

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8033 HOUSE RESOURCES

(7)

Date Referred: April 15, 1994

HOUSE COMMITTEE REP

FURTHER REFERRALS:

State Affairs  
Finance

Date of Committee Action: 4/22/94

The RESOURCES Committee considered:

CSSB 215(FIN) am(efd fld)

CS FOR SENATE BILL NO. 215(FIN) am(efd fld)

OIL/HAZARDOUS SUBS. RELEASE RESPONSE FUND

"An Act relating to oil and hazardous substances; redesignating the oil and hazardous substance release response fund and relating to it; repealing the Citizens' Oversight Council on Oil and Other Hazardous Substances and the authority in law by which marine highway vessels may be designed and constructed to aid in oil and hazardous substance spill cleanup in state marine water using money in the oil and hazardous substance release fund for remainder of title)

RECOMMENDATIONS:

be replaced with HCS CSSB 215 (RPS)  the same title  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact Revenue

fiscal note(s) \_\_\_\_\_

zero fiscal note Pub. Safety, Law, DEC, Admin.

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Bill Hudson</u> Hudson	<input checked="" type="checkbox"/>	<u>Pat Carney</u> Carney	<input checked="" type="checkbox"/>		
<u>Jim Spence</u> Spence	<input checked="" type="checkbox"/>	<u>Green</u> Green			<input checked="" type="checkbox"/>
<u>Bob Mulder</u> Mulder	<input checked="" type="checkbox"/>	<u>Davies</u> Davies			<input checked="" type="checkbox"/>
<del>_____</del>		<u>David Imboden</u>	<input checked="" type="checkbox"/>		
<u>W.R. Williams</u>	<input checked="" type="checkbox"/>				
<u>Annette James</u>	<input checked="" type="checkbox"/>				

W.R. Williams

CHAIRMAN'S SIGNATURE

(11)  
Date Referred: April 29, 1994

HOUSE COMMITTEE REPORT  
FURTHER REFERRALS:

C

Date of Committee Action: 5/5/94

The FINANCE Committee considered:

CSSB 215(FIN) am(efd fld)

CS FOR SENATE BILL NO. 215(FIN) am(efd fld)

OIL/HAZARDOUS SUBS. RELEASE RESPONSE FUND

"An Act relating to oil and hazardous substances; redesignating the oil and hazardous substance release response fund and relating to it; repealing the Citizens' Oversight Council on Oil and Other Hazardous Substances and the authority in law by which marine highway vessels may be designed and constructed to aid in oil and hazardous substance spill cleanup in state marine water using money in the oil and hazardous substance release

RECOMMENDATIONS:

be replaced with HCS CS SB 215 (FIN)

COVER FOR REMAINDER OF TITLE

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) Revenue 4/27/94

zero fiscal note BIS

4  zero fiscal note(s) DPS 4/27/94; DEC 4/27

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	A.
<u>Eileen P Maclean</u>	<input checked="" type="checkbox"/>				
<u>Ronald J. [unclear]</u>	<input checked="" type="checkbox"/>	<u>Mark Hanley</u> Hanley		<input checked="" type="checkbox"/>	
<u>Richard [unclear]</u>	<input checked="" type="checkbox"/>	<u>Laura Martin</u> Martin		<input checked="" type="checkbox"/>	
<u>[unclear]</u>		<u>Sean P. Parvill</u> Parvill		<input checked="" type="checkbox"/>	
<u>[unclear]</u>		<u>Ben [unclear]</u> gusserdat		<input checked="" type="checkbox"/>	
<u>[unclear]</u>		<u>Tom Hoff</u> Hoffman		<input checked="" type="checkbox"/>	
<u>[unclear]</u>		<u>Lay Brown</u> Brown			<input checked="" type="checkbox"/>
<u>[unclear]</u>		<u>Greg Therniault</u> Therniault		<input checked="" type="checkbox"/>	

Eileen P Maclean  
CHAIRMAN'S SIGNATURE  
MACLEAN

Alaska State House of Representatives  
Eighteenth Legislature  
\*\*Second Session\*\*

RCS# 954  
Item 13

05-07-94  
22:09:03

HCS CSSB 215(FIN)  
Second Reading  
Amendment No. 1

*Amendment to split current balance of the 470 Fund  
60%/40% between new prevention & response accounts*

Yeas:	17	Brice, Brown, Carney, Davidson, Davies, B.Davis, Finkelstein, Grussendorf, Hoffman, Mackie, Menard, Moses, Nicholia, Nordlund, Sitton, Ulmer, Willis
Nays:	22	Barnes, Bunde, G.Davis, Foster, Green, Hanley, Hudson, James, Kott, Larson, MacLean, Martin, Mulder, Navarre, Olberg, Parnell, Porter, Sanders, Therriault, Toohey, Vezey, Williams
Excused:	1	Phillips
Absent:	0	

Alaska State Senate  
Eighteenth Legislature  
Second Session

RCS# 316  
Item 9

04-13-94  
15:06:03

CSSB 215(F1N) AM  
Third Reading - Final Passage  
Effective Date

Yeas:	10	Frank, Halford, Jacko, Kelly, Leman, Miller, Pearce, Phillips, Sharp, Taylor
Nays:	9	Adams, Donley, Durcan, Ellis, Kerttula, Lincoln, Little, Salo, Zharoff
Excused:	0	
Absent:	1	Rieger

**DIVISION OF LEGAL SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

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

**MEMORANDUM**

April 8, 1994

**SUBJECT:** Fiscal notes on bills with no administrative costs but with statewide fiscal impact

**TO:** Representative Bill Williams  
Attn: Mary McDowell

**FROM:** Tamara Brandt Cook  
Director

*TBC*

You have asked whether a fiscal note is required to be prepared for a bill that has no administrative costs associated with its implementation, but affects state revenue generally, such as a bill modifying laws relating to taxation. The language contained in statute is somewhat ambiguous as to this point. AS 24.08.035(a) states in part:

Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease that would result from enactment of the bill for the current fiscal year and five succeeding fiscal years, or if the bill has no fiscal impact, a statement to that effect shall be attached.

So, on the one hand, the language referring to the "amount of the appropriation increase or decrease" seems to be specifically addressed to administrative costs associated with implementing the bill, and, on the other hand, the reference to "fiscal impact" suggests that the fiscal impact on the state as a whole will trigger the fiscal note requirement.

I believe the best reading of the statute leads to the conclusion that it applies to any bill with fiscal impact on the state, regardless of the absence of administrative costs associated with the bill. My conclusion is based upon the language of subsection (c) which requires that a fiscal note contain information on "the fiscal impact on existing programs" and "the fiscal impact of new programs. . ." A revenue raising measure, such as a bill dealing with taxes, arguably involves either an existing or new revenue raising "program," just as a bill that makes benefits available involves a benefit

Representative Bill Williams

April 8, 1994

Page 2

"program." I believe that fiscal notes involving bills that require expenditures, like benefit programs, have typically included fiscal information on the costs of the actual benefits provided as well as the administrative costs associated with distributing those benefits. Why then should the language be construed not to include the fiscal impact of bills involving state receipts, like tax programs?

In any case, bear in mind that a bill involving state revenues, whether or not it has a fiscal note attached to it, must be referred to the Finance Committee under Uniform Rule 24(d). For example, a tax bill which increases one tax while decreasing another might carry a zero fiscal note, but, as a substantive matter, the bill involves revenues so a Finance Committee referral would be required.

TBC:pl

94-292.plm

# FISCAL NOTE

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

**BILL NO. HCS CSSB 215 (RES)**

Revision Date:	Dept. Affected: Revenue
Title: <u>An Act relating to oil and hazardous substances...</u>	BRU: <u>Revenue Operations</u>
Sponsor: <u>Miller</u>	Component: <u>Oil &amp; Gas Audit</u>
Requestor: <u>House Resources</u>	COMPONENT SERIAL NO. <u>115</u>

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL</b>						
<b>REVENUE FUND SOURCE:</b>	-5,300.0	-10,000.0	-9,900.0	-9,500.0	-4,500.0	-9,500.0

**FUNDING:** (Thousands of Dollars)

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary.)  
 Revenue reduction estimates are based on production and tax revenues included in the *Revenue Sources Book, Fall 1993*, and expenditure analysis provided by the Department of Environmental Conservation. The fiscal note represents a simple mathematical calculation based on those estimates.

Prepared by:	<u>Leslie K. Stewart</u>	Phone: <u>276-1363 ext. 271</u>
Division:	<u>Oil &amp; Gas Audit Division</u>	Date: <u>April 25, 1994</u>
Approved by Commissioner:	<u>Darrel J. Rexwinkel</u>	Date: <u>April 25, 1994</u>
Agency:	<u>Revenue</u>	

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# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HCS CS SB215(RES)

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

Department Affected: Environmental Conservation  
 BRU: Spill Prevention and Response  
 Component: All SPAR Components, Response Fund  
Admin. Component in Admin. BRU

COMPONENT SERIAL NO. All of the above.

