

MASSACHUSETTS'  
RESPONSE TO AN  
EPA FUND  
SOUNDNESS  
LETTER

NTC 2018

# The letter:



- Dated June 30, 2017
- Over the past 5 years, the annual appropriation to the fund has decreased
- The proposed annual appropriation for FY 18 is between 6 and 7 Million
- The total unpaid claims at the close of the fiscal year has increased
- The total backlog of unprocessed claims has increased

KFH-UST1

## Slide 2

---

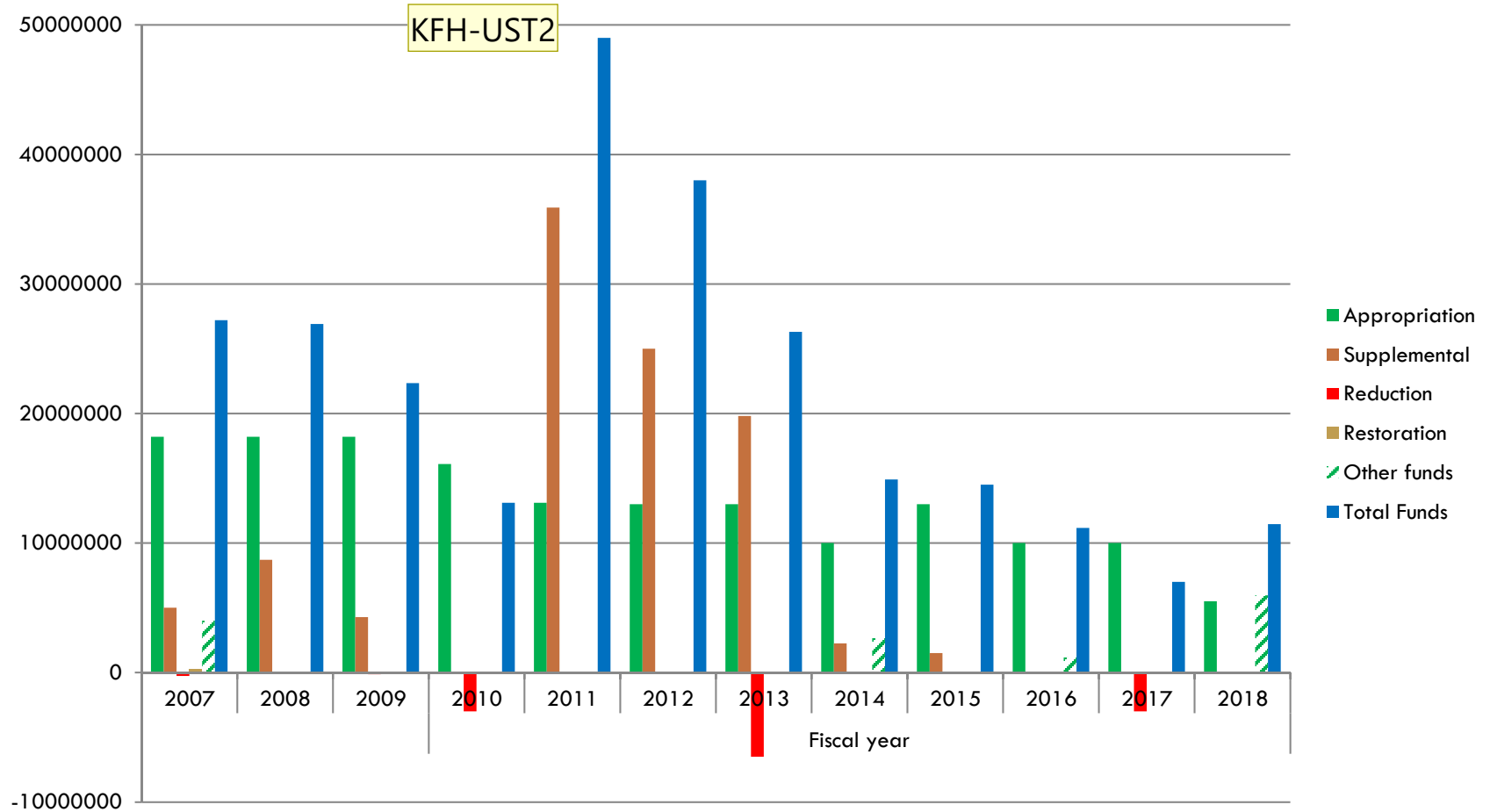
**KFH-UST1** end sentence after DOS.  
Commonwealth of Massachusetts, 9/4/2015

