



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

**FIFTEENTH ANNUAL REPORT
Fiscal Year 2008**

January 1, 2009

Prepared for:

**The Maryland General Assembly
Annapolis, Maryland**



I. INTRODUCTION

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

MDE's Waste Management Administration is the agency responsible for regulating oil pollution control activities within Maryland. The Recycling/Operations and Oil Control Programs, within the Waste Management Administration, coordinate those activities on a daily basis, including the implementation of this Fund.

II. HISTORY

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

During the 1996 legislature, the Fund was amended and enacted as Chapter 532, Acts 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 Fiscal Year 1999 a funding shortfall of approximately \$3 million existed for applicants to the Fund. House Bill 457 (Chapter 604, Acts 2000) addressed the shortfall by providing additional resources for the Fund until July 1, 2005. Effective July 1, 2000 a fee of one cent per barrel was applied to oil at the first point of transfer in the State. MDE was authorized to use up to 8% of the revenue in the Fund during the fiscal year for the administration of the Fund.

Chapter 604, Acts 2000, also expanded the eligibility of the Fund to include owners of commercial underground storage tanks 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 \$1,000 deductible, for certain site rehabilitation costs incurred after October 1, 2000. A minimum of twenty five percent of the one cent per barrel fee collected per fiscal year was used for reimbursement of residential heating oil tank site rehabilitation costs.

Chapter 604, Acts 2000, required the Secretary of the Environment to convene a work group consisting of representatives from the various sectors of the petroleum marketing industry as well as representatives from appropriate public and private entities “to review and assess long-term funding needs of the oil pollution programs in the State.” The Department was required to report findings and recommendations of the work group to the Legislative Policy Committee, the House Environmental Matters Committee, and the Senate Economic and Environmental Affairs Committee no later than November 1, 2004 (Chapter 604, Acts 2000).

As a result of the work group’s report on the state of the Fund; SB 814 “Environment - Maryland Oil Disaster Containment, Clean-Up and Contingency Fund and Oil Contaminated Site Environmental Cleanup Fund” was proposed in the 2005 Maryland General Assembly. The bill was adopted (Chapter 177, Acts 2005) into law and became effective July 1, 2005. This legislation altered the amount of the per barrel fee for oil transferred into the State and credited to the Maryland Oil Disaster Containment, Clean-Up and Contingency Fund (“Oil Fund”) and the Oil Contaminated Site Environmental Cleanup Fund (“Reimbursement Fund”). The per barrel fee credited to the Reimbursement Fund changed from 1 cent to 1.75 cents beginning July 1, 2005 until July 1, 2010.

The legislation also extended the termination date to December 31, 2007 for requests for reimbursement by owners or operators of commercial heating oil and other non-federally regulated underground storage tanks. It further stated that applications must be received by MDE no later than 6 months after site rehabilitation completion. The legislation extended reimbursement until June 30, 2010 for owners of residential heating oil tanks from the Fund and reduced the deductible for reimbursement for residential owners of heating oil tanks to \$500 from \$1,000 and raised the maximum amount to be reimbursed from the Fund for residential heating oil tanks per occurrence to \$20,000 from \$10,000.

III. PROGRAM ACTIVITIES

In FY 2008, MDE received 81 additional applications to this Fund and approved 53 applications. Since the inception of the program in 1993 through June 2008, MDE has approved 582 applications.

Applications received FY-08	
Commercial	4
Residential	77
Total	81
Total Applications Received Inception through FY-08	
Commercial	269
Residential	441
Total	710*
Applications Approved in FY08	
Applications Approve inception through FY-08	53
	582

* Total may differ from previous report due to audited corrections of prior year totals.

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

IV. FINANCIAL STATEMENT

MDE reimbursed to approved applications \$1,736,810.67 in fiscal year 2008, \$1,124,237.94 commercial and \$612,572.73 residential. Since the inception of the program in 1993 through June 30, 2008, MDE has reimbursed \$16,105,492.10 for commercial sites and \$1,830,024.08 for residential sites for a total of \$17,935,516.18.

Table 1 provides the financial statement for this Fund for FY 2008. The fund balance will be used for the current 235 open applications, administrative costs (\$6,520,632.32) and new applications (\$1,682,702.02). As new revenue is received over the next fiscal year, additional applications will receive an allocation if found to be eligible.

**TABLE 1
CLEANUP FUND FINANCIAL STATEMENT
FY-2008**

Beginning Balance		\$7,907,555.29
FY 2008 Revenues		
Fee Revenue	\$ 1,993,177.40	
Interest	\$ 178,357.17	
Total		\$2,171,534.57
FY 2008 Expenditures		
Administrative Costs	\$ 138,944.85	
Reimbursements	\$1,736,810.67	
Other	0	
Total		(\$1,875,755.52)
Open Applications pending Reimbursement	\$6,037,622.52	
Administrative Costs	\$ 483,009.80	
Total Open Allocations		(6,520,632.32)
Available Balance		\$1,682,702.02

**Prepared for: The Maryland General Assembly by the Maryland Department of the Environment,
Oil Control Program. Contact 410-537-3443.**