

March 16, 2012

Members of Environment Committee:

I, Doug Hendel, am testifying today on behalf of Hendel's Inc., a third generation family-owned business based in Waterford which employs about 150 Connecticut residents throughout the state. We have utilized the Underground Storage Tank Clean-Up Fund/Program to partially reimburse us for the costs of remediating accidental spills, thereby helping to protect the environment of our state and allowing us to keep locations open, which keeps employees on the job and allows taxes to continue to be generated.

I urge the Committee to oppose SB 375 as now presented and to instead support an amendment to that bill which our trade association will offer today.

The Tank Fund Program provides the evidence of financial responsibility required by EPA for owners/operators of gas stations. Under SB 375, the State would accept no new applications from mid-sized station owners—defined as those owning 5 to 100 stations, (which surely do not qualify as multinational global giants) that collectively own most of the stations in the State—for releases reported to DEEP after this coming October 1 and would accept no new applications whatsoever effective October 1, 2013. If the State wishes to phase out the Tank Program, an adequate amount of time to transition to a private insurance vehicle must be provided, rather than the extremely inadequate timeframe being proposed. There is no private insurance for known contamination. Other states which have moved to a private insurance mechanism have provided triple the time that SB 375 would provide for gas station owners to attempt to secure some sort of bonding for known contamination. Without this sort of protection, many gas stations will simply close their doors.

As a Connecticut taxpayer I am fully supportive of measures which will improve the State's economy. But SB 375 as it is currently written will do just the opposite. It will reduce the State's revenue by forcing retail gas stations to close and add to the State's Expenses by taking tax-paying workers off of payrolls and pushing them onto welfare rolls. It will lead to higher gas prices because if many gasoline stations close, there will be less competition—and less competition in virtually any industry almost always leads to higher prices. Moreover, SB 375 will hurt our environment which ultimately causes much greater expenses in the long run due to harm to public health, than would be the case if remediation was pursued promptly.

Our Company, like many of our competitors in Connecticut, has *relied in good faith* on the Tank Clean-Up Fund Program to help us remediate accidental releases. In order to qualify for reimbursement, we have had to abide by very stringent environmental regulations and procedures. Accordingly, we have received reimbursement awards as far back as 2009 from the Tank Fund for which we have not yet been paid. And now, SB 375 would pay us *just 20% on the dollar in fulfillment of those awards!* The 20% would increase by only 5% for every year we are willing to wait to be paid for up to 16 more years, a rate that might prove to barely keep pace with inflation. This is outrageous, potentially illegal, and a violation of the spirit of fair & equitable American commerce & governance. These provisions of SB 375 apply to awards ALREADY made. The bill is changing the rules AFTER the game has been played! The result: the State of Connecticut would be reneging on obligations it has already incurred to companies like ours which followed the State's rules to the letter only to learn now that our reward for doing so is a haircut which would pay us just 20% on the dollar. The gross receipts tax, which was enacted 20 years ago in order to finance the Tank Fund, now generates approximately \$ 350 million annually for the State. Our industry needs only a modest portion of just one year's GRT revenue to

fulfill *all* the unpaid awards already made and *all* those in the pipeline awaiting award decisions and yet SB 375 would pay us 20% on the dollar for awards which we have already been waiting to be paid for three years !

Connecticut has a reputation for fostering a climate which is unfriendly to business growth—hardly a prescription for trying to help our State out of the current economic malaise. What kind of message would the version of SB 375 as it now stands send to Connecticut businesses and those that may be considering moving to Connecticut ? Such a message, with its' likely consequences, will serve as just one more self-imposed obstacle in the path of our State's road to economic recovery.

SB 375 as currently offered provides a timeframe for transition to private insurance which is far too short, a date for the cutoff of reimbursement claims to the State which is far too soon, and a haircut for awards already made to applicants acting in good faith but for which they have not yet been paid which is completely unacceptable. Stations will close, jobs will be lost, the State's tax revenue will decrease while the State's expenses will increase, and the environment in which Connecticut residents live will be adversely impacted. I therefore urge this Committee to oppose SB 375 as currently written and to support the Amendment to the bill being offered today.

Thank you.

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