

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 7900

Chapter 406, Laws of 1997

55th Legislature
1997 Regular Session

MODEL TOXICS CONTROL ACT--MODIFICATIONS

EFFECTIVE DATE: 7/27/97

Passed by the Senate April 22, 1997
YEAS 43 NAYS 1

BRAD OWEN

President of the Senate

Passed by the House April 11, 1997
YEAS 94 NAYS 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved May 16, 1997

GARY LOCKE

Governor of the State of Washington

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 7900** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

Secretary

FILED

May 16, 1997 - 3:32 p.m.

**Secretary of State
State of Washington**

ENGROSSED SENATE BILL 7900

AS AMENDED BY THE HOUSE

Passed Legislature - 1997 Regular Session

State of Washington 55th Legislature 1997 Regular Session

By Senators Swecker, Fraser, Anderson, Rasmussen, Zarelli, Oke, Goings, Morton, Haugen, Hale, Spanel, Rossi, Johnson, Schow, Kohl, Sellar, Franklin, Horn, Kline, McAuliffe and Winsley

Representatives Sheahan, Ballasiotes, Schoesler, Bush, Honeyford, Carrell, Chandler, Mitchell, Clements, Huff, Thompson, Hankins, Mulliken, Koster, Carlson, Cairnes, Cooke, Johnson, Skinner, Mastin, Smith, Crouse, Benson, Alexander, Talcott, Robertson, Lisk, Zellinsky, Boldt, Delvin, Sterk, Lambert, Hickel, Backlund and Pennington

Read first time 02/06/97 (Introduced with House Sponsors). Referred to Committee on Agriculture & Environment.

1 AN ACT Relating to implementing the model toxics control act policy
2 advisory committee recommendations; amending RCW 70.105D.020,
3 70.105D.030, 70.105D.040, 70.105D.070, and 70.105D.080; and creating a
4 new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that:

7 (1) Engrossed Substitute House Bill No. 1810 enacted during the
8 1995 legislative session authorized establishment of the model toxics
9 control act policy advisory committee, a twenty-two member committee
10 representing a broad range of interests including the legislature,
11 agriculture, large and small business, environmental organizations, and
12 local and state government. The committee was charged with the task of
13 providing advice to the legislature and the department of ecology to
14 more effectively implement the model toxics control act, chapter
15 70.105D RCW.

16 (2) The committee members committed considerable time and effort
17 to their charge, meeting twenty-six times during 1995 and 1996 to
18 discuss and decide issues. In addition, the committee created four
19 subcommittees that met over sixty times during this same period. There

1 were also numerous working subgroups and drafting committees formed on
2 an ad hoc basis to support the committee's work. Many members of the
3 public also attended these meetings and were provided opportunities to
4 contribute to the committee deliberations.

5 (3) The policy advisory committee completed its work and submitted
6 a final report to the department of ecology and the legislature on
7 December 15, 1996. That report contains numerous recommendations for
8 statutory changes that were agreed to by consensus of the committee
9 members or obtained broad support of most of the committee members.
10 This act is intended to implement those recommended statutory changes.

11 **Sec. 2.** RCW 70.105D.020 and 1995 c 70 s 1 are each amended to read
12 as follows:

13 (1) "Agreed order" means an order issued by the department under
14 this chapter with which the potentially liable person receiving the
15 order agrees to comply. An agreed order may be used to require or
16 approve any cleanup or other remedial actions but it is not a
17 settlement under RCW 70.105D.040(4) and shall not contain a covenant
18 not to sue, or provide protection from claims for contribution, or
19 provide eligibility for public funding of remedial actions under RCW
20 70.105D.070(2)(d)(xi).

21 (2) "Department" means the department of ecology.

22 (3) "Director" means the director of ecology or the director's
23 designee.

24 (4) "Facility" means (a) any building, structure, installation,
25 equipment, pipe or pipeline (including any pipe into a sewer or
26 publicly owned treatment works), well, pit, pond, lagoon, impoundment,
27 ditch, landfill, storage container, motor vehicle, rolling stock,
28 vessel, or aircraft, or (b) any site or area where a hazardous
29 substance, other than a consumer product in consumer use, has been
30 deposited, stored, disposed of, or placed, or otherwise come to be
31 located.

32 (5) "Federal cleanup law" means the federal comprehensive
33 environmental response, compensation, and liability act of 1980, 42
34 U.S.C. Sec. 9601 et seq., as amended by Public Law 99-499.

35 (6) "Foreclosure and its equivalents" means purchase at a
36 foreclosure sale, acquisition, or assignment of title in lieu of
37 foreclosure, termination of a lease, or other repossession, acquisition
38 of a right to title or possession, an agreement in satisfaction of the

1 obligation, or any other comparable formal or informal manner, whether
2 pursuant to law or under warranties, covenants, conditions,
3 representations, or promises from the borrower, by which the holder
4 acquires title to or possession of a facility securing a loan or other
5 obligation.

