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petroleum environmental cleanup fund award (pecfa) program

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Petroleum Environmental Cleanup
Fund Award (PECFA) Program

Prepared by

Moriah A. Hayes

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703
<http://legis.wisconsin.gov/lfb>

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Petroleum Environmental Cleanup Fund Award (PECFA) Program

Introduction

The petroleum environmental cleanup fund award (PECFA) program was created to reimburse 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 could 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 commercial 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 closed to new claims as of June 30, 2020, and payments on claims submitted as of that date will be the last payments under the program. Under 2015 Wisconsin Act 55, the 2015-17 biennial budget act, eligibility was eliminated for new sites as of July 20, 2015. Act 55 also specified that no claims for reimbursement of eligible costs could be submitted after June 30, 2020. PECFA was 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 \$5.2 million in 2019-20. 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 was paid from petroleum inspection fee revenues.

The Department of Natural Resources (DNR) administered the financial reimbursement component of the program and continues to administer contaminated land cleanup provisions. 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.

DNR is aware of approximately 13,600 petroleum-contaminated sites meeting PECFA eligibility. As of June 30, 2020, \$1.57 billion in PECFA awards had been made for partial or full cleanup at 13,520 occurrences. Of the total payments, \$1.5 billion (96% of payments) had paid for completion of cleanup of 13,159 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.

Although no new claims are allowed after June 30, 2020, this paper describes the following aspects of the PECFA program, including: (a) program eligibility criteria and claim requirements; (b) award guidelines; (c) the number of PECFA sites; (d) program costs and administration; and (e) 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. Appendices contain additional information about legislative history, program costs and petroleum inspection fund appropriations.

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. 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 s. 292.63 of the statutes. Owners or operators of certain petroleum product storage tanks were 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 aboveground 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) submitted a claim for the reimbursement of eligible costs before July 1, 2020.

Further, to be eligible for a PECFA award, the owner must have:

1. 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. Completed an investigation to determine the degree and extent of environmental damage caused by the petroleum discharge;
3. Prepared a remedial action plan to identify the specific activities proposed;
4. Conducted 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. Received 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, could 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.

Owners of an eligible site who were not the owners when the discharge occurred were also eligible to submit a PECFA claim unless they should have known that a discharge occurred. Further, DNR could 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. Agents receive payments jointly with the owner. The state Department of Transportation (DOT) could also serve as an agent if the PECFA site affects a transportation project and DOT's participation were 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, including 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.

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, 2020, 6,420 sites that would be PECFA-eligible have been placed on the database, including 1,710 sites with a groundwater enforcement standard exceedance, 1,189 with soil contamination only, and 3,521 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 was to submit a claim for reimbursement within 180 days after incurring the eligible costs. As of June 30, 2020, the program denied 74 claims totaling \$139,400 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 paid 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 were received by DNR. DNR generally paid 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. (Interest costs associated with loans secured for remediation are eligible for reimbursement, although DNR reports few sites in recent years have incurred interest costs.) 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 code Chapter 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 typically updated the schedule of usual and customary costs in January and July of every year. NR 747 includes an additional description of 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. Penalties may also apply for submitting a claim that includes ineligible costs.

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 must 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. Section NR 747.63 of the administrative code 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, 2020, 4,195 sites have deferred the need to bid publicly, based on the use of the usual and customary costs. Of this total, 434 did not use the public bidding process in 2018-19, and 572 did not in 2019-20.

Consultants and Service Providers

Environmental remediation rules under the NR 700 series contain requirements for those hiring professional services to conduct cleanup activities. PECFA provisions similarly require consultants and consulting firms to register with DNR for admission to participate in the program. Consultants would include, but not be limited to, engineers, hydrogeologists and environmental scientists or specialists. PECFA consultants could 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 were to maintain insurance coverage for errors and omissions of at least \$1,000,000 per claim.

Section NR 700.11(1)(a) of the administrative code 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, 2020, were submitted to DNR in July, 2020. Consultants submitted reports for 116 PECFA sites, and included estimates of approximately \$923,300 in additional costs to complete cleanup work at the sites.

