March 7, 2011

Co-Chair Edward Meyer
Co-Chair Richard Roy
Senator Andrew Roraback
Representative Clark Chapin

Environment Committee:

We are submitting testimony in **support of S.B. 1113, AN ACT ESTABLISHING A CONNECTICUT COMMERCIAL TANK INSURANCE ACCOUNT**.

The Independent Connecticut Petroleum Association (ICPA) represents 576 petroleum marketers and their associated business in Connecticut. ICPA members employ over 13,000 people in our state and provide over 1,000 convenience stores with gasoline.

We are testifying today on behalf of the owners of more than 1,400 service stations in our state concerning the devastating effect that previous and future budget cuts would have on those businesses, tax revenues collected by those businesses, gasoline prices and the environment. We urge the committee to support of S.B. 1113, AN ACT ESTABLISHING A CONNECTICUT COMMERCIAL TANK INSURANCE ACCOUNT

During the past thirty years the federal government has taken several steps dealing with underground petroleum storage tanks, [USTs], including the Resource Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments of 1984 (Pub. L 98-616) and the Superfund Amendments and Reauthorization Act of 1986 (Pub. L. 99-499) (42 U.S.C. 6921, 6991, 6991(a), 6991(b) 6991(c), 6991(d), 6991(e), 6991(f), and 6991(h)), and others.

Among these steps has been the **requirement that owners of commercial underground petroleum storage tanks have "evidence of financial responsibility,"** the ability to demonstrate the financial wherewithal to clean up discharges and compensate third-parties for damages sustained as a result of discharges from USTs. [42 U.S.C. § 6991b (d)].

Further, the Congress in writing the requirements for evidence of financial responsibility recognized the difficulty with obtaining commercial insurance policies to meet the requirements, and included provision at [42 U.S.C. § 6991c [1]] for states to construct funds to provide the evidence of financial responsibility required by federal law. **In short, without the commercial tank fund, the majority of the state's commercial UST owners would find it nearly impossible to meet the federal evidence of financial responsibility requirements and, as a result, face forced closure.**

These programs are administered by the United States Environmental Protection Agency, and the federal regulations concerning evidence of financial

responsibility are found at 40 CFR 280. **States manage state programs that implement federal requirements so long as the U.S. EPA agrees that a state meets minimal federal guidelines.**

In 1989 the State of Connecticut enacted legislation creating a state-held fund to provide evidence of financial responsibility for the owners of commercial USTs in accordance with federal law.

Accordingly, the proposed new cut (line T317 of H.B. 6380) in the funding of the Underground Storage Tank Program potentially threatens the Environmental Protection Agency's (EPA) certification of the Tank Program, per the federal financial responsibility requirements that UST owners must comply with to operate.

At its peak, the Underground Storage Tank Program cleaned up nearly $20 million in UST leaks. Budget cuts over the last few years have left the program with less than $3 million. These cuts are in stark contract to the needs of the environment and the businesses that rely on it to ensure that gas stations continue to operate and the environment is clean.

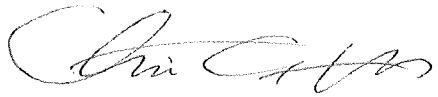
Until 2009, the petroleum gross earnings tax (GET) was the dedicated revenue stream that funded the Tank Fund. In 2008 the GET generated nearly $368 million in revenue while the Tank Fund paid out just under $12 million in claims (see attached). **This year's budget faces yet another cut (found in line T317 of H.B. 6380) that would reduce funding once again.**

Given the numerous cuts the Underground Storage Tank Program has sustained over the years, we managed to bring good news in 2007 as a private funding firm, NatLUST, came to Connecticut. NatLUST provided rapid payment of claims to claimants who preferred taking a discount of their claims amounts in exchange for not waiting several months for the Department of Environmental Protection to make necessary payments. Unfortunately, with the proposed new cut in the Underground Storage Tank Program, NatLUST informed us that the fund would be too small to generate necessary payments back to them that they would make to claimants and that their financial backer will not be able to do business in Connecticut.

S.B. 1113 will establish a new funding mechanism to ensure that the environment, businesses, and consumers are protected.

We ask that the Environment Committee **support S.B. 1113, AN ACT ESTABLISHING A CONNECTICUT COMMERCIAL TANK INSURANCE ACCOUNT**.

Respectfully,



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