6 (7) "Hazardous substance" means:

7 (a) Any dangerous or extremely hazardous waste as defined in RCW
8 70.105.010 (5) and (6), or any dangerous or extremely dangerous waste
9 designated by rule pursuant to chapter 70.105 RCW;

10 (b) Any hazardous substance as defined in RCW 70.105.010(14) or any
11 hazardous substance as defined by rule pursuant to chapter 70.105 RCW;

12 (c) Any substance that, on March 1, 1989, is a hazardous substance
13 under section 101(14) of the federal cleanup law, 42 U.S.C. Sec.
14 9601(14);

15 (d) Petroleum or petroleum products; and

16 (e) Any substance or category of substances, including solid waste
17 decomposition products, determined by the director by rule to present
18 a threat to human health or the environment if released into the
19 environment.

20 The term hazardous substance does not include any of the following
21 when contained in an underground storage tank from which there is not
22 a release: Crude oil or any fraction thereof or petroleum, if the tank
23 is in compliance with all applicable federal, state, and local law.

24 (8) "Independent remedial actions" means remedial actions conducted
25 without department oversight or approval, and not under an order,
26 agreed order, or consent decree.

27 (9) "Holder" means a person who holds indicia of ownership
28 primarily to protect a security interest. A holder includes the
29 initial holder such as the loan originator, any subsequent holder such
30 as a successor-in-interest or subsequent purchaser of the security
31 interest on the secondary market, a guarantor of an obligation, surety,
32 or any other person who holds indicia of ownership primarily to protect
33 a security interest, or a receiver, court-appointed trustee, or other
34 person who acts on behalf or for the benefit of a holder. A holder can
35 be a public or privately owned financial institution, receiver,
36 conservator, loan guarantor, or other similar persons that loan money
37 or guarantee repayment of a loan. Holders typically are banks or
38 savings and loan institutions but may also include others such as

1 insurance companies, pension funds, or private individuals that engage
2 in loaning of money or credit.

3 ~~((9))~~ (10) "Indicia of ownership" means evidence of a security
4 interest, evidence of an interest in a security interest, or evidence
5 of an interest in a facility securing a loan or other obligation,
6 including any legal or equitable title to a facility acquired incident
7 to foreclosure and its equivalents. Evidence of such interests
8 ~~((include[s]))~~ includes, mortgages, deeds of trust, sellers interest in
9 a real estate contract, liens, surety bonds, and guarantees of
10 obligations, title held pursuant to a lease financing transaction in
11 which the lessor does not select initially the leased facility, or
12 legal or equitable title obtained pursuant to foreclosure and their
13 equivalents. Evidence of such interests also ~~((include[s]))~~ includes
14 assignments, pledges, or other rights to or other forms of encumbrance
15 against the facility that are held primarily to protect a security
16 interest.

17 ~~((10))~~ (11) "Operating a facility primarily to protect a security
18 interest" occurs when all of the following are met: (a) Operating the
19 facility where the borrower has defaulted on the loan or otherwise
20 breached the security agreement; (b) operating the facility to preserve
21 the value of the facility as an ongoing business; (c) the operation is
22 being done in anticipation of a sale, transfer, or assignment of the
23 facility; and (d) the operation is being done primarily to protect a
24 security interest. Operating a facility for longer than one year prior
25 to foreclosure or its equivalents shall be presumed to be operating the
26 facility for other than to protect a security interest.

27 ~~((11))~~ (12) "Owner or operator" means:

28 (a) Any person with any ownership interest in the facility or who
29 exercises any control over the facility; or

30 (b) In the case of an abandoned facility, any person who had owned,
31 or operated, or exercised control over the facility any time before its
32 abandonment;

33 The term does not include:

34 (i) An agency of the state or unit of local government which
35 acquired ownership or control involuntarily through bankruptcy, tax
36 delinquency, abandonment, or circumstances in which the government
37 involuntarily acquires title. This exclusion does not apply to an
38 agency of the state or unit of local government which has caused or

1 contributed to the release or threatened release of a hazardous
2 substance from the facility; (~~or~~)

3 (ii) A person who, without participating in the management of a
4 facility, holds indicia of ownership primarily to protect the person's
5 security interest in the facility. Holders after foreclosure and its
6 equivalent and holders who engage in any of the activities identified
7 in subsection (~~(12)~~) (13)(e) through (g) of this section shall not
8 lose this exemption provided the holder complies with all of the
9 following:

10 (A) The holder properly maintains the environmental compliance
11 measures already in place at the facility;

12 (B) The holder complies with the reporting requirements in the
13 rules adopted under this chapter;

14 (C) The holder complies with any order issued to the holder by the
15 department to abate an imminent or substantial endangerment;

16 (D) The holder allows the department or potentially liable persons
17 under an order, agreed order, or settlement agreement under this
18 chapter access to the facility to conduct remedial actions and does not
19 impede the conduct of such remedial actions;

20 (E) Any remedial actions conducted by the holder are in compliance
21 with any preexisting requirements identified by the department, or, if
22 the department has not identified such requirements for the facility,
23 the remedial actions are conducted consistent with the rules adopted
24 under this chapter; and

25 (F) The holder does not exacerbate an existing release; or

26 (iii) Any person who has any ownership interest in, operates, or
27 exercises control over real property where a hazardous substance has
28 come to be located solely as a result of migration of the hazardous
29 substance to the real property through the ground water from a source
30 off the property, if:

