



Petroleum Environmental
Cleanup Fund Award
(PECFA) Program

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Petroleum Environmental Cleanup
Fund Award (PECFA) Program

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TABLE OF CONTENTS

Introduction.....	1
Eligibility Criteria and Deadlines	2
Cleanup Requirements	3
PECFA Award Payments.....	3
Abandoned Tank Removal Program.....	6
Total Petroleum-Contaminated Sites	7
PECFA Administration.....	7
PECFA Program Costs	8
Petroleum Inspection Fund	12
Appendix I PECFA Payments by County, as of June 30, 2018	18
Appendix II Petroleum Inspection Fund Appropriations, 2015-16 Through 2018-19.....	19
Appendix III Recent PECFA Legislative History, Major Provisions	21

Petroleum Environmental Cleanup Fund Award (PECFA) Program

Introduction

The petroleum environmental cleanup fund award (PECFA) program reimburses owners for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. The amount of reimbursement varies from a minimum of 75% to over 99% of eligible cleanup costs. Owners of certain underground and aboveground tanks may receive up to \$1,000,000 for the costs of investigation, cleanup and monitoring of environmental contamination.

The PECFA program was created in response to the costs of federal requirements enacted in the 1980s to prevent the release of petroleum and other regulated substances into the environment from commercially-owned underground storage tanks, and farm and residential tanks larger than 1,100 gallons. The state administers the federal requirements and also applies state regulations to certain smaller tanks.

The program is funded from a portion of a 2¢ per gallon petroleum inspection fee, which is deposited in the segregated petroleum inspection fund. Annual PECFA awards grew from \$0.3 million in 1988-89 to a high of \$296.6 million in 1999-00, and totaled \$5.9 million in 2017-18. A total of \$387 million in revenue obligations was authorized by the Legislature and issued for payment of PECFA claims. The revenue obligation debt service is paid from petroleum inspection fee revenues.

The Department of Natural Resources (DNR) administers the contaminated land cleanup and financial reimbursement components of the program. Prior to 2013-14, the Department of Safety and Professional Services (DSPS) administered

the financial reimbursement portion of the program and cleanup of low- and medium-risk petroleum sites. Under 2013 Wisconsin Act 20, the DSPS responsibilities were transferred to DNR.

This paper describes the following aspects of the current PECFA program, including: (a) program eligibility criteria and claim requirements; (b) award guidelines; (c) the number of PECFA sites; (d) program administration; (e) program costs; and (f) debt service costs for revenue obligations originally issued between 2000 and 2008 to pay PECFA claims. The paper also describes the petroleum inspection fee and other programs funded from the petroleum inspection fund.

DNR is aware of approximately 13,700 petroleum-contaminated sites, most of which are eligible for PECFA reimbursement. As of June 30, 2018, \$1.55 billion in PECFA awards had been made for partial or full cleanup at 13,504 occurrences. Of the total payments, \$1.48 billion (96% of payments) had paid for completion of cleanup of 13,052 occurrences (97% of occurrences with at least one payment). An occurrence is a contiguous contaminated area resulting from one or more petroleum products discharge. A site potentially has more than one occurrence.

Under 2015 Wisconsin Act 55, the 2015-17 biennial budget act, eligibility was eliminated for new sites as of July 20, 2015. The Act also specified that no claims for reimbursement of eligible costs can be submitted after June 30, 2020.

Appendices contain additional information about program requirements, legislative history, program costs and appropriations from the petroleum inspection fund.

Eligibility Criteria and Deadlines

Background on Tank Regulation

Federal regulations required federally-regulated tanks to be removed, replaced or upgraded by December 22, 1998. Federally-regulated tanks include commercial underground petroleum product storage tanks larger than 110 gallons (primarily commercial gas stations), and certain commercial underground hazardous chemical storage tanks and large underground farm and residential vehicle fuel tanks. New tank systems must meet design and installation standards.

The Department of Agriculture, Trade and Consumer Protection (DATCP) administers federal and state regulations concerning petroleum product storage tanks. (2013 Act 20 transferred responsibility for tank regulation and petroleum inspection from the Department of Safety and Professional Services to DATCP as of 2013-14).

Federal and state regulations require owners or operators of petroleum underground storage tanks to provide proof of financial responsibility for cleanup of contamination at the sites and for compensation of third parties for bodily injury and property damage caused by accidental releases from the sites. Underground systems that are owned or operated by marketers are required to provide proof of financial responsibility of \$1,000,000 per occurrence. Before sites were cleaned up or upgraded, the PECFA program provided a method for owners or operators to meet the financial responsibility requirements.

PECFA Eligibility

Eligibility for the PECFA program is defined in section 292.63 of the statutes. Owners or operators of certain petroleum product storage tanks are eligible for reimbursement of a portion of costs

of cleanup from petroleum contamination. Petroleum products are defined as gasoline, gasoline-alcohol fuel blends, kerosene, fuel oil, burner oil, diesel fuel oil or used motor oil. Eligible tanks include: (a) commercial underground and above-ground tanks of 110 gallons or more in capacity; (b) farm and residential vehicle fuel tanks storing more than 1,100 gallons of petroleum products that are not for resale; (c) home heating oil systems; (d) farm vehicle fuel tanks storing 1,100 or fewer gallons, if the system is on a parcel of 35 or more acres of contiguous land devoted primarily to agricultural use, and producing certain minimum farm income, provided the fuel is not for resale; (e) public school district and technical college district heating oil tanks used to store heating oil for consumptive use on the premises where stored; and (f) tanks located on trust lands of an American Indian tribe if the owner or operator otherwise complies with state tank regulations.

Also, the petroleum product storage system or home heating oil system must have been previously registered with DATCP. PECFA eligibility is not available for petroleum underground storage tank systems that meet federal and state standards for new and upgraded tanks.

Under 2015 Act 55, PECFA eligibility is available only if a person: (a) notified DNR of the petroleum discharge and the potential for submitting a claim before July 20, 2015; and (b) submits a claim for the reimbursement of eligible costs before July 1, 2020.

Further, in order to be eligible for a PECFA award, the owner must do the following:

1. Have notified DNR of the discharge and of the possibility of submitting a PECFA claim by July 20, 2015, and prior to conducting a site investigation or remedial action;
2. Complete an investigation to determine the degree and extent of environmental damage caused by the petroleum discharge;

3. Prepare a remedial action plan that identifies the specific activities proposed to be conducted;

4. Conduct all remedial action activities at the site to restore the environment to the extent practicable and minimize the harmful effects of the discharge, which may include monitoring to ensure the effectiveness of the natural process of degradation of petroleum product contamination if approved by DNR; and

5. Receive approval from DNR that the remedial activities meet cleanup standards.

In an emergency situation, an owner of a petroleum product storage system, or a person owning a home heating oil system, may submit a claim to DNR without completing a site investigation or remedial action plan if: (a) an emergency existed that made the investigation or plan inappropriate; and (b) the owner notified DNR of the emergency before conducting the emergency action and DNR authorized emergency action.

Persons who become owners of an eligible site who were not the owners when the discharge occurred are also eligible to submit a PECFA claim unless they should have known that a discharge occurred. Further, DNR may approve an owner of an eligible system or person owning a home heating oil system to enter into a written agreement with another person, including insurance companies, banks and consulting firms, to serve as their agent for submitting a PECFA claim. If an agent is involved, payments are made jointly to the agent and owner. The state Department of Transportation (DOT) may also serve as an agent if the PECFA site affects a transportation project and DOT's participation is approved by DNR.

Cleanup Requirements

Section 292.11 of the statutes requires that persons who possess or control a hazardous substance that is discharged or who cause the discharge of a hazardous substance shall take the actions necessary to restore the environment to the extent practicable and minimize the harmful effects from the discharge to the air, lands or waters of the state. DNR is responsible for establishing environmental cleanup enforcement standards for groundwater and soil (numerical values for limit of the concentration of a contaminant).

