



State of Connecticut

HOUSE OF REPRESENTATIVES

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE LAWRENCE F. CAFERO, JR.
ONE HUNDRED FORTY-SECOND DISTRICT

REPUBLICAN LEADER

LEGISLATIVE OFFICE BUILDING
SUITE 4200
HARTFORD, CONNECTICUT 06106
TELEPHONE
CAPITOL: (860) 240-8700
TOLL FREE: 1-800-842-1423
FAX: (860) 240-0184

Chairmen Meyer and Roy, Ranking Members and Chapin, and members of the Environment Committee, I would like to thank the Committee for holding this public hearing on HB 5082 *AA Appropriating Funds to DEEP for the Underground Storage Tank Clean-Up Program*. I proposed HB 5082 to ensure legislation existed this session to address a major shortfall in the Governor's budget that would have wide-ranging ramifications on the price and availability of gasoline, vital environmental clean-ups, and ability of hundreds of small businesses in our state to remain operable.

EPA requires that gasoline retail stations have a source of financial responsibility for their underground storage tanks. Since 1989 the state has been acting in this capacity through the Underground Storage Tank Fund aka "the fund". When the fund was created, so too was the gross earnings tax on petroleum. This included an intercept that kept the fund solvent by putting in at least \$5 million a year and with a cap of \$15 million a year, averaging \$10 million per year. This ensured that that claims that were submitted were all paid.

In recent years, during the economic downturn, the state has been using these funds to meet other budgetary needs. This year only \$1.3 million was appropriated to the fund, with all but \$250,000 of that money set aside for administration. As a result, the EPA has sent a letter to DEEP stating, "Given the dire condition of the fund ... EPA will begin the process of withdrawing approval ... should a solution not be achieved by the end of the legislative session on May 9, 2012."

If the state program is decertified by the EPA all gas station owners would be required to obtain private insurance or a surety bond as their means of financial responsibility. The Independent Connecticut Petroleum Association (ICPA) along with the Gasoline & Automotive Service Dealers of America, Inc. (GASDA), who combined represent over 1,400 gas stations, have indicated that between 400-600 gas stations would likely be forced to close due to the stations being uneconomical due to the cost of the insurance. These are small businesses owned by local people, not multinational companies, as Connecticut law prohibits the major oil companies from owning retail gas stations.

If the state were to lose nearly 1/3rd of its gas station the ramifications would be vast and varied. The state could experience long lines at the pump, similar to after the recent October Nor'easter when over 500 gas stations lost electricity and reduced competition always leads to higher prices for consumers. Since these gas stations have an average of seven employees, 2,800 - 4,200 Connecticut residents could be out of work and hundreds of environmental clean-ups could go undone.

I know there are efforts among the stakeholders to create a phase-out of the Underground Storage Tank fund that would allow the state to keep its commitment to the gas station owners and EPA while transitioning future financial responsibility to the private sector. I would like to work with the committee to come together with the affected parties to create a plan that is in the best interest of all Connecticut's residents.

Thank you.