

Protection Money – The Evolution and Status of State FR Funds

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State Funds: A History

- **What happened in the 1980's?**
 - **1986:** Congress directs EPA to establish FR regs
 - **1988:** EPA issues regulations for tank owners, including FR requirements
 - **1988:** Vermont's Petroleum Cleanup Fund established





Fund Structures: Not one size fits all..

Vermont:

Department of
Environmental
Conservation



Missouri:

Board of
Trustees



Minnesota:

Department of
Commerce




State Fund
Survey

State Fund
Administrator's
Conference

Evolution

Hot topics over time

- Fund management
- Cost control
- Abandoned tanks
- Legal decisions
- Natural disasters



Fund Coverage
in the early
days..

- Generally limited to USTs and corrective action from releases
- **VT's Petroleum Cleanup Fund coverage in 1989:**
 - Releases from USTs
 - Compensation to third parties
 - Loan program for replacement of tanks for low volume retail or small municipalities

Changes in
Fund
coverage over
time

Aboveground storage tanks
(ASTs)

Home heating oil

Loans for tank upgrades &
grants for tank removals



Fund Drama and Challenges

- **Controlling Costs – A constant battle**
- **Legislative Raids over the years**
 - Mostly to balance budget – General Fund
 - Water quality initiatives
 - Incentive for ethanol production
 - Residential lead paint removal
 - University grant
 - Superfund site
 - Highway Fund/Dept. of Transportation
 - Funds transferred for use for snowmobile and ATV trails
 - VT: \$2.9 million to help offset lost revenue for a July weekend sales tax holiday

Fund Drama and Challenges

AST releases – Vermont's story

- Releases covered in 1998
- \$25K coverage cap
- No revenue to fund until 2004
- AST Rules in 2011
- Amended 2017





Fun Fund Facts

- Massachusetts – don't count your chickens before they hatch
- Non FR Funds which complement FR funds
 - Arizona's "safety- net"
 - Colorado's Petroleum Cleanup and Redevelopment Fund

Fund Successes

Fund solvency

Reimbursement to tank owners in timely manner

Fund provided financial means to address releases which may have otherwise not been addressed

Enabling effective environmental cleanups

Protection to affected third parties

Good working relationship with stakeholders – Vermont

Future of State Funds?

Quotes from Fund Managers

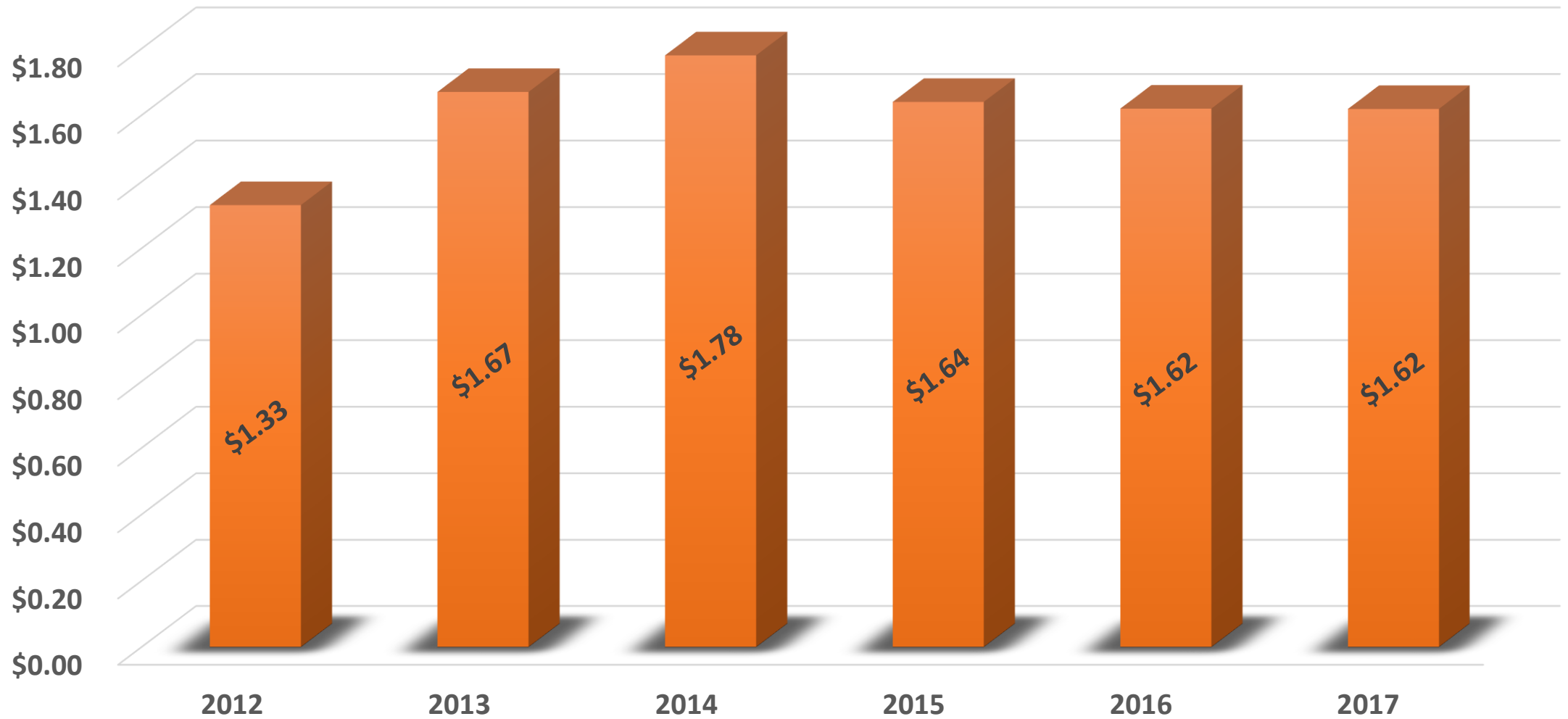
- “At some point, private insurers should “step up””
- “With infrastructure improvements, double-walled tanks, tank owner compliance requirements and operator training, insurers should enter the tank insuring business”
- “I thought we’d be done with our fund in 1996”
- “Always a role for State FR Funds”



