

# **LSC Greenbook**

**Analysis of the Enacted Budget**

## **Petroleum Underground Storage Tank Release Compensation Board**

Matthew L. Stiffler, Budget Analyst  
Legislative Service Commission

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**ATTACHMENT:**

Budget Spreadsheet By Line Item

# Petroleum Underground Storage Tank Release Compensation Board

- Non-GRF entity
- Budget funded by tank fee collections
- More than 26,000 tanks certified annually

## OVERVIEW

### Duties and Responsibilities

The Petroleum Underground Storage Tank Release Compensation Board (UST) was established in 1989 to comply with federally mandated requirements concerning underground storage tank owners' financial responsibility requirements established in Subtitle I of the Resource Conservation and Recovery Act (RCRA). The Board serves Ohio's underground storage tank owners and operators by overseeing the Financial Assurance Fund, which provides a mechanism for all underground storage tank owners and operators to meet U.S. Environmental Protection Agency (USEPA) regulations requiring them to demonstrate financial capability to pay for potential damage caused by releases from their underground storage tanks.

### Appropriation Summary

For the FY 2012-FY 2013 biennium, as noted in Table 1 below, the budget appropriates for the Board's use non-GRF funding totaling \$1,162,179 in FY 2012 and \$1,123,014 in FY 2013. The funding, which is appropriated from an account in the Agency Fund Group, will be allocated solely for payroll expenses.

**Table 1. Compensation Board Appropriations by Fund Group, FYs 2012 and 2013  
(Am. Sub. H.B. 153)**

Fund Group	FY 2011*	FY 2012	% change, FY 2011-FY 2012	FY 2013	% change, FY 2012-FY 2013
Agency	\$1,144,627	\$1,162,179	1.5%	\$1,123,014	-3.4%
<b>TOTAL</b>	<b>\$1,144,627</b>	<b>\$1,162,179</b>	<b>1.5%</b>	<b>\$1,123,014</b>	<b>-3.4%</b>

\*FY 2011 figures represent actual expenditures.

## Financial Assurance Fund

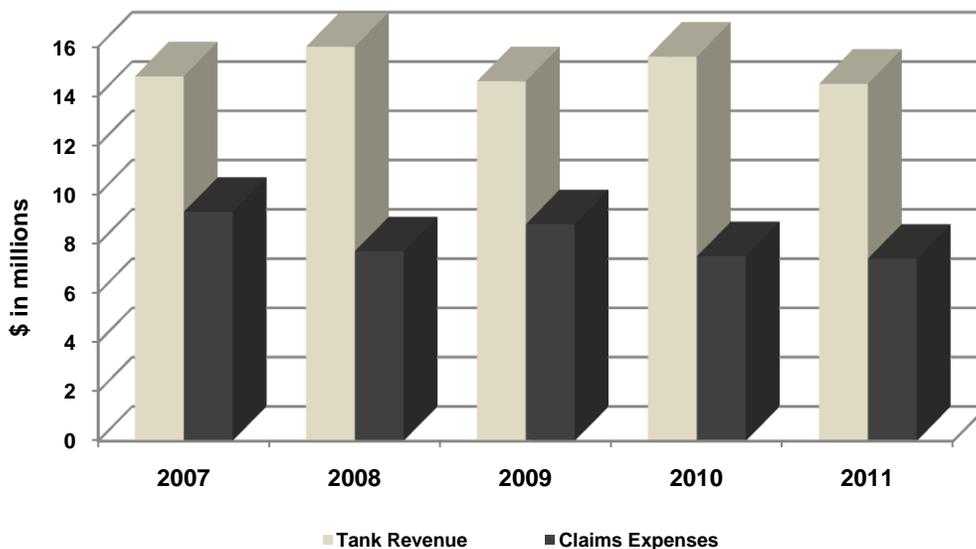
The Financial Assurance Fund assures underground storage tank owners reimbursement of up to \$1 million, less a standard deductible of \$55,000, for necessary corrective actions. Owners of six or fewer underground storage tanks may pay an additional \$200 fee per tank to receive a reduced deductible of \$11,000. In FY 2010, more than 21,600 underground tanks were covered by the fund. In addition to the fees and charges collected from underground storage tank owners, the fund also consists of the proceeds from the sale of revenue bonds and interest earnings.