31 (A) The person can demonstrate that the hazardous substance has not
32 been used, placed, managed, or otherwise handled on the property in a
33 manner likely to cause or contribute to a release of the hazardous
34 substance that has migrated onto the property;

35 (B) The person has not caused or contributed to the release of the
36 hazardous substance;

37 (C) The person does not engage in activities that damage or
38 interfere with the operation of remedial actions installed on the
39 person's property or engage in activities that result in exposure of

1 humans or the environment to the contaminated ground water that has
2 migrated onto the property;

3 (D) If requested, the person allows the department, potentially
4 liable persons who are subject to an order, agreed order, or consent
5 decree, and the authorized employees, agents, or contractors of each,
6 access to the property to conduct remedial actions required by the
7 department. The person may attempt to negotiate an access agreement
8 before allowing access; and

9 (E) Legal withdrawal of ground water does not disqualify a person
10 from the exemption in this subsection (12)(b)(iii).

11 The exemption in (b)(ii) of this subsection (~~((11)(b)(ii))~~) does
12 not apply to holders who cause or contribute to a new release or
13 threatened release or who are otherwise liable under RCW 70.105D.040(1)
14 (b), (c), (d), and (e); provided, however, that a holder shall not lose
15 this exemption if it establishes that any such new release has been
16 remediated according to the requirements of this chapter and that any
17 hazardous substances remaining at the facility after remediation of the
18 new release are divisible from such new release.

19 ~~((12))~~ (13) "Participation in management" means exercising
20 decision-making control over the borrower's operation of the facility,
21 environmental compliance, or assuming or manifesting responsibility for
22 the overall management of the enterprise encompassing the day-to-day
23 decision making of the enterprise.

24 The term does not include any of the following: (a) A holder with
25 the mere capacity or ability to influence, or the unexercised right to
26 control facility operations; (b) a holder who conducts or requires a
27 borrower to conduct an environmental audit or an environmental site
28 assessment at the facility for which indicia of ownership is held; (c)
29 a holder who requires a borrower to come into compliance with any
30 applicable laws or regulations at the facility for which indicia of
31 ownership is held; (d) a holder who requires a borrower to conduct
32 remedial actions including setting minimum requirements, but does not
33 otherwise control or manage the borrower's remedial actions or the
34 scope of the borrower's remedial actions except to prepare a facility
35 for sale, transfer, or assignment; (e) a holder who engages in workout
36 or policing activities primarily to protect the holder's security
37 interest in the facility; (f) a holder who prepares a facility for
38 sale, transfer, or assignment or requires a borrower to prepare a
39 facility for sale, transfer, or assignment; (g) a holder who operates

1 a facility primarily to protect a security interest, or requires a
2 borrower to continue to operate, a facility primarily to protect a
3 security interest; and (h) a prospective holder who, as a condition of
4 becoming a holder, requires an owner or operator to conduct an
5 environmental audit, conduct an environmental site assessment, come
6 into compliance with any applicable laws or regulations, or conduct
7 remedial actions prior to holding a security interest is not
8 participating in the management of the facility.

9 ~~((13))~~ (14) "Person" means an individual, firm, corporation,
10 association, partnership, consortium, joint venture, commercial entity,
11 state government agency, unit of local government, federal government
12 agency, or Indian tribe.

13 ~~((14))~~ (15) "Policing activities" means actions the holder takes
14 to insure that the borrower complies with the terms of the loan or
15 security interest or actions the holder takes or requires the borrower
16 to take to maintain the value of the security. Policing activities
17 include: Requiring the borrower to conduct remedial actions at the
18 facility during the term of the security interest; requiring the
19 borrower to comply or come into compliance with applicable federal,
20 state, and local environmental and other laws, regulations, and permits
21 during the term of the security interest; securing or exercising
22 authority to monitor or inspect the facility including on-site
23 inspections, or to monitor or inspect the borrower's business or
24 financial condition during the term of the security interest; or taking
25 other actions necessary to adequately police the loan or security
26 interest such as requiring a borrower to comply with any warranties,
27 covenants, conditions, representations, or promises from the borrower.

28 ~~((15))~~ (16) "Potentially liable person" means any person whom the
29 department finds, based on credible evidence, to be liable under RCW
30 70.105D.040. The department shall give notice to any such person and
31 allow an opportunity for comment before making the finding, unless an
32 emergency requires otherwise.

33 ~~((16))~~ (17) "Prepare a facility for sale, transfer, or
34 assignment" means to secure access to the facility; perform routine
35 maintenance on the facility; remove inventory, equipment, or
36 structures; properly maintain environmental compliance measures already
37 in place at the facility; conduct remedial actions to clean up releases
38 at the facility; or to perform other similar activities intended to
39 preserve the value of the facility where the borrower has defaulted on

1 the loan or otherwise breached the security agreement or after
2 foreclosure and its equivalents and in anticipation of a pending sale,
3 transfer, or assignment, primarily to protect the holder's security
4 interest in the facility. A holder can prepare a facility for sale,
5 transfer, or assignment for up to one year prior to foreclosure and its
6 equivalents and still stay within the security interest exemption in
7 subsection ~~((11))~~ (12)(b)(ii) of this section.

