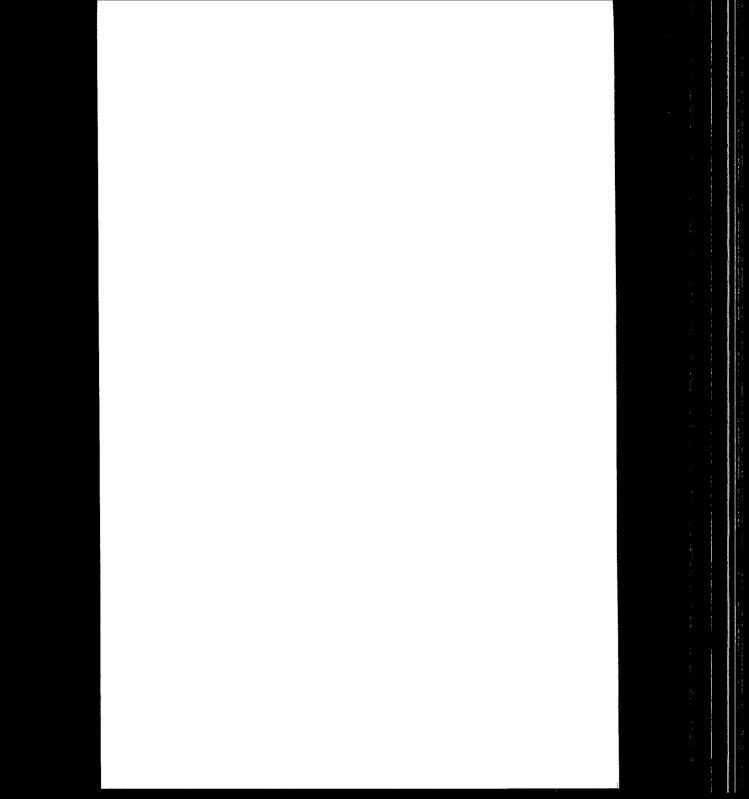


United States Environmental Protection Agency 5403W Washington, DC 20460

Official Business
 Penalty for Private Use
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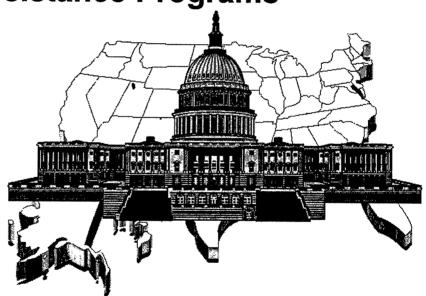


