

Amended: 5/8/90
Offered: 5/8/90

6-0693SS

Original sponsor(s): REP. MENARD, M.Davis, Brown, Larson, Navarre, Cato,
Koponen, Gruenberg, Spohnholz, Goll, Ellis, Foster, Jacko, Boyer, Boucher,
Swackhammer, Kubina

1 IN THE HOUSE BY THE CONFERENCE COMMITTEE

2 CONFERENCE CS FOR HOUSE BILL NO. 220 (efd del H)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor fuels, petroleum and chemi-
7 cal storage tanks, and investigation, containment,
8 and cleanup of oil and hazardous substances."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. PURPOSE AND INTENT. (a) The purpose of this Act is to
11 provide for

12 (1) establishment of technical assistance mechanisms that will
13 assist the owners and operators of underground storage tank systems to
14 comply with federal and state requirements governing their tank systems;
15 and

16 (2) clean up of existing leaks and prevention of future leaks
17 associated with underground petroleum storage tank systems in order to
18 protect the public from contamination of drinking water and to protect the
19 environment.

20 (b) The legislature recognizes that the regulations governing under-
21 ground storage tank systems may not be easily understood and that some
22 owners and operators will be faced with insurance requirements that they
23 will not be able to satisfy because of contamination relating to their tank
24 systems. It is the legislature's intent to help these owners and operators
25 through educational, technical, and financial assistance, and to provide
26 incentives for prompt compliance with the new requirements of this Act.

27 (c) It is the intent of the legislature that the owners and operators
28 of underground petroleum storage tank systems train their employees in the
29 proper handling of petroleum products and the use of leak, spill, and

1 overflow protection devices.

2 (d) It is also the intent of the legislature to develop a program for
3 underground storage tank systems that will be approved by the federal
4 government.

5 * Sec. 2. AS 46.03 is amended by adding new sections to read:

6 ARTICLE 6A. UNDERGROUND STORAGE TANK SYSTEMS.

7 Sec. 46.03.360. BOARD OF STORAGE TANK ASSISTANCE. (a) There is
8 established the Board of Storage Tank Assistance. For administrative
9 purposes, the board is located in the department. The board consists
10 of the commissioners of environmental conservation and transportation
11 and public facilities, or their designees, and the following persons
12 who shall be appointed by the governor to serve at the pleasure of the
13 governor for staggered four-year terms:

14 (1) an engineer registered under AS 08.48 who is knowledge-
15 able about installing, upgrading, repairing, or closing underground
16 petroleum storage tank systems;

17 (2) a general contractor registered under AS 08.18 who is
18 knowledgeable about installing, upgrading, repairing, or closing
19 underground petroleum storage tank systems;

20 (3) two persons who own or operate an underground petroleum
21 storage tank system, at least one of whom does not own or operate more
22 than 10 underground petroleum storage tanks; and

23 (4) a member of the insurance industry.

24 (b) The board may employ a full-time director and no more than
25 one other employee. The department shall provide additional adminis-
26 trative and clerical support to the board.

27 (c) The board shall meet at the call of the chair, who shall be
28 selected by the members from among themselves.

29 (d) The members of the board serve without compensation, but are

1 entitled to per diem and travel expenses authorized by law for boards
2 and commissions.

3 (e) Under the Administrative Procedure Act (AS 44.62), the board
4 shall adopt regulations under which the department shall

5 (1) determine which costs of tightness testing and site
6 assessment are eligible costs under AS 46.03.415;

7 (2) rank requests for assistance under AS 46.03.420;

8 (3) determine which costs of risk assessment, containment,
9 corrective action, and cleanup are eligible costs under AS 46.03.420;

10 (4) determine which costs of upgrading and closure are
11 eligible costs under AS 46.03.430.

12 (f) If the department determines that a cost is not eligible
13 under AS 46.03.415 - 46.30.430 and the affected owner or operator
14 disputes that determination, or if an owner or operator disputes the
15 ranking assigned to a request for assistance under AS 46.03.420, the
16 owner or operator may apply to the board for resolution of the dis-
17 pute. The board may issue a decision in a dispute brought to it under
18 this subsection. The decision is binding on the owner, operator, and
19 department.

20 (g) The board may adopt regulations to limit the number of sites
21 per calendar year for which an owner or operator may be awarded finan-
22 cial assistance under AS 46.03.420 - 46.03.430. The department shall
23 implement the regulations.

24 Sec. 46.03.363. REPORTS. The board and the department shall
25 each submit a report to the legislature not later than the 10th day
26 following the convening of each regular session of the legislature.
27 Each report may include information considered significant by the
28 reporting entity but must include, as applicable

29 (1) information about the extent to which releases

1 associated with underground petroleum storage tank systems have caused
2 bodily injury or property damages to persons other than the owner or
3 operator of the system in the preceding fiscal year, and the extent to
4 which insurance is available to cover that type of injury and damage;

5 (2) recommendations about whether there are specific areas
6 where state regulations should be more stringent than the federal
7 regulations for underground petroleum storage tank systems;

8 (3) information on the availability of private commercial
9 loans and federal loans, loan guarantees, or grants for upgrading
10 underground petroleum storage tank systems;

11 (4) information on the availability of insurance that would
12 cover the costs of corrective actions made necessary by a release or
13 threatened release from an underground petroleum storage tank system;

14 (5) a brief summary of disputes involving the board under
15 AS 46.03.360(f) and other laws authorizing the board to review dis-
16 putes; and

17 (6) recommendations for amendments or additions to AS 46.-
18 03.360 - 46.03.450.