8 ~~((17))~~ (18) "Primarily to protect a security interest" means the
9 indicia of ownership is held primarily for the purpose of securing
10 payment or performance of an obligation. The term does not include
11 indicia of ownership held primarily for investment purposes nor indicia
12 of ownership held primarily for purposes other than as protection for
13 a security interest. A holder may have other, secondary reasons, for
14 maintaining indicia of ownership, but the primary reason must be for
15 protection of a security interest. Holding indicia of ownership after
16 foreclosure or its equivalents for longer than five years shall be
17 considered to be holding the indicia of ownership for purposes other
18 than primarily to protect a security interest. For facilities that
19 have been acquired through foreclosure or its equivalents prior to July
20 23, 1995, this five-year period shall begin as of July 23, 1995.

21 ~~((18))~~ (19) "Public notice" means, at a minimum, adequate notice
22 mailed to all persons who have made timely request of the department
23 and to persons residing in the potentially affected vicinity of the
24 proposed action; mailed to appropriate news media; published in the
25 newspaper of largest circulation in the city or county of the proposed
26 action; and opportunity for interested persons to comment.

27 ~~((19))~~ (20) "Release" means any intentional or unintentional
28 entry of any hazardous substance into the environment, including but
29 not limited to the abandonment or disposal of containers of hazardous
30 substances.

31 ~~((20))~~ (21) "Remedy" or "remedial action" means any action or
32 expenditure consistent with the purposes of this chapter to identify,
33 eliminate, or minimize any threat or potential threat posed by
34 hazardous substances to human health or the environment including any
35 investigative and monitoring activities with respect to any release or
36 threatened release of a hazardous substance and any health assessments
37 or health effects studies conducted in order to determine the risk or
38 potential risk to human health.

1 (~~(21)~~) (22) "Security interest" means an interest in a facility
2 created or established for the purpose of securing a loan or other
3 obligation. Security interests include deeds of trusts, sellers
4 interest in a real estate contract, liens, legal, or equitable title to
5 a facility acquired incident to foreclosure and its equivalents, and
6 title pursuant to lease financing transactions. Security interests may
7 also arise from transactions such as sale and leasebacks, conditional
8 sales, installment sales, trust receipt transactions, certain
9 assignments, factoring agreements, accounts receivable financing
10 arrangements, easements, and consignments, if the transaction creates
11 or establishes an interest in a facility for the purpose of securing a
12 loan or other obligation.

13 (~~(22)~~) (23) "Industrial properties" means properties that are or
14 have been characterized by, or are to be committed to, traditional
15 industrial uses such as processing or manufacturing of materials,
16 marine terminal and transportation areas and facilities, fabrication,
17 assembly, treatment, or distribution of manufactured products, or
18 storage of bulk materials, that are either:

19 (a) Zoned for industrial use by a city or county conducting land
20 use planning under chapter 36.70A RCW; or

21 (b) For counties not planning under chapter 36.70A RCW and the
22 cities within them, zoned for industrial use and adjacent to properties
23 currently used or designated for industrial purposes.

24 (~~(23)~~) (24) "Workout activities" means those actions by which a
25 holder, at any time prior to foreclosure and its equivalents, seeks to
26 prevent, cure, or mitigate a default by the borrower or obligor; or to
27 preserve, or prevent the diminution of, the value of the security.
28 Workout activities include: Restructuring or renegotiating the terms
29 of the security interest; requiring payment of additional rent or
30 interest; exercising forbearance; requiring or exercising rights
31 pursuant to an assignment of accounts or other amounts owed to an
32 obligor; requiring or exercising rights pursuant to an escrow agreement
33 pertaining to amounts owed to an obligor; providing specific or general
34 financial or other advice, suggestions, counseling, or guidance; and
35 exercising any right or remedy the holder is entitled to by law or
36 under any warranties, covenants, conditions, representations, or
37 promises from the borrower.

1 **Sec. 3.** RCW 70.105D.030 and 1995 c 70 s 2 are each amended to read
2 as follows:

3 (1) The department may exercise the following powers in addition to
4 any other powers granted by law:

5 (a) Investigate, provide for investigating, or require potentially
6 liable persons to investigate any releases or threatened releases of
7 hazardous substances, including but not limited to inspecting,
8 sampling, or testing to determine the nature or extent of any release
9 or threatened release. If there is a reasonable basis to believe that
10 a release or threatened release of a hazardous substance may exist, the
11 department's authorized employees, agents, or contractors may enter
12 upon any property and conduct investigations. The department shall
13 give reasonable notice before entering property unless an emergency
14 prevents such notice. The department may by subpoena require the
15 attendance or testimony of witnesses and the production of documents or
16 other information that the department deems necessary;

17 (b) Conduct, provide for conducting, or require potentially liable
18 persons to conduct remedial actions (including investigations under (a)
19 of this subsection) to remedy releases or threatened releases of
20 hazardous substances. In carrying out such powers, the department's
21 authorized employees, agents, or contractors may enter upon property.
22 The department shall give reasonable notice before entering property
23 unless an emergency prevents such notice. In conducting, providing for,
24 or requiring remedial action, the department shall give preference to
25 permanent solutions to the maximum extent practicable and shall provide
26 for or require adequate monitoring to ensure the effectiveness of the
27 remedial action;

