

# **Annual Report to the North Carolina General Assembly**

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**Status of Leaking Petroleum Underground Storage Tanks**

**State Cleanup Fund**

**Fiscal Year 2025 (July 1, 2024 to June 30, 2025)**

**N.C. Division of Waste Management  
Underground Storage Tank Section**

**November 1, 2025**



**NORTH CAROLINA DEPARTMENT OF ENVIRONMENTAL QUALITY**

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**Governor**

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**Secretary**

**N.C. Department of Environmental Quality**

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## **Executive Summary**

### **North Carolina Leaking Petroleum Underground Storage Tanks Cleanup Fund**

#### **Fiscal Year (FY) 2025**

#### **July 1, 2024 – June 30, 2025**

North Carolina's underground storage tank program is administered by the Division of Waste Management's Underground Storage Tank (UST) Section in the North Carolina Department of Environmental Quality (DEQ). The Section enforces UST regulations and manages funds used to perform cleanups of petroleum UST discharges or releases (UST incidents). The program began in 1988 in response to growing reports of USTs leaking petroleum into soil and groundwater. Funding for the program is provided by the Commercial Leaking Petroleum Underground Storage Tanks Cleanup Fund (Commercial Fund), federal Leaking Underground Storage Tank (LUST) Cleanup Grant, and the federal LUST Prevention Grant.

North Carolina General Statute 143-215.94M(a) states: "The Secretary shall present an annual report to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources that shall include at least the following:

- 1) A list of all discharges or releases of petroleum from underground storage tanks.
- 2) Repealed by Session Laws 2015-241, s. 14.16A(h), effective December 31, 2016.
- 3) A list of all cleanups undertaken by tank owners or operators and the status of these cleanups.
- 4) A statement of receipts and disbursements for the Commercial Fund.
- 5) A statement of all claims against the Commercial Fund, including claims paid, claims denied, pending claims, anticipated claims, and any other obligations.
- 6) The adequacy of the Commercial Fund to carry out the purposes of this Part together with any recommendations as to measures that may be necessary to assure the continued solvency of the Commercial Fund.
- 7) Repealed by Session Laws 2012-200, s. 23, effective August 1, 2012."

The report required by this section shall be made by the Secretary on or before November 1 of each year.

In FY 2024-2025, the UST program achieved closure for 502 commercial regulated UST release incidents and approved clean closure of 1 commercial regulated UST. Reimbursements to responsible parties for FY 2024-2025 totaled \$14,031,105. The state-lead program, which assumes management of incidents for which no viable responsible party exists, accomplished \$710,914,188 in assessment and cleanup actions through its state-led contractors. In addition, the program provided oversight and regulatory review for closure of 225 non-commercial USTs, 34 commercial non-regulated releases, and 107 non-UST petroleum releases.

The Commercial Fund is also used to provide safe alternatives to drinking water wells that have been contaminated by petroleum releases from USTs. In FY 2024-2025, the UST program provided alternative water supplies, including bottled water, point-of-entry filtration systems and waterline extensions, to replace 59 contaminated water supply wells serving 250 residents.

The North Carolina Division of Waste Management (DWM) maintains lists of all known discharges or releases from underground storage tanks, all responsible party (RP) cleanups, and cleanup status updates. These are available at: <https://deq.nc.gov/about/divisions/waste-management/ust/databases>, specifically the Incident Management Database (Regional Underground Storage Tanks). These may be viewed in both Microsoft Access and Microsoft Excel formats. Assistance is available by contacting Carin Kromm or Shawn McKee at (919) 707-8200.

On October 1, 2018, the EPA Office of Underground Storage Tanks (OUST) launched an effort to reduce the national backlog of open, unresolved UST incidents. The OUST set "aspirational" cleanup goals for each EPA region and then evaluated the individual states and assigned federal fiscal year (FFY) goals for individual states. Based upon Region 4's evaluation, North Carolina's federal fiscal year goals were established at 720 total closures for 2108-19, 596 total closures for 2019-20, 500 total closures for 2020-21, 2021-22, 2022-23, 2023-24, and 375 total closures for 2024-25. Upon notification of this goal in 2018, EPA Region 4 and North Carolina's UST Section management group worked jointly to explore means to meet OUST's requests. Region 4 agreed to provide a total of approximately \$763,824 in additional federal grant funding over a three-year period to combine with the \$500,000 of annual state funding allowed for use in evaluating and closing low-risk sites. Subsequently, for FFY 2021-22 and FFY 2022-23 USEPA provided an additional

\$100,000 each year to North Carolina's LUST Cleanup Grant for continuation of this backlog reduction initiative. As of September 30, 2025, North Carolina has exceeded OUST "aspirational" goals, with 766 total closures for the FFY 2018-19, 614 total closures for FFY 2019-20, 516 total closures for FFY 2020-21, 774 total closures for FFY 2021-22, 829 total closures for FFY 2022-23, 587 total closures for FFY 2023-24, and 460 total closures for FFY 2024-25. The additional funding was also used to provide reimbursement associated with long-standing non-directed cleanup claims for sites that were previously subject to the section's funding bar. This initiative will continue through FY 2024-25 using designated state funds.

The UST program has also actively participated in storm recovery efforts for Hurricanes Florence, Michael, Dorian, Isaias, Debbie, and Helene providing pre-storm directions to at-risk UST facilities, post-storm evaluation of damages, and financial assistance for recovery to entities through available state and federal disaster relief funds.

The Department annually reports to the Environmental Review Commission, the Fiscal Research Division, the Senate Appropriations Subcommittee on Natural and Economic Resources, and the House Appropriations Subcommittee on Natural and Economic Resources per N.C. General Statute 143-215.94M.