Expenditures/Revenues: (Thousands of Dollars)

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

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

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

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)  
 SEE ATTACHED

Prepared by: Bob Poe, Director *[Signature]*  
 Division: Information & Administrative Services

Phone: 465-5010  
 Date: 4/25/94

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

Date: 4/25/94

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Fiscal Analysis for  
HCS CSSB215(RES)

	No Change From Existing Statute	HCS CSSB215 (RES) Entire Spill Reserve to Response Account
<b>Fiscal Year 1995</b>		
Beginning Balance of Response Fund	\$63.2	
Beginning Balance of Response Account		\$47.7
Beginning Balance of Prevention Account		\$15.5
Total .05 Surcharge Collected in FY95	\$26.2	
Total Response Surcharge Collected in FY95		\$5.2
Total Prevention Surcharge Collected in FY95		\$15.7
Interest Earned in FY95		\$2.5
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0
Ending Balance of Response Fund	\$48.9	
Ending Balance of Response Account		\$46.9
Ending Balance of Prevention Account		\$2.0
Suspension and Reimposition Calculation	(\$6.1)	\$52.5
<b>Fiscal Year 1996</b>		
Beginning Balance of Response Fund	\$75.1	
Beginning Balance of Response Account		\$52.5
Beginning Balance of Prevention Account		\$20.2
Total .05 Surcharge Collected in FY96	\$25.3	
Total Response Surcharge Collected in FY96		\$0.0
Total Prevention Surcharge Collected in FY96		\$15.2
Interest Earned in FY96		\$2.5
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0
Ending Balance of Response Fund	\$60.7	
Ending Balance of Response Account		\$51.7
Ending Balance of Prevention Account		\$6.3
Suspension and Reimposition Calculation	\$4.5	\$52.0

Fiscal Analysis for  
HCS CSSB215(RES)

	No Change From Existing Statute	HCS CSSB215 (RES) Entire Spill Reserve to Response Account
<b>Fiscal Year 1997</b>		
Beginning Balance of Response Fund	\$86.0	
Beginning Balance of Response Account		\$52.0
Beginning Balance of Prevention Account		\$24.0
Total .05 Surcharge Collected in FY97	\$24.8	
Total Response Surcharge Collected in FY97		\$0.0
Total Prevention Surcharge Collected in FY97		\$14.9
Interest Earned in FY97		\$2.5
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		\$0.0
Ending Balance of Response Fund	\$71.2	
Ending Balance of Response Account		\$51.2
Ending Balance of Prevention Account:		\$9.7
Suspension and Reimposition Calculation	\$14.2	\$51.5
<b>Fiscal Year 1998</b>		
Beginning Balance of Response Fund	\$96.0	
Beginning Balance of Response Account		\$51.5
Beginning Balance of Prevention Account		\$27.0
Total .05 Surcharge Collected in FY98	\$23.8	
Total Response Surcharge Collected in FY98		\$0.0
Total Prevention Surcharge Collected in FY98		\$14.3
Interest Earned in FY98		\$2.5
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0
Ending Balance of Response Fund	\$80.7	
Ending Balance of Response Account		\$50.7
Ending Balance of Prevention Account		\$12.3
Suspension and Reimposition Calculation	\$22.4	\$51.0

Fiscal Analysis for  
HCS CSSB215(RES)

	No Change From Existing Statute	HCS CSSB215 (RES) Entire Spill Reserve to Response Account
<b>Fiscal Year 1999</b>		
Beginning Balance of Response Fund	\$104.5	
Beginning Balance of Response Account		\$51.0
Beginning Balance of Prevention Account		\$29.1
Total .05 Surcharge Collected in FY99	\$22.4	
Total Response Surcharge Collected in FY99		\$4.5
Total Prevention Surcharge Collected in FY99		\$13.4
Interest Earned in FY99		\$2.5
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2
Estimated Response Account Use	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0
Ending Balance of Response Fund	\$88.8	
Ending Balance of Response Account		\$50.2
Ending Balance of Prevention Account		\$13.9
Suspension and Reimposition Calculation	\$28.8	\$54.9
<b>Total Prevention Program Underfunding</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Response Account Surcharge Paid</b>	<b>\$122.5</b>	<b>\$9.7</b>
<b>Total Prevention Account Surcharge Paid</b>	<b>\$0.0</b>	<b>\$73.5</b>
<b>Total Surcharges Paid</b>	<b>\$122.5</b>	<b>\$83.2</b>
<b>Total Surcharge Savings to Payor (5 Years)</b>	<b>\$0.0</b>	<b>\$39.3</b>

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO: HCS CSSB 215(RES)

Revision Date: 04/21/94 Dept. Affected: Public Safety  
 Title: Oil/Hazardous Subs Release Response Fund BRU: Alaska State Troopers  
 Component: Detachments  
 Sponsor: Senator Miller  
 Requestor: H.RES COMPONENT SERIAL NO. 799

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

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

**FUNDING: (Thousands of Dollars)**

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

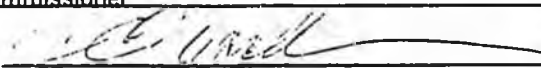
Estimate of current year (FY 94) impact: \$ \_\_\_\_\_

**POSITIONS:**

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

ANALYSIS: (Attach a separate page if necessary.)

No impact is anticipated to the Department of Public Safety.

Prepared By: Lee Ann Lucas Phone: 465-4322  
 Division: Office of Commissioner Date: 04/25/94  
 Approved by Commissioner:  Date: 04/25/94  
 Agency: Richard L. Burton, Dept. of Public Safety

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FISCAL NOTE

STATE OF ALASKA

BILL NO. HCSCSB 215 (RES)

1994 LEGISLATIVE SESSION

Revision Date: April 25, 1994  
 Title: ...redesignating the oil and hazardous release response fund...  
 Sponsor: Senator Miller  
 Requestor: Senate Resources

Department Affected: Department of Law  
 BRU: EXXON VALDEZ Litigation  
 Component: EXXON VALDEZ Litigation  
 COMPONENT SERIAL NO. 1175

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

The House Resources Committee Substitute for SB 215 makes minor technical changes and will not be a fiscal impact for the Department of Law.

*Richard I. Peques*

Prepared by: Richard I. Peques, Director

Phone: 465-3672

Division: Administrative Services Division

Date: April 25, 1994

*Richard I. Peques/FOR*

Approved by Commissioner: Bruce M. Botelho, Attorney General

Agency: Department of Law

Date: April 25, 1994

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# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 215 (Res)

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: "An Act relating to oil and hazardous substances...." BRU: Finance  
 Component: Finance  
 Sponsor: Sen. Miller  
 Requestor: (H) Resources COMPONENT SERIAL NO. 59

Expenditures/Revenues (Thousands of Dollars)

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

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

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

Estimate of current year (FY94) cost: none

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Don Wanie, Director Phone: 465-2240  
 Division: Finance Date: \_\_\_\_\_  
 Approved by Commissioner: Nancy Bear Userra Date: 4/26/94  
 Agency: Administration

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# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB 215(FIN) am(EFD FLD)

Revision Date: April 18, 1994 Dept. Affected: Revenue  
 Title: An Act relating to and redesignating the oil and hazardous BRU: Revenue Operations  
substance release response fund... Component: Oil & Gas Audit Division  
 Sponsor: Miller  
 Requestor: Hs. Resources Committee COMPONENT SERIAL NO. 115

Expenditures/Revenues: (Thousands of Dollars)

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

REVENUE FUND SOURCE:	-5,300.0	-10,000.0	-9,900.0	-9,500.0	-4,500.0	-9,500.0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary.)  
 Revenue reduction estimates are based on production and tax revenues included in the *Revenue Sources Book, Fall 1993*, and expenditure analysis provided by the Department of Environmental Conservation. The fiscal note represents a simple mathematical calculation based on those estimates.

Prepared by: Rod R. Mourant *[Signature]* Phone: 465-2302  
 Division: Commissioner's Office Date: April 18, 1994  
 Approved by Commissioner: Darrel J. Rexwinkel *[Signature]* Date: April 18, 1994  
 Agency: Revenue

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# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CS SB215 (FIN) cum (end fin)

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

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

Expenditures/Revenues: (Thousands of Dollars)

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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FUND SOURCE

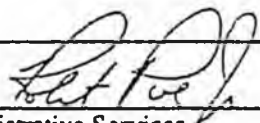
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTLA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

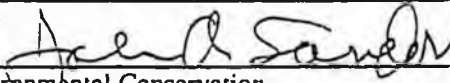
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

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

Phone: 465-5010  
 Date: 4/19/94

Approved by Commissioner:   
 Agency: Department of Environmental Conservation

Date: 4/19/94

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Response Fund Alternatives  
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
<b>Fiscal Year 1995</b>			
Beginning Balance of Response Fund	\$63.2		
Beginning Balance of Response Account		\$25.3	\$47.7
Beginning Balance of Prevention Account		\$37.9	\$15.5
Total .05 Surcharge Collected in FY95	\$26.2		
Total Response Surcharge Collected in FY95		\$10.5	\$5.2
Total Prevention Surcharge Collected in FY95		\$15.7	\$15.7
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5	\$13.5
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$48.9		
Ending Balance of Response Account		\$24.5	\$46.9
Ending Balance of Prevention Account		\$24.4	\$2.0
Suspension and Reimposition Calculation	(\$6.1)	\$35.3	\$52.5
<b>Fiscal Year 1996</b>			
Beginning Balance of Response Fund	\$75.1		
Beginning Balance of Response Account		\$35.3	\$52.5
Beginning Balance of Prevention Account		\$40.1	\$17.7
Total .05 Surcharge Collected in FY96	\$25.3		
Total Response Surcharge Collected in FY96		\$10.1	\$0.0
Total Prevention Surcharge Collected in FY96		\$15.2	\$15.2
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9	\$13.9
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$60.7		
Ending Balance of Response Account		\$34.5	\$51.7
Ending Balance of Prevention Account		\$26.2	\$3.8
Suspension and Reimposition Calculation	\$4.5	\$44.9	\$52.0

Response Fund Alternatives  
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
<b>Fiscal Year 1997</b>			
Beginning Balance of Response Fund	\$86.0		
Beginning Balance of Response Account		\$44.9	\$52.0
Beginning Balance of Prevention Account		\$41.4	\$19.0
Total .05 Surcharge Collected in FY97	\$24.8		
Total Response Surcharge Collected in FY97		\$7.4	\$0.0
Total Prevention Surcharge Collected in FY97		\$14.9	\$14.9
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3	\$14.3
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		\$0.0	\$0.0
Ending Balance of Response Fund	\$71.2		
Ending Balance of Response Account		\$44.1	\$51.2
Ending Balance of Prevention Account		\$27.1	\$4.7
Suspension and Reimposition Calculation	\$14.2	\$51.8	\$51.5
<b>Fiscal Year 1998</b>			
Beginning Balance of Response Fund	\$96.0		
Beginning Balance of Response Account		\$51.8	\$51.5
Beginning Balance of Prevention Account		\$42.0	\$19.5
Total .05 Surcharge Collected in FY98	\$23.8		
Total Response Surcharge Collected in FY98		\$0.0	\$0.0
Total Prevention Surcharge Collected in FY98		\$14.3	\$14.3
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8	\$14.8
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$80.7		
Ending Balance of Response Account		\$51.0	\$50.7
Ending Balance of Prevention Account		\$27.2	\$4.8
Suspension and Reimposition Calculation	\$22.4	\$51.3	\$51.0

