

1995-96 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 95hrJC-Fi_Misc_pt52

➤ Record of Comm. Proceedings ... RCP

➤ **

V. Department of Natural Resources -- Craig Karr, Division Administrator, Customer Assistance and External Relations

The Department of Natural Resources is requesting that the Committee take action under s. 350.12(4)(br), as amended by 1995 Wisconsin Act 27, to increase the 1996-97 expenditure amount for supplemental trail aids within the snowmobile trail recreation aids appropriation under s. 20.370(5)(cs) by an additional \$133,000 SEG.

Governor's Recommendation

Approve the request.

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: September 19, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration

Subject: Section 13.10 Request from the Department of Natural Resources for Increased Expenditure Amount for Supplemental Trail Aids.

Request

The Department of Natural Resources (DNR) requests that the Committee take action under s. 350.12 (4) (br), as amended by 1995 Wisconsin Act 27, to increase the FY97 expenditure amount for supplemental trail aids within the snowmobile trail recreation aids appropriation under s. 20.370 (5) (cs) by \$133,000 SEG.

Background

The Snowmobile Account within the Conservation Fund receives funding from user fees and the motor fuel tax as specified under s. 25.29 (1) (d). The account funds a variety of snowmobile projects, including:

- maintenance of trails (up to \$200 per mile per year);
- development of new trails;
- major reconstruction or rehabilitation of bridges on existing trails;
- trail rehabilitation;
- cooperative club signing program (up to \$15,000 per year);
- route signing (up to \$30,000); and
- supplemental trail aids for costs in the previous fiscal year that exceeded the \$200 maximum for trail maintenance.

Snowmobile Gas Tax Multiplier

The Snowmobile Account receives no general program revenue (GPR) funding but is funded through user fees and the motor fuel tax. The motor fuel tax revenues transferred from the Transportation Fund equal 140% of the product of the number of snowmobiles registered in Wisconsin at the end of February of the previous fiscal year

and the amount of motor fuel tax in February of the previous fiscal year assessed on 50 gallons of gasoline. For FY97, \$3,161,200 was transferred to the Snowmobile Account (192,992 registered snowmobiles x [23.4¢ per gallon x 50 gallons] x 1.4).

The majority of the snowmobile gas tax revenue is used to reimburse trail maintenance costs. Under s. 350.12 (4) (b) 1., trail maintenance costs are reimbursed up to a \$200 maximum per mile per year. Trail maintenance costs exceeding the maximum are reimbursed through supplemental trail aids, as provided for under s. 350.12 (4) (bg). All of the funds generated by the 40% motor fuel tax multiplier are earmarked for supplemental trail aids.

Supplemental Trail Aids

Supplemental trail aid funds are limited to the amount generated by the 40% multiplier. Prior to enactment of the 1995-1997 biennial budget (1995 Wisconsin Act 27), supplemental trail aid requests that exceeded the funds available were prorated under 350.12 (4) (br). Separate legislation was required to increase the amount of funds available for supplemental trail aids in excess of the revenues generated by the 40% multiplier.

The 1995-1997 biennial budget removed the need for separate legislation to increase funds available for supplemental trail aids. As amended by 1995 Wisconsin Act 27, s. 350.12 (4) (br) allows DNR to either prorate supplemental trail aids payments or submit a request for additional expenditures to the Committee under s. 13.101. Unlike typical s. 13.101 requests, requests under s. 350.12 (4) (br) do not require a finding of an emergency for Committee consideration.

Analysis

By the October 1, 1997, application deadline, DNR expects to receive requests for supplemental trail aids in excess of available funds. Current funds available for supplemental payments are \$903,200. DNR expects costs eligible for supplemental aid to equal approximately \$2 million. With the current funds available, supplemental aid payments will be prorated, resulting in a proration rate of cost reimbursement of less than 50%.

Since the creation of the 40% multiplier, supplemental trail aids payments have reimbursed at least 70% of county and state trail maintenance costs exceeding the \$200 maximum per mile per year. Table I illustrates the historical level of trail aid reimbursement.

Table 1: Historical Snowmobile Trail Maintenance Cost Reimbursement

<u>Year of Payment</u> ¹	<u>Claims Paid (%)</u>
1990	37.0
1991	59.0 ²
1992	100.0 ³
1993	76.0
1994	73.6
1995	100.0

¹ Payments reimburse trail maintenance costs incurred in the previous year.

