SESSION 1989

SENATE BILL 816

Short Title: Tank Cleanup Act Amend.

Sponsors: Senators Plyler, Royal, Basnight, Goldston, Conder, Parnell, Smith; Daniel, Hunt of Durham, Martin of Pitt, and Odom.

Referred to: Environment and Natural Resources.

April 6, 1989

1		A BILL TO BE ENTITLED		
2	AN ACT TO	AMEND THE NORTH CAROLINA LEAKING PETROLEUM		
3	UNDERGROUND STORAGE TANK CLEANUP ACT.			
4	The General Assembly of North Carolina enacts:			
5	Section 1. G.S. 142-215.94A reads as rewritten:			
6	"§ 143-215.94A. Definitions.			
7	Unless a different meaning is required by the context, the following definitions shall			
8	apply throughout this Part:			
9	(1)	'Commercial Fund' means the Commercial Leaking Petroleum		
10		Underground Storage Tank Cleanup Fund established pursuant to this		
11		Part.		
12	(2)	'Commercial underground storage tank' means any one or combination		
13		of tanks (including underground pipes connected thereto) used to		
14		contain an accumulation of petroleum products, the volume of which		
15		(including the volume of the underground pipes connected thereto) is		
16		ten percent (10%) or more beneath the surface of the ground. The		
17		term 'commercial underground storage tank' does not include any:		
18		a. Farm or residential underground storage tank of 1,100 gallons		
19		or less capacity used for storing motor fuel for noncommercial		
20		purposes;		
21		b. Underground storage tank of 1,100 gallons or less capacity used		
22		for storing heating oil for consumptive use on the premises		
23		where stored;		

(Public)

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1		c. Underground storage tank of more than 1,100 gallon capacity
2		used for storing heating oil for consumptive use on the premises
3		where stored by four or fewer households;
4		d. Septic tank;
5		e. Pipeline facility (including gathering lines) regulated under:
6		1. The Natural Gas Pipeline Safety Act of 1968 (49 U.S.C.
7		1671 et seq.);
8		2. The Hazardous Liquid Pipeline Safety Act of 1979 (49
9		U.S.C. 2001 et seq.); or
10		3. Any intrastate pipeline facility regulated under State
11		laws comparable to the provisions of the Natural Gas
12		Pipeline Safety Act of 1968 or the Hazardous Liquid
13		Pipeline Safety Act of 1979;
14		f. Surface impoundment, pit, pond, or lagoon;
15		g. Storm water or waste water collection system;
16		h. Flow-through process tank;
17		i. Liquid trap or associated gathering lines directly related to oil
18		or gas production and gathering operations; or
19		j. Storage tank situated in an underground area (such as a
20		basement, cellar, mineworking, drift, shaft, or tunnel) if the
21		storage tank is situated upon or above the surface of the floor.
22	<u>(2a)</u>	'Heating oil' means petroleum that is No. 1, No. 2, No. 4-light, No. 4-
23		heavy, No. 5-light, No. 5-heavy or No. 6 technical grades of fuel oil;
24		other residual fuel oils, including Navy Special Fuel Oil and Bunker C;
25		and other fuels when used as substitutes for one of these fuel oils for
26		the purpose of heating.
27	<u>(2b)</u>	'In use' means any commercial underground storage tank which
28		contains petroleum or petroleum product during any part of the
29		calendar year for which fees, established under this Article, are due.
30	(3)	'Noncommercial Fund' means the Noncommercial Leaking Petroleum
31		Underground Storage Tank Cleanup Fund established pursuant to this
32		Part.
33	(4)	'Noncommercial underground storage tank' means any one or
34		combination of tanks (including underground pipes connected thereto)
35		used to contain an accumulation of petroleum products, the volume of
36		which (including the volume of the underground pipes connected
37		thereto) is ten percent (10%) or more beneath the surface of the
38		ground. The term 'noncommercial storage tank' does not include any:
39		a. Commercial underground storage tanks;
40		b. Septic tank;
41		c. Pipeline facility (including gathering lines) regulated under:
42		1. The Natural Gas Pipeline Safety Act of 1968 (49 U.S.C.
43		1671 et seq.);

