

SJR

25

DATE: 4/2/91

FURTHER:

Ames to full

Date of 5-Day Notice: 4/8/91
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-30-91

Resources Committee considered SJR 25

Regulation of underground petroleum storage tanks.

and recommended: **and a majority of the committee recommends do pass**

- replace with _____ CS _____ same title
- attached amendment(s) new title
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

Ames

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) _____

zero fiscal note(s)
Dec 4/29/91

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Sen. G. C. Collier
Steve Frank
Carl W. ...

Thy Jones (Do Pass)

Chair: Signature and Recommendation



Alaska State Legislature

Senator Curt Menard



*While in
Session:*
P.O. Box V
Juneau, Alaska
99811
(907)465-2679

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165 E. Parks
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*Senate
District
E*

SPONSOR STATEMENT

As a part of its extensive underground storage tank regulations, the Environmental Protection Agency (EPA) has required that owners of 1 to 12 underground tanks obtain a minimum of \$1,000,000 of liability insurance for pollution cleanup by October 26, 1991.

SJR 25 requests the EPA to extend the \$1,000,000 financial responsibility deadline for at least one year. Most owners and operators are unable to meet the financial responsibility requirement and will face up to \$10,000 per day in fines. The impact particularly on small businesses will be very severe.

The State is in the process of implementing regulations and a grant and loan program to help underground tank owners meet all the EPA requirements. Owners and operators in Alaska, like in many states, are still in the process of assessing the extent of their pollution problems and determining the best course of action to protect the state's groundwater and local economies.

It is the sponsor's understanding that the EPA has recently announced an intent to delay the financial responsibility deadline for small tank owners for an unspecified length of time. SJR 25 requests that the extension be granted for at least one year.

WE SUPPORT



FISCAL NOTE

**STATE OF ALASKA
1991 LEGISLATIVE SESSION**

BILL NO. SJR 25

Revision Date: _____
 Title: EPA's regulation of underground
storage tanks
 Sponsor: Senator Curt Menard
 Requestor: Senate Resources

Department Affected: DEC
 BRU: Environmental Quality
 Component: EQ Projects

COMPONENT SERIAL NO.

1	1	0	1	1	6
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANECUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

Estimate of current year impact:
 ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Janice Adair
 Division: Commissioner's Office

Phone: 4/29/91
 Date: 465-2600

Approved by Commissioner: *John A. ...*
 Agency: Dept. of Environmental Conservation

Date: 4/29/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).



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*Senate
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MEMORANDUM

TO: Senator Lloyd Jones, Chairman
Senate Resources Committee

FROM: Senator Curt Menard 

RE: SJR 25 - Relating to EPA's Regulation of Storage
Tanks

DATE: April 15, 1991

I am writing to request a hearing on SJR 25 at your earliest convenience.

SJR 25 asks the Environmental Protection Agency to delay the October 26, 1991 financial responsibility deadline for underground storage tank owners.

Thank you for your consideration and attention to this request.



Note to Correspondents

RECEIVED
APR 19 1991
AOO-JUNEAU

MONDAY, APRIL 15, 1991

The U.S. Environmental Protection Agency today announced its intention to propose a short-term extension of the October 1991 compliance deadline for financial responsibility for underground storage tank (UST) owners. The proposed extension affects those owners with 12 or fewer tanks as well as non-marketers with a net worth of less than \$20 million.

The Agency plans to extend the compliance date, under Subtitle I of the Resource Conservation and Recovery Act (RCRA), for this group because many of these owners and operators in this category are now unable to obtain insurance or achieve compliance through other mechanisms. The proposed extension will not adversely affect human health and the environment since the technical requirements for USTs, including leak detection, tank upgrading and corrective action, remain in effect.

This compliance group generally includes the smallest gas stations and convenience stores most in need of an effective financial responsibility mechanism. EPA will continue to work with Congress and the states to enable small businesses to remain economically viable while, at the same time, ensuring mechanisms exist to pay for cleanup of leaking tanks.

Forty-three states have enacted legislation creating state assurance funds, and 21 have received EPA approval for the funds to be used as a compliance mechanism. States need additional time to have their funds approved and to make them operational. EPA will use the additional compliance extension time to actively work with the states to accomplish this. Also, 13 states have initiated financial assistance programs to help owners and operators upgrade or replace their tanks. EPA encourages these efforts and continues to assist states to establish similar programs.

Under Subtitle I of RCRA, UST owners and operators must show financial means to cover cleanup costs and third-party damages resulting from potential leaks. The financial responsibility requirement has been phased-in over several years with petroleum marketers owning 1,000 or more USTs as well as non-marketers with more than \$20 million in tangible net worth required to comply by January 1989. Marketers owning between 100 and 999 USTs were required to comply by October 1989. By April 26, 1991, petroleum marketers owning between 13 and 99 USTs are required to comply.

For more information, contact Lauren Milone at 202-362-4355.

John Kasper, Director
Press Services Division
202-362-4355



Board of Storage Tank Assistance

Walter J. Hickel, Governor

P.O. BOX "O"
JUNEAU, AK
99811-1800
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POSITION PAPER

IN SUPPORT OF: Senate Joint Resolution No. 25 (SJR25)

SUBJECT: Relating to Underground Petroleum Storage Tanks

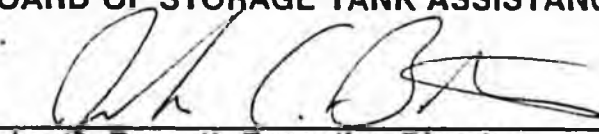
A request by the Alaska State Legislature to the EPA for a delay in implementing the October 26, 1991 financial responsibility requirement.