² Includes additional funding received through separate legislation.

³ Payments made in 1992 were the first to use funds provided by the 40% multiplier, which was enacted as part of the 1991-1993 biennial budget (1991 Wisconsin Act 39).

The good snowmobiling conditions and accompanying high use during the 1995-1996 snowmobiling season required frequent maintenance of trails. As a result, costs eligible for reimbursement have exceeded available funds.

The Snowmobile Recreation Council recommended that DNR submit a request to the Joint Committee on Finance to increase the amount of funds available for supplemental trail aid payments. After satisfying the basic trail maintenance requests (up to the \$200 maximum per mile), the Snowmobile Recreation Council had approximately \$730,000 available for snowmobile trail project requests. However, the total cost of the projects for which the council recommended approval is \$596,550. The council recommended that the remaining approximately \$133,000 be used to supplement trail aid funds. If the request to use these funds for supplemental trail aid payments is denied, the money will continue to be available for trail development and rehabilitation projects in subsequent fiscal years.

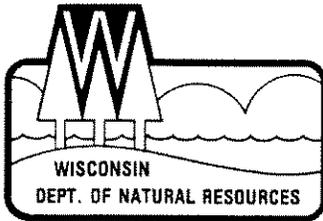
Although the increase of \$133,000 would not eliminate the need to prorate supplemental trail aid payments, the percentage of costs reimbursed would improve. The requested increase in funds available for supplemental trail aids does not require additional expenditure authority. The current FY97 expenditure authority of \$3,042,800 under appropriation s. 20.370 (5) (cs) is adequate because no increase in total funds is involved.

Recommendation

Approve the request.

Prepared by: Kirsten Grinde
266-7973

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State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Tommy G. Thompson, Governor
George E. Meyer, Secretary

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August 28, 1996

IN REPLY REFER TO: 9310

Honorable Brian Burke, Co-Chair
Joint Committee on Finance
100 North Hamilton Street
Room 302
P.O. Box 7882

Honorable Ben Brancel
Joint Committee on Finance
119 Martin Luther King, Jr. Blvd
Suite LL2
P.O. Box 8952

Attn: Committee Secretary, Daniel Caucutt
Division of Executive Budget and Finance, 10th Floor
Administration Building
101 E. Wilson Street

Dear Senator *Brian* Burke and Representative *Ben* Brancel:

Request

The Department of Natural Resources requests approval to supplement the expenditure amount of the gas tax multiplier specified in s. 350.12 (4) (bg), Stats., within appropriation 20.370 (5)(cs) by \$133,000. No additional expenditure authority is needed; the Department would utilize the remaining existing spending authority within that same appropriation after other purposes specified for the appropriation have been funded. If approved, this request will allow the Department to provide an additional \$133,000 for supplemental trail aid payments to the \$903,200 already available for that purpose for the winter of 1995-96. This request is being made under the authority of s. 350.12 (4) (br) (title), Stats., which allows the Department to request the Joint Committee on Finance to take action under s. 13.101 without the requirement of finding of an emergency under s. 13.101 (3) (a) 1.

Background

Appropriation 20.370 (5) (cs) provides funding from the motor fuel tax specified under s. 25.29 (1) (d) for a variety of snowmobile projects, including snowmobile trail maintenance. Spending authority for this continuing appropriation is \$3,204,200 for FY 96 and \$3,042,800 for FY 97, with an additional amount of \$151,000 in FY 97 that has lapsed from the previous year. Within appropriation 20.370 (5) (cs), an amount is set aside specifically for supplemental trail aid payments to the Department or a county for trail maintenance costs incurred in the previous fiscal year that exceed the maximum of \$200 per mile. This amount is equal to the amount generated by the gas tax multiplier of 40% (s.25.29 (d) 2.), and for FY 97 is \$903,200. This funding calculation is specified in s. 350.12 (4) (bg), Stats.



While the application deadline for counties for supplemental requests is October 1, 1997, it is estimated that the total request for eligible costs will be approximately \$2 million for the 1995-96 snowmobiling season due to the good snowmobiling conditions. This will result in a 50% or less proration of the available \$903,200 for supplementary payments.

