

WILLIAM DONALD SCHAEFER, Governor

The federal regulations phase in these financial requirements over a two-year period. The largest companies must comply by January 26, 1989. Others must comply at later dates depending upon the size of the business, with the smallest businesses and local governments being required to comply by October 26, 1990. This phase-in process is intended to allow time for the commercial insurance industry to respond to this market and for states, where appropriate, to develop state trust funds.

While major companies and the larger local governments are not seriously affected by these financial requirements since they can self-insure, there is a problem for small petroleum operations, municipalities, and other small businesses. As a former Mayor, I am particularly concerned with the problem facing municipalities and consequently, the decision to veto this legislation was made more difficult.

Senate Bill 581 provides revenue for the Underground Storage Tank Fund from a one-time \$50 fee for each underground storage tank in the State, and would provide estimated revenues the first year of \$1.5 million. Thereafter, the legislation would impose a 12 cents per barrel fee on each barrel of gasoline and diesel fuel transferred into the State. Annual revenues from the fee were estimated at \$7.2 million. However, the Attorney General has identified a title defect which will prevent the license fee on diesel fuel from being levied, thereby reducing anticipated annual revenue by \$1.1 million per year.

There is insufficient actuarial data, however, to reasonably project the potential claims against this fund. Although the legislation limits the fund's liability to \$1 million per occurrence and \$2 million in the aggregate, the State's exposure to potential claims for clean-up, property damage, and personal injury could far exceed the available revenues in the fund. Based on our limited history and the experience of other states with underground tank clean-ups, the Department of the Environment estimates the expected claims at over \$15 million per year. Under the current inspection and enforcement program, the cost of clean-up alone is estimated at \$70,000 per tank and the potential liability for third party claims for property damage and personal injury is unknown.

There are over 30,000 tanks in Maryland. Under Senate Bill 581, the State would be responsible to cover the costs for every owner or operator of an underground storage tank, regardless of their ability to self-insure or obtain private insurance. I believe that without the actuarial data to predict State costs and the probable lack of revenues to meet potential claims, the establishment of an Underground Storage Tank Fund may be premature.

I am, of course, aware of the provisions in Senate Bill 581 which would limit the State's responsibility to the amount of revenues