### **Commercial UST Cleanup Fund Management**

In FY 2024-25, the Division of Waste Management's (DWM) Underground Storage Tank (UST) Section managed reimbursement funds for the cleanup of environmental contamination from petroleum UST releases. The Commercial Cleanup Fund reimbursed the costs of cleanups of petroleum releases from commercial USTs, which are typically regulated gasoline station tanks or heating oil tanks greater than 1,100-gallon capacity. The owners of commercial USTs pay an annual registration fee of \$420 per tank into the Commercial Cleanup Fund and pay statutory deductible amounts toward the costs of assessments and cleanups of petroleum releases.

In FY 2024-25, the UST Section managed the cleanup funds in accordance with the requirements of N.C.G.S 143-215.94E, which directs the N.C. Department of Environmental Quality (DEQ) to give priority to the cleanup of releases in emergency situations, and to those that pose the greatest risks to human health and the environment. The statute also directs DWM to order non-emergency work only if the costs can be reimbursed by the appropriate cleanup fund within 90 days of claim approval. To meet these legislative requirements, the UST Section uses a risk, ranking, and abatement (RRA) scoring system that quantifies the relative risks of all releases, allowing the Section to direct work at the highest risk incidents for which costs can be reimbursed within 90 days. Each month, the UST Section staff reviews balances, expenditures, and obligations of the Commercial Fund, and periodically adjusts the RRA score threshold to direct as much cleanup work as resources will allow. In FY 2021-22, by implementing more intensive oversight and cost control measures, the UST Section was able to lower the RRA score threshold for the Commercial Fund for the first time since FY 2015-16. During FY 2021-22, the Section provided cleanup oversight and funding for all responsible parties who requested activities at all high, intermediate, and low-risk commercial UST incidents.

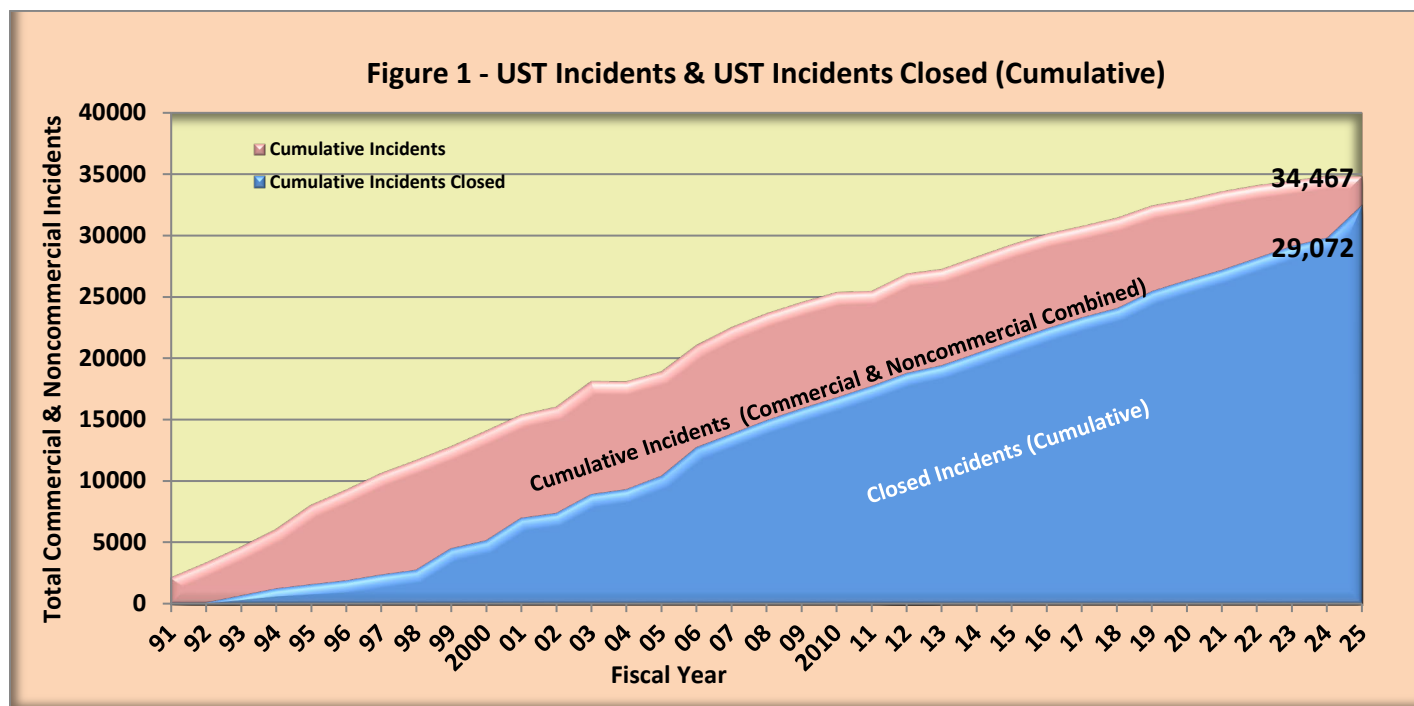
The two tables below summarize historic and FY 2023-24 Commercial Fund activities and accomplishments. In April 2025, the UST Section moved from an Access database to a Microsoft database. Please note all numbers below are queried using Microsoft database.

