



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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Eliminating the Underground Storage Tank Cleanup Backlog Will Require at Least \$549 Million

Summary

The North Carolina General Assembly established the Underground Storage Tank (UST) Program within the Department of Environment and Natural Resources in 1985 in response to a federal mandate to regulate USTs. The UST Program enforces the federal regulatory standards for commercial USTs, oversees site cleanup of UST incidents, and manages operations for the Commercial and Noncommercial Leaking Petroleum UST Trust Funds.

An UST incident occurs when any petroleum release of more than 25 gallons or any release of less than 25 gallons causes a sheen on surface water or cannot be cleaned up within 24 hours. The Commercial Fund assists commercial tank owners in meeting their federal financial responsibility requirements. The Noncommercial Fund reimburses private property owners for cleanup costs and leak-related damages.

Since the UST Program's inception, North Carolina has spent more than \$543.7 million to clean up UST incidents. Even so, significant cleanup work remains. The Program Evaluation Division found

- it is projected to take 25 years to complete the cleanup of North Carolina's commercial backlog with current funding;
- commercial tank owners' continued reliance on the Commercial Fund increases North Carolina's future liability for cleanup costs;
- Noncommercial Fund solvency is in jeopardy because North Carolina pays the entire cost of cleanup for a growing number of sites; and
- operational limitations hinder the UST Section's ability to prevent and clean up incidents.

In light of these findings, the Program Evaluation Division recommends the General Assembly increase revenue to the two funds to allow the UST Program to expedite cleanup of the backlog. To reduce North Carolina's future liability, the General Assembly should introduce a risk-based system of financial responsibility for commercial tank owners and require noncommercial tank owners to pay a share of cleanup costs. The General Assembly also should provide policy direction and increased regulatory authority to the UST Section to improve program operations.