Response Fund Alternatives  
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
<b>Fiscal Year 1999</b>			
Beginning Balance of Response Fund	\$104.5		
Beginning Balance of Response Account		\$51.3	\$51.0
Beginning Balance of Prevention Account		\$41.5	\$19.1
Total .05 Surcharge Collected in FY99	\$22.4		
Total Response Surcharge Collected in FY99		\$0.0	\$4.5
Total Prevention Surcharge Collected in FY99		\$13.4	\$13.4
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2	\$15.2
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$38.8		
Ending Balance of Response Account		\$50.5	\$50.2
Ending Balance of Prevention Account		\$26.3	\$3.9
Suspension and Reimposition Calculation	\$28.8	\$50.8	\$54.9
<b>Total Prevention Program Underfunding</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Response Account Surcharge Paid</b>	<b>\$122.5</b>	<b>\$28.0</b>	<b>\$9.7</b>
<b>Total Prevention Account Surcharge Paid</b>	<b>\$0.0</b>	<b>\$73.5</b>	<b>\$73.5</b>
<b>Total Surcharges Paid</b>	<b>\$122.5</b>	<b>\$101.5</b>	<b>\$83.2</b>
<b>Total Surcharge Savings to Payor (5 Years)</b>	<b>\$0.0</b>	<b>\$21.0</b>	<b>\$39.3</b>

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB 215 (Fin) am(Ord) 11d

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: \*An Act relating to oil and hazardous substances... BRU: Finance  
 Component: Finance  
 Sponsor: Sen. Miller  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 59

Expenditures/Revenues (Thousands of Dollars)

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

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

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

Estimate of current year (FY94) cost: none

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Don Wanie, Director Phone: 465-2240  
 Division: Finance Date: \_\_\_\_\_  
 Approved by Commissioner: Nancy Bear Usera Date: 4/15/94  
 Agency: Administration

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FISCAL NOTE

No. 8

Bill Version: CSB 215 (FIN)

(S) Publish Date: 4-13-94

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

Revision Date: April 13, 1994  
Title: Redesignating the oil and hazardous release response fund.  
Sponsor: Senator Miller  
Requestor: Senate Finance

Department Affected: Department of Law  
BRN: EKXON VALDEZ Litigation  
Component: EKXON VALDEZ Litigation  
COMPONENT SERIAL NO. 1175

EXPENDITURES/REVENUES:

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
OPERATING						
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						
FUNDING:						
1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-
POSITIONS:						
FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

The CS for SB 215 makes sufficient changes that there will not be a fiscal impact for the Department of Law.

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

Phone: 465-3672  
Date: April 13, 1994

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

Date: April 13, 1994

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*Replaces # 6*

# FISCAL NOTE

No. 3

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL

Bill Version: SB 215

(S) Publish Date: 4-8-94

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

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

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

SB 215

FUNDING: (Thousands of Dollars)

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

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)  
 No impact is anticipated to the Department of Public Safety.  
 Changes in SB 215 (Fin) have no fiscal impact. This fiscal note is appropriate.  
4-7-94 ML

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

# FISCAL NOTE

No. 5

Bill Version: CS SB 215 (FIN)

(S) Publish Date: 4-12-94

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL N

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

**Expenditures/Revenues:**

(Thousands of Dollars)

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

CAPITAL						
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REVENUE FUND SOURCE:						
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**FUNDING:**

(Thousands of Dollars)

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary.) None

Prepared by: Leslie K. Stewart  
 Division: Oil & Gas Audit Division  
 Approved by Commissioner: Carrel J. Rexwinkel  
 Agency: Revenue

Phone: 276-1363 ext. 271  
 Date: March 24, 1994  
 Date: March 25, 1994

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FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB 215 (FIN)

Revision Date: April 13, 1994  
Title: "...redesignating the oil and hazardous release response fund..."  
Sponsor: Senator Miller  
Requestor: Senate Finance

Department Affected: Department of Law  
BRU: EXXON VALDEZ Litigation  
Component: EXXON VALDEZ Litigation  
COMPONENT SERIAL NO. 1175

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

The CS for SB 215 makes sufficient changes that there will not be a fiscal impact for the Department of Law.

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

Phone: 465-3672  
Date: April 13, 1994

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

Date: April 13, 1994

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# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CS SB215 (FIN)

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

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

Expenditures/Revenues: (Thousands of Dollars)

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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FUND SOURCE

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

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

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

Phone: 465-5010  
Date: 4/19/94

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

Date: 4/19/94

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Response Fund Alternatives  
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
<b>Fiscal Year 1995</b>			
Beginning Balance of Response Fund	\$63.2		
Beginning Balance of Response Account		\$25.3	\$47.7
Beginning Balance of Prevention Account		\$37.9	\$15.5
Total .05 Surcharge Collected in FY95	\$26.2		
Total Response Surcharge Collected in FY95		\$10.5	\$5.2
Total Prevention Surcharge Collected in FY95		\$15.7	\$15.7
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5	\$13.5
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$48.9		
Ending Balance of Response Account		\$24.5	\$46.9
Ending Balance of Prevention Account		\$24.4	\$2.0
Suspension and Reimposition Calculation	(\$6.1)	\$35.3	\$52.5
<b>Fiscal Year 1996</b>			
Beginning Balance of Response Fund	\$75.1		
Beginning Balance of Response Account		\$35.3	\$52.5
Beginning Balance of Prevention Account		\$40.1	\$17.7
Total .05 Surcharge Collected in FY96	\$25.3		
Total Response Surcharge Collected in FY96		\$10.1	\$0.0
Total Prevention Surcharge Collected in FY96		\$15.2	\$15.2
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9	\$13.9
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$60.7		
Ending Balance of Response Account		\$34.5	\$51.7
Ending Balance of Prevention Account		\$26.2	\$3.8
Suspension and Reimposition Calculation	\$4.5	\$44.9	\$52.0

Response Fund Alternatives  
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
<b>Fiscal Year 1997</b>			
Beginning Balance of Response Fund	\$86.0		
Beginning Balance of Response Account		\$44.9	\$52.0
Beginning Balance of Prevention Account		\$41.4	\$19.0
<b>Total .05 Surcharge Collected in FY97</b>	<b>\$24.8</b>		
Total Response Surcharge Collected in FY97		\$7.4	\$0.0
Total Prevention Surcharge Collected in FY97		\$14.9	\$14.9
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3	\$14.3
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		\$0.0	\$0.0
Ending Balance of Response Fund	\$71.2		
Ending Balance of Response Account		\$44.1	\$51.2
Ending Balance of Prevention Account		\$27.1	\$4.7
Suspension and Reimposition Calculation	\$14.2	\$51.8	\$51.5
<b>Fiscal Year 1998</b>			
Beginning Balance of Response Fund	\$96.0		
Beginning Balance of Response Account		\$51.8	\$51.5
Beginning Balance of Prevention Account		\$42.0	\$19.5
<b>Total .05 Surcharge Collected in FY98</b>	<b>\$23.8</b>		
Total Response Surcharge Collected in FY98		\$0.0	\$0.0
Total Prevention Surcharge Collected in FY98		\$14.3	\$14.3
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8	\$14.8
Estimated Response Account Use	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$80.7		
Ending Balance of Response Account		\$51.0	\$50.7
Ending Balance of Prevention Account		\$27.2	\$4.8
Suspension and Reimposition Calculation	\$22.4	\$51.3	\$51.0

Response Fund Alternatives  
CSHB238 Compared to CSSB215(FIN)

	No Change From Existing Statute	CSHB238 Spill Reserve Split 60/40 Prevention/ Response Account	CSSB215(FIN) Entire Spill Reserve to Response Account
<b>Fiscal Year 1999</b>			
Beginning Balance of Response Fund	\$104.5		
Beginning Balance of Response Account		\$51.3	\$51.0
Beginning Balance of Prevention Account		\$41.5	\$19.1
Total .05 Surcharge Collected in FY99	\$22.4		
Total Response Surcharge Collected in FY99		\$0.0	\$4.5
Total Prevention Surcharge Collected in FY99		\$13.4	\$13.4
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2	\$15.2
Estimated Response Account Use	\$0.3	\$0.8	\$0.8
Estimated Cost Recovery to Response Account	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$88.8		
Ending Balance of Response Account		\$50.5	\$50.2
Ending Balance of Prevention Account		\$26.3	\$3.9
Suspension and Reimposition Calculation	\$28.8	\$50.8	\$54.9
<b>Total Prevention Program Underfunding</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Response Account Surcharge Paid</b>	<b>\$122.5</b>	<b>\$28.0</b>	<b>\$9.7</b>
<b>Total Prevention Account Surcharge Paid</b>	<b>\$0.0</b>	<b>\$73.5</b>	<b>\$73.5</b>
<b>Total Surcharges Paid</b>	<b>\$122.5</b>	<b>\$101.5</b>	<b>\$83.2</b>
<b>Total Surcharge Savings to Payor (5 Years)</b>	<b>\$0.0</b>	<b>\$21.0</b>	<b>\$39.3</b>

# FISCAL NOTE

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

**BILL NO.** CSSB 215(RES)

Revision Date:	Dept. Affected: Revenue
Title: An Act relating to and redesignating the oil and hazardous substance release response fund...	BRU: Revenue Operations
Sponsor: Miller	Component: Oil & Gas Audit Division
Requestor: Hs. Resources Committee	COMPONENT SERIAL NO. 115

**Expenditures/Revenues:**

(Thousands of Dollars)

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

CAPITAL						
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REVENUE FUND SOURCE:	-5,300.0	-10,000.0	-9,900.0	-9,500.0	-4,500.0	
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**FUNDING:**

(Thousands of Dollars)

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

**POSITIONS:**

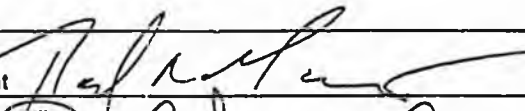
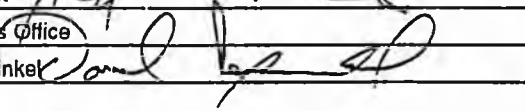
FULL-TIME						
PART-TIME						
TEMPORARY						

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

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

Revenue reduction estimates are based on production and tax revenues included in the *Revenue Sources Book, Fall 1993*, and expenditure analysis provided by the Department of Environmental Conservation. The fiscal note represents a simple mathematical calculation based on those estimates.