**Table 1**  
**Summary of Key Statistics since UST Program Inception**

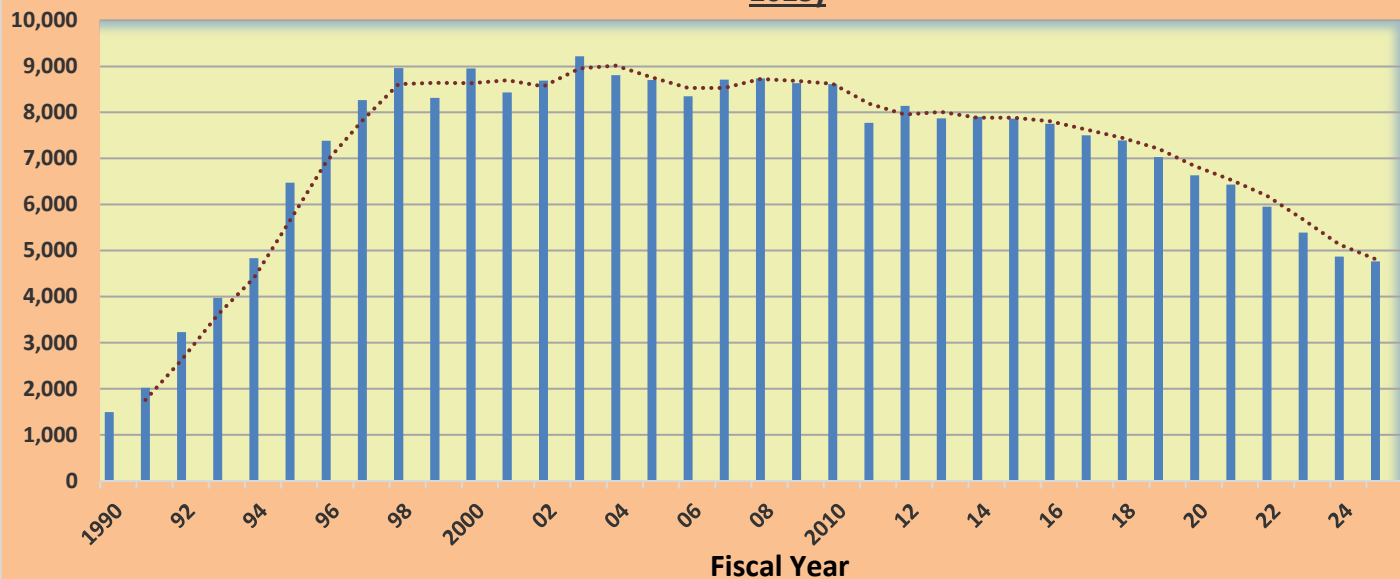
Revenues and Expenditures	(July 1, 1988 to June 30, 2025)	
Commercial Fund Revenues	\$ 978,523,947	
Commercial Fund Expenditures	\$ 867,394,844	
Releases (# of incidents)		
Petroleum UST Releases – Reported		
Commercial	22,273	
Noncommercial	12,301	
Total	34,574	
Petroleum UST Releases - Closed Out		
Commercial	20,329	
Noncommercial	10,313	
Total	30,642	
Other		
Petroleum AST – Reported	Total	7,562
Petroleum AST – Closed Out	Total	5,073
FY 2024-25 Activity (# of incidents)		
Petroleum UST Releases Reported		
Commercial UST	221	
Noncommercial UST	215	
Total	436	
Petroleum UST Releases Closed Out		
Commercial UST	555	
Noncommercial UST	276	
Total	831	
Other		
AST and Non-UST Petroleum (Reported)	241	
AST and Non-UST Petroleum (Closed Out)	107	

Table 2 - UST Releases Since Program Inception (FY 1989 - FY 2025)					
Commercial UST Releases			Noncommercial UST Releases		
Releases Reported	22,273		Releases Reported	12,555	
RP-Lead	20,356		RP-Lead	12,301	
State-Lead	1,917		State-Lead	254	
Cleaned Up to No Further Action	21,151		Cleaned Up to No Further Action	11,280	
RP-Lead	18,771		RP-Lead	10,988	
State-Lead	2,380		State-Lead	292	
Ongoing Cleanups	2,745		Ongoing Cleanups start here	2,022	
RP-Lead	1,762		RP-Lead	2,016	
State-Lead	566		State-Lead	6	
No Action Currently Being Taken	0		No Action Currently Being Taken	1,948	
RP-Lead	0		RP-Lead	1,942	
State-Lead	0		State-Lead	6	

Figures 1 and 2 below present a graphical representation of historic Commercial and Noncommercial cleanup activities and progress.



**Figure 2 - Total Open Commercial and Noncommercial UST Incidents Fiscal Years (1989-2025)**



#### ***Unfunded Noncommercial Release Response***

Session Law 2015-241 directed the phase-out of the Noncommercial UST reimbursement program to end on Dec. 31, 2016, and limited eligibility for the remaining funds to only those releases reported prior to Oct. 1, 2015. It further modified the necessary response to noncommercial UST releases based on DEQ risk determination. Initial Abatement Requirements were eliminated, and all actions at eligible sites were required to be re-authorized to ensure compliance with the new law. Session Law 2017-57 required the Environmental Management Commission (EMC) to adopt temporary rules to implement Section 14.16B of Session Law 2015-241 by Oct. 1, 2017. The necessary changes to 15A NCAC 02L Section .0400 were submitted by the DEQ and reviewed by the EMC for approval on Sept. 29, 2017. No further cleanup of noncommercial releases was required for low-risk sites or reimbursed for any sites.

However, UST Section staff are still required to review and oversee responsible party actions at all reported noncommercial incidents to ensure proper closure and documentation. Two hundred fifteen (215) new noncommercial UST incidents were reported during FY 2024-25. During Fiscal Year 2024-2025, two hundred seventy-six (276) incidents were closed, which included 251 Responsible Party lead incidents and 25 State Lead incidents.

