### SECOND REGULAR SESSION

# **HOUSE BILL NO. 2196**

## 94TH GENERAL ASSEMBLY

### INTRODUCED BY REPRESENTATIVE COOPER (120).

Read 1st time February 19, 2008 and copies ordered printed.

319.133, 319.136, and 414.036, to read as follows:

D. ADAM CRUMBLISS, Chief Clerk

5149L.01I

7

8

10

## **AN ACT**

To repeal sections 260.1003, 319.129, 319.131, and 319.133, RSMo, and to enact in lieu thereof six new sections relating to the regulation of motor fuel tanks.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 260.1003, 319.129, 319.131, and 319.133, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 260.1003, 319.129, 319.131,

260.1003. As used in sections 260.1000 to 260.1039, the following terms shall mean:

- 2 (1) "Activity and use limitations", restrictions or obligations with respect to real property 3 created under sections 260.1000 to 260.1039;
- 4 (2) "Department", the Missouri department of natural resources or any other state or federal department that determines or approves the environmental response project under which the environmental covenant is created;
  - (3) "Common interest community", a condominium, cooperative, or other real property with respect to which a person, by virtue of the person's ownership of a parcel of real property, is obligated to pay property taxes, insurance premiums, maintenance, or improvement of other real property described in a recorded covenant that creates the common interest community;
- 11 (4) "Environmental covenant", a servitude arising under an environmental response 12 project that imposes activity and use limitations;
- 13 (5) "Environmental response project", a plan or work performed for environmental remediation of real property and conducted:

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 (a) Under a federal or state program governing environmental remediation of real 16 property, including but not limited to the Missouri hazardous waste management law as specified 17 in this chapter;

- (b) Incident to closure of a solid or hazardous waste management unit, if the closure is conducted with approval of the department; or
- (c) Under a state voluntary cleanup program authorized in the Missouri hazardous waste management law as specified in this chapter.

212223

24

25

26

27

28

29

30

31

18

19

20

- "Environmental response project" shall not include plans or work performed for environmental remediation of releases from aboveground storage tanks or underground storage tanks as defined in section 319.100, RSMo;
  - (6) "Holder", the grantee of an environmental covenant as specified in section 260.1006;
- (7) "Person", an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government, governmental subdivision, department, or instrumentality, or any other legal or commercial entity;
- (8) "Record", information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form;
- 32 (9) "State", a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.
- 319.129. 1. There is hereby created a special trust fund to be known as the "Petroleum Storage Tank Insurance Fund" within the state treasury which shall be the successor to the underground storage tank insurance fund and shall be a body corporate and politic. Moneys in such special trust fund shall not be deemed to be state funds, shall not be credited to the state general revenue fund, and shall not be subject to transfer. Notwithstanding the provisions of section 33.080, RSMo, to the contrary, moneys in the fund shall not be transferred to general revenue at the end of each biennium.
- 8 2. The owner or operator of any underground storage tank, including the state of 9 Missouri and its political subdivisions and public transportation systems, in service on August 10 28, 1989, shall submit to the department a fee of one hundred dollars per tank on or before December 31, 1989. The owner or operator of any underground storage tank who seeks to 11 12 participate in the petroleum storage tank insurance fund, including the state of Missouri and its 13 political subdivisions and public transportation systems, and whose underground storage tank is brought into service after August 28, 1998, shall transmit one hundred dollars per tank to the 14 15 board with his or her initial application. Such amount shall be a one-time payment, and shall be in addition to the payment required by section 319.133. The owner or operator of any

24

25

26 27

28

29

30

31

32

33

34

35

36

37

38 39

40

41

42

43

44

45

46

47

48

49

50

51

aboveground storage tank regulated by this chapter, including the state of Missouri and its political subdivisions and public transportation systems, who seeks to participate in the petroleum storage tank insurance fund, shall transmit one hundred dollars per tank to the board with his or her initial application. Such amount shall be a one-time payment and shall be in addition to the payment required by section 319.133. Moneys received pursuant to this section shall be transmitted to the director of revenue for deposit in the petroleum storage tank insurance fund.

