



**STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS**

DRAFT

Date:	01/08/14	Bill No:	Senate Bill 445
Tax Program:	Underground Storage Tank Maintenance Fee	Author:	Hill
Sponsor:	Author	Code Sections:	HSC 25299.43
Related Bills:	Assembly Bill 282 (Wieckowski)	Effective Date:	01/01/15

BILL SUMMARY

This bill increases the underground storage tank maintenance fee rate by six mills (\$0.006) per gallon for 2015.

ANALYSIS

CURRENT LAW

Current law¹ requires underground storage tank (UST) owners to pay a storage fee of six mills (\$0.006) on each gallon of petroleum (including, but not limited to, gasoline and diesel fuel) placed in their underground storage tanks beginning in 1991. In addition, over the period 1995 to 2006, an additional eight mills (\$0.008) was imposed under Health and Safety Code (HSC) Section 25299.43, for a total storage fee of fourteen mills (\$0.014) per gallon of petroleum placed in the tank.

The fees are reported and paid to the Board of Equalization (BOE), pursuant to the Underground Storage Tank Maintenance Fee Law,² and are deposited into the UST Cleanup Fund. These funds are earmarked for the cleanup of leaking tanks. The HSC provisions, including the storage fee, commonly known as the Barry Keene Underground Storage Tank Cleanup Trust Fund Act of 1989³ (UST Act), sunsets on January 1, 2016.

PROPOSED LAW

This bill temporarily increases the UST maintenance fee rate by six mills (\$0.006) per gallon from January 1, 2015 to January 1, 2016. If enacted, the total UST maintenance fees will be twenty mills (\$0.020) on each gallon of petroleum placed in an underground storage tank. The UST Act is scheduled to sunset January 1, 2016.

This bill is effective January 1, 2015.

BACKGROUND

The UST Cleanup Fund was originally established in 1989 by Senate Bill 299 (Keene). Subsequent legislation related to fees, fund accounts, repeal dates, and various other provisions.

Assembly Bill 291 (Stats. 2011, Ch. 569), extended the temporary six mills (\$0.006) per gallon UST maintenance fee from January 1, 2012 to January 1, 2014.

¹ Health and Safety Code Section 25299.41.

² Part 26 (commencing with Section 50101) of Division 2 of the Revenue and Taxation Code.

³ Chapter 6.75, Petroleum Underground Storage Tank Cleanup, (commencing with Section 25299.40) of Division 20 of the HSC.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the BOE's formal position.

Assembly Bill 1188 (Stats. 2009, Ch. 649), among other things, temporarily increased the UST maintenance fee by an additional six mills (\$0.006) per gallon between January 1, 2010, and December 31, 2011.

Senate Bill 1161 (Stats. 2008, Ch. 616), among other things, extended the sunset date of the fee to January 1, 2016.

Assembly Bill 1906 (Stats. 2004, Ch. 774) increased the fee by one mill (\$0.001) effective January 1, 2005, and by another one mill (\$0.001) effective January 1, 2006.

COMMENTS

1. **Sponsor and Purpose.** This bill is sponsored by the author. According to the author, the additional UST maintenance fee funds will ensure that sites are not abandoned mid-cleanup and the property can be returned to productive use.
2. **The UST maintenance fee rate would increase from \$0.014 to \$0.020 per gallon from January 1, 2015, to January 1, 2016.** The Legislature authorized a temporary rate increase of six mills (\$0.006) in 2010, and extended the temporary rate for an additional two years. The temporary rate expired January 1, 2014, while the UST Act sunsets on January 1, 2016.
3. **Related bills.** Assembly Bill 282 (Wieckowski) would have extended the temporary underground storage tank maintenance fee rate increase of six mills (\$0.006) per gallon for an additional two years, from January 1, 2014, to January 1, 2016. AB 282 was held under submission in the Senate Appropriations Committee.

COST ESTIMATE

The BOE would incur absorbable costs to notify fee payers and change programs. As provided in HSC Section 25299.51, the State Water Resources Control Board is authorized to expend revenues to pay for the BOE’s administrative costs.

REVENUE ESTIMATE

This bill increases the UST maintenance fee rate by six mills (\$0.006) for each gallon of petroleum stored in underground tanks. We estimate that this fee would increase revenues by an estimated \$103.6 million in revenues ($\$0.006 \times 17.3$ billion gallons = \$103.6 million) in 2015.

The following depicts revenues for 2015 if the rate is increased:

Year	Total Gallons	Fee Increase	Additional Revenue
2015	17,262,793,697	\$0.006	\$103,576,762

This revenue estimate does not account for any changes in economic activity that may or may not result from enactment of the proposed law.

Analysis prepared by:	John Cortez	916-445-6662	03/13/14
Revenue estimate by:	Vanessa Shum	916-445-0840	
Contact:	Michele Pielsticker	916-322-2376	