DNR administrative rules in the NR 700 series provide a comprehensive framework to govern environmental cleanups conducted by DNR, persons who caused or possess environmental contamination, or other parties conducting a cleanup. The rules govern cleanup at PECFA-eligible and non-PECFA eligible sites.

DNR administrative rules provide for a database that includes information about contaminated sites that have continuing obligations for a groundwater enforcement standard exceedance, residual soil contamination, or both. As of June 30, 2018, 6,207 PECFA-eligible sites have been placed on the database, including 1,729 sites with a groundwater enforcement standard exceedance, 1,119 with soil contamination only, and 3,359 with both groundwater and soil contamination.

PECFA Award Payments

DNR is responsible for issuing PECFA awards after eligible costs have been incurred and DNR has approved all remedial action. Reimbursement procedures are established in s. 292.63 of the statutes and administrative code chapter NR 747.

An owner or operator must submit a claim for reimbursement within 180 days after incurring the eligible costs, or else the costs are no longer eligible for reimbursement. As of June 30, 2018, the program has denied 44 claims totaling \$89,000 due to not being submitted within the 180-day requirement.

A PECFA claim must contain all of the following: (a) a copy of the site investigation report and a departmental letter indicating that remedial action plan submittal requirements have been complied with; (b) a copy of the DATCP tank inventory form for each petroleum tank system at the site; (c) bids for commodity services; (d) documentation of actual costs incurred in the cleanup; (e) proof of payment, including records documenting actual eligible costs; (f) written approval from DNR for completed remedial activities; and (g) other records and statements that DNR determines are necessary to complete the application.

DNR pays PECFA claims on a first-in first-out basis for completed cleanup actions, based on the date that the complete claim package and all necessary approvals are received by DNR. DNR generally pays claims within a few months of receipt of the application for reimbursement.

Eligible and Ineligible Costs

Eligible costs include the costs of investigating, cleaning and remediating discharges from petroleum product storage tanks, monitoring costs, compensation of third parties for damages caused by underground tank discharges, and other costs determined to be necessary by DNR.

Ineligible costs include any cost incurred before August 1, 1987 (the date PECFA began), or after June 30, 2020 (the last day to submit a claim for eligible costs), costs for activities conducted outside Wisconsin, and costs determined by DNR to be unreasonable or unnecessary.

Administrative rule NR 747 establishes a

schedule of usual and customary costs for all work performed. In general, owners of all PECFA occurrences must use the schedule, except for home heating oil tanks and certain DNR-approved emergency actions. The schedule includes detailed instructions for owners and consultants to use in calculating reimbursable costs for various investigation and remediation activities. Reimbursement is limited to the actual costs, or the maximum amount for the task in the usual and customary cost schedule, whichever is less. Owners and their consultants are required to use a standardized invoice for all work. DNR updates the schedule of usual and customary costs in January and July of every year, including July 1, 2018.

NR 747 includes an additional description of ineligible costs, and identifies ineligible costs to which a penalty applies. If a claimant submits a PECFA claim that includes the specified ineligible costs, DNR is required to reduce the PECFA award by an amount equal to half of the ineligible costs after removal of the ineligible costs from the claim. If a consultant submits the ineligible costs, the consultant is required to pay a penalty to DNR equal to half the ineligible costs.

Examples of additional ineligible costs identified in NR 747 include costs: (a) for work performed between the due date of any submittal (such as a report) and the date a past-due submittal is actually submitted; (b) that exceed the maximum reimbursable amount determined by DNR; (c) incurred prior to obtaining certain approvals from DNR; and (d) that exceed reimbursement caps established by the Department for specific activities at the site.

Cost Containment Provisions

NR 747 provides cost guidelines for various cleanups, requirements for consultants and other items intended to promote cost containment under PECFA.

Consultants working on site investigations are required to periodically report to DNR on the

consultant's progress and the estimated cost of work remaining on the investigation. DNR may direct the consultant or responsible party to carry out specific activities to complete the cleanup and close the site. The consultant must notify DNR when the investigation is complete.

DNR is required to determine the least costly method of completing the remedial action activities and achieving compliance with groundwater enforcement standards. DNR must estimate the cost to complete a site investigation and remedial action for an occurrence. If that estimate exceeds \$60,000, DNR is required to implement a competitive public bidding process to assist in determining the least costly method of remedial action. Administrative rule NR 747.63 authorizes DNR to waive the public bidding process after determining that either bidding would not be cost-effective, or the estimated additional cost to complete a scope of work is reasonable. DNR has not conducted public bidding since July, 2013. DNR data shows that, since the usual and customary cost schedule was implemented in May, 2006, through June 30, 2018, 3,970 sites have deferred the need to bid publicly, based on the use of the usual and customary costs. Of this total, 397 did not use the public bidding process in 2016-17, and 428 did not in 2017-18.

Consultants and Service Providers

Consultants and consulting firms must register with DNR for admission to participate in the PECFA program. Consultants would include, but not be limited to, engineers, hydrogeologists and environmental scientists or specialists. DNR may disqualify consultants or consulting firms from participating in PECFA for non-compliance with PECFA program requirements. Consultants may provide cleanup services if the site has been through the public bidding process or is using the usual and customary cost schedule. Consulting firms, laboratories and drillers must maintain insurance coverage for errors and omissions of at least \$1,000,000 per claim.

Administrative rule NR 700.11(1)(a) requires the responsible parties or consultants for all contaminated sites that have not been closed to submit semi-annual reports on the status of work at the site. The reports are required to include a summary of the completed work, any activity completed during the past six months, the current status of remediation work at the site, additional work planned to adequately complete the remediation at the site, and additional costs required to complete the cleanup. DNR has collected semi-annual reports since September, 2014. Semi-annual reports for January through June, 2018, were submitted to DNR in July, 2018. Consultants submitted reports for 378 PECFA sites, and included estimates of approximately \$24.3 million in additional costs to complete cleanup work at the sites.

Interest Cost Reimbursement

Interest costs associated with loans secured for remediation are eligible for reimbursement, although reimbursement is limited based on the applicant's gross revenues in the most recent tax year.

If an applicant submits a final claim more than 120 days after receiving notification from DNR that no further action is necessary at the site, interest costs incurred more than 60 days after receiving the notice are not eligible for reimbursement.

If an applicant does not complete the site investigation within five years after the applicant notified DNR about the discharge, the applicant is ineligible for reimbursement of interest costs incurred after that date. A total of 47 claims were submitted to DSPPS before 2013 that had a reduction of reimbursement of interest costs under this provision. As of the fall of 2018, DNR had not identified additional sites under this provision.

NR 747 denies reimbursement of interest costs if a responsible party did not submit a claim within 120 days of receiving: (a) a letter from DNR indicating no further action is necessary; or (b) a written directive from DNR to submit the claim. In this

situation, any interest expense is ineligible from the 121st day until the Department receives the claim.

During the 1990s and 2000s, many sites received reimbursement for loan interest expense, during the years when there was a backlog of claims waiting for reimbursement. As of the fall of 2018, the majority of PECFA sites were managed by agents, such as a consultant, bank, insurance company or DOT. A small number were self-funded, and less than 10 PECFA sites had bank loans with eligible interest cost.

Award Limits and Deductibles

The law establishes maximum awards per occurrence and deductibles that vary depending on the type of petroleum storage tank, the number of tanks and when the costs were incurred. The law also establishes deductibles, which are the amounts the owner must pay for the cleanup.

The maximum award for commercial underground tanks, almost 80% of the occurrences under the program, is \$190,000 per occurrence for aboveground and underground tanks (\$1,000,000 per occurrence for investigations and remedial activities started before December 22, 2001). The deductible paid by the owner is \$10,000 per occurrence.