The Board of Storage Tank Assistance wholeheartedly supports Senate Joint Resolution Number 25 pertaining to underground petroleum storage tanks. The Board recognizes the concerns of Alaskan underground petroleum storage tank owners and operators in regard to the October 26, 1991 deadline for meeting the EPA financial responsibility requirement. Although insurance is steadily becoming available, thereby enabling owners and operators to meet the federal financial responsibility requirement, the insurance is limited to only those owners and operators demonstrating their site is free from petroleum contamination.

Although a new state program has been implemented to assist owners and operators determine the extent and subsequently clean up contamination resulting from underground petroleum storage tanks, a considerable amount of time and effort will need to be invested to achieve that goal. Underground petroleum storage tank owners and operator's in Alaska will need time to participate in this program, time to determine the scope of the problem and time to mitigate the problem. It is absolutely imperative that underground petroleum storage tank owners and operators be allowed an opportunity to clean up their sites to become insurable, without persecution from the EPA. The state underground petroleum storage tank program is based on the premise of technical, educational, and financial assistance. Senate Joint Resolution Number 25 is consistent in that aim.

Dated: APRIL 5, 1991

For and on behalf of the
BOARD OF STORAGE TANK ASSISTANCE,


John C. Barnett, Executive Director



Environmental Fact Sheet

To: OPS
STATES
Gollaker 185TF
SIMS WPLIA
New News
will keep on FA
posted when on
we hear more -
John C

EXTENDED COMPLIANCE DATE FOR UNDERGROUND STORAGE TANK FINANCIAL RESPONSIBILITY

Background

Subtitle I of the Resource Conservation and Recovery Act (RCRA) requires owners and operators of underground storage tanks (USTs) to show through insurance coverage or other acceptable financial mechanisms that they can pay for cleanups and third-party damages resulting from any leaks that may occur. In final regulations published on October 26, 1988, EPA phased in the financial responsibility requirements over a 2-year period because of concerns about the unavailability of financial assurance mechanisms to large portions of the regulated community. The phase-in (with its four distinct groups of tank owners) was designed to achieve the maximum balance between the need to ensure the financial capability for UST releases and necessary time for owners and operators to obtain assurance mechanisms.

The phase-in set different compliance dates for the four compliance groups. Petroleum marketers owning 1000 or more USTs and non-marketers with more than \$20 million in tangible net worth were required to comply in January 1989. Petroleum marketers owning between 100 and 999 USTs were required to comply in October 1989.

In 1990, EPA revised its regulations by extending the compliance date for petroleum marketers owning between 13 and 99 USTs from April 26, 1990, to April 26, 1991. The compliance date for petroleum marketers owning between 1 and 12 USTs and non-marketers with less than \$20 million in net worth was extended from October 26, 1990, to October 26, 1991.

Action Taken Today



The Agency will begin a rulemaking to propose a short term extension of the October 26, 1991, compliance date and will make a final decision concerning any extension after considering public comments received on the proposed rule. The Agency has also decided that the April 26, 1991, compliance date will remain unchanged.

Discussion

The Agency believes that a short-term extension of the compliance date for financial responsibility will not adversely affect human health and the environment, as the technical requirements for USTs will remain in effect. These requirements include leak detection, tank upgrades, and corrective action.

In proposing an extension of the October 26, 1991, compliance date, the Agency desires to provide short-term relief to UST owners and operators to whom methods of financial assurance are not readily available. This compliance group generally represents the smallest gasoline and service stations most in need of an effective financial responsibility mechanism. EPA continues to work together with Congress and the States to enable small businesses to remain economically viable while, at the same time, ensuring that mechanisms exist to pay for the cleanup of leaking tanks.

The Agency has concluded that no changes are needed to the April 26, 1991, compliance date. Data available to the Agency suggest that up to 80 percent of tank owners in this compliance group are in compliance, either through State assurance funds or private mechanisms. It is our belief that more owners may be able to obtain coverage from current insurers.

Rationale for Proposing a Short-Term Extension

The Agency collected information from the UST insurance industry, the regulated community, and the States which indicates that many owners and operators in the fourth compliance group may need more time to comply with the financial responsibility requirements.

Forty-three States have enacted legislation creating state assurance funds, and 21 have received EPA approval to be used as compliance mechanisms. States need additional time to have their funds approved and to make them operational. EPA will use the additional compliance extension time to actively work with the States to accomplish this.

Contact

For additional information, contact EPA's RCRA Hotline, Monday through Friday, 8:30 a.m. to 7:30 p.m. EST. The national toll-free number is 800-424-9346; for the hearing impaired, the number is TDD 800-553-7672. In Washington, D.C., the number is 703-920-9810.

REVISED COMPLIANCE SCHEDULE

Compliance Group Description	Original Date	Extended Date	New Date
Petroleum marketers more than 1,000 USTs; nonmarketers more than \$20 million	January - 1989	-	--
Petroleum marketers between 100-999	October - 1989	-	-
Petroleum marketers between 13-99	April 26, 1990	April 26, 1991	--
Petroleum marketers between 1-12; nonmarketers less than \$20 million	October 26, 1990	October 26, 1991	To be determined*
Local Governments	October 26, 1990	-	To be determined**

* After reviewing public comments on proposed extension.

** One year after publication of additional self-insurance mechanisms.