

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 257** SLS 16RS 298
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 17, 2016 1:34 PM	Author: WALSWORTH
Dept./Agy.: Environmental Quality	Analyst: Matthew LaBruyere
Subject: Motor Fuels Underground Storage Tank Trust Fund	

ENVIRONMENTAL QUALITY RE INCREASE SD EX See Note Page 1 of 1
 Provides relative to underground storage tanks and the Motor Fuels Underground Storage Tank Trust Fund. (8/1/16)

Proposed law revises the definitions of "date of release", "motor fuels", and "regulated substance". Present law provides that monies deposited in the Environmental Trust Fund will be used to defray the cost to the state of administering the underground storage tank program and to provide money or services as the state share of matching funds for federal grants. Proposed law retains present law but includes monies deposited into the Tank Trust Fund and further provides that the funds may be used for other purposes related to the delivery of motor fuels. Proposed law provides that the secretary will promulgate regulations governing loans from the Tank Trust Fund. Present law provides that beginning July 1, 2001, all interest monies earned by the Tank Trust Fund must be used for the closure of abandoned motor fuels underground storage tanks, assessment and remediation of property contaminated by abandoned motor fuel underground storage tanks. Proposed law retains present law and adds monies received from payments that are the result of cost recovery efforts, and makes the use of the money discretionary. Proposed law includes as a use for the monies any loans associated with the operation of underground storage tanks.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

The proposed legislation will result in an increase in statutory dedicated expenditures as a result of creating a loan program within the Department of Environmental Quality (DEQ) and broadening the definitions of motor fuels and regulated substances. The exact increase is indeterminable since it is unknown how the loan program will function within the department and it is unknown how many sites will be eligible for remediation under the expanded motor fuels definition. The department would use funds from settlements involving contaminated sites to fund this new program.

According to DEQ, by allowing the secretary to determine tanks as abandoned, an additional 230 contaminated sites may be eligible for participation in the program. The costs to remove tanks and remediate these sites is indeterminable since they have not been inspected. However, average costs associated with removing tanks can range from \$8,000 to \$22,000 and the cost of remediating contaminated sites can cost \$316,000 (based on remediating costs of the past three fiscal years). Since there are currently sites with tanks that need to be removed and need remediation, any sites added through this legislation would be added to the waiting list. These expenses would not be incurred immediately, but would take place in future fiscal years. The Tank Trust Fund currently has available resources for future remediation costs.

The proposed legislation would allow the department to operate a loan program related to the delivery of motor fuels. Delivery could include replacing old tanks in rural areas or installation of tanks for new fuel types. The scope and operation of the program would be determined through the rule development process. Any impact regarding this potential program is indeterminable at this time.

REVENUE EXPLANATION

The proposed legislation may result in an increase in statutorily dedicated revenue as a result of broadening the definition of motor fuels. The exact increase is indeterminable since it is unknown if there are any underground tanks containing other motor fuels. To the extent tanks containing any motor fuels captured within the expanded definition are registered, the fund will receive \$54 for each tank.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

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