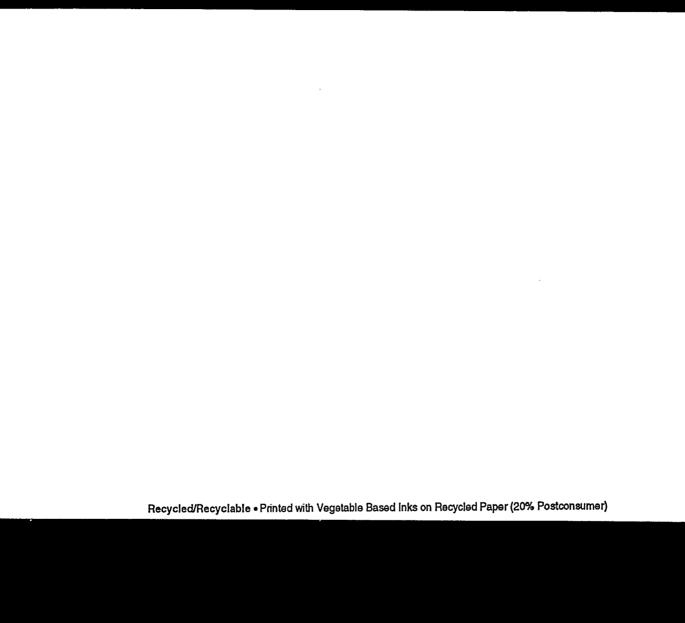
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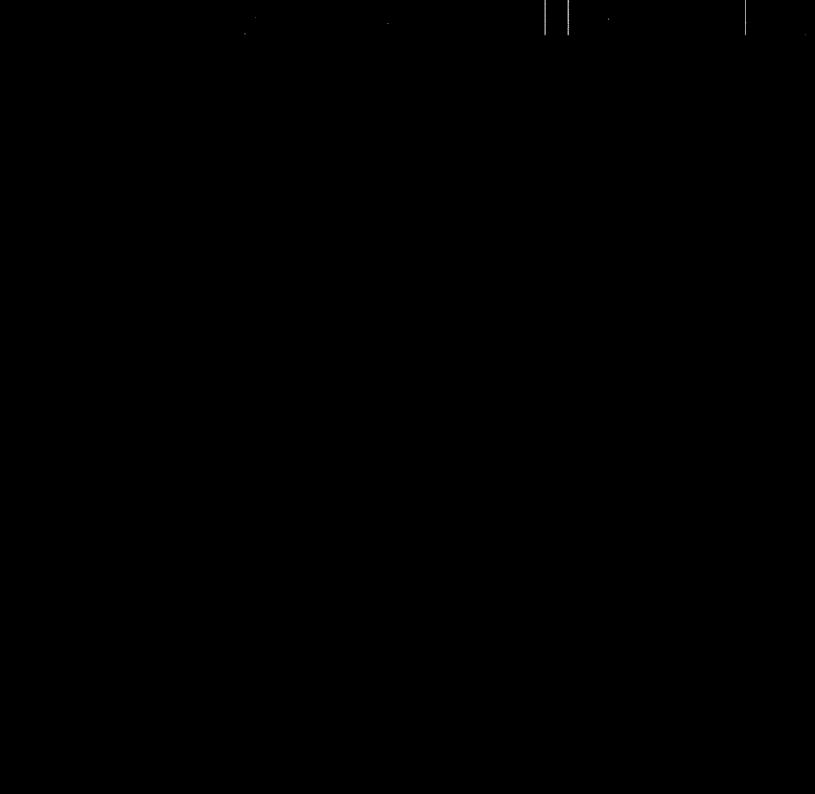
Solid Waste And Emergency Response 5403W EPA 510-B-95-010 September 1995

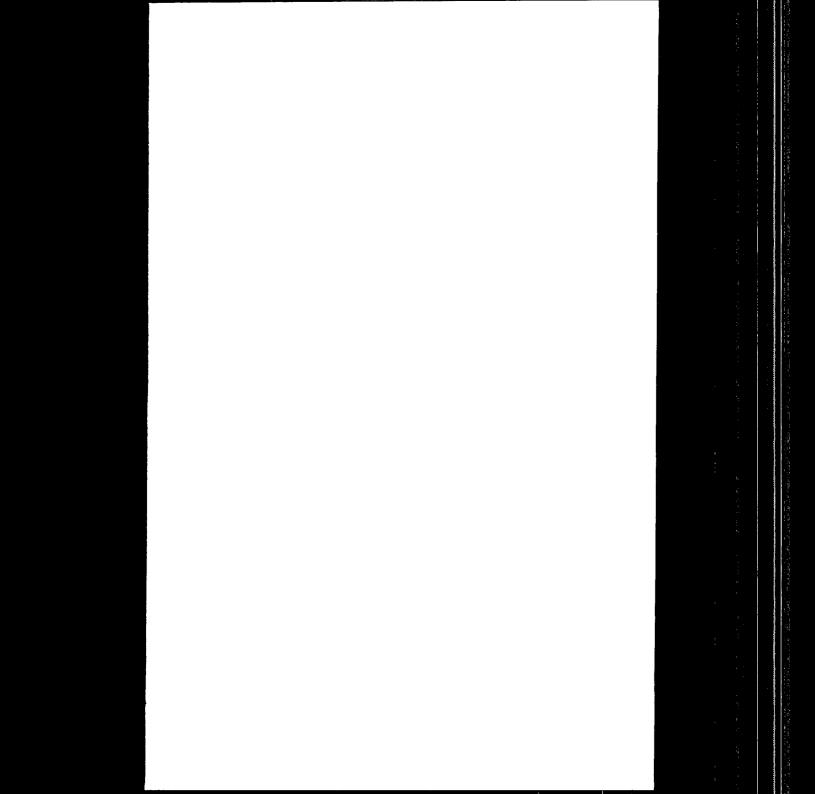


# Financing Underground Storage Tank Work: Federal And State Assistance Programs









# Introduction



By December 22, 1998, owners and operators of underground storage tanks (USTs) that contain petroleum must either upgrade