In addition, UST Section staff were required to respond to two hundred forty-one (241) releases from aboveground petroleum storage tanks (ASTs), roadside spills, and other spills greater than 25 gallons. One hundred seven (107) incidents were closed. Regional staff are responsible for issuing permits and conducting inspections of eighteen soil remediation facilities. These activities are unfunded through current mechanisms and result in the diversion of approximately 25 percent or 10.5 full-time equivalents of regional office staffing resources to manage non-commercial and non-UST releases. During FY2022 – 2024, the NC Legislature added two full-time equivalent positions to help manage the noncommercial UST and the non-UST releases, one full-time position to manage the permitted soil remediation facilities across the state and two full-time positions to work on emerging contaminants such as PFAS.

#### ***Colonial Pipeline (CP) Release***

In addition to the non-UST incidents above, during FY 2023-24 the UST Section has overseen the assessment and initial cleanup response for a 2,000,000+ gallon gasoline release from the Colonial Pipeline site, located north of Huntersville, NC. Originally seven (7) UST managers and staff were actively involved in the oversight and evaluation of the cleanup on a routine, weekly basis from when the release was reported in August 2020 through September 2024. Since then, oversight operations have been managed primarily by the regional staff. UST Section staff have devoted 4,800+ hours to this release. The cleanup process will



continue until any remaining soils and groundwater contamination achieves North Carolina groundwater standards and soil remediation goals. Full cleanup is expected to last 10+ years.

### **Commercial Fund Status**

On June 30, 2025, the unobligated Commercial Fund balance was \$84,898,123 – a decrease of \$2,147,834 from the FY 2023-24 unobligated end-of-year balance. Estimated Commercial Fund obligations as of June 30, 2025, are \$30,571,546 including state-lead cleanup contracts managed by the UST Section.

Beginning in late FY 2013-14 and continuing through FY 2024-25, the UST Section undertook an intensive re-evaluation of its risk-based closure process and instituted a more rigorous review of pre-approvals for site work. Concurrently, UST Section staff implemented an administrative review of all pending task authorizations regarding statute of limitations requirements. Implementation of these measures reversed the \$4.6M per year average decline in Fund balance experienced between FY 2010-11 and FY 2015-16. Both cost-control measures remain ongoing, and the Commercial Fund is now able to direct work on all high- and intermediate-risk incidents.

Availability of funding is still subject to a site's risk score, and the inability to reimburse work on all releases, regardless of risk ranking, has both short-term and long-term impacts. In the near term, the lack of funding means that owners of those properties may find it difficult to move forward with property transactions. In the long-term, conditions (i.e. residential/commercial development, new water supply wells) around a lower-risk release may change with time and result in an increase in the threat to public health. As of June 30, 2021, and based upon the increasing fund balance and solvency, the UST Section has taken an aggressive approach toward directing and re-initiating cleanup of all sites.

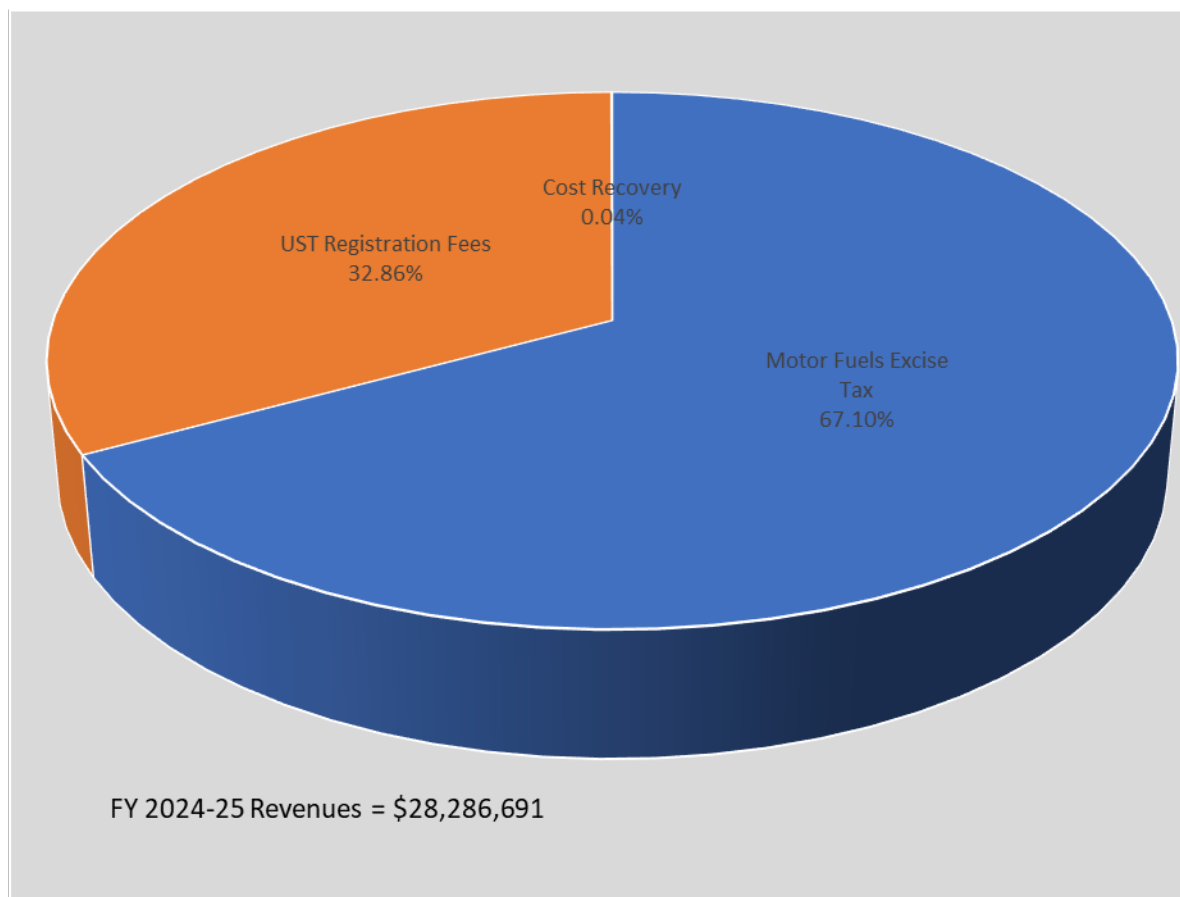
**Table 3**  
**FY 2023 Commercial Fund Activity**  
(July 1, 2023 - June 30, 2025)

