



Department of the Environment

REPORT ON THE LONG-TERM FUNDING NEEDS OF STATE OIL POLLUTION PROGRAMS

Prepared by:

Oil Control Program
Land Management Administration

Prepared for:

The Maryland General Assembly
Annapolis, MD

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House Environmental Matters Committee

Senate Education, Health, and Environmental Affairs Committee

December 31, 2013



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I. EXECUTIVE SUMMARY

As required by Section 16, Chapter 425, Acts of 2013, a work group was convened at the request of the Secretary of the Environment, which consisted of representatives from the Governor's Office, industry, and the Department of the Environment. The group met on several occasions to analyze the long-term funding needs to maintain the oil pollution programs in the State for the next several years. The work group is pleased to submit these findings and recommendations to the Governor and in accordance with § 2-1246 of the State Government Article, the presiding officers of the House and the Senate, the House Environmental Matters Committee, and the Senate Education, Health, and Environmental Affairs Committee.

The work group recognized that there continues to be a strong need for the State's oil pollution programs and that those programs need adequate funding to continue to provide the protection and resources deserving of the citizens of Maryland and the State's environmental resources. That funding is provided through two State special funds: the Maryland Oil Disaster Containment, Clean-Up, and Contingency Fund ("Oil Fund") and the Oil Contaminated Site Environmental Cleanup Fund ("Reimbursement Fund").

The work group recognized that there is a shortfall of funds in the Oil Fund due to the current 3 cents per barrel fee and the continued decline in imports of oil into Maryland. In fiscal year 2014, the funding shortfall to the Oil Fund and supported oil pollution programs was bridged by transfers from the State's General Fund and the Reimbursement Fund.

In an effort to provide proper funding to these special funds, the work group makes the following recommendations to preserve the continued operation of the State's oil pollution programs:

- Raise the oil transfer fee from 3 cents to 8 cents per barrel beginning July 1, 2014 and continuing through June 30, 2017 according to the following:
 - 7.75 cents per barrel will be paid to the Oil Fund; and
 - 0.25 cents per barrel will be paid to the Reimbursement Fund.
- Set the per barrel fee to 5 cents per barrel beginning July 1, 2017.
- Move the due date for the report on the status of the Oil Fund from October 1 to January 1.
- Re-establish the deadline for applications to the Reimbursement Fund to June 30, 2017.
- Convene a work group in three years to study the long-term funding needs of the Oil Fund and require a report to be submitted to the State Legislature by December 31, 2016 (uncodified).

II. INTRODUCTION

Section 16, Chapter 425, Acts of 2013 provides that:

“(a) The Secretary of the Environment shall convene a workgroup consisting of representatives of the various sectors of the petroleum marketing industry and representatives from appropriate public and private entities to review and assess the long-term funding needs of the oil pollution programs in the State.

(b) On or before December 31, 2013, the Department of the Environment shall report the findings and recommendations of the workgroup convened under subsection (a) of this section to the Governor and, in accordance with § 2-1246 of the State Government Article, the presiding officers of the House and the Senate, the House Environmental Matters Committee, and the Senate Education, Health, and Environmental Affairs Committee.”

As required, the Maryland Department of the Environment (MDE) convened the work group to study the funding needs of the oil pollution programs in the State. There are two State special funds associated with Maryland’s oil pollution programs:

- The Maryland Oil Disaster Containment, Clean-Up and Contingency Fund (“Oil Fund”), and
- The Oil Contaminated Site Environmental Cleanup Fund (“Reimbursement Fund”).

The Oil Fund is authorized under § 4-411 of the Environment Article, Annotated Code of Maryland. The Oil Fund is utilized by the MDE to operate the State’s oil pollution programs. The Reimbursement Fund is authorized under § 4-704 of the Environment Article, Annotated Code of Maryland. The Reimbursement Fund is used to reimburse residential property owners for the proper response and cleanup of their properties contaminated by heating oil from leaking tanks and accidental releases. The Reimbursement Fund is also available to MDE for State spill response actions when necessary.