As requested by the House Resources Committee, analysis for the next five fiscal years is provided.

Prepared by:	Rod R. Mourant 	Phone: 465-2302
Division:	Commissioner's Office	Date: April 11, 1994
Approved by Commissioner:	Darrel J. Rexwinkel 	Date: April 11, 1994
Agency:	Revenue	

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FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

No. 6

Bill Version: SB 215

(S) Publish Date: 4-12-94

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

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

EXPENDITURES/REVENUES:

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

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

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

FUNDING:

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

POSITIONS:

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

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

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

Changes in CSB 215 (Fix)  
reflect NO FISCAL CHANGE from the original  
fiscal note. This fiscal note is appropriate.  
4-11-94 RL  
date Comte Aide (initial)

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

Phone: 465-3672  
Date: January 28, 1994

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

Date: January 28, 1994

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. SB 215

ANALYSIS CONTINUATION:

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

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

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

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. SB 215

ANALYSIS CONTINUATION:

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

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL

No. 3

Bill Version: SB 215

(S) Publish Date: 4-8-94

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety

Title: Oil/Hazardous Subs Release Response Fund BRU: Alaska State Troopers

Component: Detachments

Sponsor: S. Miller

Requestor: S. Finance COMPONENT SERIAL NO. 799

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

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

**FUNDING: (Thousands of Dollars)**

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

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

**POSITIONS:**

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

ANALYSIS: (Attach a separate page if necessary.)

No impact is anticipated to the Department of Public Safety.

Changes in SB 215 (Fin) have no fiscal impact. This fiscal note is appropriate.

4-7-94

AL

Prepared By: Lee Ann Lucas Phone: 465-4322

Division: Office of Commissioner Date: 2/3/94

Approved by Commissioner: *[Signature]* Date: 2/3/94

Agency: Richard L. Burton, Dept. of Public Safety

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SB 215

CSSB215 Version "U"

### FISCAL NOTE

STATE OF ALASKA  
 1994 LEGISLATIVE SESSION

BILL NO. SB 215

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						
2003 GF Match						
2004 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 Poc, Director  
 Division: Information & Administrative Services

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

Approved by Commissioner: \_\_\_\_\_  
 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	\$85,029.0
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 2.5 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

## HOUSE OF REPRESENTATIVES

Official Business

State Capitol  
Juneau, AK 99801-1182

### MEMORANDUM

TO: Representative Ramona Barnes  
Speaker of the House

FROM: House Democratic Minority

DATE: May 6, 1994

SUBJECT Amendments to SB 215

The attached amendments are critical revisions to the oil and hazardous substance spill response fund HCS CSSB 215(FIN). These amendments will result in legislation consistent with the best interests of the state.

- Amendment #1--CONDITIONAL SUSPENSION OF SURCHARGE IMPOSED BY AS 43.55.201 - 43.55.231. This amendment will split the current balance of the spill reserve fund in the same proportion as the nickel per barrel will be split in the future under SB 215: 60% percent to the prevention side and 40% to the response side. With the addition of the underground and above ground storage tank programs to uses of the prevention portion of the fund, it is absolutely essential that that portion of the fund be adequately supported.

- Amendment #2-- This amendment will return to the Senate and House Resources language on uses of the response side of the fund. The amendment will make it clear that the response side of the fund should be used for restoration activities that result from a spill. Restoration should be viewed as part of the natural continuum of response. The phrase, "excluding the acquisition of wildlife habitat" has been added to answer concerns raised by Representative Hanley in the House Finance Committee.

A M E N D M E N T

BEING DRAFTED TO LATEST VERSION  
HCS CSSB 215(FIN)

OFFERED IN THE HOUSE

TO: ECS CSSB 215( ) "T" Draft 5/2/94

Page 27, lines 24 Through Page 28, line 4:

Delete all material and insert:

"\* Sec. 46. CONDITIONAL SUSPENSION OF SURCHARGE IMPOSED BY AS 43.55.201 - 43.55.231. In addition to the circumstances set out in AS 43.55.231, the surcharge authorized by AS 43.55.201 is not levied on and after the effective date of this section and until June 30, 1995, if

(1) the Eighteenth Alaska State Legislature does not, during the Second Regular Session or during any special session held before the effective date of this section,

(A) appropriate to the oil and hazardous substance release prevention and response fund established by AS 46.08.010(a), as amended by sec. 21 of this Act, the balance, as of July 1, 1994, of the account established under former AS 43.55.210 to receive the proceeds of the conservation surcharge; the appropriation required by this subparagraph must be allocated as follows:

(i) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act and

(ii) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act and

(B) appropriate at least an amount equal to the estimated amount, as of the day before the effective date of this section, of the unexpended and unobligated balance of the former oil and hazardous substance release response fund, exclusive of the amount appropriated under (A) of this paragraph, to the oil and hazardous substance release prevention and response fund; the appropriation required by this subparagraph must be allocated as follows:

(i) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act and

(ii) 50 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act, appropriated for purposes described in AS 46.08.040(1)(C)(C)(i) and (ii), added by sec. 27 of this Act and for purposes described in AS 46.04.030 or AS 46.08.100 - 46.08.190; or

(2) the governor vetoes or reduces any of the amounts appropriated or allocated under (1) of this section."

Page 23, lines 5 - 7:

Delete "APPLICABLE TO CONSERVATION SURCHARGE ON OIL IMPOSED BY AS 43.55.200 AFTER JUNE 30, 1994, AND BEFORE THE EFFECTIVE DATE OF THIS SECTION."

Insert ". (a)"

Page 23, line 21:

Delete "section"

Insert "subsection"

Page 23, following line 23:

Insert a new subsection to read:

"(b) On the effective date of this section, if so appropriated by the legislature, the commissioner of administration shall transfer to the oil and hazardous substance release prevention and response fund established by AS 46.08.010(a), as amended by sec. 21 of this Act, an amount equal to the estimated amount, as of the day before the effective date of this section, of the unexpended and unobligated balance of the former oil and hazardous substance release response fund; the appropriation required by this subparagraph must be allocated as follows:

(1) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

(2) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act."

#2

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSFB 215( )

*BEING drafted TO latest version  
HCS CSFB 215 (FIN)*

Page 18 , line 4, after "environment":

Insert ", restore the environment, excluding the acquisition of wildlife  
habitat"

Page 21, line 20 through line 21:

Delete all material.

HOUSE RESOURCES COMMITTEE MEETING  
APRIL 22, 1994

AMENDMENTS WHICH MAY BE PROPOSED  
FOR CS SB 215(RES)am (efd fld)

A M E N D M E N T

Y.3

OFFERED IN THE HOUSE

TO: CSSB 215(FIN) am(efd fld)

Page 26, line 21, through page 27, line 1:

Delete all material and insert:

\*\* Sec. 44. CONDITIONAL SUSPENSION OF SURCHARGE IMPOSED BY AS 43.55.201 - 43.55.231. In addition to the circumstances set out in AS 43.55.231, the surcharge authorized by AS 43.55.201 is not levied on and after the effective date of this section and until June 30, 1995, if

(1) the Eighteenth Alaska State Legislature does not, during the Second Regular Session or during any special session held before the effective date of this section,

(A) appropriate to the oil and hazardous substance release prevention and response fund established by AS 46.08.010(a), as amended by sec. 21 of this Act, the balance, as of July 1, 1994, of the account established under former AS 43.55.210 to receive the proceeds of the conservation surcharge; the appropriation required by this subparagraph must be allocated as follows:

(i) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

(ii) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act; and

(B) appropriate at least an amount equal to the estimated amount, as of the day before the effective date of this section, of the unexpended and unobligated balance of the former oil and hazardous substance release response fund, exclusive of the amount appropriated under (A) of this paragraph, to the oil and hazardous substance release prevention and response fund; the appropriation required by this subparagraph must be allocated as follows:

(i) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

(ii) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act, to be appropriated for purposes described in AS 46.08.040(a)(2)(C)(i) and (ii), added by sec. 26 of this Act, and for purposes described in AS 46.08.100 - 46.08.190; or

(2) the governor vetoes or reduces any of the amounts appropriated or allocated under (1) of this section."

Page 27, lines 2 - 4:

Delete "APPLICABLE TO CONSERVATION SURCHARGE ON OIL IMPOSED BY AS 43.55.200 AFTER JUNE 30, 1994, AND BEFORE THE EFFECTIVE DATE OF THIS SECTION."

