

BOARD APPROVES FEE INCREASE

The Board has increased tank fees by \$50 to \$500 per tank (with a \$55,000 deductible) and \$650 per tank (with an \$11,000 deductible). That fee increase will start with the July 1, 2004 program year.

One item that the Board considered when determining the need for a fee increase was an actuarial analysis which estimated the Fund's total unpaid liability for corrective action costs. The Board, following consultations with its independent public accountants and the State Auditor's Office, changed the way it annually reports claim liabilities. In previous years, the Board reported a liability for claims approved for payment during the reporting year, but not paid in that year. The Board now reports an estimate of the remaining liability for all eligible releases submitted to the Board prior to the end of the reporting year and for potential liability for eligible releases that occurred during the reporting year but not yet submitted to the Board. To estimate this liability, the Board contracted with an independent accounting firm. Based on the firm's methodology, the Fund's outstanding liability, as of June 30, 2002, was estimated to be \$54.7 million.

Considering historical information about claims, the projected UST population, the minimum Fund balance requirements imposed by the bond covenants, and the liability study, the Board revised its projected income and expenses over the next ten years. Previous projections had claim payments at \$9 million for the 2003 program year and \$4 million for the 2004 program year. The new projections have claim payments at \$10 million through the 2005 program year; \$9 million for the 2006 and 2007 program years; and \$8 million for the 2008 program year. It should be noted that these projections are general estimates and are no guarantee of actual expenses.

Given the above factors, the Board determined that an increase in the annual tank fee is necessary. The annual tank fee will be evaluated each year based on updates to the claim liability estimates and new eligibility applications. As always, the Board will strive to balance the objectives of maintaining reasonable fees while keeping pace with necessary corrective action costs.

Frank the Tank Says



The 2004 Annual Fee Assessment Invoices, Certification of Assurability, and Statement of Financial Responsibility will be mailed in late April and must be returned along with payment to the Board no later than July 1, 2004. When the forms have been received, please carefully check the pre-printed information and correct any errors found.

Remember, if your method of Financial Responsibility is the Financial Test of Self Insurance, the Financial Responsibility Affidavit must be completed and notarized.

The Bureau of Underground Storage Tank Regulations' (BUSTR) registration and payment are also due to them by July 1, 2004. Please look for that invoice as well.