28 (c) Indemnify contractors retained by the department for carrying
29 out investigations and remedial actions, but not for any contractor's
30 reckless or wilful misconduct;

31 (d) Carry out all state programs authorized under the federal
32 cleanup law and the federal resource, conservation, and recovery act,
33 42 U.S.C. Sec. 6901 et seq., as amended;

34 (e) Classify substances as hazardous substances for purposes of RCW
35 70.105D.020(7) and classify substances and products as hazardous
36 substances for purposes of RCW 82.21.020(1);

37 (f) Issue orders or enter into consent decrees or agreed orders
38 that include, or issue written opinions under (i) of this subsection
39 that may be conditioned upon, deed restrictions where necessary to

1 protect human health and the environment from a release or threatened
2 release of a hazardous substance from a facility. Prior to
3 establishing a deed restriction under this subsection, the department
4 shall notify and seek comment from a city or county department with
5 land use planning authority for real property subject to a deed
6 restriction;

7 (g) Enforce the application of permanent and effective
8 institutional controls that are necessary for a remedial action to be
9 protective of human health and the environment;

10 (h) Require holders to conduct remedial actions necessary to abate
11 an imminent or substantial endangerment pursuant to RCW
12 70.105D.020(~~(+11)~~) (12)(b)(ii)(C); (~~and~~)

13 (i) Provide informal advice and assistance to persons regarding the
14 administrative and technical requirements of this chapter. This may
15 include site-specific advice to persons who are conducting or otherwise
16 interested in independent remedial actions. Any such advice or
17 assistance shall be advisory only, and shall not be binding on the
18 department. As a part of providing this advice and assistance for
19 independent remedial actions, the department may prepare written
20 opinions regarding whether the independent remedial actions or
21 proposals for those actions meet the substantive requirements of this
22 chapter or whether the department believes further remedial action is
23 necessary at the facility. The department may collect, from persons
24 requesting advice and assistance, the costs incurred by the department
25 in providing such advice and assistance; however, the department shall,
26 where appropriate, waive collection of costs in order to provide an
27 appropriate level of technical assistance in support of public
28 participation. The state, the department, and officers and employees
29 of the state are immune from all liability, and no cause of action of
30 any nature may arise from any act or omission in providing, or failing
31 to provide, informal advice and assistance; and

32 (j) Take any other actions necessary to carry out the provisions of
33 this chapter, including the power to adopt rules under chapter 34.05
34 RCW.

35 (2) The department shall immediately implement all provisions of
36 this chapter to the maximum extent practicable, including investigative
37 and remedial actions where appropriate. The department shall adopt,
38 and thereafter enforce, rules under chapter 34.05 RCW to:

1 (a) Provide for public participation, including at least (i) the
2 establishment of regional citizen's advisory committees, (ii) public
3 notice of the development of investigative plans or remedial plans for
4 releases or threatened releases, and (iii) concurrent public notice of
5 all compliance orders, agreed orders, enforcement orders, or notices of
6 violation;

7 (b) Establish a hazard ranking system for hazardous waste sites;

8 (c) Provide for requiring the reporting by an owner or operator of
9 releases of hazardous substances to the environment that may be a
10 threat to human health or the environment within ninety days of
11 discovery, including such exemptions from reporting as the department
12 deems appropriate, however this requirement shall not modify any
13 existing requirements provided for under other laws;

14 (d) Establish reasonable deadlines not to exceed ninety days for
15 initiating an investigation of a hazardous waste site after the
16 department receives notice or otherwise receives information that the
17 site may pose a threat to human health or the environment and other
18 reasonable deadlines for remedying releases or threatened releases at
19 the site;

20 (~~(d)~~) (e) Publish and periodically update minimum cleanup
21 standards for remedial actions at least as stringent as the cleanup
22 standards under section 121 of the federal cleanup law, 42 U.S.C. Sec.
23 9621, and at least as stringent as all applicable state and federal
24 laws, including health-based standards under state and federal law; and

25 (~~(e)~~) (f) Apply industrial clean-up standards at industrial
26 properties. Rules adopted under this subsection shall ensure that
27 industrial properties cleaned up to industrial standards cannot be
28 converted to nonindustrial uses without approval from the department.
29 The department may require that a property cleaned up to industrial
30 standards is cleaned up to a more stringent applicable standard as a
31 condition of conversion to a nonindustrial use. Industrial clean-up
32 standards may not be applied to industrial properties where hazardous
33 substances remaining at the property after remedial action pose a
34 threat to human health or the environment in adjacent nonindustrial
35 areas.

36 (3) Before November 1st of each even-numbered year, the department
37 shall develop, with public notice and hearing, and submit to the ways
38 and means and appropriate standing environmental committees of the
39 senate and house of representatives a ranked list of projects and

1 expenditures recommended for appropriation from both the state and
2 local toxics control accounts. The department shall also provide the
3 legislature and the public each year with an accounting of the
4 department's activities supported by appropriations from the state
5 toxics control account, including a list of known hazardous waste sites
6 and their hazard rankings, actions taken and planned at each site, how
7 the department is meeting its top two management priorities under RCW
8 70.105.150, and all funds expended under this chapter.

