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IOWA DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL
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TO: Members of the Iowa General Assembly

FROM: DAVID S. STEWARD
Assistant Attorney General

DATE: August 30, 2021

RE: Proposed Legislation to Transition the Iowa Petroleum UST Fund to DNR

The Iowa Comprehensive Petroleum Storage Tank Fund (“UST Fund”) was created with legislation enacted in 1989 to assist owners and operators of petroleum underground storage tanks (USTs) to remediate petroleum contamination in soil and groundwater caused by covered releases from USTs. A board was created to administer the fund. The fund and board operate pursuant to Iowa Code chapter 455G. Since 1989, the board has spent over \$317 million toward its mission.

Since its inception, the UST Fund received annual allocations of funds from the state pursuant to statute. In 2016, legislation was passed to discontinue these allocations to the UST Fund. Since then, the fund has been depleting its financial reserves and has an approximate current balance of \$11.0 million. Although the fund has processed thousands of benefit claims over the years, less than 100 benefit claims remain today. The DNR currently administers the UST Fund program pursuant to a 28E Agreement with the UST Fund Board.

With both the remaining fund balance and number of claims declining, the UST Fund Board believes the purpose for the existence of the board has been fulfilled, and it is not necessary to continue maintaining a dedicated board to address the remaining claims in the program. It is the position of the board that the most appropriate and efficient use of the remaining funds is to create a program within the DNR to spend the remaining balance of the fund to address the ongoing benefit claims.

The purpose of the proposed legislation is to repeal the statute creating the UST Fund program/board and to create an Iowa Tanks Fund Financing Program within the DNR effective July 1, 2023, with the remaining moneys in the UST Fund. The Iowa UST Fund Board submitted similar proposed language during the 2020 and 2021 legislative sessions. The proposed legislation materially reflects the language of House File 840 at the conclusion of the 2021 legislative session.