



Maryland

Department of the Environment

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

February 16, 2018

The Honorable Mike V. Miller, Jr., President
Senate of Maryland
State House, H-107
Annapolis MD 21401-1991

The Honorable Michael E. Busch, Speaker
House of Delegates
State House, H-101
Annapolis MD 21401-1991

The Honorable Joan Carter Conway, Chair
Senate Education, Health and
Environmental Affairs Committee
Miller Senate Office Building
2 West Wing
11 Bladen Street
Annapolis MD 21401-1991

The Honorable Kumar P. Barve, Chair
Environment and Transportation Committee
House of Delegates
House Office Building, Room 251
6 Bladen Street
Annapolis MD 21401-1991

Dear President Miller, Speaker Busch, Chairs Conway and Barve:

As required in Section 4-708(b) of the Environment Article, Annotated Code of Maryland, I am enclosing a copy of the 2016 report on the Oil Contaminated Site Environmental Cleanup Fund.

If the Department can provide you with any additional information, please contact me or Ms. Hilary Miller, Director of the Land and Materials Administration, at 410-537-3304 or via email at hilary.miller@maryland.gov.

Sincerely,

Ben Grumbles
Secretary

Enclosures

cc: Sarah Albert, Department of Legislative Services, Mandated Report Specialist
Hilary Miller, Director, Land and Materials Administration



Maryland
Department of
the Environment

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

23rd ANNUAL REPORT

FISCAL YEAR 2016

Prepared for:

**The Maryland General Assembly
Annapolis, Maryland**



TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	HISTORY	1
III.	PROGRAM ACTIVITIES	1
IV.	FINANCIAL STATEMENT	2
	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 (the Department) 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 Management Administration is the agency responsible for regulating oil pollution control activities within Maryland. The Technical Services and Operations and Oil Control Programs, within the Land Management Administration, coordinate those activities on a daily basis, including the implementation of this fund. The Reimbursement Fund is the funding source for the Residential Heating Oil Tank Site Cleanup Reimbursement Program.

II. HISTORY

Oil Contaminated Site Environmental Cleanup Fund

The Maryland General Assembly, recognizing the need for the cleanup of sites contaminated by oil from leaking underground storage tanks, created the Reimbursement Fund, effective July 1, 1993 (Chapter 465, Acts of 1993). The Reimbursement 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 Reimbursement Fund was amended and enacted as Chapter 532, Acts of 1996. The statute provided a reimbursement limit of \$125,000 per occurrence subject to deductibles that ranged from \$7,500 to \$20,000.

At the end of Fiscal Year 1999, 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 1 cent per barrel was applied to oil at the first point of transfer in the State. The Department was authorized to use up to 8 percent 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 underground heating oil storage tanks 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 October 1, 2000. A minimum of 25 percent of the 1 cent per barrel fee collected per fiscal year was used for reimbursement of residential heating oil tank site rehabilitation costs.

III. PROGRAM ACTIVITIES

In State Fiscal Year 2016 (FY 2016), the Department received 156 new applications to the Residential Heating Oil Tank Site Cleanup Reimbursement Program and approved 259 applications. Since the inception of the program in 1993 through June 2016, the Department has approved 1,478 applications.

Applications Received, FY 2016	
Commercial	0
Residential	156
Total	156
Total Applications Received, inception through FY 2016	
Commercial	269
Residential	1,395
Total	1,664
Applications Approved, FY 2016	
	259
Applications Approved, inception through FY 2016	
	1,478

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 the amount that should be reimbursed quarterly.

IV. FINANCIAL STATEMENT

In FY 2016, the Department reimbursed 259 residential applications in the amount of \$2,190,578.95.

In summary, the Department has reimbursed \$16,885,683.28 for commercial sites and \$9,325,743.04 for residential sites for a total of \$26,211,426.32 since the inception of the program in 1993 through June 30, 2016.

TABLE 1

Fund Financial Statement

FY 2016, July 1, 2015 – June 30, 2016

Beginning Balance		\$536,635.81
FY 2016 Revenues		
Fee Revenue	\$244,049.40	
Legislative Budget	\$1,829,189.36	
Total		\$2,073,238.76
FY 2016 Expenditures		
Administrative Costs	\$175,246.32	
Reimbursements	\$2,190,578.95	
Other	\$0	
Total		-\$2,365,825.27
Open Applications Pending Reimbursement	\$0	
Total Open Allocations		\$0
Available Balance		\$244,049.30