9 (4) The department shall establish a scientific advisory board to
10 render advice to the department with respect to the hazard ranking
11 system, cleanup standards, remedial actions, deadlines for remedial
12 actions, monitoring, the classification of substances as hazardous
13 substances for purposes of RCW 70.105D.020(7) and the classification of
14 substances or products as hazardous substances for purposes of RCW
15 82.21.020(1). The board shall consist of five independent members to
16 serve staggered three-year terms. No members may be employees of the
17 department. Members shall be reimbursed for travel expenses as
18 provided in RCW 43.03.050 and 43.03.060.

19 (5) The department shall establish a program to identify potential
20 hazardous waste sites and to encourage persons to provide information
21 about hazardous waste sites.

22 **Sec. 4.** RCW 70.105D.040 and 1994 c 254 s 4 are each amended to
23 read as follows:

24 (1) Except as provided in subsection (3) of this section, the
25 following persons are liable with respect to a facility:

26 (a) The owner or operator of the facility;

27 (b) Any person who owned or operated the facility at the time of
28 disposal or release of the hazardous substances;

29 (c) Any person who owned or possessed a hazardous substance and who
30 by contract, agreement, or otherwise arranged for disposal or treatment
31 of the hazardous substance at the facility, or arranged with a
32 transporter for transport for disposal or treatment of the hazardous
33 substances at the facility, or otherwise generated hazardous wastes
34 disposed of or treated at the facility;

35 (d) Any person (i) who accepts or accepted any hazardous substance
36 for transport to a disposal, treatment, or other facility selected by
37 such person from which there is a release or a threatened release for
38 which remedial action is required, unless such facility, at the time of

1 disposal or treatment, could legally receive such substance; or (ii)
2 who accepts a hazardous substance for transport to such a facility and
3 has reasonable grounds to believe that such facility is not operated in
4 accordance with chapter 70.105 RCW; and

5 (e) Any person who both sells a hazardous substance and is
6 responsible for written instructions for its use if (i) the substance
7 is used according to the instructions and (ii) the use constitutes a
8 release for which remedial action is required at the facility.

9 (2) Each person who is liable under this section is strictly
10 liable, jointly and severally, for all remedial action costs and for
11 all natural resource damages resulting from the releases or threatened
12 releases of hazardous substances. The attorney general, at the request
13 of the department, is empowered to recover all costs and damages from
14 persons liable therefor.

15 (3) The following persons are not liable under this section:

16 (a) Any person who can establish that the release or threatened
17 release of a hazardous substance for which the person would be
18 otherwise responsible was caused solely by:

19 (i) An act of God;

20 (ii) An act of war; or

21 (iii) An act or omission of a third party (including but not
22 limited to a trespasser) other than (A) an employee or agent of the
23 person asserting the defense, or (B) any person whose act or omission
24 occurs in connection with a contractual relationship existing, directly
25 or indirectly, with the person asserting this defense to liability.
26 This defense only applies where the person asserting the defense has
27 exercised the utmost care with respect to the hazardous substance, the
28 foreseeable acts or omissions of the third party, and the foreseeable
29 consequences of those acts or omissions;

30 (b) Any person who is an owner, past owner, or purchaser of a
31 facility and who can establish by a preponderance of the evidence that
32 at the time the facility was acquired by the person, the person had no
33 knowledge or reason to know that any hazardous substance, the release
34 or threatened release of which has resulted in or contributed to the
35 need for the remedial action, was released or disposed of on, in, or at
36 the facility. This subsection (b) is limited as follows:

37 (i) To establish that a person had no reason to know, the person
38 must have undertaken, at the time of acquisition, all appropriate
39 inquiry into the previous ownership and uses of the property,

1 consistent with good commercial or customary practice in an effort to
2 minimize liability. Any court interpreting this subsection (b) shall
3 take into account any specialized knowledge or experience on the part
4 of the person, the relationship of the purchase price to the value of
5 the property if uncontaminated, commonly known or reasonably
6 ascertainable information about the property, the obviousness of the
7 presence or likely presence of contamination at the property, and the
8 ability to detect such contamination by appropriate inspection;

9 (ii) The defense contained in this subsection (b) is not available
10 to any person who had actual knowledge of the release or threatened
11 release of a hazardous substance when the person owned the real
12 property and who subsequently transferred ownership of the property
13 without first disclosing such knowledge to the transferee;

14 (iii) The defense contained in this subsection (b) is not available
15 to any person who, by any act or omission, caused or contributed to the
16 release or threatened release of a hazardous substance at the facility;

17 (c) Any natural person who uses a hazardous substance lawfully and
18 without negligence for any personal or domestic purpose in or near a
19 dwelling or accessory structure when that person is: (i) A resident of
20 the dwelling; (ii) a person who, without compensation, assists the
21 resident in the use of the substance; or (iii) a person who is employed
22 by the resident, but who is not an independent contractor;

23 (d) Any person who, for the purpose of growing food crops, applies
24 pesticides or fertilizers without negligence and in accordance with all
25 applicable laws and regulations.

26 (4) There may be no settlement by the state with any person
27 potentially liable under this chapter except in accordance with this
28 section.