	Amount	Totals
<b>Fund Balance on 7/1/24</b>	\$112,135,764	<b>\$112,135,764</b>
<b>Revenues (7/1/24 – 6/30/25)</b>		<b>28,286,691</b>
Motor Fuel & Gasoline Excise Tax	\$18,980,347	
UST Operating Fees	\$9,295,444	
State Lead Cost Recovery	\$10,900	
Interest	\$ 0	
Prior Year Refunds	\$ 0	
Transfer - Bernard Allen Trust Fund	\$ 0	
<b>Expenditures</b>		<b>24,952,785</b>
Reimbursements	\$14,031,105	
State-Lead Contracting and Laboratory	10,914,188	
Program Administration	0	
Utility/Energy	7,492	
<b>Transfers from Fund</b>		
Transfer to Federal LUST Program (cost recovery)	\$ 0	
<b>Fund Cash Balance on 6/30/2025</b>		<b>\$115,469,668</b>
<b>Estimated Obligations<sup>1</sup></b>		<b>\$30,571,546</b>
RP-lead and State-lead pre-approved/authorized cleanup	\$4,373,528	
Claims under review and pending reimbursement	\$384,871	
Pre-approved non-directed actions <sup>2</sup>	0	
Pending State Lead Contracts	\$20,000,000	
Program Administration	\$5,813,147	
<b>Estimated Unobligated Balance 06/30/2025</b>		<b>\$84,898,123</b>

1. Estimated obligations include estimates of non-reimbursed costs for tasks not requiring pre-approval that were incurred prior to implementation of Session Law 2004-124; outstanding non-reimbursed costs for pre-approved directed tasks; requested reimbursement costs for claims under review; approved costs for claims awaiting reimbursement; non-reimbursed costs for approved non-directed tasks; and any remaining program expense.

2. All work is being directed. Non-Directed claims awaiting payment have all been paid.

**Figure 3**  
**Commercial Fund Revenue Sources – FY 2024-2025**



**Table 4**  
**Claims Processed for the Commercial Cleanup Fund**  
**July 1, 1989 – June 30, 2025**

Claim Action	Number
Claims Paid	55,619
Incidents Denied Totally <sup>1</sup>	52
Claims Denied Partially <sup>2</sup>	20,001
Claims Pending	16
Contracted Cleanups <sup>3</sup>	2978

1 Ineligible (operating fees not paid; release discovery pre-dates program)  
2 Claims contain excessive or undocumented costs  
3 State lead actions initiated

Table 5, on page 11, summarizes receipts and expenditures from the Commercial Cleanup Fund since it was authorized by the North Carolina General Assembly.