The maximum award for eligible farm tanks of 1,100 gallons or less is \$100,000. The maximum deductible is \$2,500 plus 5% of eligible costs, but not more than \$7,500 per occurrence.

The maximum award for tanks owned by public school districts and technical college districts that store heating oil for consumptive use on the premises is \$190,000. The maximum deductible is 25% of eligible costs.

The maximum award for home heating oil tanks is \$7,500, with a maximum deductible of 25% of eligible costs.

In addition to the overall maximum award, the maximum award for individual claims is limited to the amount determined by DNR to be necessary to implement the least costly method of completing remedial action and complying with groundwater enforcement standards.

Abandoned Tank Removal Program

The PECFA program does not pay for costs associated with the removal of a petroleum tank. Under 2009 Wisconsin Act 28, DNR pays for the removal of abandoned underground petroleum storage tank systems under certain circumstances. DNR is provided \$100,000 annually from the petroleum inspection fund for the program. DNR contracts with a contractor certified by DATCP under the tank registration program to remove underground petroleum product storage tank systems if the tank is abandoned and the owner of the system is unable to pay for the removal.

DNR is authorized to pay for the following costs: (a) empty, clean, remove, and dispose of an underground petroleum product storage tank system; (b) assess the tank site to determine whether there is petroleum contamination at the site; and (c) backfill the excavation. Backfill does not include landscaping or replacing sidewalk, asphalt, fence, or sod or other vegetation. For any site where DNR incurs costs under the program, the Department records a lien for the costs with the Register of Deeds in the county where the site is located, which remains on the property until the amount is paid to the Department. DNR deposits payments received to satisfy the lien into the petroleum inspection fund.

The program has spent \$573,500 between 2009-10 and 2017-18 to remove 200 underground petroleum tanks at 59 sites. Expenditures totaled \$11,400 in 2016-17 and \$89,500 in 2017-18. (In addition, \$50,200 was spent from the

environmental fund in 2017-18 to remove six tanks at three sites.) Removal costs to date have averaged \$2,900 per tank. Gas stations have an average of three tanks per site.

DNR identifies potentially eligible abandoned tanks in coordination with DATCP and the Department of Justice (DOJ). As of July, 2017, DNR is only using abandoned tank removal funds to remove tanks at sites for which a settlement has been reached with DOJ or a party volunteers to remove tanks as part of a DATCP enforcement action. This includes the following types of sites: (a) the owner has abandoned property with leaking tanks; (b) the owner refused to remove abandoned tanks, died, and left the site for the heirs to address; (c) the owner has inspection violations and/or is under enforcement action from DATCP but does not have the financial means to address the violations; and (d) the courts authorized DNR to remove tanks on properties where owners refuse to comply with court orders to remove the tanks.

Total Petroleum-Contaminated Sites

Petroleum storage tanks, which became PECFA sites if the tank contaminated the surrounding environment and the site met program eligibility requirements, are regulated under federal and state storage tank requirements. As of July, 2018, DATCP regulated approximately 184,900 underground petroleum product storage tank systems under federal and state requirements and approximately 39,700 aboveground petroleum product storage tank systems under state requirements. Of the total, approximately 73,100 are active in-use tank systems, including: (a) 50,200 are underground tank systems, of which 11,900 are regulated under federal requirements; and (b) 22,900 are aboveground tanks. (The other tank systems are closed, abandoned, or temporarily out-of-service.) It is believed that all of the active, in-use federally-regulated tanks have been upgraded to

meet 1998 federal requirements.

Table 1 shows the number of open (in the process of remediation) and closed petroleum-contaminated sites in the DNR database. As of June 30, 2018, the DNR database included 13,673 sites, including 513 open (active) sites and 13,160 closed sites. Most, but not all, of these sites are eligible for the PECFA program.

Table 1: Number of Petroleum-Contaminated Sites

Date	Open Sites	% of Sites	Closed Sites	% of Sites	Total Sites
Sept, 1998	5,970	54.7%	4,946	45.3%	10,916
June, 1999	6,139	50.1	6,121	49.9	12,260
August, 2000	5,531	40.5	8,132	59.5	13,663
June, 2001	4,611	31.9	9,851	68.1	14,462
June, 2002	4,126	26.7	11,302	73.3	15,428
June, 2003	3,604	22.9	12,166	77.1	15,770
June, 2004	3,034	18.9	12,994	81.1	16,028
June, 2005	2,638	16.2	13,646	83.8	16,284
June, 2006	2,240	13.6	14,227	86.4	16,467
June, 2007	1,967	11.8	14,707	88.2	16,674
June, 2008	1,730	10.3	15,082	89.7	16,812
June, 2009	1,527	9.0	15,389	91.0	16,916
June, 2010	1,335	7.8	15,700	92.2	17,035
June, 2011	1,170	6.8	15,976	93.2	17,146
June, 2012	1,014	5.9	16,239	94.1	17,253
June, 2013 *	874	6.1	13,350	93.9	14,224
June, 2014	802	5.6	13,460	94.4	14,262
June, 2015	753	5.5	12,915	94.5	13,668
June, 2016	681	5.0	12,998	95.0	13,679
June, 2017	613	4.5	13,060	95.5	13,673
June, 2018	513	3.8	13,160	96.2	13,673

*Data prior to 2013 came from databases of both DNR and DSPS. As of 2013, DNR maintains the sole database of petroleum-contaminated sites.

PECFA Administration

DNR administers PECFA program activities in the Bureau for Remediation and Redevelopment in the Environmental Management Division. In 2018-19, DNR allocates base funding of \$3,227,000 and 31.45 positions to administer its responsibilities related to cleanup of PECFA sites.

This includes: (a) federal leaking underground storage tank (LUST) program funding of \$1,047,000 and 12.5 hydrogeologist and engineer positions; and (b) \$2,180,000 in segregated revenues with 18.95 positions from the petroleum inspection fund.

DNR responsibilities related to the program include to: (a) develop and enforce cleanup standards; (b) review remedial action work completed at all petroleum-contaminated sites; (c) provide written approval that the investigation and cleanup of environmental contamination is conducted according to state environmental standards and that the harmful effects from the discharge are minimized according to the hazardous substance spills law; (d) establish the maximum reimbursement amount needed at individual sites; (e) review, approve and pay PECFA claims; (f) conduct appeals made by PECFA claimants; (g) take enforcement actions; and (h) perform other program administration functions. DNR also makes additional efforts to contact the responsible parties at sites where cleanup activities have slowed or stopped to move those site cleanups closer to completion, sends letters to responsible parties, and issues notices to proceed for cases that are not actively managed.

DNR charges fees under administrative rule NR 749 to persons who request DNR actions such as case close-out letters (\$1,050) or no-further-action letters (\$350) for PECFA and non-PECFA sites. The fees are collected as program revenue and offset the costs of providing several types of assistance related to brownfields redevelopment. DNR also collects fees for adding sites to an online registry of sites approved for closure where a groundwater enforcement standard is exceeded (\$350) or closed with residual soil contamination (\$300). The fees are not reimbursable expenses under the PECFA program.

PECFA Program Costs

Table 2 presents a summary, by fiscal year, of PECFA program expenditures from 1988-89 through 2017-18 and the estimated amounts in 2018-19. The PECFA program has paid cumulative awards totaling \$1.55 billion through the end of 2017-18 (\$1.16 billion cash allotment from petroleum inspection fees and \$388 million from revenue obligations proceeds) for partial or final cleanups at 13,504 occurrences. (There can be more than one occurrence at a site.) DNR paid \$5,362,300 in PECFA claims in 2016-17 and \$5,855,500 in 2017-18.

