Chapter II: Dry-Cleaning Solvent Cleanup Act

A. Executive Summary

As required by the Dry-Cleaning Solvent Cleanup Act (DSCA) of 1997 and amendments (G.S. 143- 215.104A et seq.), this report to the General Assembly provides an annual update on activities conducted in the DSCA program in fiscal year (FY) 2024-25. The DSCA of 1997 and its amendments created a fund for assessment and cleanup of dry-cleaning solvent environmental contamination at dry-cleaning and wholesale distribution facilities. It also authorized the program to develop and enforce rules relating to the prevention of dry- cleaning solvent releases at operating facilities.

Since the start of the DSCA Program began, 592 sites with known or suspected dry-cleaning solvent contamination have been reported to DEQ's Division of Waste Management (DWM). Of these, 540 have been certified into the DSCA Program. During FY 2024-25, the DSCA Program continued to make significant progress in all aspects of program implementation. Highlights of DSCA's accomplishments in remediating sites, protecting human health, and preventing future releases, include:

- Issuing No Further Action (NFA) notices for 7 remediated sites, with 8 additional sites identified as ready for NFA status;
- Installing subslab depressurization or passive venting systems at 4 businesses and one residence to address vapor intrusion;
- Monitoring vapor mitigation systems and control measures at 22 residences and 46 businesses;
- Monitoring effectiveness of groundwater remedies at 26 sites and maintaining two active groundwater remediation systems at two sites;
- Connected one residence to city water supply;
- Maintaining well water filtration systems for five residences;
- Issuing a total of 371 work authorizations to the program's independent contractors for work at certified sites;
- Conducting 266 compliance inspections at 241 active dry cleaners;
- Performing 14 outreach visits to educate and assist new business owners/operators with environmental compliance; and
- Distributing 124 perchloroethylene compliance calendars to assist with dry cleaners with record-keeping requirements.
- Distributing 210 self-inspection packets to hydrocarbon dry cleaners.

The DSCA Fund continues to be solvent with an end-of-fiscal year fund balance of approximately $13.6 million with all funds fully encumbered. The program is using its resources efficiently, and expenditures are closely monitored to ensure adequate funding is maintained. Additional funds will be encumbered in FY 2024-25 as new contracts are implemented.

Based on data regarding site cleanup costs in North Carolina and the nation, cleaning up the 540 sites that have been certified in DSCA will cost an estimated $256 million. DEQ estimates there may be as many as 1,500 contaminated dry-cleaning sites in North Carolina. Projected costs to clean up 50 percent of those sites are expected to exceed $375 million. To ensure that the program and funding remain viable to adequately address sites certified and new sites yet to be discovered, House Bill 399 was signed on Nov. 1, 2019, which extended the DSCA Program and funding for an additional 10 years.

B. Program Activity

The General Assembly enacted DSCA to 1) clean up contamination from dry-cleaning solvents at both retail dry cleaners and wholesale solvent distribution sites, and 2) protect human health and the environment by preventing future dry-cleaning solvent contamination. The department made significant progress during FY 2024-25 in implementing the cleanup and compliance components of DSCA.

1. Assessing Health Risk at Sites and Conducting Site Cleanups

During the past fiscal year, DWM directed significant energy toward the assessment and remediation of sites with contamination from dry-cleaning solvents. DWM continued to implement initiatives to ensure the protection of human health by assessing and mitigating vapor intrusion (indoor air pollution from solvent contamination in the soil or groundwater) and providing clean water supplies to affected residents. During FY 2024-25, DWM staff and the program's three independent contractors performed the following activities:

- screened sites for imminent hazards, such as threatened water supply wells and vapor intrusion into buildings;
- abated indoor vapor hazards from contaminated soils and groundwater;
- continued testing and maintenance of vapor mitigation systems installed at businesses and residences;
- investigated active and abandoned dry-cleaning sites with potential dry-cleaning solvent contamination;
- provided temporary clean water supplies;
- conducted comprehensive site assessments delineating the extent of contamination;
- remediated contaminated soil;
- remediated contaminated groundwater;
- performed operation and maintenance of remediation systems; and
- evaluated site risks and prepared sites for closure.

2. Sites in the Program

Thirteen new sites were certified into DSCA during FY 2024-25 as compared to 15 sites in FY 2022-23. Table II-1 provides current and cumulative statistics for sites certified into the DSCA Program. A site becomes certified when a petitioner enters into an assessment and remediation agreement with DWM. Figure II-1 depicts the number of contaminated dry-cleaning sites participating in the DSCA Program. A list of certified sites, along with current site status, is

provided in Appendix A. Table II-2 provides the distribution of certified sites by classification and operating facility size.

The majority of certified sites, 77%, are entered into the DSCA program by property owners who purchase or own abandoned dry-cleaning properties and were not responsible for the contamination. The remaining petitioners are dry-cleaning business owners and/or operators.

