

CHAPTER 115C

PETROLEUM TANK RELEASE CLEANUP

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115C.02 DEFINITIONS

[For text of subds 1 to 9, see M.S.1992]

Subd. 10. **Petroleum.** "Petroleum" means:

- (1) liquid petroleum products as defined in section 296.01;
- (2) new and used lubricating oils; and
- (3) new and used hydraulic oils used in lifts to raise motor vehicles or farm equipment and for servicing or repairing motor vehicles or farm equipment.

[For text of subds 11 to 13, see M.S.1992]

Subd. 14. **Tank.** "Tank" means any one or a combination of containers, vessels, and enclosures, including structures and appurtenances connected to them, that is, or has been, used to contain or dispense petroleum.

"Tank" does not include:

- (1) a mobile storage tank used to transport petroleum from one location to another, except a mobile storage tank with a capacity of 500 gallons or less used only to transport home heating fuel on private property; or
- (2) pipeline facilities, including gathering lines, regulated under the Natural Gas Pipeline Safety Act of 1968, United States Code, title 49, chapter 24, or the Hazardous Liquid Pipeline Safety Act of 1979, United States Code, title 49, chapter 29.

[For text of subd 15, see M.S.1992]

History: 1993 c 341 art 1 s 2,3; 1Sp1993 c 6 s 2

115C.03 RESPONSE TO RELEASES.

[For text of subd 1, see M.S.1992]

Subd. 1a. **Passive bioremediation.** Passive bioremediation must be used for petroleum tank cleanups whenever an assessment of the site determines that there is a low potential risk to public health and the environment.

[For text of subds 2 to 7, see M.S.1992]

Subd. 7a. **Review of agency employee decisions.** A person aggrieved by a decision made by an employee of the agency relating to the need for or implementation of a corrective action may seek review of the decision by the commissioner. An application for review must state with specificity the decision for which review is sought, the name of the leak site, the leak number, the date the decision was made, the agency employee who made the decision, the ramifications of the decision, and any additional pertinent information. The commissioner shall review the application and schedule a time, date, and place for the aggrieved person to explain the grievance and for the agency employee to explain the decision under review. The commissioner shall issue a decision either sustaining or reversing the decision of the employee. The aggrieved person may appeal the commissioner's decision to the pollution control agency board in accordance with Minnesota Rules, part 7000.0500, subpart 6.

[For text of subds 8 and 10, see M.S.1992]

History: 1993 c 341 art 1 s 4,5

115C.07 PETROLEUM TANK RELEASE COMPENSATION BOARD.

Subdivision 1. Establishment. The petroleum tank release compensation board consists of the commissioner of the pollution control agency, the commissioner of commerce, one representative from the petroleum industry, one public member, and one person with experience in claims adjustment. The governor shall appoint the members of the board. The filling of positions, vacancies, membership terms, payment of compensation and expenses, and removal of members are governed by section 15.0575. The governor shall designate the chair of the board.

Subd. 2. Staff. The commissioner of commerce shall provide staff to support the activities of the board at the board's request.

Subd. 3. Rules. (a) The board shall adopt rules regarding its practices and procedures, the form and procedure for applications for compensation from the fund, procedures for investigation of claims and specifying the costs that are eligible for reimbursement from the fund.

(b) The board may adopt emergency rules under this subdivision for one year after June 1, 1993.

(c) The board shall adopt emergency rules on competitive bidding that specify a bid format and an invoice format that are consistent with each other and with an application for reimbursement.

(d) The board shall adopt emergency rules under sections 14.29 and 14.385 to establish costs that are not eligible for reimbursement.

(e) By January 1, 1994, the board shall publish proposed rules establishing a fee schedule of costs or criteria for evaluating the reasonableness of costs submitted for reimbursement. The board shall adopt the rules by June 1, 1994.

(f) The board may adopt rules requiring certification of environmental consultants.

(g) The board may adopt other rules necessary to implement this chapter.

History: 1993 c 341 art 1 s 6

115C.08 PETROLEUM TANK RELEASE CLEANUP ACCOUNT.

Subdivision 1. Revenue sources. Revenue from the following sources must be deposited in the state treasury and credited to a petroleum tank release cleanup account in the environmental fund:

(1) the proceeds of the fee imposed by subdivision 3;

(2) money recovered by the state under sections 115C.04, 115C.05, and 116.491, including administrative expenses, civil penalties, and money paid under an agreement, stipulation, or settlement;

(3) interest attributable to investment of money in the account;

(4) money received by the board and agency in the form of gifts, grants other than federal grants, reimbursements, or appropriations from any source intended to be used for the purposes of the account;

(5) fees charged for the operation of the tank installer certification program established under section 116.491; and

(6) money obtained from the return of reimbursements, civil penalties, or other board action under this chapter.