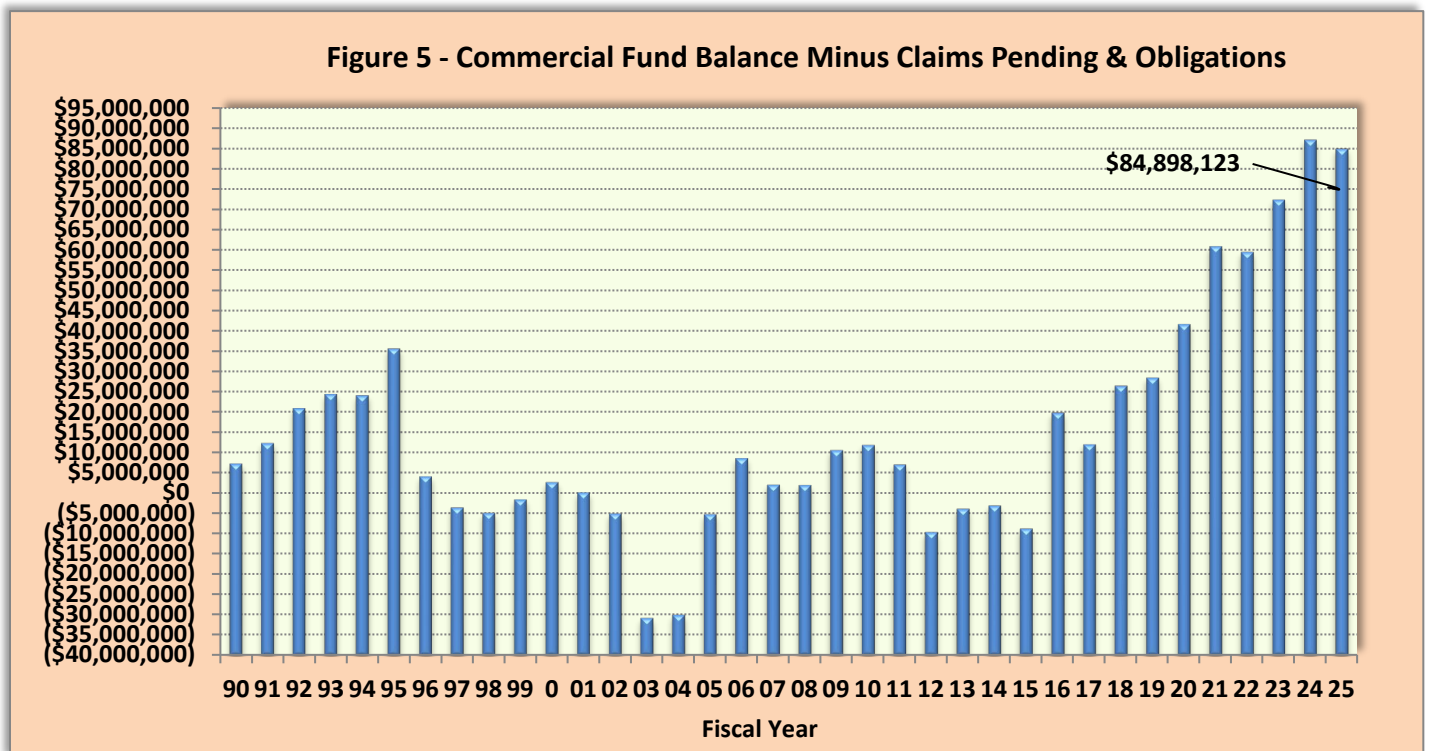
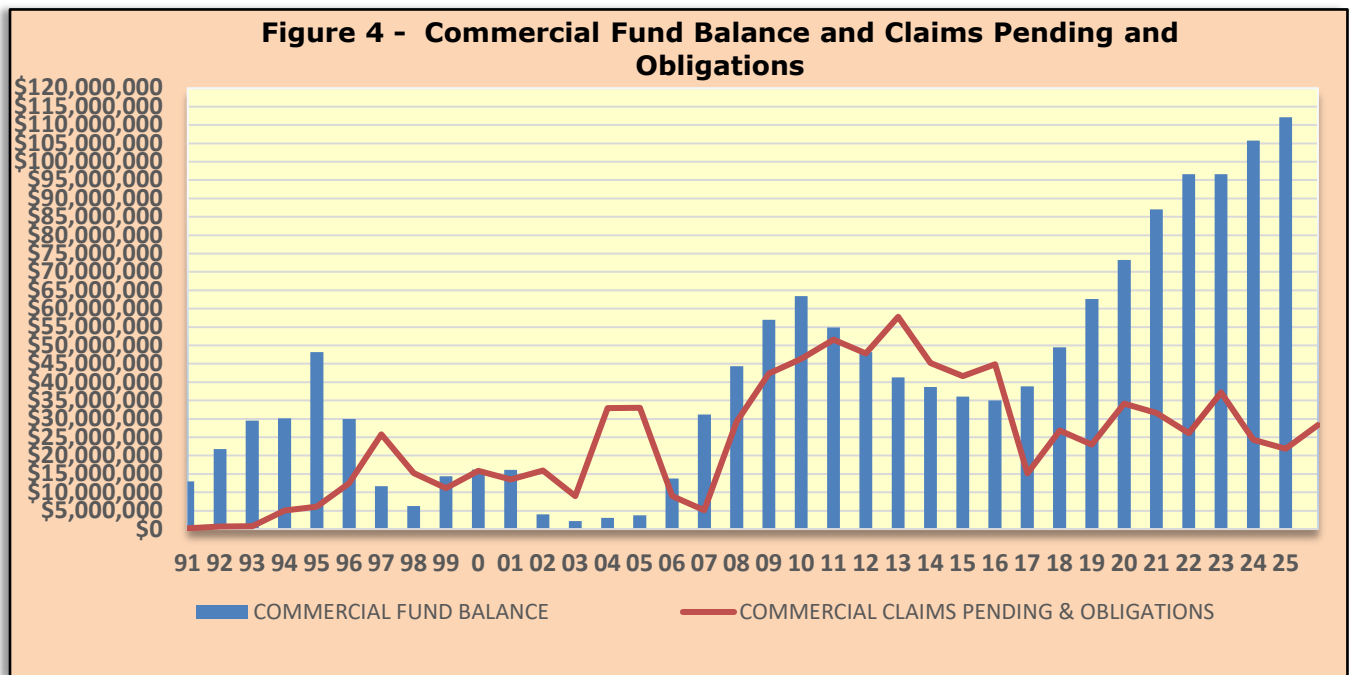
**Table 5**  
**Receipts, Disbursements and Program Expenses for the Commercial Fund**  
**July 1, 1989 - June 30, 2025**

