

**Bill: 1<sup>st</sup> Substitute HB 18 – Petroleum Storage Tank Amendments**

Sponsor: Representative Steve Eliason

Floor Sponsor: Senator David P. Hinkins

**UASD Position: Tracking**

This Bill addresses the regulation of petroleum storage tanks.

Discussion: The sponsor explained that, over a century ago, the federal government mandated that underground petroleum storage tanks be insured to cover potential costs arising from leaks. In response, Utah established the Petroleum Storage Tank Fund to comply with federal regulations. The state collects user fees, which are deposited into this Fund, and the Fund is used to finance the cleanup of petroleum leaks. From an actuarial standpoint, the Fund had been operating at a deficit. To address this, adjustments were made to the fee structure, with the fees now based on the risk profile of each tank, ensuring that higher-risk tanks pay higher fees. This adjustment has allowed the Fund to remain financially stable for over two years. Although the Fund was actuarially in the red, in practice, it has always had sufficient resources to cover real-time cleanup costs.

The sponsor characterized this Bill as a "clean-up" measure and a follow-up to SB 40 from 2021. The purpose of the Bill is to standardize the regulatory requirements for both underground and above-ground petroleum storage tanks, ensuring greater alignment with the Petroleum Storage Tank Fund. Specifically, the Bill grants the legislature authority to transfer funds to the Fund and raises the Fund balance cap from \$50 million to \$60 million. It allows owners of above-ground petroleum storage tanks to take out loans from the Fund, to be repaid with interest, for the purpose of upgrading their tanks to prevent future leaks. The Bill also includes provisions to adjust the surcharge on petroleum sales, reducing the surcharge to 0.0025 per gallon, while allowing it to increase to 0.0065 if the Fund balance falls below \$20 million. The Bill further introduces technical changes related to permit requirements for the installation of new storage tanks.

A representative from the Department of Environmental Quality testified that the Bill would promote consistency in the regulation of both above-ground and underground storage tanks. The revised surcharge structure will be based on each tank's risk profile, replacing the previous one-size-fits-all approach. The Bill also includes a provision allowing for rebates of surcharges based on a tank's risk profile. Senator Hinkins added that the Bill provides the Director of the Division with the authority to exempt certain storage tanks from regulatory requirements if they do not meet specific criteria.

Yeas: 3

Nays: 0

N/V: 4

**Outcome: 1<sup>st</sup> Substitute HB 18 passed out of the Committee, and will be placed on the Consent Calendar.**

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