2. The Hazardous Liquid Pipeline Safety Act of 1979 (49	
U.S.C. 2001 et seq.); or	
3. Any intrastate pipeline facility regulated under State	
laws comparable to the provisions of the Natural Ga	
Pipeline Safety Act of 1968 or the Hazardous Liquid Pipeline Safety Act of 1979;	
d. Surface impoundment, pit, pond, or lagoon;	
e. Storm water or waste water collection system;	
f. Flow-through process tank;	
g. Liquid trap or associated gathering lines directly related to oi	
or gas production and gathering operations; or	
h. Storage tank situated in an underground area (such as a	
basement, cellar, mineworking, drift, shaft, or tunnel) if the	
storage tank is situated upon or above the surface of the floor.	
'Occurrence' means an accident, including continuous or repeated	
exposure to conditions, which results in a release from a commercia	
or noncommercial underground storage tank. Leaks from individua	
tanks at a common location, where such tanks are not connected in	
manifold, are separate occurrences.	
'Operator' means any person in control of, or having responsibility for	
the operation of an underground storage tank.	
'Owner' means:	
a. In the case of an underground storage tank in use on 8	
November 1984, or brought into use after that date, any person	
who owns an underground storage tank used for the storage	
use, or dispensing of petroleum products; and	
b. In the case of an underground storage tank in use before 8	
November 1984, but no longer in use on or after that date, any	
person who owned such tank immediately before the	
discontinuation of its use.	
'Petroleum' or 'petroleum product' means crude oil or any fraction	
thereof which is a liquid at standard conditions of temperature and	
pressure (60 degrees Fahrenheit and 14.7 pounds per square inch	
absolute), including any such liquid which consists of a blend o	
petroleum and alcohol and which is intended for use as a motor fuel	
fuel, but does not include any substance defined in Section 101(14) of	
the Comprehensive Environmental Response, Compensation and	
Liability Act of 1980 nor any substance regulated under Subtitle C o	
the Resources Conservation and Recovery Act."	
G.S. 143-215.94B reads as rewritten:	
Commercial leaking petroleum underground storage tank cleanup	
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43 (a) There is established under the control and direction of the Department the44 Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund. This

1	Commercial Fund shall be a nonreverting revolving fund consisting of any monies		
2	appropriated for such purpose by the General Assembly or available to it from grants,		
3	other monies paid to it or recovered on behalf of the Commercial Fund, and fees paid		
4	pursuant to this Part.		
5	(b) The Commercial Fund shall be used for the payment of the following costs in		
6	excess of one hundred thousand dollars (\$100,000)-up to an aggregate maximum of one		
7	million dollars (\$1,000,000) per occurrence resulting from a discharge or release of a		
8	petroleum product from a commercial underground storage tank:		
9	(1) The cleanup of environmental damage as required by G.S. 143-		
10	215.94E(a); and 143-215.94E(a) in excess of fifty thousand dollars		
11	(\$50,000) per occurrence; and		
12	(2) The least expensive of the following:		
13	a. Providing potable water supplies including bottled water, well-		
14	head filtration systems or other suitable alternatives to persons		
15	whose water supply has been rendered unpotable; or		
16	b. Purchasing the property of the person whose water supply has		
17	been rendered unpotable. The State shall not purchase the		
18	property without the consent of the property owner, but if the		
19	property owner fails to consent, the amount expended to		
20	provide potable water shall not exceed the value of the property.		
21	If the property is purchased by the State, the purchase price		
22	shall be the value of the property immediately prior to the		
23	discovery of the discharge or release.		
24	Compensation for third parties for bodily injury and property damage		
25	in excess of one hundred thousand dollars (\$100,000) per occurrence.		
26	In no event shall a property owner be paid any sum as liquidated damages from the		
27	Commercial Fund.		
28	(c) The Commercial Fund is to be available on an occurrence basis, without		
29	regard to number of occurrences associated with tanks owned or operated by the same		
30	owner or operator. Up to a maximum of one hundred thousand dollars (\$100,000) per		
31	year may be used from the Fund to pay for the administrative costs associated with		
32	carrying out the provisions of this Part by the Department.		
33	(d) The Commercial Fund shall not be used for:		
34	(1) Costs incurred as a result of a discharge or release from an		
35	aboveground tank, aboveground pipe or fitting, fitting not connected to		
36	an underground storage tank, or vehicle;		
37	(2) The replacement of any tank, pipe, fitting or related equipment;		
38	(3) Costs incurred as a result of a discharge or release of petroleum from a		
39	transmission pipeline;		
40	(4) Costs intended to be paid by the Noncommercial Fund; or		
41	(5) Costs associated with the administration of any underground storage		
42	tank program other than the program administered pursuant to this		
43	Part.		

