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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D. C. 20460

Sep 30, 1987
COMPTROLLER POLICY ANNOUNCEMENT
No. 87-17

MEMORANDUM

SUBJECT: Interest Rates for Debts Recoverable Under
the Superfund Amendments and Reauthorization
Act of 1986

FROM: David P. Ryan

TO: Assistant Regional Administrators
Management Division Directors
Senior Budget Officers
Regional Comptrollers

This Policy Announcement establishes Agency policy and procedures for interest to be assessed on debts recoverable under the Superfund Amendments and Reauthorization Act of 1986 (SARA).

BACKGROUND

Section 107(a) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) made responsible parties liable for the costs related to remedial and removal actions taken under that Act. Section 107(b) of SARA amended that section to require that amounts recovered under the authority of section 107(a) accrue interest at the same rate as interest on investments of the Hazardous Substance Superfund ("Superfund").

The Treasury Department currently invests Superfund monies in 52-week U.S. Treasury MK Bills (MK-bills) that mature in early September of each year. When funds are needed for Superfund activities (e.g., to pay EPA contractors conducting removal actions), MK-bills are sold and the proceeds are used to pay EPA costs. When funds are received (e.g., revenues or recoveries deposited in the Superfund), additional MK-bills of the same maturity are purchased. Thus, MK-bills of a single annual maturity provide the basis for assessing interest for Section 107(a) debts.

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POLICY

In accordance with SARA, EPA will assess interest on costs recoverable under CERCLA section 107(a). Interest will accrue from the later of (1) the date payment of a specified amount is demanded in writing, or (2) the date of the expenditure concerned.

The MK-bill yield rate at the time of Treasury's annual purchase will be the interest rate used for the following fiscal year in assessing interest on recoverable costs. Like the securities from which this rate is derived, interest will be compounded annually. On October 1 of each year outstanding receivables, which includes interest accrued during the previous fiscal year, will begin accruing interest at the new rate.

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The Financial Management Division will transmit annually the appropriate rates to all EPA financial management offices as soon as it obtains the yield rate from Treasury.

INTEREST RATE FOR FISCAL YEAR 1987

The rate of 5.63% will apply for the period October 1, 1986, through September 30, 1987.

FOR ADDITIONAL INFORMATION

Your servicing financial management office can provide additional information on EPA's policies and procedures for preparing billings, calculating interest rates, and other debt collection questions.

If you have questions on this specific Policy Announcement, please contact Bob Cluck, Fiscal Policies and Procedures Branch, at FTS 382-5160.

cc: J. Richard Bashar
Alvin Pesachowitz
John J. Sandy
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J. Daniel Berry
Edward Reich
Financial Management Officers
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