394.3</b>	<b>\$31,673.0</b>	<b>\$27,977.1</b>	<b>\$28,823.3</b>	<b>\$27,361.2</b>	<b>\$185,994.0</b>
<b>Expenditures From The Response Fund</b>									
Statewide Programs	\$428.7	\$329.9		\$1,702.0	\$6,034.7	\$8,617.3	\$23,785.2	\$14,083.0	\$54,552.1
Exxon Valdez Oil Spill			\$6,271.6	\$31,775.6	\$24,912.1	\$15,702.8	\$297.0		\$78,959.1
Capital Budget					\$583.7	\$555.9	\$177.9	\$2,774.0	\$4,091.5
<b>TOTAL EXPENDITURES</b>	<b>\$428.7</b>	<b>\$329.9</b>	<b>\$6,271.6</b>	<b>\$33,477.6</b>	<b>\$31,530.5</b>	<b>\$24,876.0</b>	<b>\$24,260.1</b>	<b>\$16,857.0</b>	<b>\$138,031.4</b>
<b>Analysis</b>									
% General Funds For Fiscal Year	100.00%	100.00%	100.00%	100.00%	14.75%	-1.87%	6.33%	2.42%	41.29%
% Surcharge Funds For Fiscal Year	0.00%	0.00%	0.00%	0.00%	85.25%	101.87%	93.67%	97.58%	58.71%
Proportion Expended From General Funds	\$428.7	\$329.9	\$6,271.6	\$33,477.6	\$4,652.0	(\$464.9)	\$1,534.6	\$407.4	\$46,636.8
Proportion Expended From Surcharge Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$26,878.5	\$25,340.9	\$22,725.5	\$16,449.6	\$91,394.6
Total Expenditures	\$428.7	\$329.9	\$6,271.6	\$33,477.6	\$31,530.5	\$24,876.0	\$24,260.1	\$16,857.0	\$138,031.4
<b>Reconciliation</b>									
Total Revenue									\$185,994.0
Less Total Expenditures									\$138,031.4
Subtotal									\$47,962.6
Less Reserve For Encumbrances									\$10,559.2
Spill Reserve Balance									\$37,403.4



Cordova District Fishermen United

P.O. Box 939  
 Cordova, Alaska 99574  
 (907) 424-3447 FAX (907) 424-3430

April 15, 1994

Chairman Bill Williams  
 House Resources Committee  
 Alaska State Legislature  
 State Capitol  
 Juneau, AK 99811-1182

Dear Chairman Williams:

Enclosed are five pages of signatures from people in Cordova who ~~oppose~~ any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund. If you have any questions or require additional information, please call me any time. Thank you for your consideration.

Sincerely,  
 CORDOVA DISTRICT FISHERMEN UNITED

*Dorne Hawxhurst*  
 Dorne Hawxhurst, Executive Director

cc: House Resources Committee  
 Senator Georgianna Lincoln

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
Mark Heibrink	Mark Heibrink	P.O. Box 2084	
Peter D. Ochs	Peter D. Ochs	Box 447	424-7191
Jeff P. Howson	Jeff P. Howson	Box 2308	424-7281
Darla Church	Darla Church	Box 406	424-3389
Nen Hill	Nen Hill	Box 1290	424-1498
Kenneth Varto	Kenneth Varto	Box 852 Cordova	424-7729
Charles Trombride	Charles Trombride	Box 1744 Cordova	424-3758
Thomas E. Donovan	Thomas E. Donovan	Box 114 Cordova	424-3951
Tina M. Donovan	Tina M. Donovan	Box 164 Cordova	424-3951
Jim Pahl	James R. Pahl	Box 179 CDV	424-3479
Georgi Koebling	Georgi Koebling	Box 533 Cordova	424-5108
Matt G. Miller	Matt G. Miller	PO 141483 Anch AK 99514	
Eugene Brown	Eugene Brown	P.O. Box 306 Cordova	99574
John Long	Sylvia Long	Box 135 Cordova	55524
Annette Janka	Annette Janka	Box 1231 Cordova	99574
SELINA KEETON	Selina Keeton	P.O. Box 1841 Pt. Townsend WA 98368	
Brian L. King	Brian L. King	Box 915 Cordova, AK	99574
Leslie Sprick	Leslie Sprick	Box 2232211 Anch, AK	99522-2211
Lawrence Kairamuk	Lawrence Kairamuk	3501 E. 42nd #214, Anch, AK	99578
Cheryl M. Kroll	Cheryl M. Kroll	Box 2406 Cordova, AK	99574-2406
James Kairamuk	James Kairamuk	Box 2272 Cordova	424-7603
KARL RECKER	Karl Recker	Box 1185 Cordova	424-7466
MARK STEEN	Mark Steen	Box 1310 Cordova AK	424-5455
JAMES FULTON	James Fulton	P.O. Box 1435 Antioch, CA	94509
T.F. OSBORN	T.F. Osborn	P.O. Box 1986 Cordova AK	99574
JUDY LIETZAU	Judy Lietzau	P.O. Box 2145 Cordova AK	99574
Jennifer Ballak	Jennifer Ballak	1625 W. Dickson #1 Sea WA	98119