After satisfying basic maintenance requests of 15,298 miles at the maximum \$200 per mile, the Snowmobile Recreation Council had approximately \$730,000 available for other snowmobile trail project requests under appropriations 20.370 (5) (cr) and (cs). After reviewing the projects in the priority order specified under s.23.09 (26), Stats., the Council recommended approval of \$596,550 worth of projects. The Council requested the Department to seek approval to use the remaining \$133,000 for supplemental trail aids in addition to the \$903,200 generated by the 40% multiplier.

Approval of this request will provide an additional \$133,000 for supplemental trail aids to help offset costs incurred by counties for snowmobile trail maintenance. Approval will not result in exceeding the overall expenditure authority for appropriation 20.370 (5) (cs), but will allow the Department to spend more on the specific purpose of supplemental trail aids, currently specified in s. 350.12(4) (bg). Other purposes for funding by the appropriation have been reviewed and recommended for funding by the Snowmobile Recreation Council. Denial of this request will result mean that the \$133,000 will not lapse, but continue to be available only for trail project costs in subsequent fiscal years.

Conclusion

The Snowmobile Recreation Council recognizes the importance of the snowmobile trail system to the tourism revenue generated by snowmobiling recreation, and recommends supplementing the amount available for supplemental trail aids by \$133,000. A provision was included in the 1995-97 biennial budget, 1995 Wisconsin Act 27, to allow the Department to request the Joint Committee on Finance to take action to address supplemental trail aid payments under s. 350.12 (4) (br) (title) under s. 13.101 without the requirement of a finding of emergency. This request is consistent with that provision.

Sincerely,



George E. Meyer
Secretary

c: Darrell Bazzell - AD/5
Joe Polasek - MB/5
Herb Zimmerman - FN/1
Craig Karr - AD/5
Kathy Curtner - CF/8



Legislative Fiscal Bureau

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14
15-0-2

September 26, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Commerce -- Request for PECFA and Petroleum Inspection Laboratory Funds --
Agenda Item VI

BACKGROUND

The Department of Commerce requests an increase of \$30,758,200 SEG in 1996-97 for the following purposes: (1) \$598,200 in one-time funding for remodeling and upgrading of 14 petroleum inspection laboratories; (2) \$160,000 for maintenance and development of a PECFA data base; and (3) \$30,000,000 for PECFA awards (petroleum environmental cleanup fund awards). Segregated funding would be provided from the petroleum inspection fund which receives revenues from the three cents per gallon petroleum inspection fee imposed on all petroleum products brought into Wisconsin. The request is summarized in Table 1.

TABLE 1

Department of Commerce s. 13.10 Request

Components of Request	Amount Requested
Petroleum Inspection Laboratory Remodeling	\$598,200
PECFA Data Base	160,000
PECFA Awards	<u>30,000,000</u>
Total	\$30,758,200

ANALYSIS

Petroleum Inspection Fund Balance

The primary use of the petroleum inspection fund (PIF) is to fund the petroleum environmental cleanup fund award (PECFA) program currently administered by the Department of Commerce. The PECFA financial reimbursement program was transferred from the Department of Industry, Labor and Human Relations (DILHR) effective July 1, 1996. Responsibility for administering cleanup of low- and medium-priority PECFA and non-PECFA eligible petroleum sites was transferred from the Department of Natural Resources (DNR) to Commerce effective July 1, 1996. At current funding levels, approximately 83% of PIF expenditures in 1995-97 will be for PECFA awards and administration.

In addition to funding the PECFA program, the PIF also provides funding for a number of environmental programs administered by Commerce, DNR, and the Departments of Agriculture, Trade and Consumer Protection, Military Affairs, Transportation and Revenue. The largest of these programs are Commerce's programs to inspect petroleum products and petroleum products storage systems and to regulate underground and aboveground storage tanks. Other programs include a transfer to the environmental fund for environmental repair, groundwater management and well compensation, and programs related to air quality management, pollution prevention, petroleum unfair sales enforcement, weights and measures regulation, local emergency response teams and collection of the petroleum inspection fee.

Currently, the estimated balance of the PIF will be \$44.4 million on June 30, 1997. The Commerce request would reduce the balance to \$13.6 million as shown in Table 2. However, the balance would include approximately \$8.8 million in July, 1997 revenue that would be credited to the 1996-97 balance but would not be available in the cash balance of the fund for expenditure until July, 1997. That is, June billings are generally not received as revenues until July. If the entire anticipated fund revenues would be expended in 1996-97, the cash flows would, at some point, cause the fund balance to be negative until the July, 1997, revenues are actually received. This practice is generally not permitted by state cash management practices. Thus, the available cash balance on June 30, 1997 would be approximately \$4.8 million.