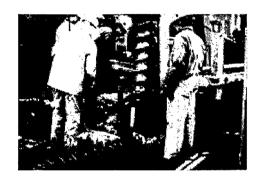
their existing tanks by adding corrosion protection and spill and overfill prevention devices; replace existing tanks with new tanks that meet all federal requirements; or properly close them. In addition, owners and operators may be required to clean up contamination resulting from petroleum releases at their UST sites. Upgrading an existing tank, purchasing a new one, or conducting a cleanup can be a major financial burden, especially for small and disadvantaged businesses.

Many businesses have experienced difficulty obtaining loans and grants to finance these expenditures. Indian owners and operators whose businesses are located on federal reservations may be at a particular economic disadvantage, because they may be unable to access state funds available exclusively to state residents.

The U.S. Environmental Protection Agency's Office of Underground Storage Tanks has prepared this booklet to help you and other UST owners and operators locate potential sources of financial assistance to cover the costs of upgrading, replacing, or closing an UST, or of cleaning up an UST release. This booklet describes 11. federal financial assistance programs which, while not designed specifically for UST work, do provide funding that owners and operators may be able to use for these activities. It also provides addresses and telephone numbers for potential sources of financial assistance in 14 states.

In addition, this booklet provides information on four federal programs that are available only to Indian tribes and/or individuals on reservations. These programs may assist Indian UST owners and operators in obtaining funding that might not be available from other sources. Three of these programs are administered by the Bureau of Indian Affairs, and one is administered by the Administration for Native Americans.

Information in this booklet is current as of the date of publication. However, funding for these programs is subject to change. You are urged to contact these programs directly to determine whether funding is still available.



# **Types of Assistance**



As an UST owner or operator, you may be able to obtain financial assistance from three types of federal or state programs: *direct loans, loan guarantees,* and *grants*. Some states also offer *interest subsidies*. Each of these types of programs is described below.

# **Direct Loans**

Some state governments and federal agencies may issue loans directly to eligible owners or operators. These funds come from a loan fund. A program will generally assess your credit risk before providing you with one of these loans. Alternatively, some programs contract with private lenders or other institutions to conduct credit analyses and administer the state loan programs. A state or federal agency may lend you money at the market interest rate,

which is the same interest rate at which governments borrow money (usually below the prevailing rates for private borrowers), at a lower interest rate, or without interest. State and federal programs often allow you a longer period to repay the loan than do private lenders.

# **Loan Guarantees**

Loan guarantees allow you to obtain loans from private lenders such as banks or insurance agencies if you have backing or some kind of "guarantee" from another organization. If you receive a loan guarantee, the guarantor (usually a federal agency or state) will commit to repay your loan if you are unable to do so. This arrangement increases your chances of obtaining a loan from a private lender because the lender can be assured of repayment.

# **Grants**

Under a grant, a state or federal agency provides you with money that you are not required to pay back. Agencies usually award grants for very specific, low-cost activities (such as tank tightness tests, release detection, cathodic protection, and spill and overfill prevention). Because they will not recoup grant money, however, federal agencies offer more loans or loan guarantees than grants.

Some states will offer you partial funding in the form of matching grants. Under a matching grant agreement, you pay a portion of the costs, and the state pays the remainder.

# **Interest Subsidies**

Under an interest subsidy, your state government reduces your total cost of a commercial or private loan by waiving or reducing your interest payments on that loan. Interest subsidies may be structured in several ways, where the state pays:

- ♦ A fixed number of points of the interest rate being charged to the owner or operator (for example, the state pays two percent interest on the loan, and you pay the remainder, regardless of the terms of the loan).
- ◆ Any interest payments in excess of a specified interest rate (for example, you pay five percent and the state pays the remainder).
- ◆ A fixed proportion of the total interest payments (for example, 25 percent of all interest payments) and you pay the remainder.