19 Sec. 46.03.365. REGULATION OF UNDERGROUND PETROLEUM STORAGE TANK
20 SYSTEMS. (a) The department shall develop a program to abate and
21 prevent pollution from underground petroleum storage tank systems
22 through the adoption of regulations under the Administrative Procedure
23 Act (AS 44.62). Consistent with other provisions in AS 46.03.360 -
24 46.03.450, the regulations may govern

25 (1) notification and registration;

26 (2) inspection and record keeping;

27 (3) construction, installation, and performance;

28 (4) maintenance, operation, and repair;

29 (5) technical standards, including standards for spill and

1 overfill control, corrosion prevention, and release detection and
2 reporting;

3 (6) financial responsibility;

4 (7) certification of underground petroleum storage tank
5 system workers;

6 (8) corrective action and cost recovery;

7 (9) closure and abandonment;

8 (10) enforcement of regulations; and

9 (11) prevention of releases to protect the public health and
10 environment.

11 (b) In the regulations adopted under (a) of this section, the
12 department may

13 (1) distinguish among the sizes, types, classes, locations,
14 and ages of underground petroleum storage tank systems;

15 (2) provide for exemptions and deferrals determined to be
16 necessary by the department; exemptions and deferrals under this
17 paragraph must be consistent with those granted under federal laws and
18 regulations.

19 (c) Except as provided in AS 46.03.420(c)(2)(A), when the regu-
20 lations adopted under this section address areas governed by federal
21 laws or regulations, the state regulations must be consistent with
22 federal laws and regulations and may not be more stringent than the
23 federal laws and regulations.

24 (d) Before adopting a regulation that sets a standard for the
25 level of a contaminant that is allowed to remain in soil or ground-
26 water after cleanup of a release from or associated with an under-
27 ground petroleum storage tank, the department shall consult with the
28 board. Before the department may adopt a regulation specifying allow-
29 able technologies for testing, containment and cleanup, or corrective

1 action, the regulation must be approved by the board.

2 Sec. 46.03.370. EDUCATIONAL ASSISTANCE. The department shall
3 provide

4 (1) educational assistance to owners and operators of
5 underground petroleum storage tank systems to help them comply with
6 federal and state laws and regulations applicable to the tank systems,
7 including the registration and notification requirements under AS 46.-
8 03.380 - 46.03.400;

9 (2) the public with information to help the public under-
10 stand the effects associated with the release of petroleum and chemi-
11 cal products into the environment, including releases from petroleum
12 and chemical storage tank systems.

13 Sec. 46.03.375. CERTIFICATION OF STORAGE TANK WORKERS. (a) The
14 department shall adopt regulations governing the certification of
15 persons who install, test, close, repair, or significantly change the
16 configuration of underground petroleum storage tanks and tank systems.
17 The certification program shall be administered by the division of
18 occupational licensing, Department of Commerce and Economic Develop-
19 ment. In consultation with the Department of Environmental Conserva-
20 tion, the division shall make every reasonable attempt to ensure that
21 opportunities for obtaining certification under this section are
22 available throughout the state. The division shall organize presenta-
23 tion of national training courses that are available in the state and
24 assist residents of isolated communities who request assistance in
25 becoming certified. The division may contract with the University of
26 Alaska, a vocational technical school, or a regional nonprofit orga-
27 nization to provide the education and testing necessary for certifica-
28 tion.

29 (b) The division shall establish fees applicable to certi-

1 fication under this section in an amount necessary to cover the costs
2 of the certification program. The fees shall be collected by the
3 division. The commissioner of administration shall separately account
4 for fees deposited in the general fund by the Department of Commerce
5 and Economic Development under this subsection. The legislature may
6 appropriate the annual estimated balance of the account to the Depart-
7 ment of Commerce and Economic Development for operation of the certi-
8 fication program.

9 (c) Except as provided in (d) of this section, a person may not
10 install, test, close, repair, or significantly change the config-
11 uration of an underground petroleum storage tank or tank system unless
12 that person is certified for the appropriate activity under (a) of
13 this section. A person who violates this subsection is guilty of a
14 class B misdemeanor.

15 (d) A person may install, test, close, repair, or significantly
16 change the configuration of an underground petroleum storage tank or
17 tank system without being certified under this section if

18 (1) the person performs the work under the direct super-
19 vision of another who is certified for that work under this section;

20 (2) the supervisor inspects the work performed; and

21 (3) after inspection, the supervisor approves the work in
22 writing.

23 (e) The Administrative Procedure Act (AS 44.62) applies to
24 regulations and certifications under this section.

25 (f) The department shall develop and maintain lists of persons
26 certified under this section to perform the various activities related
27 to underground petroleum storage tanks and tank systems. The depart-
28 ment shall provide the lists on request to interested persons.

