

# MAINE STATE LEGISLATURE

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Report to the Joint Standing Committee  
on  
Environment and Natural Resources

**Waste Motor Oil Disposal Site Remediation Program  
Waste Motor Oil Revenue Fund**

February 15, 2017

Submitted by:  
Finance Authority of Maine  
Maine Revenue Service

In accordance with Title 10 Maine Revised Statutes Annotated, Section 1020-B<sup>i</sup>, this constitutes the annual joint report of the Finance Authority of Maine (“FAME”) and the State Tax Assessor, by and through Maine Revenue Service (“MRS”). The report consists of FAME and MRS’s unaudited report of revenues collected per month in calendar year 2016 and deposited to the Waste Motor Oil Revenue Fund (“Fund”). The month and the amounts reflected represent the amounts generated by those responsible for payment of the waste motor oil premium in that month.<sup>ii</sup> Revenues generated in a given month are due to MRS by the 15<sup>th</sup> day of the following month and are deposited into the Fund in the next following month. (For example, January 2016 revenues generated were due to MRS in February 2016 and were deposited into the Fund in March 2016. They are reflected as January 2016 revenues, the month in which they were generated.)

The premiums reported collected by the State Tax Assessor during the calendar year 2016 were (unaudited):

2016	
December	\$ 337,854.60
November	\$ 187,269.42
October	\$ 235,854.00
September	\$ 301,103.14
August	\$ 290,398.69
July	\$ 256,669.70
June	\$ 277,178.90
May	\$ 248,649.56
April	\$ 246,263.35
March	\$ 246,699.10
February	\$ 221,369.50
January	<u>\$ 209,108.67</u>
TOTAL:	\$3,058,418.63

Once deposited to the Fund, the premiums are used by FAME to pay debt service on the \$14,495,000 Finance Authority of Maine Waste Motor Oil Revenue Bonds 2009 Series A (Federally Taxable) issued by FAME in September 2009, and to pay FAME’s reasonable costs incurred in administering the Fund. Pursuant to Public Law 2011, Chapter 211 (now 10 M.R.S.A. §1020 (3-A)), if the premiums generate “excess revenues” in a given year, they may also be used to make certain other payments. Excess revenues are those revenues in excess of \$600,000 that remain in the Fund after payment in full in a given calendar year of FAME’s costs and all amounts required by the trust documents securing the bonds. During 2016, payments were made from excess revenues generated in 2015. With the payments made in 2016, all required payments from excess revenues are now concluded, except the ongoing annual transfer to MRS for payment to motor vehicle oil dealers entitled to reimbursement of premiums paid on product which was sold out of state.

In calendar year 2017, debt service is expected to be approximately \$1,259,782.40, and FAME’s administrative costs are expected to be approximately \$4,400.00.

The premiums cannot be eliminated or reduced to a level that impairs FAME’s ability to make the bond payments, since bonds remain outstanding.<sup>iii</sup> If excess revenues are eliminated, FAME will be unable to make the transfers to MRS for the reimbursement program.

For additional information, please refer to the most recent joint report filed with this committee by FAME, MRS and the Maine Department of Environmental Protection in January 2016.

Please contact Katryn Gabrielson, Deputy General Counsel, FAME at 620-3515 or [kgabrielson@famemaine.com](mailto:kgabrielson@famemaine.com), or Sara Lewis, Director, Sales, Fuel and Special Taxes, Maine Revenue Service at 624-9608 or [sara.j.lewis@maine.gov](mailto:sara.j.lewis@maine.gov) with additional questions.

Respectfully submitted,

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Bruce Wagner  
Chief Executive Officer  
Finance Authority of Maine

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<sup>i</sup> **10 M.R.S.A. §1020-B. Status reports**

The following reports related to the waste motor oil disposal site remediation program under section 1020-A must be submitted to the joint standing committee of the Legislature having jurisdiction over natural resources matters.

**1. Program report.** By January 15, 2010 and every 2 years thereafter, the authority and the Department of Environmental Protection shall report on the status of the waste motor oil disposal site remediation program under section 1020-A.

**2. Funding report.** By February 15, 2010 and every year thereafter, the authority and the State Tax Assessor shall report the revenue collected pursuant to section 1020, subsection 6-A for the preceding calendar year. The report may be incorporated into the biennial report required under subsection 1. The joint standing committee of the Legislature having jurisdiction over natural resources matters shall determine, beginning in 2013 and every odd-numbered year thereafter, whether the premium imposed pursuant to section 1020, subsection 6-A may be reduced or eliminated in a manner that does not adversely affect the ability of the authority to provide for the full and timely payment of the principal of, interest on, redemption premiums on or other costs of all revenue obligation securities issued pursuant to section 1020-A that remain outstanding as those costs become due or adversely affect the security for those revenue obligation securities and may submit legislation related to the determination and report required under this subsection.

<sup>ii</sup> **10 M.R.S.A. §1020(6-A). Premium.** In addition to any other tax or charge imposed under state or federal law, a premium is imposed on motor vehicle oil sold or distributed in the State as provided in this subsection. A motor vehicle oil dealer that makes the first sale or distribution of motor vehicle oil in the State shall pay the premium.

The premium is calculated as follows:

- A. Diesel engine crankcase oil is subject to a premium of 35¢ per gallon;
- B. Gasoline engine crankcase oil sold or distributed in a container with a volume of 5 gallons or less is subject to a premium of 35¢ per gallon;
- C. Gasoline engine crankcase oil sold or distributed in a container with a volume of more than 5 gallons is subject to a premium of \$1.10 per gallon; and
- D. All motor vehicle oil other than diesel engine crankcase oil and gasoline engine crankcase oil that is sold or distributed in a container with a volume of 16 gallons or less is subject to a premium of 35¢ per gallon.

All premiums must be paid to the State Tax Assessor and are subject to the administrative provisions of Title 36, Parts 1 and 3 as though they were a sales tax liability. By the 20<sup>th</sup> day of each month, the State Tax Assessor shall notify the State Controller and the Treasurer of State of the amount of revenue attributable to the premium collected under this subsection in the previous month. When notified by the State Tax Assessor, the State Controller shall transfer that amount to the fund.

<sup>iii</sup> The maturity schedule and interest rates are as follows:

\$3,505,000 matured 10/1/14 (4.55%)  
\$3,180,000 matures 10/1/19 (5.80%)  
\$2,935,000 matures 10/1/24 (6.40%)  
\$4,875,000 matures 10/1/29 (6.75%)