

PHOENIX, AZ (January 28, 2015) Jason Davis, President of the Arizona Petroleum Marketers Association (APMA), today released the following statement regarding the importance of the reinstatement of the State Assurance Fund.

“It is critical for the Arizona State Legislature to reinstate the State Assurance Fund program that expired in 2010. This year, we have the opportunity to build upon and improve the program that has helped small, independent businesses throughout Arizona survive costly and extensive fuel-related cleanups mandated by state and federal law.

Program participants are fully compliant, responsible underground storage tank owners and operators. The fuel industry is heavily regulated, but despite having proper equipment, full insurance, ongoing training, and following the letter of the law, underground storage tank leaks still occur. When faced with a leaking system, owners and operators are sometimes surprised to learn that the insurance policy they have paid into will not cover or assist with cleanup costs due to policy terms and exclusions. Without the reinstatement of the program, many business owners are left with no choice but to close their doors and walk away.

As a result, the State of Arizona becomes financially responsible for the entirety of the cleanup. Ultimately, the business is lost, the property is blighted and unmarketable, we have lost a revenue generating business, and the State is financially responsible for the problem. Most program participants are small business owners, not major oil companies, and many live in rural areas where fuel stations are not readily available.

The reinstatement of the SAF program will allow responsible small business owners to work with the State to clean up the leaking site, while keeping the business’ doors open and operational. The program does not require new or higher taxes and will ultimately alleviate the massive financial burden facing the State if owners and operators are forced to close.

We look forward to continuing to work with lawmakers and regulators to develop a program that fulfills the best interest of the State, our small business owners, and most importantly, the Arizona taxpayer.”

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More about the APMA and SAF program history

The Arizona Petroleum Marketers Association (APMA)

Formed in 1967, APMA represents more than 125 member companies, including marketers, distributors, operators and owners of more than 850 service stations and other retail motor fuel outlets throughout Arizona. APMA members represent all of the diverse fields associated with the petroleum distribution system and convenience store industry.

History of the SAF Program

In 1990, the Arizona State Legislature established the State Assurance Fund (SAF) with the express purpose of assisting responsible and compliant underground storage tank (UST) owners and operators with environmental cleanup costs. The SAF program was funded by a penny per gallon tax on fuel sold in Arizona and funded cleanups that resulted from leaking underground storage tanks. In order to participate in the program, UST owners and operators were required to demonstrate they were responsible, compliant with all applicable rules and statutes, and their insurance claim was denied despite carrying a full financial responsibility mechanism, typically, insurance coverage. The SAF also established a deductible paid into the program by the owner/operator and capped the amount to be spent by the state to assist in the cleanup.

Legislators planned to sunset the program based on three main assumptions: (1) There would be readily available and affordable commercial insurance to cover all releases; (2) owner/operators would have the ability to complete cleanups in a timely manner; and (3) there would be sufficient funds in the Fund to cleanup orphan sites, or sites in which the owner could not be found or was unable to financially assist with the cleanup.

In 2013, the Arizona Legislature passed SB1080, which continued the penny per gallon UST tax until December 31, 2015 and created an interim Legislative Study Committee to examine the UST issues facing the state. That Committee requested that ADEQ conduct an actuarial study of historical contamination cleanup costs throughout the state and that ADEQ hold stakeholder meetings on possible solutions. APMA participated in those sessions and is grateful to ADEQ for its leadership and commitment to implementing the best new program for the state.