

STATE OF UTAH

Fund Information

FINET Name: (DEQ) Petroleum Storage Tank Trust Fund

FINET Fund: 7220

Legal Name: Petroleum Storage Tank Trust Fund

Legal Authorization: UCA 19-6-405.4, 409, 410.5

Earns Interest: Yes No **Earns Interest Authority:** UCA 19-6-409 (1)(c)

Revenue Source(s):

1) Petroleum Storage Tank fees; 2) Interest earned; 3) Underground Storage Tank installation company permit fees; 4) Environmental surcharge (In FY97 this was changed to an Environmental Assurance Fee.); 5) appropriations; 6) principal and interest received from the repayment of loans

Description:

Fund was created in the 1989 Legislative Session. Funds are to be used to pay part of costs for damage caused by releases, certain third party claims, provide abatement and corrective action. This law requires a fund equity of \$17,500,000 before the fee drops to 0. The fund equity can then be drawn down to \$12,500,000 before the fee is re-established.

As amended in 1995, money in the Fund in excess of \$18,000,000 may be appropriated by the Legislature to: the loan fund (Fund 513); or the department to be applied to the costs of investigation, abatement, and corrective action regarding releases not covered by the fund and not on the national priority list as defined in UCA 19-6-302.

Beginning 5/4/97, the name of the fund was changed from "Petroleum Storage Tank Fund" to "Petroleum Storage Tank Trust Fund." The program was changed to be voluntary. Each participant pays an environmental assurance fee of 1/2 cent per gallon on all petroleum delivered to any tank participating in the program. The reference to allow the legislature to appropriate excess funds over \$18,000,000 to the Loan Fund or for administration was eliminated. The department is now allowed up to \$2.2 million for investigation, abatement, and corrective actions for releases not covered by the fund; however for FY1998 an appropriation was not made for this purpose.

As amended by the 1998 Legislature (HB113), costs recovered from responsible parties are no longer a revenue source; the Legislature created a new fund (Petroleum Storage Tank Cleanup Fund #729) to provide for expenses of cleanup of releases from tanks not covered by Petroleum Storage Tank Trust Fund. The Legislature appropriated \$2,000,000 for fiscal year 1998-99 from the Petroleum Storage Tank Trust Fund to the new fund, the Petroleum Storage Tank Cleanup Fund created in Section 19-6-405.7. The 1998 Legislature (HB112) also made minor changes to UCA 19-6-409 and significant changes to UCA 19-6-410.5. In part HB112 reduced the assurance fee and amended the point of collection from DEQ to the Tax Commission.

The 1998 Legislature by passing HB454, allows the Legislature to appropriate \$5,000,000 from the Petroleum Storage Tank Trust Fund to the Centennial Highway Fund. A memo from Lynne Koga, CPA, dated August 5, 1998, indicates that a question has been raised as to whether such an appropriation can be made from this restricted fund; this issue will be addressed by the 1999 Legislature. Until then, it was recommended that the transfer not be made.

The 1999 Legislature (HB152) suspended the assurance fee if the cash balance on June 30 of any year exceeds \$40,000,000 and until the cash balance has decreased below \$30,000,000 (UCA 19-6-410.5(11)(a)) ("cash balance" means cash plus investments and current accounts receivable minus current accounts payable exclusive of the liabilities estimated by the state risk manager)(UCA 19-6-410.5(1)(a)).

HB 264 (2002 GS) changed this fund's classification from an expendable trust fund to a private-purpose trust fund. This change was a result of Finance's overall fund analysis for implementation of GASB Stmt 34.

SB 85 (2003 GS) increases the environmental fee from ¼ cent to ½ cent per gallon. If the cash balance exceeds \$20 million, the fee will be reduced to ¼ cent until the legislature changes it again.

HB 271 (2006 GS) requires owners and operators of underground petroleum storage tanks that elect to participate in the environmental assurance program to include all of their tanks under the Petroleum Storage Tank Trust Fund.

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HB 120 (2010 GS) Increases the coverage limits for participants in the Petroleum Storage Tank Trust Fund (7220). Increases the maximum loan amounts for the Petroleum Storage Tank Loan Fund (5484). As to the Petroleum Storage Tank Trust Fund (7220), expanded the purposes for which the executive secretary may expend fund monies and added specific determinations the executive secretary must make before paying costs.

HB 195 (2012 GS) Transfers responsibility for the determination of the actuarial soundness of the Petroleum Storage Tank Trust Fund from the State Risk Manager to the Executive Director of the Department of Environmental Quality. Gives the executive director discretion as to whether to petition the Legislature to increase fees to attain actuarial soundness.