- 3. The state treasurer may deposit moneys in the fund in any of the qualified depositories of the state. All such deposits shall be secured in a manner and upon the terms as are provided by law relative to state deposits. Interest earned shall be credited to the petroleum storage tank insurance fund.
- 4. The general administration of the fund and the responsibility for the proper operation of the fund, including all decisions relating to payments from the fund, are hereby vested in a board of trustees. The board of trustees shall consist of the commissioner of administration or the commissioner's designee, the director of the department of natural resources or the director's designee, the director of the department of agriculture or the director's designee, and eight citizens appointed by the governor with the advice and consent of the senate. Three of the appointed members shall be owners or operators of retail petroleum storage tanks, including one tank owner or operator of greater than one hundred tanks; one tank owner or operator of less than one hundred tanks; and one aboveground storage tank owner or operator. One appointed trustee shall represent a financial lending institution, and one appointed trustee shall represent the insurance underwriting industry. One appointed trustee shall represent industrial or commercial users of petroleum. The two remaining appointed citizens shall have no petroleum-related business interest, and shall represent the nonregulated public at large. The members appointed by the governor shall serve four-year terms except that the governor shall designate two of the original appointees to be appointed for one year, two to be appointed for two years, two to be appointed for three years and two to be appointed for four years. Any vacancies occurring on the board shall be filled in the same manner as provided in this section.
- 5. The board shall meet in Jefferson City, Missouri, within thirty days following August 28, 1996. Thereafter, the board shall meet upon the written call of the chairman of the board or by the agreement of any six members of the board. Notice of each meeting shall be delivered to all other trustees in person or by registered mail not less than six days prior to the date fixed for the meeting. The board may meet at any time by unanimous mutual consent. There shall be at least one meeting in each quarter.
- 6. Six trustees shall constitute a quorum for the transaction of business, and any official action of the board shall be based on a majority vote of the trustees present.

7. The trustees shall serve without compensation but shall receive from the fund their actual and necessary expenses incurred in the performance of their duties for the board.

- 8. All staff resources for the Missouri petroleum storage tank insurance fund shall be provided by the department of natural resources or another state agency as otherwise specifically determined by the board. The fund shall compensate the department of natural resources or other state agency for all costs of providing staff required by this subsection. Such compensation shall be made pursuant to contracts negotiated between the board and the department of natural resources or other state agency.
- 9. In order to carry out the fiduciary management of the fund, the board may select and employ, or may contract with, persons experienced in insurance underwriting, accounting, the servicing of claims and rate making, and legal counsel to defend third-party claims, who shall serve at the board's pleasure. Invoices for such services shall be presented to the board in sufficient detail to allow a thorough review of the costs of such services.
- 10. At the first meeting of the board, the board shall elect one of its members as chairman. The chairman shall preside over meetings of the board and perform such other duties as shall be required by action of the board.
- 11. The board shall elect one of its members as vice chairman, and the vice chairman shall perform the duties of the chairman in the absence of the latter or upon the chairman's inability or refusal to act.
- 12. The board shall determine and prescribe all rules and regulations as they relate to fiduciary management of the fund, pursuant to the purposes of sections 319.100 to 319.137. In no case shall the board have oversight regarding environmental cleanup standards for petroleum storage tanks.
- 13. No trustee or staff member of the fund shall receive any gain or profit from any moneys or transactions of the fund. This shall not preclude any eligible trustee from making a claim or receiving benefits from the petroleum storage tank insurance fund as provided by sections 319.100 to 319.137.
- 14. The board may reinsure all or a portion of the fund's liability. Any insurer who sells environmental liability insurance in this state may, at the option of the board, reinsure some portion of the fund's liability.
- 15. The petroleum storage tank insurance fund shall expire on December 31, [2010, or upon revocation of federal regulation 40 CFR Parts 280 and 285, whichever occurs first] **2020**, unless extended by action of the general assembly. After December 31, [2010] **2020**, the board of trustees may continue to function for the sole purpose of completing payment of claims made prior to December 31, [2010] **2020**.