TABLE 2

**Petroleum Inspection Fund Condition Statement
(In Millions)**

	<u>1995-96</u>	<u>1996-97</u>
Opening Balance	\$32.2	\$17.5
Petroleum Inspection Fee	109.3	105.0
Interest Income and Other	<u>3.9</u>	<u>0.2</u>
Total Revenues Available	\$145.4	\$122.7
Expenditures and Reserves		
PECFA Awards and Administration*	\$108.8	\$62.9
Other Expenditures	19.1	18.2
Estimated Lapses and Encumbrances	0.0	-2.8
Commerce s. 13.10 Request	<u>0.0</u>	<u>30.8</u>
Total Expenditures	\$127.9	\$109.1
Closing Balance	\$17.5	\$13.6
July Revenue Unavailable for Expenditure in 1996-97	--	<u>-8.8</u>
June 30, 1997 Available Balance	--	\$4.8

*Expenditures in 1995-96 exceed authorized levels in 1996-97 primarily because \$107 million of the \$168 million biennial PECFA appropriation was expended in the first year, leaving authorized expenditures of only \$61 million available for 1996-97.

Petroleum Inspection Laboratory Remodeling

DILHR's public sector safety inspection program inspects employment places owned by governmental employers. The public sector safety inspectors issued several orders from 1992 through 1995 that directed DILHR to correct numerous health and safety code violations at the agency's 14 petroleum inspection laboratories. In 1995, DILHR administrators and union officials discussed methods to correct fire, health and safety code violations and DILHR developed a health and safety compliance plan for the laboratories. In August, 1995, a DILHR hearing examiner recommended implementation of the plan. DILHR administrators agreed to carry out the plan and to have final contracts in place for facility modifications by June of 1997. A case filed by AFSCME Local 333 in Lafayette County Circuit Court challenging the hearing

examiner's authority and requesting the Court to order DILHR to enforce the safety orders was dismissed as outside of the Court's jurisdiction. Commerce has asked the public sector safety inspectors to adjust the compliance time schedule to reflect the current s. 13.10 request that would satisfy the building construction compliance items related to six laboratories by June, 1997, and the remainder during 1997-99.

In November, 1995, DILHR and the Department of Development (the Department of Commerce effective July 1, 1996) submitted a s. 13.10 request for an increase of \$1,733,300 SEG in one-time funding in 1995-97 to make numerous remodeling and health and safety improvements at 14 petroleum inspection laboratories throughout the state. On December 12, 1995, the Joint Committee on Finance approved \$430,800 SEG in one-time funding in 1995-96 for equipment and facility design services and placed the funds in unallotted reserve. The Committee also deferred consideration of funding for 1996-97 until design consultant cost estimates of work needed at each existing and proposed laboratory would be presented to the Committee. On July 10, 1996, the Committee approved the release of \$395,100 SEG of the \$430,800 SEG from unallotted reserve in 1995-96 to cover planned expenditures for petroleum laboratory equipment and remodeling improvements.

On August 7, 1996, the Building Commission approved Commerce's request to plan, bid and construct petroleum laboratory upgrades at 14 locations (three owned and 11 rented facilities) with construction-related costs of \$1,351,300. Commerce currently estimates that construction costs will be \$1,317,600 (the difference was paid from 1995-96 funds). Seven laboratories will remain at their existing locations and the other seven will be moved to different sites in the same geographic area. Current cost estimates are based on work done by an engineering firm under contract with the Department. The engineering firm has surveyed nine locations in detail to determine the required changes and associated costs at each of the nine sites. Seven of nine sites will remain in their existing locations. Costs for five of the seven laboratories to be moved have been estimated based on the average cost of the nine sites that have been surveyed in detail because the new location has not been finalized. The locations for two of the sites to be moved, Milwaukee (currently located in Waukesha) and Beloit, have been finalized.