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, which constitute 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 costs to: (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 \$750,000 between 2009-10 and 2019-20 to remove 224 underground petroleum tanks at 72 sites. Expenditures totaled \$108,600 in 2018-19 and \$68,600 in 2019-20. Removal costs averaged \$6,800 per tank in 2018-19 and \$6,700 in 2019-20. 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 2020, DATCP regulated 186,900 underground petroleum product storage tank systems under federal and state requirements and 23,300 aboveground petroleum product storage tank systems under state requirements. Of the total, 56,200 are active in-use tank systems, including: (a) 50,500 underground tank systems, of which 12,300 are regulated under federal requirements; and (b) 5,700 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 that had eligibility under PECFA. As of June 30, 2020, the DNR database included 13,550 sites, including 288 open (active) sites and 13,262 closed sites.

PECFA Program Costs

Table 2 presents a summary, by fiscal year, of PECFA program expenditures from 1988-89

Table 1: Number of PECFA-Eligible Petroleum-Contaminated Sites

Date	Open Sites	% of Sites	Closed Sites	% of Sites	Total Sites
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
June, 2019	397	2.9	13,371	97.1	13,768
June, 2020	288	2.1	13,262	97.9	13,550

through 2019-20, as well as the estimated final amounts in 2020-21. The PECFA program has paid cumulative awards totaling \$1.57 billion for partial or final cleanups at 13,520 occurrences. (There can be more than one occurrence at a site.) DNR paid \$7,933,700 in PECFA claims in 2018-19 and \$5,179,200 in 2019-20. As of December 15, 2020, DNR anticipated final payments of \$4,115,600 in 2020-21.

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, 2020. 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 through 2019-20 shown in Tables 3 and 4 differ slightly from the totals shown in Table 2 for PECFA awards and revenue bond awards

through the same period (\$1,565,838,100) mostly 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, 2020. 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 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 \$1.57 billion in PECFA payments for 13,520 occurrences made as of June 30, 2020. 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 \$115,812.

Table 5 shows how the number and percentage of open occurrences and payments for open occurrences have declined from 2000 to 2020 as open occurrences are closed, and the number and percentage of closed occurrences and payments for closed occurrences has increased. In 2000, 44% of cumulative total PECFA payments had been made for 5,218 closed occurrences. In 2010, that percentage had increased to 89% of cumulative payments for 11,940 closed occurrences. As

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	7,933,700	0	25,925,900	0	2,180,000	36,039,600
2019-20	5,179,200	0	0	0	548,900	5,728,100
2020-21 **	4,115,600	0	0	0	36,600	4,152,200
Total	\$1,181,595,000	\$388,358,700	\$509,797,400	\$43,870,700	\$20,035,000	\$2,143,656,800

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

**2020-21 includes final expected claims payments and estimated amounts for DNR PECFA administration.

Table 3: Distribution of PECFA Payments by Type of Tank (as of June 30, 2020)

Tank Type	Number of Occurrences	% of Occurrences	Total Payments	% of Payments	Average Payment Per Occurrence
Commercial Underground	10,567	78.2%	\$1,367,571,518	87.3%	\$129,419
Aboveground	975	7.3	156,705,897	10.0	160,724
Terminal	33	0.2	16,631,744	1.1	503,992
Farm under 1,100 gal	265	2.0	11,306,490	0.7	42,666
Home Heating Oil	1,448	10.7	7,961,127	0.5	5,498
School District	222	1.6	5,201,645	0.3	23,431
Technical College	5	0.0	159,168	< 0.1	31,834
Tribal Trust	5	0.0	247,087	< 0.1	49,417
Total	13,520	100.0%	\$1,565,784,675	100.0%	\$115,812

of June 30, 2020, 96% of cumulative payments had been made for 13,159 closed occurrences.

PECFA payments have been made in all 72 counties. Milwaukee County sites have received the largest amount of PECFA payments, including 2,385 occurrences and \$224.2 million, representing 17.6% of total occurrences and 14.3% of total payments made as of June 30, 2020. 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.