Please send to Senator Pearce, Co-chair Senate 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 #1	AK
7 Erika Winter	<i>Erika Winter</i>	1703 Roosevelt	424-3106	
Cantace L. Gregory	<i>Cantace L. Gregory</i>	Box 242 Cordova	424-5825	
Diana Masolini	<i>Diana Masolini</i>	Box 1131 Cordova	424-7328	
Michael O'Leary	<i>Michael O'Leary</i>	Box 1052 Cordova	424-7557	
Faye Pahl	<i>Faye Pahl</i>	Box 179 Cordova	99574	
Bob Stange	<i>Bob Stange</i>	Box 2462 Cordova	99574	
James E. Hafer	<i>James E. Hafer</i>	Box 1957 Cordova	99574	
Doreen Schaffer	<i>Doreen Schaffer</i>	P.O. Box 443 Cordova	99574	
Ray Beaudin	<i>Ray Beaudin</i>	1592 Cordova	99574	
Sheelley Chris-m	<i>Sheelley Chris-m</i>	442 Cordova	99574	
Robert J. Koppchak	<i>Robert J. Koppchak</i>	Box 1126 Cordova	99574	
Kristen Ballum	<i>Kristen Ballum</i>	P.O. Box 1689 Cordova	99574	
Mitch Nowicki	<i>Mitch Nowicki</i>	Box 2732 Cordova	99574	
Karen Patten	<i>Karen Patten</i>	Box 1033 Cordova	99574	
R.J. Rudwilt	<i>R.J. Rudwilt</i>	Box 1748 Cordova	99574	
MATT SMALL		Cordova		
Arthur M. Walsh	<i>Arthur M. Walsh</i>	Box 956 Cordova	99574	
Annabelle	<i>Annabelle</i>	Box 1366 Cordova		
Annelle B. Williams	<i>Annelle B. Williams</i>	Box 2324 Cordova	99574	
Belle Melanson	<i>Belle Melanson</i>	Box 325 Cordova	99574	
JAMES P. VANSANT	<i>James P. Vansant</i>	Box 1267 Cordova	99574	
BARCLAY JONES KOPCHAK	<i>Barclay Jones Koppchak</i>	Box 1046 Cordova	99574	
Michael P. McCanta	<i>Michael P. McCanta</i>	Box May Glennallen	99582	
Kenneth D. Kritchman	<i>Kenneth D. Kritchman</i>	Box 1255 Cordova	99574	
Wendy Weisel	<i>Wendy Weisel</i>	Box 1939 Cordova	99574	3E
Laurie Berger	<i>Laurie Berger</i>	Box 1753 Cordova	99574	

Please send to Senator Pearce/Co chair Senate 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

~~W. K. WEAVERLING~~ ~~John E. Weaverling~~ ~~Box 895~~ ~~CORDOVA AK 99574~~ ~~424-5305~~  
~~Ralph E. Lohse~~ ~~Box 14~~ ~~Cordova AK 99574~~ ~~424-7170~~  
 Linda Lohse Linda Lohse Box 14 Cordova AK 99574 424-7170  
 Mark King Mark King Box 965 Cordova AK 99574 424-3373  
 ROBERT PRUMBS ~~Robert Prumbs~~ Box 171 Cordova AK 99574 424-5657  
~~David Lorenson~~ ~~DAVID LORENSEN~~ ~~Box 1356~~ ~~Cordova AK 99574~~ ~~424-5719~~  
 Erwin Samuelson ERWIN SAMUELSON Box 1212 Cordova AK 99574 424-7718  
 GAIL T. NOLAN GAIL T. NOLAN 770 CDV AK 99574 3503  
 Gary Thomas Gary Thomas PO 1331 CDV AK 99574 -3117  
 DAVID P. JANKA D.P. JANKA POB1231 Cordova AK 99574 424-7602  
 BOB CHAPEK BOB CHAPEK Box 1524 CDV AK 99574 424-5356  
 Christina Taylor Christina Taylor Box 850 Cordova AK 99574 424-3605  
 Robert Blake Robert Blake Box 718 Cordova AK 99574  
 John A. Cooney John A. Cooney Box 2473 Cordova AK 99574  
 Kevin G. O'Shea Kevin G. O'Shea Box 1875 Cordova AK 99574  
 Sindy VanDure Sindy VanDure Box 473 Cordova AK 99574  
 CATHY SHERMAN Cathy Sherman Box 1186 Cordova AK 99574  
 DAVID GRAMEL David Gramel Box 1676 Cordova AK 99574  
 SUSAN OGGE Susan Ogge Box 895 Cordova AK 99574  
 KENEK KANKIN Kenek Kankin Box 985 Cordova AK 99574  
 Amy Quaid Amy Quaid Box 2234 Cordova AK 99574  
 MICHAEL L. MEINTS Michael L. Meints Box 2402 Cordova AK 99574  
 Kim J. Ewert Kim J. Ewert Box 1324 Cordova AK 99574  
 Lia R. Smith Lia R. Smith Box 52 Cordova AK 99574  
 Theo Thomas Theo Thomas Box 1566 Cordova AK 99574  
 Sally Patch Sally Patch Box 956 Cordova AK 99574  
 Claire Mannarino Claire Mannarino 1434 Cordova AK 99574

