

# Greenbook

## LBO Analysis of Enacted Budget

# Ohio Petroleum Underground Storage Tank Release Compensation Board

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# LBO Greenbook

## Ohio Petroleum Underground Storage Tank Release Compensation Board

### Quick look...

- The Ohio Petroleum Underground Storage Tank Release Compensation Board primarily administers 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 paying personal services; it receives no GRF funding.
- The fund is not a part of the state treasury and instead is in the custody of the Treasurer of State.
- Appropriations total \$2.96 million for the biennium, which will permit the Board to maintain current staffing levels, including anticipated increases in health care and salary costs if authorized.

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
<b>Fund 6910 ALI 810632, Petroleum Underground Storage Tank Release Compensation Board – Operating</b>					
\$1,154,094	\$1,357,727	\$1,380,903	\$1,385,926	\$1,470,292	\$1,489,689
% change	17.6%	1.7%	0.4%	6.1%	1.3%

### 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.<sup>1</sup> The fund provides a mechanism for all UST owners and operators to meet U.S. Environmental Protection Agency (USEPA) regulations. These

<sup>1</sup> 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. 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. Owners of six or fewer USTs may elect to pay an additional \$550 fee per tank for a reduced deductible of \$11,000. The Board estimates it will collect \$8.4 million in fees in FY 2022 and FY 2023. Approximately 20,300 USTs across 6,600 facilities are covered by the fund.

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 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 2022-FY 2023 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 appropriation increases for FY 2022 and FY 2023 relative to the FY 2021 actual expenditures will permit the Board to maintain current service delivery levels, including anticipated increases in health care and salary costs. The FY 2022 appropriation represents a 6.1% increase over the actual expenditures for FY 2021. FY 2021 closed with less than originally appropriated largely due to the postponement of a previously scheduled 3% wage increase.

The Board's personnel costs are primarily split between two programs as follows:

- Eligibility and Reimbursement Determination, which 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.
- Reporting and Compliance, which 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 Petroleum Financial Assurance Fund. Staff in this program area also work with the Office of the Attorney General to pursue collections of delinquent accounts.