

Statement by Lindsay Trittipoe on S.B. 375

Mr. Chairman, Members of the Environment Committee, my name is Lindsay Trittipoe, and I appreciate the opportunity to testify. I am President of NatLUST, a Richmond Virginia based 501(c)(3) UST claim financing program.

NatLUST has provided over \$150 million of financing to tank owners in several states, including Connecticut. Several years ago, Connecticut's legislature and then Governor Rell passed a statute change supported by DEEP and industry that was specifically designed to allow NatLUST to make its program available here. The basic idea with NatLUST is that by restoring liquidity to the marketplace, we can help get cleanups done in a timely manner, thus helping DEEP in its mission of protecting the environment for the people of this state. Unfortunately, we will be bankrupted if the state pays us only 20 cents on the dollar or forces us to wait many years for full payment.

NatLUST operates by purchasing claims from tank owners who desire liquidity. Because we are looking to the state's tank fund as our source of repayment, we have been able to attract very inexpensive financing, largely because banks believe that states in general, and well managed states such as Connecticut in particular, simply don't default on their financial obligations.

We began providing financing in early 2007, but by late 2009 following legislation that removed the UST program's dedicated funding, we decided to suspend funding new claims. The reason was could no longer predict when new claims would be reimbursed, thus making our business model unworkable. But I respected the state's right to head in a different direction and I put NatLUST's portfolio into runoff mode, expecting to be paid out by the end of 2010.

My estimate was dead wrong.

I became quite alarmed last summer when a proposal was floated to reduce the annual appropriation to just \$250,000, which I estimated would take five years for the last of our claims to be paid.

But the latest proposal to pay certain parties 20 cents on the dollar can most accurately be described as a willful default on the state's obligations, a form of debt repudiation. I know that the words 'default' and 'repudiation' are harsh, but they are the proper words to use, especially given the recent history and proposal.

NatLUST financed Connecticut claims in the good faith belief that the state would honor its obligations and pay its debts as agreed. Connecticut is not Greece.

To my knowledge, no state has defaulted on its debts since the Great Depression, and Connecticut is better managed than many other states, with a long history of prudent financial management. The very idea of a state of Connecticut's stature defaulting is unfathomable. Accordingly, I respectfully suggest that the prudent course of action would be for the legislature to figure out a way to pay the obligations the state has already promised to pay, and to think carefully about the future of the program.

To wrap up, there is good news. Reasonable, prudent solutions are available, both for financing the backlog and determining the future of the tank program. Other states have well functioning tank programs, and you can, too. And by making well thought out decisions, including better defining DEEP's role and putting more of the burden on the petroleum industry to take over functions that DEEP shouldn't be involved with, you stand to save tens of millions and put this program back in compliance with federal regulations and save many jobs and businesses from being lost.

I have much confidence that after considering the matter, the legislature will act responsibly. If NatLUST can play a constructive role in helping Connecticut, we are still willing to help. Thank you for the opportunity to appear here today.