Please send to Senator Pearce, Co-chair Senate 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>
William R Reid	Wm Reid	Bx 1234 CDV	424-7448
DOENE HAWKHURST	Doene Hawkhurst	Bx 856 CDV	424-3447/5257
Christine Honkola	Christine Honkola	Box 100 CDV	424-7520
JAMES MYKLAND	James Mykland	Box 1241 CDV	424-7115
John Boccia	John Boccia	Box 1312 CDV	424-5152
Richard Bisselle	Richard Bisselle	Box 1454 CDV	AK 424-3715
Kory Blake	Kory Blake	Box 1122 CDV	424-7194
Herb Jensen	Herb Jensen	Rx 294 CDV	424-3767
JIM JOHNSON	Jim Johnson	Box 267 CDV	424-7525
MICHAEL KOWICKI	Michael Kowicki	Box 7252 CDV	5492
Linda Masolin	Linda Masolin	Box 102 CDV	424-7489
John B. Davidson	John B. Davidson	Box 11 Cordova AK	5373
Michael B. Scott	Michael B. Scott	Box 855 Cordova, AK	3584
ANDREW F. ALLEN	Andrew F. Allen	Box 1836 CDV, AK	99574 (3684)
TERESA LaDOSIMONE	Teresa LaDOSIMONE	Box 169 Cordova, AK	424-7436
Dorothy Carpenter	Dorothy Carpenter	Box 1432 Cordova, AK	424-39
SUSAN LAIRD	Susan Laird	Box 1624 Cordova, AK	424-38
MAX C. BENNETT	Max C. Bennett	Box 1806 Cordova, AK	99574
JANISS KAUANOWA	Janiss Kauanowa	Box 2272 Cordova, AK	99574 (424-7603)
MAX McARTY	Max McArt	Post 2368 Cordova, AK	
TORIE BAKER	Torie Baker	PO BOX 1159 CDV	424-3820
<del>XXXXXXXXXX</del>			
Elizabeth Sinner	Elizabeth Sinner	Box 762 CDV	424-5611
CARROLL KAMONICKI	Carroll Kamonicki	Box 5435 CDV	424-3621
Jim Jager	Jim Jager	530 St. Lazarus Cr. Anchorage, AK	337-8602

Please send to Senator Pearce, Co-chair Senate 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
Pete Mickelson	Pete Mickelson	Box 325, Cordova	424-5111
Dan Strickland	Dan Strickland	Box 9304-D Palmer, AK	745-1260
Tim Kennedy	Tim Kennedy	Box 299, Cordova	424-3604
Sheela Ann N. Mullins	Sheela Ann N. Mullins	Box 1236, Cordova	424-3604
STEVE L. COBB	STEVE L. COBB	Box 398, Cordova	424-7601
Heidi Babic	Heidi Babic	Box 1208, Cordova	424-7244
Jack Babic	Jack Babic	1208, CDU	424-7244
Robert J. Kordak	Robert J. Kordak	1126, CDU	424-7178
TRICIA A. CARON	TRICIA A. CARON	Box 1202, Homer, AK	235-5511
Mike Gudlak	Mike Gudlak	Box 1236, CDU	424-3871
Cindy Appleby	Cindy Appleby	Box 1795, CDU	7597
Heather McCarly	Heather McCarly	Box 2368, CDU	7485
Tom Hovner	Tom Hovner	Box 1034	7387
Gene Dina Jankland Jr	Gene Dina Jankland Jr	P.O. 460, Cordova	5790

Please send to Senator Pearce, Co-chair Senate 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>
KAREN BUTTON		2706 W 30th ANCH, AK 99517	
<del>Mei Mei Eva</del>	<del>Mei Mei Evans</del>	<del>P.O. Box 243074 AIA 99524</del>	<del>276-7269</del>
JILL DELATTI		POB 101153 ANCH AK 99510	
Laurie Daniel		3605 Arctic #2789 Anch AK 99503	277-1549
GLADYS THOMPSON		2216 hakea Dr Anchorage, AK 99507	349-1456
Jana Sudkamp		3237 Wiley Post Ln Anch, AK 99517	
Ann E. Berron		PO Box 102783 Anchorage, AK 99510	
Nancy E. Michaelson	Nancy E. Michaelson	HCOI Box 6916 Palmer AK 99445	
Carolyn L. Ramsey		403 W. 32nd Ave #212 99503	
Christopher Farmer		1809 Cindy Lee Ln Anchorage, AK 99507	562-4762
Anna Young		Box 2905 Cordova AK 99574	
Mark Kansteiner		Box 1636 Seward, AK 99664	
Ken Leghorn		516 E. 3rd St. Juneau AK 99901	586-1972
Colleen Burch		12821 Mt. Place Anchorage AK 99516	345-5391
James Stratton		12821 Mt. Place " " "	" " "
ROBERT A. GIGLES		REPUBLICAN FOR GOVERNOR - 94	
		7447 OBRIEN ST ANCH AK 99507	344-5469
JAMES R. CARTER		3505 WOODLAND PARK DR ANCHORAGE AK 99517	243-6744
CARY COLLING		468 N. BAILEY PALMER AK 99445	746-2201
JEAN CAMERON		2147 NE 14th Portland, OR 97212	
Cheryl Richardson		1747 Lawrence Ct. Anchorage AK 99501	
Rosie L. Cole		6155 Alaskan Dr Anch, Alaska 99504	
Kurt Byers		P.O. 81186 Fairbanks AK 99708	457-2230
GEORGE E. LUKENS II		758 OCEANVIEW DR ANCH AK 99515	345-2749
GEORGE E. LUKENS JR.		755 OCEANVIEW DR ANCH AK 99515	345-2749
PAUL LARRY BENSON JR		635 W 9TH #5 ANCH AK 99510	345-2749
TOM LAKES		PO Box 1006 Anch AK 99510	538-1606
Ken Elwood Jr.		PO Box 460 Cordova, Alaska 99574	907/245740

**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

Bob Todd                      [Signature]                      572 Birch Dr                      261-4615

Pauline Ford                      [Signature]                      2413 Cordova Ave Anch                      249-7514

[Signature]                      [Signature]                      17 N YOUNG DR                     

Jean M. [Signature]                      [Signature]                      PO Box 5773 Anchorage                      235-0011

CHARLES M. [Signature]                      [Signature]                      P.O. Box 3442 Ilwaco                      235-6094

