

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1728

H. P. 1618

Office of the Clerk of the House

Governor's Bill. Reference to the Committee on Energy and Natural Resources suggested.

EDWIN H. PERT, Clerk of the House

Presented by Mrs. Post of Owls Head.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

AN ACT to Establish \$10,000,000 as the Limit of the Maine Coastal Protection Fund.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 38 MRSA § 551, 2nd and 3rd sentences, as repealed and replaced by PL 1977, c. 375, § 10, are amended to read:

The fund shall be limited to ~~\$4,000,000 until July 1, 1978. Thereafter the fund shall be limited to \$6,000,000~~ \$10,000,000 and the Board of Environmental Protection shall collect fees in accordance with subsection 4.

Sec. 2. 38 MRSA § 551, sub-§ 4, ¶ A, as repealed and replaced by PL 1977, c. 375, § 13, is amended to read:

A. License fees shall be determined on the basis of ~~1-2¢~~ 1¢ per barrel of oil transferred by the licensee during the licensing period and shall be paid monthly by the licensee on the basis of records certified to the board, provided that during such time as any bonds issued pursuant to the private and special laws of 1969, chapter 239, shall remain outstanding and funds made available for interest and debt retirement shall be inadequate for such purpose, the license fee shall be determined on the basis of ~~1-0¢~~ 2¢ per barrel. License fees shall be paid to the board and upon receipt by it credited to the Maine Coastal Protection Fund.

STATEMENT OF FACT

The Maine Coastal Protection Fund is a type of insurance policy for the people of Maine. In 1970 the fund limit was set at \$4,000,000 and in 1977 the limit was set at \$6,000,000. The upper limits of the fund is for all practical matters an arbitrary figure. There is no reasonable way of estimating what a major oil spill will cost in terms of clean-up and 3rd-party claims. What can be said is that \$10,000,000 will provide for more clean-up and pay more 3rd-party claims than \$6,000,000. A \$10,000,000 fund will also lessen the likelihood of having to dip into the bond market in the event of a major spill.

The 1/2¢ a barrel was established in 1970. In 1971, the first full year of collecting fees, the number of barrels transferred was 227,062,680. This generated an income of \$1,135,313. The amount of oil transferred remained over 200,000,000 through 1975. Since 1976 it has declined and in 1978 only 121,367,592 barrels were transferred. This resulted in an income of \$606,838 or about 1/2 of the 1971 income. The increase in the basic fee to 1¢ per barrel will help to offset this decline.

The existing statute doubles the basic fee for when bonds are sold and outstanding. This concept is continued in this proposal by raising the bond issue payback from 1¢ to 2¢.