Type of Tank System

Table 3 shows the distribution of PECFA occurrences and awards by the type of petroleum tank system for PECFA payments made as of June 30, 2018. The majority of PECFA occurrences for which at least one payment has been made had contamination from federally-regulated commercial underground petroleum storage tank systems, such as those found at gasoline stations. The total payments shown in Tables 3 and 4 differ slightly from the totals shown in Table 2 for PECFA awards and revenue bond awards through 2017-18 because of variations between accounting and program records.

The distribution of payments shown in Table 3 includes PECFA payments for occurrences that had been finalized and occurrences for which payments have partially reimbursed remedial action. Commercial underground petroleum product storage tanks represented 78% of the PECFA occurrences for which at least one payment has been made and 87% of PECFA payments made as of June 30, 2018. Home heating oil tanks were the second largest number of occurrences, representing 11% of PECFA occurrences, but less than 1% of PECFA payments. Aboveground tanks represented the second largest group of payment, with

Table 2: PECFA Program Costs Paid from the Petroleum Inspection Fund by Fiscal Year

	PECFA Awards	Rev. Bond Awards	Rev. Bond Debt Payment	DSPS Admin.*	DNR Admin.*	Total
1988-89	\$312,000	\$0	\$0	\$40,300	\$33,800	\$386,100
1989-90	7,249,100	0	0	80,000	81,500	7,410,600
1990-91	22,802,900	0	0	193,900	94,300	23,091,100
1991-92	24,621,500	0	0	209,600	99,900	24,931,000
1992-93	43,531,700	0	0	419,900	544,200	44,495,800
1993-94	64,871,900	0	0	585,200	428,100	68,885,200
1994-95	80,891,500	0	0	943,000	441,800	82,276,300
1995-96	106,960,700	0	0	1,073,900	796,500	108,831,100
1996-97	95,902,700	0	0	1,645,300	680,600	98,228,600
1997-98	94,131,700	0	0	2,222,800	235,900	96,590,400
1998-99	94,131,700	0	0	2,139,100	255,200	96,526,000
1999-00	89,219,100	207,394,400	6,879,300	2,246,900	233,000	305,972,700
2000-01	80,680,400	43,711,500	13,790,300	2,701,200	250,900	141,134,300
2001-02	74,999,900	30,008,300	22,536,300	2,971,000	287,800	130,803,300
2002-03	67,995,700	62,272,500	23,713,700	2,757,000	303,800	157,042,700
2003-04	49,795,300	43,136,100	24,540,300	2,848,000	301,900	120,621,600
2004-05	42,707,000	1,835,900	29,575,500	2,648,200	313,000	77,079,600
2005-06	21,311,100	0	70,471,700	2,269,300	328,400	94,380,500
2006-07	22,514,100	0	31,152,700	2,609,300	344,300	56,620,400
2007-08	14,591,100	0	29,561,300	2,459,100	183,700	46,795,200
2008-09	10,408,500	0	28,341,300	2,574,100	207,900	41,531,800
2009-10	9,521,200	0	11,196,100	2,445,300	185,500	23,348,100
2010-11	8,828,300	0	5,868,200	2,157,200	192,800	17,046,500
2011-12	6,970,000	0	7,833,500	1,886,000	352,200	17,041,700
2012-13	4,070,500	0	29,977,500	1,745,100	373,700	36,166,800
2013-14	4,795,800	0	29,969,500	0	1,660,500	36,425,800
2014-15	3,807,700	0	29,824,200	0	1,815,500	35,447,400
2015-16	5,525,600	0	28,744,200	0	2,281,900	36,551,700
2016-17	5,362,300	0	31,262,900	0	1,796,000	38,421,200
2017-18	5,855,500	0	28,633,000	0	2,164,900	36,653,400
2018-19 **	<u>7,000,000</u>	<u>0</u>	<u>25,925,900</u>	<u>0</u>	<u>2,180,000</u>	<u>35,105,900</u>
Total	\$1,171,366,500	\$388,358,700	\$509,797,400	\$43,870,700	\$19,449,500	\$2,132,842,800
Percent	54.9%	18.2%	23.9%	2.1%	0.9%	100.0%

*Excludes federally-funded staff paid through the leaking underground storage tank program and staff funded from program revenue.

**2018-19 includes the appropriated amount for DNR PECFA administration, and estimated amount for awards and debt service.

Table 3: Distribution of PECFA Payments by Type of Tank (as of June 30, 2018)

Tank Type	Number of Occurrences	% of Occurrences	Total Payments	% of Payments	Average Payment Per Occurrence
Commercial Underground	10,553	78.2%	\$1,356,326,501	87.4%	\$128,525
Aboveground	973	7.3	155,219,469	10.0	159,527
Terminal	33	0.2	16,401,930	1.1	497,028
Farm under 1,100 gal	265	2.0	11,233,790	0.7	42,392
Home Heating Oil	1,448	10.7	7,954,908	0.5	5,494
School District	222	1.6	5,201,645	0.3	23,431
Technical College	5	0.0	159,168	0.0	31,834
Tribal Trust	<u>5</u>	<u>0.0</u>	<u>247,087</u>	<u>0.0</u>	49,417
Total	13,504	100.0%	\$1,552,744,496	100.0%	\$114,984

Table 4: Distribution of PECFA Payments – Occurrences at All Sites (as of June 30, 2018)

Amount Per Occurrence	Number of Occurrences	% of Occurrences	Total Payments	% of Payments	Average Payment Per Occurrence
\$50,000 and less	6,650	49.2%	\$126,366,932	8.1%	\$19,003
\$50,001 to \$100,000	2,645	19.6	191,073,698	12.3	72,240
\$100,001 to \$150,000	1,183	8.7	144,764,045	9.3	122,370
\$150,001 to \$200,000	739	5.4	127,846,273	8.2	172,999
\$200,001 to \$250,000	503	3.7	112,709,284	7.3	224,074
\$250,001 to \$300,000	336	2.5	92,507,766	6.0	275,321
\$300,001 to \$350,000	268	2.0	86,944,463	5.6	324,420
\$350,001 to \$400,000	203	1.5	75,918,984	4.9	373,985
\$400,001 to \$450,000	172	1.3	72,925,234	4.7	423,984
\$450,001 to \$500,000	215	1.6	103,296,626	6.7	480,449
\$500,001 to \$550,000	107	0.8	56,110,392	3.6	524,396
\$550,001 to \$600,000	77	0.6	44,316,258	2.9	575,536
\$600,001 to \$650,000	81	0.6	50,772,424	3.3	626,820
\$650,001 to \$700,000	72	0.5	48,573,521	3.1	674,632
\$700,001 to \$750,000	48	0.4	34,866,534	2.2	726,386
\$750,001 to \$800,000	47	0.3	36,358,019	2.3	773,575
\$800,001 to \$850,000	23	0.2	18,985,842	1.2	825,471
\$850,001 to \$900,000	35	0.3	30,618,289	2.0	874,808
\$900,001 to \$950,000	23	0.2	21,263,616	1.4	924,505
\$950,001 to \$1,000,000	<u>77</u>	<u>0.6</u>	<u>76,526,298</u>	<u>4.9</u>	993,848
Total	13,504	100.0%	\$1,552,744,496	100.0%	\$114,984

10% of payments, and 7% of the number of occurrences.

Payments Per Occurrence

Table 4 shows the distribution of PECFA occurrences and awards by the amount paid per occurrence for the \$1.55 billion in PECFA payments for 13,504 occurrences made as of June 30, 2018. While almost 50% of the occurrences had received less than \$50,000 each, this category of occurrences constituted 8% of the total payments. Conversely, 4.4% of the occurrences had received more than \$500,000 each, and this category of occurrences constituted 27% of the total payments. The average PECFA payment per occurrence, including closed occurrences and occurrences with cleanups in process, was \$114,984.

