Fiscal Note 2009 Biennium

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Bill #	HB0628	**Title:**	Revising eligibility requirements for certain underground storage tanks
Primary Sponsor:	Peterson, Ken	**Status:**	As Introduced

- ☐ Significant Local Gov Impact
- ☑ Needs to be included in HB 2
- ☑ Technical Concerns
- ☐ Included in the Executive Budget
- ☑ Significant Long-Term Impacts
- ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2007 Difference	FY 2008 Difference	FY 2009 Difference	FY 2010 Difference	FY 2011 Difference
Expenditures:					
State Special Revenue	$491,319	$1,473,957	$1,473,957	$1,473,957	$1,473,957
Revenue:					
State Special Revenue	$0	$0	$0	$0	$0
Net Impact-General Fund Balance	$0	$0	$0	$0	$0

Description of Fiscal Impact:

The fiscal impact of HB 628 is estimated at $1,473,957 annually. Owners of underground storage tanks with 1,100 gallon or less storage capacity will be allowed to apply to the Petroleum Tank Release Compensation Fund for 100% of eligible cleanup costs up to a $1,000,000 maximum without co-pay if they are not using the tanks commercially.

FISCAL ANALYSIS

Assumptions:

Department of Environmental Quality (DEQ)

1. DEQ knows of 25,744 underground storage tanks (USTs).
2. There are 3,849 USTs (14.95%) which are known to have had releases.
3. There are 5,631 known non-farm or residential USTs with 1,100 gallon or less capacity.
4. Applying the 14.95% to the 5,631 tanks, 842 releases will likely occur.
5. Approximately 85% of owners are assumed would receive eligibility (842 x .85 = 716).
6. Cleanup of releases from 1,100 gallon or less capacity tanks averages $132,500. ($150,000 less $17,500 co-pay equals $132,500 fund liability)
7. Under current statute, the cleanup liability is $94,870,000. ($132,500 x 716 eligible assumed releases).

8. The proposed statute requires the additional 15% of owners to be eligible for 100% cost reimbursement costing $18,900,000 (842 x .15 = 126 x $150,000) and the 85% would be eligible for reimbursement of the $17,500 co-pay costing $12,530,000 (716 x $17,500) for a total increase of $31,430,000.
9. Current annual claim reimbursements are $4,449,011.
10. The ratio of additional reimbursement costs to current costs is 33.13% ($31,430,000 / $94,870,000 = 33.13%)
11. The annualized impact of proposed statute changes is $1,473,957. ($4,449,011 x 33.13%)
12. This bill is effective upon passage and approval. It is estimated that FY 2007 reimbursement costs will be $491,319. ($1,473,957 / 3).

	FY 2007 Difference	**FY 2008 Difference**	**FY 2009 Difference**	**FY 2010 Difference**	**FY 2011 Difference**
Fiscal Impact:					
Expenditures:					
Benefits	$491,319	$1,473,957	$1,473,957	$1,473,957	$1,473,957
Funding of Expenditures:					
State Special Revenue (02)	$491,319	$1,473,957	$1,473,957	$1,473,957	$1,473,957
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):					
State Special Revenue (02)	($491,319)	($1,473,957)	($1,473,957)	($1,473,957)	($1,473,957)

Long-Range Impacts:

1. Retroactive applicability increases liability to the fund by an undeterminable amount. Releases fitting the criteria and previously denied eligibility may apply for up to $1,000,000 in reimbursement. Releases fitting the criteria and previously limited to $500,000 may apply for their $17,500 co-pay plus any difference in costs between the $500,000 and the new $1,000,000 cap.
2. The current revenue stream is inadequate to support increased expenditures.

Technical Notes:

1. The term "current owner" is not defined. Different meanings for the term may be intended for the term as used in section 1(4)(b) and section 5.
2. Subsections 1(4)(a) and 1(4)(b) overlap. Both provisions would apply to releases from many heating oil tanks and many farm tanks. Subsections 1(4)(a) and 1(4)(b) contain different reimbursement provisions, and the bill does not provide which provisions would apply in cases of overlap.

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*