Following certification, the risk to human health, safety and the environment are assessed, with specific emphasis on risk posed by contaminated well water and vapor intrusion into buildings. During FY 2024-25, the DSCA Program issued 371 authorizations and/or change orders to the program's independent contractors for work at certified sites, 267 of those were for assessment of impacted groundwater and/or vapor intrusion risk and 39 were for groundwater monitoring. Another 65 work authorizations issued were for interim actions such as soil excavation or installation of indoor air filtration units to mitigate vapor intrusion, operation and maintenance of remedial systems or water filtration systems, risk assessments and closure activities. The total number of work authorizations increased from 327 in FY 2023-24 to 371 in FY 2024-25.

Rules that establish a risk-based approach to assessing and cleaning up certified sites in the DSCA Program became effective on Oct. 1, 2007. These rules and associated guidance allow program staff to determine the risk posed to human health and the environment at each site and, if necessary, to calculate the appropriate cleanup levels for soil and groundwater.

During FY 2024-25, DWM issued No Further Action (NFA) notices for 7 contaminated dry-cleaning sites in the program, bringing the total to 142 DSCA sites that have been given NFA status since the risk-based rules became effective in October 2007. DWM is recommending no further action at an additional 8 DSCA sites ("Sites Pending Closure" in Table II-1). The program anticipates issuing between 3 and 5 NFA notices in the coming fiscal year. Preparing a site for No Further Action involves completing an assessment of the extent and magnitude of contamination, evaluating the risks posed by the contaminants, mitigating any unacceptable risks, remediating contamination as needed, ensuring stability of the groundwater contaminant plume, preparing a risk management plan, soliciting public input, and recording notices to ensure that site conditions remain protective. In accordance with DSCA statutes, the program provides the proposed risk management plan and associated notices to the appropriate local governments (counties and municipalities) and announces the availability of the plan to the public through local newspapers, direct mailings to property owners on or adjacent to the contamination site, and by posting a notice at the site.

Table II-1. DSCA Certified Site Status

Certification Status	FY 2024-2025	Cumulative
Contaminated Sites	15	592
Certified	13	540
Determined Ineligible	-	4
Not Certified	2	48
Certified Sites Pending Closure	8	-
Certified Sites Closed	7	142

Figure II-1. Known dry-cleaning solvent contaminated sites in North Carolina

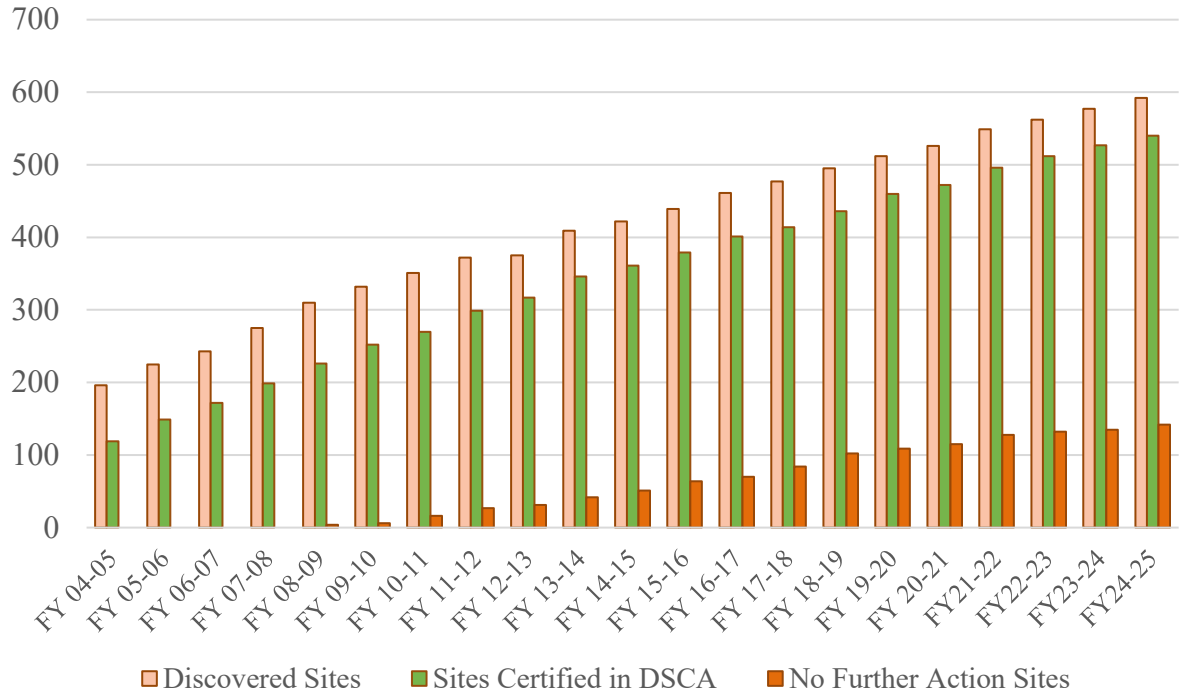


Table II-2. Classifications of DSCA Certified Sites (June 30, 2025)

Classifications	Number of Sites	Percentage
Abandoned	371	69
Wholesale Distribution	3	1
Operating	166	30
Small Size (1-4 employees)	93	56
Medium Size (5-9 employees)	42	25
Large Size (>10 employees)	31	19

Table II-3 provides a summary of the actions undertaken to address direct threats to human health and the environment. During FY 2024-25, the DWM continued to supply clean water to five residences where municipal water is not available and connected one residence to the municipal water supply. In total, the division has provided municipal water to 67 residences and 14 businesses that have had their water supply wells impacted or threatened by dry-cleaning solvent contamination from 25 DSCA sites.

