



# House of Representatives

General Assembly

**File No. 376**

January Session, 2005

Substitute House Bill No. 6824

*House of Representatives, April 14, 2005*

The Committee on Environment reported through REP. ROY of the 119th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING THE DRY CLEANING ESTABLISHMENT REMEDATION ACCOUNT.**

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

1 Section 1. Section 12-263m of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) There shall be paid to the Commissioner of Revenue Services by  
4 each dry cleaning establishment, as defined in this subsection, a  
5 surcharge of one per cent of its gross receipts at retail for any dry  
6 cleaning service performed on or after January 1, 1995. Each such  
7 establishment shall register with the Commissioner of Revenue  
8 Services on forms prescribed by him. Each such establishment shall  
9 submit a return quarterly to the Commissioner of Revenue Services,  
10 applicable with respect to the calendar quarter beginning January 1,  
11 1995, and each calendar quarter thereafter, on or before the last day of  
12 the month immediately following the end of each such calendar  
13 quarter, on a form prescribed by the commissioner, together with

14 payment of the quarterly surcharge determined and payable in  
15 accordance with the provisions of this section. Whenever such  
16 surcharge is not paid when due, a penalty of ten per cent of the  
17 amount due or fifty dollars, whichever is greater, shall be imposed,  
18 and such surcharge shall bear interest at the rate of one per cent per  
19 month or fraction thereof until the same is paid. The Commissioner of  
20 Revenue Services shall cause copies of a form prescribed for  
21 submitting returns as required under this section to be distributed to  
22 persons subject to the surcharge. Failure to receive such form shall not  
23 be construed to relieve anyone subject to the surcharge under this  
24 section from the obligations of submitting a return, together with  
25 payment of such surcharge within the time required. The provisions of  
26 sections 12-548 to 12-554, inclusive, and sections 12-555a and 12-555b  
27 shall apply to the provisions of this section in the same manner and  
28 with the same force and effect as if the language of said sections 12-548  
29 to 12-554, inclusive, and sections 12-555a and 12-555b had been  
30 incorporated in full into this section and had expressly referred to the  
31 surcharge imposed under this section, except to the extent that any  
32 such provision is inconsistent with a provision of this section and  
33 except that the term "tax" shall be read as "dry cleaning establishment  
34 surcharge". Any moneys received by the state pursuant to this section  
35 shall be deposited into the account established pursuant to subsection  
36 (b) of this section. For the purposes of this section, "dry cleaning  
37 establishment" means any place of business engaged in the cleaning of  
38 clothing or other fabrics using tetrachlorethylene, Stoddard solvent or  
39 other chemicals or any place of business which accepts clothing or  
40 other fabrics to be cleaned by another establishment using such  
41 chemicals and "gross receipts at retail" means the total amount  
42 accruing from dry cleaning services at retail, valued in money, without  
43 any deduction for the cost of the materials used, labor or service cost or  
44 any other expense.

45 (b) There is established an account within the General Fund to be  
46 known as the "dry cleaning establishment remediation account". Said  
47 account shall contain any moneys required by law to be deposited in  
48 the account. Any balance remaining in the account at the end of any

49 fiscal year shall be carried forward in the account for the fiscal year  
50 next succeeding. The account shall be used by the Department of  
51 Economic and Community Development for grants made to owners or  
52 operators of dry cleaning establishments or owners of property on  
53 which an eligible dry cleaning establishment has been in operation for  
54 at least a year prior to the approval of the application and there exists a  
55 dry cleaning establishment at the time of release of funds, pursuant to  
56 subsections (c) and (d) of this section.

57 (c) The state, acting through the Commissioner of Economic and  
58 Community Development, shall use the dry cleaning establishment  
59 remediation account to provide grants to [dry cleaning establishments]  
60 applicants for the purposes of the containment and removal or  
61 mitigation of environmental pollution resulting from the discharge,  
62 spillage, uncontrolled loss, seepage or filtration of chemical liquids or  
63 solid, liquid or gaseous products or hazardous wastes on or at the site  
64 of [such] a dry cleaning establishment or for measures undertaken to  
65 prevent such pollution which are approved by the Commissioner of  
66 Environmental Protection. In order to qualify for a grant under the  
67 provisions of this section [a dry cleaning establishment] an applicant  
68 must demonstrate to the satisfaction of the Commissioner of Economic  
69 and Community Development that [it] (1) the subject dry cleaning  
70 establishment is using or has previously used, tetrachlorethylene or  
71 Stoddard solvent or other chemicals for the purpose of cleaning clothes  
72 or other fabrics, (2) the applicant has been doing business and has  
73 maintained its principal office and place of business [in this state] at  
74 the site for a period of at least one year prior to the [date of its]  
75 submission date or approval date of the application for assistance  
76 under this section, and [(3) is unable to obtain financing from  
77 conventional sources on reasonable terms or in reasonable amounts,  
78 and (4)] (3) the applicant is not in arrears with regard to any tax levied  
79 by the state or any political subdivision of the state. Any funds  
80 disbursed as a grant under this section shall not be subject to  
81 attachment in the satisfaction of any judgment against the recipient of  
82 such grant in any civil action.