HB 241 (2013 GS) Requires the Department of Environmental Quality to study the financial viability of the Environmental Assurance Program and the Petroleum Storage Tank Trust Fund. Allows the director of the Department of Environmental Quality to expend money from the Petroleum Storage Tank Trust Fund to pay for the cost of the study. Modifies the maximum cash balance of the Petroleum Storage Tank Trust Fund from \$20,000,000 to \$30,000,000. (CAP is monitored by DEQ)

HB 138 (2014 GS) Modifies provisions relating to the Division of Environmental Response and Remediation. Transfers balances from the Petroleum Storage Tank Loan Fund (#5485) and the Circle K settlement (in #7222) into the Petroleum Storage Tank Trust Fund (#7220). Adds appropriations and principal and interest from repayment of loans as new sources of revenues to the Petroleum Storage Tank Trust Fund. Authorizes the director to loan money available in the Trust Fund to a qualified person. Authorizes the director to use money in the Petroleum Storage Tank Cleanup Fund (#7221) to investigate a suspected release. Requires the Division of Environmental Response and Remediation to charge an additional fee for an underground storage tank under certain circumstances (dedicated credits). Authorizes the State Tax Commission to raise the environmental assurance fee to 13/20 cent per gallon on the first sale or use of petroleum in the state. (Fee is deposited in the Petroleum Storage Tank Trust Fund #7220.) Authorizes the Division of Environmental Response and Remediation to create a risk-based rebate system for environmental assurance fees. Authorizes the director of the Division of Environmental Response and Remediation to order an owner or operator to reimburse the division for the cost of managing and overseeing the cleanup of a release.

Fund Balance History:

<u>Fund</u>	<u>Year</u>	<u>Beg Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Transfers</u>	<u>End Balance</u>
7220	1990	\$0	\$4,875	\$0	\$0	\$4,875
7220	1991	\$4,875	\$7,714,392	\$12,710	(\$334,824)	\$7,371,733
7220	1992	\$7,371,733	\$7,582,729	\$14,441,066	(\$513,396)	\$0
7220	1993	\$0	\$8,219,627	\$227,553	(\$609,000)	\$7,383,074
7220	1994	\$7,383,074	\$8,048,126	\$4,986,285	(\$4,409,000)	\$6,035,915
7220	1995	\$6,035,915	\$9,048,990	\$22,552,985	(\$5,455,400)	(\$12,923,480)
7220	1996	(\$12,923,480)	\$43,979,073	\$2,313,162	(\$761,800)	\$27,980,631
7220	1997	\$27,980,631	\$9,845,877	\$7,321,204	(\$2,899,500)	\$27,605,804
7220	1998	\$27,605,804	\$6,900,180	\$21,649,411	(\$2,981,200)	\$9,875,373
7220	1999	\$9,875,373	\$5,660,007	\$21,193,268	(\$2,815,500)	(\$8,473,388)
7220	2000	(\$8,473,388)	\$5,840,097	\$14,956,064	(\$922,600)	(\$18,511,955)
7220	2001	(\$18,511,955)	\$5,040,115	\$44,609,600	(\$926,868)	(\$59,008,308)
7220	2002	(\$59,008,308)	\$4,090,362	\$9,669,247	(\$1,108,889)	(\$65,696,082)
7220	2003	(\$65,696,082)	\$4,090,173	\$314,519	(\$1,111,362)	(\$63,031,790)
7220	2004	(\$63,031,790)	\$6,620,821	\$2,059,179	(\$1,116,153)	(\$59,586,302)
7220	2005	(\$59,586,302)	\$6,302,794	\$4,299,779	(\$1,146,200)	(\$58,729,488)
7220	2006	(\$58,729,488)	\$7,715,171	\$1,902,286	(\$1,185,909)	(\$54,102,511)
7220	2007	(\$54,102,511)	\$16,783,286	(\$641,882)	(\$1,246,600)	(\$37,923,943)
7220	2008	(\$37,923,943)	\$9,105,875	\$143,798	(\$1,255,100)	(\$30,216,966)
7220	2009	(\$30,216,966)	\$4,900,751	\$455,210	(\$1,306,800)	(\$27,078,225)
7220	2010	(\$27,078,225)	\$5,911,358	\$56,908	(\$1,298,000)	(\$22,521,776)

This report presents unofficial, unaudited information that is subject to change.

For audited financial statements, see the State of Utah Comprehensive Annual Financial Report at <http://finance.utah.gov/cafr.html>

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Fund Balance History:

<u>Fund</u>	<u>Year</u>	<u>Beg Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Transfers</u>	<u>End Balance</u>
7220	2011	(\$22,521,776)	\$4,892,686	\$2,203,434	(\$1,310,800)	(\$21,143,324)
7220	2012	(\$21,143,324)	\$5,069,172	\$1,831,945	(\$1,306,000)	(\$19,212,097)
7220	2013	(\$19,212,097)	\$5,270,198	\$618,101	(\$1,334,500)	(\$15,894,500)
7220	2014	(\$15,894,500)	\$5,348,813	\$1,920,298	\$4,374,427	(\$8,091,558)