PECFA Administration

DNR administers contamination cleanup and brownfields program activities in the Remediation and Redevelopment program in the Environmental Management Division. PECFA program administrative costs were provided primarily from an appropriation in the petroleum inspection fund. The DNR administrative funding shown in Table 2 represents the share of staffing allocated to PECFA administration from this source. DNR staff report that although remediation funded by the PECFA program has expired, Remediation and Redevelopment staff continue to oversee cleanups for petroleum-related and other contamination.

Although responsibilities related to PECFA claims review and reimbursement have expired, DNR responsibilities related to remediation programs continue to include: (a) developing and enforcing cleanup standards; (b) reviewing remedial action work completed at all petroleum-contaminated sites; and (c) providing 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. 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.

In addition to positions supported by the petroleum inspection fund, DNR staffing from the following sources supported oversight of PECFA-eligible cleanup projects: (a) federal grants for cleanup of petroleum products from leaking underground storage tanks (LUST); and (b) program revenues. Program revenues include fees under administrative code Chapter NR 749 charged 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 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.) These sources, which are not shown in Table 2, continue to be available for other program activities in the Remediation and Redevelopment program. [For additional information on Remediation and Redevelopment staffing levels, please see the Legislative Fiscal Bureau informational paper entitled "Contaminated Land Cleanup Programs."]

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, and then have submitted a PECFA claim before July 1, 2020, to be eligible for reimbursement. Finally, an owner or operator must have submitted a claim for reimbursement within 180 days after incurring the eligible costs.

Contaminated petroleum sites identified after

the July 20, 2015, deadline continue to be subject to the state hazardous substances spill cleanup requirements, as were sites identified before then, but sites 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 2020, 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 2019 and 2020 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.

Table 6 shows the actual annual payments to the revenue obligation trustee for petroleum inspection fee revenue obligation debt service for 2004-05 through 2018-19. The state's final payments to the trustee account were \$25.9 million in 2018-19, which, when combined with other program assets held by the trustee, were sufficient to retire the remaining fixed-rate obligations on July 1, 2019. (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.)

Petroleum Inspection Fund

The petroleum inspection fund provides funds for PECFA payments and administration, petroleum tank and inspection programs and several other programs in the Departments of Administration; Agriculture, Trade and Consumer Protection; Military Affairs; Revenue; and Transportation.

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. The \$27.2 million in remaining principal was retired July 1, 2019.

Revenue for the fund is generated from the petroleum inspection fee. Under Chapter 168 of the statutes, 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 code 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 3.7 billion to 3.9 billion gallons of petroleum are inspected annually, including gasoline, diesel and heating oil. Each one cent of petroleum inspection fee typically generates revenues of approximately \$37 million to \$39 million annually. The current 2¢ per gallon fee is antici-

pated to generate approximately \$68 million in petroleum inspection fees in 2020-21, due to generally lower vehicle travel and motor fuel sales during the COVID-19 pandemic. 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 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 \$1.4 million on June 30, 2021.

Under 2019 Wisconsin Act 9, revenue from one cent of the two-cent petroleum inspection fee on gasoline, diesel, and other petroleum products is deposited directly into the transportation fund, effective July 1, 2020. This provision will result in an estimated \$34 million associated with one cent of the fee being deposited into the transportation fund.

Further, 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 the provision requires not less than 5% of the gross revenues received by the petroleum inspection fund during the fiscal year in which the transfer is made to remain in the petroleum inspection fund balance. Under this provision, \$61,305,800 was transferred to the transportation fund on June 30, 2020. The transfer

