



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



KEITH CREAGH
DIRECTOR

VIA E-MAIL

TO: Members of the Michigan Legislature
FROM: Keith Creagh, Director
DATE: June 8, 2016
SUBJECT: Report on Fiscal Year 2015 Underground Storage Tank Cleanup Fund

In accordance with Section 21525(3) of Part 215, Underground Storage Tank Corrective Action Funding, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, attached is the Department of Environmental Quality's (DEQ) report on the Fiscal Year 2015 Underground Storage Tank Cleanup Fund.

If you need further information, please contact Robert Reisner, Administrator, Underground Storage Tank Authority, Administration Division, at 517-284-5141; or you may contact me at 517-284-6700.

Attachment

cc/att: Ellen Jeffries, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency
John Roberts, Director, State Budget Office
Dick Posthumus, Governor's Office
Angela Ayers, Governor's Office
Josh Sefton, Senate Fiscal Agency
Austin Scott, House Fiscal Agency
Jacques McNeely, State Budget Office
Jennifer Harrison, State Budget Office
Jim Sygo, Chief Deputy Director, DEQ
Madhu R. Anderson, Deputy Director, DEQ
Amy Epkey, Deputy Director, DEQ
Maggie Pallone, Deputy Director, DEQ
Sarah M. Howes, Legislative Liaison, DEQ
Robert Reisner, DEQ

Department of Environmental Quality
Underground Storage Tank Cleanup Fund
Fiscal Year 2015 Annual Report
As of September 30, 2015

Background:

With an effective date of December 30, 2014, Senate Bill 791 of 2014 revised Part 215, Underground Storage Tank Corrective Action Funding, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451). The amendments established the Underground Storage Tank Cleanup Fund (Fund) and the Underground Storage Tank Authority (Authority).

The Authority is governed by a Board of Directors (Board) consisting of the Director of the Department of Environmental Quality (DEQ) and six residents of the state appointed by the Governor with the advice and consent of the Senate as follows:

1. An individual representing petroleum refiners.
2. An individual representing independent petroleum marketers.
3. An individual from a statewide motor fuel retail association.
4. An individual from a statewide business association that includes owners or operators of refined petroleum underground storage tanks.
5. An individual from a statewide environmental organization.
6. A member of the general public.

The Board members were appointed on May 25, 2015, and on July 21, 2015, the Board entered into a Memorandum of Understanding with the DEQ to administer the Authority and the Fund. The Authority is located in the DEQ, Administration Division.

Purpose:

The objectives of the Fund are to assist owners and operators of refined petroleum underground storage tank systems in meeting their financial responsibility requirements pursuant to Part 211, Underground Storage Tank Regulations, of Act 451; to fund corrective actions to address releases from refined petroleum underground storage tank systems; and to achieve compliance with Part 213, Leaking Underground Storage Tanks, of Act 451.

Funding:

The Fund receives the following revenues:

1. The first \$20 million annually that is deposited into the Refined Petroleum Fund, which is supported by a 7/8 cent per gallon fee charged against all refined petroleum products sold for resale or consumption in the state.

2. Revenues received from the buy-down of claim deductible amounts that certain underground storage tank owners and operators may do by paying an optional annual fee of \$500 per underground storage tank.
3. Interest received on the Fund balance.

Money in the Fund shall remain in the Fund and shall not lapse to the General Fund.

Uses of the Fund:

Money from the Fund may only be expended for the following:

1. To pay principle and interest due on bonds and notes.
2. For reasonable administrative costs not to exceed 7% of the Fund's projected revenues in any one year.
3. To pay approved claims.

Eligibility:

All owners and operators of refined petroleum underground storage tank cleanup systems are eligible to use the Fund to meet their financial responsibility requirements and to file claims for reimbursement of eligible corrective action costs.

Financial Summary:

Revenues	
Refined Petroleum Fund	\$20,000,000
Buy-Downs of Deductibles	\$3,000
Interest	\$9,887
Total Revenue	\$20,012,887
Expenditures	
Principle and Interest on Bonds and Notes*	\$0.00
Administrative Costs	\$21,869
Payments of Approved Claims	\$0.00
Total Expenditures	\$21,869
End of Year Fund Balance	\$19,991,018

*No bonds or notes were issued

Sites Funded and Status:

There were no sites funded during fiscal year 2015 as claims were not being accepted until January 1, 2016.

Contact:

Robert Reisner, Administrator
Underground Storage Tank Authority
Administration Division
Department of Environmental Quality
517-284-5141
reisnerr@michigan.gov