The Oil Fund revenues are generated by licensees paying a per barrel (42 U.S. gallons) fee on oil transferred into the State, including motor fuel ethanol and bio-fuels. Anyone transferring oil in the State must have a valid MDE Oil Transfer License and must pay the fee. There were 290 companies licensed with the MDE at the end of the 2013 fiscal year. Also credited to the Oil Fund are fines collected for oil pollution violations and recovered costs for certain clean-up expenses provided by the MDE. The Reimbursement Fund is no longer funded by the oil transfer fee and is operated by administering the remaining balance.

On July 1, 2013, the fee was reduced to 3 cents per barrel per § 4-411 (c)(i)2 of the Environment Article, Annotated Code of Maryland. This reduction would have severely cut the funding available to the State’s oil pollution programs if it had not been for a transfer of funds from both the State’s General Fund and the Reimbursement Fund.

The work group has studied the long-term needs for these programs and is pleased to submit its findings and recommendations.

III. FUNDING HISTORY AND USE

Oil Disaster Containment, Clean-Up and Contingency Fund

Section 4-411 of the Environment Article, Annotated Code of Maryland, authorizes the Oil Fund. The Oil Fund was established for MDE "to use to develop equipment, personnel, and plans; for contingency actions to respond to, contain, clean-up, and remove from the land and waters of the State discharges of oil, petroleum products, and their by-products into, upon, or adjacent to the waters of the State; and restore natural resources damaged by discharges" - § 4-411(f). MDE is the responsible agency for all oil pollution activities within Maryland. The State has administered a comprehensive program for oil pollution control and oil spill response since 1972.

The Oil Fund is utilized by MDE to operate the Oil Control Program, the Emergency Response Division, and oil-related activities within the Air and Radiation Management Administration and the Water Management Administration. The Oil Fund is also used to respond to and cleanup releases, both above and below ground, where the responsible party is unable or unwilling to perform the corrective action (i.e. orphaned sites). The Oil Fund further sustains other supporting functions within the Department such as attorney actions, enforcement, investigation, and administrative activities.

The Fund revenues are generated by licensees paying an oil transfer fee per barrel of oil transferred into the State. Anyone transferring oil, including motor fuel ethanol and bio-fuels, in the State must have a valid MDE Oil Transfer License and must pay the fee. Also, credited to the Fund are fines collected for oil pollution violations and recovered costs for certain expenses for clean-up performed by MDE.

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 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 \$3,000,000 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. MDE 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 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 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.

Long-Term Funding Work Groups

Chapter 604, Acts of 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 of 2000).

As a result of the work group’s findings and recommendations report, Senate Bill 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 of 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 Oil Fund and the Reimbursement Fund. The per barrel fee credited to the Oil Fund was 4 cents per barrel and the per barrel fee credited to the Reimbursement Fund was 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 six months after site rehabilitation completion. 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.

Prior to the extension ending on June 30, 2010, the Secretary of the Environment convened a work group to again review and to assess long-term funding needs of the oil pollution programs in the State. As a result of the work group’s recommendations on the state of funding, Senate Bill 1117 “Environment - Maryland Oil Disaster Containment, Clean-Up and Contingency Fund and Oil Contaminated Site Environmental Cleanup Fund” was proposed in the 2010 Maryland General Assembly.

The bill was adopted (Chapter 377, Acts of 2010) into law and became effective July 1, 2010. The total per barrel fee of 5.75 cents remained the same and the amount credited to the Oil Fund beginning July 1, 2010 until June 30, 2013 was increased from 4 cents per barrel to 5.75 cents, while the per barrel fee credited to the Reimbursement Fund changed from 1.75 cents to zero. The legislation also reduced the per barrel fee deposited into the Oil Fund to 3 cents per barrel beginning July 1, 2013. In addition to the Oil Fund being used for discharges of oil, petroleum

products and their by-products, Chapter 377 allowed the Oil Fund to also be used by MDE for oil-related activities in water pollution control programs.

Reimbursements were to continue using the balance of the Reimbursement Fund. Owners of a residential heating oil tank eligible under the Reimbursement Fund may apply no later than 6 months after rehabilitation completion until June 30, 2013 for costs incurred on or after October 1, 2000 up to a maximum amount of \$20,000, less a \$500 deductible.

Chapter 377, Acts of 2010 also required the Secretary of Environment to convene a work group to review and assess long-term funding needs of the oil pollution programs in the State and report the findings and recommendations no later than December 31, 2012. The 2012 work group recommended that the fee be increased to 8 cents per barrel.