DAVID GRIMES                      [Signature]                      Box 1636                      Cordova

Kathy Tuleo                      [Signature]                      Box 83405 FHR                      99708 - 955 - 4286

Penelope Wells                      [Signature]                      PO Box 240454 Anch, AK                      99524 - 327

William [Signature]                      [Signature]                      3401 Denali #203 Anch AK                      272-3112

Lorraine Eckstein                      [Signature]                      986 W. 26 #206 Anch.                      99503 272-3112

Vin [Signature]                      [Signature]                      1315 Cordova #202 Anch.                      99501 276-5555

Dan Law                      [Signature]                      PO Box 188, Anch AK                      99566 835-4808

Jan [Signature]                      [Signature]                      7030 Mulia Cir. Anch.                      99507 344-6282

[Signature]                      [Signature]                      PO Box 5122 Anchorage AK                      99501 276-5555

Frederick L. Ott                      [Signature]                      -6537 Revere Ave Wauwatosa, WI                     

Stan [Signature]                      [Signature]                      Box 1297 Valdez                      99646

Elizabeth [Signature]                      [Signature]                      HC 52 Box 8900 Idiana                      99540 653-7849

[Signature]                      [Signature]                      1119 G St Anchorage, AK                      99501

James R. Ballanger                      [Signature]                      HC 83 Box 2334 Eagle River, AK                      99577 696-8136

Noel C. Nelson                      [Signature]                      2515 Cottonwood St. Anch. AK                      99508 272-5830

Steve Nelson                      [Signature]                      2515 Cottonwood St, Anch, AK                      99508 786-7436

Arthur Newman                      [Signature]                      3836 Bryant Ridge Rd Anch AK                      99504

Virginia W Moore                      [Signature]                      14530 Echo St Anchorage AK                      345-1355

Stephen Bodnar                      [Signature]                      box 2262 Cordova AK                      99574 424-5427

Theodore F. Moore                      [Signature]                      14530 Echo St. Anch, AK                      99576 345-1355

Philip S. King                      [Signature]                      7611 Mentra St Anch, AK                      99518 349-1344

EVA Cerda                      [Signature]                      7021 Tanik Anch. AK                      99504 333-0747

Please send to Senator Pearce, Co-chair Senate 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>
Leslie Pearson	Leslie A Pearson	HC52 Box 8820 Indian 99540	653 1993
Michael L. ...	Michael L. ...	Box 1297 ...	...
Don Strickland	Don Strickland	Box 9304-D Palmer AK	99645 745-1260
Dawn Lamm	Dawn Lamm	PO Box 133 ...	...
Rick ...	Rick ...	Box 2421 ...	...
R. A. Finberg	R. A. Finberg	PO Box 416 Ester AK	99725 479-7700
Mike Fitzgerald	Mike Fitzgerald	HC83 Box 2234 ER	99577 676-8136
Peter Ginsburg	Peter Ginsburg	2600 Redwood St. Anch.	99508
Frank ...	Frank ...	3371 ...	...
David ...	David ...	Box 1955 ...	...
Ivan L. Wisdom	IVAN L. WIDOM	BOX 154 SELDOVIA AK	99663
Hope Wing ND	Hope Wing ND	1660 Village Senic Pkwy Anch.	AK 99516 345-4265
Richard McKean	Richard McKean	105 E. 11th Ave Anch	AK 99501
Matt Carr	M. Carr	9981 FLATTOP AVE ANCH AK	99516
Carl ...	Carl ...	6476 ...	...
Marilyn ...	Marilyn ...	1401 Virginia Ct Anch	99501 272-3034
William ...	William ...	130 ...	...
William ...	William ...	3605 Arctic #1241	99513
Gene ...	Gene ...	1124 L St	99501 272-2470
DEBRA STUMP	Debra L. Stump	2420 DENNIS WAY	99515 345-2425
Paul ...	Paul ...	3170 ...	...
Holly Kane	Holly Kane	4106 ...	99508 563-4470
Pamela Brodie	Pamela Brodie	P.O. Box 104082 Anchorage	99510 248-9388
JAMES M. YOUNG	James M. Young	1742 W. 12th Ave A ANCH AK	99501 276-6144
Carol ...	Carol ...	2512 ...	...
EUGENE LEVINE	Eugene Levine	7343 LINDEN DR ANCH AK	99502 248-0742