16. The board shall annually commission an independent financial audit of the petroleum storage tank insurance fund. The board shall biennially commission an actuarial analysis of the petroleum storage tank insurance fund. The results of the financial audit and the actuarial analysis shall be made available to the public. The board may contract with third parties to carry out the requirements of this subsection.

- 319.131. 1. Any owner or operator of one or more petroleum storage tanks may elect to participate in the petroleum storage tank insurance fund to [partially] meet the financial responsibility requirements of sections [319.100 to 319.137] **319.114 and 414.036, RSMo**. Subject to regulations of the board of trustees, owners or operators may elect to continue their participation in the fund subsequent to the transfer of their property to another party. Current or former refinery sites or petroleum pipeline or marine terminals are not eligible for participation in the fund.
- 2. The board shall establish an advisory committee which shall be composed of insurers [and], owners and operators of petroleum storage tanks, and other interested parties. The advisory committee established pursuant to this subsection shall report to the board. The committee shall monitor the fund and recommend statutory and administrative changes as may be necessary to assure efficient operation of the fund. The committee, in consultation with the board [and the department of insurance], shall [annually] report every two years to the general assembly on the availability and affordability of the private insurance market as a viable method of meeting the financial responsibilities required by state and federal law in lieu of the petroleum storage tank insurance fund.
- 3. (1) Except as otherwise provided by this section, any person seeking to participate in the insurance fund shall submit an application to the board of trustees and shall certify that the petroleum tanks meet or exceed and are in compliance with all technical standards established by the United States Environmental Protection Agency, except those standards and regulations pertaining to spill prevention control and counter-measure plans, and rules established by the Missouri department of natural resources and the Missouri department of agriculture. The applicant shall submit proof that the applicant has a reasonable assurance of the tank's integrity. Proof of tank integrity may include but not be limited to any one of the following: tank tightness test, electronic leak detection, monitoring wells, daily inventory reconciliation, vapor test or any other test that may be approved by the director of the department of natural resources or the director of the department of agriculture. The applicant shall submit evidence that the applicant can meet all applicable financial responsibility requirements of this section.
- (2) A creditor, specifically a person who, without participating in and not otherwise primarily engaged in petroleum production, refining, and marketing, holds indicia of ownership primarily for the purpose of, or in connection with, securing payment or performance of a loan

54

55

56

57

58

59

60

61

63

64

65

66

67

or to protect a security interest in or lien on the tank or the property where the tank is located, 33 or serves as trustee or fiduciary upon transfer or receipt of the property, may be a successor in 34 interest to a debtor pursuant to this section, provided that the creditor gives notice of the interest 35 to the insurance fund by certified mail, return receipt requested. Part of such notice shall include a copy of the lien, including but not limited to a security agreement or a deed of trust as 36 37 appropriate to the property. The term "successor in interest" as provided in this section means 38 a creditor to the debtor who had qualified real property in the insurance fund prior to the transfer 39 of title to the creditor, and the term is limited to access to the insurance fund. The creditor may 40 cure any of the debtor's defaults in payments required by the insurance fund, provided the 41 specific real property originally qualified pursuant to this section. The creditor, or the creditor's 42 subsidiary or affiliate, who forecloses or otherwise obtains legal title to such specific real 43 property held as collateral for loans, guarantees or other credit, and which includes the debtor's 44 aboveground storage tanks or underground storage tanks, or both such tanks shall provide notice 45 to the fund of any transfer of creditor to subsidiary or affiliate. Liability pursuant to sections 319.100 to 319.137 shall be confined to such creditor or such creditor's subsidiary or affiliate. 46 47 A creditor shall apply for a transfer of coverage and shall present evidence indicating a lien, 48 contractual right, or operation of law permitting such transfer, and may utilize the creditor's 49 affiliate or subsidiary to hold legal title to the specific real property taken in satisfaction of debts. 50 Creditors may be listed as insured or additional insured on the insurance fund, and not merely 51 as mortgagees, and may assign or otherwise transfer the debtor's rights in the insurance fund to 52 the creditor's affiliate or subsidiary, notwithstanding any limitations in the insurance fund on 53 assignments or transfer of the debtor's rights.