Table II-3. DSCA Site Cleanup Statistics

	FY 2024-25	Cumulative
Water Supply Provided		
Municipal Water Connection - residences	1	74
Municipal Water Connection - businesses	-	14
Temporary Water Supplied - residences	1	35
Temporary Water Supplied - businesses	-	7
Number of DSCA sites involved	-	25
Vapor Intrusion (VI) Mitigated		
VI Control System Installed - residences	1	24
VI Control System Installed - businesses	4	99
Number of DSCA sites involved	1	80
Active Remediation Implemented		
Number of DSCA Soil Remediations Implemented	1	112
Number of DSCA sites involved	1	100
Number of DSCA Groundwater Remediations Implemented	1	78
Number of DSCA sites involved	-	57

Addressing indoor air pollution from tetrachloroethylene (PERC) releases and breakdown contaminants continues to be a high priority since many DSCA sites have occupied structures on or adjacent to PERC contamination. During FY 2024-25, the program:

- Installed subslab depressurization or passive venting systems at 4 businesses and one residence to address vapor intrusion.

Since 2006, DWM has installed vapor control measures at 99 businesses and 24 residences because of dry-cleaning solvent contamination from 80 DSCA sites.

During FY 2024-25, the program monitored the effectiveness of groundwater remedies at 26 DSCA sites and maintained two active groundwater remediation systems at two sites. During the life of the DSCA Program, DWM implemented 112 soil cleanup actions at 100 DSCA sites and conducted 78 groundwater cleanup actions at 57 DSCA sites.

3. Site Prioritization System

The DSCA Program requires that site cleanup disbursements be made on higher priority sites first. Data from the program's vapor intrusion investigations indicate that this type of direct human exposure is a threat at several DSCA sites. To ensure that this health concern receives appropriate attention, the program has revised its prioritization method to include potential indoor air threats. Due to the growing number of DSCA sites and the complex nature of assessing and remediating PERC contamination, the DSCA Program continues to evaluate and implement cost-efficient measures to ensure the fund's solvency.

4. Vapor Intrusion

Among states with dry-cleaning programs, the North Carolina DSCA Program continues to work at the forefront in addressing vapor intrusion issues at dry-cleaning solvent-contaminated sites. Due to the volatility of PERC – one of the most common dry-cleaning solvents – the potential for vapor intrusion exists at many dry-cleaning sites. The DSCA Program has shared its large library of North Carolina vapor intrusion data with the EPA to supplement data it uses to establish attenuation factors and screening levels. The EPA welcomed North Carolina's data from commercial structures in the southeastern United States.

An issue that continues to affect some contaminated dry-cleaning sites involves the presence of trichloroethylene (TCE) in indoor air. Not only is TCE a chemical produced by the breakdown of PERC in the environment, but TCE is also a spotting agent in the dry-cleaning industry as well as a common solvent in many industrial settings. At contaminated sites, health threats from volatile contaminants in indoor air are often associated with long-term (chronic) exposure to chemicals migrating from the subsurface into indoor air. Recent studies along with other toxicological information suggest that short-term (acute) exposure to TCE in indoor air may raise the risk for fetal heart malformation during the first trimester of pregnancy. Staff from the division's cleanup programs, including DSCA, worked with the department to develop protocols to promptly address acute exposure situations. When site data suggest that there is a potential for exposure to unacceptable levels of TCE in indoor air, staff provide immediate notification and educational resources to affected parties. The DSCA Program promptly mitigates risks to indoor air quality when dry-cleaning solvent contamination in the environment is causing unacceptable risks in indoor air. Since 2006, DWM has installed vapor control measures at 99 businesses and 24 residences because of dry-cleaning solvent contamination from 70 DSCA sites. DSCA is currently performing monitoring and maintenance of vapor mitigation systems and control measures at 22 residences and 46 businesses.

5. Investigation of Potential New Sites

In 2007, DSCA was amended to allow the program to spend up to 1 percent of the DSCA fund balance each year to investigate active and abandoned dry-cleaning sites that the program believes may be contaminated. If dry-cleaning solvent contamination is found, the potentially responsible party is given the choice of entering the program as a petitioner or allowing the site to be addressed under the Inactive Hazardous Sites Branch. If they choose the latter, the responsible party may be required to reimburse DSCA for the investigation costs.

There has been an increase each year in the number of sites with potential dry-cleaning solvent contamination identified or referred for investigation. A number of these do not get investigated due to the spending limit for investigations. In July 2022, S.L. 2022-74 (H103) included an amendment to DSCA, G.S. 143-215.104C(d) which increased the amount of the fund that can be used for investigation of contaminated sites to 3%.

