

HOUSE BILL REPORT

HB 1007

As Reported By House Committee On:

Financial Institutions & Insurance

Title: An act relating to heating oil pollution liability protection.

Brief Description: Expanding the duties of the director of the Washington state pollution liability insurance agency.

Sponsors: Representatives L. Thomas and Wolfe; by request of Pollution Liability Insurance Agency.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/15/97, 1/27/97 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Zellinsky, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benson; Constantine; DeBolt; Keiser; Sullivan and Wensman.

Staff: Charlie Gavigan (786-7340).

Background: After reviewing several proposals to assist owners of underground storage tanks (UST) in complying with federal financial responsibility regulations, the Legislature adopted a state pollution liability reinsurance program in 1989. The program provides insurance to insurance companies (reinsurance) who, in turn, provide insurance to UST owners and operators. The program is administered by the Pollution Liability Insurance Agency (PLIA). In 1991, the Legislature established the Underground Storage Tank Community Assistance Program in the PLIA to provide financial assistance to public and private owners and operators of underground storage tanks that have been certified by the governing body of the county, city, or town as meeting vital local government, public health and safety needs.

In 1995, the Legislature required the PLIA to develop and administer a program to provide pollution liability insurance coverage for all heating oil tanks in Washington (these tanks are exempt from financial responsibility regulations that apply to USTs,

but they can still cause pollution). The PLIA began this program on January 1, 1996.

Generally, property owners are liable for pollution that occurs on their property. When selling real property, a person is required to disclose known defects. A written disclosure statement must be made by the seller to the buyer when selling residential property; this statement includes disclosure of possible environmental hazards from fuel storage tanks.

Summary of Substitute Bill: The director of the Pollution Liability Insurance Agency must establish a program providing advice and technical assistance to owners and operators of active or abandoned heating oil tanks. This advice and assistance may include site assessments; the director may provide written opinions and conclusions indicating there is little or no contamination at the site. The state is not liable for the consequences of providing or failing to provide advice, opinions, conclusions, or assistance. The PLIA must establish a public information program regarding technical and environmental requirements associated with heating oil tanks. The PLIA is authorized to recover the costs of providing advice or assistance. These new responsibilities expire June 1, 2001.

Substitute Bill Compared to Original Bill: The substitute bill makes the PLIA's advice and assistance more formal, allows the PLIA to provide conclusions regarding contamination, and removes language making the PLIA's advice and assistance non-binding on state agencies and local governments. The substitute bill clarifies that the advice, opinions, and conclusions apply to both active and abandoned heating oil tanks.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The regulation of heating oil tanks is in a state of confusion. Local fire marshals have primary jurisdiction and marshals have taken several different approaches; the Department of Ecology and the Pollution Liability Insurance Agency may have a role in some cases. The lack of uniform regulation and the concern over possible pollution has hurt homeowners who have a heating oil tank on their property, particularly when the homeowners want to sell their homes. PLIA's assistance can help save money for homeowners and make homes easier to sell by reducing the concerns of lenders.

Testimony Against: None

Testified: James Sims, Pollution Liability Insurance Agency (supports); Glen Hudson and Sam Pace, Washington Association of Realtors (supports); Mike Sciacca, Washington Oil Marketers Association (supports); and Patrick Dunn, Oil Heat Institute of Washington (supports).