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Quick look...

- The Board has the primary responsibility of administering the Petroleum Financial Assurance Fund, which is used to reimburse owners and operators of underground petroleum storage tanks for the costs of corrective actions and damage compensation paid to third parties.
- The Board’s appropriations consist of cash transferred from the fund solely for the purpose of paying for personal services; it receives no GRF funding.
- The biennial budget will permit the Board to maintain FY 2019 service delivery levels, including anticipated increases in health care and salary costs.

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<td>$1,110,725</td>
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<td>% change</td>
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<td>17.6%</td>
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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 Petroleum 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.

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 basis 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. The day-to-day operations of the Board are handled by 16 full-time equivalent (FTE) staff, including an executive director.
Analysis of FY 2020-FY 2021 budget

The Board’s single line item, supported by cash transferred from the Petroleum Financial Assurance Fund, is used solely for the payroll expenses (wages and salaries, fringe benefits, and other personnel charges) associated with the nine Board members and 16 FTE staff. 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 Petroleum Financial Assurance Fund by warrant of the Treasurer of State.

The preceding table shows the line item’s expenditure history from actual FY 2016 expenditures through the appropriations for FY 2020 and FY 2021. The amounts provided in each fiscal year – $1,410,740 in FY 2020 and $1,469,195 in FY 2021 – represent year-over-year increases of about 4%. These increases will permit the Board to maintain FY 2019 service delivery levels and cover anticipated increases in health care and salary costs.

Programs

The expected allocation of the Board’s $2.9 million biennial budget for its two programs is shown in the chart below. The Eligibility and Reimbursement Determination Program will account for the largest share of the Board’s budget at 52.4%, or $1.5 million. This program is responsible for an eligibility review to determine if Petroleum Financial Assurance Fund coverage may be extended for a release, and for conducting a claims review to determine if particular costs associated with the release are reimbursable. The remainder of the Board’s biennial budget (47.6%, or $1.4 million) will be allocated for the Reporting and Compliance Program. This program is responsible for 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 fund.

Compensation Board Budget by Program
FY 2020-FY 2021 Biennium

- Eligibility and Reimbursement Determination: 52.4%
- Reporting and Compliance: 47.6%

Biennial total: $2.9 million
Petroleum Financial Assurance Fund

The Petroleum 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 $350 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 $11,000. Approximately 20,800 USTs across 7,070 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.

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 2015, to $400 in FY 2016, and to $350 in FY 2019.