29 (g) In this section,

1 (1) "close" means to remove petroleum and sludges from the
2 tanks in the tank system and either fill the tanks with inert solid
3 material or remove, dismantle, and dispose of the tanks;

4 (2) "division" means the division of occupational licensing
5 in the Department of Commerce and Economic Development.

6 Sec. 46.03.380. REGISTRATION OF TANKS AND TANK SYSTEMS. (a) A
7 person, including a governmental entity or institution, or a public
8 corporation, who intends to install, have installed, return to opera-
9 tion, or acquire ownership of an underground petroleum storage tank or
10 tank system shall, before the installation or return to operation, or
11 30 days after acquisition, register the tank or tank system with the
12 department on a form provided by the department and pay the tank
13 registration fee required under AS 46.03.385.

14 (b) The owner or operator of an underground petroleum storage
15 tank or tank system that was installed before and is still in use on
16 the effective date of this section shall register the tank or tank
17 system with the department on a form provided by the department and
18 pay the tank registration fee required under AS 46.03.385. For each
19 tank or tank system registered under this subsection that was in-
20 stalled before December 22, 1988, the owner or operator shall provide
21 to the department at the time of registration

22 (1) proof of plans for prompt site assessment or testing
23 for tank tightness;

24 (2) an application for state assistance to fund part of the
25 cost of a tank tightness test or site assessment; or

26 (3) proof of tank tightness testing or site assessment that
27 occurred within the previous 12 months and

28 (A) satisfactory performance of the tank or tank
29 system during the test, proof of noncontamination if a site

1 assessment was performed, and proof of compliance with applicable
2 state financial responsibility requirements; or

3 (B) if the tank or tank system did not perform satis-
4 factorily during the test, or the site assessment showed evidence
5 of contamination,

6 (i) a summary of the upgrading, repair, contain-
7 ment, or cleanup efforts that have been or will be used for
8 the tank, tank system, or site; or

9 (ii) an application for state assistance under
10 AS 46.03.420 - 46.03.430; if the applicant is determined to
11 be ineligible for assistance under AS 46.03.420 - 46.03.430,
12 the applicant shall comply with (i) of this subparagraph
13 upon notification of ineligibility.

14 Sec. 46.03.385. REGISTRATION FEE. (a) At the time of registra-
15 tion under AS 46.03.380, and annually thereafter, the owner or opera-
16 tor shall pay to the department a registration fee for each tank
17 registered unless the owner or operator has notified the department
18 under AS 46.03.395 that the tank has been taken out of service. An
19 underground storage tank that has leak detection, spill and overflow
20 protection, and corrosion protection that meet requirements of the
21 department is subject to a \$50 annual registration fee, regardless of
22 tank capacity. An underground storage tank system that lacks any or
23 all of these features is subject to an annual registration fee of

24 (1) \$150 if the underground storage tank capacity is less
25 than 1,000 gallons;

26 (2) \$300 if the underground storage tank capacity is
27 1,000 - 5,000 gallons;

28 (3) \$500 if the underground storage tank capacity is over
29 5,000 gallons.

1 (b) An underground petroleum storage tank or tank system owned
2 or operated by the federal or state government is exempt from the
3 registration fee in (a) of this section.

4 (c) A registration fee that is not paid within 30 days of when
5 it is due shall be increased by a late payment fee equal to \$10 per
6 day until the day of payment.

7 (d) The first annual fee under this section must be accompanied
8 by the information required under AS 46.03.400. Subsequent annual
9 fees must be accompanied by the names and addresses of the owner and
10 operator of the tank system, and the location and capacity of, and
11 substance being stored in, the tanks for which the fee is being sub-
12 mitted.

13 (e) The commissioner of administration shall separately account
14 for money deposited in the general fund by the department under this
15 section. The legislature may appropriate the annual estimated balance
16 of the account to the storage tank assistance fund established under
17 AS 46.03.410.

18 Sec. 46.03.390. NOTIFICATION OF CHANGES IN TANK SYSTEMS. An
19 owner or operator who intends to significantly change the configura-
20 tion of an underground petroleum storage tank system shall notify the
21 department before beginning work on the change by completing and
22 returning to the department a notification form obtained from the
23 department.

24 Sec. 46.03.395. NOTIFICATION OF TANK SYSTEM CLOSURE. If an
25 underground petroleum tank or storage tank system is taken out of
26 operation, the owner or operator of the tank or tank system, or an
27 agent on the owner's or operator's behalf, shall provide on forms ob-
28 tained from the department

29 (1) notification of that fact to the department at least 15

1 days, but not more than 60 days, before the date the tank or tank
2 system will be taken out of operation unless the tank or tank system
3 is taken out of operation because of an emergency; in emergency sit-
4 uations, the owner or operator shall provide notification as promptly
5 as possible under the circumstances; and

6 (2) evidence satisfactory to the department within 30 days
7 after the tank or tank system is taken out of operation that the owner
8 or operator has complied with applicable state and federal laws and
9 regulations governing temporary or permanent tank closure.