Insert ". (a)"

Page 27, line 18:

Delete "section"

Insert "subsection"

Page 27, following line 20:

Insert a new subsection to read:

"(b) On the effective date of this section, if so appropriated by the legislature, the commissioner of administration shall transfer to the oil and hazardous substance release prevention and response fund established by AS 46.08.010(a), as amended by sec. 21 of this Act, an amount equal to the estimated amount, as of the day before the effective date of this section, of the unexpended and unobligated balance of the former oil and hazardous substance release response fund; the appropriation required by this subparagraph must be allocated as follows:

(1) 40 percent of that balance to the response account established by AS 46.08.010(a)(2), as amended by sec. 21 of this Act; and

(2) 60 percent of that balance to the prevention account established by AS 46.08.010(a)(1), as amended by sec. 21 of this Act."

### EXPLANATION OF AMENDMENT Y.3

Amendment Y.3 does a couple of things.

The first thing is simply to clarify what was evidently an oversight in the provisions of the Senate-passed version of the bill. That is to spell out what is intended to happen with the nickels that have accumulated during FY 94 in the Surcharge Account, which have not yet been appropriated into the 470 Fund. When this was brought up on the Senate floor it was noted that the intent was to split the surcharge balance just as the incoming new surcharges would be split, and that it could be done in the front section of the budget. The Senate has now added that language to their budget and section (1)(A) of amendment Y.3 simply reflects that part of the plan within the bill.

The significant change that Y.3 would make to SB 215 is to split the current balance of the former 470 Fund in the same proportions as the future nickels will be split, and earmarks the portion of that which goes into the prevention account for the funding of oil and hazardous substance response corps and depots.

All of the money that has gone into the 470 fund over the years, whether from general fund deposits or from the nickel surcharge has, by law, been intended for the purposes spelled out in 46.08.040 which all fall within two main categories - prevention and response. And all of the expenditures that have come out of the 470 fund have fallen under those two categories. All of the money remaining in the fund was and is intended for those two purposes. Corps and Depots are specifically listed in the law as one of the purposes of the fund. Sb 215 makes the determination that the appropriate proportional use, the appropriate division of the money coming into the fund, is 40% to the savings account for response to spills, and 60% to preparedness and prevention of spills. It is only logical then, that the current accumulated balance of the 470 fund be split in the proportions which we are deemed most appropriate by SB 215.

AMENDMENT ADDRESSES NEGATIVES OF SB215. As proposed in SB 215, the creation of two surcharges, 2-cent and 3-cent, in lieu of the nickel surcharge in current law, has three main negative effects, all of which can be the lessened by amending the bill to split the current fund balance:

1. LOSS OF AVAILABLE FUNDING FOR CORPS AND DEPOTS. Since the 3-cent surcharge will only generate enough revenue to fund the regular on-going prevention programs of DEC, there will be little or no "spare" revenue to establish and maintain spill corps and depots. Adoption of this amendment will still accomplish the bill's goals of ensuring that the spill reserve will reach and maintain a level of \$50 million and the 2-cent surcharge will turn off in

a reasonable amount of time, and the oil industry will save many millions of dollars. But it will accomplish those goals WITHOUT undermining the state's ability to complete a major piece of our protection puzzle, the establishment of corps and depots. Without this amendment to hold on to a portion of the current balance of the 470 fund for this purpose, the future funding of depots will be left to the chance that the state will make General Fund appropriations for them --- and given the revenue projections in coming years, that is not likely to happen. Without proper and well-located equipment and supplies and trained personnel, a savings account for cleaning up spills after-the fact will be of little comfort to Alaskans.

2. FISCAL IMPACT TO GENERAL FUND. Splitting the account would reduce the impact on the state general fund. The Senate-passed version of the bill, in which the current balance is all deposited into the Response Account, will mean a General Fund loss of approximately \$50 million in six years. Amending the bill to split the current balance would reduce that fiscal impact to a GF loss of approximately \$32 million in six years.

3. 3-CENT SURCHARGE EVENTUALLY WILL NOT BE SUFFICIENT TO FUND ON-GOING PREVENTION PROGRAMS AT CURRENT LEVEL. While the zero five-year fiscal note from DEC shows that the 3-cent surcharge will generate enough revenue to cover their current levels of programs, longer term projections reveal that as inflation goes up, and oil production declines, the 3-cent surcharge for the prevention side will no longer fully fund the current level of on-going prevention and preparedness programs in the state's operating budget. Splitting the current balance would allow some additional funding to accumulate in the form of interest. Since the bill allows interest to be appropriated back into the prevention account, this may help to offset the funding shortfall in future years for those programs.

AMENDMENT ALSO CLARIFIES DISPOSITION OF NICKELS STILL IN THE SURCHARGE ACCOUNT. In addition to amending the way the current balance of the 470 fund would be allocated, this amendment clarifies the intent that accumulated FY94 surcharge money will be allocated in the same way that future surcharge money will be under the bill. The Senate version of the bill evidently inadvertently neglected to specifically spell out the disposition of the nickels that are currently in the surcharge account where the nickels accumulate during a fiscal year before they are appropriated each year in the budget into the 470 Fund. However, the Senate has since added language to the front section of the budget to spell out the intent to split the accumulated FY94 which are in the surcharge account 60/40 (prevention account/response account) just as the future nickels will be split. This amendment simply includes that intent as part of SB 215.

Without this amendment, it will be extremely difficult, at best,

to obtain funding in future years to establish and maintain the corps and depots. The depot program is widely recognized as the critical missing component of the protection of Alaska's coastline and rivers.

To accompany  
amendment  
V. 3

DRAFT LETTER OF INTENT  
FOR HCS CS SB 215 (RES)

BY HOUSE RESOURCES COMMITTEE

In recognition of the vital importance of establishing and maintaining a statewide network of oil and hazardous substance response depots and corps, the legislature is allocating a portion of the balance of the former Oil and Hazardous Substance Release Response Fund to be used for that purpose. While acknowledging dissatisfaction with the performance of state agencies to date in regard to depots and corps, the legislature remains committed to this goal.

It is the intent of the legislature that prior to appropriating the funds allocated in SB 215 for depots and corps, the recommendations of the November 1992, Division of Legislative Audit review of the Response Depot and Corps program be addressed. Of particular importance are recommendations two and three, which are as follows:

Recommendation Number Two

The Alaska Department of Environmental Conservation and the Alaska Department of Military and Veteran Affairs should perform the depot selection process in accordance with statute. AS 46.04.200(b)(5) requires that the State Master Plan must designate the locations where emergency response depots should be established and where emergency response corps personnel should be available. In preparing the State Master Plan, the statute requires the commissioner of DEC to consult with municipal and community officials and representatives of affected regional organizations; submit draft plans to the public for review and comments; submit the plan to the legislature for its review, and submit the plan to the State Emergency Response Commission for its review and approval.

Recommendation Number Three

Long-term plans, complete with an implementation schedule and estimated cost figures, should be completed by DMVA and approved by DEC before making financial commitments with OHSRRF funds. The use of OHSRRF funds for depots and volunteer corps should be closely monitored by DEC to ensure the integrity of the fund and that expenditures are made only for purposes for which the fund was established. Establishing the equipment depots and volunteer corps is a long-term

project spanning several fiscal years. Without the existence of an agreed upon long-term plan, there is no assurance that decision regarding the type and priority of goods and services purchased with the OHSRRF fund are for the purposes intended of that fund.

It is the intent of the legislature that this planning process occur and that plans be reviewed and approved by the legislature before any funds are appropriated for response depots and corps from the balance allocated to the prevention account.

The purpose of this allocation is for establishing, equipping, and maintaining oil and hazardous substance response depots and for training volunteer oil and hazardous substances response personnel. It is NOT to be used to fund DEC and DMVA staff for more than minimal oversight of the implementation and maintenance of the program. In addition, it is the intent of the legislature that a wide geographic area for response depots be reviewed to ensure establishment of depots in the areas of the state that currently have minimal response capabilities. These include Western Alaska, the Aleutian Chain, the Yukon River, Cook Inlet, and Southeast Alaska.

A M E N D M E N T

Y.4

OFFERED IN THE HOUSE

TO: CSSB 215(FIN) am(efd fld)

Page 9, lines 30 - 31:

Delete "the oil and hazardous substance release"

Insert "a [THE OIL AND HAZARDOUS SUBSTANCE RELEASE]"

Page 10, line 3:

After "prevention"

Insert "mitigation"

After "in"

Insert "AS 46.08.020(b)"

Page 10, line 5:

Delete "OR] AS 46.08.020"

Insert "OR AS 46.08.020]"

Page 20. lines 25 - 27:

Delete all material.

Page 20, line 28:

Delete "(I)"

Insert "(H)"

Page 21, line 1:

Delete "(J)"

Insert "(I)"

Page 21. line 8:

Delete "(K)"

Insert "(J)"

#### EXPLANATION OF AMENDMENT Y.4

Amendment Y.4 would return to the situation under current law regarding where the Exxon reimbursement payments go, and from where the Storage Tank Assistance Program is funded.

The state is due to receive about \$28 million in Exxon Valdez Oil Spill reimbursements between now and the year 2001. That money may come to the state in roughly equal annual payments or it may not. Currently that money goes into the General Fund and the Mitigation Account (which is also part of the unrestricted General Fund). The Senate-passed version of SB 215 provides that that money instead will go into the Oil and Hazardous Substance Prevention Account, where its use is restricted.

In addition, SB 215 moves the Storage Tank Assistance Program (STA) into the Oil and Hazardous Substance Prevention Account. It appears that the logic is that the Exxon Settlement money could offset the financial demands of funding the STA Program. Under current law that use of the funding source is already be available for STA as both are basically General Fund items now. The drawback of moving both under the prevention account is that the money available from the Exxon reimbursements is a small fraction of the demand for STA program funding. Therefore, as that demand exceeds Exxon payments, the STA program will have to directly compete for, and possible drain, the funds available in the prevention account from the 3-cent surcharge intended to fund the on-going prevention programs.

# Amendments Submitted by D.E.C.

Amendments to CSS3 215 (FIN) am(efd fld)

1) Section 19, page 14 lines 7-16 replace with:

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

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

Passed

2) Section 26, page 21, line 9 add a new subsection L:

(L) pay for grants under AS 29.60.510 and impact assessments under AS 29.60.560 made by the commissioner of community and regional affairs.

