

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1317

SHORT TITLE: Underground Storage Tank Amends. `96

SPONSOR(S): Senator Blackmon, etc.

FISCAL IMPACT:

Expenditures:	Increase ()	Decrease (X)
Revenues:	Increase (X)	Decrease ()
No Impact ()		
No Estimate Available ()		

FUND AFFECTED:

General Fund ()	Highway Fund ()	Local Govt. ()
Other Funds (X)	Commercial Fund;	Noncommercial Fund

BILL SUMMARY: The Environmental Review Commission (ERC) recommended this bill to continue the solvency of the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and to make other changes in the Leaking Petroleum Underground Storage Tank Cleanup program.

EFFECTIVE DATE: Varies by section of the bill.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Environment, Health, and Natural Resources, Division of Environmental Management, Groundwater Section

FISCAL IMPACT

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1996-97	1997-98	1998-99	1999-00	2000-01
REVENUES:					
Commercial Fund	\$2,563,400	\$2,563,400	\$2,563,400	\$2,563,400	\$2,563,400

EXPENDITURES:

Commercial Fund	(\$8,000,000)	(\$8,000,000)			
Noncommercial Fund	(potential increase in expenditures in fiscal years 1996-97 and 1997-98, but no estimate available)				

POSITIONS: None

ASSUMPTIONS AND METHODOLOGY:

Section 1 of the bill suspends for 18 to 24 months the cleanup requirement for 6,000 sites that are classified as having a low impact on the environment. The suspension of the cleanup requirement will deny payment or reimbursement from the Commercial Fund and the Noncommercial Fund to persons responsible for the cleanup of petroleum underground storage tanks. DEHNR estimates this provision will save the Commercial Fund \$8 million each year for two years.

Section 2 of the bill increases the annual operating fee for commercial storage tanks of less than 3,500 gallons from \$150 to \$200 and increases

the fee for tanks greater than 3,500 gallons from \$225 to \$300. The increased revenue for the Commercial Fund is calculated as follows:

<3500 gallons	9,007 tanks	x	\$50 (increase)	=	\$450,350
>3500 gallons	28,174 Tanks	x	\$75 (increase)	=	<u>\$2,113,050</u>
					\$2,563,400

Another part of section 2 would impose the annual fee on each compartment of a commercial underground storage tank. This new provision on multi-section tanks will generate some additional revenues, but DEHNR has no estimate on the number of these tanks.

Section 3 of the bill will impose some cost on the Noncommercial Fund by aiding landowners of a cleanup site where the tank owner and operator cannot be identified or located, or fails to proceed with cleanup as required by law. This section covers releases discovered since January 1992, but expires on October 1, 1997. DEHNR has no estimate of the costs to the Noncommercial Fund, but anticipates that it will be limited.

SOURCES OF DATA: Department of Environment, Health, and Natural Resources

TECHNICAL CONSIDERATIONS: Based on projections in DEHNR's March 1, 1996 Semi-annual report on the Status of Leaking Petroleum Underground Storage Tanks, The State Cleanup Funds and Groundwater Protection Loan Fund, the Commercial Fund will be depleted by November 1997. If DEHNR worked faster to reduce its \$24 million backlog of claims, the Commercial Fund would be depleted as soon as August 1996.

FISCAL RESEARCH DIVISION

733-4910

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DATE: June 5, 1996



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