

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 373

(Delegate Glassman, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

Environment - Methyl Tertiary Butyl Ether - Clean Gasoline Alternatives -
Report

This bill requires the Maryland Department of the Environment (MDE), by December 1, 2005, to develop and submit a report to specified committees of the Maryland General Assembly on the viability of alternatives to the use of methyl tertiary butyl ether (MTBE) in gasoline sold in the State.

The bill takes effect July 1, 2005 and sunsets on December 31, 2005.

Fiscal Summary

State Effect: Potential minimal increase in special fund expenditures (up to \$25,000 in FY 2006 only) for MDE to develop the required report.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Federal law requires the use of reformulated gasoline in areas with unhealthy levels of air pollution; reformulated gasoline is required to contain a minimum of 2% oxygen (by weight). Federal law does not specifically require the use of MTBE. Refiners may choose to use other oxygenates, such as ethanol. Currently, there are no laws or regulations limiting the use of MTBE in gasoline sold in Maryland.

Background: MTBE is a chemical compound used as a gasoline additive. It raises the oxygen content in gasoline, which helps engines burn cleaner, thus reducing tailpipe emissions. It was originally introduced in the late 1970s to replace lead. MTBE is being used at higher concentrations in some states, such as Maryland, to fulfill the oxygenate requirements set by Congress in the 1990 federal Clean Air Act amendments. According to MDE, reformulated gasoline is used in 14 counties in the State.

At room temperature, MTBE is a volatile, flammable, and colorless liquid that dissolves easily in water. Because MTBE is more water soluble and less biodegradable than other gasoline components, it can be introduced into groundwater from leaking underground and aboveground petroleum storage tanks. Recent studies indicate that MTBE vapors can also lead to groundwater contamination. Low levels of MTBE can make drinking water undrinkable due to its offensive taste and color. Although there is limited data on the human health effects of MTBE when ingested through drinking water, the U.S. Environmental Protection Agency (EPA) has advised that MTBE is a potential human carcinogen at high doses.

In response to the growing concerns regarding MTBE in water, EPA appointed an independent Blue Ribbon Panel to investigate the air quality benefits and water quality concerns associated with oxygenates in gasoline. In 1999, the panel made several recommendations, including removing the federal oxygenate requirement. State legislation enacted in 2000 established a task force to study the environmental effects of MTBE. In its final report the task force noted, among other things, that Maryland should give careful consideration to a reduction or a complete phase-out of MTBE in gasoline sold in the State provided there is no backsliding on air quality benefits.

Twenty states have either partially or completely banned the use of MTBE statewide. Another 10 states have passed legislation, or have legislation pending, that signals an eventual phase-out of MTBE. Some of this legislation directs state agencies to study the effects of MTBE or creates councils and commissions to monitor the progress of a phase-out. Other legislation requires notification of property owners, public water suppliers, and health officers when groundwater contamination is discovered. Overall, partial bans are the most common form of prohibiting MTBE among these states. Partial bans permit trace amounts of MTBE in motor vehicle fuel sold or used in the state. A number of the partial bans will become complete bans within a few years.

Concern regarding MTBE in Maryland increased in 2004 with the discovery of groundwater contamination in Harford County; MTBE contamination has also been found in other Maryland counties. Emergency regulations addressing MTBE contamination, which require improved release detection and site monitoring, took effect January 26, 2005.

State Expenditures: MDE estimates that it would incur a one-time cost of \$25,000 in fiscal 2006 to hire a consultant to work with the various stakeholders, research alternatives and bioremediation, and develop the required report. Legislative Services advises that costs could be less, given that MDE already has staff familiar with MTBE issues.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment, U.S. Environmental Protection Agency, Department of Legislative Services

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