- (3) Any person participating in the fund shall annually submit an amount established pursuant to subsection 1 of section 319.133 which shall be deposited to the credit of the petroleum storage tank insurance fund.
- 4. Any person making a claim pursuant to this section and sections 319.129 and 319.133 shall be liable for the first ten thousand dollars of the cost of cleanup associated with a release from a petroleum storage tank without reimbursement from the fund. The petroleum storage tank insurance fund shall assume all costs, except as provided in subsection 5 of this section, which are greater than ten thousand dollars but less than one million dollars per occurrence or two million dollars aggregate per year. The liability of the petroleum storage tank insurance fund is not the liability of the state of Missouri. The provisions of sections 319.100 to 319.137 shall not be construed to broaden the liability of the state of Missouri beyond the provisions of sections 537.600 to 537.610, RSMo, nor to abolish or waive any defense which might otherwise be available to the state or to any person. The presence of existing contamination at a site where a person is seeking insurance in accordance with this section shall not affect that person's ability

to participate in this program, provided the person meets all other requirements of this section.
Any person who qualifies pursuant to sections 319.100 to 319.137 and who has requested approval of a project for remediation from the fund, which request has not yet been decided upon shall annually be sent a status report including an estimate of when the project may expect to be funded and other pertinent information regarding the request.

- 5. The fund shall provide coverage for third-party claims involving property damage or bodily injury caused by leaking petroleum storage tanks whose owner or operator is participating in the fund at the time the release occurs or is discovered. [Coverage for third-party bodily injury shall not exceed one million dollars per occurrence.] Coverage for third-party property damage or bodily injury shall not exceed [one million dollars per occurrence] the limits described in subsection 4 of this section. The fund shall not compensate an owner or operator for repair of damages to property beyond that required to contain and clean up a release of a regulated substance or compensate an owner or operator or any third party for loss or damage to other property owned or belonging to the owner or operator, or for any loss or damage of an intangible nature, including, but not limited to, loss or interruption of business, pain and suffering of any person, lost income, mental distress, loss of use of any benefit, or punitive damages.
- 6. The fund shall, within limits specified in this section, assume costs of third-party claims and cleanup of contamination caused by releases from petroleum storage tanks. The fund shall provide the defense of eligible third-party claims including the negotiations of any settlement.
- 7. Nothing contained in sections 319.100 to 319.137 shall be construed to abrogate or limit any right, remedy, causes of action, or claim by any person sustaining personal injury or property damage as a result of any release from any type of petroleum storage tank, nor shall anything contained in sections 319.100 to 319.137 be construed to abrogate or limit any liability of any person in any way responsible for any release from a petroleum storage tank or any damages for personal injury or property damages caused by such a release.
- 8. (1) The fund shall provide moneys for cleanup of contamination caused by releases from petroleum storage tanks, the owner or operator of which is participating in the fund or the owner or operator of which has made application for participation in the fund by December 31, 1997, regardless of when such release occurred, provided that those persons who have made application are ultimately accepted into the fund. Applicants shall not be eligible for fund benefits until they are accepted into the fund. This section shall not preclude the owner or operator of petroleum storage tanks coming into service after December 31, 1997, from making application to and participating in the petroleum storage tank insurance fund.
- (2) Notwithstanding the provisions of section 319.100 and the provisions of subdivision (1) of this section, the fund shall provide moneys for cleanup of contamination caused by

H.B. 2196

releases from petroleum storage tanks owned by school districts all or part of which are located in a county of the third classification without a township form of government and having a population of more than ten thousand seven hundred but less than eleven thousand inhabitants, and which make application for participation in the fund by August 28, 1999, regardless of when such release occurred. Applicants shall not be eligible for fund benefits until they are accepted into the fund, and costs incurred prior to that date shall not be eligible expenses.