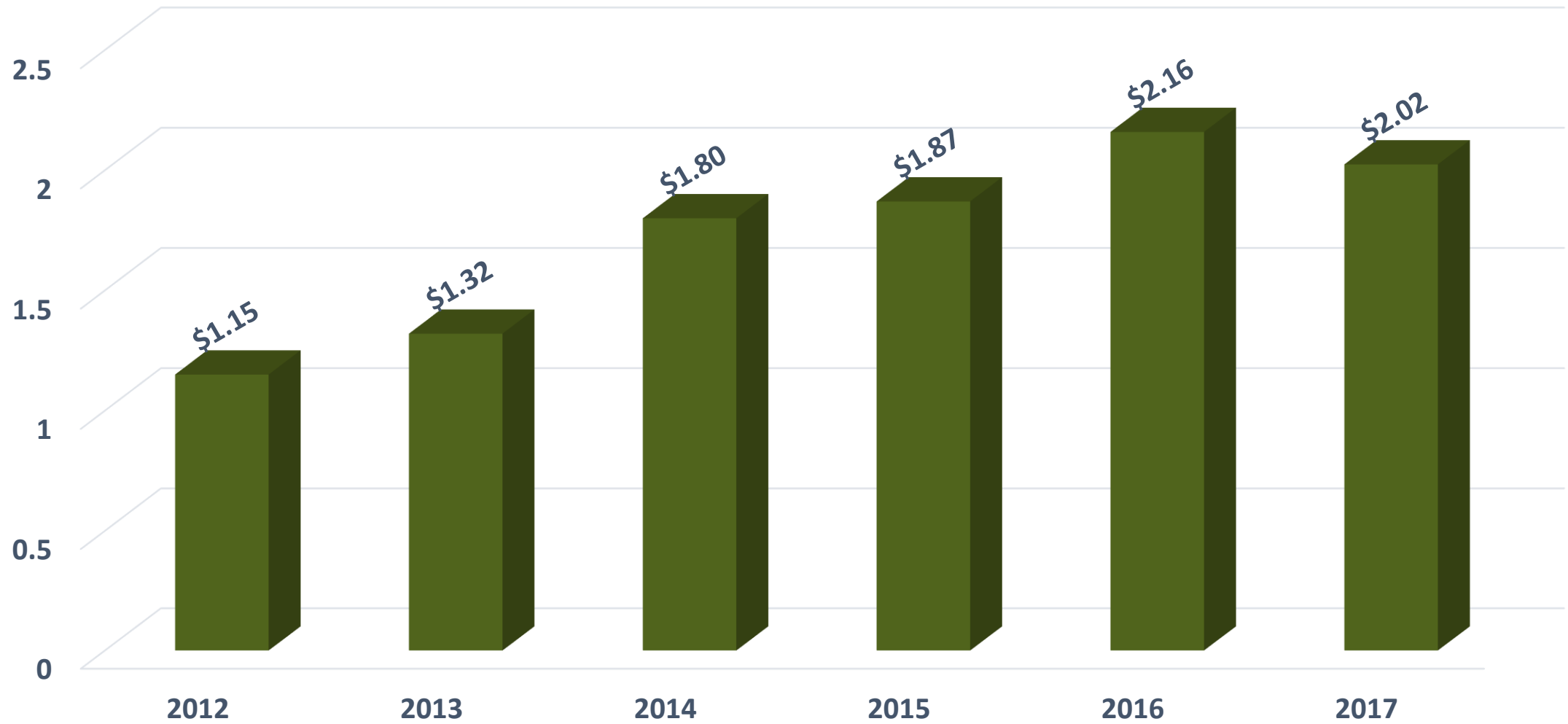


**A glance at the 2017
State Fund Survey Results**

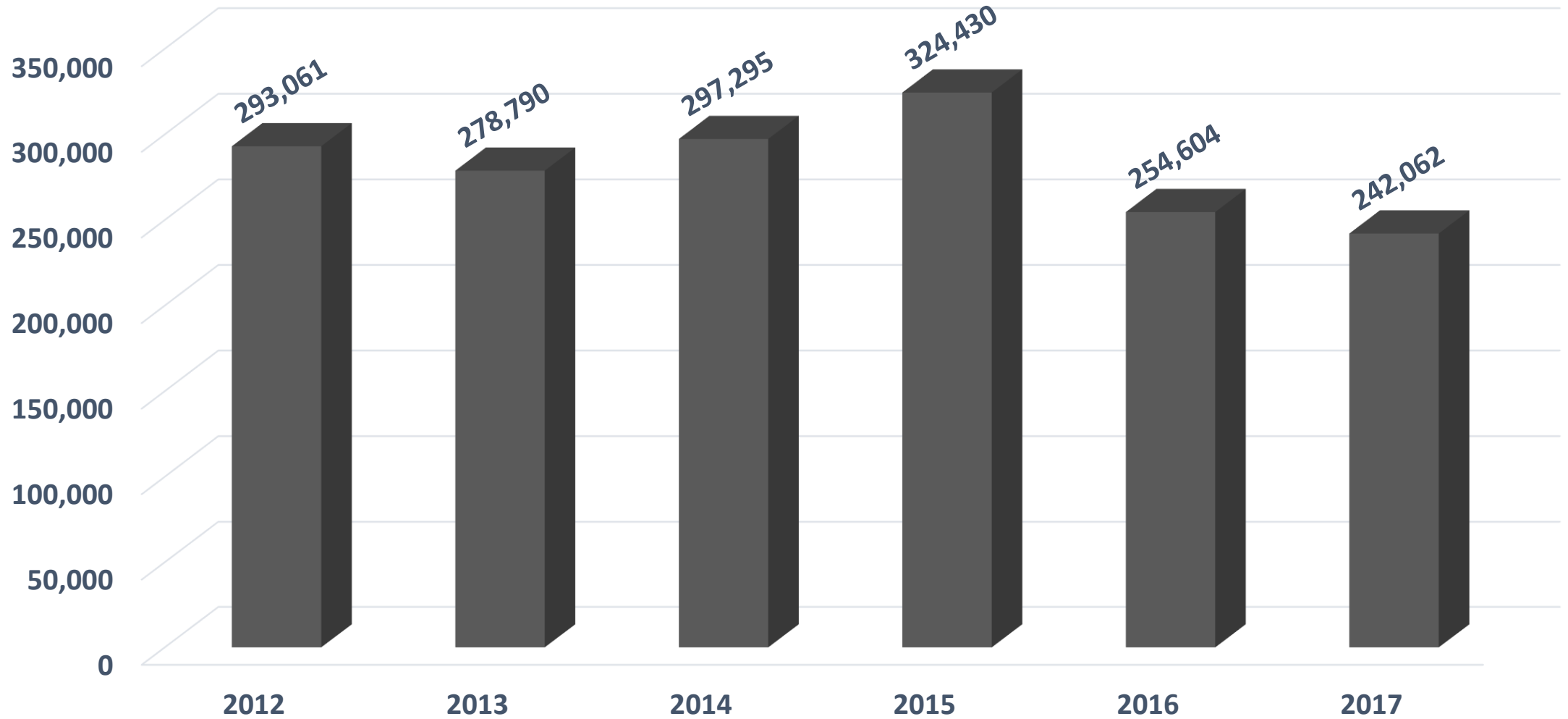
Approximate Annual Revenue (billions)



Approximate Current Balance (\$ billions)



of Facilities Covered





A few 2017 State Updates....

- **Indiana:** Increased cap to \$2.5 million and allows access to the fund from both current and former owners, operators and property owners
- **Louisiana:** In-compliance deductible reduced from \$5,000 to \$0.00 dollars
- **Maine:** Low interest loan program created to facilitate compliance with repair and replacement of UST and AST facilities
- **Nebraska:** Transfers \$1.2 million to General Fund in July, 2017 and then \$500,000 in July 2018. Also, up to \$1.5 million/year of the Fund may be used for Superfund cleanups

A few 2017 State Updates cont.....

- **Nevada:** New regs which has created a grant program for upgrading portions of UST systems
- **Ohio:** Board voted to reduce annual tank fee by \$50/UST
- **Rhode Island:** Undergoing changes to regs which allows for a sliding deductible; Fund regulations are being merged with UST regulations
- **Utah:** Rebates of up to 40% for UST facilities that upgrade their USTs. 10-year, 0% interest loans available to UST owner/operators to upgrade their USTs
- **Wyoming:** Excess funds may be used for landfill remediation or orphan site cleanups at the director's discretion.

Questions?