



Maryland
Department of
the Environment

REPORT ON THE STATUS OF THE OIL CONTAMINATED SITE ENVIRONMENTAL CLEANUP FUND

FY18 Data

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Senate Education, Health, and Environmental Affairs Committee
House Environmental Matters Committee

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TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	HISTORY	1
III.	PROGRAM ACTIVITIES	2
IV.	FINANCIAL STATEMENT	3
	TABLE 1 – Fund Financial Statement	3

I. INTRODUCTION

Section 4-708(b) of the Environment Article, Annotated Code of Maryland, requires the Maryland Department of the Environment to provide to the Maryland General Assembly an annual report on the status of the Oil Contaminated Site Environmental Cleanup Fund (Reimbursement Fund).

The department's Land and Materials Administration is the unit responsible for regulating oil pollution control activities within Maryland. The Technical Services and Operations and Oil Control Programs within the Land and Materials Administration coordinate those activities on a daily basis, including the implementation of the fund. The Reimbursement Fund is the funding source for the Residential Heating Oil Tank Site Cleanup Reimbursement Program.

II. HISTORY

The Maryland General Assembly, recognizing the need for the cleanup of sites contaminated by oil from leaking underground storage tanks (USTs), created the Reimbursement Fund, effective July 1, 1993 (Chapter 465, Acts of 1993). The Reimbursement Fund was used until July 2000 to reimburse owners or operators of USTs storing commercial motor fuels, used oil, or fuel for operating emergency generators for site remediation and cleanup costs incurred on or after Oct. 1, 1993.

During the 1996 legislative session, the Reimbursement Fund was amended and enacted as Chapter 532, Acts of 1996. The statute provided a limit of \$125,000 per occurrence subject to deductibles that range from \$7,500 to \$20,000.

At the end of FY99, a funding shortfall of approximately \$3,000,000 existed for applicants to the Reimbursement Fund. House Bill 457 (Chapter 604, Acts of 2000) addressed the shortfall by providing additional resources for the Reimbursement Fund until July 1, 2005. Effective July 1, 2000, a fee of \$0.01 per barrel was applied to oil at the first point of transfer in the state. The department was authorized to use up to 8% of the revenue in the Reimbursement Fund during the fiscal year for the administration of the Reimbursement Fund.

Chapter 604, Acts of 2000 also expanded the eligibility of the Reimbursement Fund to include owners of commercial USTs storing heating oil and to owners of residential heating oil tanks. Owners of residential heating oil tanks were eligible for reimbursement of up to \$10,000, less a \$1,000 deductible, for certain site rehabilitation costs incurred after Oct. 1, 2000. A minimum of 25% of the \$0.01 per barrel fee collected per fiscal year was used for reimbursement of residential heating oil tank site rehabilitation costs.

Chapter 177, Acts of 2005 altered the amount of the per barrel fee for oil transferred into the state, and credited to the Maryland Oil Disaster, Containment, Cleanup and Contingency Fund (Oil Fund) and the Reimbursement Fund. The per barrel fee credited to the Oil Fund was \$0.04 per barrel, and the per barrel fee credited to the Reimbursement Fund was \$0.175 cents beginning July 1, 2005 until July 1, 2010. The legislation also extended the termination date to Dec. 31, 2007 for requests for reimbursement by owners or operators of commercial heating oil and other non-federally regulated USTs. The legislation extended reimbursement for owners of residential heating oil tanks until June 30, 2010, reduced the deductible to \$500, and raised the maximum amount to be reimbursed to \$20,000 per occurrence.

Chapter 377, Acts of 2010 extended the total per barrel fee of \$05.75 until June 30, 2013, but reduced the per barrel fee credited to the Reimbursement Fund from \$01.75 cents to zero. The legislation also reduced the per barrel fee deposited into the Oil Fund to \$0.03 cents per barrel beginning July 1, 2013. In addition to the Oil Fund being used for discharges of oil, petroleum products and their byproducts, Chapter 377 allowed the Oil Fund to also be used by the department for oil-related activities in water pollution control programs. Reimbursements were to continue using the balance of the Reimbursement Fund.

Chapter 325, Acts of 2014 increased the total per barrel fee to \$0.08 cents per barrel, with \$07.75 per barrel credited to the Oil Fund and \$0.025 per barrel credited to the Reimbursement Fund. Since the legislation restarted funding to the Reimbursement Fund, the Residential Heating Oil Tank Site Cleanup Reimbursement Program began accepting applications beginning July 1, 2014.

Chapter 390, Acts of 2017 maintained the same funding levels until July 1, 2019. With the adoption of the law, the Residential Heating Oil Tank Site Cleanup Reimbursement Program can continue to accept applications until June 30, 2019.

III. PROGRAM ACTIVITIES

In FY18, the department received 235 applications to the Residential Heating Oil Tank Site Cleanup Reimbursement Program, and reimbursed 37 applications. Since the inception of the program in 1993, the department has approved 1,563 applications through June 2018.

Applications Received, FY18	
Commercial	0
Residential	235
Total	235
Total Applications Received, inception through FY18	
Commercial	269
Residential	1,856
Total	2,360
Applications Reimbursed, FY18	
	37
Applications Approved, inception through FY18	
	1,563

After a site has been approved, the applicant must keep track of the applicable deductible, and submit to the department all invoices and proof of payment once the deductible has been met. The department subsequently reviews the invoices and authorizes any amount that should be reimbursed for the quarterly period.

IV. FINANCIAL STATEMENT

In FY18, the department reimbursed 37 residential applications in the amount of \$266,692.74.

In summary, the department has reimbursed \$16,885,683.28 for commercial sites, and \$9,940,965.31 for residential sites for a total of \$26,826,648.59 since the inception of the program in 1993.

TABLE 1

**Fund Financial Statement
FY18, July 1, 2017 – June 30, 2018**

Beginning Balance		\$440.43
Prior Year Encumbrances		\$99,021.02
FY18 Revenues		
Fee Revenue	\$238,325.71	
Transfers from Other Funds ¹¹	\$1,000,000.00	
Total		\$1,238,325.71
FY18 Expenditures		
Administrative Costs	\$21,335.42	
Reimbursements	\$266,692.74	
Other	\$0	
Total		-\$288,028.16
Open Applications Pending Reimbursement	-\$47,476.62	
Total Open Allocations		-\$47,476.62
Available Balance		\$1,002,282.38

¹ \$1,000,000 was transferred from the Maryland Oil Disaster, Containment, Cleanup and Contingency Fund into this fund on June 30, 2018.