

PUBLIC DRAFT

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
OFFICE OF WASTE MANAGEMENT

FISCAL NOTE FOR THE PROPOSED REGULATIONS FOR UNDERGROUND STORAGE FACILITIES USED FOR PETROLEUM PRODUCTS AND HAZARDOUS MATERIALS AMENDMENTS

As stated in the “Notice of Proposed Regulations for Underground Storage Facilities Used for Petroleum Products and Hazardous Materials Amendments and Public Hearing”, the Department of Environmental Management has determined that the proposed regulation has the potential for adverse economic impact on small business and cities and towns of the state. The Department of Environmental Management has prepared this Fiscal Note pursuant to Chapter 22-12-2 of the General Laws of Rhode Island of 1956 as amended.

The potential adverse economic impacts include costs associated with the removal or replacement of all single-wall underground storage tanks used to store motor fuels or hazardous materials by the year 2015 and costs associated with the installation of at least one groundwater monitoring well at UST facilities located within environmentally sensitive areas to detect releases.

Seven municipalities are known to have single-wall tanks that would have to be removed by the proposed regulations by the year 2015. The Department estimates that the average, per-tank cost to remove a single-wall tank will range from \$2,000 to \$8,000 depending on the size and location of the tank and other on-site considerations. Note: These estimated costs do not include cleanup costs that may be associated with the removal of these tanks as these costs vary significantly from site-to-site and are not subject to accurate estimation. The proposed regulations allow for the use of the single-wall tanks until at least the year 2015 or later depending on the age of the tank. In addition, costs ranging from \$15,000 to \$40,000 may also be incurred if the single-wall tanks are replaced with double-walled tanks that are compliant with current regulations. However, municipalities may choose other less expensive alternatives such as above ground tanks or the use of vendors to supply motor fuel.

The potential adverse economic impact for cities and towns will also include the cost to install a minimum of one groundwater monitoring well at those municipal facilities located within environmentally sensitive areas. This impact would affect the same seven municipalities and cost approximately \$2,500 per underground storage tank facility. The installation of the groundwater monitoring wells would be required within six months of the effective date of the proposed regulations.

The purpose of the proposed mandatory removal of single walled underground storage tanks and the installation of groundwater monitoring wells in environmentally sensitive areas is the prevention and early detection of a release of petroleum product or hazardous materials to the environment. The costs associated with remediating such releases can easily impact municipalities and small businesses much more severely than the cost associated with these preventative actions. Although impossible to predict, the potential economic impact from a release can range from tens of thousands to millions of dollars, depending on the severity of the release, geological conditions and land use in the vicinity of the release. It is important to consider these costs when evaluating the true impact of the cost to remove single-wall tanks and install groundwater monitoring wells in accordance with the proposed amendments.

The proposed increase in annual registration fees and associated late fees will have a slight, but not significant impact on small business and will not have economic impact on municipalities, as they are exempt from these fees.