

SB 445 (Hill)
Underground Storage Tank Clean Fund (USTCF)

This bill:

- **Increases USTCF Surcharge and Extends Sunset Date**
 Increases the assessment on petroleum stored in underground storage tanks (UST), from \$0.014 per gallon to \$0.02 per gallon. Revenues from the surcharge primarily are used to reimburse tank owners and operators for their costs of cleaning up leaking USTs. The bill also extends the sunset date of the USTCF until January 1, 2026. The bill establishes various deadlines in advance of the sunset date to provide for the orderly wind down of the USTCF.
- **Dedicates USTCF Revenues for Special Purposes**
 Dedicates 3 mills (\$0.003) of the \$0.02 assessment for the State Water Board to use, upon appropriation by the Legislature, for the following purposes:
 - (1) for deposit into the Site Cleanup Subaccount for the investigation and remediation of contaminated sites, regardless of the source of contamination;
 - (2) to provide additional funding, as needed, to the School District Account to reimburse school districts for their costs associated with cleaning up leaking USTs; and
 - (3) to provide additional funding for loans and grants through the Replacing, Removing, or Upgrading Underground Storage Tanks (RUST) program to assist small business UST owners and operators in complying with UST regulatory requirements (including complying with the phase out of single-walled tanks).
 - The bill also (a) increases the maximum RUST program grants from \$50,000 to \$70,000, (b) extends the sunset date of the RUST fund and (c) authorizes up to \$140,000 in additional RUST grants for removal and replacement of single-walled USTs at remote gas stations.
- **Phases Out Single-Walled Tanks**
 Requires owners and operators of single-walled USTs to permanently close their single-walled tanks by December 31, 2025. Allows the State Water Board to adopt regulations, in consultation with stakeholders, to close those tanks earlier if the USTs pose a high threat to water quality or public health.
- **Reduces Maximum Reimbursement Amount**
 Reduces, from \$1.5 million to \$1 million, the maximum claim amount that will be reimbursed to a UST owner/operator for claims submitted on or after January 1, 2015. The same reduction also applies to Orphan Site Cleanup Fund (OSCF) grants and Emergency, Abandoned, and Recalcitrant (EAR) account expenditures.
- **Pilot Program For Expediting Cleanup of Leaking USTs**
 Transfers \$100 million in fiscal year 2015-16 from the USTCF to the Expedited Claim Account for the State Water Board, in collaboration with stakeholders, to implement an Expedited Claim Pilot Project to reduce the costs of site cleanup and the time to reach site closure by increasing coordination with the responsible party, regulator, and the USTCF.

The bill requires the State Water Board, in consultation with stakeholders, to post a report on its website, by January 1, 2018, analyzing the effectiveness of the Pilot Project and the long-term demand for the USTCF.

- **Bond Study**

Requires the State Water Board to conduct a study, and post a report on its website by March 31, 2018, to determine the cost-effectiveness and the feasibility of issuing bonds to satisfy the obligations against the USTCF.

- **Fraud Prevention**

Provides the State Water Board with authority to help prevent fraud in the USTCF and help recover monetary losses to the USTCF due to fraud and misrepresentation. The bill accomplishes this by 1) authorizing the State Water Board to impose administrative civil liability on persons who make fraudulent claims and misrepresentations to the USTCF, 2) barring claimants and consultants convicted of fraud against the Fund from further participation in the USTCF, 3) authorizing the State Water Board to recover the costs associated with investigating and prosecuting fraud cases against the USTCF, from persons who were proven to have engaged in fraud.

- **Program and Fiscal audits**

Requires an independent program and fiscal audit of the USTCF by December 31, 2019, and at least every five years thereafter.

- **Study on USTCF Priority Rankings**

Requires the State Water Board to conduct an analysis of the priority ranking criteria for small businesses (Priority B claimants) to study if the ranking should be revised to better achieve the goal of ranking claims based on the claimant's ability to pay for cleanup.

- **Expands Eligibility and Allow for Alternative Documentation**

Expands eligibility to the USTCF to certain previously ineligible applicants, and allows claimants to use specified alternative methods of demonstrating they have paid the USTCF surcharge to the Board of Equalization, in certain cases.