

MAINE STATE LEGISLATURE

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(After Deadline)
SECOND REGULAR SESSION

ONE HUNDRED AND TWELFTH LEGISLATURE

Legislative Document

No. 2185

S.P. 869

In Senate, March 14, 1986

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.

Referred to the Committee on Appropriations and Financial Affairs and ordered printed. Sent down for concurrence.

JOY J. O'BRIEN, Secretary of the Senate
Presented by Senator Diamond of Cumberland.

Cosponsored by Representative Rolde of York, Representative Gwadosky of Fairfield and Representative Foster of Ellsworth.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-SIX

AN ACT Providing for Financial Assistance to
Owners of Underground Oil Storage
Tanks.

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 10 MRSA c. 110, sub-c. II-B is enacted to read:

SUBCHAPTER II-B

MAINE UNDERGROUND OIL STORAGE FACILITIES

ASSISTANCE PROGRAM

§1037. Purpose

The Legislature finds that small businesses and individuals which own underground oil storage facilities may have financial difficulty in upgrading their

1 facilities to incorporate the latest technology to
2 prevent petroleum leaks from the facilities.

3 The Legislature finds that assisting these busi-
4 nesses and individuals in upgrading their underground
5 oil storage facilities will benefit all the people of
6 the State by promoting conservation and minimizing
7 the health and environment risks of petroleum
8 products leaking into the State's ground water and
9 contaminating our existing and future sources of
10 drinking water.

11 The Legislature finds that it is a proper role
12 for the State, for the benefit of the people of the
13 State, to assist owners of underground oil storage
14 facilities, by making low interest loans to them, in
15 their efforts to upgrade those facilities to avoid
16 petroleum products from leaking out of those facili-
17 ties and contaminating the State's ground water.

18 §1037-A. Authorization

19 The authority shall administer a statewide pro-
20 gram to make low interest loans to assist owners of
21 underground oil storage facilities, as defined in Ti-
22 tle 38, section 562, in upgrading their facilities to
23 conserve petroleum products and to minimize the risk
24 of petroleum products leaking out of those facilities
25 into the State's ground water.

26 §1037-B. Administration

27 1. Loan criteria and procedures. The authority
28 may, by rulemaking pursuant to Title 5, chapter 375,
29 subchapter II, establish criteria and procedures to
30 implement the Maine Underground Oil Storage Facili-
31 ties Assistance Program. Loan criteria shall in-
32 clude, but not be limited to, the following.

33 A. The purpose of the loans shall be to assist
34 owners of underground oil storage facilities to
35 replace, refurbish or otherwise improve any un-
36 derground oil storage facilities where necessary
37 or advisable to protect against loss of petroleum
38 products through leakage.

1 B. No owner may receive more than one loan under
2 the program for any one underground oil storage
3 facility, and no owner, whether directly or
4 through a corporate affiliate or subsidiary, of
5 more than one facility may receive more than 2
6 loans under the program.

7 C. The authority may give preference to appli-
8 cants which demonstrate insufficient access to
9 conventional sources of credit or other funds.

10 D. No loan may be made in excess of \$50,000 with
11 respect to any one underground oil storage facil-
12 ity or at an interest rate in excess of 5% below
13 the prime rate of interest, as determined by the
14 authority.

15 E. The authority shall require collateral for
16 each loan, to the extent reasonably available,
17 and may impose an interest or other penalty for
18 late payment or default.

19 2. Assistance to authority. The authority may
20 seek and accept such assistance as it deems necessary
21 in administering the program, including assistance in
22 packaging and monitoring loans.

23 3. Compliance with applicable law. The authori-
24 ty shall administer the program in a manner consist-
25 ent with any applicable federal law and shall ensure
26 that applicants are in compliance with applicable
27 state law, including, but not limited to, Title 38,
28 chapter 3, subchapter II-B.

29 4. Report. The authority shall report annually,
30 as part of the annual report required by section 974,
31 on the balance in the Underground Oil Storage Facili-
32 ties Assistance Fund, the status of the loan portfo-
33 lio and a report on other program activities.

34 §1037-C. Underground Oil Storage Facilities Assist-
35 ance Fund

36 1. Revenues. Revenues received by the State as
37 a result of litigation relative to violations of the
38 United States Department of Energy petroleum price
39 and allocation regulations shall be deposited into a

1 revolving fund for the purposes of this chapter in
2 the amount of \$7,500,000.

3 2. Creation of fund. An Underground Oil Storage
4 Facilities Assistance Fund shall be established by
5 the authority. The fund shall contain revenues re-
6 ceived by the State as a result of litigation rela-
7 tive to violations of the United States Department of
8 Energy petroleum price and allocation regulations and
9 shall include any additional allocations or appropri-
10 ations provided for the purposes of this subchapter
11 as well as all repayments of principal and interest
12 of loans made pursuant to this subchapter and inter-
13 est accrued on the fund balance. This fund shall
14 initially be in the amount of \$7,500,000. Any funds
15 appropriated or allocated for this purpose shall not
16 lapse, but shall remain available for the purposes of
17 this subchapter.

18 3. Administrative expenses. Administrative ex-
19 penses attributable to the program may be paid from
20 the revolving fund but shall not be paid from the
21 principal amount in the fund. These expenses may be
22 paid from:

23 A. Interest earned by the fund, whether earned
24 by means of investment or loan repayments; or

25 B. Fees charged to loan applicants.

26 4. Deposited with authority or invested. Money
27 in the fund which is not currently needed to meet the
28 obligations of the authority pursuant to this sub-
29 chapter shall be either deposited with the authority
30 to the credit of the fund or may be invested in such
31 manner as is permitted by law.

32 Sec. 2. Allocation. The following funds are al-
33 located to carry out the purposes of this Act.

FINANCE AUTHORITY OF MAINE

Revolving Loan Fund -	
Underground Oil Storage Facilities	
Assistance Fund	
Unallocated	\$7,500,000

Sec. 3. Certification under state energy conservation plan. The Maine Underground Oil Storage Facilities Program shall be included in the State's Energy Conservation Plan and shall be submitted by the Director of the Office of Energy Resources as an amendment to the State's plan to the United States Department of Energy pursuant to the United States Energy Policy and Conservation Act, Part B, Title 42, United States Code, Section 6321.

STATEMENT OF FACT

The State will soon be receiving \$15,000,000 from Exxon as a result of a court finding of overcharges by Exxon. The funds must be used by the State to assist in implementing state energy conservation programs. Much of the State's gasoline and heating oil is stored in underground tanks. The possibility of a leak in one of those facilities not only threatens the surrounding environment but also results in the loss of valuable energy fuels. It has been estimated that the State is losing 11,000,000 gallons of petroleum products each year as a result of leaking underground tanks. To stop this loss of energy fuels, this bill creates a mechanism to help tank owners replace their old tanks with more modern tanks which are less likely to leak.

This bill recognizes that Maine's energy policy and environmental policy are furthered by creating a \$7.5 million fund, half of the amount to be refunded by Exxon to the State, under the direction of FAME in order to make low interest loans to tank owners having difficulty obtaining conventional financing for the replacement of old tanks with more modern tanks. The maximum loan is \$50,000 for each facility. These

1 loans permit for approximately 150 loans initially
2 and many more thereafter as initial loans are repaid.
3 This allows many small gasoline and heating oil deal-
4 ers and distributors as well as other tank owners to
5 remain in business without posing an unreasonable
6 threat to the environment.

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