Please Send to Senator Pearce Co-Chair Senate Finance  
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>
JIM BRENNAN	<i>Jim Brennan</i>	1006 G. St.	229-7515
LANI BRENNAN	<i>Lani Brennan</i>	"	"
TINA ALSTATT	<i>Tina Alstatt</i>	PO BOX 24353	248-9877
MICHAEL A. ARMSTRONG	<i>Michael A. Armstrong</i>	15032 SNOWSHOE LN.	345-2878
SUSAN R. POST	<i>Susan R. Post</i>	7343 Linden Dr	248-0742
Lynn Fitch	<i>Lynn Fitch</i>	3231 Amber Bay	314-6915
Harvey Mills	<i>Harvey Mills</i>	2420 Dennis Way	345 2425
Marabeth B. Tilden	<i>Marabeth B. Tilden</i>	4720 Cambridge Way	361-0590
Martha Siebe	<i>Martha Siebe</i>	8700 Swiss Dr	346-3327
Earl Eamhart	<i>Earl Eamhart</i>	1043 W. 74th Ave.	99510 345-1160
Catherine Portlock	<i>Catherine Portlock</i>	10501 Loudermill Ave	99516
Hugh Fleischer	<i>Hugh Fleischer</i>	1401 W. 11th Ave	99501
Larrie Fleischer	<i>Larrie Fleischer</i>	1401 W. 11th Ave	99501
Bret Baylund	<i>Bret Baylund</i>	16461 Black Birch Ct., Anchorage	99516 345-4032
Carin Smith	<i>Carin Smith</i>	16261 Black Birch Ct., Anchorage	99516 345-4032
Roger D. Plume	<i>Roger D. Plume</i>	3111 Lexington	99502-3131
Colleen K. Praia	<i>Colleen K. Praia</i>	2429 Teleovana	99517
Clis Eames	<i>Clis Eames</i>	2615 W. 37th, #2 Anch	99517 274-3621
Issue Hebrante	<i>Issue Hebrante</i>	PO Box 2570 Homer AK	99603 no phone
JOE ANDRETA	<i>Joe Andreta</i>	PO Box 205968 Anchorage	99520 258-4111
KEVIN HARRIS	<i>Kevin Harris</i>	510 Mt Anchorage	AK 99501 274-32
MICHAEL J. COUMBE	<i>Michael J. Coumbe</i>	PO Box 240743	99524 277-2444
HELEN COUMBE	<i>Helen Coumbe</i>	1430 A St	99501 272-8286
Patricia Gleason	<i>Patricia Gleason</i>	4211 Bridle Cir	99517 248-0442
Lena Oise	<i>Lena Oise</i>	PO Box 244034	99524 277-1330
Harriet Drummond	<i>Harriet Drummond</i>	2139 Hillcrest Pl.	99503 279-7722
RICHARD J. HELM	<i>Richard J. Helm</i>	PO Box 100916, ANC.	AK 99510 338-RICK

Please send to Senator Pearce, Co-chair Senate 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>
Blair Chambers	<i>Blair Chambers</i>	2101 Wetmore Fg Anch.	278-5035
CHRISTAL	<i>Christal</i>	4720 Eagle St #1 Anch. 99503	561-0515
Dorothy L. Greenkorn	<i>Dorothy L. Greenkorn</i>	1322 Virginia Ct Anchorage 99501	272-3763
Karl Ollis	<i>Karl Ollis</i>	3905 Wyo. Dr. Anchorage 99501	561-1171
Blair	<i>Blair</i>	2504 Louisa Dr. Anch. 99501	272-1947
Ronald K. Healy	<i>Ronald K. Healy</i>	1055 Thayer J. Fairbanks AK 99701	457-4672
M. W. Birch	<i>M. W. Birch</i>	1928 Stargate Cir Anch AK 99575	379-4165
G. W. WEAVERLING	<i>G. W. WEAVERLING</i>	Box 895 Corbova AK 99579	429-5305
Joe Banta	<i>Joe Banta</i>	12304 Hilltop Dr Anch AK 99515	522-3808
THOMAS L. LOHMAN	<i>Thomas L. Lohman</i>	P.O. Box 642, BARROW, AK 99723	852-0350
Dorcas Sullivan-Garcia	<i>Dorcas Sullivan-Garcia</i>	7220 Holman Anchorage, 99516	345-7961
Roy A. WARREN	<i>Roy A. Warren</i>	PO Box 362 Juneau, AK 99803	781-4382
KEVIN M. O'SHEA	<i>Kevin M. O'Shea</i>	1865 E. Turner Rd #102D Anch. 99507	563-4996
Lynn McLeod	<i>Lynn McLeod</i>	5647 F. 4th, 6-703	99504 338-2662
Mark Johnson	<i>Mark Johnson</i>	18726 Horizon Dr. Juneau 463-5807	44821
Sharon Lohman	<i>Sharon Lohman</i>	3340 Fitch Ave Juneau	
Suzie Kendrick	<i>Suzie Kendrick</i>	PO Box 4502 Seldovia AK	262-3799
JEFF GINALAS	<i>Jeff Ginalas</i>	5018 E 43 Ave Anchorage AK	337-2165
PRICE E. ERIC	<i>Price E. Eric</i>	1715 ORCA Dr Anch AK	274-2751
Nancy F. LETTING	<i>Nancy F. Letting</i>	P.O. Box 1353, Valdez, AK 99686	335-4500
GAIL K. EVANOFF	<i>Gail K. Evanoff</i>	P.O. Box 8060 Chenega Bay AK.	99574-8060

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182



May 17, 1994

Governor Wally Hickel  
State Capitol  
P.O. Box 110001  
Juneau, AK 99811-0001

Dear Governor Hickel:

We want to first thank you for your work on the oil-taxation statute of limitations legislation. We are also writing to urge you to veto Senate Bill 215, regarding the oil and hazardous substance release response fund. You may recall that we met with you several months ago and discussed our concerns about HB 238 and SB 215. At that time we appreciated your assurance that you would not support a version of the bill merely because it included 3 cents for Prevention and 2 cents for Response.

You assured us and also stated in a press release, that, "the growth of this (response) fund should not be accelerated at the expense of the state's efforts to prevent future spills of oil and hazardous substances into Alaska's pristine environment." That is exactly what this bill does. It accelerates the growth of the response account and minimizes funding for prevention given the competition for uses of funds from the prevention account.

Although SB 215 passed with a 3/2 split, it is not the bill we discussed in our meeting. It does affect the state's ability to prevent future spills of oil and hazardous substances. In addition, the 3/2 split is no longer a true 3/2 split because the legislature added underground and above-ground storage tanks as uses of the response fund. The addition of underground and above ground storage tanks will dramatically reduce funding for spill prevention and response programs funded within DEC. We would like to stress that ironically, alleged misuse of the fund for the storage tank program was one of the false claims used initially to justify the need for a bill!