10 Sec. 46.03.400. REGISTRATION FORMS. The registration forms
11 required under AS 46.03.380 - 46.03.395 must require information about
12 the geographical location of a tank or tank system, the estimated age
13 of the tanks and tank system, the total capacity, type of construc-
14 tion, internal and external protection, and piping of the tanks and
15 tank system, and the substance currently or proposed to be stored in
16 the tank system. If the tank or tank system is newly installed, the
17 owner or operator shall certify that the owner or operator has com-
18 plied with installation, release detection, corrosion protection, and
19 financial responsibility requirements of state and federal law.

20 Sec. 46.03.405. PROHIBITIONS. A person, including a govern-
21 mental entity or institution, or a public corporation, may not operate
22 an underground petroleum storage tank or tank system unless

23 (1) the tank and tank system is registered with the depart-
24 ment as provided in AS 46.03.360 - 46.03.450 or other law; and

25 (2) except as provided in AS 46.03.420(c)(1)(D), the person
26 has provided to the department proof of financial responsibility to
27 the extent required under regulations adopted under AS 46.03.365 or
28 proof of application for arrangements that would satisfy state finan-
29 cial responsibility requirements.

1 Sec. 46.03.410. STORAGE TANK ASSISTANCE FUND. (a) There is
2 established the storage tank assistance fund. It consists of money
3 appropriated to it by law. The commissioner of administration shall
4 separately account for earnings on money in the fund that are de-
5 posited in the general fund by the department. The legislature may
6 use the estimated balance in the account to make appropriations to the
7 fund.

8 (b) The commissioner may use money in the fund to pay for

9 (1) tank tightness tests or site assessments under AS 46.-
10 03.415;

11 (2) grants and loans under AS 46.03.420 for risk assess-
12 ment, containment, corrective action, and cleanup costs; and

13 (3) grants under AS 46.03.430 for tank system upgrading and
14 closure.

15 (c) The commissioner shall submit a report on the status of the
16 storage tank assistance fund to the legislature not later than the
17 10th day following the convening of each regular session of the legis-
18 lature. The report may include information considered significant by
19 the commissioner but must include

20 (1) the amount and source of money received by the fund
21 during the preceding fiscal year;

22 (2) the amount of money expended during the preceding
23 fiscal year for each type of expense authorized under (b) of this
24 section;

25 (3) a detailed summary of department activities paid for
26 from the fund during the preceding fiscal year, including how many
27 requests for assistance have been made to the department to use the
28 fund for grants or loans for testing, site assessment, risk assess-
29 ment, upgrading, closure, containment, corrective action, and cleanup

1 costs, and the number of requests funded in each activity area;

2 (4) the projected cost for the next fiscal year of moni-
3 toring, operating, and maintaining sites where department activities
4 have been completed or are expected to start or be continued during
5 the fiscal year;

6 (5) the priority list of tank system sites for which the
7 department expects to provide financial assistance in the next fiscal
8 year.

9 Sec. 46.03.415. TANK TIGHTNESS AND SITE ASSESSMENT INCENTIVE
10 PROGRAM. (a) The owner or operator of an underground petroleum
11 storage tank or tank system that was installed before the effective
12 date of this Act and is operating on the effective date of this Act,
13 other than the state or federal government, may request the department
14 to use money from the storage tank assistance fund to reimburse the
15 owner or operator for eligible costs of a tank tightness test or site
16 assessment in order to determine if there has been a release of petro-
17 leum from the owner's or operator's tank system. The department shall
18 reimburse up to 50 percent of the cost, not to exceed \$300 per tank
19 for tightness tests up to a maximum of \$1,200 per facility, or \$800
20 per tank for site assessment up to a maximum of \$3,200 per facility.

21 (b) Under regulations adopted by the board, the department shall
22 determine which costs of tightness testing and site assessment are
23 eligible costs under this section.

24 (c) Notification of intent to request reimbursement under this
25 section must be submitted to the department at the time of registra-
26 tion under AS 46.03.380(b). The activities for which reimbursement is
27 requested must be completed within 12 months after registration is due
28 under AS 46.03.380 unless the owner or operator demonstrates to the
29 department's satisfaction that there is good cause for extending the

1 deadline. Good cause may be demonstrated by a showing that a qual-
2 ified site assessor or tank system tester was not available, seasonal
3 climatic conditions render the appropriate activities unsafe or im-
4 practicable, or other justification acceptable to the department. If
5 the department finds good cause for extending the deadline, the de-
6 partment may extend the deadline for completion of activities for
7 which reimbursement is requested for a period of time specified by the
8 department.

9 (d) The department shall make available, on request, lists of
10 persons who have notified the department that they are available as
11 site assessors and tank testers for purposes of this section.

12 Sec. 46.03.420. TANK CLEANUP PROGRAM. (a) Subject to (b) - (j)
13 of this section, application may be made to the department by the
14 owner or operator of an underground petroleum storage tank system,
15 other than the state or federal government, for grants and loans from
16 the storage tank assistance fund to pay for the costs of risk assess-
17 ment, containment, corrective action, and cleanup resulting from a
18 release of petroleum from or associated with an underground petroleum
19 storage tank system. Applications for assistance under this section
20 must be submitted to the department before July 1, 1994. Under regu-
21 lations of the board, the department shall rank requests under this
22 section in order of priority, giving greatest priority to those tank
23 systems that present the greatest threat or potential threat to human
24 health.