IV. WORK GROUP ANALYSIS

As required by Section 16, Chapter 425, Acts of 2013, a work group was convened at the request of the Secretary of the Environment. The work group members consisted of representatives from the Governor's office, industry, and the Department. The work group met on several occasions to analyze the long-term funding needs to maintain the oil pollution programs in the State for the next several years.

The work group estimated the total funding level needed by Maryland's oil pollution programs for FY15, FY16, and FY17 (Table 1). Based on the projected needs, the work group found that an estimated 7.75 cents per barrel fee would maintain the various oil pollution programs that rely on the Oil Fund (Table 2).

Also, the work group determined that an additional 0.25 cents per barrel paid to the Reimbursement Fund was needed to provide a baseline level of reimbursements to Maryland residents through FY17 (Table 3). At this funding level, the Department may need to prioritize reimbursements to applicants based upon available fund balances.

V. CONCLUSIONS AND RECOMMENDATIONS

The citizens and businesses within the State of Maryland rely heavily on the use of petroleum products and bio-fuels for transportation, heating and other fuel use needs. Through conservation efforts, the use of alternative fuels, and current economic conditions, the total import of petroleum products and bio-fuels has declined. Because of the overall decline of the import of oil (Figure 1), the continued uses of the Oil Fund (Figure 2), and the current oil fee rate of 3 cents per barrel, the Oil Fund is not sustainable to fund the State's oil pollution programs for the long-term.

The need to prevent releases through strict regulatory requirements and the need to properly staff the regulatory programs remain. Also, as the storage infrastructure ages and by accidental discharge, releases remain a common occurrence and continue to be a threat. An adequate State

response program must remain in place. Therefore, the work group has concluded that the oil program funds should remain available and funded to a degree that provides the protection and resources deserving of the citizens of Maryland and the State's environmental resources.

The review of the Reimbursement Fund has found the need for assisting owners of heating oil tanks with release response continues. The work group finds no reason to change the limits of reimbursement (\$20,000) and believes that the current \$500 deductible does not prohibit the use of the fund.

The work group further finds that future long-term funding reviews remain justified and it is recommended that the review cycle remain at three years. This timing provides for sufficient flexibility to future economic and regulatory conditions.

Recommendations

The work group makes the following recommendations to preserve the continued operation of the State's oil pollution programs:

- Raise the oil transfer fee from 3 cents to 8 cents per barrel beginning July 1, 2014 and continuing through June 30, 2017 according to the following:
 - 7.75 cents per barrel will be paid to the Oil Fund; and
 - 0.25 cents per barrel will be paid to the Reimbursement Fund.
- Set the per barrel fee to 5 cents per barrel beginning July 1, 2017.
- Move the due date for the report on the status of the Oil Fund from October 1 to January 1.
- Re-establish the deadline for applications to the Reimbursement Fund to June 30, 2017.
- Convene a work group in three years to study the long-term funding needs of the Oil Fund and require a report to be submitted to the State Legislature by December 31, 2016 (uncodified).

These recommendations were included in Senate Bill 678, introduced during the 2014 Regular Session of the Maryland General Assembly. (See Attachment 1)

VI. WORK GROUP MEMBERS

Governor's Legislative Office
Rebecca Mules, Deputy Legislative Officer

Maryland Department of Environment
Heather Barthel, Director, Legislative & Intergovernmental Affairs

Lisa Nissley, Legislative & Intergovernmental Affairs
Megan Ulrich, Legislative & Intergovernmental Affairs
Jeffery Fretwell, Smart Growth and Regulatory Reform Manager
Terri Wilson, Director, Office of Budget
Horacio Tablada, Director, Land Management Administration
Hilary Miller, Deputy Director, Land Management Administration
Christopher Ralston, Administrator, Oil Control Program
Cynthia Keller, Administrator, Operations Services Program