Under this provision, the program did not conduct any limited investigations at potential dry-cleaning contaminated sites during FY 2024-25. Since 2007, DSCA has investigated 125 sites for potential dry-cleaning solvent contamination, with 91 of those sites becoming certified into the program.

The DSCA Program continues to partner with other agencies to identify new sites and coordinate assessment and cleanup efforts to ensure effective use of state resources. Data provided by DEQ's Underground Storage Tank Section, Brownfields Program, Inactive Hazardous Sites Branch, Public Water Supply Section, and municipal environmental programs reveal monitoring wells and supply wells with contaminants that may be from dry-cleaning operations. DSCA staff compare contaminated well locations to known locations of more than 2,000 active and abandoned dry-cleaning facility sites to help identify potential dry-cleaning contaminant sources. The program also shares data and coordinates assessment and cleanup activities with other DWM programs, such as the Brownfields Program and Underground Storage Tanks Section, to ensure that remedial strategies are protective and implemented effectively.

6. Identified Contamination Sites

A total of 592 sites known or suspected of being contaminated by dry-cleaning solvents have been reported to the department. The DSCA Program has certified 540 of these sites into the cleanup program, as noted in Table II-1. Appendix A lists, by county, the sites with known or suspected dry-cleaning solvent contamination reported to the department and sites certified in the program. During FY 2024-25, the DSCA Program certified 13 new sites into the program.

7. DSCA Contracts

The program currently manages three contracts with three state-lead environmental engineering firms, with the fund balance of $13.6 million fully encumbered in contracts. The contracts establish terms and conditions under which qualified environmental engineering firms to assess and remediate contaminated dry-cleaning sites in the DSCA Program.

8. Customer Service Initiatives

During FY 2024-25, the program continued to promote the DEQ mission of excellent customer service by making public records more accessible, providing easy access to DSCA site locations, engaging communities affected by dry-cleaning solvent contamination, assisting property owners, lenders and interested parties with property transactions and sharing program updates with interested stakeholders on a regular basis. The program uses its website to provide a variety of information including, but not limited to maps, public records access, forms, rules and statutes, updates on sites of interest, stakeholder meeting information, and staff contact information.

a). Public Records

Improving the accessibility to public records has been a high priority for all DWM programs. To date, all the DSCA Program's current and legacy records have been digitized, and the frequently requested document types have been uploaded to the Laserfiche document management system. Laserfiche is available through DEQ's and DWM's websites and allows users the ability to search and download public records.

In FY 2024-25, the DSCA Program began efforts to enter all site laboratory data and results into the online EQuIS environmental data management system and will continue this process into FY 2025-26.

b). Site Location Information

The availability of site location information is important to the public and many decision- makers, including property buyers and sellers, lenders, municipalities, and state and local environmental programs. The program continues to maintain location data on a web-based map viewer on the DWM website. In addition, the program has consistently supported and been involved in the development of DWM's well-permitting support system, which is an online site locator tool based on the ARC-GIS Online platform.

c). Meetings and Presentations

The division continues to encourage stakeholder involvement in the DSCA Program. The existing stakeholder group is comprised of representatives from the dry-cleaning industry, environmental organizations, attorneys, environmental consultants, and the public. Program representatives hold semi-annual meetings to report on accomplishments and initiatives, solicit feedback on topics that affect the program and present remediation projects of interest to the attendees. Virtual stakeholder meetings were held in October 2024 and May 2025. In upcoming FY 2025-26, it is anticipated that stakeholder meetings will continue to be held virtually or will be a hybrid of in-person and virtual meetings. The virtual stakeholder meetings have increased participation since stakeholders, particularly dry cleaner owners/operators can participate from their hometowns and do not have to leave their businesses to travel to Raleigh to attend.

The DSCA Program continues to participate as one of the original members of the State Coalition for the Remediation of Drycleaners (SCRD). The coalition was established in 1998, with support from the EPA's Office of Superfund Remediation and Technology Innovation. It is comprised of representatives from 25 states with established dry-cleaning remediation programs or are managing dry-cleaner remediation under other authorities. The coalition conducts quarterly conference calls throughout the year to provide a forum to share and discuss program information, remediation technologies, case studies, state initiatives, or state and federal hot topics.

d. Property Assistance

The DSCA Program provides continuous assistance to property owners, prospective buyers/developers, lenders and interested parties to facilitate transactions which provide for the reuse of contaminated property. Correspondence and phone calls are frequently provided to

explain the DSCA Program or the status of a site already in the program which allows a comfort level to interested parties to move forward with property transactions.

C. Facility Compliance

The Environmental Management Commission has been authorized under the Dry-Cleaning Solvent Cleanup Act to develop rules that operating dry-cleaning facilities must follow to prevent environmental contamination by dry-cleaning solvents. During FY 2024-25, the DSCA Program had three inspectors performing outreach visits, inspections and enforcement at dry-cleaning facilities and wholesale distribution facilities statewide.