25 (b) Grants made by the department under this section shall
26 exclude a portion of the risk assessment, containment, corrective
27 action, and cleanup costs. The portion of these costs not payable as
28 a grant by the department under this section is 10 percent of total
29 costs, up to a maximum of \$25,000 not payable by the department; this

1 portion of the costs shall be loaned at no interest by the department
2 to the owner or operator on request with repayment to be made accord-
3 ing to a schedule agreed to by the parties. The department may re-
4 quire security or collateral for a loan made under this subsection and
5 may charge a fee for a late loan repayment equal to five percent of
6 the amount of the late payment. At the department's discretion, a
7 loan or grant under this section may be disbursed in partial payments
8 according to a schedule related to costs anticipated to be incurred
9 during specified time periods.

10 (c) An owner or operator of an underground petroleum storage
11 tank system is not eligible for a grant or loan under this section for
12 activities related to a release unless the release occurs before
13 December 22, 1993, and the owner or operator

14 (1) establishes the following to the department's reason-
15 able satisfaction:

16 (A) the owner or operator reported the release to the
17 department in compliance with state and federal law before
18 July 1, 1994, for a release that the owner or operator estab-
19 lishes first occurred on or after the effective date of this
20 section and before December 22, 1993;

21 (B) the owner or operator promptly reported the re-
22 lease to the department in compliance with applicable regula-
23 tions;

24 (C) the tank or tank system from which the release
25 occurred was installed before December 22, 1988;

26 (D) the owner and operator have, within six months
27 after the effective date of this section, been in compliance with
28 all state and federal laws applicable to underground petroleum
29 storage tank systems and releases from them, including

1 notification and registration laws, but excluding financial
2 responsibility requirements;

3 (E) the release was not a result of the owner's or
4 operator's gross negligence, recklessness, or intentional con-
5 duct;

6 (2) agrees to

7 (A) upgrade all underground petroleum storage tanks
8 located at the facility from which the release occurred to the
9 standards set by state and federal regulations according to a
10 time line established by the department; notwithstanding (g) of
11 this section and AS 46.03.365(c), the department may require
12 upgrading under this subparagraph that is required earlier than
13 that required under federal law; or

14 (B) remove and properly dispose of all liquids and
15 sludges from the underground petroleum storage tanks located at
16 the facility from which the release occurred, conduct a site
17 assessment, and either fill the tanks with inert solid material
18 or properly dismantle, remove, and dispose of the tanks in accor-
19 dance with applicable state and federal regulations; and

20 (3) agrees to submit a plan for risk assessment, contain-
21 ment, corrective action, and cleanup to the department for its review
22 and approval; if the department and the owner or operator cannot reach
23 agreement on a plan or on later changes in the plan, the owner or
24 operator may apply to the board to review the dispute; the board may
25 issue a recommendation to the department in a dispute brought to it
26 under this paragraph.

27 (d) The department may deny a request for a grant or loan under
28 this section if the department determines that one or more of the
29 following conditions exists:

1 (1) the fund established under AS 46.03.410 lacks suffi-
2 cient money; if a request for a grant or loan is denied under this
3 paragraph, it shall be granted, without the requirement of a new
4 application, when money is next available, subject to the existence of
5 higher-priority requests;

6 (2) other risk assessment, containment, corrective action,
7 and cleanup activities for which money may be used under AS 46.03.410
8 constitute a higher priority for fund expenditures; if a request is
9 initially denied under this paragraph, it shall be granted later
10 without the necessity of a new application, subject to available
11 funding and other higher priorities; or

12 (3) the owner or operator fails to meet the requirements
13 set out in (c) of this section.

14 (e) A request for a grant under this section, and a grant pay-
15 ment made under this section, may not exceed \$1,000,000 per occur-
16 rence, less the amount not payable as a grant under (b) of this sec-
17 tion.

18 (f) Under regulations adopted by the board, the department shall
19 determine which costs of risk assessment, containment, corrective
20 action, and cleanup are eligible for payment under this section.

21 (g) The department shall adopt regulations reasonably necessary
22 to implement this section. The regulations must be consistent with
23 federal law except as provided in (c)(2)(A) of this section.

24 (h) This section does not affect the liability under state or
25 federal law of any person, or other entity that receives assistance
26 under this section, for the costs of risk management, containment,
27 corrective action, and cleanup resulting from a release of petroleum.
28 However, notwithstanding the provisions of AS 46.08.070(a), the
29 department may not seek reimbursement of a grant made under this

1 section unless the department determines that the grant was requested
2 under false pretenses or that other circumstances render the grant
3 inconsistent with this section or with applicable regulations. This
4 section does not affect the authority of the department to seek re-
5 covery from the owner or operator of costs other than grants and loans
6 actually made to an owner or operator under this section.

7 (i) The commissioner of administration shall separately account
8 for money deposited by the department under this section. The legis-
9 lature may appropriate the annual estimated balance of the account to
10 the fund established under AS 46.03.410.