<b>Fiscal Year</b>	<b>Receipts</b>	<b>Disbursements<sup>1</sup></b>	<b>Legislatively Allowed Program Expenses</b>
FY 1989	\$ 2,337,685	\$ 14,768	
FY 1990	5,773,632	79,080	\$ 201,255
FY 1991	7,330,573	1,616,760	547,595
FY 1992	13,484,008	4,409,229	517,221
FY 1993	18,032,784	9,651,948	601,687
FY 1994	24,438,966	22,904,802	694,424
FY 1995	56,037,135 <sup>2</sup>	37,405,510	666,270
FY 1996	28,178,768	44,060,639	2,322,632
FY 1997	28,564,034	44,163,273	2,623,339
FY 1998	27,291,220	30,267,392	2,530,036
FY 1999	26,783,344	16,104,152	2,567,668
FY 2000	27,178,623	22,820,069 <sup>3</sup>	2,579,540
FY 2001	27,240,303	24,566,132 <sup>4</sup>	2,730,236
FY 2002	27,124,210	36,872,426	2,397,264
FY 2003	27,055,759	26,498,565	2,221,851
FY 2004	26,934,685	23,514,179 <sup>5</sup>	2,527,451
FY 2005	50,255,908 <sup>7</sup>	46,966,083 <sup>6</sup>	2,654,447
FY 2006	28,143,119	15,474,991 <sup>8</sup>	2,636,228
FY 2007	27,564,837	7,372,403 <sup>9</sup>	2,725,418
FY 2008	27,458,790	11,511,344 <sup>10</sup>	2,859,460
FY 2009	31,026,131	15,007,590 <sup>11</sup>	3,380,143
FY 2010	27,969,400	17,760,225 <sup>12</sup>	3,703,143
FY 2011	26,951,504	31,697,736 <sup>13</sup>	3,859,161
FY 2012	26,311,956	29,132,749 <sup>14</sup>	3,881,825
FY 2013	26,316,112	29,187,009 <sup>14</sup>	3,960,943
FY 2014	28,222,762	27,091,769 <sup>14</sup>	3,806,616
FY 2015	27,049,782	25,607,888 <sup>14</sup>	3,890,089
FY 2016	26,496,737	23,616,208 <sup>14</sup>	3,985,706
FY 2017	27,634,152	20,071,855 <sup>14,15</sup>	3,721,009
FY 2018	27,831,100	13,150,486 <sup>14</sup>	4,018,302
FY 2019	28,153,471	10,900,081	4,115,612
FY 2020	26,369,306	11,218,634	4,495,477
FY 2021	27,956,046	14,258,061	4,449,648
FY 2022	28,045,364	18,453,178	4,038,272
FY 2023	28,461,915	19,252,349	4,183,979
FY 2024	28,233,135	21,880,800	4,459,649
FY 2025	28,286,691	24,952,785	5,813,147
<b>TOTAL</b>	<b>\$ 978,512,947</b>	<b>\$ 779,513,148</b>	<b>\$ 106,366,743</b>

1. Does not include program expenses.
2. Commercial receipts for FY 1994-1995 included \$31,288,889 that was transferred from the Groundwater Protection Loan Fund.
3. Adjustment due to a transfer from the Commercial Fund to the Federal Trust Fund of \$288,117 as a clean-up expenditure rather than as a program expense.
4. Includes \$33,866 transferred to the Federal Trust Fund for clean-up expenditure.
5. Includes transfer of \$2,036,932 from Commercial to Noncommercial Trust Funds per GS 119.18(b); transfer of \$90,000 to N.C. Department of Agriculture and Consumer Services; and transfer of \$452,722 to the Federal Trust Fund for clean-up expenditure.
6. Includes transfer of \$43,150,730 from Commercial to Noncommercial Trust Fund per GS 119.18(b). Transfer from N.C. Department of Agriculture and Consumer Services of \$38,702 to Federal Trust Fund.
7. Includes additional revenue from the 1-year 1.1 cent per gallon excise tax or \$19 million to the Trust Fund.
8. Includes \$1,922,601 transfer to Noncommercial Fund, \$90,000 transfer to N.C. Department of Agriculture and Consumer Services, and \$30,016 transfer to repay Federal Trust Fund for State Lead program expenses.
9. Includes transfer to Noncommercial Fund of \$598,935 and disbursement from the Commercial Fund to the N.C. Department of Agriculture and Consumer Services (\$90,000) and Federal LUST Grant (\$108,904).

10. Includes transfer to Noncommercial Fund of \$1,381,848, and disbursement from the Commercial Fund to the N.C. Department of Agriculture and Consumer Services (\$90,000), and Federal LUST Grant (\$53,752).
11. Includes transfer to Noncommercial Fund of \$1,004,895, and disbursement from the Commercial Fund to the N.C. Department of Agriculture and Consumer Services (\$90,000).
12. Includes disbursement to N.C. Department of Agriculture and Consumer Services of \$90,000.
13. Includes disbursements to N.C. Department of Agriculture and Consumer Services (\$90,000) and legislatively mandated transfer of interest (\$614,239.29).
14. Includes disbursements to N.C. Department of Agriculture and Consumer Services (\$90,000).
15. Includes transfer of \$1,153,783 to close out the Noncommercial Fund.

Historical Commercial Cleanup Fund balances and obligations are presented graphically in Figures 4 and 5.



### ***Backlog Reduction Initiative***

On October 1, 2018, the EPA Office of Underground Storage Tanks (OUST) launched an effort to reduce the national backlog of open, unresolved UST incidents. The OUST set “aspirational” cleanup goals for each EPA region and then evaluated the individual states and assigned federal fiscal year (FFY) goals for individual states. Based upon Region 4’s evaluation, North Carolina’s federal fiscal year goals were established at 720 total closures for 2108-19, 596 total closures for 2019-20, 500 total closures for 2020-21, 2021-22, 2022-23, 2023-24, and 375 total closures for 2024-25. Upon notification of this goal in 2018, Region 4 and North Carolina’s UST Section management group worked jointly to explore means to meet OUST’s requests. Region 4 agreed to provide a total of approximately \$763,824 in additional federal grant funding over a three-year period to combine with the \$500,000 of annual state funding allowed for use in evaluating and closing low- risk sites. Subsequently, FFY 2021-22 and FFY 2022-23 USEPA provided an additional \$100,000 each year to North Carolina’s LUST Cleanup Grant for continuation of this backlog reduction initiative.