1	(e) The Commercial Fund shall be treated as a special trust fund and shall be			
2	credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-			
3	69.3."			
4	Sec. 3. G.S. 143-215.94D reads as rewritten:			
5	"§ 143-215.94D. Noncommercial leaking petroleum underground storage tank			
6	cleanup fund.			
7	(a) There is established under the control and direction of the Department the			
8 9	Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund. This			
9 10	Noncommercial Fund shall be a nonreverting revolving fund consisting of any monies			
10	appropriated for such purpose by the General Assembly or available to it from grants, or other maniae noid to it or recovered on babalf of the Nancommercial Fund			
11	other monies paid to it or recovered on behalf of the Noncommercial Fund. (b) The Noncommercial Fund shall be used for the payment of the following			
12	(b) The Noncommercial Fund shall be used for the payment of the following costs up to an aggregate maximum of one million dollars (\$1,000,000) per occurrence			
14	resulting from a discharge or release of a petroleum product from: (i) noncommercial			
15	underground storage tanks, (ii) commercial underground storage tanks where the owner			
16	or operator cannot be identified or fails to proceed with the cleanup, and (iii)			
17	commercial underground storage tanks which were taken out of operation prior to 1			
18	January 1974 where, at the time the discharge or release is discovered, neither the owner			
19	or operator owns or leases the lands on which the tank is located:			
20	(1) The cleanup of environmental damage as required by G.S. 143-			
21	215.94E(a); and			
22	(2) The least expensive of the following:			
23	a. Providing potable water supplies including bottled water, well-			
24	head filtration systems or other suitable alternatives to persons			
25	whose water supply has been rendered unpotable; or			
26	b. Purchasing the property of the person whose water supply has			
27	been rendered unpotable. The State shall not purchase the			
28	property without the consent of the property owner, but if the			
29	property owner fails to consent, the amount expended to			
30	provide potable water shall not exceed the value of the property.			
31	If the property is purchased by the State, the purchase price			
32 33	shall be the value of the property immediately prior to the discovery of the discharge or release. <u>State purchase of the</u>			
33 34	property does not relieve the responsible party of the duty to			
35	restore the impacted areas as required under G.S. 143-215.94E.			
36	Any monies collected from the sale of the property by the State			
37	shall be placed in the Noncommercial Fund.			
38	In no event shall a property owner be paid any sum as liquidated damages from the			
39	Noncommercial Fund.			
40	(c) The Noncommercial Fund is to be available on an occurrence basis, without			
41	regard to number of occurrences associated with tanks owned or operated by the same			
42	owner or operator. Up to a maximum of one hundred thousand dollars (\$100,000) per			
12	year may be used from the Fund to pay for the administrative costs associated with			

year may be used from the Fund to pay for the administrative costs associated with 43

carrying out the provisions of this Part by the Department. 44

1	(d)	The Noncommercial Fund shall not be used for:
2		(l) Costs incurred as a result of a discharge or release from an
3		aboveground tank, aboveground pipe or fitting, fitting not connected to
4		an underground storage tank, or vehicle;
5		(2) The replacement of any tank, pipe, fitting or related equipment;
6		(3) Costs incurred as a result of a discharge or release of petroleum from a
7		transmission pipeline;
8		(4) Costs intended to be paid for by the Commercial Fund; or
9		(5) Costs associated with the administration of any underground storage
10		tank program other than the program administered pursuant to this
11		Part.
12	(e)	The Noncommercial Fund shall be treated as a special trust fund and shall be
13		with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-
14	69.3."	
15		Sec. 4. G.S. 143-215.94E reads as rewritten:
16		15.94E. Rights and obligations of the owner and operator.
17	(a)	Upon a determination that a discharge or release of petroleum from an
18	-	und storage tank has occurred, the owner or operator shall notify the
19		ent pursuant to G.S. 143-215.85. The owner or operator shall immediately
20		e to collect and remove the discharge or release and to restore the area affected
21		ance with the requirements of this Article. G.S. 143-215.84(a).
22	(b)	In the case of a discharge or release from a commercial underground storage
23		re the owner or operator has been identified and has proceeded with cleanup,
24		er or operator may elect to have the Commercial Fund pay or reimburse the
25		operator for any costs described in G.S. 143-215.94B(b) which exceed one
26		housand dollars (\$100,000) up to a maximum of nine hundred thousand dollars
27). fifty thousand dollars (\$50,000) for the cleanup of environmental damage
28		hundred thousand dollars (\$100,000) for compensating third parties for bodily
29		nd property damage up to an aggregate maximum of one million dollars
30		000) per discharge or release. The sum of payments by the owner or operator
31	-	payments from the Commercial Fund shall not exceed one million dollars
32		000) per discharge or release.
33	(c)	In the case of a discharge or release from a noncommercial underground
34	•	ank, the owner or operator may elect to have the Noncommercial Fund pay or
35		e the owner or operator for the costs described in G.S. 143-215.94D(b) up to a
36		n of one million dollars (\$1,000,000) per discharge or release.
37	(d)	In any case where the costs described in G.S. 143-215.94B(b) or G.S. 143-
38		b) exceed one million dollars (\$1,000,000), the provisions of Article 21A of
39	-	pter or any other applicable statute or common law regarding liability shall
40		the amount in excess of one million dollars (\$1,000,000). Nothing contained
41		art shall limit or modify any liability that any party may have pursuant to
42		1A of this Chapter, any other applicable statute, or at common law.
43	(e)	
44	or G.S.	143-215.94D(b) resulting from a discharge or release of petroleum from an