# Federal Financial Assistance Programs



The following section provides information on financial assistance programs offered by five federal agencies -- Bureau of Indian Affairs, Administration for Native Americans, the Small Business Administration, Rural Development Administration, and Economic Development Administration -- that may be used for UST upgrades, replacements, or cleanups. Assistance offered by the Bureau of Indian Affairs and the Administration for Native Americans is generally available only to Native Americans and Indian tribes.

For each agency, a description of the eligibility criteria and restrictions for each program it offers is provided. A list of regional agency contacts follows each description. You should contact the appropriate

regional representative to determine

whether your UST needs would be eligible for funding under that agency's programs. It is important to note that funding through these programs is not guaranteed. Financing for many of the federal assistance programs may be in flux, so you are advised to contact each agency for the most current information.

The map on the right identifies regional office locations for these five federal agencies.



# **Bureau of Indian Affairs**



# Indian Loan Fund and Loan Guarantee Program

The Bureau of Indian Affairs (BIA) within the Department of the Interior administers the Indian Loan Fund and Loan

Guarantee Program. BIA loans and guarantees may be used for business, industry, agriculture, rehabilitation, housing, and education, or for activities that benefit the economy of a reservation.

# **Eligibility Criteria**

- ♦ You must be a federally recognized Indian tribe or Alaska Native group; a member of a tribe or group; or an Indian-owned corporation, partnership, or cooperative association.
- ◆ The loans must be used to finance projects undertaken by for-profit businesses and enterprises that will contribute to the economy of a reservation.
- ♦ You must demonstrate that you were unable to obtain financing on reasonable terms and conditions from other sources. You must also attempt to use the Indian Loan Guarantee Fund before applying for direct loans.

- ✔ Direct loans
- ✓ Loan guarantees

- ◆ For direct loans, an individual may receive loans of up to \$350,000; there is no loan limit for tribes and tribal organizations.
- ◆ For loan guarantees, BIA will guarantee up to 80 percent of the loan amount. The maximum guarantee is \$500,000 for individuals, but there is no maximum guarantee for tribes and tribal organizations.
- ◆ You must provide a minimum of 20 percent of project funding as owner equity, either in the form of cash or unencumbered assets.
- ♦ You must demonstrate reasonable prospects of repayment and must provide full collateral for the loan.
- ◆ Interest rates are determined by the Secretary of Treasury on a monthly basis. The interest rate at the time of approval will remain the same for the term of the loan.

# **Indian Business Development Grant Program**

# Assistance Available:

✔ Grants

The Bureau of Indian Affairs (BIA) administers an Indian Business Development Grant Program. You may use these grants to purchase, establish, or expand a profit-making business, or for construction. Your business must be on or near a federal Indian reservation and must attract other private businesses and foster economic development on the reservation.

# **Eligibility Criteria**

- ◆ You must be a federally recognized Indian tribe or Alaska Native group; a member of a tribe or group; or an Indian-owned corporation, partnership, or cooperative association.
- ◆ You must demonstrate how your project would make a positive economic contribution to a reservation.
- Priority is given to businesses that are located on reservations; utilize Indian resources; create the highest ratio of Indian jobs to total investment; create the highest ratio of income to total investment; and are personally managed by the individual or tribe that receives the grant.

- ◆ The maximum grant is \$100,000 for individuals and \$250,000 for tribes.
- ♦ Grants are intended to establish and increase profit-making business ventures on reservations.
- ◆ You must demonstrate that you were unable to obtain financing on reasonable terms from another source.

◆ Grants are made for a portion of the project funding not to exceed 25 percent; you must obtain funding for the remainder (minimum of 75 percent) of the total project cost from sources other than yourself, BIA's Indian Loan Fund, or Indian Loan Guarantee Fund.

For more information on the Indian Loan Fund, the Indian Loan Guarantee Program, or the Indian Business Development Grant Program, contact your nearest BIA Regional Office.