Table 7: Petroleum Inspection Fund Estimated Condition, 2017-18 Through 2020-21

	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Estimated
Opening Balance -- July 1	\$17,158,300	\$15,790,200	\$11,078,300	\$4,515,600
Revenues				
Petroleum Inspection Fee	\$79,706,300	\$77,187,500	\$83,891,600	\$34,000,000
Revenue Obligation Debt Service	-28,633,000	-25,925,900	0	0
Petroleum Bulk Tank Fees and Other	<u>1,053,900</u>	<u>1,217,300</u>	<u>890,900</u>	<u>235,000</u>
Total Revenues	\$52,127,200	\$52,478,900	\$84,782,500	\$34,235,000
Total Revenue Available	\$69,285,500	\$68,269,100	\$95,805,800	\$38,750,600
Expenditures and Reserves				
PECFA Awards	\$5,855,500	\$7,933,700	\$5,179,200	\$4,115,600
DNR Remediation Programs	3,697,600	3,667,700	3,727,900	3,759,300
DNR Air Programs	2,798,300	2,801,200	2,534,900	2,838,900
DATCP Petroleum Inspection	4,491,000	4,743,800	4,703,600	4,726,700
Transportation Fund	6,650,300	6,630,900	6,646,100	6,648,400
Emergency Management Programs	1,867,200	3,227,800	2,963,200	2,173,300
Other Programs and Transfers	4,135,300	4,185,600	4,229,500	3,304,500
Expenditure of prior year encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>790,300</u>
Total Expenditures	\$29,495,200	\$33,190,800	\$29,984,400	\$28,357,000
Less Transfer to Transportation Fund	\$24,000,000	\$24,000,000	\$61,305,800	\$8,681,900
Cash Balance	\$15,790,200	\$11,078,300	\$4,515,600	\$1,711,700
Encumbrances, Continuing Balances	-\$1,863,600	-\$55,100	-\$11,016,100	-\$331,600
Closing Available Balance -- June 30	\$13,926,600	\$11,023,200	-\$6,500,500	\$1,380,100

at the close of the 2020-21 fiscal year is estimated at \$8.7 million.

In 2019-20, revenue from the petroleum inspection fee, bulk tank fees, and interest income totaled \$84.8 million. Expenditures totaled \$30.0 million. In addition, \$61.3 million was transferred from the petroleum inspection fund to the transportation fund. It is anticipated that in 2020-21, revenue from the petroleum inspection fee and other revenues will total \$34.2 million, and expenditures will total \$28.4 million, including 90.45 positions. In addition, an estimated \$8.7 million will be transferred to the transportation fund.

With the retirement of revenue obligation bonds, and the full implementation of 2017 Act 59 and 2019 Act 9 transfer provisions, a majority of the uses of petroleum inspection fee revenues have transitioned to support of transportation programs.

In addition to the one cent of the fee deposited directly in the transportation fund beginning July 1, 2020, approximately 65% (\$83.3 million) of the expenditures from the petroleum inspection fund in the 2019-21 biennium will be for DOT appropriations and transfers of unencumbered balances from the petroleum inspection fund to the transportation fund. Approximately 17% (\$22.1 million) of fund expenditures will be for PECFA awards, PECFA administration, and other DNR remediation and air management programs and department-wide activities. DATCP petroleum inspection will account for 7% (\$9.4 million) of expenditures, while emergency management and other programs are expected to account for approximately 5% (\$5.9 million) and 6% (\$7.5 million) of expenditures, respectively. Beginning in 2021-22, it is anticipated approximately half of annual revenues to the petroleum inspection fund will be expended for DOT programs or transferred

to the transportation fund. This does not include petroleum inspection fee revenues deposited directly to the transportation fund.

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 2020-21, DNR is authorized funding of \$3,759,300 with 31.95 positions in the Environmental Management Division for environmental repair, petroleum spills, PECFA administration, and abandoned tank removal. (DNR contaminated land activities are also funded from other state and federal sources.) For more information, see the Legislative Fiscal Bureau informational paper entitled, "Contaminated Land Cleanup Programs."

DNR budgets \$1,517,900 and 5.5 positions from the petroleum inspection fund for air program activities in 2020-21. 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 funding of \$1,321,000 and 3.5 positions for department-wide activities such as finance, legal, human resources, and environmental analysis.

Department of Administration

The diesel truck idling reduction grant program was created under 2005 Wisconsin Act 25. However, the grant program sunset in June, 2020, and program administration is scheduled to sunset in December, 2021. In 2019-20, the final year of the grant program, \$748,500 was awarded to 20 large fleet motor carriers for 196 units and

\$242,600 was awarded to 30 small fleet motor carriers for 46 units. For 2020-21, the Department of Administration is budgeted \$40,800 and 1.0 position for program administration.