# UST Board Budget Report

DOR UST Program FY2017 Budget Status through June 23, 2017	
CURRENT UST PROGRAM REIMBURSEMENT BUDGET STATUS	
Available Funding	
FY 2017 Appropriation	\$10,000,000.00
Less 9C cut	(\$3,000,000.00)
Total Available Funding	\$7,000,000.00
Appropriation Expenditures	
FY 16 Reimbursements paid	\$1,492,419.16
FY 17 Reimbursements paid	\$5,507,580.84
FY 17 Claims Voted but Unfunded	\$5,015,998.29
June 29, 2017 Board Vote ( 104 Claims, 6 Reconsiderations, 4 Conferences)	\$1,152,628.50
Total Reimbursements	\$13,168,626.79
Net Funding Remaining	(\$6,168,626.79)
YEAR END TOTALS (FY17)	
<u>Estimated</u> Approved Value of Unprocessed Claim Inventory ( 1369 claims with a total claimed amount of \$17,414,219.65 ) <sup>(1)</sup>	\$12,381,510.17
<u>Estimated</u> Value of Claims to be Received in Remainder of FY2017 <sup>1,2,3</sup>	\$0.00
Total <u>Estimated</u> Value of all Claims	\$12,381,510.17
Net Projected Funding Deficit <sup>(4)</sup>	(\$18,550,136.96)

(1) Represents average percent approval of 71.1% of claimed amount for claims voted in previous 12 months