In addition to the program's Minimum Management Practices (MMP) regulations, enforcement authority is delegated to the DWM for violations of applicable air quality rules. The division's, Hazardous Waste Section has granted authority to the DSCA Compliance Program to inspect dry cleaners for compliance with the Resource Conservation and Recovery Act (RCRA) Hazardous Waste regulations. This allows one program in DEQ to ensure compliance with all environmental regulatory requirements and gives dry-cleaners and the public a single DEQ point-of-contact for compliance questions or concerns.

1. Educational Assistance Visits

During FY 2024-25, DWM inspectors conducted 14 outreach educational assistance visits at active dry-cleaning facilities. Typically, outreach visits in the program currently are conducted when a new owner/operator takes over a facility or a new facility opens. The dry-cleaning industry is declining or stable and there are no new facilities opening on a regular basis. However, during routine inspections, DWM inspectors educate facility owners and operators on a variety of topics including record keeping, waste storage, filter changes, etc. To date, DSCA inspectors performed 109 educational outreach visits at active dry-cleaners – many of which had not previously been inspected by a DEQ program. These outreach visits were mainly conducted when the compliance program was implemented and in the immediate years afterward (2012-2015) to familiarize the facilities with new regulations. This outreach educates owners and operators regarding the MMPs, hazardous waste and air quality regulations.

2. Inspections and Enforcement

The DSCA Program conducts unannounced, full compliance inspections at regulated dry-cleaning facilities and wholesale distribution facilities to ensure that dry-cleaning facilities are compliant with all applicable regulations. In setting inspection priorities, the program considers multiple factors including facility- specific compliance history, business owner/operator changes, emerging solvents or equipment, and regulatory changes at the federal, state, or municipal level.

At the beginning of FY 2024-25, there were 326 dry-cleaning facilities subject to inspection by the DSCA Program. At the close of FY 2024-25, there were 300 dry-cleaning facilities subject to inspection by the DSCA Program. The number of dry-cleaning facilities operating continues to decline due to closures and many of the cleaners are switching to solvents that are not subject to inspection by the DSCA Program. The decline in the number of dry-cleaning facilities subject to inspection by the DSCA Program are shown in Figure II-2.

Figure II-2. Dry-Cleaning Facilities Subject to Inspection

The goal of the compliance program is to inspect facilities at a minimum of once every 2 years. In May 2022, a self-inspection checklist and process was developed for dry-cleaning facilities using hydrocarbon solvents. These facilities pose less of a threat to the environment than facilities using perchloroethylene solvent and compliance can be managed in a more efficient manner allowing inspectors to concentrate on perchloroethylene cleaners. Following implementation of this self-inspection process for hydrocarbon dry-cleaning facilities, the goal will be to inspect all perchloroethylene dry-cleaning facilities at a minimum once a year.

During FY 2024-25, the DSCA Program staff conducted 266 inspections at 241 facilities. Some facilities require repeat visits accounting for the difference of 25 inspections/facilities. Common violations identified were the failure to install spill containment under dry-cleaning machines and waste solvent storage areas, failure to seal waste solvent containers, failure to inspect dry-cleaning equipment, and failure to record and maintain National Emission Standards for Hazardous Air Pollutants recordkeeping logs.

To be eligible to participate in the DSCA Program, all operating dry-cleaning facilities and wholesale distribution facilities must be compliant with the DSCA MMPs. During FY 2024-25, DSCA staff inspected 6 active facilities seeking entry into the cleanup program.

3. Additional Compliance Outreach

The DSCA Compliance Unit continues to evaluate and implement enhancements to improve compliance rates among the regulated community.

Since 2007, the DSCA Program has produced a PERC compliance calendar that provides all applicable rules, recordkeeping, guidance, and reference information in one document for the convenience of facility owners and operators. The calendar has received positive reviews from North Carolina dry-cleaners and industry officials in other states, where it has been praised for its comprehensive scope and functionality. In FY 2024-25, the program mailed or hand-delivered approximately 124 PERC calendars to dry-cleaning facilities statewide for the 2024 calendar year. The calendars include instructions in Spanish and Korean.

Since the 2016 calendar year, the program had also produced a petroleum solvent compliance calendar for cleaners who operate dry-cleaning machines that use regulated petroleum solvent. Through collaboration with stakeholders and DEQ small business assistance personnel, it was determined that a self-inspection checklist required to be submitted annually by dry-cleaning facilities using regulated petroleum solvent could be an efficient way to manage compliance at these facilities that pose less of a threat to the environment regarding contamination. The self-inspection checklist will be used by the compliance inspectors to prioritize inspections at these facilities. Submission of the checklist does not exclude any facility from inspection by the DSCA Program, and it is still the goal of the program to inspect these facilities at a minimum once every two years. In FY 2024-25, the program mailed or hand-delivered approximately 210 self-inspection checklist packets to dry-cleaning facilities statewide to be returned January 2025. The packets also included informational materials, such as an emergency information form, facility change status form, regional inspector map, etc., to assist dry-cleaning facilities with compliance. The packets are also available in Spanish and Korean.