The program aimed to improve fuel efficiency and lower air pollution by providing grants to freight motor carriers headquartered in Wisconsin to install idling-reduction units for long-haul truck tractors. The 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 main drive engine to power those functions. Motor carriers were eligible to receive reimbursement of up to 50% of the cost to purchase and install idling-reduction equipment.

Department of Agriculture, Trade and Consumer Protection

DATCP has authorized funding of \$5,621,300 from the petroleum inspection fund in 2020-21 with 42.15 positions for 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 two appropriations.

DATCP also is appropriated \$278,600 from the fund in 2020-21 with 2.35 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 provided \$1,711,200 in 2020-21 from the petroleum inspection fund in a continuing appropriation for the state disaster assistance program, which makes payments to local units of government, retail electric cooperatives, and federally recognized Native American tribes and bands in Wisconsin for costs incurred as the result of a disaster, if federal disaster assistance is not available. Eligible costs include: (a) debris removal; (b) emergency protective measures; and (c) repair of damage to roads and bridges. Appropriated amounts unspent in a fiscal year remain in the appropriation to support future disaster relief.

The disaster assistance appropriation began 2019-20 with a balance of \$34,000. Under 2019 Act 9, the appropriation was provided \$1,711,200 in 2019-20 from the petroleum inspection fund, including \$1,000,000 reserved for Washington Island. In January, 2020, under s. 13.10 of the statutes, the appropriation was provided an additional \$1,609,800 in one-time support. Total funding for the appropriation in 2019-20 was \$3,321,000. During 2019-20, the appropriation expended \$2,501,200 including \$1,000,000 paid to the Washington Island Electric Cooperative. DMA concluded 2019-20 with a balance of \$853,800 in the appropriation.

Further, DMA is appropriated \$462,100 in 2020-21 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, reviewing, exercising, and implementing emergency response plans; (b) purchasing computers and emergency response equipment; (c) paying for hazardous materials resource supplies; (d) operating the committee; and (e) any other committee activity required under law. Appropriated amounts

unspent in a fiscal year revert to the petroleum inspection fund. In 2019-20, DMA spent \$462,000 on the grant program.

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 \$188,200 in 2019-20.

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's 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 2019-21 biennium).

The ongoing transfer has been supplemented by specified one-time transfers from the petroleum inspection fund in recent biennia. These transfers do not fund a specific appropriation within the transportation fund. These sum-certain transfers

Table 8: 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	16,000,000	0	0	16,000,000
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
2019-20	0	61,305,800	0	0	61,305,800
2020-21*	<u>0</u>	<u>8,681,900</u>	<u>0</u>	<u>0</u>	<u>8,681,900</u>
Total	\$109,432,700	\$272,787,700	\$4,000,000	\$760,000	\$386,980,400

* Estimated.

have been replaced with the transfers and fee deposit described previously.

Department of Revenue

The Department of Revenue (DOR) is authorized funding of \$85,700 in 2020-21 with 1.0 position to administer collection of the petroleum inspection fee.

Department of Transportation

In addition to the transfers described previously, a demand management appropriation in DOT's general transportation operations program structure supports policies and programs designed to reduce traffic volume, especially during peak hours of traffic congestion. In 2020-21, funding of

\$389,900 supports 4.0 urban and regional planning positions in the DOT's southeast regional office.

One-Time and Recurring Transfers

The biennial budgets enacted in several recent biennia have required generally 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 \$387 million has been or will be transferred from the petroleum inspection fund to other funds from 2001-02 to the end of 2020-21, including estimated year-end transfers to the transportation fund under Act 59. The amounts transferred in each year by fund are shown in Table 8.