## **BIA Headquarters:**

Jerry Fulsom Office of Economic Development Bureau of Indian Affairs 1849 C Street, NW Washington, DC 20240 (202) 208-5324

## **BIA Regional Offices:**

Aberdeen Area:	(605) 226-7381	Muskogee Area:	(918) 687-2377
Albuquerque Area:	(505) 766-3155	Navajo Area:	(602) 871-5151
Anadarko Area:	(405) 247-2432	Phoenix Area:	(602) 379-6624
Billings Area:	(406) 657-6392	Portland Area:	(503) 231-6716
Juneau Area:			
Minneapolis Area:	• •		" -

# **Administration for Native Americans**



# Indian Environmental Regulatory Enhancement Projects

**Assistance Available:** 

✓ Grants

In 1994, the Administration for Native Americans (ANA) within the Department of Health and Human Services made funds available for projects that support long-term efforts to increase awareness of, and compliance with, environmental regulations. Examples of activities for which your tribe or organization may use the grant money include: development or improvement of training and education about environmental laws and compliance; programs that conduct environmental regulatory compliance and

enforcement functions; environmental assessments; and the development of environmental laboratories. You may not use the funding for construction projects.

# **Eligibility Criteria**

◆ To receive ANA grants you must be a federally recognized Indian tribe; an incorporated non-federally and state recognized Indian tribe; an Alaska Native village; or an Alaska Native association or non-profit organization.

#### **Restrictions**

- ◆ You must contribute 20 percent of total project costs (although you may request a waiver for this share); contributions may be cash or in-kind.
- ♦ You may only receive one grant under this program.
- ◆ Your project must not last longer than 36 months.

For more information on financial assistance offered by ANA, contact the ANA Central Office in Washington, DC at (202) 690-6324.

# **Small Business Administration**



# **Microloan Demonstration Program**

The Small Business Administration (SBA) administers the Microloan Demonstration Program, a relatively new

**Assistance Available:** 

✔ Direct Loans

program (started in August 1992) that makes loans to intermediary lenders who, in turn, make small loans to low-income or minority entrepreneurs for business start-ups or expansions. You may be eligible for an SBA Microloan if a participating intermediary lender services your area. Small businesses typically use Microloans to start up businesses, establish working capital, or purchase supplies, materials, or equipment. (Working capital

is financing needed to cover the expense incurred in the production and sale of a product or service.)

## **Eligibility Criteria**

- ◆ You must be located in an area that is served by a participating intermediary lender.
- ♦ Women, low income, minority small business owners, and other individuals capable of operating successful small business ventures are eligible for these loans.

♦ You must own a for-profit small business and must meet the federal definition of a small business.¹ Individually-owned and operated franchise businesses are eligible for SBA assistance, provided that all profits and losses are commensurate with private ownership (that is, profits are not distributed to the parent corporation).

#### **Restrictions**

♦ The maximum loan is \$25,000.

Manufacturing business: maximum of 500 employees. Wholesale industry: maximum of 100 employees. Services: average annual receipts not to exceed \$2.5 million. Retail: average annual receipts not to exceed \$5 million.

Construction: average annual receipts less than \$13.5 million. Special trade construction: average annual receipts not to exceed \$7 million.

Agriculture: average annual receipts not to exceed \$.5 million.

<sup>&</sup>lt;sup>1</sup> According to the SBA, your business is considered a "small business" if it is independently owned and operated, not dominant in its field or industry, and meets the respective employee and sales limitations in its industry (some exceptions may be permitted):

# **Small Business Loan Guarantees (7(a) and Pollution Control Programs)**

## **Assistance Available:**

✓ Loan Guarantees

The Small Business Administration (SBA) administers two loan guarantee programs available for a wide range of activities, including tank replacements, upgrades, and cleanups. These SBA loan guarantee programs help small businesses secure loans

that they may not be able to receive otherwise. You may use the loans to construct, expand, or modify business facilities or pollution control equipment, or to purchase new equipment and materials.

## **Eligibility Criteria**

◆ You must be a for-profit small business and must meet the federal definition of a small business (see footnote, p. 14). Individually-owned and operated franchise businesses are also eligible for SBA assistance, provided that all profits and losses are commensurate with private ownership (that is, profits are not distributed to the parent corporation).

- ♦ The amount of your loan is not restricted, but SBA will only guarantee up to \$1 million.
- ♦ If you wish to use the loan to purchase, upgrade, or medify pollution equipment, your bank or lending institution must be willing to finance the loan with SBA's guarantee.
- ♦ You must provide full collateral to secure the loan.
- ♦ You must demonstrate that financing on reasonable terms is not otherwise available.

