

Greenbook

LSC Analysis of 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

- Non-GRF supported entity
- Budget funded by tank fee collections
- Financial Assurance Fund covers approximately 21,000 USTs

OVERVIEW

Agency Overview

The Petroleum Underground Storage Tank Release Compensation Board was established in 1989 to comply with federally mandated requirements concerning petroleum underground storage tank (UST) owners' financial responsibility established in Subtitle I of the Resource Conservation and Recovery Act (RCRA). The Board serves Ohio's UST 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. These regulations require owners and operators to demonstrate financial capability to pay for potential damage caused by releases from their USTs.

Appropriation Overview

For the FY 2018-FY 2019 biennium, as noted in Table 1 below, the budget appropriates non-GRF funding totaling \$1,433,220 in FY 2018, an increase of \$322,495, or 29.0%, from FY 2017 expenditures of \$1,110,725. For FY 2019, the budget appropriates \$1,461,073, an increase of 1.9%, or \$27,853, from the FY 2018 appropriation. The additional funding will cover projected payroll increases (salary and payroll checkoff charge cost increases).

Fund Group	FY 2017*	FY 2018	% change, FY 2017-FY 2018	FY 2019	% change, FY 2018-FY 2019
Dedicated Purpose	\$1,110,725	\$1,433,220	29.0%	\$1,461,073	1.9%
TOTAL	\$1,110,725	\$1,433,220	29.0%	\$1,461,073	1.9%

*FY 2017 figures represent actual expenditures.

Personnel

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 17 full-time equivalent (FTE) staff, including an executive director.

Programs

The Board administers the following two distinct programs:

- **Reporting and Compliance.** Responsible for 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.
- **Eligibility and Reimbursement Determination.** Responsible for an eligibility review to determine if Financial Assurance Fund coverage may be extended for a release and conducting a claims review to determine if particular costs associated with the release are reimbursable.

The allocation of the biennial funding for each of these two programs is expected to be more or less as summarized in Table 2 below.

Program	Biennial Recommendation	% of Total
Reporting and Compliance	\$1,225,732	42.3%
Eligibility and Reimbursement Determination	\$1,668,561	57.7%
TOTAL	\$2,894,293	100.0%

Financial Assurance Fund

The Financial Assurance Fund, which is in the custody of the Treasurer of State, consists of annual and supplemental per-tank fees, interest earnings, and revenue bond proceeds.¹ The fund assures a UST owner correction cost reimbursement of up to \$1 million, less the deductible. Fees are currently set at \$400 annually for a single tank with a standard deductible of \$55,000 for necessary corrective actions.² Owners of six or fewer USTs may elect to pay an additional \$200 fee per tank for a reduced deductible of

¹ Two previously issued sets of bonds totaling \$65 million were paid off in FY 2011.

² The annual per-tank fee was reduced from \$600 (set in FY 2007) to \$500 in FY 2014 and to \$400 in FY 2016.

\$11,000. Approximately 21,000 USTs across about 7,200 facilities are covered by the fund.

The number of USTs covered by the 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. 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.

ANALYSIS OF ENACTED BUDGET

The table below shows the Board's only line item that is subject to the biennial budgeting process, as well as the appropriation for each of FY 2018 and FY 2019. It is then followed by a narrative describing how the appropriated amounts will be used. These 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.

Underground Storage Tank Release Compensation Board Appropriations				
Fund		ALI and Name	FY 2018	FY 2019
Dedicated Purpose Fund Group				
6910	810632	Petroleum Underground Storage Tank Release Compensation Board – Operating	\$1,433,220	\$1,461,073

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 17 FTE staff. The appropriations fully fund the Board's budget request, including projected payroll increases (salary and payroll checkoff charge cost increases). All of the Board's other expenses (supplies and maintenance, purchased personal services, equipment, and corrective action and compensation payments) are paid directly out of the Financial Assurance Fund by warrant of the Treasurer of State.

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FY 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			Appropriation	FY 2017 to FY 2018	Appropriation	FY 2018 to FY 2019		
			FY 2016	FY 2017	FY 2018	FY 2019		
					% Change	% Change		
Report For Main Operating Appropriations Bill			Version: As Enacted					
UST Petroleum Underground Storage Tank Release Compensation Board								
6910	810632	Petroleum Underground Storage Tank Release Compensation Board - Operating	\$ 1,093,047	\$ 1,110,725	\$ 1,433,220	29.03%	\$ 1,461,073	1.94%
Dedicated Purpose Fund Group Total			\$ 1,093,047	\$ 1,110,725	\$ 1,433,220	29.03%	\$ 1,461,073	1.94%
Petroleum Underground Storage Tank Release Compensation Board Total			\$ 1,093,047	\$ 1,110,725	\$ 1,433,220	29.03%	\$ 1,461,073	1.94%