



Petroleum Underground Storage Tank Release Compensation Board

P.O. Box 2280 • Westerville, Ohio 43086-2280

Phone: (614) 752-8963 • Fax: (614) 752-8397

www.petroboard.org

TO: The Honorable Tim Schaffer, Chair, and Members of the Senate Agriculture and Natural Resources Committee

FROM: Petroleum Underground Storage Tank Release Compensation Board
Starr Richmond, Executive Director
Jonathan Maneval, Assistant Director, Presenter
Vijetha Deshineni, Chief Fiscal Officer

RE: Agency Testimony

DATE: May 13, 2025

Chairman Schaffer and members of the Senate Agriculture Natural Resources Committee:

The Petroleum Underground Storage Tank Release Compensation Board (Board) and the Financial Assurance Fund (Fund) it manages were created through legislation enacted in 1989 in response to a federal mandate. All petroleum underground storage tank (UST) owners and operators are required to demonstrate \$1 million of financial responsibility to pay for potential damages caused by releases from their tanks. Under approval of the U.S. EPA, the Fund is the mechanism that provides this coverage to Ohio's 3,100 owners of 20,900 USTs across the state.

The Board is composed of 12 members, nine of whom are appointed by the Governor, and three ex officio members – the Treasurer of State, and the Directors of the Ohio EPA and Department of Commerce. The Board is a body both corporate and politic; may enter into contracts or agreements for the purposes of administering Sections 3737.90 to 3737.98 of the Revised Code; and must sue or be sued in its own name. Its primary responsibility is the successful management of the Fund for the benefit of not only Ohio's UST owners and operators, but also the health and welfare of the general public through the protection of water resources and improving damaged property.

Under Ohio's statute, the Fund is in the custody of the State Treasurer but is not part of the state treasury. The Fund's assets are generated by annual tank fees paid by UST owners, the proceeds from revenue bonds issued by the Board, if any, and interest income. Moneys in the Fund are used solely to pay claims for the reimbursement of corrective action costs and third-party damages, including bodily injury; to pay the principle and interest on revenue bonds, if any; and to pay the costs of administering the Fund, including personnel costs.

As of April 30, 2025, the Fund's unobligated balance was \$20.45 million; an additional \$3.16 million is obligated for the payment of claims through the end of fiscal year 2025. This total of \$23.61 million compares against an estimated liability of \$39 million for claim reimbursements to be paid for corrective actions and third-party bodily injury and property damage costs

associated with releases of petroleum discovered as of June 30, 2024. The estimate of the Fund's liability is revised on an annual basis and is calculated using actuarial methods and assumptions based on the Fund's historical claim payments.

To reimburse an owner, an intensive two-step process is completed. First, an eligibility review is conducted to generally determine if Fund coverage may be extended for a release. Second, an evaluation is conducted to determine if costs associated with the release are reimbursable. Owners have all rights to appeal these determinations as provided in Chapter 119. of the Ohio Revised Code. Four thousand six hundred and sixty determinations granting eligibility to claim against the Fund have been issued to date. In addition, the Board has received 22,842 subsequent claim applications, of which 22,448 have been settled or are below the deductible and, therefore, review is not required at this time. An average of 86 applications for eligibility, 123 requests for cost pre-approval and 543 applications for reimbursement are received annually. Since the inception of the Fund, approximately \$313 million has been disbursed to Ohio's UST owners and operators for the reimbursement of corrective action costs and to third parties in compensation for bodily injury and property damage resulting from petroleum releases from USTs.

At its November 20, 2024 meeting, the Board voted to maintain fees and deductible amounts at the current levels for the upcoming 2026 fiscal year. The fees will remain at \$350 and \$550 per-tank for the \$55,000 and \$11,000 deductible amounts, respectively. However, because of the lag between the time corrective action costs are incurred and the filing of a claim application for the reimbursement of those costs, the effects of inflation on labor and material costs over the last three years is just being realized in the claim reimbursement process. Unfortunately, an increase in claimed costs ultimately forces an increase in the amount of reimbursements and could lead to an increase in the annual per-tank fee in the 2027 fiscal year.

The budget request before you is solely for the Board's personnel costs and is necessary to fund the personnel costs for the Board's 16 staff members, meet the anticipated increases in health care costs, and to bring the Board's hourly rates in line with OCSEA and exempt personnel hourly and longevity labor rates for similar positions within the state. All expenditures of the Board, including personnel, are financed by its fee collections; no General Revenue Fund dollars are part of this budget request.

Thank you for allowing me to appear before you today and present testimony on the Board and Ohio's Financial Assurance Fund. I am happy to respond to any questions that you may have.