Passed

3) Section 26, page 17, line 31, replace with:

contain, clean up, including restoration of the environment, and take other necessary action, such as monitoring and

Passed

4) Section 31, page 23, line 4 add a new subsection (D) between "cost recoveries" and "[AS SPECIFIED . . .]":

(D) AS 46.08.020(a)(3) (cost recoveries)

Passed

5) Delete lines 24-25, p. 25 and renumber remaining subsections accordingly.

Section 40

Passed

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101


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

**MEMORANDUM**

April 23, 1994

**SUBJECT:** HCS CSSB 215 (Resources) (Work Order No. 8-LS1107L)

**TO:** Representative Bill Williams, Chair  
House Resources Committee  
ATTN: Mary McDowell or Gail Ford

**FROM:** Jack Chenoweth  
Legislative Counsel 

All the amendments sought by the Department of Environmental Conservation and approved by the committee have been inserted, along with amendment Y.8 prepared in this office. Some of the department's amendments present problems.

I have made the second amendment, authorizing use of the prevention account for municipal grants and impact assistance under AS 29.60.500 - 29.60.599, though not at the point indicated. However, the change necessitated a correction in the opening sentence of AS 46.08.040(a), which I also made. The change affects provisions in AS 29.60.500 - 29.60.599--notably to AS 29.60.510(b)(1) and 29.60.560(e)(1), and perhaps elsewhere. I did not make these collateral changes. They need to be made before the bill is passed from committee.

I incorporated amendment # 4 into AS 46.08.060(a)(2)(C).

As to the last, amendment # 5, the deletion of a definition for "catastrophic oil discharge" out of bill section 41 leaves that term, as it appears in AS 46.08.130(b)(1), without a definition. Look at AS 46.08.130(b) and see if it will work, in context, without the definition. (That appears to be the only place in AS 46.08 where that term is used.)

The ramifications of the committee's adoption of the department's second amendment without changes in AS 29.60 should have your careful attention.

JBC:lmb  
94-126.lmb

Enclosure

# Amendments Submitted by D.E.C.

Amendments to CSSB 215(FIN) am(efd fld)

1) Section 19, page 14 lines 7-16 replace with:

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

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

2) Section 26, page 21, line 9 add a new subsection L

(L) pay for grants under AS 29.60.510 and impact assessments under AS 29.60.560 made by the commissioner of community and regional affairs.

3) Section 26, page 17, line 31, replace with:

contain, clean up, including restoration of the environment, and take other necessary action, such as monitoring and

4) Section 31, page 23, line 4 add a new subsection (D) between "cost recoveries" and "[AS SPECIFIED . . .]":

(D) AS 46.08.020(a)(3) (cost recoveries)

5) Delete lines 24-25, p. 25 and renumber remaining subsections accordingly.

## MEMORANDUM

## State of Alaska

Department of Law

to: Bob Poe  
Department of Environmental  
Conservation

DATE: April 8, 1994

FILE NO.:

TEL. NO.: 269-5275

SUBJECT: CSSB 215 (FIN)

FROM: Breck C. Tostevin  
Assistant Attorney General  
Environmental Section-Anchorage

You asked for our views on the effect of section 26 of the Senate Finance Committee CS for SB 215 on use of the new "response account" to restore the environment by addressing the effects of an oil or hazardous substance release.

As you know, this bill would divided the existing Oil and Hazardous Substance Response Fund ("Fund") into two account accounts. See section 20. The use of each account is limited to statutorily authorized purposes. The bill divides the existing purposes between the two accounts. See section 26. Because of this division, a potential problem arises with respect to use of the prevention account for restoration of the environment.

It is my understanding that it was the intention of the drafters of CSSB 215(FIN) to allow restoration of the environment as a purpose of both accounts. Both accounts contain an authorization to use funds to "contain, clean up, and take other necessary action, such as monitoring and assesing, to address a release or threatened release of oil or a hazardous substance." The definition section of the response fund statutes contains a definition of "containment and cleanup" that includes "restoration of the environment." AS 46.08.900(3). However, because the express reference to restoration of the environment is only contained in the prevention account authorization in AS 46.04.040(a)(2), a court could mistakenly conclude that because the express reference to restoration was removed restoration is not a purpose of the response account.

In order to eliminate this potential source of confusion, a specific reference to restoration should be added to sec. 26, AS 46.08.040(a)(1)(A), by adding the following language to line 1 of page 18:

contain, clean up, including restoration of the environment,  
and take other necessary action, such as monitoring and

This fix would make clear that restoration is an authorized use of the response account.

Bob,

I discussed three changes with Janice. One is substantive and the other two are technical. You mention that you might be able to get items offered as Senate floor amendments. Other than my restoration fix faxed to you Friday, these are the other suggested changes.

1) The substantive change. Section 19 allocates oil spill cost recoveries between the two mitigation accounts (AS 46.04.010). As drafted oil cost recoveries from the former fund are deposited to the response mitigation account. Our proposal is to switch the operative language in subparts one and two of section 19 so that the former fund cost recoveries go to the prevention mitigation account. In other words, everything other than response account recoveries goes to the prevention mitigation account.

2) Technical amendment. There is no authorization in section 26 (AS 46.08.040(a) for municipal impact assistance grants from the prevention account that are contemplated by section 3 (AS 29.60.510(b)(2) [page 5 lines 24-29]. We disagree as a policy matter that these grants should be made from the prevention account. However, if the authorization is going to be made a conforming amendment is needed. The technical amendment would add language similar to AS 46.08.040(a) [page 17, lines 25-28] to AS 46.08.040(a)(2) so as to authorize municipal impact grant appropriations from the prevention account.

3) Technical amendment. Delete catastrophic oil discharge definition from section 40 [lines 25-26 page 25]. This definition is not needed since the only reference in AS 46.08 to catastrophic discharges already refers back to the cross-referenced definition section. See AS 46.08.130(b)(2).

Breck

AMENDMENT

*Adopted*

OFFERED IN THE HOUSE

BY REPRESENTATIVE DAVIES

TO: CSSB 215(FIN) am(efd fld)

Page 16, line 11, after "substance":

Insert "and"

Page 16, lines 14 - 19:

Delete "; and"

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

(A) the prevention account;

(B) the prevention mitigation account;

(C) the response account; and

(D) the response mitigation account"

Page 16, line 20:

Delete "(a)(2) - (6)"

Insert "(a)(2) - (5)"

Page 16, line 25:

Delete "(a)(2) - (6)"

Insert "(a)(2) - (5)"

Page 16, following line 26:

Insert a new bill section to read:

"\* Sec. 25. AS 46.08.020 is amended by adding a new subsection to read:

(c) The interest earned on the balances of each of the following accounts shall be deposited into the general fund and credited to the prevention account in the fund:

(1) the prevention account;

- (2) the prevention mitigation account;
- (3) the response account; and
- (4) the response mitigation account."

Renumber the following bill sections accordingly.

Page 26, line 19:

Delete "sec. 42"

Insert "sec. 43"

Page 27, line 21:

Delete "Section 27"

Insert "Section 28"

SB 215

Chenoweth  
4/21/94

Re: Citizens' Oversight  
Council

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE FINKELSTEIN

TO: CSSB 215(FIN) am (erf fld)

Page 21, following line 27:

Insert a new bill section to read:

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

(d) Upon a request from

[(1)] the Alaska Legislative Council, the commissioner shall use money from the prevention account in the fund to reimburse the Alaska Legislative Council for expenditures that it makes for the operation of the Citizens' Oversight Council on Oil and Other Hazardous Substances, established under AS 24.20.600 [; AND

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

Renumber the following bill sections accordingly.

Page 26, line 14:

Delete "AS 24.20.600, 24.20.610, 24.20.620, 24.20.630;"

Page 26, lines 15 - 16:

Delete ", 46.08.040(d)"

Budget Front Section  
 Language needed if 470 Fund  
 Bal. is split

AMENDMENT

"\* Sec. AA. (a) The sum of \$25,900,000 derived from the surcharge collected under AS 43.55.200 during fiscal year 1994 is appropriated from the general fund to the oil and hazardous substance release response fund (AS 46.08.010).

(b) Contingent upon the passage by the Eighteenth Alaska State Legislature and the enactment into law of a bill establishing the oil and hazardous substance release prevention account and the oil and hazardous substance release response account (or substantially similar accounts) in the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)), the amount of \$25,900,000 that was appropriated under (a) of this section is transferred from the oil and hazardous substance release response fund (AS 46.08.010) to the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)) and is appropriated into the following accounts (or substantially similar accounts) in the amounts listed

ACCOUNT	APPROPRIATION
Oil and hazardous substance release prevention account	\$15,540,000
Oil and hazardous substance release response account	10,360,000

\* Sec. BB. (a) The unexpended and unobligated balance of the oil and hazardous substance release response fund (AS 46.08.010) on June 30, 1994, not otherwise appropriated, is appropriated to the Department of Environmental Conservation for spill reserve for fiscal year 1995, unless a bill establishing the oil and hazardous substance release prevention account and the oil and hazardous substance release response account (or substantially similar accounts) in the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)) is passed by the Eighteenth Alaska State Legislature, is enacted into law, and takes effect on or before July 1, 1994.

(b) Contingent upon the passage by the Eighteenth Alaska State Legislature and the enactment into law of a bill that (1) establishes the oil and hazardous substance release prevention account and the oil and hazardous substance release response account (or substantially similar accounts) in the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)), and (2) takes effect on or before July 1, 1994, the unexpended and unobligated balance of the oil and hazardous substance release response fund (AS 46.08.010) on June 30, 1994, not otherwise appropriated, is appropriated to the oil and hazardous substance release prevention account (or substantially similar account) and the oil and hazardous substance release response account (or substantially similar account) in the proportions provided by law.