# **Local Development Company Loans**

## **Assistance Available:**

✓ Loan Guarantees

The Small Business Administration (SBA) provides loans to Local Development Companies which, in turn, make long-term financing available to you through loan guarantees. Small businesses may use the loans for long-term financing for the

purchase of land, buildings, machinery, and equipment. However, you may not use your loan for working capital. (Working capital is financing needed to cover the expense incurred in the production and sale of a product or service.)

# **Eligibility Criteria**

- ◆ You may only access loans if a chartered Local Development Company serves your location.
- You must be a for-profit small business and must meet the federal definition of a small business (see footnote, p. 14). Individually-owned and operated franchise businesses are also eligible for SBA assistance, provided that all profits and losses are commensurate with private ownership (that is, profits are not distributed to the parent corporation).

- The maximum loan guarantee is \$1 million.
- The term of the loan may not exceed 25 years.

◆ Ten percent of the project cost is provided by the Local Development Company; 50 percent of the project cost must be provided by a private lender. You must finance the remaining 40 percent of the project with personal equity, private investments, or through other government sources.

For more information on SBA's 7(a) Program, Pollution Control loan guarantees, or Local Development Company loans, contact your local bank or your nearest SBA office.



# **Regional SBA Offices:**

Region I (Boston, MA):	(617) 451-2023
Region II (New York, NY):	(212) 264-1450
Region III (King of Prussia, PA):	(215) 962-3700
Region IV (Atlanta, GA):	(404) 347-2797
Region V (Chicago, IL):	(312) 353-5000
Region VI (Dallas, TX):	
Region VII (Kansas City, MO):	
Region VIII (Denver, CO):	
Region IX (San Francisco, CA):	(415) 744-6401
Region X (Seattle, WA):	

# **Rural Development Administration**



# **Business and Industrial Loans**

The Department of Agriculture's Rural Development Administration (RDA) offers Business and Industrial **Assistance Available:** 

✓ Loan Guarantees

(B&I) loan guarantees to provide credit to businesses that expand and preserve the non-agricultural job base in rural areas. You may use B&I loan guarantees to purchase land, a business, machinery or equipment; to construct, enlarge, or modernize your existing equipment; to abate or control pollution; and for various other purposes.

# **Eligibility Criteria**

- ◆ You must be an individual business owner or part of a partnership, corporation, or cooperative trust. Municipalities, counties, other legal entities, and Indian tribes are also eligible.
- ◆ You must be located in a defined rural area having a population of less than 50,000 and a population density of fewer than 100 persons per square mile.
- ◆ You will be given priority if your business is located in an area with a population of less than 25,000 or if you will help to save existing jobs, expand a business, or open a new business.

- ◆ RDA guarantees 90 percent of loans less than \$2 million; 80 percent of loans between \$2 million and \$5 million; and 70 percent of loans in excess of \$5 million.
- ◆ The maximum loan size is \$10 million.
- ♦ If you own an existing business, you must provide a minimum of 10 percent tangible equity; if you have a new business, you must provide 20 to 25 percent tangible equity.
- ◆ You must secure the entire loan with collateral. Acceptable collateral includes cash, land, buildings, machinery, equipment, accounts receivable, or inventory.
- ◆ Upon receiving the loan, you must pay the RDA a fee equivalent to two percent of the guaranteed portion of the loan.

# **Rural Business Enterprise Grants**

## Assistance Available:

✔ Direct Loans

✓ Grants

The Department of Agriculture's Rural Development Administration (RDA) administers Rural Business Enterprise (RBE) Grants to assist with the development of small and emerging private businesses and industries. RBE Grants are awarded to public bodies and non-profit organizations (intermediary lenders) that, in turn, make loans or grants to small emerging businesses that will improve the economies

of designated rural areas. You must show how your business helps enhance your rural economy. You may use the funds to enlarge, modernize, develop, or repair land or buildings; purchase machinery, equipment, or land; or to control or abate pollution.

# **Eligibility Criteria**

- ◆ You must be located in a defined rural area (non-city), with a population of less than 50,000 and a population density of fewer than 100 persons per square mile, served by a recipient public body or non-profit organization.
- ◆ Your business must employ fewer than 50 persons and have less than \$1 million in projected annual gross revenue.