APPENDIX I

PECFA Payments by County, as of June 30, 2020

County	Number of Occurrences	Total Payments	County	Number of Occurrences	Total Payments
Adams	43	\$6,115,184	Milwaukee	2,385	\$224,166,586
Ashland	74	8,983,107	Monroe	136	19,349,060
Barron	92	8,607,751	Oconto	97	13,361,450
Bayfield	91	10,169,786	Oneida	163	29,467,403
Brown	472	58,757,986	Outagamie	391	47,169,803
Buffalo	46	4,480,485	Ozaukee	224	22,944,757
Burnett	44	5,993,527	Pepin	15	745,565
Calumet	105	12,092,176	Pierce	73	5,500,967
Chippewa	171	12,520,088	Polk	108	9,738,493
Clark	125	15,865,673	Portage	144	13,604,867
Columbia	191	22,986,683	Price	80	13,581,580
Crawford	46	4,597,480	Racine	406	43,167,051
Dane	882	128,847,416	Richland	91	8,930,916
Dodge	234	31,517,130	Rock	234	26,343,843
Door	94	9,121,698	Rusk	59	9,421,794
Douglas	190	24,356,557	Saint Croix	120	10,010,496
Dunn	61	6,123,577	Sauk	205	24,340,050
Eau Claire	172	12,617,706	Sawyer	96	9,169,099
Florence	19	2,539,492	Shawano	136	15,824,679
Fond du Lac	298	38,053,085	Sheboygan	298	38,021,300
Forest	37	4,037,871	Taylor	91	15,149,203
Grant	132	15,711,340	Trempealeau	78	9,935,926
Green	71	9,281,253	Vernon	107	10,866,946
Green Lake	93	11,331,382	Vilas	116	17,551,856
Iowa	37	4,900,553	Walworth	213	25,976,583
Iron	47	5,677,520	Washburn	31	2,217,403
Jackson	77	9,419,586	Washington	231	35,112,760
Jefferson	207	26,040,094	Waukesha	741	73,344,321
Juneau	102	12,044,388	Waupaca	138	15,755,826
Kenosha	258	36,008,915	Waushara	65	8,826,613
Kewaunee	68	7,440,608	Winnebago	391	46,912,441
La Crosse	184	20,095,526	Wood	230	30,084,658
Lafayette	51	7,901,402			
Langlade	67	9,668,711	TOTAL	13,520	\$1,565,784,675
Lincoln	75	7,936,037			
Manitowoc	204	26,182,774			
Marathon	280	33,053,674			
Marinette	126	11,199,578			
Marquette	56	5,763,650			
Menominee	5	1,148,933			