Table 5 shows how the number and percentage of open occurrences and payments for open occurrences have declined from 1998 to 2018 as

open occurrences are closed, and the number and percentage of closed occurrences and payments for closed occurrences has increased. In 1998, 25% of cumulative total PECFA payments had been made for 2,802 closed occurrences. In 2008, that percentage had increased to 86% of cumulative payments for 11,472 closed occurrences. As of June 30, 2018, 96% of cumulative payments had been made for 13,052 closed occurrences.

PECFA payments have been made in all 72 counties. Milwaukee County sites have received the largest amount of PECFA payments, including 2,379 occurrences and \$222.7 million, representing 17.6% of total occurrences and 14.3% of total payments made as of June 30, 2018. Dane County occurrences received the second highest level of total payments (8.2% of payments) and Waukesha County was third with 4.7% of payments. Appendix I summarizes PECFA payments made by county.

Table 5: PECFA Occurrences With At Least One Payment, Open and Closed Occurrences (\$ in Millions)

Date	Number of Open Occurrences	% of Open Occurrences to All Occurrences	Total Payments for Open Occurrences	% Payments for Open to All Payments
June 30, 1998	2,853	50.4%	\$408.1	75.5%
June 30, 2003	1,839	17.1	352.7	27.3
June 30, 2008	1,183	9.3	212.8	14.3
June 30, 2013	730	5.5	109.1	7.1
June 30, 2018	452	3.3	68.1	4.4

Date	Number Of Closed Occurrences	% Closed Occurrences to All Occurrences	Total Payments for Closed Occurrences	% Payments for Closed to All Payments	Total Number of Occurrences With Payment	Total Payments
June 30, 1998	2,802	49.6%	\$132.6	24.5%	5,655	\$540.7
June 30, 2003	8,894	82.9	939.1	72.7	10,733	1,291.9
June 30, 2008	11,472	90.7	1,274.8	85.7	12,655	1,487.6
June 30, 2013	12,469	94.5	1,418.4	92.9	13,199	1,527.5
June 30, 2018	13,052	96.7	1,484.6	95.6	13,504	1,552.7

Efforts to Close Sites

Prior to 2015, the PECFA program did not have a statutory end date. Under 2015 Act 55, persons must have notified DNR of the petroleum discharge and the potential for submitting a PECFA claim before July 20, 2015, in order to be eligible under the program. In addition, 2015 Act 55 requires a person to submit a PECFA claim before July 1, 2020, in order to be eligible for reimbursement under the program. Finally, an owner or operator must submit a claim for reimbursement within 180 days after incurring the eligible costs.

Cleanup at most federally-regulated sites has been completed in compliance with federal requirements to close or upgrade the tanks by the end of 1998. These sites have been closed, and the last PECFA payments have been made. Sites that are new or were upgraded to meet federal requirements during the 1990s are not eligible for the program. Sites that were cleaned up and received reimbursement for cleanup costs under the program are not eligible after completion of cleanup.

Contaminated petroleum sites identified after the July 20, 2015, deadline continue to be subject

to the state hazardous substances spill cleanup requirements, but are no longer eligible for reimbursement under the PECFA program. DNR does not separately track the number of sites identified after July 20, 2015. As of the fall of 2018, DNR received approximately one inquiry per month regarding the potential for a site to enter the program.

It is likely that remaining PECFA-eligible occurrences mainly include sites where contamination was discovered during a transfer of ownership, settlement of an estate, or during a building or road construction project. In addition, sites exist where the responsible party has not been willing or able to begin a cleanup, the site has been abandoned, or the owner of a federally-regulated site did not comply with the 1998 deadline to upgrade or close tanks.

Some sites have been open for many years without reaching closure. Some of these sites have ongoing active cleanup underway and are progressing towards completion and closure, although many of them have complex site conditions and extensive contamination. Other open sites have had little or no cleanup activity

conducted for several years.

DNR actions to move open sites to closure during 2017 and 2018 included: (a) working with consultants and owners or operators to develop a plan to achieve completion of site cleanup before the July 1, 2020, deadline for submittal of claims; (b) employing 10 limited-term employees to increase efforts to move cleanup at PECFA-eligible sites closer to completion; (c) sending mailings every six months to open PECFA sites to remind them of the June 30, 2020, claim submission deadline; (d) implementing tools to speed action at stalled sites, including placing liens on sites instead of requiring closure fees and recording an affidavit on the property deed with information about contamination; (e) continuing to use the PECFA agent process to make PECFA reimbursement payments directly to consultants; and (f) increasing the communication between DNR and consultants to ensure the uniform and customary cost schedule, bid variance approval process and project review timelines bring closure of as many sites as possible before the 2020 deadline.

PECFA Bonding

Between 1999 and 2007, total PECFA revenue obligation authority of \$386,924,000 was authorized. All of the \$387 million in PECFA revenue obligation authority was issued between March, 2000, and December, 2008, and paid claims to eliminate the backlog. No bonding authority is available for future issuance.

In October, 2016, DOA refinanced the remaining short-term obligations to longer-term fixed-rate debt. As of December 1, 2018, the total amount of outstanding revenue obligations (the amount the state owes in principal) was \$27.2 million with a weighted average annual interest cost of 4.0% through the July 1, 2019, final payment of principal.

Table 6 shows the actual annual payments to the revenue obligation trustee for petroleum

Table 6: Petroleum Inspection Fee Revenue Obligation Payments to the Trustee Debt Service Account and Remaining Principal Balance (\$ in Millions)

	Payment Amount*	Principal Balance**
2004-05	\$29.6	\$348.5
2005-06	70.5	318.5
2006-07	31.1	272.6
2007-08	29.6	252.3
2008-09	28.3	231.0
2009-10	11.2	188.6
2010-11	5.9	188.6
2011-12	7.8	188.6
2012-13	30.0	188.6
2013-14	30.0	164.4
2014-15	29.8	139.1
2015-16	28.7	112.6
2016-17	31.3	76.1
2017-18	28.6	55.1
2018-19	25.9	27.2
July 1, 2019	0.0	0.0

*Includes payments to the trustee debt service account from July through June of the fiscal year.

**December 1 outstanding principal balance after making required payments.

inspection fee revenue obligation debt service for 2004-05 through 2017-18 and estimated payments for 2018-19. Debt service payments for 2009-10 through 2011-12 were lower than in prior years because the state refinanced the debt to defer principal payments in the three years.

The state made payments of \$31.3 million to the revenue obligation debt service trustee account in 2016-17 and \$28.6 million in 2017-18. The state expects to make debt service payments to the trustee account of approximately \$25.9 million in 2018-19, which is expected to retire the remaining fixed-rate obligations on July 1, 2019.

Petroleum Inspection Fund

The PECFA program is funded from the segregated petroleum inspection fund. Revenue

for the fund is generated from the petroleum inspection fee. Under Chapter 168 of the statutes, the Department of Agriculture, Trade and Consumer Protection (DATCP) is responsible for inspecting petroleum products brought in to the state to assure that the product meets minimum product grade and environmental specifications. The grade specifications are established by administrative rule and are based on nationally recognized standards, specifications and classifications. A petroleum inspection fee is imposed on all of the inspected petroleum products. The Department of Revenue (DOR) collects the fee at the same time it collects the motor vehicle fuel tax at petroleum company terminals.

Approximately 3.8 billion gallons of petroleum are inspected annually (including gasoline, diesel and heating oil). Each one cent of petroleum inspection fee generates revenues of approximately \$39.3 million annually. The current 2¢ per gallon fee generated \$79.7 million of revenue in 2017-18. It is anticipated the state will collect approximately \$77.5 million in petroleum inspection fees in 2018-19.

The petroleum inspection fund also receives revenues from inspection and plan review fees for bulk petroleum tanks, and interest income on the fund balance.

