

# SENATE BILL REPORT

## SHB 1823

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As Reported By Senate Committee On:  
Water, Energy & Environment, March 23, 2005

**Title:** An act relating to assisting the economic development of underserved rural communities by assisting an owner or operator that has discontinued using an underground petroleum storage tank.

**Brief Description:** Providing financial assistance for the costs of underground petroleum storage tanks in rural communities.

**Sponsors:** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Kretz, Serben, McCune, Armstrong, Rodne, Buri, Clements, Cox, Sump, Haler, Pettigrew, Grant, Holmquist, Walsh, Strow, Haigh and Kristiansen).

**Brief History:** Passed House: 3/10/05, 94-0.

**Committee Activity:** Water, Energy & Environment: 3/22/05, 3/23/05 [DP].

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### SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

**Majority Report:** Do pass.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Morton, Ranking Minority Member; Hewitt, Honeyford and Mulliken.

**Staff:** Richard Rodger (786-7461)

**Background:** In response to serious environmental problems posed by petroleum underground storage tanks (USTs), federal and state laws were enacted requiring these tanks to be upgraded or replaced. This posed a serious problem for rural communities in particular because rural gas stations often did not generate the profit necessary to upgrade or replace the USTs.

In 1991, the Pollution Liability Insurance Agency (PLIA) was directed to establish the UST Community Assistance Program (USTCAP). Owners and operators of the UST's in rural areas, who demonstrated serious financial hardship and were certified by the local government as meeting a vital local government, public health, or safety need, were eligible for grants to enable continued operation. Of the 112 grants awarded by the PLIA, 99 were rural gas stations or convenience stores with gas stations.

The maximum amount of grant money available to a single owner or operator through the program was \$150,000, with no more than \$75,000 used for corrective actions. In consideration of the grant, the owner or operator agreed to sell petroleum products to the public, maintain the tank site for retail sale of petroleum products for at least 15 years, sell to local government entities on a negotiated cost-plus basis, and comply with all financial and environmental responsibilities.

According to the terms of the grants, a 15 year lien was placed on any privately owned business receiving these moneys to ensure that these businesses continued to provide service in the community. If a grantee complied with the terms of the grant for a period of 15 years the lien is released.

The PLIA and its programs are funded through a fee imposed on dealers making sales of heating oil which is deposited into the Heating Oil Pollution Liability Trust Account, and an excise tax on the wholesale value of petroleum which is deposited into the Pollution Liability Trust Account. A total of \$15 million was made available for the USTCAP.

The PLIA and its programs expire on June 1, 2007.

**Summary of Bill:** It is also recognized that the closing of gas stations in rural communities adversely affects local economies by reducing access to fuel for recreational needs.

The criteria for financial assistance for the USTCAP is revised to provide for an owner or operator of an UST who has discontinued use of the tank due to economic hardship. Such an owner or operator is eligible for a \$200,000 grant for each retailing location if the property: (1) is located in an underserved rural area; (2) was previously used by a private owner or operator to provide motor vehicle fuel; and (3) is at least ten miles from the nearest motor vehicle fuel service station.

Such an owner or operator must comply with the requirements previously imposed upon other private owners or operators receiving financial assistance.

From the pollution liability insurance trust account, \$1 million is designated for the biennium year ending July 1, 2007 for the purposes of this act. No more than ten percent of these funds may be used for administrative costs.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 16, 2005.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed. The program expires on June 1, 2007.

**Testimony For:** This is a good rural economic development bill. There are some areas where residents have to drive 50 miles for gas. This impacts agricultural, residential, recreational opportunities, and emergency services, including fire fighting. Funding is in place from the Pollution Insurance Account that will cover the entire costs of this program.

**Testimony Against:** None.

**Who Testified:** PRO: Representative Joel Kretz, prime sponsor.