83 (d) Notwithstanding the terms of any grant made under this section,  
84 [a dry cleaning establishment] an applicant shall bear all the costs of  
85 such pollution that are less than ten thousand dollars. [, provided, for a  
86 release that was reported to the Commissioner of Environmental  
87 Protection prior to December 31, 1990, the responsible party shall bear  
88 all costs up to twenty thousand dollars.] The Commissioner of  
89 Economic and Community Development shall provide a grant of up to  
90 three hundred thousand dollars to the applicant where the applicant  
91 has provided said commissioner with documentation satisfactory to  
92 said commissioner that the services for which payment is sought have  
93 been completed. No [dry cleaning establishment] applicant shall  
94 receive more than [fifty] three hundred thousand dollars per calendar  
95 year. There shall be allocated to the Department of Economic and  
96 Community Development annually from the account, for  
97 administrative costs, an amount equal to five per cent of the maximum  
98 balance of the account in the preceding year or one hundred thousand  
99 dollars, whichever is greater. In addition the account may be used (1)  
100 to provide grants to the Department of Environmental Protection for  
101 expenditures made investigating dry cleaning establishments, [and] (2)  
102 to provide potable water whenever necessary, and (3) to conduct  
103 environmental site assessments.

104 (e) Requests for grants shall be made to the Commissioner of  
105 Economic and Community Development. Any [dry cleaning  
106 establishment] applicant seeking grants shall provide documentation  
107 supporting the need for the grant.

108 (f) Any dry cleaning establishment which unlawfully or  
109 intentionally discharges or spills any chemical liquids or solid, liquid  
110 or gaseous products or hazardous wastes shall not be eligible for  
111 grants from the account.

112 (g) The Commissioner of Economic and Community Development  
113 shall establish procedures for distribution of the grants and shall adopt  
114 criteria to carry out the provisions of this section. Such criteria shall  
115 specify (1) who may apply for grants; (2) how establishments, whether

116 owned or leased, will be determined to be eligible for grants; and (3)  
117 the costs for which a grant may be made.

118 (h) On or [before] after February 1, 2000, and annually thereafter,  
119 the Commissioner of Economic and Community Development shall  
120 submit a report, in accordance with section 11-4a, to the joint standing  
121 committee of the General Assembly having cognizance of matters  
122 relating to the environment regarding the account and grant program  
123 established under this section. Such report shall include information as  
124 to the number of applications received, and the number and amounts  
125 of grants made, since the inception of the program, the names of the  
126 applicants, the time period between submission of application and the  
127 decision to grant or deny the loan, which applications were approved  
128 and which applications were denied and the reasons for denial. Such  
129 report shall further include a recommendation as to whether the  
130 surcharge and the grant program established under this section should  
131 continue.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-263m

**ENV**      *Joint Favorable Subst.*

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:

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Department of Economic & Community Development	SF - Cost	See Below	See Below

Note: SF=Special Fund (Non-appropriated)

**Municipal Impact:** None

**Explanation**

The bill expands eligibility for grants, increases the maximum amount an applicant can receive in a fiscal year from \$50,000 to \$300,000 and makes other changes that expand the use of the Dry Cleaning Establishment Remediation Account. The potential increase in expenditures incurred by the Account can be handled within the current account balance and funding. The Dry Cleaning Remediation Account is capitalized by a 1% surcharge on the gross receipts of dry cleaning establishments. The surcharge raises approximately \$900,000 per year. As of the close of FY 04, 22 projects had been funded using \$2,522,000, and the account balance is \$3,396,515.

**OLR Bill Analysis**

sHB 6824

***AN ACT CONCERNING THE DRY CLEANING ESTABLISHMENT  
REMEDATION ACCOUNT*****SUMMARY:**

This bill (1) expands those eligible for grants from the Dry Cleaning Establishment Remediation Account to include owners of property where there are eligible dry cleaning businesses; (2) increases the maximum grant per year from \$50,000 to \$300,000 for each applicant; (3) allows the account to be used to fund environmental site assessments; and (4) makes other related changes.

EFFECTIVE DATE: Upon passage

**APPLICANTS**

Currently, only an owner or operator of a dry cleaning business may apply to the Department of Economic and Community Development (DECD) for a grant to remediate spills of hazardous chemicals from the business. The bill allows owners of property on which eligible dry cleaning businesses are located to apply for such grants if (1) the business has been in operation for at least one year before DECD approves the application, and (2) the business is still there when DECD releases the funds.

Under current law, a person who applies for a grant must show that he has been doing business and maintained his principal office and place of business in the state for at least one year before he applied for assistance. Under the bill, the applicant must instead show he has maintained his principal office and place of business at the site for at least one year before he submitted, or DECD approved, his application. As under existing law, the applicant must also show that the dry cleaning business uses, or has used, tetrachlorethylene, Stoddard solvent, or other chemicals to clean clothes and other fabrics, and that he is not in arrears on any state or municipal taxes.

Under the bill, the applicant no longer must show DECD he is unable to obtain financing from conventional sources on reasonable terms or

in reasonable amounts.

## **GRANTS**

The bill requires the DECD commissioner to provide grants of up to \$300,000 if the applicant satisfies him that the remediation services for which he seeks payment have been completed. It increases, from \$50,000 to \$300,000, the maximum amount an applicant may receive in a calendar year.

Under current law, responsible parties have to pay the first \$10,000 of clean-up costs, except that applicants who reported a release to the Department of Environmental Protection (DEP) commissioner before December 31, 1990 had to pay the first \$20,000 of such costs. Under the bill, all applicants must pay only the first \$10,000 of such costs.

Currently, money from the remediation account may be used for grants to DEP to investigate dry cleaning businesses and provide potable water when necessary. The bill allows the money to also be given to DEP to conduct environmental site assessments.

## **REPORT**

The bill eliminates an obsolete requirement about when the DECD commissioner must report to the Environment Committee on the account and grant program, and requires him to submit such a report annually.

## **BACKGROUND**

### ***Dry Cleaning Establishment Remediation Account***

A 1994 law created the account to make grants to owners and operators of dry cleaning businesses to contain and clean up pollution resulting from the discharge of chemicals or hazardous waste from their sites. The account is funded through a one percent surcharge on dry cleaning gross receipts.

## **COMMITTEE ACTION**

Environment Committee

Joint Favorable Substitute

Yea 26    Nay 0