Although a petroleum inspection fee existed since at least 1880, it has been used as a funding source for cleanup of petroleum contamination only since the creation of the PECFA program in 1988. In 1988 the fee was 0.4¢ per gallon and was increased to 1¢ in 1991, to 2¢ in 1992, and to 3¢ per gallon in 1993. The fee was decreased from 3¢ to 2¢ per gallon on April 1, 2006.

The petroleum inspection fund provides funds for DNR PECFA payments and administration, DATCP's petroleum tank and inspection programs and several other programs in the Departments of Administration, DATCP, Military Affairs, Revenue, and Transportation. The condition of the

petroleum inspection fund is shown in Table 7. The petroleum inspection fund is currently expected to have an unencumbered balance of approximately \$14.0 million on July 1, 2019.

The first use of petroleum inspection fees is required to be payment of the revenue obligations that were issued to pay the 1990s PECFA claim backlog. Actual and estimated required payments for debt service costs are shown in Table 6.

Under 2017 Wisconsin Act 59, the Secretary of the Department of Administration, is required, beginning on June 30, 2020, and on June 30 of each subsequent fiscal year, to transfer the unencumbered balance of the petroleum inspection fund to the transportation fund, except for an amount equal to not less than 5% of the gross revenues received by the petroleum inspection fund during the fiscal year in which the transfer is made.

In 2017-18, revenue from the petroleum inspection fee, bulk tank fees and interest income totaled \$80.8 million. Expenditures totaled \$82.1 million, including: (a) \$28.6 million for revenue obligation debt service costs (shown as a reduction to available revenue); (b) \$29.5 million for expenditures from appropriations; and (c) \$24.0 million for a one-time transfer from the petroleum inspection fund to the transportation fund, under provisions of 2017 Act 59. It is anticipated that in 2018-19, revenue from the petroleum inspection fee and other revenues will total \$78.7 million, and expenditures will total \$80.5 million, including: (a) \$25.9 million for revenue obligation debt service costs; (b) \$30.6 million for appropriations with 91.1 positions; and (c) \$24.0 million for a one-time transfer to the transportation fund.

Approximately 50% (\$80.8 million) of the expenditures from the petroleum inspection fund in the 2017-19 biennium will be for PECFA awards, DNR administration of the PECFA program, revenue obligation debt service costs, and DATCP petroleum inspection and tank regulation programs, including 55.0 positions. In addition,

Table 7: Petroleum Inspection Fund Estimated Condition, 2015-16 Through 2018-19

	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Estimated
Opening Balance -- July 1	\$21,786,300	\$19,332,900	\$17,158,300	\$15,790,200
Revenues				
Petroleum Inspection Fee	\$74,804,900	\$76,969,400	\$79,706,300	\$77,500,000
Revenue Obligation Debt Service	-28,744,200	-31,262,900	-28,633,000	-25,925,900
Petroleum Bulk Tank Fees and Other	<u>281,100</u>	<u>419,800</u>	<u>1,053,900</u>	<u>1,210,000</u>
Total Revenues	\$46,341,800	\$46,126,300	\$52,127,200	\$52,784,100
Total Revenue Available	\$68,128,100	\$65,459,200	\$69,285,500	\$68,574,300
Expenditures and Reserves				
PECFA Awards	\$5,525,600	\$5,362,300	\$5,855,500	\$7,000,000
PECFA Administration	2,281,900	1,796,000	2,164,900	2,180,000
Petroleum Inspection	4,369,300	4,668,300	4,491,000	4,593,900
Transportation Fund	6,584,600	6,652,100	6,650,300	6,661,800
Other Programs	9,033,800	8,822,200	10,333,600	9,904,000
Expenditure of prior year encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>219,100</u>
Total Expenditures	\$27,795,200	\$27,300,900	\$29,495,300	\$30,558,800
Less Transfer to Transportation Fund	\$21,000,000	\$21,000,000	\$24,000,000	\$24,000,000
Cash Balance	\$19,332,900	\$17,158,300	\$15,790,200	\$14,015,500
Encumbrances, Continuing Balances	-\$843,700	-\$903,900	-\$1,863,600	\$0
Closing Available Balance -- June 30	\$18,489,200	\$16,254,400	\$13,926,600	\$14,015,500

approximately 38% (\$61.3 million) will be for DOT appropriations and the transfer to the transportation fund. The remaining 12% includes \$20.4 million and 36.1 positions for other programs and \$0.2 million for expenditure of prior year encumbrances.

The appropriations funded from the petroleum inspection fund are listed individually in Appendix II. The programs are described in the following sections.

Department of Natural Resources

In 2018-19, DNR is authorized base funding of \$3,733,400 with 31.95 positions in the Environmental Management Division for environmental repair, petroleum spills, PECFA administration, and abandoned tank removal. The Department

allocates approximately \$2,180,000 and 18.95 of the positions for the PECFA activities described earlier, and the remaining \$1,553,400 and 13.0 positions for other contaminated land cleanup activities and abandoned tank removal. (For more information, see the Legislative Fiscal Bureau informational paper entitled, "Contaminated Land Cleanup Programs.")

DNR has base funding of \$1,682,800 and 6.25 positions from the petroleum inspection fund for air program activities in 2018-19. These positions are allocated for air management activities related to mobile source pollution control, air emission reduction from fuel storage and distribution systems, pollution prevention, air monitoring, and department-wide activities related to air management. These positions are funded from five appropriations. (For more information, see the

Legislative Fiscal Bureau informational paper entitled, "Air Management Programs.") DNR also has base funding of \$1,164,300 and 2.75 positions for department-wide activities such as finance, legal, and human resources.

Department of Administration

The diesel truck idling reduction grant program, created under 2005 Wisconsin Act 25, is currently operated by the Division of Energy, Housing and Community Resources within the Department of Administration. For 2018-19, the program is budgeted base funding of \$1,000,000 for grants, and \$79,400 and 1.0 position for program administration.

The program aims to improve fuel efficiency and lower air pollution by providing grants to freight motor carriers headquartered in Wisconsin to purchase and install idling-reduction units for long-haul truck tractors. The idling-reduction units provide an alternative source of power to heat, cool, or provide electricity to the truck cab, or other parts of the vehicle, instead of using the vehicle's main drive engine to power those functions. Motor carriers are eligible to receive reimbursement of up to 50% of the cost to purchase and install idling-reduction equipment. Motor carriers submit grant applications with an itemized price quote from a vendor. Grant awards are allocated through a randomized, computer-based lottery. Once an applicant is selected, the Division sends the applicant an award letter and contract, which must be returned with a signature. The equipment may then be purchased and installed. Self-installation is not an eligible grant expense unless approved by the Department of Administration. The grant program is authorized through June 30, 2020, with program administration scheduled to sunset on December 31, 2021. In 2017-18, \$765,400 was awarded to 16 large fleet motor carriers for 178 units and \$230,100 was awarded to 26 small fleet motor carriers for 48 units.

Department of Agriculture, Trade and Consumer Protection

DATCP has base funding of \$5,496,700 from the petroleum inspection fund in 2018-19 with 42.05 positions. Funding supports the Bureau of Weights and Measures, whose staff are responsible for: (a) sampling and testing of petroleum products sold in the state to ensure consistency with accepted quality and purity standards; (b) testing commercial weights and measures to ensure the reported quantity, such as at retail fuel pumps, matches the amount sold to consumers; (c) enforcing standards for storage tanks of flammable or combustible liquids; and (d) reviewing plans for construction, modification or placement of such storage tanks. Funding for these activities is supported by appropriations for: (a) weights and measures; and (b) petroleum inspection.

DATCP also has base funding of \$259,400 from the fund in 2018-19 with 2.1 positions for enforcement of the state's Unfair Sales Act, which generally prohibits sales of goods below cost. For gasoline, tobacco products, and alcoholic beverages, the statute requires a certain percentage increase in the wholesale or retail price relative to the seller's invoice price, known as the "minimum markup." These responsibilities are assigned to the Bureau of Business Trade Practices.

