

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 1104

(Senator Astle)

Education, Health, and Environmental Affairs

Economic Matters

Environment - Heating Oil - Sulfur Content

This bill prohibits a person from selling in the State “number 2 heating oil” with a sulfur content of more than 500 parts per million (ppm) to a consumer for end use beginning July 1, 2014.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances as the sulfur content requirements of number 2 heating oil under the bill will likely be achieved by the private sector by 2014 even in the absence of the bill.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Number 2 heating oil is defined as fuel oil used in residential, commercial, or industrial heating applications, that is classified as number 2 according to the standard specifications set by ASTM International.

Current Law: State law does not regulate the sulfur content of number 2 heating oil. However, State procurement law requires the State to ensure that at least 50% of heating equipment in State buildings that uses number 2 heating oil uses a blend of fuel that is at least 5% biodiesel, if available. In addition, the Maryland Energy Administration is required to assist the Department of General Services in considering the most economical and efficient alternative for meeting the annual heating oil requirements of State agencies.

Background: Number 2 heating oil, generally referred to as residential heating oil, is very similar to diesel fuel used by motor vehicles and other equipment, and for decades the two oil distillates were in fact identical and interchangeable. Today, one of the primary differences between heating oil and diesel fuel is the content of sulfur, which is far lower in transportation fuels primarily due to their regulation under federal air pollution laws. Low-sulfur heating oil is generally considered to have a sulfur content of 500 ppm, while the current federal standard for “ultra-low sulfur diesel” fuel for transportation is 15 ppm.

The heating oil industry has long considered adopting standards to lower the sulfur content of residential heating oil in recognition of its environmental benefits, energy-efficiency, and the lower maintenance costs for furnaces and boilers. However, the increase in price has generally prevented low-sulfur content standards from being established. In particular, the industry has been opposed to varying standards among states. Recently, an agreement has been reached between environmental organizations, air pollution regulators, and the heating oil industry to develop a lock-step approach to reducing the sulfur content of heating oil in the Northeast and Mid-Atlantic states. While the timetable and specific reductions vary somewhat, it is expected that heating oil in Maryland will achieve a sulfur content standard of 500 ppm by no later than 2014. In addition, the Maryland Department of the Environment advises that the bill is consistent with its future plans to regulate sulfur content in home heating oils to enable the State to meet federal Clean Air Act requirements.

Additional Information

Prior Introductions: None.

Cross File: Although HB 1527 (Delegate Rudolph - Economic Matters) is designated as a cross file, it is not identical.

Information Source(s): Maryland Department of the Environment, Department of General Services, Comptroller’s Office, U.S. Environmental Protection Agency, Mid-Atlantic/Northeast Visibility Union, Mid-Atlantic Petroleum Distributors’ Association, National Oilheat Research Alliance, Department of Legislative Services

Fiscal Note History: First Reader - March 25, 2010
mpc/lgc

Analysis by: Evan M. Isaacson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510