

## Petroleum Underground Storage Tank Release Compensation Board

### Role and Overview

The Petroleum Underground Storage Tank Release Compensation Board administers Ohio's Financial Assurance Fund. The fund provides coverage for clean-up costs and third-party property and bodily damages associated with accidental releases of petroleum from underground storage tanks (USTs). Federal law requires that all tank owners and operators demonstrate that they are able to pay up to \$1 million in clean-up costs and third-party damages in the event of an accidental release.

The board consists of nine members appointed by the Governor and three ex-officio members: the Treasurer of State and the directors of the Department of Commerce and the Ohio Environmental Protection Agency. The board has a staff of 16 employees that perform the daily operations of the board with an annual operating budget of \$1.1 million.

The Financial Assurance Fund consists of fees and charges paid by owners of underground storage tanks, interest earned on the moneys in the fund, and proceeds from revenue bonds authorized by the board. There is approximately \$30.1 million in unobligated funds and an additional obligated amount of \$15 million for anticipated fiscal year 2005 claim reimbursement payments. Payroll expenses of the board, which are about \$1.1 million annually, are the only funds of the board that are appropriated.

### Executive Priorities for the Petroleum Underground Storage Tank Release Compensation Board

- Provide a mechanism to enable Ohio's petroleum UST owners to comply with federal EPA regulations.
- Provide financial assistance to remediate contamination caused by covered petroleum USTs.
- Maintain a cost-effective program by efficiently managing the Financial Assurance Fund.

### Summary of Budget History and Recommendations

(In thousands)	ACTUAL			ESTIMATE	% CHANGE	RECOMMENDED			
	FY 2002	FY 2003	FY 2004			FY 2005	FY 04-05	FY 2006	% CHANGE
BUDGET FUND GROUP	FY 2002	FY 2003	FY 2004	FY 2005	FY 04-05	FY 2006	% CHANGE	FY 2007	% CHANGE
Agency Fund Group	862	901	940	1,075	14.4	1,075	.0	1,117	3.9
<b>TOTAL</b>	<b>862</b>	<b>901</b>	<b>940</b>	<b>1,075</b>	<b>14.4</b>	<b>1,075</b>	<b>.0</b>	<b>1,117</b>	<b>3.9</b>

(In thousands)	ACTUAL			ESTIMATE	% CHANGE	RECOMMENDED			
	FY 2002	FY 2003	FY 2004			FY 2005	FY 04-05	FY 2006	% CHANGE
OBJECT OF EXPENSE	FY 2002	FY 2003	FY 2004	FY 2005	FY 04-05	FY 2006	% CHANGE	FY 2007	% CHANGE
Personal Services	862	901	940	1,075	14.4	1,075	.0	1,117	3.9
<b>TOTAL</b>	<b>862</b>	<b>901</b>	<b>940</b>	<b>1,075</b>	<b>14.4</b>	<b>1,075</b>	<b>.0</b>	<b>1,117</b>	<b>3.9</b>

# Petroleum Underground Storage Tank Release Compensation Board

## PROGRAM SERIES 01: Financial Assurance

This program series provides Ohio's petroleum UST owners with \$1 million (less a deductible) of assurance coverage for taking corrective action and compensating third parties for bodily and property damage caused by accidental releases from petroleum USTs. The program satisfies the federal EPA regulations requiring all U.S. petroleum UST owners to demonstrate \$1 million of financial responsibility.

### Program 01.01: Reporting and Compliance

This program is responsible for the collection and application of all fees and penalties; maintenance of the general ledger and fee invoice systems; all accounting and fiscal transactions; preparation of all financial statements and related documents; coordination of an annual study of the Financial Assurance Fund's estimated claim liability with an independent actuarial firm; and coordination of the annual audit with an independent accounting firm and the State Auditor's Office.

#### What the Budget Buys:

- Collection and application of fees and penalties in accordance with law;
- Issuance of approximately 23,000 Certificates of Financial Assurance Fund Coverage;
- Coordinates the annual study of the Financial Assurance Fund's estimated claim liability with an independent actuarial firm; and
- Funds the equivalent of 7.5 full-time employees for the daily operations for Reporting and Compliance program.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
AGY	691	810-632	Petroleum UST Release Compensation Board Staff	487,165	505,846
<b>TOTAL FOR PROGRAM</b>				<b>487,165</b>	<b>505,846</b>

### Program 01.02: Eligibility And Reimbursement Determination

This program is responsible for maintaining the eligibility, preapproval, and reimbursement databases that allow the board and staff to execute their duties. The board reviews appropriate documentation and rules governing the eligibility and reimbursement processes, and makes recommendations to the director regarding an owner's rights to place claims against the Financial Assurance Fund. Board members recommend the amounts to be reimbursed. Staff processes reimbursements received for costs associated with corrective action.

#### What the Budget Buys:

- Administration of the Financial Assurance Fund that provides coverage for clean-up costs and third-party property and bodily damages associated with accidental releases of petroleum from underground storage tanks;
- Evaluation and determination of eligibility for over 4,100 reimbursement claim applications per year;
- Provide the resources to remediate contamination through reimbursement determinations;
- Develop innovative ways to reduce clean-up costs; and
- Funds the equivalent of 8.5 full-time employees for the daily operations for Eligibility and Reimbursement Determination program.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
AGY	691	810-632	Petroleum UST Release Compensation Board Staff	587,993	610,812
<b>TOTAL FOR PROGRAM</b>				<b>587,993</b>	<b>610,812</b>

## LINE ITEM SUMMARY - Underground Storage Tank Release

FUND	ALI	ALI TITLE	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 RECOMMENDED	% CHANGE	FY 2007 RECOMMENDED	% CHANGE
691	810-632	PUSTCB Staff	862,295	901,027	940,220	1,075,158	1,075,158	.0	1,116,658	3.9
<b>TOTAL Agency Fund Group</b>			<b>862,295</b>	<b>901,027</b>	<b>940,220</b>	<b>1,075,158</b>	<b>1,075,158</b>	<b>.0</b>	<b>1,116,658</b>	<b>3.9</b>
<b>TOTAL Underground Storage Tank Rel</b>			<b>862,295</b>	<b>901,027</b>	<b>940,220</b>	<b>1,075,158</b>	<b>1,075,158</b>	<b>.0</b>	<b>1,116,658</b>	<b>3.9</b>