APPENDIX II

Petroleum Inspection Fund Appropriations, 2017-18 Through 2020-21

Agency/ Statutory Citation	Appropriation Name	2017-18 Expenditures	2018-19 Expenditures	2018-19 Positions	2019-20 Expenditures	2020-21 Budgeted	2020-21 Positions
Natural Resources [20.370]							
(4)(bt)	Air management - mobile sources	\$1,424,600	\$1,424,600	4.50	\$1,102,327	\$1,375,200	4.50
(4)(cv)	Air quality monitoring stations	29,648	9,521	0.00	20,021	30,000	0.00
(4)(cw)	Air management - motor vehicle emission inspection and maintenance program	43,200	43,200	0.50	18,400	18,400	0.25
(4)(dw)	Environmental repair, petroleum spills and PECFA administration	3,608,090	3,559,083	31.95	3,659,300	3,659,300	31.95
(6)(fr)	PECFA Awards	5,855,467	7,933,679	0.00	5,179,185	0*	0.00
(6)(fv)	Abandoned tank removal	89,466	108,614	0.00	68,584	100,000	0.00
(8)(mq)	Mobile source air pollution	978,700	1,001,700	0.50	1,023,800	1,044,900	0.75
(9)(mq)	Mobile source air pollution	<u>322,200</u>	<u>322,200</u>	<u>3.50</u>	<u>370,400</u>	<u>370,400</u>	<u>3.50</u>
DNR Subtotal		\$12,351,372	\$14,402,597	40.95	\$11,442,017	\$6,598,200	40.95
Administration [20.505]							
(1)(sa)	Diesel truck idling reduction grants	\$982,497	\$1,013,080	0.00	\$991,027	0	0.00
(1)(s)	Diesel truck idling reduction grant administration	69,747	83,500	1.00	89,600	40,800	0.00
Agriculture, Trade and Consumer Protection [20.115]							
(1)(r)	Unfair Sales Act	252,200	264,500	2.10	282,900	278,600	2.35
(1)(s)	Weights and measures	884,000	885,700	6.00	890,200	894,600	6.00
(1)(t)	Petroleum inspection	4,491,018	4,743,840	36.05	4,703,600	4,726,700	36.15
Military Affairs [20.465]							
(3)(r)	Local emergency planning grants	462,100	462,100	0.00	462,000	462,100	0.00
(3)(s)	Major disaster assistance	1,405,125	2,765,734	0.00	2,501,236	1,711,200	0.00
Miscellaneous Appropriations [20.855]							
(4)(r)	Petroleum allowance	187,482	186,687	0.00	188,208	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	2017-18 Expenditures	2018-19 Expenditures	2018-19 Positions	2019-20 Expenditures	2020-21 Budgeted	2020-21 Positions
Revenue [20.566]							
566 (1)(s)	Petroleum inspection fee collection	\$47,415	\$41,984	1.00	\$73,551	\$85,700	1.00
Transportation [20.395]							
(4)(dq)	Air quality - demand management	391,809	372,444	4.00	387,571	389,900	4.00
Miscellaneous - Controller's Office							
	Payment of Cancelled Checks	<u>7,150</u>	<u>5,324</u>	<u>0.00</u>	<u>9,173</u>	<u>0</u>	<u>0.00</u>
Subtotal Agencies Other than DNR		\$17,143,843	\$18,788,192	50.15	\$18,542,366	\$16,852,900	49.50
Subtotal Petroleum Inspection Fund Appropriations		\$29,495,215	\$33,190,789	91.10	\$29,984,383	\$23,451,100	90.45
Additional Expenditures							
Budget Act and Recurring Transfers to the Transportation Fund		\$24,000,000	\$24,000,000	0.00	\$61,305,803	\$8,681,900	0.00
PECFA Revenue Obligation Debt Service Deposits to Trustee Account		28,632,967	25,925,900	0.00	0	0	0.00
Prior Year Encumbrances and Continuing Balances*		<u>0</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>4,905,900</u>	<u>0.00</u>
Total Expenditures, Petroleum Inspection Fund		\$82,128,182	\$83,116,689	91.10	\$91,290,186	\$37,038,900	90.45

*Expected PECFA awards expenditures are \$4,115,600 in 2020-21 from the balance of a biennial appropriation. The program has sunset, and no base funding is provided in 2020-21.

APPENDIX III

Recent PECFA Legislative History Major Provisions

PECFA was created during the 1987-89 legislative session and has been modified in subsequent sessions. Appendix III identifies legislative changes made in the 2013-15 through 2019-21 legislative sessions to: (a) program eligibility and criteria, including the program's termination; (b) the petroleum inspection fund; (c) the PECFA awards appropriation; and (d) administration. Additional detail about legislative changes in earlier sessions can be found in previous versions of the "Petroleum Environmental Cleanup Fund Award (PECFA) Program" informational paper on the Legislative Fiscal Bureau website.

Act Description

2013-14 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.

2015-16 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 an additional \$2.1 million 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.

2017-18 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 DOA Secretary, 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.

2019-20 Legislative Session

9 *Awards Appropriation.* Transfer \$7,500,000 from 2020-21 to 2019-20 for claims, to maintain \$15 million for claims in the 2019-21 biennium but provide all funding in 2019-20 in the current biennial appropriation.

Petroleum Inspection Fee Revenues. Deposit the revenue from one cent of the two-cent petroleum inspection fee to the transportation fund in each year, effective on July 1, 2020. The deposit has the effect of reducing monthly revenues to the petroleum inspection fund, thereby reducing year-end transfers of unencumbered balances required by 2017 Act 59, and also reducing the amount of the 5% reserve requirement.