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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, 2019

Submitted by:
Finance Authority of Maine
Maine Revenue Service

In accordance with Title 10 Maine Revised Statutes Annotated, Section 1020-Bⁱ, 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 2018 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.ⁱⁱ Revenues generated in a given month are due to MRS by the 15th day of the following month and are deposited into the Fund in the next following month. (For example, January 2018 revenues generated were due to MRS in February 2018 and were deposited into the Fund in March 2018. They are reflected as January 2018 revenues, the month in which they were generated.)

The premiums reported collected by the State Tax Assessor during the calendar year 2018 were (unaudited):

2018	
December	\$ 275,483.12
November	\$ 265,659.96
October	\$ 326,572.51
September	\$ 291,178.29
August	\$ 309,501.94
July	\$ 300,187.59
June	\$ 279,096.61
May	\$ 274,113.12
April	\$ 256,457.84
March	\$ 231,415.54
February	\$ 224,800.96
January	<u>\$ 251,073.30</u>
TOTAL:	\$3,285,540.78

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. The only remaining required payments to be made with excess revenues are those associated with the program conducted by MRS which reimburses eligible motor vehicle oil dealers who paid premiums on product which was not ultimately sold in Maine. During 2018, the amount of \$16,931.10 was paid from excess revenues generated in 2017 to reimbursement claims made by such motor vehicle oil dealers for 2017.

In calendar year 2019, debt service is expected to be approximately \$1,156,992.50, and FAME’s administrative costs are expected to be approximately \$4,400.00.

FAME is currently investigating the possibility of retiring the remaining outstanding bondsⁱⁱⁱ on or after October 1, 2019, as it appears that available revenues in the Fund and in the bond trust may be sufficient to do so at that time. As a result, FAME does not recommend any adjustment to the premiums at this time.

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 2018. Please contact Katryn Gabrielson, Deputy General Counsel, FAME at 620-3515 or kgabrielson@famemaine.com, or Judy Methot, Director, Sales, Fuel and Special Taxes, Maine Revenue Service at 624-9626 or judy.a.methot@maine.gov with additional questions.

Respectfully submitted,

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Chief Executive Officer
Finance Authority of Maine



Judy Methot
Director, Sales, Fuel & Special Tax Division
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ⁱ 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.

ⁱⁱ 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 20th 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.

ⁱⁱⁱ 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%)