11 Sec. 46.03.430. TANK UPGRADING AND CLOSURE PROGRAM. (a) The
12 department shall, by regulation, establish a grant program under which
13 the owner or operator of an underground petroleum storage tank, other
14 than the state or federal government, may, upon application, receive a
15 grant for 60 percent of the eligible costs of tank upgrading or clo-
16 sure, subject to a maximum total grant of \$60,000 per facility.

17 (b) Under regulations adopted by the board, the department shall
18 determine which costs of upgrading and closure are eligible for pay-
19 ment under this section.

20 (c) A grant may not be awarded under this section for upgrading
21 or closure activities that do not meet the requirements of state and
22 federal law.

23 (d) In this section,

24 (1) "closure" means to remove all petroleum and sludges
25 from an underground petroleum storage tank and either fill the tank
26 with inert solid material or properly dismantle, remove, and dispose
27 of the tank;

28 (2) "upgrading" means to add or retrofit cathodic protec-
29 tion systems, lining, spill and overflow controls, or similar systems

1 to improve the ability of an underground petroleum storage tank system
2 to prevent a release.

3 Sec. 46.03.440. CONFIDENTIALITY OF FINANCIAL RECORDS. (a)
4 Financial records submitted to the department or the board by the
5 owner or operator of an underground petroleum storage tank system are
6 confidential and not subject to inspection or copying under AS 09.25.-
7 110 - 09.25.120. The department, in consultation with the affected
8 owner or operator, shall determine which information is confidential
9 under this subsection.

10 (b) The confidentiality conferred by (a) of this section does
11 not apply to statistical information compiled by the department about
12 the number, capacity, and location of underground petroleum storage
13 tank systems in the state.

14 Sec. 46.03.450. DEFINITIONS. In AS 46.03.360 - 46.03.450

15 (1) "board" means the Board of Storage Tank Assistance
16 established under AS 46.03.360;

17 (2) "chemical" means any substance defined in 42 U.S.C.
18 9601(14) (sec. 101(14) of the Comprehensive Environmental Response,
19 Compensation, and Liability Act of 1980), as amended, and any sub-
20 stance having the characteristics identified or listed under 42 U.S.C.
21 6921 (sec. 3001 of the Solid Waste Disposal Act), regardless of wheth-
22 er the substance is a solid waste;

23 (3) "containment and cleanup" has the meaning given in
24 AS 46.08.900 except that it does not include incidental administrative
25 costs;

26 (4) "corrective action" means action necessary to stop the
27 migration, determine the extent, and undertake recovery of petroleum
28 after its unpermitted release; clean up affected soil and groundwater;
29 and stabilize the site of the release to prevent or remove hazards to

1 public health or the environment;

2 (5) "facility" means contiguous land and structures on or
3 in the land containing underground petroleum storage tanks owned by
4 the same person or entity;

5 (6) "farm" means a tract of land devoted to the production
6 of crops or raising animals, including fish, and associated residences
7 and improvements; "farm" includes fish hatcheries, rangelands, and
8 nurseries with growing operations;

9 (7) "petroleum" means crude oil or any fraction of crude
10 oil that is liquid at 60 degrees Fahrenheit and pressure of 14.7
11 pounds per square inch absolute; "petroleum" includes petroleum-based
12 substances comprised of a complex blend of hydrocarbons derived from
13 crude oil through processes of separation, conversion, upgrading, and
14 finishing, such as motor fuels, jet fuels, distillate fuel oils,
15 residual fuel oils, lubricants, petroleum solvents, and used oils;

16 (8) "release" has the meaning given in AS 46.08.900;

17 (9) "risk assessment" means a determination of potential
18 health effects including effects of containment exposure through
19 inhalation, ingestion, dermal absorption, and other means, and the
20 assessment of risk to human health and the environment from contami-
21 nants remaining in the land, air, or water as a result of a release;

22 (10) "site assessment" means investigation of suspected
23 underground petroleum storage tank system leaks and source identifica-
24 tion;

25 (11) "tank system" means an underground petroleum storage
26 tank system;

27 (12) "underground storage tank" means one or a combination
28 of stationary devices, including underground pipes connected to the
29 devices, that is designed to contain an accumulation of petroleum, the

1 volume of which, including the volume of underground pipes, is 10
2 percent or more beneath the surface of the ground, except that the
3 term does not include a

4 (A) farm or residential tank of 1,100 gallons or less
5 capacity used for storing motor fuel for noncommercial purposes;

6 (B) tank used for storing heating oil for consumptive
7 use on the premises where stored;

8 (C) septic tank;

9 (D) pipeline facility, including gathering lines,
10 (i) regulated under 49 U.S.C. 1671, et seq.,
11 (Natural Gas Pipeline Safety Act of 1968);

12 (ii) regulated under 49 U.S.C. 2001, et seq.,
13 (Hazardous Liquid Pipeline Safety Act of 1979); or

14 (iii) that is an intrastate pipeline facility
15 regulated under state laws comparable to the provisions of
16 law referred to in (i) or (ii) of this subparagraph;

17 (E) surface impoundment, pit, pond, or lagoon;

18 (F) storm water or waste water collection system;

19 (G) flow-through process tank;