- 9. (1) The fund shall provide moneys for cleanup of contamination caused by releases from underground storage tanks which contained petroleum and which have been taken out of use prior to December 31, 1997, provided such sites have been documented by or reported to the department of natural resources prior to December 31, 1997, and provided further that the fund shall make no reimbursements for expenses incurred prior to August 28, 1995. The fund shall also provide moneys for cleanup of contamination caused by releases from underground storage tanks which contained petroleum and which have been taken out of use prior to December 31, 1985, if the current owner of the real property where the tanks are located purchased such property before December 31, 1985, provided such sites are reported to the fund on or before June 30, 2000. The fund shall make no payment for expenses incurred at such sites prior to August 28, 1999. Nothing in sections 319.100 to 319.137 shall affect the validity of any underground storage tank fund insurance policy in effect on August 28, 1996.
- (2) An owner or operator who submits a request as provided in this subsection is not required to bid the costs and expenses associated with professional environmental engineering services. The board may disapprove all or part of the costs and expenses associated with the environmental engineering services if the costs are excessive based upon comparable service costs or current market value of similar services. The owner or operator shall solicit bids for actual remediation and cleanup work as provided by rules of the board.
- (3) After December 31, 2017, the current legal owner of the site shall be the responsible party for corrective action, pursuant to section 319.109, of any releases from underground storage tanks described in this subsection. Nothing in this subdivision shall in any way be construed to alter, alleviate, or modify in any manner any liabilities that the fund has to pay for in cleaning up the site.
- 10. (1) The fund shall provide moneys for cleanup of contamination caused by releases from aboveground storage tanks utilized for the sale of products regulated by chapter 414, RSMo, which have been taken out of use prior to December 31, 1997, provided such sites have been documented by or reported to the department of natural resources prior to December 31, 1997, and provided further that the fund shall make no reimbursements for expenses incurred prior to July 1, 1997.

5

7

10

1112

13

14

15

16 17

18 19

20

22

23

24

2526

3

4

5

- 139 (2) After December 31, 2017, the current legal owner of the site shall be the 140 responsible party for corrective action of any releases from aboveground storage tanks 141 described in this subsection. Nothing in this subdivision shall in any way be construed to 142 alter, alleviate, or modify in any manner any liabilities that the fund has to pay for in 143 cleaning up the site.
  - 319.133. 1. The board shall, in consultation with the advisory committee established pursuant to subsection 2 of section 319.131, establish, by rule, the amount which each owner or operator who participates in the fund shall pay annually into the fund, but such amount shall not exceed the limits established in this section.
    - 2. Each participant shall annually pay an amount which shall be at least one hundred dollars per year but not more than [three] **five** hundred dollars per year for any tank, as established by the board by rule.
  - 8 3. No new registration fee is required for a change of ownership of a petroleum storage 9 tank.
    - 4. The board shall establish procedures where persons owning fifty or more petroleum storage tanks may pay any fee established pursuant to subsection 1 of this section in installments.
    - 5. All rules applicable to the former underground storage tank insurance fund not inconsistent with the provisions of sections 319.100 to 319.137 shall apply to the petroleum storage tank insurance fund as of August 28, 1996.
    - 6. The board may require some or all new applicants to conduct a site assessment before participating in the fund. The board also may require some or all new applicants to pay a surcharge of up to five hundred dollars per year per tank from the date the tank was eligible for coverage under the fund.
    - 7. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2008, shall be invalid and void.
    - 319.136. 1. An underground storage tank shall be ineligible for delivery, deposit, or acceptance of petroleum if the underground storage tank meets one or more of the following conditions:
      - (1) Required spill prevention equipment is not installed;
      - (2) Required overfill protection equipment is not installed;

