

Fund Source Report

1149

TAPL

Trans-Alaska Pipeline System Liability Fund

Year Authorized	Year Repealed	Active?	Mental Health?	Duplicated?	Fund Group
2000		No	No	No	Federal Receipts

No Appropriations during last 10 years

Legal Authority

Oil Pollution Act of 1990, P.L. 101-380

Source of Revenue

Federal Trans-Alaska Pipeline Liability Fund

Restrictions on Use

Although subject to appropriation, the money is restricted by federal law to specific purposes associated with potential petroleum pollution.

Description and History

Under the Trans-Alaska Pipeline Authorization Act, the federal government collected \$0.05 per barrel of oil transported through the pipeline system. Oil producers paid the fee via reductions to royalty payments to the state, so the state paid the fee indirectly. The fee was collected from June 1977 until October 1991.

Following the Exxon Valdez oil spill, the Oil Pollution Act of 1990 (Public Law 101-380, sec 8102(A)(B)(1)) was passed. The legislation dissolved the original TAPL fund and transferred most of the money (nearly \$173 million) to a new federal liability trust known as the Oil Spill Liability Trust fund. As part of the liquidation of the original fund, Alaska was to receive a pro rata share of the balance of the fund.

In December 1994, at Governor Knowles urging, the trustees agreed to distribute to the state one-eighth of the balance of the original reserve, and, after all claims were resolved and administrative expenses paid, one-eighth of all assets remaining in the fund. The Department of Natural Resources received nearly \$22 million in 1994 and 1995 as a distribution of the one-eighth share.

The closeout of the liability fund occurred in FY01, which is the only year in which this code was used. The available balance (\$18.5 million, after depositing 25%-\$6.1 million- to the Permanent Fund) was appropriated to a capital project for remediation of rural Alaska bulk fuel facilities. Federal law authorizing the rebate to the State restricted use to remediation of above-ground tanks, but did not restrict use of the funds to rural areas.

Under federal law, interest earned on the remaining balance in the federal fund, estimated at \$8.5 million per year, will go to the federally appointed Denali Commission to repair or replace older, potentially hazardous above-ground bulk fuel storage tanks in Alaska. Direct receipts of the Denali Commission are excluded from the state budget.