

**POLICIES AND PROCEDURES APPLICABLE  
TO THE TREASURY DIVISION,  
DEPARTMENT OF REVENUE,  
STATE OF ALASKA**



**APPENDIX AT**  
**Overview of Oil Spill Funds**

1. Oil and Hazardous Substance Prevention and Response Fund

a. Overview

The Response Account is used to finance the containment and cleanup effort related to a declared disaster or to address a release or threatened release that poses an imminent and substantial threat to the public health or welfare, or to the environment. For access other than a declared disaster, DEC must notify the Governor and the Legislative Budget and Audit Committee within 120 hours of using the money from this account.

The Response Account is financed with a two cent per barrel surcharge and money recovered from responsible parties. The surcharge is levied on each taxable barrel of oil produced in the state. The surcharge is suspended when \$50 million is reached from the combined balances of the surcharge account, the response mitigation account and the unreserved and unobligated balance in the Response Account itself. The \$50 million balance was exceeded in December 1994 and the surcharge was suspended as of April 1995.

The Prevention Account is used to fund Alaska's oil and hazardous substance release and prevention programs. The Legislature appropriates money from the Prevention Account to support DEC and other state agencies for prevention and planning activities such as investigation and evaluation of a release or threatened release not eligible under the Response Account, contingency plan review, response preparedness and training, restoration and other activities as defined by statute (AS 46.08.040(a)(2)).











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The judgments further define restoration as including, "restoration, replacement and enhancement of affected resources; acquisition of equivalent resources and services; and long-term environmental monitoring and research programs directed to the prevention, containment, cleanup, and amelioration of oil spills."

b. History

November 7, 1991. The state receives the \$50 million settlement. The Legislature appropriates the \$50 million in Fiscal 1994 as follows:

















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The main funding source for the Storage Tank Assistance Fund is from the Oil and Hazardous Substance Release Prevention Account (Fund 11122). In FY 1996, the Legislature appropriated \$2,791,300 from the Prevention Mitigation Account to the Storage Tank Assistance Fund (Fund 11139). In FY 1997, the Legislature appropriated \$2,853,800 from the Prevention Account to the Storage Tank Assistance Fund (Fund 11136). The Legislature appropriated an additional \$293,700 in storage tank registration receipts to the Fund in FY 1996 and approximately \$249,400 in FY 1997. As of January 21, 1997, the fund's invested assets in the GeFONSI totaled \$5,441,008.