



**Colorado
Legislative
Council
Staff**

HB16-1044

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0663
Prime Sponsor(s): Rep. Becker J.
Sen. Hill

Date: May 23, 2016
Bill Status: Signed into Law
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: EXTEND REPEAL DATES PETROLEUM STORAGE TANK FUND

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-2019
State Revenue			about \$40 million
State Expenditures			about \$40 million
FTE Position Change			36.0 FTE
Appropriation Required: None.			
Future Year Impacts: Continuing state revenue and expenditure impacts through FY 2023-24.			

Summary of Legislation

The bill extends two repeal dates related to the Petroleum Storage Tank Fund (fund) by five years. First, the bill extends from July 1, 2018, to September 1, 2023, a trigger that would reduce the environmental response surcharge assessment to a flat \$25, or eliminate it entirely if the fund balance exceeded \$8 million. Second, the bill extends from July 1, 2018, to September 1, 2023, the law authorizing the use of the fund for petroleum storage tank facility inspections and meter calibrations.

Background

The continuously appropriated Petroleum Storage Tank Fund (fund), created in 1989 and approved as a TABOR-exempt enterprise in 2005, reimburses eligible applicants, awarded by the Petroleum Storage Tank Committee under the Division of Oil and Public Safety in Department of Labor and Employment (CDLE), for the costs of cleaning up both underground and aboveground petroleum tank contamination. Applicants are responsible for the first \$10,000 of clean up costs, and reimbursement cannot exceed \$2 million per release occurrence or \$3 million in aggregate per applicant per fiscal year.

Fund revenue comes primarily from an environmental response surcharge — paid to the Department of Revenue (DOR) — assessed on all petroleum products, excluding railroad and aircraft fuel. As of June 30, 2015, the total fund balance was about \$4.9 million, and its net cash balance (without liabilities) was about \$1.3 million. The environmental response surcharge is assessed according to the net cash balance of the fund. Table 1 illustrates the variable environmental response surcharge rate assessment under current law.

Fund Balance	Surcharge per Tankload
Above \$12 million	None
\$6 to \$12 million	\$50
\$3 to \$6 million	\$75
Below \$3 million	\$100
Current Rate	\$100

Source: Section 8-20-206.5, C.R.S.; CDLE

State Revenue

Because the bill continues the current environmental surcharge rate structure past July 1, 2018, state cash fund revenues to the continuously appropriated Petroleum Storage Tank Fund (fund) are expected to continue at a rate of about \$40 million per year beginning in FY 2018-19. The surcharge makes up about 98 percent of fund revenues. It is expected that these revenues will allow the Division of Oil and Public Safety in CDLE to maintain staff and fund resources to address petroleum storage tank contamination.

State Expenditures

Under the bill, state cash fund expenditures will continue in the Department of Revenue and the Department of Labor and Employment beginning in FY 2018-19. The Department of Revenue, which administers the surcharge, will continue to absorb this minimal accounting workload impact in FY 2018-19. The Division of Oil and Public Safety in CDLE spends about \$40 million annually, of which \$3 million a year is appropriated for 36.0 FTE — including 10 field inspectors, 2 laboratory coordinators, and 24 environmental specialists and office staff — and operating costs, while the remaining \$37 million is dedicated to clean up costs, awarded to operators by the Petroleum Storage Tank Committee.

Effective Date

The bill was signed into law by the Governor on March 2, 2016, and takes effect August 10, 2016, assuming no referendum petition is filed, and applies to conduct occurring on or after that date.

State and Local Government Contacts

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