Maryland Petroleum Council
Drew Cobbs

Mid-Atlantic Petroleum Distributors Association
Pete Horrigan
Ellen Valentino

TABLE 1

Oil Pollution Program Funding Projections for FY15 through FY17

MDE Administration	FY15	FY16	FY17	3 Year Total
LMA	\$5,250,000	\$5,407,500	\$5,569,725	\$16,227,225
ERD	\$1,500,000	\$1,545,000	\$1,591,350	\$4,636,350
ARMA	\$250,000	\$257,500	\$265,225	\$772,725
WMA	\$1,000,000	\$1,030,000	\$1,060,900	\$3,090,900
SSA	\$300,000	\$309,000	\$318,270	\$927,270
Total Projected Need	\$8,300,000	\$8,549,000	\$8,805,470	\$25,654,470

Notes

- Projections based upon estimated need for FY15 and a 3% increase per year.
- MDE Administrations that support the State's Oil Pollution Program
 - LMA – Land Management Administration
 - ERD – Emergency Response Division
 - ARMA – Air and Radiation Management Administration
 - WMA – Water Management Administration
 - SSA – Science Services Administration

TABLE 2

**Projected Fiscal Year Balances for the Oil Fund with
7.75 cents / Barrel Oil Transfer Fee**

	FY15	FY16	FY17
Beginning Balance	\$ 2.5	\$ 1.95	\$ 1.2
Fees	\$ 7.75	\$ 7.75	\$ 7.75
Total	\$ 10.25	\$ 9.7	\$ 8.95
Projected Need	\$ (8.3)	\$ (8.5)	\$ (8.8)
Balance	\$ 1.95	\$ 1.2	\$ 0.15

Notes

- All values in millions of dollars.
- All fees based on 100 million barrels imported.

TABLE 3**Projected Fiscal Year Balances for the Reimbursement Fund with
0.25 cents / Barrel Oil Transfer Fee**

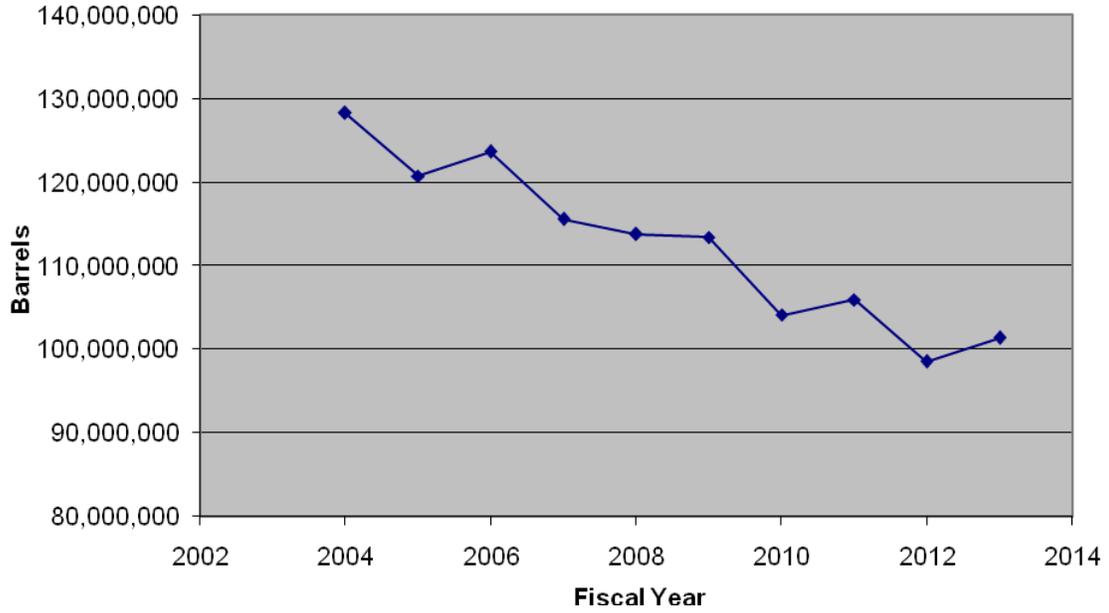
	FY15	FY16	FY17
Beginning Balance	\$ 600,000	\$ 472,000	\$ 344,000
Fees	\$ 250,000	\$ 250,000	\$ 250,000
Total	\$ 850,000	\$722,000	\$ 594,000
Reimbursements	(\$ 350,000)	(\$ 350,000)	(\$ 350,000)
Administrative Costs	(\$ 28,000)	(\$ 28,000)	(\$ 28,000)
Balance	\$ 472,000	\$ 344,000	\$ 216,000

Notes

- All fees based on 100 million barrels imported.

