

STATEMENT OF PURPOSE

RS23993C1

The Department of Environmental Quality's (DEQ) Underground Storage Tank (UST) Program regulates approximately 3,350 tanks at approximately 1,180 facilities throughout the state. DEQ operates this program in lieu of the Environmental Protection Agency (EPA), to the benefit of Idaho's regulated facilities and the environment. The program is currently funded by a federal grant and state matching funds, however, successive federal grant reductions have made it impossible to maintain the minimum program effort necessary to retain state program authorization (primacy). Furthermore, EPA recently released new UST rules that increase requirements and costs for the agency. The purpose of this legislation is to provide DEQ the authority to begin collecting tank fees to supplement the remaining federal grant dollars and state matching funds. If approved, the UST fee program will be developed through negotiated rulemaking and brought to the legislature for approval. DEQ has requested general fund appropriations to support the UST program while a fee program is developed and implemented. If the proposed fee program is not approved, ongoing general fund appropriations will be necessary to maintain program primacy.

FISCAL NOTE

DEQ needs approximately \$700,000 to operate the UST program. Federal funds are anticipated to be reduced to \$250,000; while state general fund support is expected to remain at about \$150,000. This legislation will allow DEQ to establish an UST fee collection program to assess annual fees to tank owners, and provide the additional \$300,000 needed to maintain program primacy.

Fees to tank owners are limited to one hundred dollars (\$100) per tank per year, and are the only fees that may be assessed by DEQ for the UST program. There are, on average, about 2.8 tanks per facility, meaning the average facility owner would pay approximately \$300 per year. If the year-end fee balance exceeds \$35,000, fees for the following year will be reduced to avoid excessive buildup of funds. All fees must only be used for the UST program. These fees will support the existing UST program and eliminate the need for additional general fund appropriations above \$150,000 once the fee program is established. Fees will be collected on a calendar year basis. It is projected that the first fees will be collected on January 2, 2018, prior to the state fiscal year 2019 budget cycle.

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