

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 975 (Chair, Education, Health, and Environmental Affairs Committee)
(By Request – Departmental – Environment)

Education, Health, and Environmental Affairs

Environmental Matters

Oil Pollution and Tank Management

This departmental bill modifies the definition of “oil” to include ethanol intended to be used as a motor fuel or fuel source and biodiesel fuel, thereby making these products subject to regulation by the Maryland Department of the Environment (MDE). The bill also requires underground oil storage facilities to be in substantial compliance with State law and regulations relating to oil storage before oil may be sold to or received by the facility.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: The bill’s changes could be handled with existing budgeted resources. Revenues would not be significantly affected.

Local Effect: The bill would not materially affect local operations or finances.

Small Business Effect: MDE has determined that this bill will have minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: The Oil Control Program within the Waste Management Administration of MDE regulates the storage of petroleum products, conducts groundwater

investigations, and oversees remediation activities involving petroleum releases. The program does not currently regulate ethanol or biodiesel fuel.

Background: Due to the phase-out of the fuel additive methyl tertiary butyl ether or MTBE, Maryland has seen an increase in ethanol shipment, storage, and useage as a gasoline additive, and its use is projected to increase significantly in the next several years. There has also been an increase in biodiesel use throughout the State. This bill would modify the definition of “oil” to include ethanol and biodiesel fuel in order to ensure proper oversight of the transfer, storage, and use of these products. In addition, MDE advises that this definitional change would clear up any confusion regarding the assessment of oil transfer fees on ethanol intended to be used as a motor fuel or fuel source or biodiesel fuel.

MDE reports that the bill’s provision requiring underground oil storage facilities to be in substantial compliance with State law and regulations relating to oil storage before oil may be sold to or received by the facility would enable MDE to immediately halt delivery of oil to an underground storage tank that is not in compliance. MDE advises that failure to adopt this authority may threaten MDE’s ability to obtain federal funding for its underground storage tank programs.

Additional Information

Prior Introductions: HB 496 of 2005 would have, among other things, modified the definition of “oil” to include ethanol and other oxygenates. The bill was withdrawn.

Cross File: None.

Information Source(s): Maryland Department of the Environment, Department of Legislative Services

Fiscal Note History: First Reader - March 13, 2007
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