underground storage tank, the owner or operator may seek reimbursement from the 1 2 appropriate fund for any costs he may elect to have either the Commercial or the 3 Noncommercial Fund pay in accordance with subsections (b) and (c) of this section. The Department shall reimburse the owner or operator for all costs he may elect to have 4 5 the appropriate fund pay for which prior approval was obtained and appropriate 6 documentation was submitted, and any other costs which the Department determines to 7 be reasonable and necessary and for which appropriate documentation is submitted. If 8 the owner or operator is eligible for reimbursement under this section and the cleanup 9 extends beyond a period of three months, the owner or operator may apply to the 10 Department for interim reimbursements to which he is entitled under this section on a quarterly basis. 11 12 The Department shall not reimburse any owner or operator until the fund (f)13 from which reimbursement will be made reaches one million dollars (\$1,000,000). 14 (g) No owner or operator shall be reimbursed pursuant to this section, and the 15 Department shall seek reimbursement of the appropriate fund or of the Department for 16 any monies disbursed from the appropriate fund or expended by the Department if: 17 (1)The owner or operator has willfully violated any substantive law, rule, 18 or regulation applicable to underground storage tanks and intended to 19 prevent discharges or releases or to facilitate the early detection of 20 discharges or releases: 21 (2)The discharge or release is the result of the owner's or operator's 22 willful or wanton misconduct; or 23 (3) The owner or operator has failed to pay any annual tank operating fee 24 due pursuant to G.S. 143-215.94C." Sec. 5. G.S. 143-215.94F reads as rewritten: 25 26 "§ 143-215.94F. Limited amnesty. 27 Any owner or operator who reports a suspected discharge or release from an underground storage tank within 15 months of following the effective date of this Part 28 29 shall not be liable for any civil penalty that might otherwise be imposed pursuant to 30 G.S. 143-215.91(a). The limited amnesty provided by this section shall not apply upon 31 a finding by the Commission that the discharge or release was the result of gross 32 negligence or an intentional act." 33 Sec. 6. G.S. 143-215.94G reads as rewritten: "§ 143-215.94G. Authority of the Department to engage in cleanups; actions for 34 35 fund reimbursement. 36 Whenever a discharge or release of petroleum is from: (a) A noncommercial underground storage tank; 37 (1) 38 (2)An underground storage tank where the owner or operator cannot be 39 identified or located; 40 An underground storage tank where the owner or operator fails to (3) 41 proceed as required by G.S. 143-215.94E(a); or 42 (4) A commercial underground storage tank which was taken out of operation prior to 1 January 1974 where, at the time the discharge or 43

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2	land on which the underground storage tank is located;				
3	the Department is authorized and empowered to use staff, equipment, or materials under				
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9		useful to the development and implementation of a cleanup program.			
10	· · · · · · · · · · · · · · · · · · ·	(b) Whenever the discharge or release of a petroleum product is from a			
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12	supervise the cleanup of environmental damage required by G.S. 143-215.94E(a). If the				
13		owner or operator elects to have the Commercial Fund reimburse or pay for any costs			
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17	that the owner or operator has spent an initial one hundred thousand dollars (\$100,000). the				
18	amounts required to be paid by the owner or operator pursuant to and in accordance				
19	with G.S. 143-215.94E(b). The Department shall allow credit for all expenditures for				
20	which prior approval was obtained from the Department and any other expenditures				
21	1 5				
22	not pay for any costs for which the Commercial Fund was established until the owner or				
23		operator has paid an initial one hundred thousand dollars (\$100,000). the amounts specified			
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44	4 underground storage tanks.				

In the event that a civil action is commenced to secure reimbursement 1 (e) 2 pursuant to subdivisions (1) through (4) of subsection (d) of this section, the Secretary may recover, in addition to any amount due, the costs of the action, including but not 3 4 limited to reasonable attorney's fees and investigation expenses. Any monies received 5 or recovered as reimbursement shall be paid into the appropriate fund or other source 6 from which the expenditures were made.