Commerce requests \$598,200 in one-time funding in 1996-97 to be used to upgrade six of the 14 laboratories. The Department would make several upgrading and remodeling improvements to correct fire, health and safety code violations and to meet requirements of the federal Americans With Disabilities Act (ADA). Improvements would include components such as: (a) bringing laboratory walls, ceilings and doors to the proper fire rating; (b) upgrading electrical systems; (c) improving ventilation, heating and air conditioning; and (d) modifying plumbing and other site features to comply with ADA. The six laboratories have been included in the engineering detailed survey of nine laboratories. The six sites would include Milwaukee and Beloit, which would be moved, and McFarland, Green Bay, La Crosse and Stevens Point, which would remain at their existing sites. Department officials indicate that the engineering firm could begin preparation of construction drawings for the six locations as soon as the Committee approves the funding. They anticipate that work would be completed on the six locations by the summer of 1997. Commerce officials indicate that the six locations are the

highest volume laboratories and have been chosen as the six locations where work could be expected to be completed in 1996-97.

Approval of the requested 1996-97 funding would allow Commerce to proceed with laboratory improvements where detailed costs are known. It would also allow Commerce to comply, for six of 14 laboratories, with the original 1995 compliance schedule deadline of June of 1997 for completing final contracts.

Commerce plans to request \$719,400 in one-time funding in 1997-98 as part of the agency's 1997-99 biennial budget request for the other eight petroleum laboratories. This includes the three laboratories at Hudson, Fond du Lac and Hazel Green that would remain at their existing locations and have been surveyed in detail by the engineering firm, but are a lower priority than other sites to be completed in 1996-97. It would also include five laboratories in Chippewa Falls, Kenosha, Superior, Spooner and Rhinelander that would be moved to new locations in the same geographic area. While Commerce has not identified final locations for the five sites at which project costs have been estimated, the Department expects project costs to be within the average estimate. After the Department identifies five final locations and the engineering firm surveys detailed costs at five actual sites, total costs for 1997-98 may differ from the estimated amount.

PECFA Data Base

Commerce requests \$160,000 SEG in 1996-97 for maintenance and development of a PECFA data base. The funds would be used to hire two contract computer programmers for eight months, from November, 1996 through June, 1997, to: (a) make programming modifications necessary to maintain the current PECFA financial tracking system ("Tracker"); and (b) begin to identify and develop elements needed in a new data base system. Commerce would use the same contracting company that is currently providing programming services to the Safety and Buildings Division at a contract cost of \$10,000 per programmer per month. Commerce indicates that it will request approximately \$300,000 SEG annually in its 1997-99 biennial budget request to continue with PECFA automation needs.

Commerce officials indicate that during 1995-96, DILHR contracted with a company to provide computer programming and automation services related to plan review, inspection and certification functions of the Safety and Buildings Division, petroleum inspection program and the underground and aboveground storage tank regulation program. DILHR decided to omit upgrading of the PECFA Tracker from that automation project due to the complexity of the PECFA program and its automation needs. Commerce officials indicate that the Department is submitting the request now instead of waiting until 1997-99 biennial budget deliberations because: (a) the Department is concerned that the Tracker is not strong enough to last one or two years; and (b) it would be possible to utilize current contract programmers beginning in November, 1996 after they complete work for the Safety and Buildings Division, petroleum inspection and tank regulation programs.

The Tracker currently contains site and claim data on about 9,000 PECFA sites and will eventually track up to 20,000 sites. It tracks information about the owner, site location, tank type, approvals of maximum expenditures for investigations and other remediation costs, site closure, submitted costs of each claim for a site, approved costs, date of claim payment and cumulative submitted costs and claims paid.

Commerce has identified a number of problems with the current Tracker. The system is written in a relatively light duty data base program called Access. It was created by PECFA program staff and is maintained with minimal support from data processing staff. The Tracker has experienced recent down times, including a recent three day "crash," that have raised Department concerns that the system is unstable and may have difficulty handling increasing work loads. The PECFA program does not possess documentation about how Tracker works that can be used in the event of problems. Commerce officials indicate that the system lacks security features to prevent intentional or unintentional data manipulation of PECFA site and claim records.

Commerce is adding information about site closure decisions as the Department assumes responsibility for closing low- and medium-priority sites and receives information from DNR about closure of high-priority sites. Commerce is not currently able to link information in the Tracker with DNR site tracking systems.

