

Title: 37th Annual Petroleum Cleanup Fund (PCF) Report

Year: 2025

Prime Contact: Matt Moran

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Committee: Vermont General Assembly

Authorizing Law #: 10 V.S.A.

Section #: §§ 1941(e), 1942(a), & 1942(b)

Executive Summary

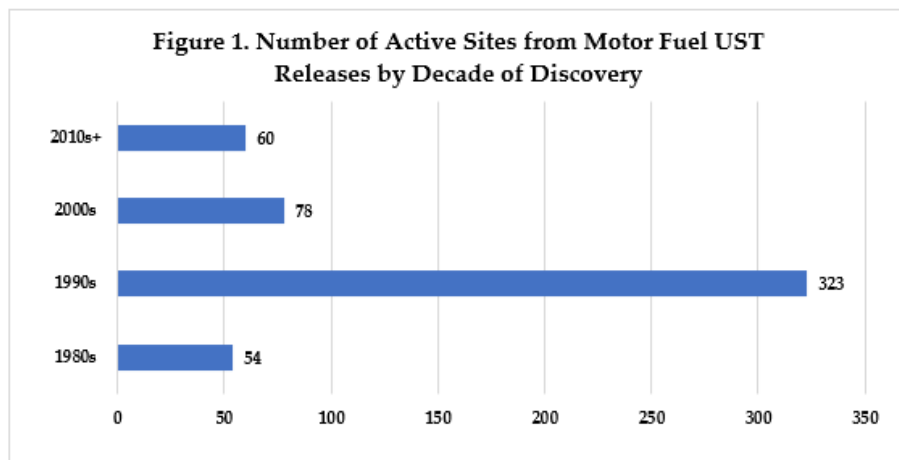
This is the 37th annual report of the [Petroleum Cleanup Fund \(PCF\) Advisory Committee](#) and will provide a review of receipts and disbursements for fiscal year 2024, in accordance with 10 V.S.A. § 1941 and will evaluate the effectiveness of the PCF in meeting its legislative intent. In fiscal year 2024 the PCF continued to be the primary financial responsibility mechanism for Vermont underground storage tank (UST) owners, which is required by state and federal law. The PCF also provided financial resources to remediate petroleum contamination at schools, homes, businesses, farms, churches, public works facilities and in [234 towns throughout Vermont](#). The PCF funds remediation of releases that threaten public health and the environment. Since the inception of the fund, petroleum releases have been discovered at more than 6,000 properties (3,409 of these have PCF payments – [see details](#)) with contamination discovered in drinking water wells, in the indoor air of homes and businesses, seeping into surface water and at dangerous levels in public utility lines. Without the PCF many Vermont businesses, homeowners and public entities would struggle to pay for expensive cleanups. Critical site cleanup work remains at nearly 1,000 properties contaminated by releases from petroleum USTs and aboveground storage tanks (ASTs). The continued success of the PCF depends upon the continued solvency of the fund.

Key Takeaways

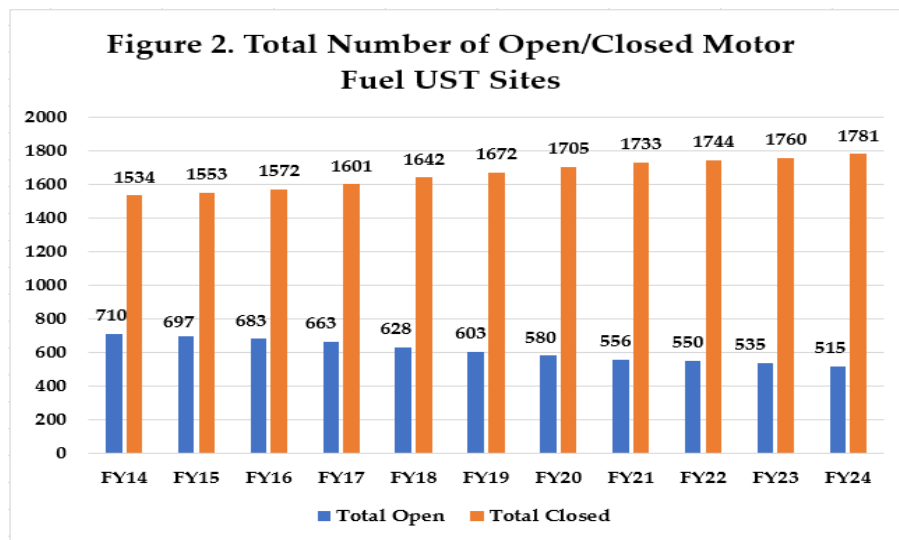
- The PCF is comprised of two accounts: a motor fuel, and a heating oil account. Each maintained a positive balance throughout the year, and the overall fund balance met the required financial assurance requirements for permitted motor fuel UST owners. The PCF's [Fund Balance Report](#) details receipts and disbursements and ending balances. Though the fund has a healthy balance, actuarial studies completed in 2005 and 2016 each found that the fund was “*technically insolvent*” since “*projected liabilities exceeded assets of the fund.*”
- The motor fuel UST site backlog continues to pose a significant risk to fund solvency. However, prevention and cleanup efforts continue to outstrip new releases and over the past decade the total backlog of open contaminated sites has been reduced by 27%.
- New [AST Rules](#) went into effect Aug. 2024 and included changes to inspection requirements that ease pressure on tank owners to address inspection findings in winter. In the seven years since the original inspection requirements went into effect Aug. 2017, releases and cleanup costs are down by 25% and 43% respectively, as compared to the seven preceding years.