FIGURE 1

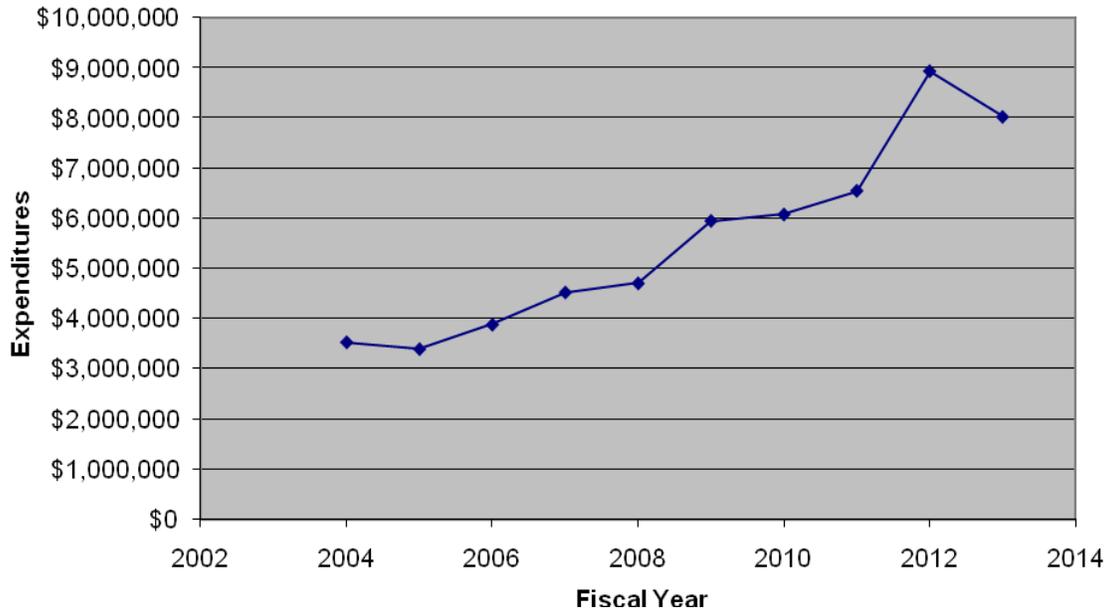
Annual Barrels of Oil Imported into Maryland



<u>Fiscal Year</u>	<u>Barrels</u>
2004	128,253,670
2005	120,774,792
2006	123,646,123
2007	115,566,185
2008	113,775,441
2009	113,417,135
2010	104,120,667
2011	105,970,587
2012	98,543,583
2013	101,377,283

FIGURE 2

Annual Oil Fund Expenditures



<u>Fiscal Year</u>	<u>Expenditures</u>
2004	\$3,531,679
2005	\$3,396,257
2006	\$3,882,574
2007	\$4,524,436
2008	\$4,704,938
2009	\$5,947,658
2010	\$6,075,753
2011	\$6,546,759
2012	\$8,927,719
2013	\$8,018,363

Attachment – 1

DRAFT BILL LANGUAGE
2014 Senate Bill 678
Introduced January 31, 2014

A BILL ENTITLED

AN ACT concerning

Environment – Maryland Oil Disaster Containment, Clean-Up and Contingency Fund and Oil Contaminated Site Environmental Cleanup Fund – Funding, Reallocation, and Reimbursements

FOR the purpose of further defining certain terms, altering the basis for calculating a certain license fee credited to the Maryland Oil Disaster Containment, Clean-Up and Contingency Fund and the Oil Contaminated Site Environmental Cleanup Fund; re-establishing the reimbursement of certain costs by the owner of a certain eligible heating oil tank and the deadline for applying for reimbursement of those costs from the Oil Contaminated Site Environmental Cleanup Fund; requiring the Secretary to convene a certain work group for a certain purpose; requiring, by a certain date, the Department of the Environment to report to certain committees of the General Assembly; and generally relating to the Maryland Oil Disaster Containment, Clean-Up and Contingency Fund and the Oil Contaminated Site Environmental Cleanup Fund.