20 (H) liquid trap or associated gathering lines directly
21 related to oil or gas production and gathering operations;

22 (I) storage tank situated in an underground area such
23 as a basement, cellar, mineworking, drift, shaft, or tunnel, if
24 the storage tank is situated upon or above the surface of the
25 floor;

26 (J) tank with a capacity of 110 gallons or less;

27 (K) tank containing hazardous wastes regulated under
28 42 U.S.C. 6921 - 6939b; or

29 (L) tank system that the department has exempted by

1 regulations adopted under AS 46.03.365;

2 (13) "underground petroleum storage tank system" means an
3 underground storage tank containing petroleum together with its under-
4 ground ancillary equipment and related containment system, if any; in
5 this paragraph, "ancillary equipment" means devices used to distrib-
6 ute, meter, or control the flow of petroleum to and from the system,
7 including piping, fittings, flanges, valves, and pumps.

8 * Sec. 3. AS 44.66.010(a) is amended by adding a new paragraph to read:

9 (17) Board of Storage Tank Assistance (AS 46.03.360) -
10 June 30, 1996.

11 * Sec. 4. LIMITED IMMUNITY FROM LIABILITY. (a) Notwithstanding
12 AS 46.03.420(h), 46.03.758, 46.03.760, 46.03.780, 46.03.790, and 46.03.822,
13 a person, including a municipal school district, regional educational
14 attendance area, or municipality, is not civilly or criminally liable to
15 the state under those sections for a discharge covered by those sections if
16 the person demonstrates by a preponderance of the evidence that the person

17 (1) is the owner or operator of an underground petroleum storage
18 tank or tank system, as defined in AS 46.03.450, enacted by sec. 2 of this
19 Act, that was installed before December 22, 1988, and the discharge oc-
20 curred from that tank or tank system before December 22, 1992;

21 (2) acted in good faith to report, assess, and mitigate damage
22 from the discharge and to undertake corrective action in accordance with
23 applicable state and federal law and was in compliance with all applicable
24 state and federal law before the discharge occurred;

25 (3) is receiving or has been approved for state funds under
26 AS 46.03.420 - 46.03.430, enacted by sec. 2 of this Act; and

27 (4) did not intentionally cause the discharge.

28 (b) In this section, "corrective action" has the meaning given in
29 AS 46.03.450, enacted by sec. 2 of this Act.

1 * Sec. 5. NOTIFICATION FOR TANK SYSTEMS NOT IN USE. The owner or
2 operator of an underground petroleum storage tank or tank system whose tank
3 or tank system was installed after January 1, 1974, but was taken out of
4 use before the effective date of AS 46.03.380, enacted by sec. 2 of this
5 Act, shall notify the department about the tank or tank system within six
6 months after the effective date of this section by completing and returning
7 to the department a form obtained from the department. The form must
8 comply with AS 46.03.400, enacted by sec. 2 of this Act, and be similar to
9 the notification form required under AS 46.03.395, enacted by sec. 2 of
10 this Act.

11 * Sec. 6. The initial registration and information required under
12 AS 46.03.380(b), enacted by sec. 2 of this Act, is due within six months
13 after the effective date of AS 46.03.380, enacted by sec. 2 of this Act.

14 * Sec. 7. REIMBURSEMENT PROGRAM. (a) An owner or operator of an
15 underground petroleum storage tank system, other than the state or federal
16 government, who began risk assessment, containment, cleanup, corrective
17 action, upgrading, or closure activities related to the tank system on or
18 after December 22, 1988, but before the effective date of this section, may
19 apply to the department for reimbursement of a portion of the eligible
20 costs incurred by the owner or operator for those activities, as determined
21 under (b) of this section. Application under this section must be submit-
22 ted within six months after the effective date of this section. Payments
23 made by the department shall be from the fund established under AS 46.03.-
24 410, enacted by sec. 2 of this Act.

25 (b) An applicant for reimbursement under this section shall submit
26 evidence satisfactory to the department of the costs that are eligible for
27 reimbursement under this section, as determined by the department under
28 regulations of the board. The department shall, subject to the availabil-
29 ity of funds, reimburse the applicant for 90 percent of the eligible costs

1 of containment, cleanup, corrective action, and risk assessment and 60
2 percent of the eligible costs of upgrading or closure, subject to the
3 following limitations:

4 (1) the department shall calculate the amount of costs reimburs-
5 able under this section after subtracting amounts the department determines
6 are recoverable by the owner or operator from related insurance or other
7 persons or entities who are liable for the costs;

8 (2) total costs reimbursed under this section to an owner or
9 operator may not exceed \$200,000.

10 (c) In addition to other requirements of this section, an owner or
11 operator is not eligible for reimbursement under this section for costs of
12 containment, cleanup, risk assessment, corrective action, upgrading, or
13 closure related to a release unless the owner or operator establishes the
14 following to the department's satisfaction:

15 (1) the release was promptly reported to state authorities in
16 compliance with applicable regulations;

17 (2) the tank or tank system from which the release occurred was
18 installed before December 22, 1988;

19 (3) other than the release, the tank or tank system has been in
20 compliance with state and federal laws applicable to underground petroleum
21 storage tank systems since December 22, 1988, including notification and
22 registration laws, but excluding financial responsibility requirements;

23 (4) the release was not a result of the owner's or operator's
24 gross negligence, recklessness, or intentional conduct;

25 (5) all containment, cleanup, risk assessment, corrective
26 action, upgrading, and closure activities have been performed in compliance
27 with state and federal law.