# Actual Appropriations



**Slide 4**

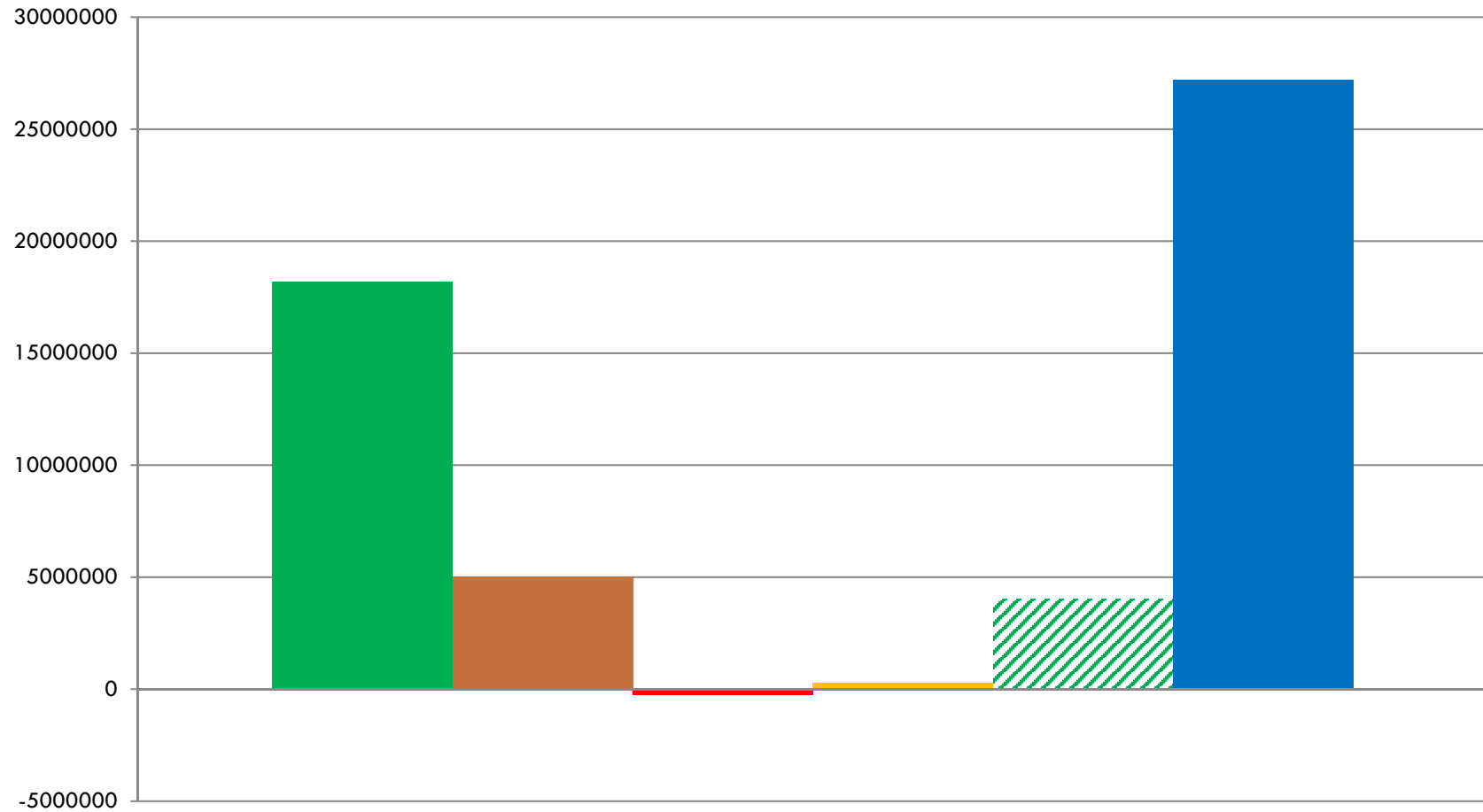
---

**KFH-UST2** RAO task codes changed to