(c) Contingent upon the passage by the Eighteenth Alaska State Legislature and the enactment into law of a bill that (1) establishes the oil and hazardous substance release prevention account and the oil and hazardous substance release response account (or substantially similar accounts) in the oil and hazardous substance release prevention and response fund (or a substantially similar successor to the oil and hazardous substance release response fund (AS 46.08.010)), and (2) takes effect after July 1, 1994, the unexpended and unobligated balance of the amount appropriated by (a) of this section is appropriated to the oil and hazardous substance release prevention account (or substantially similar account) and the oil and hazardous substance release response account (or substantially similar account) in the proportions provided by law."

DRAFT

SUGGESTED LANGUAGE FOR OPERATING BUDGET  
FRONT SECTION  
RELATED TO CSSB215

\* **Sec. \_\_** The sum of \$25,900,000 derived from surcharge collected under AS 43.55.200 is appropriated from the general fund to the oil and hazardous substance release response fund (AS 46.08.010).

Upon passage of CSSB 215 the sum of \$15,540,000 is appropriated from the oil and hazardous substance release prevention and response fund to the oil and hazardous substance release prevention account (AS 46.08.010(a)) within the oil and hazardous substance release prevention and response fund. The sum of \$10,360,000 is appropriated from the oil and hazardous substance release prevention and response fund to the oil and hazardous substance release response account (AS 46.08.010(a)) within the oil and hazardous substance release prevention and response fund.

\* **Sec. \_\_** The unexpended and unobligated balance of the oil and hazardous substance release response fund (AS 46.08.010) on June 30, 1994, not otherwise appropriated, is appropriated to the Department of Environmental Conservation for fiscal year 1995 for spill reserve.

Upon passage of CSSB 215 the unexpended and unobligated balance of the oil and hazardous substance release prevention and response fund (AS 46.08.010), not otherwise appropriated, is appropriated to the oil and hazardous substance release response account (AS 46.08.010(a)) within the oil and hazardous substance release prevention and response account.

*Revised 4/19/94*

HCS for CSSB 215 (FIN)

section 27, page 18, line 1

contain, clean up, including restoration of the environment, which does not include habitat acquisition, and take other necessary action, such as monitoring and

---

#### Explanation of Amendment

This amendment was recommended by the Alaska Department of Law, and passed with overwhelming support by the House Resources Committee, to clarify that both the response and prevention accounts can be used for restoration and is largely technical. It explicitly does not allow the response account to be used for habitat acquisition. This amendment is needed because restoration is part of a continuum of clean up activities and allows clean up to proceed without legal confusion regarding cost recovery.

C: testimony

EXPLANATION OF AMENDMENT SPLITTING THE CURRENT BALANCE OF THE  
470 FUND

The 3-2 split of the nickel in SB 215 DOES generate enough money on the prevention account side to roughly cover the operating budget expenses of existing on-going prevention programs -- BUT a major drawback in this split nickel approach is that it precludes having the necessary additional funds to cover the other extremely important authorized uses of the prevention account.

One primary concern is the current lack of response depots and corps in the state. While this bill leaves in the authority to use surcharge-generated funds for corps and depots, the 3-cent surcharge that goes to the prevention side will not produce enough money beyond the amount needed to fund on-going programs to fund them. Given the state's fiscal situation, the likelihood of obtaining General Fund money in coming years to complete this critical element in our preparedness program seems remote. Lack of depots and corps to respond to spills leaves most of the coastline of Alaska, as well as the major rivers of the state, extremely vulnerable to serious damage.

Also, SB 215 has added the funding of underground and above ground storage tank assistance as new authorized uses of the prevention account. These tanks are going to require many many millions of dollars. This responsibility will place enormous new demands on the prevention account at the very time we are reducing the surcharge and thus the funding level that will be available.

This amendment is a way to ease these dilemmas. In SB 215 the 470 fund is split into two new funds, one for response and one for prevention, yet it takes the entire current balance of the old 470 fund and puts it into the response side, and begins with a balance of zero in the prevention side.

This amendment would instead split the current existing balance of the former 470 Fund in the same proportions as the future nickels will be split.

This splitting of the current balance is a logical step in the process of now creating two accounts out of the current one account. All of the money that has come into the 470 fund over the years, all of it that has been spent, and all of it that remains in the fund balance, has been intended by law for those two categories of purpose: response and prevention. This Amendment is consistent with the determination in this bill that the appropriate proportional uses of the money is 40% - 60%.

Without this amendment, the critical unfinished piece of the state's spill preparedness is not likely to be put in place, at least not for a long long time. With or without this amendment, there will not be enough funding in the prevention account to cover

the demands of storage tanks, all the critically needed on-going prevention programs, and the establishment of needed depots and corps. However, with this amendment the state will be \$22 million closer to addressing those needs.

NOTE: The other provision of this amendment is simply to clarify what was evidently an oversight in the provisions of the Senate-passed version of the bill. That is to spell out what is intended to happen with the nickels that have accumulated during FY 94 in the Surcharge Account, which have not yet been appropriated into the 470 Fund. When this was brought up on the Senate floor it was noted that the intent was to split the surcharge balance just as the incoming new surcharges would be split, and that it could be done in the front section of the budget. The Senate has now added that language to their budget. So this language in the amendment simply reflects that part of the plan within the bill.

#### SUMMARY-----

The amendment strikes a sound balance between several goals:

Fill up the \$50 million spill reserve in a reasonable amount of time -- and that would still be accomplished in about two years.

Save money for the oil industry -- and even with this amendment the industry will realize a direct out-of pocket savings of about 32 million dollars in the next six years.

Help to ensure that response depots and corps can become a reality and that storage tanks can be more adequately addressed -- and without having to underfund the on-going prevention programs to accomplish those goals.



## HOUSE RESOURCES COMMITTEE

Currently in Surcharge  
Account \$26 M

10.4 = 40% to response acct

15.6 = 60% to prevention acct

Currently in Spill Reserve \$38M

15.2 = 40% to response acct

22.8 = 60% for corps  
and depots

# NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR  
Post Office Box 110001  
Juneau, Alaska 99811-0001

WALTER J. HICKEL  
Governor



JOHN MANLY  
Press Secretary

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Assistant Press Secretary

907-465-3500  
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FOR RELEASE: March 24, 1993  
No. 94 - 062

## STATE COAST GUARD SIGN AGREEMENT ON SPILL PREVENTION AND RESPONSE

JUNEAU--On the fifth anniversary of the Exxon Valdez oil spill, Governor Walter J. Hickel and U.S. Coast Guard Rear Admiral Roger T. Rufe today signed a memorandum of agreement (MOA) that solidifies a partnership approach to preventing and responding to oil and hazardous substance spills in Alaska.

"One thing we remember most vividly from the Exxon Valdez spill five years ago was the lack of command coordination," Governor Hickel said. "It wasn't clear who was in charge of the clean up efforts. Since that time, however, state agencies and the Coast Guard have developed a coordinated approach to spill response and prevention. This agreement spells out in writing what responsibility each of us will assume."

"Pollution prevention will always be our first priority," said Rear Admiral Rufe. "This agreement will help us coordinate better if a spill occurs, but it clearly emphasizes cooperation in preventing oil spills in the first place."

Since the spill in 1989, the Coast Guard and the Alaska Department of Environmental Conservation (DEC) have made special efforts together to improve spill prevention and response capabilities, said DEC Commissioner John Sandor.

"Under state and federal laws, both the state and Coast Guard have major responsibilities during a spill in marine waters," Sandor said. "It is essential that we work together effectively during emergencies, plus there is much we can do together to prevent spills from taking place."

In the MOA, the state and Coast Guard agree to (1) share information on

**DEPT. OF ENVIRONMENTAL CONSERVATION**

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

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

May 2, 1994

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

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

Dear Representatives Larson and MacLean:

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

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

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

# NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR  
Post Office Box 110001  
Juneau, Alaska 99811-0001

WALTER J. HICKEL  
Governor



JOHN MANLY  
Press Secretary

BRIAN HART  
Assistant Press Secretary

907-465-3500  
FAX:907-586-8369

FOR RELEASE: March 24, 1993  
No. 94 - 062

## STATE, COAST GUARD SIGN AGREEMENT ON SPILL PREVENTION AND RESPONSE

JUNEAU--On the fifth anniversary of the Exxon Valdez oil spill, Governor Walter J. Hickel and U.S. Coast Guard Rear Admiral Roger T. Rufe today signed a memorandum of agreement (MOA) that solidifies a partnership approach to preventing and responding to oil and hazardous substance spills in Alaska.

"One thing we remember most vividly from the Exxon Valdez spill five years ago was the lack of command coordination," Governor Hickel said. "It wasn't clear who was in charge of the clean up efforts. Since that time, however, state agencies and the Coast Guard have developed a coordinated approach to spill response and prevention. This agreement spells out in writing what responsibility each of us will assume."

"Pollution prevention will always be our first priority," said Rear Admiral Rufe. "This agreement will help us coordinate better if a spill occurs, but it clearly emphasizes cooperation in preventing oil spills in the first place."

Since the spill in 1989, the Coast Guard and the Alaska Department of Environmental Conservation (DEC) have made special efforts together to improve spill prevention and response capabilities, said DEC Commissioner John Sandor.

"Under state and federal laws, both the state and Coast Guard have major responsibilities during a spill in marine waters," Sandor said. "It is essential that we work together effectively during emergencies, plus there is much we can do together to prevent spills from taking place."

In the MOA, the state and Coast Guard agree to (1) share information on

spills, (2) jointly plan for and respond to spills, (3) cooperatively work together to prevent spills, (4) allow the state to access the national oil spill liability trust fund of \$1 billion to pay state costs of cleaning up oil spills, (5) coordinate enforcement action, and (6) maintain close communications to reduce the conflict between each party's permits, directives, and instructions.

Governor Hickel noted that one of the most important ways Alaska can remember the lessons of the Exxon Valdez spill is to focus its efforts on prevention of future spills.