The DSCA Program has access to a hazardous waste inspector who speaks Korean fluently and translates outreach materials and regulations to better serve North Carolina's regulated community. Reducing language and cultural barriers help improve communication and compliance among Korean-speaking dry-cleaning owners and operators. The Korean-speaking members of the dry-cleaning community have responded very positively to DSCA's efforts to improve communication. The program continues to evaluate ways to better enable compliance among all North Carolina dry-cleaners and wholesale distribution facilities.

D. Program Financial Status and Projections

1. Fund Receipts and Disbursements

The primary funding sources for the dry-cleaning solvent cleanup fund are a tax on dry-cleaning solvents, the state portion of the current sales tax on dry-cleaning, and co-payments from petitioners participating in the cleanup program. Disbursements consist primarily of payments to the program's independent contractors for site assessment and remediation and program administration costs. DSCA Fund receipts and disbursements for the FY 2024-25 and for the life of the DSCA Program are shown in Table II-4. For FY2024-25, total receipts were approximately $10.2 million and total disbursements were approximately $10.9 million.

Table II-4. DSCA Fund through Fiscal Year 2024-2025

Receipts:	**FY 2024-2025 (through 6/30/25)**	**Duration of Program**
Solvent Tax Revenue:	$ 50,801.98	$ 12,691,158.47
Sales Tax Revenue:	$ 10,040,098.33	$ 181,395,506.52
Petitioner Payments (fee/copay):	$ 117,502.38	$ 2,492,621.98
Miscellaneous:	$ -	$ 195,051.93
Rebate:	$ -	$ 28,870.11
Interest:	$ -	$ 7,522,262.17
Total Receipts:	$ 10,208,402.69	$ 204,325,471.18
Disbursements:		
Dept. of Revenue Admin:	$ -	$ 57,272.02
Reimbursements/Payments:	$ -	$ 1,963,993.23
Contracts:	$ 9,129,365.42	$ 149,191,018.91
Haz Waste Fees:	$ 27,800.00	$ 2,057,953.41
County Well Permit Fees:	$ 5,340.00	$ 876,460.00
Transfer to Inactive Haz Sites:	$ -	$ 400,000.00
Transfer to Green Square Proj:	$ -	$ 1,291,035.00
Transfer - Budget Shortfall:	$ -	$ 6,475,812.93
DEQ Admin:	$ 1,739,917.74	$ 28,444,009.65
Total Disbursements:	$ 10,902,423.16	$ 190,757,555.15
Fund Balance as of 6/30/25		**$ 13,567,916.03**

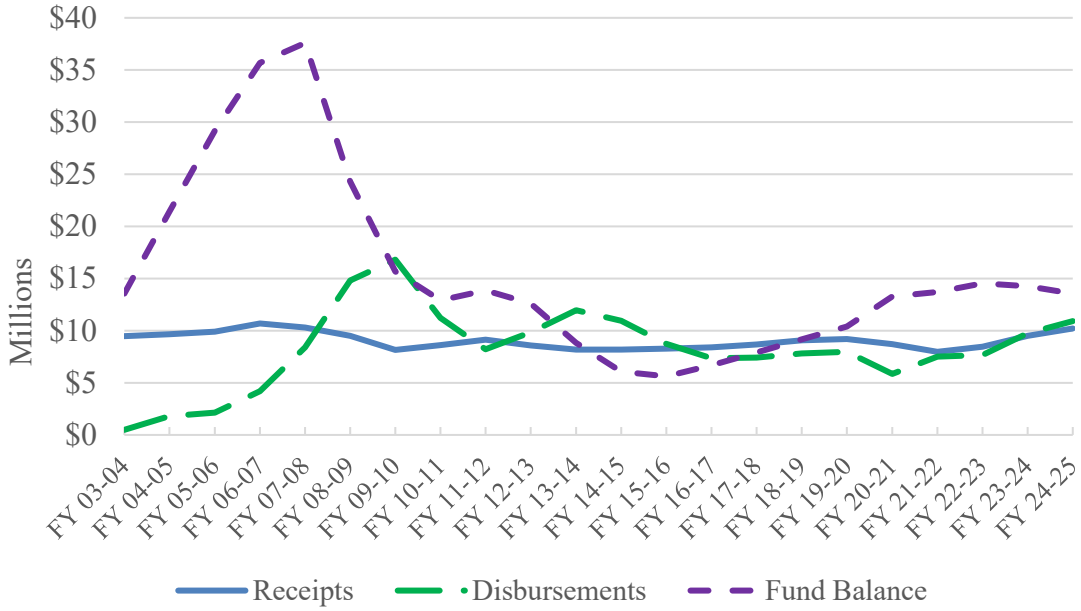
2. Estimated Future Assessment and Remediation Expenditures

During FY 2024-25, fund expenditures directly related to the implementation of DSCA was like the previous fiscal year (see DSCA-Related Disbursements in Table II-5 and Figure II-3). The DSCA Program closely monitors expenditures to ensure adequate funding is maintained to assess all sites, perform mitigation and remediation activities when needed, and move sites toward closure. Site work expenditures have reduced the fund balance from its peak of $37.6 million in 2008 to a low of $5.6 million in 2016. DSCA Fund receipts for the past thirteen years have been relatively stable, ranging between approximately $8 million and $10 million per year. The total FY 2024-25 receipts from the solvent tax, sales and use tax, and petitioner payments increased approximately 7% from the FY 2023-24 receipts, compared to an increase of approximately 11% the previous fiscal year. The DSCA Fund receipts for FY 2025-26 are expected to be relatively stable and similar to FY 2024-25.

