

The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

Rep. Leigh A. Webb, Chairman

Oil Fund Disbursement Board

January 14, 2014

The Honorable Shannon Chandley, Chair
House Resources, Recreation and Development Committee
Room 305
Legislative Office Building
Concord, New Hampshire 03301

RE: HB 1229-FN, Relative to the Oil Discharge & Gasoline Ether Cleanup Funds

Dear Chair Chandley and Members of the Committee:

Thank you for the opportunity to testify on House Bill 1229-FN. This bill would extend the lapse dates of two important environmental cleanup funds, and would allow site owners to apply for additional cleanup cost reimbursement. The Department of Environmental Services (DES) supports this bill.

The Oil Discharge and Disposal Cleanup (ODD) Fund and Gasoline Remediation and Elimination of Ethers (GREE) Fund are dedicated environmental cleanup funds that were established in 1988 and 2001, respectively. Revenues to the funds are derived from a 1.5¢ per gallon import fee on gasoline and diesel fuel. Under current law, both funds have lapse dates of July 1, 2015. This bill would extend the lapse date for both funds to July 1, 2025. The bill would also allow owners of the small number of sites (8) where total cleanup costs are projected to exceed the ODD Fund's existing \$1.5 million cap to apply for reimbursement of those additional costs.

The Oil Fund Disbursement Board (Board) and DES believe that passage of this bill is vital to protection of the environment and support of the economy in New Hampshire. The funds are administered by the Board and provide revenue for the investigation and cleanup of gasoline, diesel fuel, and MtBE contamination. Owners of gasoline and diesel fuel underground storage tank (UST) facilities, including individuals, businesses, counties, municipalities and state agencies, rely on the ODD Fund to pay cleanup costs, and to provide "financial responsibility" for cleanup as required by federal and state regulations. Owners of public and private water supplies affected by MtBE and other gasoline ether contamination rely on the GREE Fund to pay monitoring, temporary potable water, investigation, and cleanup costs. This bill is critical to maintaining needed financial resources for cleanup, thereby supporting New Hampshire small businesses and protecting precious drinking water resources. Without the bill, both funds would lapse in 2015, with the following significant consequences:

- ODD Fund and GREE Fund import fee collection would cease after July 1, 2015, and available funds would be quickly depleted. A backlog of cleanup work would develop that would increase the risk to private drinking water supplies.

- At high risk sites where immediate work is compulsory, the Department's only alternative would be to perform work using its contractors paid from the Oil Pollution Control Fund established under RSA 146-A, which has wholly insufficient revenues to support such work.
- UST owners without federally-required financial responsibility provided by the ODD Fund would need to purchase private pollution insurance. The New Hampshire Insurance Department reports that pollution insurance is only potentially available from specialty surplus lines insurers, and policies would likely be offered at a higher cost than standard lines policies. Facility owners that cannot secure an alternate financial responsibility provider in lieu of the ODD Fund would lose their DES operating permits, and would potentially be forced to close.
- State economic development would be adversely affected because contamination at many sites will go unaddressed. Contaminated properties would be underutilized and would continue to have depressed assessed value and yield lower tax revenue. Unaddressed contamination would also pose the risk of migrating to nearby properties, and would serve as a barrier to the redevelopment or sale of real estate.
- Cleanup projects expected to cost more than \$1.5 million dollars would be delayed or not completed.

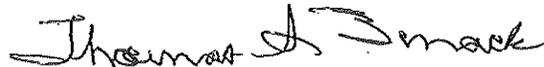
In summary, DES strongly supports passage of HB 1229 so that these funds can continue to provide for protection and cleanup of our precious drinking water resources and to help support New Hampshire small businesses and economic development.

Thank you for your careful consideration of this very important bill. If you have questions, please contact Mike Wimsatt, Director of the Waste Management Division at (603) 271-2905 Michael.Wimsatt@des.nh.gov, or Timothy R. Denison at (603) 271-2570 Timothy.Denison@des.nh.gov.

Sincerely,



Rep. Leigh A. Webb, Chairman
Oil Fund Disbursement Board



Thomas S. Burack, Commissioner
Department of Environmental Services

cc: Sponsors of HB 1229
Oil Fund Disbursement Board