"It has never been more true that, 'an ounce of prevention is worth a pound of cure,' than when it comes to spilled oil," Hickel said. "Disasters like the Exxon Valdez spill are preventable. When you consider the billions of dollars spent to clean up after that spill, committing a sufficient level of state funding to spill prevention efforts is cheap by comparison.

"This is why I am putting the oil industry on notice that the current proposals they are pushing in Juneau to alter the so-called 470 fund are absolutely unacceptable. I will not accept any version of this bill that does not commit at least 3 cents of the current nickel per barrel surcharge to the state spill prevention and response programs and activities.

"I agree with industry that a spill clean up fund of \$50 million must be built. Under my administration this fund has already grown to more than \$37 million. But the growth of this 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."

The MOA takes effect immediately and remains in effect indefinitely.

###

For further information, contact Mike Conway, Director of Spill Prevention and Response, DEC, Juneau, 465-5250.

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May 2, 1994

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

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

Dear Representatives Larson and MacLean:

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

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

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

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

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

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

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

May 2, 1994

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

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

Sincerely,

  
John A. Sandor  
Commissioner

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

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

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May 4, 1994

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

Dear Representative Therriault:

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

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

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

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

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FAX No. (907)465-5070

March 18, 1994

The Honorable Jeannette James  
Alaska State House of Representatives  
Room 501, State Capitol Building  
Juneau, AK 99801-1182

Dear Representative James:

Thank you for your interest in response fund issues and for taking the time to express your concerns and questions to me. My letter will provide information you have asked for concerning long-term plans for emergency response depots and volunteer corps and contaminated sites.

In State statutes, the responsibility for establishing and managing the depots and corps rests with the Department of Military and Veterans Affairs (DMVA). I encourage you to contact DMVA directly for their response to this issue. Since our Department has worked with DMVA on this project over the years because of our responsibility to lead the State's response efforts for oil and hazardous substance spills, we are providing the following information as our best estimate at this time.

For the last two years, the Department of Environmental Conservation (DEC) has been working on the "Nearshore Demonstration Project" which was created by the Legislature in our FY 93 budget to develop a prototype nearshore oil spill response equipment package. This project will culminate in the deployment of two different equipment packages -- one for open water, crude spills and the other for inside passage, non-crude spills -- during April and May of this year for testing and evaluation. We expect to have the evaluation completed with recommendations for additional kinds of units not long after the tests. Based on the information we have developed so far, I am providing you estimates for coastal oil spill response packages that could be strategically placed around the State.

One unit, designed for open water coastal areas, consists of a small barge (to receive the product collected), deflection boom, and a skimmer designed to be operated by fishing vessels of opportunity. The estimated unit purchase price for

# STATE OF ALASKA

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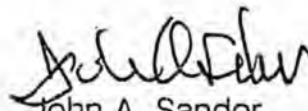
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established to respond to releases and threatened releases. Your proposed CS, even with these new proposed changes seriously compromises this division of purposes.

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

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

Sincerely,



John A. Sandor  
Commissioner

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

cc: House Finance Committee Members

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One unit, designed for open water coastal areas, consists of a small barge (to receive the product collected), deflection boom, and a skimmer designed to be operated by fishing vessels of opportunity. The estimated unit purchase price for

one of these is \$500,000. Annual operations and maintenance cost will vary by location but can be estimated at \$150,000 each. We think that there could be as many as a dozen sites around the State -- not covered by government or industry, but where spill risk exists -- where this kind of unit could be located. This results in a total purchase price of \$6 million with an annual estimated cost of \$1.8 million.

The other unit we have been working on is a rapid response vessel capable of moving equipment to a spill site in protected waters (like Southeast Alaska). The purchase price of these would be about \$250,000 each with an annual operation and maintenance cost of \$100,000 each. These units could be deployed in about 10 locations in Southeast Alaska and several each in Bristol Bay, Norton Sound and Kotzebue Sound, as well as throughout the Yukon and Kuskokwim Rivers. If the Legislature were to support purchase of 20 of these items, that costs out to \$5 million purchase price and \$2 million annual operations and maintenance.

Through local response agreements, DEC will be entering into partnership with local communities for responding to the routine spills (DEC receives about 2,000 reports of spills annually -- typically, all are non-disaster emergencies.). We will supply local communities with a basic, "first aid" response equipment capability and use the Response Fund ("470 Fund") to pay for the community costs to respond to these kinds of spills. Currently, we have a \$400,000 capital budget request to start the program for FY 95. We estimate that a total of \$1 million would cover this arrangement and we could seek cost recovery from spillers to maintain that capability in the future.

The Kenai Borough has put together an unsolicited request this year for a direct appropriation from the Response Fund to outfit a hazmat team for \$250,000. This amount does not include personnel costs, operations and maintenance, nor training. Their price tag for equipment seems reasonable, although we were not involved in developing the list. Once the statewide hazards analysis is completed, the State will have the specific information needed to identify the appropriate locations for these teams. My best guess at this time is these hazmat teams could be targeted for Fairbanks, Anchorage, Kenai, Juneau and Ketchikan. The total cost to establish these would be \$1.25 million. The annual training, operation and maintenance, and personnel costs are unknown, but these could be considered the local match.

You have also asked, "When are contaminated sites going to be cleaned up and what will it cost?" The following should answer your questions regarding the Department's role in cleaning up a contaminated site, the time it takes to cleanup a site, and the associated cost to the State.

#### What does the Department do with contaminated sites?

A contaminated site is a location where there has been a past improper discharge

or disposal of a hazardous substance that could threaten public health or the environment.

The Department oversees the investigation and cleanup of contaminated sites by the responsible party. By overseeing the responsible party's cleanup, the Department can assure Alaskans that the source of contamination has been removed, and that any remaining contamination is below levels that will harm the public or the environment. A strong oversight program conveys to the responsible parties their obligation under State law to clean up their contaminated site.

In addition to responsible party oversight, the Department directly cleans up sites where the responsible party cannot be found or is unwilling or incapable to do the cleanup directly. At these sites, the State hires and supervises term contractors who do the actual investigation and cleanup.

How long will it take to clean up contaminated sites?

The length of time needed to fully assess and clean up an average contaminated site ranges from three to five years. Very simple sites could take less time, while the most complex sites may take much longer. The number of contaminated sites is constantly changing. New sites are discovered and brought to the Department's attention and active sites are cleaned up. We estimate it would take 21 years to clean up the current inventory of 1051 sites and an additional 920 sites which we estimate will be discovered during that period and will need cleanup. Some sites are virtually impossible to clean up cost effectively or require only monitoring while Mother Nature does the job.

Sites that are expected to be added to the inventory in the future include:

- o The Department of Defense (DOD) has estimated it will spend \$1.1 billion to clean up the contaminated military sites in Alaska. To date, 350 sites have been discovered and we estimate an additional 90 sites will be discovered as a result of the high priority DOD has placed on the site discovery process over the next two years.
- o Discovery of approximately 500 contaminated sites is expected to result from the current initiative to bring rural bulk fuel tank facilities into compliance with federal and State spill prevention requirements.
- o Liability for contaminated properties will continue to cause buyers and sellers of real estate to practice due diligence and assess the property prior to completing a land transaction. These assessments are estimated to result in the discovery of 330 contaminated properties.

What will it cost the State to clean up contaminated sites?

Over the next 21 years at current staffing levels, cleanup standards, and technological abilities, we estimate it will cost the State approximately \$220 million to cleanup all the contaminated sites that have been discovered to date and sites which are expected to be discovered. The table below lists the number of sites, average cost per site, and total cost over the next twenty one years to cleanup each type of contaminated site. One of the reasons we support a strong Research and Development program is because we can continue to help reduce these costs with more effective technology.

Projected Contaminated Sites Cleanup Costs

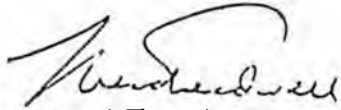
Type of Site	Number	Average State Cost/Site	21 Year Total Cost
RP	836	\$23,429	\$19,586,923
Federal	450	26,566	11,954,700
Orphan	88	644,450	56,711,600
Rural Bulk Orphan	100	644,450	64,154,998
RPs	398	23,429	9,329,561
State Owned	97	600,000	58,200,000
Total	1,969		\$219,937,781

The actual cost to the State differs by the type of contaminated site. The greatest cost to the State is for cleanup of sites where a responsible party is unable or unwilling to clean up or where the State is the responsible party. Where the Department oversees the cleanup of a site by the responsible party the cost to the State is much less. The Department's oversight of federal sites has the least cost to the State since the Department receives federal funds for this work under a cooperative agreement with DOD.

In addition to the contaminated sites situation described above, the Department also manages an underground storage tank program which is funded by the Storage Tank Assistance fund, not the Response Fund. Revenue for the Fund comes from the Mitigation Account of the General Fund and collection of registration fees. It is used to make grants and loans available to owners and operators of underground storage tanks for tank testing, closure, upgrade, and cleanup activities. Currently there are 826 unfunded requests for \$43 million in financial assistance. The Administration is working with the Legislature to apply a 1 penny per gallon motor fuel tax for appropriation to the Storage Tank Assistance Fund to replace the mitigation account in the future.

We are sharing this letter with other members of the House Resources Committee.  
Thank you for asking.

Sincerely,



Mead Treadwell  
Deputy Commissioner

MAC/jsg (G:\SPAR\MAC\REP.JIM)

cc: House Resources Committee Members

Representative Bill Williams, Chair  
Representative Bill Hudson  
Representative Con Bunde  
Representative Joe Green  
Representative Eldon Mulder  
Representative David Finklestein  
Representative Pat Carney  
Representative John Davies  
John A. Sando Commissioner, Department of Environmental Conservation  
Major General n. L. Cox III, Commissioner, Department of Military and  
Veterans Affairs

WALTER J. HICKEL, GOVERNOR

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

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.

FILE:470FUND