29 (a) The attorney general may agree to a settlement with any
30 potentially liable person only if the department finds, after public
31 notice and any required hearing, that the proposed settlement would
32 lead to a more expeditious cleanup of hazardous substances in
33 compliance with cleanup standards under RCW 70.105D.030(2)((~~d~~)) (e)
34 and with any remedial orders issued by the department. Whenever
35 practicable and in the public interest, the attorney general may
36 expedite such a settlement with persons whose contribution is
37 insignificant in amount and toxicity. A hearing shall be required only
38 if at least ten persons request one or if the department determines a
39 hearing is necessary.

1 (b) A settlement agreement under this section shall be entered as
2 a consent decree issued by a court of competent jurisdiction.

3 (c) A settlement agreement may contain a covenant not to sue only
4 of a scope commensurate with the settlement agreement in favor of any
5 person with whom the attorney general has settled under this section.
6 Any covenant not to sue shall contain a reopener clause which requires
7 the court to amend the covenant not to sue if factors not known at the
8 time of entry of the settlement agreement are discovered and present a
9 previously unknown threat to human health or the environment.

10 (d) A party who has resolved its liability to the state under this
11 section shall not be liable for claims for contribution regarding
12 matters addressed in the settlement. The settlement does not discharge
13 any of the other liable parties but it reduces the total potential
14 liability of the others to the state by the amount of the settlement.

15 (e) If the state has entered into a consent decree with an owner or
16 operator under this section, the state shall not enforce this chapter
17 against any owner or operator who is a successor in interest to the
18 settling party unless under the terms of the consent decree the state
19 could enforce against the settling party, if:

20 (i) The successor owner or operator is liable with respect to the
21 facility solely due to that person's ownership interest or operator
22 status acquired as a successor in interest to the owner or operator
23 with whom the state has entered into a consent decree; and

24 (ii) The stay of enforcement under this subsection does not apply
25 if the consent decree was based on circumstances unique to the settling
26 party that do not exist with regard to the successor in interest, such
27 as financial hardship. For consent decrees entered into before the
28 effective date of this section, at the request of a settling party or
29 a potential successor owner or operator, the attorney general shall
30 issue a written opinion on whether a consent decree contains such
31 unique circumstances. For all other consent decrees, such unique
32 circumstances shall be specified in the consent decree.

33 (f) Any person who is not subject to enforcement by the state under
34 (e) of this subsection is not liable for claims for contribution
35 regarding matters addressed in the settlement.

36 (5)(a) In addition to the settlement authority provided under
37 subsection (4) of this section, the attorney general may agree to a
38 settlement with a person not currently liable for remedial action at a

1 facility who proposes to purchase, redevelop, or reuse the facility,
2 provided that:

3 ~~((a) The settlement will provide a substantial public benefit,~~
4 ~~including but not limited to the reuse of a vacant or abandoned~~
5 ~~manufacturing or industrial facility, or the development of a facility~~
6 ~~by a governmental entity to address an important public purpose;~~

7 ~~(b)) (i) The settlement will yield substantial new resources to~~
8 ~~facilitate cleanup;~~

9 ~~((c)) (ii) The settlement will expedite remedial action~~
10 ~~consistent with the rules adopted under this chapter; and~~

11 ~~((d)) (iii) Based on available information, the department~~
12 ~~determines that the redevelopment or reuse of the facility is not~~
13 ~~likely to contribute to the existing release or threatened release,~~
14 ~~interfere with remedial actions that may be needed at the site, or~~
15 ~~increase health risks to persons at or in the vicinity of the site.~~

16 (b) The legislature recognizes that the state does not have
17 adequate resources to participate in all property transactions
18 involving contaminated property. The primary purpose of this
19 subsection (5) is to promote the cleanup and reuse of vacant or
20 abandoned commercial or industrial contaminated property. The attorney
21 general and the department may give priority to settlements that will
22 provide a substantial public benefit, including, but not limited to the
23 reuse of a vacant or abandoned manufacturing or industrial facility, or
24 the development of a facility by a governmental entity to address an
25 important public purpose.

26 (6) Nothing in this chapter affects or modifies in any way any
27 person's right to seek or obtain relief under other statutes or under
28 common law, including but not limited to damages for injury or loss
29 resulting from a release or threatened release of a hazardous
30 substance. No settlement by the department or remedial action ordered
31 by a court or the department affects any person's right to obtain a
32 remedy under common law or other statutes.

33 **Sec. 5.** RCW 70.105D.070 and 1994 c 252 s 5 are each amended to
34 read as follows:

35 (1) The state toxics control account and the local toxics control
36 account are hereby created in the state treasury.

