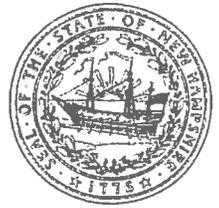




The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

Rep. Chris Christensen, Chairman

Oil Fund Disbursement Board

March 31, 2015

The Honorable David Boutin, Chairman
Senate Ways and Means Committee
Room 103
Legislative Office Building
Concord, New Hampshire 03301

SUBJECT: HB 664-FN, as amended, An act relative to consolidation of the existing oil pollution funds

Dear Chairman Boutin and Members of the Committee:

Thank you for the opportunity to testify in support of House Bill 664-FN. This bill would streamline state government by consolidating six existing oil pollution funds into two funds that would allocate revenues for vital oil spill prevention and cleanup programs, with no increased cost to businesses or consumers. Efficiencies gained through fund consolidation would improve the state's ability to prevent and address releases of petroleum products.

Six dedicated funds summarized on the attached table share the common mission of preventing and addressing petroleum releases. Annual revenues are from per-gallon fees on imported petroleum products, which are collected by the Department of Safety (DOS). Under consolidation existing import fees would not change.

These funds pay for New Hampshire's existing oil spill preparedness, prevention, and cleanup programs. These programs inspect oil storage facilities for tank system soundness to prevent releases, maintain spill cleanup assets to protect sensitive environments, plan and practice strategies to respond to potential catastrophic oil releases, oversee and pay for cleanups of oil spills, and ensure that New Hampshire's water supplies are safe to drink by preventing and removing oil contamination.

Historically, the six funds have been managed separately, with two administered by the Department of Environmental Services (DES) and four administered by the Oil Fund Disbursement Board (Board), which is composed of twelve members representing the N.H. Legislature, the petroleum industry, state agencies, and the general public. The proposed bill would consolidate revenues and reduce the six funds to two, with one administered by the Board and one by DES. The Board and DES together would determine the allocation of revenues to each fund annually, based on need. Improved abilities to prevent and respond to oil releases are expected with fewer accounts to manage.

Currently, each fund's scope of services is limited to a certain type of petroleum storage and release scenario as summarized on the attached table. The Board and DES manage resources

within each fund to address the highest priority releases within each category. This management ensures that, within each category, the most urgent environmental and economic impacts are addressed first. However, the limitations imposed by distribution of funding across six accounts result in the Board and DES deferring work at certain priority sites due to budget constraints within one specific fund. Deferring work leads to increases costs and more expensive remedies in the long term. Consolidation of the Funds would allow the Board and DES flexibility to prioritize projects more effectively, across all categories covered under the current six funds, to ensure that releases posing the highest risk are addressed first.

While providing flexibility for improved response prioritization, fund consolidation would assist in establishing a cash reserve essential for New Hampshire to be prepared to initiate cleanup if a catastrophic inland or coastal spill were to occur. RSA 146-A provides authority for recovery of Oil Pollution Control Fund monies from responsible parties when oil spills occur; however, this process can take months or years if legal action is necessary. Therefore, an Oil Pollution Control Fund cash reserve is essential for rapid deployment of contractors and DES assets should a major inland or coastal oil spill occur. At this time, the reserve is critically low due to declining oil imports, increasing operating costs associated with additional spill preparedness responsibilities, and inflation. Consolidation of the funds would provide for allocation of \$18M in total annual revenues based on priority, and this bill would allow the Board and DES to make an annual determination regarding the most efficient and protective way to allocate those resources across the two funds.

Thank you for considering HB 664 and its potential to streamline state government and improve oil spill prevention and response capabilities while maintaining current levels of oil spill prevention and cleanup services at no additional cost to businesses and consumers. If you have questions or need additionally information, please contact Michael Wimsatt, Director of the Waste Management Division at (603) 271-2905 Michael.Wimsatt@des.nh.gov, or Sarah Yuhaskirn, Administrator of the Oil Remediation & Compliance Bureau at (603) 271-3645 Sarah.Yuhaskirn@des.nh.gov.

Sincerely,



Rep. Chris Christiansen, Chairman
Oil Fund Disbursement Board



Thomas S. Burack, Commissioner
Department of Environmental Services

Attachment: *N.H. Oil Pollution Funds Summary*

Cc: Sponsors of HB 664
Oil Fund Disbursement Board