

# HOUSE RESEARCH

## Bill Summary

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### Overview

The Petrofund was created by the Minnesota State Legislature in 1987 in response to federal legislation requiring all owners and operators of regulated underground petroleum storage tanks to demonstrate that they have up to \$1 million immediately available to respond to a petroleum tank leak. To help tank owners and operators fulfill these requirements, and to address historical petroleum contamination throughout the state, the legislature made financial assistance available through the Petrofund. More than 15,000 leaking tank sites have since been identified.

Applicants may apply for up to \$1 million from Petrofund to reimburse 90 percent of investigative or cleanup costs, costs of property damage or bodily injury to third parties, and up to 180 days of interest costs associated with financing a cleanup. Eligible applicants include petroleum storage tank owners and operators, homeowners, school districts, government agencies, and sovereign tribal nations. To date, applicants have been reimbursed approximately \$370 million.

Decisions on reimbursements are made by the Petroleum Tank Release Compensation Board, a body composed of the commissioners of the Pollution Control Agency and the Department of Commerce, a petroleum industry representative, a member of the public, and a person with experience in claims adjustment.

The program is funded by a fee of 2 cents per gallon of petroleum products stored in tanks. It is paid by distributors of petroleum products. The fee "blinks on" for a period of four months when the unencumbered balance of the fund falls below \$4 million, raising approximately \$27 million. Reimbursements have amounted to \$9 to \$12 million in recent years. The Petrofund also transfers funds to the Department of Employment and Economic Development for its contamination cleanup grant program, and to the Pollution Control Agency for tank cleanups and inspections.

- 1 **[115C.09] Subd. 3. Release at refineries and tank facilities not eligible for reimbursement.** Amends eligibility criteria to allow reimbursement for a tank facility with more than one million gallons of storage capacity that is not a petroleum refinery or pipeline terminal and is owned by a person storing used oil for retail sale.
- 2 **[115C.13] Repealer.** Extends the sunset date for the Petrofund program by five years, to June 30, 2017.