Discussion

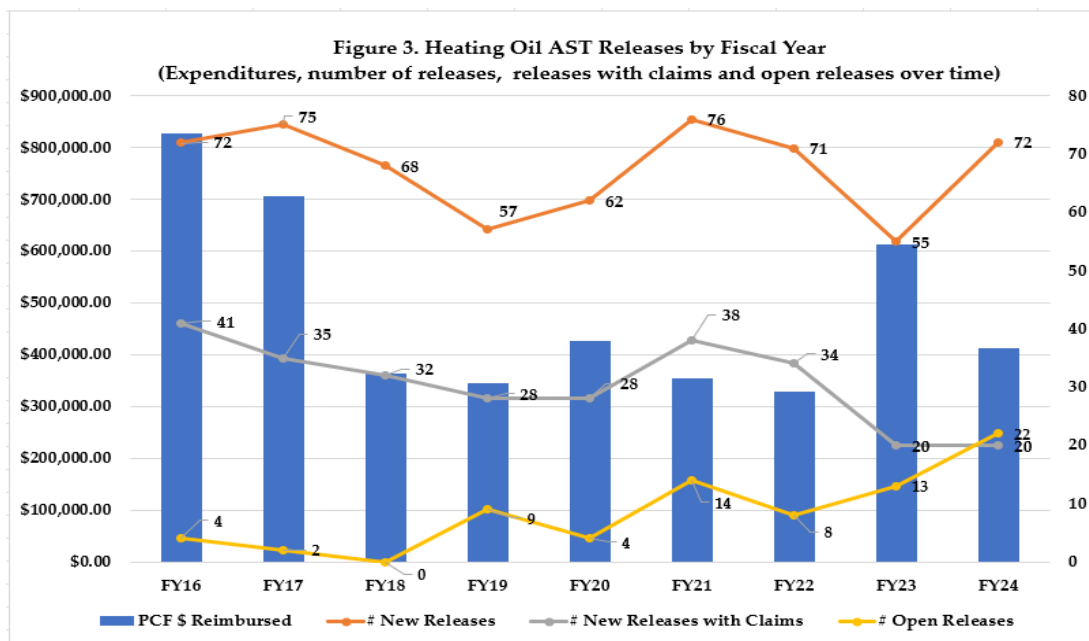
- Motor fuel UST backlog risk to solvency:** The motor fuel account has significant financial risk associated with the backlog of 515 open motor fuel UST sites. As shown in Figure 1, over 73% of these sites are over 20 years old, are from unprotected tanks, and are the most challenging and costly to clean up. The legacy of these sites is that we have an estimated motor fuel tank liability of nearly \$50M based on the 2016 actuarial study. Many of these older sites now require groundwater reclassification and active cleanup under the amended [Groundwater Protection Rule and Strategy](#) that became effective Jul. 6, 2019.



- Motor fuel UST backlog progress:** Leak prevention efforts have considerably slowed new releases from motor fuel USTs, allowing site cleanups to outpace new contaminated sites as shown in Figure 2. As a result, in the past decade, the backlog has been reduced by 195 sites.



- The heating oil account:** After five years of experiencing a positive fiscal year balance, for the second consecutive fiscal year this account experienced a negative balance, though the overall account balance remained positive. For each of the past two years as compared to the past decade’s averages, revenue was down around 20% and expenditure was up around 10%; notably, inflation increased 32% over the past decade. Historically, this account has been unsustainable. The recent successes in lowering cleanup costs appear attributable to increased prevention efforts through both “new” AST regulations requiring inspections and increased tank replacement financial assistance. The [AST Rules](#) were revised in August 2017 in response to [Act 76](#) and require tank inspections every three years and include a delivery prohibition to tanks that are “red-tagged” due to high risk of a fuel release. In fiscal year 2024, 199 reported, red-tagged tanks were repaired or replaced, and over 3,393 since the rules were implemented in 2017; many of these received financial assistance. Figure 3 depicts an overall reduction in cleanup costs beginning in fiscal year 2018. PCF expenditures for response to the Jul. 2023 flood totaled \$888,385 for AST releases, but these costs were backfilled by a larger state flood response fund and were not factored into Figure 3. These costs are also part of a larger comprehensive state claim filed with FEMA.