The underground storage tank program was funded at \$4.5 million this year. The backlog of grants is currently \$65 million and the program application period was extended by the Eighteenth legislature. The Alaska Energy Authority estimated that upgrading above-ground storage tanks will cost approximately \$200 to \$300 million dollars. Attempting to fund above-ground storage tanks, underground storage tanks, capital projects, the depot and corps program as well as core oil spill prevention and response programs out of the prevention account is not possible without severely weakening prevention programs.

In addition, \$13.5 million is a minimal level of funding for the DEC Spill Prevention and Response Division after years of budget cutting. In FY 93, for

example, it was around \$16 million. A recent division of legislative budget and audit report on the response fund indicated that the SPAR budget was at minimum levels and questioned whether, "complacency is again setting in." Without continued vigilance by the State of Alaska, we may find ourselves in the same unprepared situation we were in prior to the Exxon Valdez oil spill.

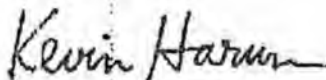
Even assuming minimal appropriations for underground and above ground storage tanks, these programs will take a significant portion of funds available from the 3 cent surcharge. This will result in the continued loss in critical professional positions for spill prevention and response programs within DEC.

Finally, we would also like to point to the elimination of the Citizens' Oversight Council on Oil and other Hazardous Substances, the unwillingness to split the existing response fund balance 60/40 and the elimination of the authority to use the funds for the restoration of environmental damages, as major deviations from the "package" that you stated must be part of any final version of SB 215.

Now that the legislature failed to pass the statute of limitations bill, it is even more important that you consider vetoing SB 215. Without the revisions to the statute of limitations the oil industry may be relieved of paying back taxes. Why should we give the industry an additional 2 cent tax break that will severely compromise the state's ability to prevent spills at the same time we give industry substantial tax relief?

Again we urge you to use your powers to help keep our state prepared and capable of preventing future oil spills by vetoing Senate Bill 215.

Sincerely,



Kevin Harun  
Alaska Center for the Environment



Theo Matthews  
United Cook Inlet Drift Assoc.

CC: Bill Williams, Chair House Resources Committee

From the desk of **Richard A. Fineberg**  
**Ester, Alaska 99725**

**P.O. Box 416**  
 Phone / Fax (907) 479-7778

(Via Fax)

February 26, 1994

Rep. Bill Williams, Chair  
 House Resources Committee  
 Alaska State House of Representatives  
 Juneau, Alaska 99801-1182

Re: SB 215 / SB 238 ("470" Fund)

Dear Rep. Williams:

Once again you are being asked to consider bills modifying the oil spill response "470" fund on behalf of the oil industry. I am strongly opposed to any attempt to restructure or reduce the "470" fund and its mission without clear recognition of two things:

==> the crucial importance of prevention in the State's oil spill prevention program; and

==> the incredible magnitude of North Slope profits.

Regarding the first point, I find it strange that less than five years after the Exxon Valdez ran aground, unleashing what was arguably the worst oil spill in this nation's history, citizens are once again have to remind the Legislature that foolish complacency and misplaced trust played major roles in causing that spill. Although the Senate Resources Committee blatantly ignored the testimony from others in opposition to changing the "470" fund at this time, I believe that strong and well-grounded testimony covered the first point; I turn therefore to the second.

Spread across all North Slope oil production, the so-called "nickel-per-barrel" surcharge actually amounts to less than three cents per barrel after taxes. According to the Dept. of Revenue's Feb. 9 letter to Senator Zharoff, there are two principal reasons for this: First, the surcharge does not apply to royalty barrels, and, secondly, on the remaining 7/8 of production to which the surcharge applies, it is deductible from federal income tax. In simplified form, the true cost of the nickel per barrel would look like this:

\$0.05	surcharge on taxable (non-royalty) barrels
x 0.875	approximate equity (non-royalty) fraction
= \$0.04375	pre-tax surcharge spread across all barrels
x 0.65	35% federal income tax allowance for the \$0.04375 per-barrel payment
= \$0.02843	(2.483 cents per barrel) cost of the nickel-per-barrel after consideration of royalty and federal income tax effects

That's less than one percent of CY 1993 after-tax Alaska North Slope production and pipeline profits of approximately \$2.96 per barrel. That per-barrel profit produced an annual profit in excess of \$1.7 billion for the industry. This estimate, incidentally, fully recognizes the industry's poor fourth-quarter performance. Even on those few dark days in December when prices were at the \$10.00 per-barrel level, it appears that North Slope profits were still running on the order of \$400,000.00 per day.

To determine whether this 2.8 cents per barrel significantly affects oil industry operations, let's consider these profits in terms of what an investor might earn

*Fineberg / Rep. Bill Williams  
2/26/94 (Page 2)*

elsewhere. If North Slope production and pipelining were controlled by one company instead of three, that firm's 1993 profits would have ranked on a par with the seventh most profitable firm on the Fortune 500 list of the nation's most profitable companies in 1992. Clearly, North Slope investors would be hard-pressed to duplicate their North Slope profits anywhere else in the nation. The Fortune listing from 1992 is attached to demonstrate that North Slope operations rank among the most profitable enterprises in the nation.

It is also noteworthy that compared to Fortune 500 leaders in other industries, the North Slope is remarkably constant in its profits. Between 1987 and 1992, I estimate that North Slope production and pipelining profits exceeded \$2 billion in every year. By comparison, during those years, Fortune 500 powerhouses such as GM and IBM vanished from the ranks of the most profitable, racking up huge losses for several years in a row when they encountered hard times. In contrast, the costs of the Exxon Valdez didn't even knock Exxon out of the top five in 1989, while the oil market's travails in late 1993 only put a relatively small dent in the profitability of Alaskan operations for the year.

