



**Maryland**  
Department of  
the Environment

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

## **FY23 Data**

Prepared for:  
Senate Education, Health, and Environmental Affairs Committee  
House Environment and Transportation Committee

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## **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 (Reimbursement Fund).

MDE's Land and Materials Administration (LMA) is responsible for regulating oil pollution control activities within Maryland, which is carried out by the Oil Control Program. The Operational and Administrative Services Program, also within LMA, is the primary program that implements the Residential Heating Oil Tank Site Cleanup Reimbursement Program, which is funded by the Reimbursement Fund.

## **II. HISTORY**

The Maryland General Assembly, recognizing the need for the cleanup of sites contaminated by oil from leaking underground storage tanks (USTs), enacted the Reimbursement Fund, effective July 1, 1993 (Chapter 465, Acts 1993). The Reimbursement Fund was used until July 2000 to reimburse only 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.

In 1996, the Reimbursement Fund was amended and reenacted 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 million existed for applicants to the Reimbursement Fund. House Bill 457 (Chapter 604, Acts 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. MDE 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 at the first point of transfer in 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 \$0.0175 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 law 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 \$0.0575 until June 30, 2013, but reduced the per barrel fee credited to the Reimbursement Fund from \$0.0175 to zero. The legislation also reduced the per barrel fee deposited into the Oil Fund to \$0.03 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 be used by MDE for oil-related activities in water pollution control programs. Reimbursements were to continue using the balance of the Reimbursement Fund. An owner of a residential heating oil tank eligible under the program could apply no later than 6 months after rehabilitation completion until June 30, 2013, for eligible costs incurred.

Chapter 325, Acts of 2014 increased the total per barrel fee to \$0.08 per barrel, with \$0.0775 per barrel credited to the Oil Fund and \$0.0025 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 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 was authorized to continue to accept applications until June 30, 2019.

Chapter 772, Acts of 2019 maintained the same funding levels until July 1, 2021, and authorized the continued acceptance of applications for the Residential Heating Oil Tank Site Cleanup Reimbursement Program until June 30, 2021.

Chapter 690, Acts of 2021 maintained the same funding levels until July 1, 2024, and authorized the continued acceptance of applications for the Residential Heating Oil Tank Site Cleanup Reimbursement Program until June 30, 2024.

### **III. FUND ACTIVITIES**

In FY23, MDE received 165 additional applications to the Residential Heating Oil Tank Site Cleanup Reimbursement Program and reimbursed 77 applications submitted. Since the inception of the Reimbursement Fund in 1993 through June 2023, MDE has approved a combined 2,781 residential and commercial applications. The commercial reimbursement program closed at the end of FY13. Also, in FY23, there was a General Fund Supplement in the amount of \$7,000,000.00 from the Maryland Department of Budget and Management to process the backlog of residential applications. MDE reimbursed 319 residential applications in the amount of \$3,049,373.42 that were not included as part of the Oil Contaminated Site Environmental Cleanup Fund (Reimbursement Fund).

As required by state law, MDE numerically ranks applications to the Residential Heating Oil Tank Site Cleanup Reimbursement Program based on the date the completed application was received by MDE, so the earliest application receives the highest rank. Application packages must be complete prior to approval; and are approved prior to reimbursement. MDE's reimbursement of an application is subject to the availability of revenues within the Reimbursement Fund, and MDE

reimburses allocations for approved applications in order of their numerical ranking. As soon as funds become available to reimburse an application, MDE begins processing the application.

The program currently receives approximately \$53,750 in revenue per quarter from the Reimbursement Fund. Revenue to the Reimbursement Fund is generated by a fee on each barrel of oil that is assessed at the first point of transfer in the state, so the amount of revenue received in any quarter is affected by changes in the number of barrels of oil transferred into the state. After an application for reimbursement has been approved, the applicant must keep track of the project costs and submit to MDE invoices for eligible costs and proof that the applicant paid the eligible costs once the \$500 deductible has been met.

**TABLE 1**  
**Summary of Activities**  
**Residential Heating Oil Tank Site Cleanup Reimbursement Program**

<b>Applications Received</b>	
FY23	165
Prior to FY23	2,616
Total	2,781
<b>Applications Approved and Reimbursed from Clean-Up Reimbursement Fund</b>	
FY23	77
<b>Applications Denied<sup>1</sup></b>	
FY23	26
Prior to FY23	10
Total	36
<b>Applications Awaiting Approval and Funding for Reimbursement</b>	
Total	66

**Notes:**

1 – Applications denied for ineligible activities

**IV. FINANCIAL STATEMENT**

In FY23, MDE reimbursed 77 approved residential applications in the amount of \$298,917.45. There are 66 residential applications in the amount of \$1,287,000.00 awaiting reimbursement.

MDE has reimbursed \$16,885,683.28 for commercial sites and \$13,801,389.05 for residential sites for a total of \$30,687,072.33 since the inception of the Reimbursement Fund in 1993 through June 30, 2023.

**TABLE 2**  
**Fund Financial Statement**  
**FY23, July 1, 2022 – June 30, 2023**

<b>Beginning Balance</b>		<b>\$1,144,276.22</b>
<b>Prior Year Encumbrances</b>		<b>\$38,628.66</b>
<b>FY23 Revenues</b>		
Fee Revenue	<b>\$215,051.52</b>	
Transfer from Oil Fund	<b>\$0.00</b>	
<b>Total</b>		<b>\$215,051.52</b>
<b>FY23 Expenditures</b>		
Administrative Costs	<b>\$23,913.40</b>	
Reimbursements	<b>\$298,917.45</b>	
Other		
<b>Total</b>		<b>-\$322,830.85</b>
Open Applications Pending Reimbursement		
<b>Total Open Allocations</b>		<b>-\$14,378.66</b>
<b>Available Balance</b>		<b>\$1,060,746.89</b>