Table II-5. Historic DSCA Fund Statistics

Fiscal Year	Receipts	Disbursements	Fund Balance
FY 03-04	9,487,233.94	489,024.96	13,547,987.50
FY 04-05	9,660,612.84	1,806,911.93	21,401,688.41
FY 05-06	9,913,615.29	2,126,835.62	29,188,468.08
FY 06-07	10,687,669.06	4,184,051.63	35,692,085.50
FY 07-08	10,307,477.83	8,413,240.75	37,586,322.59
FY 08-09	9,513,473.12	14,803,890.84	24,281,705.87
FY 09-10	8,147,167.40	16,808,702.01	15,658,644.76
FY 10-11	8,627,803.92	11,222,140.59	12,915,294.16
FY 11-12	9,124,256.44	8,208,478.47	13,859,866.72
FY 12-13	8,580,621.94	9,835,705.15	12,604,783.26
FY 13-14	8,190,699.90	11,958,967.35	8,836,516.06
FY 14-15	8,181,706.31	10,939,433.40	6,078,788.97
FY 15-16	8,284,815.52	8,741,519.44	5,622,085.05
FY 16-17	8,393,644.71	7,349,688.20	6,666,041.56
FY 17-18	8,681,394.03	7,429,454.53	7,917,981.06
FY 18-19	9,063,204.11	7,801,661.38	9,179,523.79
FY 19-20	9,180,783.26	7,970,265.54	10,390,041.51
FY 20-21	8,717,494.34	5,841,099.71	13,266,436.14
FY 21-22	7,969,523.95	7,514,248.46	13,721,711.63
FY 22-23	8,465,957.32	7,657,060.04	14,530,608.91
FY 23-24	9,492,780.93	9,761,453.34	14,261,936.50
FY 24-25	10,208,402.69	10,902,423.16	13,567,916.03

Figure II-3. DSCA Fund Trends

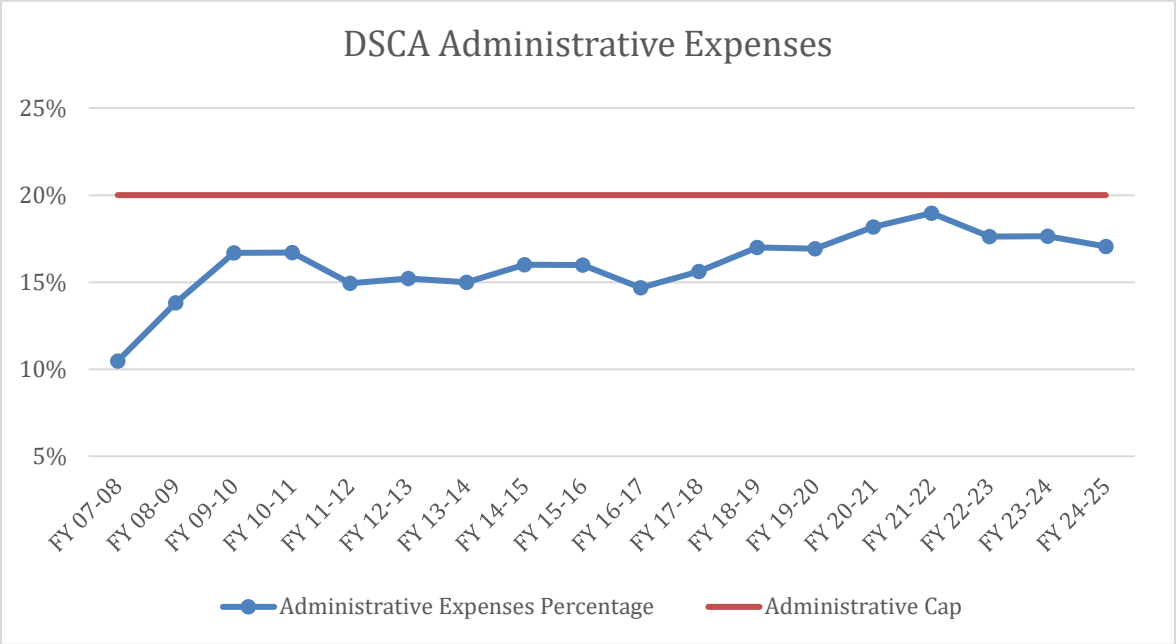


Using the DSCA Program's state-lead cleanup costs and national estimates of total average costs to clean up contaminated dry-cleaning sites, the program can project the estimated costs to address the sites currently certified in the DSCA Program. Using an estimated average total cleanup cost of $500,000 per site, it will take more than $264 million (not including DEQ's administrative costs) to address the 540 sites that have been certified in the program. Based on data from the N.C. Department of Labor, there are at least 2,000 active and abandoned dry-cleaning facilities in the state. Investigations performed across the nation indicate that contamination is present in at least 75 percent of all dry-cleaning operations. Applying this percentage to the number of current and former facilities in North Carolina, a total of 1,500 contaminated sites may be present, equaling an estimated $750 million in cleanup costs. If only 50 percent of these contaminated sites are accepted into the DSCA Program, the projected total cleanup cost (adjusted for inflation) would be approximately $375 million.