Department of Military Affairs

The Department of Military Affairs (DMA) is appropriated \$462,100 in base funding in 2018-19 for annual grants to local emergency planning committees. Committees may utilize grant funding to pay for eligible costs incurred in the event of a release of hazardous substances. Eligible costs include: (a) maintaining emergency response plans, including plans relating to facilities housing hazardous substances; (b) reviewing, exercising and implementing emergency response plans; (c) purchasing computers and emergency response equipment; (d) committee operations and administration; (e) paying for hazardous materials

resource supplies; and (f) any other activity of the committee required under state or federal law. Appropriated amounts unspent in a fiscal year revert to the petroleum inspection fund.

DMA is also provided base funding of \$711,200 in 2018-19 from the petroleum inspection fund in a continuing appropriation for major disaster assistance, which makes payments to local units of government and federally recognized American Indian tribes and bands in Wisconsin for the damages and costs incurred as the result of a disaster, if federal disaster assistance is not available. Eligible costs include: (a) debris removal, including woody debris, building wreckage, dirt, gravel, vehicles and other disaster related materials; (b) emergency protective measures to eliminate or reduce immediate threats to life, public health or safety, or a hazard that threatens significant damage to improved public or private property; and (c) repair of damage to roads and bridges. Appropriated amounts unspent in a fiscal year remain with the appropriation to support future disaster relief.

The major disaster assistance appropriation began 2017-18 with a balance of \$782,400. During 2017-18, the appropriation was provided funding of \$711,200 from the petroleum inspection fund, expended \$1,405,100, and concluded 2017-18 with a balance of \$88,500.

Miscellaneous Appropriations

Purchasers of aviation fuel on which the petroleum inspection fee has been assessed are eligible for reimbursement of 2¢ for each gallon of aviation fuel purchased in excess of 1,000,000 gallons per month. DOR processes applications and pays them from a sum-sufficient appropriation. Expenditures were \$187,500 in 2017-18.

A transfer of \$1,704,800 annually is made from the petroleum inspection fund to the segregated environmental management account of the environmental fund. The revenue received by the

environmental management account is used for DNR and other state programs, including contaminated land cleanup and recycling. (For more information, see the Legislative Fiscal Bureau informational paper entitled, "Environmental Management Account.")

An ongoing annual appropriation has been made from the petroleum inspection fund to the transportation fund since 2004-05 (\$6,321,700 per year through 2008-09 and \$6,258,500 per year since then). Originally, the intent of this transfer was to fund a portion of the cost of the vehicle emissions inspection program in southeast Wisconsin with revenue from that fund, but there is no direct tie to the appropriation for that program. In fact, the transfer is currently nearly twice the amount of the total appropriation for the emissions inspection program (\$3,193,300 annually in the 2017-19 biennium).

The ongoing transfer has been supplemented by specified one-time transfers from the petroleum inspection fund in the 2007-09 through 2017-19 biennia. This included \$24,000,000 each year in 2017-18 and 2018-19. These transfers do not fund a specific appropriation within the transportation fund. Appendix II shows these transfers under "Additional Expenditures."

Department of Revenue

The Department of Revenue (DOR) is authorized base funding of \$83,800 in 2018-19 from the petroleum inspection fund with 1.0 position to administer collection of the petroleum inspection fee.

Department of Transportation

The transportation fund, which funds programs administered by the Department of Transportation (DOT), has received, or continues to receive, one-time and ongoing transfers from the petroleum inspection fund. Two of these transfers (ongoing appropriation for vehicle emissions inspection and

supplemental transfers) are described under "Miscellaneous Appropriations."

In addition, demand management, an appropriation in DOT's general transportation operations program structure, is also funded by the petroleum inspection fund. The appropriation supports policies and programs designed to reduce traffic volume, especially during peak hours of traffic congestion. In 2018-19, base funding of \$403,300 supports 4.0 urban and regional planning positions in the DOT's southeast regional office.

One-Time Transfers

The biennial budgets enacted in several recent biennia have required one-time transfers from the petroleum inspection fund to the general fund, transportation fund, former recycling and renewable energy fund, and environmental management account of the environmental fund. A cumulative total of \$317 million has been or will be transferred from the petroleum inspection fund to other funds by the end of 2018-19. The amounts transferred in each year to each fund are shown in Table 8.

Table 8: One-Time Transfers from the Petroleum Inspection Fund to Other Funds

Fiscal Year	General Fund	Transportation Fund	Recycling and Renewable Energy Fund	Environmental Management Account	Total Transfer to Other Funds
2001-02	\$1,187,800				\$1,187,800
2002-03	2,028,900				2,028,900
2003-04	20,954,200				20,954,200
2004-05	209,900				209,900
2005-06	10,860,600				10,860,600
2006-07	20,258,800				20,258,800
2007-08	1,019,400	\$14,000,000			15,019,400
2008-09	16,891,100				16,891,100
2009-10	21,973,100	10,000,000	\$2,000,000	\$230,000	34,203,100
2010-11	14,048,900	17,800,000	2,000,000	530,000	33,130,000
2011-12	0	19,500,000	0	0	19,500,000
2012-13	0	19,500,000	0	0	19,500,000
2013-14	0	16,000,000	0	0	16,000,000
2014-15	0	21,000,000	0	0	21,000,000
2015-16	0	21,000,000	0	0	21,000,000
2016-17	0	21,000,000	0	0	21,000,000
2017-18	0	24,000,000	0	0	24,000,000
2018-19	0	24,000,000	0	0	24,000,000
Total	\$109,432,700	\$202,800,000	\$4,000,000	\$760,000	\$316,992,700

APPENDIX I

PECFA Payments by County, as of June 30, 2018

County	Number of Occurrences	Total Payments	County	Number of Occurrences	Total Payments
Adams	43	\$6,092,326	Milwaukee	2,379	\$222,685,206
Ashland	74	8,819,947	Monroe	136	19,255,210
Barron	92	8,379,272	Oconto	97	13,350,293
Bayfield	91	9,917,788	Oneida	163	29,224,190
Brown	472	58,618,936	Outagamie	391	47,129,174
Buffalo	46	4,390,158	Ozaukee	223	22,922,181
Burnett	44	5,732,699	Pepin	15	745,565
Calumet	105	11,922,071	Pierce	73	5,497,896
Chippewa	171	12,331,160	Polk	108	9,454,855
Clark	125	15,703,811	Portage	144	13,600,279
Columbia	191	22,506,568	Price	80	13,276,636
Crawford	46	4,594,270	Racine	405	42,979,043
Dane	882	127,604,466	Richland	91	8,625,759
Dodge	234	31,048,913	Rock	233	25,891,889
Door	94	9,099,756	Rusk	59	9,232,426
Douglas	190	23,579,762	Saint Croix	120	10,007,218
Dunn	60	6,019,881	Sauk	205	23,302,936
Eau Claire	172	12,606,065	Sawyer	96	9,140,995
Florence	19	2,539,492	Shawano	135	15,658,594
Fond du Lac	297	38,035,006	Sheboygan	298	38,009,457
Forest	37	4,032,723	Taylor	91	14,663,223
Grant	131	15,029,245	Trempealeau	78	9,883,890
Green	71	9,166,097	Vernon	107	10,856,785
Green Lake	93	11,333,882	Vilas	116	17,505,994
Iowa	37	4,882,384	Walworth	213	25,830,617
Iron	47	5,559,449	Washburn	31	2,203,065
Jackson	77	9,358,988	Washington	230	34,992,886
Jefferson	207	25,901,928	Waukesha	739	73,168,750
Juneau	102	11,880,018	Waupaca	138	15,753,761
Kenosha	258	35,884,067	Waushara	65	8,826,613
Kewaunee	68	7,440,608	Winnebago	391	46,875,635
La Crosse	184	20,090,371	Wood	<u>230</u>	<u>29,903,682</u>
Lafayette	51	7,844,718			
Langlade	67	9,469,001	TOTAL	13,504	\$1,552,744,496
Lincoln	75	7,917,760			
Manitowoc	204	26,093,453			
Marathon	280	32,907,638			
Marinette	126	11,071,611			
Marquette	56	5,734,572			
Menominee	5	1,148,933			