- ◆ The maximum grant to an intermediary lender (that is, a public body or non-profit organization) is \$500,000. The intermediary lender may determine the maximum grant or loan that will be available to you.
- You must use the grant or loan to support the local community and enhance non-agricultural employment.

For more information on Rural Business Enterprise Grants or B&I Loan Guarantees contact your RDA Regional Office.



# **RDA Regional Offices:** Central Arkansas ......(501) 324-6275 Iowa .....(515) 284-4152 Kentucky ......(606) 224-7336 Kansas .....(913) 271-2730 Missouri ......(314) 876-0995 Nebraska .....(402) 437-5556 North Dakota .... (701) 250-4791 Oklahoma ......(405) 742-1060

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Gulf States	
Alabama	(334) 279-3615
Florida	(904) 338-3400
Louisiana	(318) 473-7960
Mississippi	(601) 965-5460
Texas	(817) 774-1306
Mid-Atlantic	
Delaware, Maryland, and	
District of Columbia	(302) 697-4324
New Jersey	
Virginia	(804) 287-1601
West Virginia	(304) 291-4796
Northeast	
Maine	(207) 990-9120
Massachusetts, Rhode Island,	
and Connecticut	(413) 253-4300
New York	
Pennsylvania	
Vermont	

Northwest	
Alaska	(907) 745-2176
	(503) 326-2735
Washington	(509) 664-0241
Southeast	
Georgia	(706) 546-2171
North Carolina	(919) 790-2725
Puerto Rico	(809) 766-5091
South Carolina	(803) 765-5573
West	
Arizona	(602) 280-8705
	(916) 668-2000
Colorado	(303) 236-2842
Hawaii	(808) 933-3002 (808) 933-3002
Idaho	2002 334-1836)
Montana	(406) 585, 2520
Nevada	
New Mexico	
Utah	
Wyoming	
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# **Economic Development Administration**



# **Public Works and Development Facilities Program**

**Assistance Available:** 

✓ Grants

The Department of Commerce's Economic Development Administration (EDA) administers the Public Works and Development Facilities Program. The program provides grants to help distressed communities attract new industry, encourage business expansion, diversify their economies, and generate long-term private-sector employment. These grants are not available to individual owners and operators, but to public bodies or organizations that own and operate tanks.

These groups may use the funds for public works projects that create or retain private sector jobs. Such projects include construction, facility improvements, and modernization of existing facilities.

# **Eligibility Criteria**

- ◆ You may represent a city, town, Indian tribe, or village in an EDA-approved Overall Economic Development Program redevelopment area, or be a private or public non-profit organization or association representing any redevelopment area. Eighty percent of the country qualifies as an EDA-designated redevelopment area.
- ◆ You may also represent an organization that is proposing a public works project that benefits a redevelopment area, even if your organization is not located in a redevelopment area.

♦ You will receive priority if your organization assists in creating or retaining private-sector jobs; benefits low-income families and those who have been unemployed for long periods; fulfills the community's needs in a timely manner; and improves opportunities for the establishment and expansion of industrial or commercial plants or facilities.

#### Restrictions

- ♦ Grants awarded range between \$100,000 and \$1.5 million.
- ♦ EDA grants generally do not exceed 50 percent of the total estimated cost of the project; under certain circumstances (for example, in areas of extremely high economic distress) EDA may provide direct grants of up to 80 percent.
- You must complete projects in a timely manner and within the schedule agreed upon in the grant documentation.

For more information on the Public Works and Development Facilities Program, contact your nearest EDA Regional Office.



Atlanta Regional Office	(404) 730-3002
Austin Regional Office	
Chicago Regional Office	(312) 353-7706
Denver Regional Office	(303) 844-4714
Philadelphia Regional Office	
Seattle Regional Office	

# **State Financial Assistance Programs**

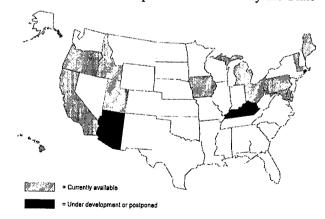


Fourteen states have active financial assistance programs for UST upgrades and replacements, with two offering more than one type of assistance. Some of these state programs also offer assistance with cleanups of releases from leaking USTs. Because the eligibility requirements and conditions vary greatly among the programs, you will need to contact your state program representative for more detailed information. Telephone numbers and addresses for the fourteen state programs are listed on the next page.