E. DSCA Administrative Costs

According to DSCA, up to 20 percent of annual revenues deposited into the fund may be used by DEQ and the North Carolina Attorney General's Office to administer the program. The administrative costs-to- revenue ratio has been relatively steady, fluctuating between 17 and 19 percent since FY 2018-19 and is shown in Figure II-4. The current administrative cost-to-revenue ratio is at 17 percent and is expected to slightly increase in the coming fiscal year. Vacancies are being filled at higher starting salaries as dictated by cost of living and equity pay. The costs of benefits, computers and other supplies and covering legislative salary increases are also covered under administrative costs. Due to these increases, if the 20 percent of annual revenues to administer the program is not adequate in the future, a legislative change to increase the administrative percentage may be necessary.

Figure II-4. DSCA Administrative Expenses



F. Actions to Ensure Fund Solvency

Between 2008 until 2011, the increased expenditures on-site cleanups had substantially reduced the fund balance. The program continues to experience an increase in the number of sites petitioning into the cleanup program, along with an increase in vapor intrusion-related assessment and mitigation. As demonstrated during previous years, the program continues to closely monitor and adjust expenditures to ensure that funds are available to address certified sites. The DSCA Program's prioritization strategy ensures that sites requiring remediation are addressed in priority order while maintaining fund solvency.

As noted above, total collections for FY 2024-25 were approximately $10.2 million. The fund has a balance of approximately $13.6 million which is fully encumbered in contracts. The DSCA Fund is solvent. The remaining fund balance is expected to be encumbered in new contracts in FY 2024-25.

The DSCA Program implements measures to closely monitor expenditures and prioritize spending at identified dry-cleaning contaminated sites to ensure that potentially reduced funds are sufficient to address risk to human health and safety.

The DSCA Program is entirely receipt funded by taxes on dry-cleaning solvents and the dry-cleaning related sales and use tax. These taxes are appropriately used to assess and remediate dry-cleaning solvent contamination. Given the DSCA Program's broad support by the dry-cleaning industry and its success in cleaning up contaminated dry-cleaning sites, mitigating risks and preventing future releases, legislation was signed Nov. 1, 2019, to extend the program and the funding for an additional 10 years. The sunset date for the DSCA Program is now Jan.1, 2032. The dry-cleaning solvent tax was extended to Jan. 1, 2030, and the sales and use tax transfer was extended to July 1, 2030.

The DSCA Program provides a cost-effective means of protecting the public and the environment from risks posed by dry-cleaning solvent contamination and provides property owners and dry cleaners the opportunity to allow site contamination to be remediated at costs that they can afford.

G. Program Challenges

Over the past decade, contaminant vapor intrusion has been a focal point for the DSCA Program as discussed in Section B.4. The DSCA Program is a leader in rapid response to address vapor intrusion issues across North Carolina at DSCA sites and assists other programs with technical expertise when needed. Typically, within 24 hours of verifying contaminant concentrations in indoor air that exceed the inhalation action level, the DSCA Program staff is on-site deploying air handling units to immediately reduce exposures to below the action levels. This scenario occurs approximately 10 times a year. The DSCA Program then develops a plan to address vapor intrusion on a more permanent basis through remediation or installation of a more robust mitigation system. Not every DSCA site requires rapid response to vapor intrusion because the contaminant levels in indoor air do not exceed immediate action levels. However, vapor intrusion is an issue that is addressed by the DSCA Program at approximately 80 percent of its sites to protect against current and future exposure to potential vapor intrusion contaminants. The DSCA Program meets the challenges of vapor intrusion by remaining at the forefront of technical assessment and mitigation of sites and has set the standard for innovative sampling techniques and the collection of data to assist EPA with vapor intrusion guidance.

The 15A NCAC 02S rules, which are Rules and Criteria for the Administration of the Dry-Cleaning Solvent Cleanup Fund, are currently going through the readoption process which began with a presentation to the Environmental Management Commission's Groundwater and Waste Management Committee in May 2024. The rule adoption process is expected to conclude in May 2027.

The number of contaminated properties being redeveloped has been increasing. These properties are redeveloped while the site is being addressed in the DSCA program and after the site has been closed by DSCA using land-use restrictions. The burden on staff time and expertise to address these redevelopment needs will require dedicated staff members to oversee the activities at these sites. Additionally, dedicated staff will be necessary to oversee the post closure activities at the growing number of sites closed under the DSCA program to ensure compliance with land-use restrictions and protection of public health. The Brownfields program has a property management unit that performs these functions, and it is anticipated that the Superfund Section will establish a similar unit in the coming year to address redevelopment and post closure sites in all Superfund programs, including DSCA.