

LSC Greenbook

Analysis of the Enacted Budget

Petroleum Underground Storage Tank Release Compensation Board

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ATTACHMENT:

Budget Spreadsheet By Line Item

Petroleum Underground Storage Tank Release Compensation Board

- Appropriations of \$1.1 million in each fiscal year
- No GRF Funding
- More than \$165 million disbursed for the reimbursement of corrective action costs since inception

OVERVIEW

Agency Overview

The Petroleum Underground Storage Tank Release Compensation Board (UST) was established in 1989 to comply with federal law concerning underground storage tank owners' financial responsibility requirements established in Subtitle I of the Resource Conservation and Recovery Act (RCRA) and overseen by the United States Environmental Protection Agency (USEPA). The Board consists of nine members appointed by the Governor. The State Treasurer and the directors of the Department of Commerce and the Ohio Environmental Protection Agency serve as ex officio members. Day to day operations are handled by an executive director and 15 staff responsible for determining tank owner eligibility and reimbursement, reporting and regulation, and administration.

Appropriation Overview

The amount appropriated in H.B. 1 is for payroll costs, which are supported by a portion of the fees assessed to underground storage tank owners and operators. Funding for the agency is \$1.1 million in each fiscal year. Table 1 below shows these amounts and how they compare to the FY 2009 appropriation.

Table 1. Appropriations for UST, FY 2010-FY 2011					
Line Item	FY 2009	FY 2010	% change, FY 2009-FY 2010	FY 2011	% change, FY 2010-FY 2011
810632, PUSTRCB Staff	\$1,044,989	\$1,050,000	0.48%	\$1,050,000	0%

*FY 2009 figures represent actual expenditures.

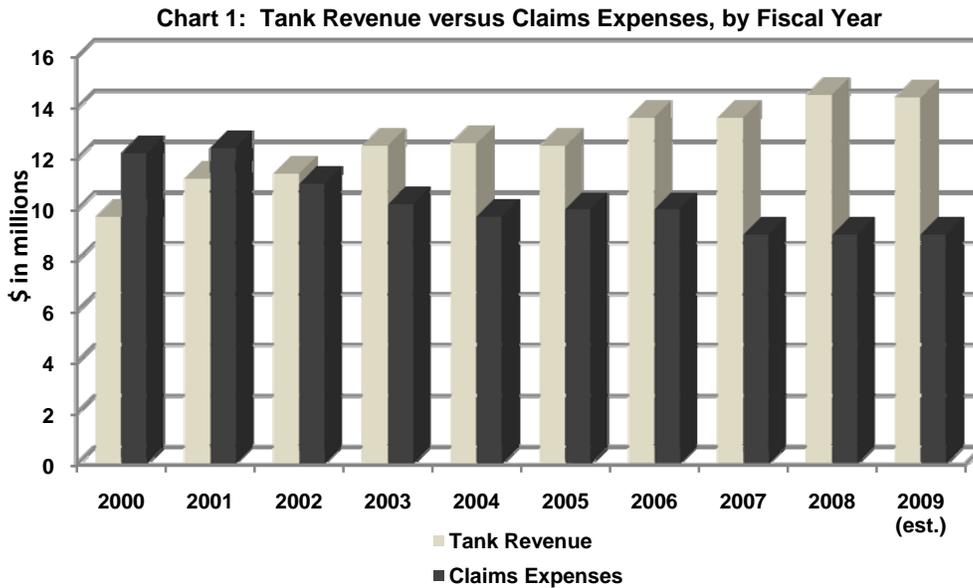
Financial Assurance Fund

Beside the small portion of tank fees that is set aside for payroll, the majority of tank fees are deposited in the Financial Assurance Fund (FAF), a custodial fund that is not appropriated. The 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 2008, 21,324 underground tanks were covered by the program. In addition to the fees collected from underground storage tank owners, the FAF also consists of the proceeds from the sale of revenue bonds and interest earnings. As of June 30, 2009, the unobligated balance of the FAF was approximately \$11.7 million. The obligated balance of approximately \$4.1 million represents the amount the Board paid for claims reimbursements through the end of FY 2009. An additional \$7.0 million is maintained for debt service on the revenue bonds sold.

Tank Revenue versus Claim Expenses

The number of assurable petroleum tanks has decreased as owners and operators have come into compliance with USEPA mandates to upgrade, remove, or replace them 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 assured tanks. There are now just over 21,300. UST has received, on average, about 80 applications for eligibility in the last five fiscal years, compared to an average 297 applications for each of the five years leading up to the 1998 upgrade deadline. As no further action is determined for the pre-1998 releases, UST anticipates a decline in the number of claims being submitted on an annual basis.

UST calculates its fees by projecting the number of tanks to be assured 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 for the last ten fiscal years.



ANALYSIS OF ENACTED BUDGET

Reporting and Compliance

The appropriation below funds all the personnel costs related to reporting and compliance functions of the Board. It is the only line item in UST's budget that requires legislative appropriation.

Appropriations for Reporting and Compliance				
Fund	ALI and Name		FY 2010	FY 2011
UST Fund Group				
6910	810632	PUSTRCB Staff	\$1,050,000	\$1,050,000
Total Funding: UST Fund Group			\$1,050,000	\$1,050,000

This line item is used to fund only the personnel costs of the 16 staff. The chief responsibility of the staff is to verify that tank owners are in compliance with all State Fire Marshal regulations concerning underground storage tanks, and if so, issuing certificates of assurability. The staff also collects annual tank fees, which are due July 1, and any penalties for late payments. Additionally, the Board's claims staff must determine whether underground storage tank owners are eligible for reimbursement costs and how much money should be granted in the event of an accidental release.

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FY 2010 - 2011 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2008	FY 2009	FY 2010 Appropriations	% Change FY09 - FY10	FY 2011 Appropriations	% Change FY10 - FY11
Report For: Main Operating Appropriations Bill			Version: Enacted					
UST Petroleum Underground Storage Tank								
6910	810632	PUSTRCB Staff	\$ 988,138	\$ 1,044,989	\$ 1,050,000	0.48%	\$ 1,050,000	0.00%
Agency Fund Group Total			\$ 988,138	\$ 1,044,989	\$ 1,050,000	0.48%	\$ 1,050,000	0.00%
Petroleum Underground Storage Tank Total			\$ 988,138	\$ 1,044,989	\$ 1,050,000	0.48%	\$ 1,050,000	0.00%