Temporary/Permanent solutions

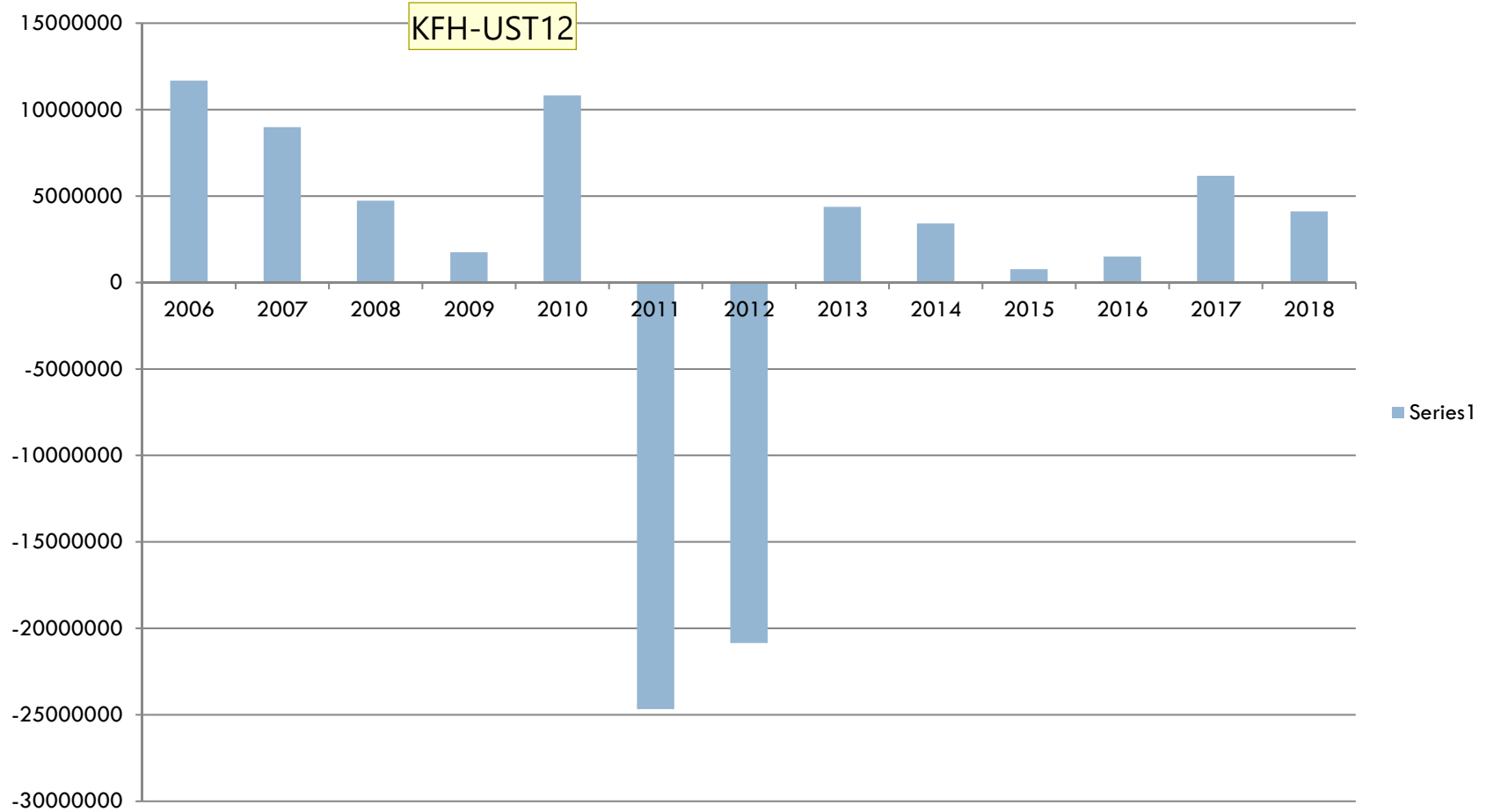
New task code for Permanent solution with conditions...