APPENDIX II

Petroleum Inspection Fund Appropriations, 2015-16 Through 2018-19

Agency/ Statutory Citation	Appropriation Name	2015-16 Expenditures	2016-17 Expenditures	2016-17 Positions	2017-18 Expenditures	2018-19 Base Funding	2018-19 Positions
Natural Resources [20.370]							
(2)(bq)	Vapor recovery administration	\$1,908	\$833	1.00	repealed	repealed	0.00
(4)(bt)*	Air management - mobile sources	1,394,207	1,501,848	4.50	\$1,424,600	\$1,438,000	4.50
(4)(cv)*	Air quality monitoring stations	0	0	0.00	29,648	30,000	0.00
(4)(cw)*	Air management - motor vehicle emission inspection and maintenance program	0	0	0.00	43,200	44,600	0.50
(4)(dw)*	Environmental repair, petroleum spills and PECFA administration	3,593,500	2,828,331	31.95	3,608,090	3,633,400	31.95
(3)(ms)	Pollution prevention	87,258	270,986	3.00	repealed	repealed	0.00
(6)(fr)	PECFA Awards	5,525,587	5,362,300	0.00	5,855,468	7,000,000**	0.00
(6)(fv)	Abandoned tank removal	49,600	11,400	0.00	89,466	100,000	0.00
(8)(mq)	Mobile source air pollution	937,000	956,800	0.50	978,700	1,003,400	0.50
(9)(mq)	Mobile source air pollution	<u>31,900</u>	<u>31,900</u>	<u>0.50</u>	<u>322,200</u>	<u>331,100</u>	<u>3.50</u>
DNR Subtotal		\$11,620,960	\$10,964,398	41.45	\$12,351,372	\$13,580,500	40.95
Administration [20.505]							
(1)(sa)	Diesel truck idling reduction grants	\$999,905	\$1,000,000	0.00	\$982,497	\$1,000,000	0.00
(1)(s)	Diesel truck idling reduction grant administration	81,475	75,349	1.00	69,747	79,400	1.00
Agriculture, Trade and Consumer Protection [20.115]							
(1)(r)	Unfair Sales Act	230,400	237,500	2.10	252,200	259,400	2.10
(1)(s)	Weights and measures	889,000	886,500	6.00	884,000	902,800	6.00
(1)(t)	Petroleum inspection	4,369,336	4,668,313	36.05	4,491,018	4,593,900	36.05
Military Affairs [20.465]							
(3)(r)	Local emergency planning grants	462,017	462,100	0.00	462,100	462,100	0.00
(3)(s)	Major disaster assistance	424,060	364,851	0.00	1,405,125	711,200	0.00
Miscellaneous Appropriations [20.855]							
(4)(r)	Petroleum allowance	351,660	216,512	0.00	187,482	300,000	0.00
(4)(w)	Transfer to transportation fund	6,258,500	6,258,500	0.00	6,258,500	6,258,500	0.00
(4)(wc)	Transfer to environmental fund – environmental Management	1,704,800	1,704,800	0.00	1,704,800	1,704,800	0.00

Petroleum Inspection Fund Appropriations - (continued)

Agency/ Statutory Citation	Appropriation Name	2015-16 Expenditures	2016-17 Expenditures	2016-17 Positions	2017-18 Expenditures	2018-19 Base Funding	2018-19 Positions
Revenue [20.566]							
566 (1)(s)	Petroleum inspection fee collection	\$76,943	\$68,513	1.00	\$47,415	\$83,800	1.00
Transportation [20.395]							
(4)(dq)	Air quality - demand management	326,053	393,561	4.00	391,809	403,300	4.00
Miscellaneous - Controller's Office							
	Payment of Cancelled Checks	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,150</u>	<u>0</u>	<u>0</u>
Subtotal Agencies Other than DNR		\$16,174,149	\$16,336,499	50.15	\$17,143,843	\$16,759,200	50.15
Subtotal Petroleum Inspection Fund Appropriations		\$27,795,109	\$27,300,897	91.60	\$29,495,215	\$30,339,700	91.10
Additional Expenditures							
Biennial Budget Act Transfers to the Transportation Fund		\$21,000,000	\$21,000,000	0.00	\$24,000,000	\$24,000,000	0.00
PECFA Revenue Obligation Debt Service Deposits to Trustee Account		28,744,220	31,262,922	0.00	28,632,967	25,925,900	0.00
Prior Year Encumbrances and Continuing Balances		<u>0</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>219,100</u>	<u>0.00</u>
Total Expenditures, Petroleum Inspection Fund		\$77,539,329	\$79,563,819	91.60	\$82,128,182	\$80,484,700	91.10

*Certain DNR appropriations were renumbered in 2017 Act 59, to the listed statutory citations.

**Shows estimated PECFA awards expenditures of \$7,000,000 in 2018-19. Appropriation was authorized \$7,500,000 in 2018-19, and carried over \$1,644,500 from 2017-18 in a biennial appropriation.

APPENDIX III

Recent PECFA Legislative History Major Provisions

PECFA was created during the 1987-89 legislative session and has been modified in subsequent legislative sessions. The Appendix identifies legislative changes made in the 2005-07 through 2017-19 legislative sessions to: (a) tank eligibility and criteria; (b) the inspection fee revenue limitation; (c) the awards appropriation; (d) eligible costs; (e) program termination date; (f) reports that have been required regarding PECFA; and (g) administration. Additional detail about the legislative changes made in the 1987-89 through 2011-13 legislative sessions can be found in the 2015 Legislative Fiscal Bureau Informational Paper #66 entitled, "Petroleum Environmental Cleanup Fund Award (PECFA) Program."

Act Description

2013-15 Legislative Session

20 *Awards Appropriation.* \$8.65 million in 2013-14 and \$4.55 million in 2014-15.

Administration. Transfer the DSPS responsibilities related to PECFA administration to DNR, effective on July 1, 2013. Transfer 16.8 SEG and 6.5 FED positions from DSPS to DNR.

2015-17 Legislative Session

55 *Awards Appropriation.* \$4.55 million in 2015-16 and \$4.55 million in 2016-17. In March, 2017, the Joint Committee on Finance approved a additional \$2.1 million for awards in 2016-17 under s. 13.10 of the statutes, for total authority of \$6.05 million in 2016-17.

Eligibility Deadlines. End eligibility for the PECFA program if the owner or operator: (a) does not notify DNR of the discharge and potential for submitting a PECFA claim before July 20, 2015; and (b) does not submit a claim for the reimbursement of the eligible expenses before July 1, 2020. In addition, require that an owner or operator must submit a claim within 180 days of incurring the eligible costs, or before February 1, 2016 (the first day of the seventh month after the effective date of the budget act), whichever was later, or the costs would no longer be eligible for reimbursement.

2017-19 Legislative Session

59 *Awards Appropriation.* \$7.5 million in 2017-18 and \$7.5 million in 2018-19.

Petroleum Inspection Fund Balance Transfer. Require the Secretary of the Department of Administration, beginning on June 30, 2020, and on June 30 of each subsequent fiscal year, to transfer the unencumbered balance of the petroleum inspection fund to the transportation fund, except for an amount equal to not less than 5% of the gross revenues received by the petroleum inspection fund during the fiscal year in which the transfer is made.