H.B. 2196

- (3) Required leak detection equipment is not installed; or
- 7 (4) Required corrosion protection equipment is not installed. This subdivision shall 8 not apply to a buried metal flexible connector.
  - 2. Upon the discovery of a violation of this section, the department shall, within fourteen days, notify the owner or operator in writing of such violation and affix a red violation tag stating the underground storage tank is in violation and is ineligible to receive petroleum to the fill pipe of the noncompliant underground storage tank using a tamper-resistant strap or straps, fill pipe bag, or any combination thereof so the tag is visible to any person attempting to deliver petroleum to the underground storage tank.
  - 3. Notwithstanding the provisions of subsection 1 of this section to the contrary, the department may authorize delivery, deposit, or acceptance of petroleum to an ineligible underground storage tank in the following circumstances:
    - (1) In an emergency situation; or
  - (2) If such activity is necessary to test or calibrate the underground storage tank or dispenser system.

In either case, the department may authorize delivery, deposit, or acceptance of petroleum to an otherwise ineligible underground storage tank for up to one hundred eighty days. If the department grants a waiver pursuant to this subdivision, no red violation tag, as required under subsection 1 of this section, shall be affixed to the fill pipe for the length of the waiver.

- 4. A violation of this section causes the individual tank in violation to become ineligible to receive petroleum, but shall not cause other tanks at such facility to become ineligible to receive petroleum.
- 5. The owner or operator shall not allow petroleum to be deposited into an underground storage tank that has a red violation tag affixed to its fill pipe.
- 6. No person shall deface, alter, or otherwise tamper with a red violation tag so that the information contained on the tag is not legible. Removal of a red violation tag shall only be allowed pursuant to subsection 7 of this section.
- 7. Upon notification by the owner or operator to the department documenting that the violation has been corrected, the department shall immediately, unless an inspection is required, provide authorization to the owner or operator to remove the red violation tag. If the department requires an inspection to determine the violation has been corrected, such inspection shall be conducted within twenty-four hours after receiving notification from the owner or operator. If the department does not conduct the inspection within twenty-four hours after receiving notification from the owner or operator, the owner or

H.B. 2196

operator may remove the red violation tag and immediately place the system and underground storage tank back into operation pending the inspection. A red violation tag that has been removed by the owner or operator shall be returned to the department within five business days in a postage paid envelope provided by the department.

- 8. Notwithstanding the provisions of section 621.250, RSMo, to the contrary, when the department has affixed a red violation tag to make a noncompliant underground storage tank ineligible to receive petroleum, the owner or operator of that tank may, in addition to all administrative appeals and remedies, appeal the department's action to the circuit court in the county where the tank is located within ten business days of the department's action.
- 414.036. 1. After December 31, 2010, the owner or operator of an aboveground storage tank defined in subsection 2 of this section shall maintain evidence of financial responsibility in an amount equal to or greater than one million dollars per occurrence and two million dollars annual aggregate for the costs of taking corrective action and compensating third parties for bodily injury and property damage caused by sudden and nonsudden accidental releases arising from the operation of the tank.
- 2. For the purposes of this section, "aboveground storage tank" is defined as any one or a combination of tanks, including pipes connected thereto, used to contain an accumulation of petroleum and the volume of which, including the volume of the aboveground pipes connected thereto, is ninety percent or more above the surface of the ground, which is utilized for the sale of products regulated by this chapter. The term does not include those tanks described in paragraphs (a) to (k) of subdivision (16) of section 319.100, RSMo, nor does it include aboveground storage tanks at refineries, petroleum pipeline terminals, or marine terminals.
- 3. Owners and operators may meet the requirements of this section by participating in the petroleum storage tank insurance fund created in section 319.129, RSMo, or by any other method approved by the department.
- 4. The department shall promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2008, shall be invalid and void.

1