

- The board expects fee revenue to the Financial Assurance Fund to remain level
- The board uses no GRF moneys

Petroleum Underground Storage Tank Release Compensation Board

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ROLE

The Petroleum Underground Storage Tank Release Compensation Board administers Ohio's Financial Assurance Fund. The fund provides financial assistance to owners of petroleum underground storage tanks (UST). In accordance with federal law, the board requires all tank owners and operators to participate in a risk pool financing program, through annual payments to the Financial Assurance Fund, in exchange for coverage of up to \$1 million for clean-up costs and third-party property and bodily damages associated with accidental releases of petroleum from USTs.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
16	\$1 million	\$1.1 million	\$0	\$0	Am. Sub. H.B. 94

OVERVIEW

Appropriations for FY 2002 total \$1,011,437. This amount is \$83,513 greater than the total appropriated in FY 2001, a 9.0 percent increase¹. Appropriations for FY 2003 total \$1,075,158. This amount is \$63,721 greater than FY 2002, a 6.3 percent increase. Funding levels over the 2002-2003 biennium match those requested by the board and recommended by the Executive.

The Petroleum Underground Storage Tank Release Compensation Board uses no GRF moneys and maintains one State Special Revenue account. Moneys in this account are used solely for personnel costs. The board consists of nine members appointed by the Governor, and three ex-officio members: the Treasurer of State, the Director of the Department of Commerce, and the Director of the Environmental Protection Agency. The board also has a staff of 16 employees who perform the daily operations of the board.

¹ Actual expenditures in FY 2001 totaled \$735,510


The primary source of revenue for the board is an annual fee assessed to each petroleum UST owned or operated by a responsible person. Under the standard \$50,000 deductible, the fee was \$400 per tank in FY 2001, and will increase to \$450 per tank in FY 2002. Owners of six or fewer USTs may pay an additional fee of \$150 per tank and reduce their deductible to \$11,000 per release.

BUDGET ISSUES

FINANCIAL ASSURANCE FUND

U.S. EPA issued mandates to upgrade, remove, or replace aging USTs by December 1998, which resulted in a substantial decrease in the number of assurable USTs for which fees were collected and credited to the Financial Assurance Fund. In the first year of the board's existence, fees were collected on approximately 50,000 USTs. Today the number of assured USTs has decreased to approximately 23,700. In order to minimize the effects on the solvency of the Financial Assurance Fund, the board has increased per tank fees incrementally over the years, and has succeeded in maintaining a relatively level amount of fee revenue.

Although a fee increase is not anticipated for FY 2003, the board annually reviews its fee structure and operating budget based on the Financial Assurance Fund's unobligated balance, the claims paying experience of its board members, and the claims expenses projected to be certified for payment in the coming fiscal year. The board also considers the number of tanks it expects to be assured. Based upon these claims projections and the expected tank population, the board establishes the annual tank fee for the upcoming fiscal year.

There are a total of 2,088 sites for which the board has received requests for claim reimbursement since its establishment in 1990. Of these, 644 are closed sites, meaning no additional claims for reimbursement can be submitted. With respect to these closed sites, 1,307 claims were submitted, or an average of two claims per site. The average payout for each closed site was \$58,641. Beginning in FY 2002, the board expects to receive an additional 400 claims per year. Since the required upgrades mandated by U.S. EPA have been fulfilled, the board also expects the cost of corrective action to decrease. 

FY 2002 - 2003 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 1999:</i>	<i>FY 2000:</i>	<i>FY 2001:</i>	<i>FY 2002 Appropriations:</i>	<i>% Change 2001 to 2002:</i>	<i>FY 2003 Appropriations:</i>	<i>% Change 2002 to 2003:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
UST Petroleum Underground Storage Tank Release Compensation Board							
691 810-632 PUSTRCB Staff	\$ 697,786	\$ 768,697	\$735,510	\$ 1,011,437	37.51%	\$ 1,075,158	6.30%
State Special Revenue Fund Group Total	\$ 697,786	\$ 768,697	\$ 735,510	\$ 1,011,437	37.51%	\$ 1,075,158	6.30%
Petroleum Underground Storage Tank Release Compe	\$ 697,786	\$ 768,697	\$ 735,510	\$ 1,011,437	37.51%	\$ 1,075,158	6.30%