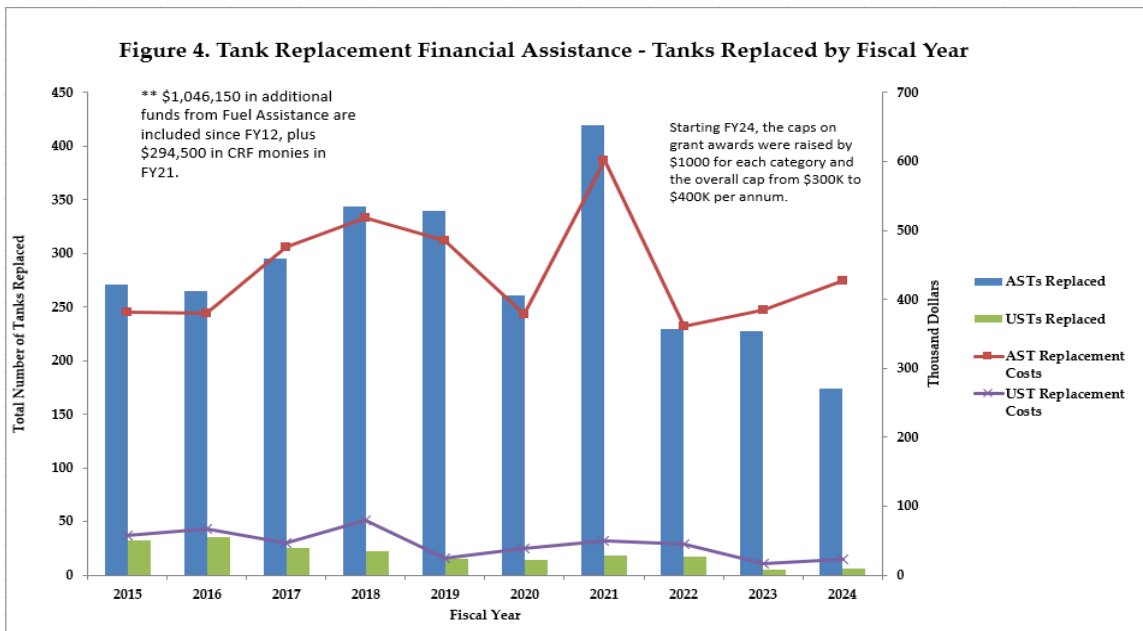


- Tank Financial Assistance:** Providing financial assistance to vulnerable Vermonters is important to reduce risk to human health and the environment from releases and to prevent heating insecurity. Since inception, the PCF assistance program has funded the replacement or upgrade of 4,884 ASTs and removed 769 single-walled home heating oil USTs. Figure 4 shows data from the last decade.

AST Assistance: In fiscal year 2024, the PCF assisted lower income Vermonters by paying \$378,394.68 to replace 161 red-tagged ASTs; 38 awards totaling \$92,365 were unused. In

addition, Federal LIHEAP monies totaling \$72,007 were used to replace 13 red-tagged ASTs; these monies were transferred to ANR from the Vermont Department of Children and Families.

UST Assistance: In fiscal year 2024, the PCF assisted lower income Vermonters by paying \$52,500 to remove 12 heating oil USTs; seven replaced with ASTs, three had existing ASTs, and two had an alternate heat source. Four additional motor fuel UST loans were executed in fiscal year 2024 (three replacements and one upgrade) totaling \$240,540. There are now 32 active UST loans, 2 for heating oil tanks and 29 for motor fuel tanks, with a balance of \$1,381,892.19 on Jul. 31, 2024.



- Motor Fuel Revenue Trends:** Revenue from motor fuel distributor licensing fees in fiscal year 2024 continued to stabilize from lows during the COVID-19 pandemic. Revenue was slightly up (\$17,520) over fiscal year 2023, and up 4.4% (\$147,340) over fiscal year 2021, though still down 8.5% (approximately \$328,000) versus the pre-pandemic norm. We do not anticipate a return to pre-pandemic revenue levels due to reduced motor fuel consumption, primarily from employers adopting liberal telework policies, and to a lesser extent growth in the adoption of hybrids and electric vehicles. As always, revenue remains strongly tied to retail gasoline prices, which in Vermont have remained below the \$4.00 per gallon level that was experienced in fiscal year 2022.
- Recommended Statutory Changes to Chapter 59:** The PCF Advisory Committee has no recommended statutory changes at this time. A housekeeping amendment will be needed once the last of the lined single-walled motor fuel USTs are removed.