BY repealing and reenacting, with amendments,
Article - Environment
Sections 4-411 and 4-705
Annotated Code of Maryland
(2007 Replacement Volume and 2013 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Environment

4-411.

- (a) (1) In this section the following words and phrases have the meanings indicated.
- (2) "Barrel" means any measure of petroleum products or its by-products which consists of 42.0 U.S. gallons of liquid measure.
- (3) "Fund" means the Maryland Oil Disaster Containment, Clean-Up and Contingency Fund.
- (4) "Transfer" means the offloading or onloading of oil in the State from or to any commercial vessel, barge, tank truck, tank car, pipeline, or any other means used for transporting oil.
- (b) A person other than a vessel or barge may not transfer oil in the State without a license.
- (c) (1) A license required under this section shall be secured from the Department of the Environment subject to the terms and conditions set forth in this section. The fee on any barrel shall be imposed only once, at the point of first transfer in the State. The license fee shall be:
- (i) Credited to the Maryland Oil Disaster Containment, Clean-Up and Contingency Fund and based on:

1 Before [July 1, 2013] **JULY 1, 2017**, a [5.75] **7.75** cents per barrel fee for oil transferred in the State; and

2. On or after [July 1, 2013] **JULY 1, 2017**, a 5 cents per barrel fee for oil transferred in the State; and

(ii) Until [July 1, 2010] **JULY 1, 2017**, based on an additional [1.75] **0.25** cent[s] per barrel fee for oil transferred in the State and credited to the Oil Contaminated Site Environmental Cleanup Fund as described in Subtitle 7 of this title.

(2) The license fee shall be paid quarterly to the Department and on receipt by the Comptroller, credited to the proper fund. The licensee shall certify to the Department, on forms as may be prescribed by the Department, the number of barrels of oil transferred by the licensee during the fee quarter no later than the last day of the month following the fee quarter. These records shall be kept confidential by the Department.

(3) When the balance in the Maryland Oil Disaster Containment, Clean-Up and Contingency Fund from the monthly license fees paid under paragraph (1)(i) of this subsection into the Fund equals or exceeds a maximum limit of \$5,000,000, collection of subsequent monthly license fees under paragraph (1)(i) of this subsection shall be abated until:

(i) The balance in the Fund from the license fees becomes less than or equal to \$4,000,000; or

(ii) There is evidence that the balance in the Fund could be significantly reduced by the recent occurrence of a major discharge or series of discharges.

(4) If a licensee fails to remit the fee and accompanying certification required by this section, the amount of the license fee due shall be determined by the Department from information as may be available. Notice of this determination shall be given to the licensee liable for payment of the license fee. The determination shall finally and irrevocably fix the fee unless the licensee against whom it is assessed, within 30 days after receiving notice of the determination, shall apply to the Department for a hearing or unless the Department, on its own, shall redetermine the fee.

(5) The Department shall promulgate rules and regulations, establish audit procedures for the audit of licensees, and prescribe and publish forms as may be necessary to effectuate the purposes of this section.

(d) As a condition precedent to the issuance or renewal of a license, the Department shall require satisfactory evidence that the applicant has implemented or is in the process of implementing State and federal plans and regulations to control pollution related to oil, petroleum products, and their by-products and the abatement thereof when a discharge occurs.

(e) Any person who violates subsection (b) or subsection (c) of this section is guilty of a misdemeanor and upon conviction in a court of competent jurisdiction is subject to a fine not exceeding \$10,000 plus any accrued but unpaid license fees.

(f) There is a Maryland Oil Disaster Containment, Clean-Up and Contingency Fund for the Department to use to develop equipment, personnel, and plans; for contingency actions to respond to, contain, clean-up, and remove from the land and waters of the State discharges of oil, petroleum products, and their by-products into, upon, or adjacent to the waters of the State; and restore natural resources damaged by discharges. The Fund may also be used by the Department for oil-related activities in water pollution control programs. The cost of containment, clean-up, removal, and restoration, including attorneys' fees and litigation costs, shall be reimbursed to the State by the person responsible for the discharge. The reimbursement shall be credited to the Fund. The Fund shall be limited in accordance with the limits set forth in this section. To this sum shall be credited every license fee, fine, if imposed by the circuit court for any county, and any other charge related to this subtitle. To this Fund shall be charged every expense the Department of the Environment has which relates to this section.