Many state programs consider UST owners and operators on Indian lands to be eligible for financial assistance. However, in some states, decisions on the eligibility of Native American owners and operators are made by the State

Attorney General or other state legal counsel. If you are a Native American residing on Indian land and you own or operate a petroleum UST, you should contact your state to confirm your eligibility.

A map identifying those states with financial assistance programs for UST owners and operators appears on the right.



# **State Financial Assistance Program Offices**

#### California:

California Trade and Commerce Agency Office of Small Business (916) 323-9879

#### Delaware:

Small Retail Gasoline Station Assistance Program Delaware Department of Natural Resources and Environmental Control (DNREC) Underground Storage Tank Branch (302) 323-4588

#### Hawaii:

Hawaii Capital Loan Program
Financial Assistance Branch
Department of Business, Economic Development
and Tourism
(808) 586-2576

#### Idaho:

Underground Storage Tank Financing Program Idaho State Treasurer's Office (208) 334-3203

#### Iowa:

Iowa Comprehensive Petroleum Underground Storage Tank Fund Guaranteed Loan Program Williams and Company (712) 252-1455

#### Maine:

Oil Storage Facility or Tank Replacement Program Finance Authority of Maine (207) 623-3263 or: Residential Underground Oil Storage Tank Removal Program Maine State Housing Authority (207) 626-HOME (800) 452-4668

#### Maryland:

Underground Storage Tank Upgrade and Replacement Fund Loan Program Maryland Department of the Environment

UST Upgrade and Replacement Fund Office (410) 631-3095

#### Massachusetts:

Underground Storage Tank Petroleum Cleanup Fund (617) 727-3200 extension 628

### Michigan:

(517) 373-8404

MUSTFA Fund Administrator Department of Natural Resources (517) 373-6247 or: Department of Treasury Cash/Debt Management Section

#### Ohio:

Petroleum UST Linked Deposit Program Ohio Underground Storage Tank Release Compensation Board (614) 752-8963

#### Oregon:

Underground Storage Tank Financial Assistance Program Department of Environmental Quality UST Financial Assistance Coordinator (503) 229-5870

### Pennsylvania:

(800) 452-4011 (in Oregon)

Storage Tank Loan Fund Pennsylvania Department of Commerce Division of Loans and Technical Assistance (717) 783-5046 Fax (717) 234-4560

#### Utah:

Petroleum Storage Tank Loan Fund Division of Environmental Response and Remediation UST Section (801) 536-4100

#### Vermont:

UST Loan Program
Waste Management Division
Department of Environmental Conservation
(802) 241-3888

# **U.S. Environmental Protection Agency** Regional Underground Storage Tank Program Offices

## U.S. EPA, Region 1

JFK Federal Building Mailcode: HPU-7 Boston, MA 02203 (617) 573-9601

#### U.S. EPA, Region 2

Hazardous & Solid Waste Programs Branch 290 Broadway Code: 2AWM-HSWPB New York, NY 10007-1866 (212) 637-4100

## U.S. EPA, Region 3

841 Chestnut Building Mailcode: 3HW63 Philadelphia, PA 19107 (212) 597-8392

## U.S. EPA, Region 4

345 Courtland Street, NE Mail Code: 4WM-GWP-15 Atlanta, GA 30365 (404) 347-3866

#### U.S. EPA, Region 5

77 West Jackson Blvd. Mailcode: HRU-8J Chicago, IL 60604 (312) 886-6159

## U.S. EPA, Region 6

1445 Ross Avenue Mail Code: 6P-U Dallas, TX 75202-2733 (214) 655-6756

#### U.S. EPA, Region 7

RCRA/STPG Branch 726 Minnesota Avenue Kansas City, KS 66101 (913) 551-7651

#### U.S. EPA, Region 8

999 18th Street Mailcode: 8-HWM-WM Denver, CO 80202-2405 (303) 293-1514

## U.S. EPA, Region 9

75 Hawthorne Street 10th Floor, H-2-1 San Francisco, CA 94105 (415) 744-2079

#### U.S. EPA, Region 10

1200 Sixth Avenue Mailcode: WD-133 Seattle, WA 98101 (206) 553-1643