Tracker is not able to link multiple sites owned by a single owner for the purpose of tracking annual aggregate information. In response to Legislative Audit Bureau concerns about tracking of annual aggregates (owners are subject to maximum annual awards for costs incurred each year), Commerce has created an Excel spreadsheet to track the year in which costs are incurred by site and owner. Commerce will use this spreadsheet until the information can be incorporated into a new PECFA data base.

Commerce hopes that funding for long-term PECFA automation and data base needs will be a part of 1997-99 biennial budget deliberations. It would also be possible to defer the current request until that time. However, approval of the current request would allow Commerce to temporarily contract with computer programmer consultants to maintain the current system and begin to identify what is needed in a new system.

PECFA Awards

Commerce requests \$30,000,000 SEG on a one-time basis in 1996-97 for payment of additional PECFA awards. Commerce is also requesting a \$7,100,000 annual increase from the \$84,031,700 SEG in base funding (for a total appropriation of \$91,131,700 SEG per year) as part of its 1997-99 biennial budget request.

PECFA awards reimburse owners for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. The amount of reimbursement

varies from a minimum of 75% to over 99% of eligible cleanup costs. Owners of certain underground and aboveground tanks may receive up to \$1,000,000 for the costs of investigation, cleanup and monitoring of environmental contamination. Eligible costs include certain costs for consultant services, soil treatment, equipment used in remediation, laboratory tests, site monitoring, excavation and hauling of contaminated soils. It also includes loan origination fees, loan renewal fees and other interest expenses associated with loans secured by owners for the site cleanup. These loan-related costs accounted for more than 6% of PECFA payments during calendar years 1994 and 1995.

In the first eight months of 1995-96, DILHR paid \$84.9 million in PECFA awards, averaging \$10.6 million per month. In March, 1996, DILHR began limiting PECFA award expenditures to no more than petroleum inspection fee revenues, in part, to avoid a negative cash balance in the PIF. Since then, DILHR and Commerce have paid approximately \$6.0 million in PECFA awards per month. In 1995-96, \$107.0 million in claims were paid. Currently, in 1996-97, \$61.1 million is available for PECFA claim payments.

At the end of August, 1996, there were 1,500 PECFA claims totalling \$130 million waiting to be processed. In addition, as of mid-September, there are almost \$5 million of PECFA claims that have been processed and are waiting to be paid in October. The PECFA program received an average of \$16.5 million in claims per month during the last six months, which equals receipt of almost \$200 million in claims annually.

Under the Commerce request, PECFA claims paid during 1996-97 would increase \$30.0 million to \$91.1 million. Based on the current backlog, the requested \$30 million could pay approximately 340 PECFA claims that would otherwise wait until after June 30, 1997, for payment.

At the current rate of receipt of claims and payment of PECFA awards, the backlog could exceed \$230 million by June 30, 1997. Under the request, the backlog could still exceed \$200 million by June 30, 1997. While the Commerce request states that DNR is currently reviewing the effectiveness of engineered remedial systems at PECFA sites and is developing other options for remedial sites in the hopes that some sites can be moved to closure or to simple monitoring, those actions will not reduce the current backlog. The DNR activities may decrease future costs at some PECFA sites.

The Commerce request, combined with estimated expenditures and lapses, would leave an available cash balance in the PIF of approximately \$4.8 million. In order to avoid additional interest charges on a portion of the backlog, this amount could be appropriated for PECFA awards during 1996-97, increasing the amount provided from \$30.0 million to \$34.8 million. Alternatively, the cash balance would be available for expenditures in 1997-99.

ALTERNATIVES

A. Petroleum Inspection Laboratory Remodeling

1. Approve Commerce's request for \$598,200 SEG in one-time funding in 1996-97 for remodeling and upgrading of six petroleum inspection laboratories.
2. Deny the request.

B. PECFA Data Base

1. Approve Commerce's request for \$160,000 SEG in 1996-97 for maintenance and development of a PECFA data base. In addition, specify that the funding will be one-time.
2. Deny the request.

C. PECFA Awards

1. Approve Commerce's request to provide one-time funding of \$30,000,000 SEG from the petroleum inspection fund in 1996-97 for additional PECFA awards.
2. Provide one-time funds of \$34,800,000 SEG (petroleum inspection fund) in 1996-97 for additional PECFA awards.
3. Deny the request.

Prepared by: Kendra Bonderud