

SENATE BILL REPORT

SB 5806

AS REPORTED BY COMMITTEE ON TRANSPORTATION, MARCH 4, 1991

Brief Description: Authorizing loans and grants to preserve underground petroleum storage tanks in rural areas.

SPONSORS: Senators Patterson, Matson, Hansen, Vognild, Snyder, Barr, Hayner, Newhouse, Owen, Oke, Metcalf, Jesernig, Madsen, Conner, McMullen, Sellar, Johnson, Bailey and L. Smith.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5806 be substituted therefor, and the substitute bill do pass.

Signed by Senators Patterson, Chairman; Nelson, Vice Chairman; von Reichbauer, Vice Chairman; Barr, Conner, Erwin, Hansen, Madsen, Oke, Sellar, Skratek, Snyder, Thorsness, and Vognild.

Staff: David Williams (786-7305)

Hearing Dates: March 4, 1991

BACKGROUND:

Federal and state regulations have been enacted which require owners and operators of underground storage tanks (UST) to meet technical standards and obtain liability insurance. Due to the costs associated with compliance with such regulations, UST sites have closed or are planned for closure. Since 1989, 354 registered gas stations and convenience stores have closed.

Rural communities in particular will be adversely affected if gas stations do not remain open in their locale or area.

SUMMARY:

Cities, towns, and counties are authorized to provide loans and grants to owners and operators of underground storage tanks (UST) containing petroleum. To qualify for financial assistance the owner/operator must apply for insurance from the Pollution Liability Insurance Agency (PLIA), and enter into a written agreement with the local government. This agreement includes a promise to provide needed petroleum products and related services, to maintain the UST for the use for which the assistance was provided, and to maintain compliance with state UST financial responsibility and other technical requirements. The agreement would then be filed as a real property lien against the tank site. If the owner/operator breaches the agreement, the financial assistance provided immediately becomes due.

Local governments may apply to the Underground Storage Tank Community Assistance Program (USTCAP) Committee for UST financial assistance. USTCAP is created within the PLIA. Its purpose is to review and approve applications from local governments for UST financial assistance. In applying for financial assistance, local governments must demonstrate their intent to comply with the act. Financial assistance is limited to \$150,000 and can be given in the form of a loan, grant, or a combination of the two. In approving applications for grants, USTCAP will give preference to those applicants providing a local match, either in cash or through in-kind services.

Funding for the USTCAP will come from the pollution liability trust account reserve. Funding for this account comes from an existing tax on the possession of petroleum products in this state.

EFFECT OF PROPOSED SUBSTITUTE:

The construction or establishment of a new underground storage tank facility is not permitted. If an action based on a constitutional challenge is brought or maintained against a city, town or country, the local government may request the state to act or assist in its defense.

Appropriation: none

Revenue: none

Fiscal Note: requested

TESTIMONY FOR:

Rural communities, in particular, have been hard pressed to preserve the limited number of petroleum outlets and service stations. The loss of these outlets and service stations undermines the economic well being of the immediate community, and endangers the continuation of such services as emergency medical, fire, and police services.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Jim Sims, Pollution Liability Insurance Agency; Jonathan Seib, Senate Commerce and Labor Committee; Jim Neva, City of Westport; Stan Finkelstein, Association of Washington Cities; Randy Ray, Washington Wheat Growers; Tim Hamilton, AUTO; Tom Eaton, Department of Ecology; Beverly Jacobson, Washington State Hospital Association