The spreadsheet on which my 1993 profit estimates are based is attached. The right-hand column identifies the sources for the data I have used. These are all published sources, and perhaps the most surprising thing is that the industry's ongoing public relations campaign has been so effective that these numbers are not widely discussed. Those of you who are familiar with the estimates I did in 1992 in a report to the Senate Finance Committee will recognize that I have revised my estimates to reflect new production cost data released by the Department of Revenue and published last fall by the Legislative Research Agency.

Clearly, \$0.03 per barrel is at most a minute fraction of North Slope profits. Moreover, this surcharge is virtually irrelevant to long-term industry profitability models, which typically forecast price changes in the \$2.00- to \$5.00-per-barrel range. Those models indicate that the North Slope should produce similarly strong profits into the next century, with or without alteration to the "470" fund.

I can think of several reasons why the oil industry might wish to divert the Legislature into wasting time on this red herring. But I can see no good reason why you, as our elected representatives, should fall for this industry ploy. In my estimation, your time during a 120-day session is too valuable to waste on this excursion. Your services are badly needed in other areas.

If I can provide additional information, please let me know. In the meantime, I close with best wishes in your efforts to resolve the far more pressing administrative and budget problems facing you.

Sincerely,



Richard A. Fineberg

enc.

ANS Profit Worksheet (Research Associates 2/94)

North Slope Profit Analysis: ALL ITEMS

1--CY 93 ANS AVE (\$298) == /

Notes (2/16/92) ISA 093, goal costs

Gulf Coast West Coast

1	Average Price for ANS (Spool)		\$16.36	\$15.45	ADOR (Item Nov.; Dec = BP posting)
2	Quality Adjusted Price				(n.a.)
3	Production / Disposition	Bill. rate	Day		ADOR (MADS; Rental/Nov)
	a. Production (mm bbls, yr. / day)	586.19	1.605		ADOR (avg. data Nov.)
	b. Volume to East / West Coast (%)	15.80%	84.20%		
4	Feeder Expense Tariff		(\$0.10)	(\$0.10)	W/hold avg. sum of items 4a thru 4g (1992 data)
	a. Operating & capital costs		(\$0.04)	(\$0.04)	Alaska Dept of Law (ADL: 7/29/92) Item 4b
	b. State & local property tax (pipelines)		\$0.00	\$0.00	30% of total property tax * (Feeder tariff / TAPS tariff)
	c. State income tax (pipelines)		\$0.00	\$0.00	4d * (eff. state tax rate / eff. fed. tax rate)
	d. Federal income tax (pipelines)		(\$0.01)	(\$0.01)	ADL (7/29/92) Item 4c
	e. After-tax royalty		(\$0.02)	(\$0.02)	ADL (7/29/92)
	f. Recovery of deferred return		(\$0.01)	(\$0.01)	*
	g. DR&R allowance		\$0.00	\$0.00	*
5	TAPS Pipeline Tariff		(\$2.92)	(\$2.92)	From ADOR Schedule
	a. Operating & capital costs		(\$0.97)	(\$0.97)	Line 5 - (Item 5b thru 5g)
	b. State & local property tax (pipelines)		(\$0.16)	(\$0.16)	30% of total property tax
	c. State income tax (pipelines)		(\$0.09)	(\$0.09)	5d * (eff. state tax rate / eff. fed. tax rate)
	d. Federal income tax (pipelines)		(\$0.60)	(\$0.60)	ADL (7/29/92) Item 4c
	e. After-tax margin		(\$0.56)	(\$0.56)	ADL (7/29/92)
	f. Recovery of deferred return		(\$0.49)	(\$0.49)	*
	g. DR&R allowance		(\$0.05)	(\$0.05)	*
	h. Proratability Charge				
6	State Share (Feeder Lines)		(\$0.01)	(\$0.01)	Sum of items 4b, 4c
7	Federal Share (Feeder Lines)		(\$0.01)	(\$0.01)	Item 4d
8	Industry Profit (Feeder Lines)		\$0.05	\$0.05	Sum of items 4c, 4f
9	State Share (TAPS)		(\$0.25)	(\$0.25)	Sum of items 5b, 5c
10	Federal Share (TAPS)		(\$0.60)	(\$0.60)	Item 5d
11	Industry Profit (TAPS)		\$1.05	\$1.05	Sum of items 5c, 5f
12	Tracker (Oil Gulf / West Coast)		(\$3.40)	(\$1.11)	ADOR (from USFPA/VTRA Item 10y)
13	Wellhead value		\$9.92	\$11.32	Sum of items 1, 4, 5, 12
14	State Royalties, Production & Property Taxes		(\$2.78)	(\$8.12)	Sum of items 14a thru 14d
	a. Royalty		(\$1.17)	(\$1.54)	Item 13 less field costs * est. field royalty
	b. Severance tax		(\$1.19)	(\$1.36)	Item 13 * 87% * nominal severance* FY P
	c. Split Resource & Conservation Tax		(\$0.05)	(\$0.00)	\$1.05 * 87%
	d. State & local property tax (production)		(\$0.97)	(\$0.97)	70% of total property tax (from ADOR Spr. 93, p. 6)
15	Production costs		(\$5.17)	(\$8.17)	Sum of items 15a, 15b (assumed = FY 1993)
	a. Lifting Costs		(\$1.86)	(\$1.86)	From Leg. Res. Agency FY 93 (Sept. 93)
	b. Depreciation, Depletion & Amortization		(\$3.31)	(\$3.31)	*
16	Net Revenue (production)		\$1.98	\$3.03	Sum of items 13, 14, 15
17	State Income Tax (production - a)		(\$0.12)	(\$0.12)	ADOR Fall 93 Forecast Item 4c, 5c
18	Federal Income Tax (production - a)		(\$0.61)	(\$0.94)	EM. 33.0% of items 16 + 17
19	Industry Profit (production)		\$1.24	\$1.98	Sum of items 16 thru 18
20	Total State Share (production + pipelines)		\$3.15	\$3.89	Sum of items 6, 9, 17
21	Total Federal Share (production + pipelines)		\$1.23	\$1.55	Sum of items 7, 10, 18
22	Total Industry Profit (production + pipelines)		\$2.59	\$3.06	Sum of items 8, 11, 19
23	CY 93 Industry Avg. per Barrel ANS Profit			\$2.96	(Gulf [line 22 + line 3b]) + (W. C. [line 22 + line 3b])
24	EM. CY 93 Industry Profit == =>		\$1.7355		(Line 23 * line 3a)



