

**State of Rhode Island
Department of Administration
Office of Management and Budget**

Fiscal Note for Proposed Administrative Rules (250-RICR-140-25-1)

Part 1: Rules and Regulations for Underground Storage Facilities Used for Regulated Substances and Hazardous Materials

FISCAL IMPACT					
State Revenues		State Expenditures		City/Town Expenditures	
FY 2026	\$0	FY 2026	\$0 - \$60,000	FY 2026	\$0
FY 2027	\$0	FY 2027	\$0 - \$60,000	FY 2027	\$0
FY 2028	\$0	FY 2028	\$0 - \$60,000	FY 2028	\$0

Summary of Policy Change:

Section 1.9(D)(3): Delete, "USTs or UST systems with a history of non-compliance with this Part may not be considered for lower deductible amounts regardless of any settlements or contracts negotiated with the Department or any payments of administrative penalties to the Department. Registration fees must have been paid on time and in full to be considered for lower deductible amounts."

DEM has not historically offered lower deductible amounts for the Rhode Island Underground Storage Tank Financial Responsibility Act (UST Fund). DEM proposes to remove regulatory language that may exclude certain underground storage tanks (USTs) from potentially qualifying for lower deductible amounts in the future. The current language excludes USTs from being eligible for a lower deductible amount due to compliance-related issues. However, this wording does not consider that USTs may have different owners over time. It is the owners who are responsible for the deductible if they need to access the UST Fund. This policy change would permit DEM to propose eligibility requirements for certain lower deductible amounts – without excluding owners who may be impacted by previous owners' compliance issues.

Summary of State Fiscal Impact:

Currently, the deductible amount that all UST owners/operators are required to meet is \$20,000 in eligible remediation expenses before they can request reimbursement from the UST Fund. If a reduced deductible program implemented in the future, following this regulatory change, applicants may be financially responsible for a deductible as low as \$5,000.

Using data from the last 10 years, it is estimated that the DEM's UST Fund program may receive and accept between zero and four new eligible applicants per year. If these applicants are deemed eligible to enter the Fund, they would be subject to the currently required \$20,000 deductible. If reduced deductible eligibility language is in place, and a new applicant proves to be eligible, they may be subject to a deductible as low as \$5,000. If four claimants are eligible for the lowest deductible amount in one year, the potential fiscal impact may be that State expenditures from the UST Fund would increase by \$60,000 (4 x \$15,000).

Any and all state expenditures would be from the UST Fund, a restricted receipt account funded by the 0.01 cent per gallon fee paid by distributors of motor fuel.

DEM's plan is to adopt reduced deductible eligibility guidelines via guidance document after deletion of the above-cited regulatory provisions removes barriers to eligibility.

City or Town Impact:

No impact.

Reviewed/Approved by CFO: Emily Cahoon Dated: 8/20/25