(g) Money in the Fund not needed currently to meet the Department of the Environment's obligations in the exercise of its responsibility under this section shall be deposited with the State Treasurer to the credit of the Fund, and may be invested as provided by law. Interest received on the investment shall be credited to the Fund. The Secretary of the Environment shall determine the proper allocation of the moneys credited to the Fund only for the following purposes:

(1) Administrative expenses, personnel expenses, and equipment costs of the Department related to the purposes of this section;

(2) Prevention, control, containment, clean-up, and removal of discharges into, upon, or adjacent to waters of the State of discharges of oil, petroleum products and their by-products, and the restoration of natural resources damaged by such discharges;

(3) Development of containment and clean-up equipment, plans, and procedures in accordance with the purposes of this section;

(4) Paying insurance costs by the State to extend or implement the benefits of the Fund; and

(5) Expenses related to oil-related activities in the Department's water pollution control programs.

(h) The Department shall provide the standing subcommittees of the Maryland General Assembly with primary jurisdiction over this section with a status report on the Fund on or before [October 1] **JANUARY 1** of each year. The report shall include an accounting of all moneys expended for each of the purposes specified in subsection (g) of this section.

4-705.

(a) The owner or operator of an underground oil storage tank eligible under §4-704(b)(1)(ii) of this subtitle may apply to the Fund for reimbursement, until December 31, 2007, for usual, customary, and reasonable costs incurred on or after October 1, 2000 in performing site rehabilitation.

(b) The owner of a heating oil tank eligible under § 4-704(b)(1)(iii) of this subtitle may apply to the Fund no later than 6 months after rehabilitation completion for reimbursement, until [June 30, 2013] **JUNE 30, 2017**, for usual, customary, and reasonable costs incurred on or after October 1, 2000 in performing site rehabilitation.

(c) (1) Any reimbursement from the Fund for applications approved on or after July 1, 1996 is subject to:

- (i) For owners or operators of six tanks or fewer, a deductible of \$7,500;
- (ii) For owners or operators of more than 6 but not more than 15 tanks, a deductible of \$10,000;
- (iii) For owners or operators of more than 15 but not more than 30 tanks, a deductible of \$15,000;
- (iv) For owners or operators of more than 30 tanks, a deductible of \$20,000; and
- (v) For residential owners of heating oil tanks, a deductible of \$500; and

- (2) The maximum amount to be reimbursed from the Fund shall be:
 - (i) \$125,000 for underground oil storage tanks per occurrence; and
 - (ii) \$20,000 for heating oil tanks per occurrence.

- (d) To be eligible for reimbursement from the Fund, an owner or operator shall:
 - (1) Certify that the discharge is not the result of a willful or deliberate act;
 - (2) Submit a corrective action plan, schedule, and cost estimate to the Department that shall include provisions for the environmentally sound treatment or disposal of contaminated soils that meet all federal and State requirements and standards; and
 - (3) Except for heating oil tanks, certify that the discharge is from a tank registered under § 4-411.1 of this title.

- (e) If the owner or operator knowingly submits a false certification under subsection [(e)] (D) of this section, that owner or operator is not eligible for reimbursement under this subtitle.

- (f) Only expenses that are cost-effective, reasonable, and consistent with a corrective action plan approved by the Department may be eligible for reimbursement from the Fund.

- (g) The cost for replacement or retrofitting of underground oil storage tanks or heating oil tanks and associated piping is not eligible for reimbursement, and the Department may not incur these costs or expend moneys from the Fund for these purposes.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The Secretary of the Environment shall convene a work group consisting of representatives of the various sectors of the petroleum marketing industry and representatives from appropriate public and private entities to review and assess the long-term funding needs of the oil pollution programs in the State.

(b) On or before [December 31, 2012] **DECEMBER 31, 2016**, in accordance with § 2-1246 of the State Government Article, the Department of the Environment shall report the findings and recommendations of the work group to the Legislative Policy Committee, the House Environmental Matters Committee, and the Senate Finance and Education, Health, and Environmental Affairs Committees.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2014.