7 In the event that one hundred thousand dollars (\$100,000) or more a recovery (f)8 equal to or in excess of the amounts required to be paid for by the owner or operator 9 pursuant to G.S. 143-215.94E(b) is recovered pursuant to subdivisions (2) and (3) of 10 subsection (d) of this section for the costs described in G.S. 143-215.94B(b), the Department shall transfer funds from the Commercial Fund that would have been paid 11 from the Commercial Fund pursuant to G.S. 143-215.94B(b) if the owner or operator 12 13 had proceeded with the cleanup, but which were paid from the Noncommercial Fund, 14 into the Noncommercial Fund."

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Sec. 7. G.S. 143-215.94H reads as rewritten:

16 "§ 143-215.94H. Financial responsibility.

17 The Department shall require each owner and operator of a petroleum underground 18 storage tank who is required to demonstrate financial responsibility under rules 19 promulgated by the United States Environmental Protection Agency pursuant to 42 20 U.S.C. § 6991b(d) to maintain evidence of financial responsibility of not less than one 21 hundred thousand dollars (\$100,000) the amounts required to be paid for by the owner or 22 operator pursuant to G.S. 143-215.94E(b) per occurrence for costs described in G.S. 23 143-215.94B(b) and G.S. 143-215.94D(b). Financial responsibility may be established 24 in accordance with rules adopted by the Commission which shall provide that financial responsibility may be established by either insurance, guarantee, surety bond, letter of 25 credit, qualification as a self-insurer, or any combination thereof. The compliance date 26 27 schedule for demonstrating financial responsibility shall conform to the schedule adopted by the Environmental Protection Agency." 28

Sec. 8. Section 4 of Chapter 1035 of the 1987 Session Laws, reads as 29 30 rewritten:

31 "Sec. 4. The provisions of this act as they relate to any discharge or release of petroleum from an underground storage tank apply only to discharges or releases which 32 33 are discovered or reported on or after the effective date of this act.costs paid for by the:

- 34 Commercial Fund apply only to discharges or releases which are (1)35 discovered or reported on or after June 30, 1988.
- 36 Noncommercial Fund apply to discharges or releases without regard to (2)the date discovered or reported; however, costs sought pursuant to G.S. 37 38 143-215.94G(d)(1), (2), (3), and (4) shall be for the full amount of the 39 costs paid for from the Noncommercial Fund and shall not be limited pursuant to G.S. 143-215.94E(b) for discharges or releases from 40 commercial underground storage tanks discovered or reported on or 41 before June 30, 1988." 42
- 43 Sec. 9. Section 5 of Chapter 1035 of the 1987 Session Laws reads as 44 rewritten:

1 "Sec. 5. G.S. 143-215.94B through G.S. 143-215.94E, G.S. 143-215.94G, and G.S. 2 143-215.94J through G.S. 143-215.94M as enacted by Section 1 of this act and Section 3 2 of this act expire 31 December 1989. 1998. References to expired sections in 4 unexpired sections shall be read to give effect to the unexpired sections. If either fund 5 created by Section 1 of this act would be obligated under the provisions of this act with 6 respect to any discharge or release reported to the Department of Natural Resources and 7 Community Development or any successor department prior to the expiration of this 8 act, the respective fund may continue to pay any costs incurred in accordance with this 9 act to the extent that funds remain. In the event that funds remain in either fund after 10 the expiration of this act and after all claims and other obligations of both funds have been paid, such remaining funds shall revert to the General Fund." 11 12 Sec. 10. Section 6 of Chapter 1035 of the 1987 Session Laws reads as 13 rewritten: 14 "Sec. 6. There is appropriated from the Highway Fund to the Department of Natural 15 Resources and Community Development the sum of four million dollars (\$4,000,000) 16 for fiscal year 1988-89 to be credited to the Noncommercial Leaking Petroleum 17 Underground Storage Tank Cleanup Fund. All sums collected on kerosene and motor fuel pursuant to G.S. 119-18 that are not allotted by the Budget Bureau to administer 18 and effectively enforce the provisions of Chapter 119 of the General Statutes shall be 19 20 credited to the Commercial Fund as certified on a monthly basis. Five hundred thousand 21 dollars (\$500,000) of the sums credited to the Commercial Fund pursuant to this section shall be transferred to the Department of Natural Resources and Community 22 23 Development to administer and effectively enforce the provisions of G.S. 143B-282(h) 24 and G.S. 143-215.3(a)(15)." 25 Sec. 11. This act is effective upon ratification.