37 (2) The following moneys shall be deposited into the state toxics
38 control account: (a) Those revenues which are raised by the tax

1 imposed under RCW 82.21.030 and which are attributable to that portion
2 of the rate equal to thirty-three one-hundredths of one percent; (b)
3 the costs of remedial actions recovered under this chapter or chapter
4 70.105A RCW; (c) penalties collected or recovered under this chapter;
5 and (d) any other money appropriated or transferred to the account by
6 the legislature. Moneys in the account may be used only to carry out
7 the purposes of this chapter, including but not limited to the
8 following activities:

9 (i) The state's responsibility for hazardous waste planning,
10 management, regulation, enforcement, technical assistance, and public
11 education required under chapter 70.105 RCW;

12 (ii) The state's responsibility for solid waste planning,
13 management, regulation, enforcement, technical assistance, and public
14 education required under chapter 70.95 RCW;

15 (iii) The hazardous waste cleanup program required under this
16 chapter;

17 (iv) State matching funds required under the federal cleanup law;

18 (v) Financial assistance for local programs in accordance with
19 chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

20 (vi) State government programs for the safe reduction, recycling,
21 or disposal of hazardous wastes from households, small businesses, and
22 agriculture;

23 (vii) Hazardous materials emergency response training;

24 (viii) Water and environmental health protection and monitoring
25 programs;

26 (ix) Programs authorized under chapter 70.146 RCW;

27 (x) A public participation program, including regional citizen
28 advisory committees;

29 (xi) Public funding to assist potentially liable persons to pay for
30 the costs of remedial action in compliance with cleanup standards under
31 RCW 70.105D.030(2)(~~(d)~~) (e) but only when the amount and terms of
32 such funding are established under a settlement agreement under RCW
33 70.105D.040(4) and when the director has found that the funding will
34 achieve both (A) a substantially more expeditious or enhanced cleanup
35 than would otherwise occur, and (B) the prevention or mitigation of
36 unfair economic hardship; and

37 (xii) Development and demonstration of alternative management
38 technologies designed to carry out the top two hazardous waste
39 management priorities of RCW 70.105.150.

1 (3) The following moneys shall be deposited into the local toxics
2 control account: Those revenues which are raised by the tax imposed
3 under RCW 82.21.030 and which are attributable to that portion of the
4 rate equal to thirty-seven one-hundredths of one percent.

5 (a) Moneys deposited in the local toxics control account shall be
6 used by the department for grants or loans to local governments for the
7 following purposes in descending order of priority: (i) Remedial
8 actions; (ii) hazardous waste plans and programs under chapter 70.105
9 RCW; and (iii) solid waste plans and programs under chapters 70.95,
10 70.95C, 70.95I, and 70.105 RCW. Funds for plans and programs shall be
11 allocated consistent with the priorities and matching requirements
12 established in chapters 70.105, 70.95C, 70.95I, and 70.95 RCW.

13 (b) Funds may also be appropriated to the department of health to
14 implement programs to reduce testing requirements under the federal
15 safe drinking water act for public water systems. The department of
16 health shall reimburse the account from fees assessed under RCW
17 70.119A.115 by June 30, 1995.

18 (4) Except for unanticipated receipts under RCW 43.79.260 through
19 43.79.282, moneys in the state and local toxics control accounts may be
20 spent only after appropriation by statute.

21 (5) One percent of the moneys deposited into the state and local
22 toxics control accounts shall be allocated only for public
23 participation grants to persons who may be adversely affected by a
24 release or threatened release of a hazardous substance and to not-for-
25 profit public interest organizations. The primary purpose of these
26 grants is to facilitate the participation by persons and organizations
27 in the investigation and remedying of releases or threatened releases
28 of hazardous substances and to implement the state's solid and
29 hazardous waste management priorities. No grant may exceed ((fifty))
30 sixty thousand dollars ((though it)). Grants may be renewed annually.
31 Moneys appropriated for public participation from either account which
32 are not expended at the close of any biennium shall revert to the state
33 toxics control account.

34 (6) No moneys deposited into either the state or local toxics
35 control account may be used for solid waste incinerator feasibility
36 studies, construction, maintenance, or operation.

37 (7) The department shall adopt rules for grant or loan issuance and
38 performance.

1 **Sec. 6.** RCW 70.105D.080 and 1993 c 326 s 1 are each amended to
2 read as follows:

3 Except as provided in RCW 70.105D.040(4) (d) and (f), a person may
4 bring a private right of action, including a claim for contribution or
5 for declaratory relief, against any other person liable under RCW
6 70.105D.040 for the recovery of remedial action costs. In the action,
7 natural resource damages paid to the state under this chapter may also
8 be recovered. Recovery shall be based on such equitable factors as the
9 court determines are appropriate. Remedial action costs shall include
10 reasonable attorneys' fees and expenses. Recovery of remedial action
11 costs shall be limited to those remedial actions that, when evaluated
12 as a whole, are the substantial equivalent of a department-conducted or
13 department-supervised remedial action. Substantial equivalence shall
14 be determined by the court with reference to the rules adopted by the
15 department under this chapter. An action under this section may be
16 brought after remedial action costs are incurred but must be brought
17 within three years from the date remedial action confirms cleanup
18 standards are met or within one year of May 12, 1993, whichever is
19 later. The prevailing party in such an action shall recover its
20 reasonable attorneys' fees and costs. This section applies to all
21 causes of action regardless of when the cause of action may have
22 arisen. To the extent a cause of action has arisen prior to May 12,
23 1993, this section applies retroactively, but in all other respects it
24 applies prospectively.

Passed the Senate April 22, 1997.

Passed the House April 11, 1997.

Approved by the Governor May 16, 1997.

Filed in Office of Secretary of State May 16, 1997.