



House of Representatives

General Assembly

File No. 102

February Session, 2004

House Bill No. 5114

House of Representatives, March 17, 2004

The Committee on Environment reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING REVISIONS TO THE UNDERGROUND STORAGE TANK ACCOUNT PROVISIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 22a-449d of the general statutes
2 is repealed and the following is substituted in lieu thereof (*Effective*
3 *from passage*):

4 (d) To the extent that funds are available in the residential
5 underground heating oil storage tank system clean-up subaccount, the
6 board may order payment from such subaccount to registered
7 contractors for reimbursement of eligible costs for services associated
8 with the remediation of a residential underground heating oil storage
9 tank system prior to July 1, 2001, to owners of such systems for
10 payment for eligible costs incurred after July 1, 2001. No such payment
11 shall be authorized unless the board deems the costs reasonable based
12 on the guidelines established pursuant to subsection (c) of this section.
13 Notwithstanding the provisions of this subsection, if the board

14 determines that the owner may not receive reimbursement payment
15 from the contractor, the board may, if reimbursement has not been sent
16 to the contractor, directly reimburse the owner of such system for
17 eligible costs incurred by the owner and paid to the registered
18 contractor for services associated with a remediation of a system prior
19 to July 1, 2001.

20 Sec. 2. Subdivision (1) of subsection (c) of section 22a-449l of the
21 general statutes is repealed and the following is substituted in lieu
22 thereof (*Effective from passage*):

23 (c) (1) In order to receive reimbursement of eligible costs for services
24 commenced after July 1, 1999, and prior to July 1, 2001, a registered
25 contractor shall on or before December 1, 2001, submit to the
26 Underground Storage Tank Petroleum Clean-Up Account Review
27 Board established under section 22a-449d, as amended by this act, for a
28 disbursement from the residential underground heating oil storage
29 tank system clean-up subaccount, all reasonable costs for work
30 commenced prior to July 1, 2001, pursuant to a contract with the owner
31 or the state for the remediation of a residential underground heating
32 oil storage tank system for the purpose of providing payment for the
33 costs of such remediation. An owner of a residential underground
34 heating oil storage tank system shall not be responsible to the
35 registered contractor or any subcontractor of the registered contractor
36 for any costs that are eligible for payment from the residential
37 underground heating oil storage tank system clean-up subaccount
38 over five hundred dollars. The registered contractor or any
39 subcontractor shall not bill the owner for any costs eligible for
40 payment from said subaccount over five hundred dollars unless the
41 contractor or subcontractor enters into a separate written contract with
42 the owner, on a form prescribed by the commissioner, authorizing the
43 contractor or subcontractor to bill the owner more than five hundred
44 dollars and such separate contract gives the owner the right to cancel
45 such contract up to three days after entering into it. Such owner shall
46 provide to the review board a statement confirming the registered
47 contractor has been engaged by such owner to remove or to replace

48 such residential underground heating oil storage tank system and
 49 perform the remediation and shall execute an instrument which
 50 provides for payment to said account of any amounts realized by the
 51 owner, after any costs of litigation or attorney's fees have been paid,
 52 from a judgment or settlement regarding any claim for the costs of
 53 such remediation made against an insurance policy or any party. In
 54 any service contract entered into between a registered contractor and
 55 an owner for the remediation of a residential underground heating oil
 56 storage tank system, the registered contractor shall clearly identify all
 57 costs, including markup costs, that are not or may not be eligible for
 58 payment from said subaccount.

59 Sec. 3. Subsection (d) of section 22a-449l of the general statutes is
 60 repealed and the following is substituted in lieu thereof (*Effective from*
 61 *passage*):

62 (d) Neither the Underground Storage Tank Petroleum Clean-Up
 63 Account Review Board nor the Commissioner of Environmental
 64 Protection shall accept applications pursuant to this section on or after
 65 December 1, 2001, for the reimbursement of eligible costs for services
 66 completed prior to July 1, 2001, except that, notwithstanding
 67 subsection (c) of this section, prior to July 1, 2003, the board may accept
 68 applications for reimbursement from and make payments to any
 69 owner who demonstrates that the owner paid for eligible costs for
 70 services provided to the owner prior to July 1, 2001, and either (1) the
 71 registered contractor filed an application for reimbursement between
 72 December 1, 2001, and January 1, 2003, or (2) the owner, prior to May
 73 1, 2003, filed a complaint with the board or the commissioner
 74 regarding the failure of the registered contractor to file a timely
 75 application.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>

ENV *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Department of Environmental Protection	GF - Cost	See Below	See Below
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

Allowing the Underground Storage Tank Petroleum Clean-Up Account Review Board to reimburse owners directly under specific circumstances and allowing contractors to receive reimbursement for work performed under a contract with the state, will increase costs to the state. The liability for these claims is \$81,994, and there is an additional potential liability of \$357,650 for a total cost of \$439,644. Payment of these claims would leave a balance of approximately \$27,525 of allocated but unused G O bond funds. In addition, \$1.25 million in G O bond funds remain authorized but unallocated for the program. Any expansion of the program which would result in the use of additional authorized bond funds would increase debt service costs in future years. At the current time, no additional claim reimbursements beyond the \$439,644 are anticipated to qualify under this legislation.

OLR Bill Analysis

HB 5114

AN ACT CONCERNING REVISIONS TO THE UNDERGROUND STORAGE TANK ACCOUNT PROVISIONS**SUMMARY:**

This bill expands the circumstances under which the Underground Storage Tank Petroleum Clean-Up Account Review Board may reimburse certain homeowners and contractors for their clean-up costs. Under current law, the board may order reimbursement from available funds in the residential underground heating oil storage system clean-up account for eligible residential underground storage tank remediation costs to (1) registered contractors, for eligible remediation costs incurred before July 1, 2001 and (2) owners, for eligible costs incurred after July 1, 2001. The deadline for contractors to apply was December 1, 2001. This bill allows the board to reimburse owners directly for remediation costs incurred before July 1, 2001 for which the owner paid the contractor if the board determines (1) it has not yet reimbursed the contractor, and (2) the contractor may not reimburse the owner.

The bill authorizes the board to reimburse owners who paid for services completed before July 1, 2001 if the owner applied to the board for reimbursement before July 1, 2003, and (1) the registered contractor applied for reimbursement between December 1, 2001 and January 1, 2003, or (2) the owner filed a complaint with the board or commissioner before May 1, 2003 regarding the contractor's failure to apply by the December 1, 2001 deadline.

Under the current law, a contractor can receive reimbursement for work begun before July 1, 2001, only if he performed the work under a contract with a homeowner. The bill allows a contractor to receive reimbursement for work performed under a contract with the state.

EFFECTIVE DATE: Upon passage

BACKGROUND***Underground Storage Tank Petroleum Clean-up Account***

This program exempts owners of residential underground storage tanks from civil liability to the state for costs related to an oil spill if the owner had the tank removed or replaced by December 31, 2001 and met certain other requirements. The law also provides reimbursement for costs of remediating spills found during the removal or replacement of the storage tanks.

COMMITTEE ACTION

Environment Committee

Joint Favorable Report

Yea 22 Nay 0