# 500

RANK 1992	1991	COMPANY
1	1	GENERAL MOTORS Detroit
2	2	EXXON Irving, Texas
3	3	FORD MOTOR Dearborn, Mich.
4	4	DITL. BUSINESS MACHINES Armonk, N.Y.
5	5	GENERAL ELECTRIC Fairfield, Conn.
6	6	MOORE Ad Hoc, Va.
7	7	PHILIP MORRIS New York
8	8	E.I. DU PONT DE NEMOURS Wilmington, Del.
9	9	CHEVRON San Francisco
10	10	TEXACO White Plains, N.Y.
11	11	CHRYSLER Highland Park, Mich.
12	12	BOEING Seattle
13	13	PROCTER & GAMBLE Cincinnati
14	14	AMOCO Chicago
15	15	PSPICO Purchase, N.Y.
16	16	UNITED TECHNOLOGIES Hartford
17	17	BELL Int. Houston
18	18	ORACLE Oracle
19	19	WESTINGHOUSE Erie Pa.
20	20	DOWN CHEMICAL Midland, Mich.
21	21	EXXON Stamford, Conn.
22	22	ATLANTIC RICHFIELD Los Angeles
23	23	BIDDISCOMBE DUNGLAS St. Louis
24	24	HEWLETT-PACKARD Palo Alto, Calif.
25	25	UNION Pittsburgh
26	26	RUN HANCOCK HOLDINGS New York
27	27	ROYAL EQUIPMENT Hayward, Mass.
28	28	MONSIEUR MARIAGE & MFG. St. Paul
29	29	MERRILL & LYNCH New York, N.Y.
30	30	TRIMCO Houston
31	31	INTERNATIONAL PAPER Purchase, N.Y.
32	32	MOTOROLA Schaumburg, Ill.
33	33	SARA LEE Chicago
34	34	COCA-COLA Atlanta
35	35	WESTINGHOUSE ELECTRIC Pittsburgh
36	36	ALLIED-SIGNAL North Haven, Conn.
37	37	PHILLIPS PETROLEUM Bartlett, Ill.
38	38	GOODYEAR TIRE & RUBBER Akron
39	39	GEORGIA PACIFIC Atlanta
40	40	WESTINGHOUSE ELECTRIC New York
41	41	AMERSON-BUCH St. Louis
42	42	IBM Armonk, N.Y.
43	43	ROCKWELL INTERNATIONAL Seal Beach, Calif.
44	44	CATERPILLAR Peoria, Ill.
45	45	LOCKHEED California, Calif.
46	46	COASTAL Houston
47	47	MERCK Kenilworth, N.J.
48	48	ASHLAND OIL Ashland, Ohio
49	49	ALLIUM CO. OF AMERICA Pittsburgh
50	50	ASCHER DANIELS MIDLAND Decatur, Ill.

\* \* \* \* \*

The data, names, abbreviations, and locations underlying the figures in this

April 19, 1994

Representative Bill Hudson  
State Capitol  
Juneau, AK 99801-1182

Dear Representative Hudson:

I am writing in regards to SB 215, which proposes to separate the oil and hazardous substance release response fund into two accounts. Although I am against this bill, I understand the bill will likely pass. Therefore, I would like to make the following suggestion.

Rather than depositing the entire 470 fund into the response account, I would like to see 60-75% of the current balance put into the prevention account. This will ensure that money and resources will be available to provide an adequate preventive program.

I believe all Alaskans will be better served if we are capable of preventing a spill rather than being more fit to clean one up. It is easier to prevent mishaps from happening than to deal with them later. Please remember the example set by the Exxon Valdez--it was preventable.

I encourage you to provide adequate funding for the preventive account. Thank you for considering my thoughts.

Sincerely,

A handwritten signature in cursive script that reads "Michelle Bugni". The signature is written in dark ink and is positioned above the typed name and address.

Michelle Bugni  
3718 El Camino  
Juneau, AK 99801

TO: Senator Fred Zharoff

April 12, 1994

FR: Wayne Coleman  
Box 1913  
Kodiak, AK 99615  
486-3916

- RCAC  
BOARD MEMBER

Fred,

Please try to amend SB 215 to eliminate the use of the prevention account for underground storage tank grants.

Abatement of leaking underground storage tank problems is an important program and must be funded through other sources.

Use of the SB 215 prevention account for the underground tank programs could seriously jeopardize funds available to DEC for prevention and response programs.

The 3 cent per barrel levy would then be totally inadequate to provide for depots and corps around the state, especially coastal communities, and areas like Kodiak would perhaps, never be able to achieve the level of spill prevention and protection that is necessary.