Commonwealth of Massachusetts, 9/4/2015

# FY 2007 Total Funding



# Approved unpaid claims





**Slide 6**

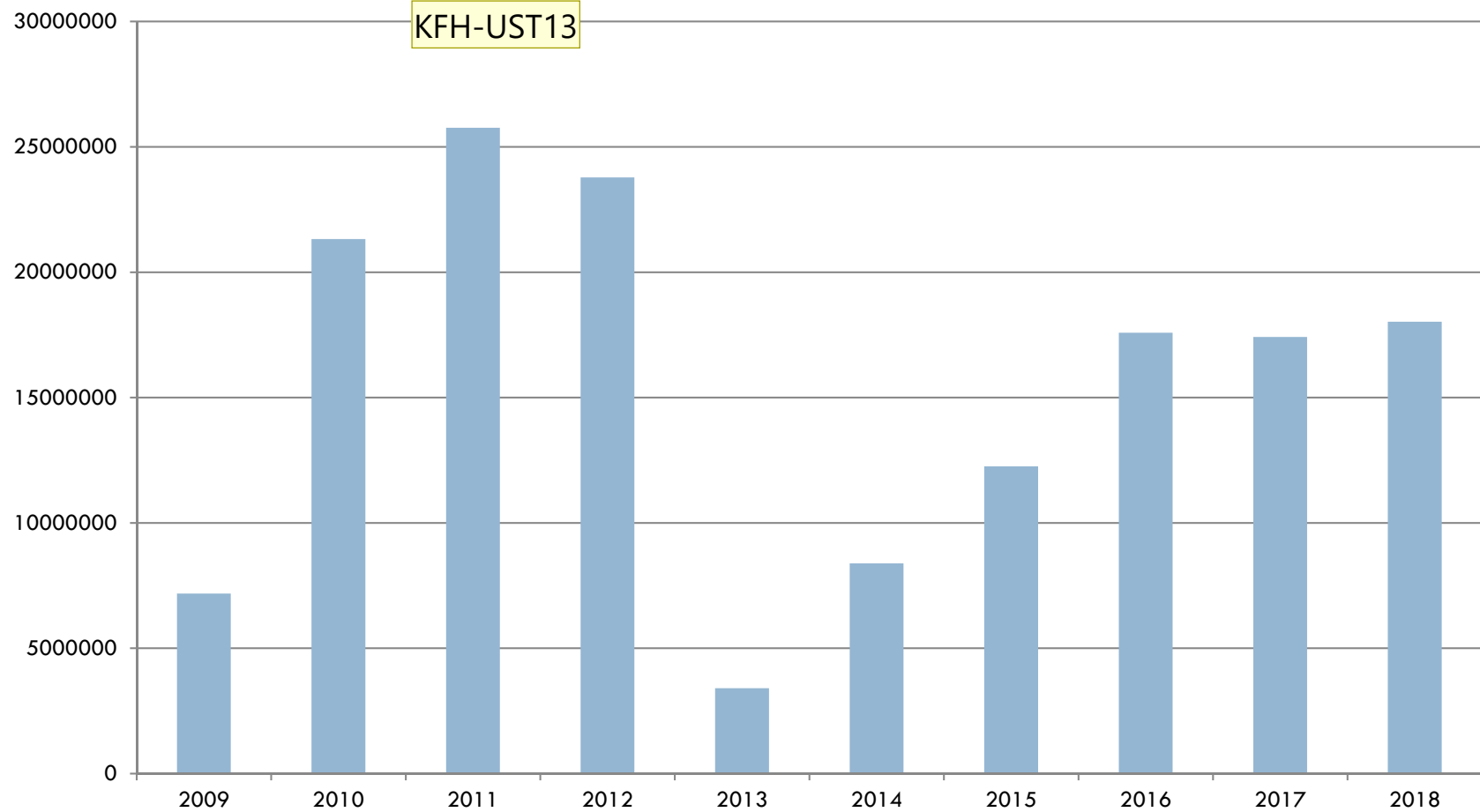
---

**KFH-UST12** RAO task codes changed to Temporary/Permanent solutions

New task code for Permanent solution with conditions...

Commonwealth of Massachusetts, 9/4/2015

# Backlog of Unprocessed Claims



**Slide 7**

---

**KFH-UST13** RAO task codes changed to Temporary/Permanent solutions

New task code for Permanent solution with conditions...

Commonwealth of Massachusetts, 9/4/2015

# Sequence of Events



June 30, 2017 –EPA sends letter

July 7, 2017 – Conference Budget recommends 5.5M

July 17, 2017 – Governor signs budget, vetoes 2.5M

September 2017 – Legislature restores 2.5M

December 2017 – Governor allocates an extra 5M

January 2018 – Massachusetts sends response to EPA

# Text of MA letter



As you may be aware, funding for the UST Program/Fund is obtained via annual legislative appropriations. Over the past few years, the UST Program has worked with industry, members of the Legislature, and the Administration to secure adequate funding to meet the annual financial needs of the UST Program. While facing some financial challenges, the UST Program/Fund's financial obligations have generally been met. Historically, funding for the program has been reduced during periods of constrained Commonwealth budgets.

DOR and the Commonwealth are committed to working to ensure that the UST Program can meet its financial obligations now and in the future. In the short term (i.e. the current fiscal year), the Legislature has recently voted to restore \$2.5 million of funding to the UST Program/Fund which would bring the Fiscal Year 2018 appropriation to \$5.5 million. To complement this year's appropriation, the Administration has identified an additional \$5 million for the UST Program.

# Sequence of Events -Continued

## January 24 2018 –Governor releases FY19 Budget

SECTION 17. Subsection (C) of section 2 of chapter 21J of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by striking out the second sentence and inserting in place thereof the following 2 sentences:

The department shall deposit the receipts from the delivery fee imposed under the first paragraph of subsection (A) in the following manner: (i) the first \$30,000,000 in receipts in a fiscal year into the Underground Storage Tank Petroleum Product Cleanup Fund established in section 2XXXX of chapter 29; and (ii) the remainder into the Commonwealth Transportation Fund established in section 2ZZZ of chapter 29. The department shall deposit the receipts from the annual storage tank fee imposed under the second paragraph of said subsection (A) into the General Fund.

### *Summary:*

This section would dedicate annually the first \$30 million of revenue from the 2.5 cent per gallon underground storage tank fee to a re-created fund for underground storage tanks, to ensure that it continues to provide the assurance of financial stability for tank owners that the federal government requires.

# Sequence of Events-Continued



## UNDERGROUND STORAGE TANK REIMBURSEMENTS

1232-0100

For underground storage tank reimbursements to parties that have remediated spills of petroleum products pursuant to chapter 21J of the General Laws

Underground Storage Tank Petroleum Product Cleanup Fund.100%

8,000,000

# Sequence of Events-Continued



April 26, 2018 – House Budget mirrors the Governors

May 25, 2018 – Senate Budget is the same

June 19, 2018 – Conversations with ChoYi re: NTC

July 13, 2018 – Governor submits FY-18  
Supplemental Budget request asking for 20M for  
claim payment and 275k for Administrative costs.



# Sequence of Events - Continued



- July 26, 2018 – Governor signs FY 19 Budget

# Takeaways



5M in additional funding, recreation of a dedicated fund.

Recognition of need for more claims adjusters, i.e. increase in administrative budget in supplemental request.

Further delays in paying approved claims from FY 18 due to changes in payment from general fund to dedicated fund.

Starting appropriation for FY19 is less than total funding spent in FY 18.