

HOUSE COMMITTEE ON NATURAL RESOURCES ENVIRONMENT AND ENERGY SUBCOMMITTEE

January 25, 1993 Hearing Room D 1:30 p.m. Tapes 3 - 6

MEMBERS PRESENT: Rep. Bob Repine, Chair Rep. Marilyn Dell Rep. Sam Dominy Rep. Bill Fisher Rep. Carl Hosticka Rep. Dennis Luke Rep. Bill Markham Rep. Ray Baum

MEMBER EXCUSED: Rep. Nancy Peterson

VISITING MEMBERS: Rep. Norris Rep. Josi Rep. VanLeeuwen

STAFF PRESENT: Kathryn Van Natta, Committee Administrator Pat Zwick, Committee Coordinator Karen McCormac, Clerk

COUNSEL PRESENT: Jeanette Holman

MEASURES CONSIDERED: Underground Storage Tank Issue Overview
Presented by: --Department of Environmental Quality --State Fire Marshal

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These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes. [--- Unable To Translate Graphic ---]

TAPE 3, SIDE A

005 CHAIR REPINE: Calls the meeting to order at 1:34 p.m.

UNDERGROUND STORAGE TANK (UST) ISSUE OVERVIEW

025 FRED HANSEN, DEQ: Gives background of underground storage tank legislation and lists what DEQ has done to comply with federal

regulations.

135 REP. BAUM: Asks if anything in Supreme Court opinion causes concern about whether \$65 load fee would survive a serious challenge in the

courts.

138 HANSEN: AG has not offered a formal opinion. There are indications of serious questions of constitutionality of \$65 load fee.

148 REP. BAUM: Asks Hansen to submit alternate sources of revenue.

152 HANSEN: Potential sources are dramatically narrowed because of court action.

160 REP. MARKHAM: What has happened to those fees already collected?

172 RICH REITER, DEQ: Between \$12 to \$15 million was collected in good faith by dealers and suppliers until Supreme Court ruling.

191 REP. JOSI: Did dealers refund the money?

199 REITER: Some reimbursed the money, while others are waiting for the results of the \$65 load fee.

270 Discussion of monies collected under HB 2080 and current \$10 load fee earmarked for Fire Marshal Spill Response. Clarification of underground tanks subject to \$65 load fee. DEQ proposing administrative rules to

exempt underground storage tanks holding aviation fuel.

313 CHAIR REPINE: Requests copy of administrative rule changes.

340 REITER: Summarizes written testimony giving provisions of underground storage tank regulation (EXHIBIT A).

TAPE 4, SIDE A

REITER: Continues his testimony from (EXHIBIT A).

040 Discussion of closures of service stations which had tanks removed, resulting in hardship in small, isolated communities.

091 REITER: Many closures to date are at non-retail location (refers to (EXHIBIT A)). We cannot easily provide data regarding the number of

closures at retail facilities due to tank removal. A Department of Energy study between 1980 - 1989 showed a 28% loss in retail service stations in Oregon before environmental regulations, so marketplace constraints are forcing a consolidation in locations. Refers to (EXHIBIT A) regarding revenue.

153 Discussion regarding criteria for contracting and licensing for cleanup.

174 LON REVAL, DEQ: Reviews cleanup information (EXHIBIT B), including 3,785 confirmed releases, of which 70% were discovered during tank

decommission.

240 Discussion of institutional control regarding soil cleanup and warning potential property buyers of contamination.

296 REITER: Reviews (EXHIBIT A) regarding financial assistance program. The 1991 Legislature concluded that the levels of assistance were

insufficient to help most businesses. Funding for the HB 3080 underground storage program was from a \$10 regulatory fee or loading fee, and commonly confused with the State Fire Marshal's \$10 loading fee.

436 REP. HOSTICKA: Of the 1,400 stations that had applied for financial assistance, were only 150 actually assisted?

443 REITER: The maximum number is probably around 47 - 50.

463 HANSEN: That number is only the level of interest within the HB 3080 program.

TAPE 3, SIDE B

40 Discussion clarifying number of people applying for assistance.

50 REP. MARKHAM: How do you determine at what level a person can obtain help?

051 REITER: We developed a series of three financial ratios, such as debt to equity. We accept the word of a CPA and if a business qualifies

under two of the three ratios, they meet the test for financial need.

058 REP. DELL: Can DEQ regulate or license people who determine the scope of the problem?

068 REITER: We do not license environmental consultants. We felt it wasn't necessary to have a second license for site assessment personnel.

076 REP. DELL: Has there been any discussion of requiring some kind of insurance from those providing information?

088 REITER: We have not discussed this.

089 HANSEN: We have produced a report for potential employers regarding reference checking, work verification, etc. We agree there is a

problem, and recommend that the buyer beware.

113 REP. VAN LEEUWEN: Regarding monies received from tank fees and the EPA - did it cost over \$20,000 per project for the 47 projects you have

worked on?

161 REITER: Further explains figures in (EXHIBIT A).

170 HANSEN: Oregon received about \$3.3 million of federal funds to use on site cleanups. \$2.5 million has been used to actually provide financial assistance to operating facilities. There are three components: the

compliance program; the so-called "LUST trust" dollars (federal dollars

for cleanup); and the financial assistance programs under HB 3080 or SB 1215.

183 HANSEN: Clarifies compliance program.

192 REITER: Reviews financial assistance program figures in (EXHIBIT A).

326 REP. HOSTICKA: Could people form a private underground storage tank cooperative and levy these fees upon themselves?

336 HANSEN: Probably.

341 REP. HOSTICKA: What are the advantages of having this as a government program instead of a cooperative program?

360 HANSEN: It would be fine if that could be done.

432 REP. BAUM: Requests explanation of DEQ's \$2,000,000 in expenses.

440 REITER: Developing administrative rules, visiting businesses to explain the program, for inspections at construction sites, producing

literature.

460 HANSEN: You have also bought a program ready to operate plus the HB 3080 program.

TAPE 4, SIDE B

Discussion of fees, tank fees/safety, and exclusions from state/federal laws.

TAPE 5, SIDE A

012 RALPH RODIA, State Fire Marshal's Office: Explains fees and programs.

120 OTTO GLAUSI, Jobber: Explains problems he has encountered and offers suggestions.

TAPE 6, SIDE A

030 MIKE SHERLOCK, Oregon Gasoline Dealers Association: Presents written testimony proposing directives to address the underground storage tank

problems, paraphrasing (EXHIBIT C).

114 REP. HOSTICKA: Questions DEQ's list of closed service stations.

135 LARRY HILL, Lobbyist for Oregon Gasoline Dealers Association: Urges use of lottery funds for UST program.

203 JOHN ALTO, Petroleum Retailers of Oregon: Feels program must be fair for all dealers.

295 REP. HOSTICKA: Are you one of the unnamed people who is challenging the constitutionality of the backup situation?

300 ALTO: I'm one of them - yes.

310 CHAIR REPINE: We will keep you involved in the process as developments occur.

325 Adjourns meeting at 4:30 p.m.

Submitted by:

Reviewed by:

Karen McCormac
Administrator

Kathryn Van Natta Clerk

EXHIBIT LOG:

A - Underground Storage Tank Overview - Richard Reiter, DEQ - 76
pages B - Lon Revall - 7 pages C - Mike Sherlock - 2 pages