

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
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1. Desired date of publication in Maryland Register: 5/16/2014

2. COMAR Codification

Title Subtitle Chapter Regulation

03 03 05 04

3. Name of Promulgating Authority

Comptroller of Maryland

4. Name of Regulations Coordinator

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6. Check applicable items:

New Regulations

COMPTROLLER OF THE TREASURY

Subtitle 03 COMPTROLLER OF THE TREASURY

03.03.05 Motor Fuel Inspection

Authority: Tax-General Article Section 2-103, Business Regulation Article Sections 10-202 and 10-323.1; Annotated Code of Maryland

Notice of Proposed Action

□

The Comptroller of the Treasury proposes to to amend Regulation .04(G) sulfur content under COMAR 03.03.05 Motor Fuel Inspection

Statement of Purpose

The purpose of this action is to lower the maximum sulfur content of No. 1 and No. 2 fuel oils to better reflect current, environmentally driven industry initiatives. This action will have minimal cost impacts on fuel oil users and may provide co-benefits such as potential cost savings from reduced maintenance of existing heating systems, the introduction of new, more efficient heating systems, and improved air quality, both locally and regionally. This action will also help Maryland meet its obligations under the Federal Clean Air Act and Regional Haze rules which require States that contribute to visibility impairment to implement mitigation strategies.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact.

The Comptroller's Office expects these regulatory changes to have minimal cost impacts. The change to 2,000 ppm sulfur will have minimal impact as the fuel oil industry is already providing sulfur compliant fuel oil products in Maryland. The reduction 500 ppm sulfur is expected to have minimal cost impacts on the fuel oil industry based on the experiences in other states that have already begun to reduce the sulfur content of fuel oils. It is expected that industry costs will likely continue to be minimal as additional Mid-Atlantic and Northeast states adopt similar requirements. Fuel oil consumers are likely to see potential cost savings due to an increase in system efficiency, the prolonged lifetime of heating systems, and the reduced maintenance requirements of existing heating systems associated with the lower sulfur content fuel oils.

II. Types of Economic Impact.

Revenue (R+/R-)

Expenditure (E+/E-) Magnitude

A. On issuing agency:

NONE

B. On other State agencies:	(E+)	Minimal
C. On local governments:	(E+)	Minimal

	Benefit (+) Cost (-)	Magnitude
D. On regulated industries or trade groups:	(-)	Minimal
E. On other industries or trade groups:	NONE	
F. Direct and indirect effects on public:		
(1) Implementation	(-)	Minimal
(2) Environmental/Health	(+)	Unquantified

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

B. To the extent that the state agencies heat their buildings with fuel oil, agencies may see an increase in expenditures associated with the purchase of fuel oil. The amount of increase would be dependent on actual amounts of fuel oil purchased and consumed. Any expenditure increase is likely offset by savings obtained from an improved efficiency and prolonged life of the heating system as well as reduced costs associated with the maintenance of the heating equipment.

C. To the extent local government agencies heat their buildings with fuel oil, they may see an increase in expenditures associated with the purchase of fuel oil. The amount of increase would be dependent on actual fuel oil purchased and consumed. Any expenditure increase is likely to be offset by savings obtained from an improved efficiency and prolonged life of the heating system as well as reduced costs associated with maintenance off the heating equipment.

D. Manufacturers of distillate products will have to invest in equipment for the removal of sulfur from heating oil. Oil heat manufacturers are expected to roll the cost of these capital equipment upgrades into the price charged to oil heat distributors. They in turn are expected to pass any potential price increases to the final consumer.

F(1). Even though the price for a gallon of heating oil may rise, any price increase is likely to be offset by a reduction in equipment service costs and fuel usage.

F(2). The environmental and health benefits of lowering fuel sulfur content are reduced sulfur dioxides and fine particle emissions which decrease regional haze and improve visibility as well as decrease health effects exposures such as respiratory & cardiovascular disease, lung disease and asthma attacks.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has an impact on individuals with disabilities as follows:
The proposed action may have a positive impact on people with respiratory disabilities

since a reduction in the emissions that impact visibility also cause unhealthy concentrations of ozone and fine particles.

Opportunity for Public Comment

Comments may be sent to Sukanya Mukherjee, Staff Attorney, Comptroller of Maryland, 80 North Calvert St., Annapolis, MD 21404, or call 410-260-7494, or email to smukherjee@comp.state.md.us, or fax to . Comments will be accepted through June 16, 2014. A public hearing has not been scheduled.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 2015

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

No

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

No funds are necessary to implement this regulatory change because they are of a general administrative nature and are necessary for Maryland.

E. If these regulations have no economic impact under Part A, indicate reason briefly:

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

The economic impact on small business is minimal or none because unless they heat their buildings with fuel oil, however, any costs will be offset by improved efficiency and reduced maintenance costs of their heating systems.

G. Small Business Worksheet:

Attached Document:

Title 03 COMPTROLLER OF THE TREASURY

Subtitle 03 MOTOR FUEL TAX

Chapter 05 Motor Fuel Inspection

Authority: Tax-General Article §2-103; Business Regulation Article, §§10-202 and 10-323.1; Annotated Code of Maryland

04. Specifications for No. 1 and No. 2 Fuel Oil (ASTM D-396).

No. 1 fuel oil is a distillate oil intended for vaporizing pot-type and similar burners. No. 2 fuel oil is a distillate oil for general purpose domestic heating use in burners not requiring No. 1 fuel oil. Both shall meet the requirements of the following specifications, when tested in accordance with the latest version of the American Society for Testing and Materials Methods of Tests:

A.—F. (text unchanged)

[G. Sulfur (ASTM D-1552) percent by mass, maximum. 0.30 0.30]

ALL NEW *G. Sulfur (ASTM D-1552) percent by mass shall not exceed the following maximums:*

- (1) On and after July 1, 2014: 0.20 for No. 1 Fuel Oil and 0.20 for No. 2 Fuel Oil.*
- (2) On and after July 1, 2015: 0.05 for No. 1 Fuel Oil and 0.05 for No. 2 Fuel Oil.*
- (3) No. 1 and No. 2 Fuel Oil that was stored in this State by the ultimate final consumer prior to July 1, 2015, which met the applicable maximum allowable sulfur content for fuel oil before July 1, 2015, set forth in subparagraph (G)(2) at the time it was stored, maybe used by the ultimate consumer in the State on and after July 1, 2015, until the supply is depleted. END ALL NEW*

H.—I. (text unchanged)