### Tank Revenue versus Claim Expenses

The number of USTs covered by the Financial Assurance Fund has decreased as owners and operators have come into compliance with USEPA mandates to upgrade, remove, or replace tanks by December 1998. The number continues to decline, although at a slower rate than in the years predating 1998. In 1989, there were 50,000 USTs covered by the fund. There are now just over 21,600. As no further action is determined for the pre-1998 releases, the Board anticipates a decline in the number of claims being submitted in future years.

The Board calculates its fees by projecting the number of tanks to be covered in the upcoming fiscal year, the expected amount to be paid in claim reimbursements, and its operating costs. The last fee increase was in FY 2005. Chart 1 below shows the Financial Assurance Fund's annual revenues and claims expenses from FY 2007 through FY 2011.

**Chart 1: Tank Revenue vs. Claims Expenses, by Fiscal Year**



## Staffing Level

The Board consists of nine members appointed by the Governor with the advice and consent of the Senate. The Treasurer of State and the directors of the Department of Commerce and the Ohio Environmental Protection Agency serve as ex officio members. Appointed members of the Board are compensated on a per diem for each day of actual attendance at meetings of the Board. Members also receive their actual and necessary expenses incurred in the performance of their duties as members of the Board.

Day-to-day operations are handled by an executive director and 15 staff responsible for administering two distinct programs as follows:

- (1) Reporting and Compliance, which involves the assessment, collection, and application of an annual per tank fee, and the issuance of a Certificate of Coverage for all USTs covered by the Financial Assurance Fund; and
- (2) Eligibility and Determination, which involves an eligibility review to determine if Financial Assurance Fund coverage may be extended for a release, and a claims review conducted to determine if particular costs associated with the release are reimbursable.

## **ANALYSIS OF ENACTED BUDGET**

Table 2 below shows the Board's lone line item that is subject to the biennial budgeting process, as well as the appropriation for each of FYs 2012 and 2013. It is then followed by a narrative describing the line item's revenue source and the purpose for which the appropriations will be used.

<b>Table 2. Compensation Board's Budget Line Item Appropriations</b>				
<b>Fund</b>	<b>ALI and Name</b>		<b>FY 2012</b>	<b>FY 2013</b>
<b>Agency Fund (AGY) Group</b>				
6910	810632	PUSTRCB Staff	\$1,162,179	\$1,123,014

### **PUSTRCB Staff (AGY line item 810632)**

This line item is used solely for the payroll expenses (wages and salaries, fringe benefits, and other personnel charges) generated by nine appointed Board members and 16 full-time staff. The appropriated amounts are sufficient to cover the anticipated payroll expenses in each of FYs 2012 and 2013.

The line item's appropriations will be supported by cash transferred from the Financial Assurance Fund, an account in the custody of the Treasurer of State that is not part of the state treasury. All of the Board's other expenses, including the debt service on bonds and the payment of claims, are paid directly from the Financial Assurance Fund.

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**FY 2012 - FY 2013 Final Appropriation Amounts**

**All Fund Groups**

Line Item Detail by Agency			FY 2010	FY 2011	Appropriations FY 2012	FY 2011 to FY 2012 % Change	Appropriations FY 2013	FY 2012 to FY 2013 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: Enacted</b>					
<b>UST Petroleum Underground Storage Tank Release Compensation Board</b>								
6910	810632	PUSTRCB Staff	\$ 980,954	\$ 1,090,559	\$ 1,162,179	6.57%	\$ 1,123,014	-3.37%
<b>Agency Fund Group Total</b>			<b>\$ 980,954</b>	<b>\$ 1,090,559</b>	<b>\$ 1,162,179</b>	<b>6.57%</b>	<b>\$ 1,123,014</b>	<b>-3.37%</b>
<b>Petroleum Underground Storage Tank Release Compensation Board Total</b>			<b>\$ 980,954</b>	<b>\$ 1,090,559</b>	<b>\$ 1,162,179</b>	<b>6.57%</b>	<b>\$ 1,123,014</b>	<b>-3.37%</b>