28 (d) In addition to other requirements of this section, an owner or
29 operator is not eligible for costs of risk assessment, upgrading, or

1 closure unrelated to a release unless the owner or operator establishes the
2 following to the department's satisfaction:

3 (1) the tank or tank system has been in compliance with state
4 and federal laws applicable to underground petroleum storage tank systems
5 since December 22, 1988, including notification and registration laws, but
6 excluding financial responsibility requirements;

7 (2) all risk assessment, upgrading, and closure activities have
8 been performed in compliance with state and federal laws.

9 (e) The department may deny all or a portion of a request for reim-
10 bursement under this section if

11 (1) it disapproves of a method used for the risk assessment,
12 containment, cleanup, corrective action, upgrading, or closure; the owner
13 or operator may request the board to review a denial of payment made under
14 this paragraph; the board may issue a recommendation to the department on a
15 dispute brought to it under this paragraph;

16 (2) the fund established under AS 46.03.410, enacted by sec. 2
17 of this Act, lacks sufficient money; if a request for reimbursement is
18 denied under this paragraph, it shall be granted without the requirement of
19 a new application, when money is next available, subject to the existence
20 of a higher priority for use of money in the storage tank assistance fund;
21 or

22 (3) requests under AS 46.03.415 - 46.03.430, enacted by sec. 2
23 of this Act, remain unfunded; when all eligible requests for funding under
24 AS 46.03.415 - 46.03.430, enacted by sec. 2 of this Act, have been sat-
25 isfied in a given fiscal year and a balance remains in the storage tank
26 assistance fund, eligible requests under this section may be satisfied on a
27 first-come, first-served basis without the requirement of a new applica-
28 tion.

29 (f) If an owner or operator of an underground petroleum storage tank

1 system, other than the state or federal government, began risk assessment,
2 containment, cleanup, corrective action, upgrading, or closure activities
3 related to the tank system on or after December 22, 1988, and before the
4 effective date of this section, but those activities are not complete on
5 the effective day of this section, the owner or operator may apply for
6 reimbursement under this section for costs incurred before the effective
7 date of this section; the owner or operator may apply for assistance under
8 AS 46.03.420 - 46.03.430, enacted by sec. 2 of this Act, for costs incurred
9 or anticipated after the effective date of this Act. A request for reim-
10 bursement under this subsection has the same low priority as other reim-
11 bursement requests under this section, but requests for assistance to
12 complete activities begun before the effective date of this section shall
13 be prioritized with other requests made under AS 46.03.420 - 46.03.430,
14 enacted by sec. 2 of this Act, and are subject to the same requirements and
15 maximum amounts established under those sections.

16 (g) The department shall adopt regulations reasonably necessary to
17 implement this section except that the department shall implement regu-
18 lations that the board shall adopt for determining costs that are eligible
19 for reimbursement under this section. If the department determines that a
20 cost is not eligible for reimbursement under this section, and the affected
21 owner or operator disputes that determination, the owner or operator may
22 apply to the board for resolution of the dispute. The board may issue a
23 decision in a dispute brought to it under this subsection. The decision is
24 binding on the owner, operator, and department.

25 (h) In this section,

26 (1) "board," "containment and cleanup," "corrective action,"
27 "release," "risk assessment," "tank system," and "underground petroleum
28 storage tank system" have the meanings given in AS 46.03.450, enacted by
29 sec. 2 of this Act;

1 (2) "closure" and "upgrading" have the meanings given in AS 46.-
2 03.430, enacted by sec. 2 of this Act.

3 * Sec. 8. ~~NOTICE ABOUT REGULATIONS.~~ The commissioner of environmental
4 conservation shall ~~notify the Alaska Legislative Council and the revisor of~~
5 ~~statutes in writing when regulations have been adopted under AS 46.03.-~~
6 375(a), enacted by sec. 2 of this Act, for a specific activity for which
7 certification is ~~required under that section.~~

8 * Sec. 9. ~~INITIAL APPOINTMENTS TO BOARD.~~ The governor shall make
9 initial appointments ~~to the Board of Storage Tank Assistance required under~~
10 AS 46.03.360, enacted by sec. 2 of this Act, within 45 days after the
11 effective date of ~~AS 46.03.360,~~ enacted by sec. 2 of this Act.

12 * Sec. 10. ~~APPLICABILITY.~~ (a) AS 46.03.375(c) and (d), enacted by
13 sec. 2 of this Act, ~~do not apply to a specific activity for which certi-~~
14 ~~fication is required under that section until one year after the effective~~
15 ~~date of regulations adopted under AS 46.03.375 governing certification for~~
16 that activity.

17 (b) AS 46.03.415, enacted by sec. 2 of this Act does not apply until
18 six months after ~~the effective date of AS 46.03.380,~~ enacted by sec. 2 of
19 this Act.