

House Revenue and Taxation Committee

January 22, 2025

Bill: HB 18 – Petroleum Storage Tank Amendments

Sponsor: Representative Steve Eliason

Floor Sponsor:

UASD Position: Tracking

This Bill addresses the regulation of petroleum storage tanks.

Discussion: The sponsor said that, over a century ago, the federal government required underground petroleum storage tanks to have insurance to cover the costs associated with leaking storage tanks. Utah created the Petroleum Storage Tank Fund in order to be in compliance with federal law. The state collects user fees that go into this Fund. When a petroleum leak goes into the ground, the Fund pays for the clean-up. From an actuarial perspective, the state's Fund was operating in the red. Therefore, changes were made to the fee charged by the state to be based on risk profile with the higher risk tanks paying a higher fee. This change has allowed the Fund to operate in the black for a little over two years. While actuarially the Fund was operating in the red, in practice there has always been enough money in the Fund to cover real time costs. The sponsor stated that this Bill is a "clean-up" Bill and a follow up on 2021's SB 40. This Bill is designed to make underground and above ground petroleum storage tanks more in line with each other regarding required regulations and the Petroleum Storage Tank Fund. This Bill gives the legislature authority to transfer funds to the Fund and increases the Fund balance cap from \$50 million to \$60 million. An above ground petroleum tank owner may take out a loan from the Fund, to be paid back with interest, to upgrade the tank in an effort to prevent future leaks.

Representative Kyle asked about the 0.65% of one cent per gallon sold that goes into the Fund. The sponsor stated that each year a certified actuary reviews all claims paid from the Fund, as well as likely future claims, to determine if the liability could be covered by the current funds. Because the Fund is actuarially sound, there is no need to increase the amount that is required to be paid into the Fund. At a future point, there may be cause to decrease the fee charged. As owners make upgrades to decrease their risk their fees decrease. Representative Shepard asked about the current surcharge. The sponsor replied that nothing in this Bill modifies the surcharge or fees charged. Representative Christofferson asked if private insurers would be interested in taking over the state's Fund. There are a number of operators within the state that private insurers would not insure. Currently, 65% of petroleum tank owners utilize the Fund and the rest use private insurance companies. An owner may not use the Fund for their highest risk tanks and go to the private market for their low risk tanks. Adverse selection is not allowed under the law.

There was no public comment. The 1st substitute and amendment 1, which were adopted by the Committee, make technical changes to provide clarity to timing requirements.

Yeas: 10

Nays: 0
N/V: 1

Outcome: 1st substitute HB 18, as amended, passed out of the Committee with a favorable recommendation.

Bill: HB 237 – Rollback Tax Amendments

Sponsor: Representative Casey Snider

Floor Sponsor:

UASD Position: TBD

This Bill modifies provisions related to property taxes and fees imposed when land is no longer used for agricultural purposes.

Discussion: In the past, there was a discussion to rollback taxes on agricultural lands that are converted to be used for non-agricultural purposes. This Bill authorizes a county to use 100% of the rollback tax or fee-in-lieu revenue collected when the land is no longer used for agricultural or open land purposes. There was an audit showing that many counties aren't collecting rollback taxes and even fewer are spending the allocated funds as outlined by past legislation that allowed the rollback taxes to be collected by the county.

Representative Snider said that this Bill is designed to help promote farms and ranches in Utah. The sponsor presented the 1st substitute, which was adopted by the Committee. The substitute language states that after five years, any unused revenue collected by the county in rollback taxes will be directed to be deposited into the LeRay McAllister Working Farm and Ranch Fund to support agricultural and ranch lands.

A representative of the LeRay McAllister Fund, the Utah Farm Bureau, and Summit Land Conservation spoke in support of the Bill.

Yeas: 11
Nays: 0
N/V: 0

Outcome: 1st substitute HB 237 passed out of the Committee with a favorable recommendation.