As of September 30, 2025, North Carolina has exceeded OUST “aspirational” goals, with 766 total closures for the FFY 2018-19, 614 total closures for FFY 2019-20, 516 total closures for FFY 2020-21, 774 total closures for FFY 2021-22, 829 total closures for FFY 2022-23, 587 total closures for FFY 2023-24, and 460 total closures for FFY 2024-25. The additional funding was also used to provide reimbursement associated with long-standing non-directed cleanup claims for sites that were previously subject to the section’s funding bar. This initiative will continue through FY 2024-25 using designated state funds.

### ***Estimated Costs of Clean-Up***

Under new EPA criteria, DEQ can estimate the maximum potential liabilities for cleaning up all known commercial UST releases by multiplying the median cost to the Fund per release (\$132,572) for FY 2014 – FY 2020 by the number of currently known commercial releases with ongoing cleanup (2,327). The result is a total estimated future obligation of approximately \$308.5 million – an amount that includes nearly \$30.6 million obligated for cleanups already underway.

With a present unobligated balance of approximately \$84.9 million, the Fund will need an additional \$193 million to clean up all currently known commercial UST releases. This estimate does not account for the costs of cleaning up releases not yet reported (future releases). The number of reported new releases has decreased in recent years, due to increased inspection and prevention measures implemented in 2008. For FY 2010-11 through FY 2024-25, an average of 263 new, fund-eligible commercial UST releases per year were discovered and reported. This trend suggests an additional \$34.8 million per year will potentially be added to overall obligations.

Despite implementation of the more rigorous oversight and cost control measures, at current revenue levels (\$27.7 million per year on as a 10-year average), it will take the Fund approximately 7 years to generate the receipts necessary to pay existing projected obligations. And, given these projected obligations, in the absence of additional funding or changes in funding mechanisms the long-term viability of the Commercial Fund as North Carolina’s primary financial responsibility mechanism, as currently structured, continues to remain uncertain.

**FY 2024-2025**  
**Petroleum Underground Storage Tank Cleanup Funds Recommendations**

1. Continue the successful backlog reduction initiative with the addition of an aggressive approach toward directing and re-initiating cleanup of marginally low/intermediate-risk sites during FY 2025-26 to further reduce the cleanup backlog.
2. We are requesting additional funding and staff to address required oversight for releases from ASTs, noncommercial (home heating oil) USTs, roadside incidents, and other non-UST petroleum releases.

With the addition of two full-time equivalent positions during FY 2022-23, one employee dedicated to noncommercial (home heating oil) releases and one employee dedicated to AST, roadside incidents, and other non-UST petroleum releases:

- Staff were able to keep up with new noncommercial releases (204) and close (243) RP lead noncommercial releases.
  - Staff were able to keep up with the number of new non-UST releases (275) when compared to the number of releases that were closed (418).
  - Noncommercial Releases:
    - There are 2,077 open noncommercial releases.
    - Current staff commitments allowed for a backlog reduction of only thirty-nine noncommercial sites in FY 2023-2024.
    - The Section would be more effective in reducing this backlog of noncommercial releases if one additional staff position were added in each of NCDEQ's seven regional offices.
  - AST, roadside incidents, and other non-UST releases:
    - With the addition of one full-time equivalent position dedicated to non-UST releases, we were able to keep up with new releases and begin reducing our backlog by 143 sites. At this rate it will take us 15.5 years to address our backlog.
    - Adding one staff position to each of the seven regional offices to address the non-UST releases would lead us to address and get caught up with our backlog. It would also allow regional staff to go out to the releases to address cleanup requirements with the environmental contractors hired by the Responsible Parties. Not all environmental contractors understand NC regulations which leads to incomplete sampling and/or reporting requirements.
3. Re-evaluate all high-risk incidents during FY 2025-26 and aggressively pursue cleanups to the extent allowed by funding availability.
  4. Re-evaluate the Reasonable Rate Document to increase rate with current economic conditions.
  5. Re-evaluate and update the existing Memorandums of Agreement with the Eastern Band of Cherokee Indians and Guilford County.
  6. Provide additional funding and equipment for emergency response actions (i.e. storms, floods, or releases from unknown sources) and for disaster resiliency activities to identify and mitigate at-risk facilities.
  7. Expand on the State-Lead and Abandoned Tanks Program framework to integrate environmental justice criteria in the UST risk-based closure process.
  8. Continue successful, ongoing cost control measures:
    - a. Evaluation and implementation of better, more systematic ways to apply risk-based closure criteria to incidents.
    - b. Continuation of the intensive review process for pre-approvals for requested site work.
    - c. Continuation of intensive corrective action plan review with consensus of the selected method and technology by all stakeholders required prior to implementation.
  9. Continue the successful programs previously implemented to reduce releases by maintaining a facility compliance inspection frequency of at least once every three years for USTs in North Carolina.
  10. Continue the successful programs previously implemented to prevent and minimize releases by providing release

prevention and detection training to UST owners and operators.

11. Investigate possible revenue enhancement mechanisms to enable the Commercial Fund to better meet projected future obligations including:
  - a. an increase in the motor fuels excise tax contribution to one cent per gallon, or;
  - b. consider long-term transition from the Commercial Fund as the primary mechanism for owners of regulated USTs to meet federal financial responsibility requirements. In place of, or in conjunction with, a state-subsidized fund, owners and operators of newly installed, replaced or upgraded, regulated commercial UST systems could be required to use other financial responsibility mechanisms, such as private insurance, bonding, letters of credit, or self-insurance.