Subd. 2. Imposition of fee. The board shall notify the commissioner of revenue if the unencumbered balance of the account falls below \$4,000,000, and within 60 days after receiving notice from the board, the commissioner of revenue shall impose the fee established in subdivision 3 on the use of a tank for four calendar months, with payment to be submitted with each monthly distributor tax return.

Subd. 3. Petroleum tank release cleanup fee. A petroleum tank release cleanup fee is imposed on the use of tanks that contain petroleum products defined in section 296.01. On products other than gasoline, the fee must be paid in the manner provided

in section 296.14 by the first licensed distributor receiving the product in Minnesota, as defined in section 296.01. When the product is gasoline, the distributor responsible for payment of the gasoline tax is also responsible for payment of the petroleum tank cleanup fee. The fee must be imposed as required under subdivision 3, at a rate of \$20 per 1,000 gallons of petroleum products, rounded to the nearest 1,000 gallons. A distributor who fails to pay the fee imposed under this section is subject to the penalties provided in section 296.15.

Subd. 4. **Expenditures.** (a) Money in the account may only be spent:

(1) to administer the petroleum tank release cleanup program established in this chapter;

(2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;

(3) for costs of recovering expenses of corrective actions under section 115C.04;

(4) for training, certification, and rulemaking under sections 116.46 to 116.50;

(5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks;

(6) for reimbursement of the harmful substance compensation account under subdivision 5 and section 115B.26, subdivision 4; and

(7) for administrative and staff costs as set by the board to administer the petroleum tank release cleanup program established in this chapter.

(b) Money in the account is appropriated to the board to make reimbursements or payments under this section.

[For text of subd 5, see M.S.1992]

History: 1993 c 341 art 1 s 7-10

115C.082 LEAD FUND.

Subdivision 1. **Fund established.** A lead fund is created in the state treasury. The fund consists of all revenue deposited in the fund under sections 115C.081 and 297E.01, subdivision 11, and all other money and interest made available to the fund by law.

Subd. 2. **Uses of fund.** (a) Money in the lead fund may be appropriated for:

(1) all lead programs administered by the commissioner of jobs and training;

(2) all lead activities and programs administered by the commissioner of health; and

(3) all lead programs administered by the commissioner of the housing finance agency.

(b) Money in the lead fund must be annually distributed for lead abatement as follows:

(1) 25 percent to the commissioner of health for lead activities and programs including contracting with community health boards;

(2) ten percent to the housing development fund for lead programs; and

(3) the remainder to the commissioner of jobs and training for lead abatement programs.

(c) In expending funds under this program, the commissioner of health shall abide by the following requirements:

(1) no funds shall be spent for lead screening unless the board of health or grantee meets the center for disease control proficiency requirements and the analytical requirements specified in section 144.873, subdivision 3. The commissioner may make grants that include providing the appropriate analytical equipment in order to meet this condition;

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(2) no money shall be provided to boards of health who issue abatement orders inconsistent with the rules promulgated under section 144.878; and

(3) before issuing a contract to boards of health, outside a city of the first class, the commissioner of health shall evaluate the need and cost-effectiveness of contracting for sanitarian and public health nurse services to determine whether the contract grant should be with an individual board of health, or a group of boards of health, or whether services should be delivered by the commissioner. Nothing in this provision is designed to restrict grants for lead education or lead screening.

History: *1Sp1993 c 1 art 9 s 1*

115C.09 REIMBURSEMENT TO RESPONSIBLE AND OTHER PERSONS.

Subdivision 1. **Reimbursable costs.** (a) The board shall provide partial reimbursement to eligible responsible persons for reimbursable costs incurred after June 4, 1987.

(b) The following costs are reimbursable for purposes of this section:

(1) corrective action costs incurred by the responsible person and documented in a form prescribed by the board, except the costs related to the physical removal of a tank;

(2) costs that the responsible person is legally obligated to pay as damages to third parties for bodily injury or property damage caused by a release if the responsible person's liability for the costs has been established by a court order or a consent decree; and

(3) up to 180 days worth of interest costs, incurred after May 25, 1991, associated with the financing of corrective action. Interest costs are not eligible for reimbursement to the extent they exceed two percentage points above the adjusted prime rate charged by banks, as defined in section 270.75, subdivision 5, at the time the financing contract was executed.

(c) A cost for liability to a third party is incurred by the responsible person when an order or consent decree establishing the liability is entered. Except as provided in this paragraph, reimbursement may not be made for costs of liability to third parties until all eligible corrective action costs have been reimbursed. If a corrective action is expected to continue in operation for more than one year after it has been fully constructed or installed, the board may estimate the future expense of completing the corrective action and, after subtracting this estimate from the total reimbursement available under subdivision 3, reimburse the costs for liability to third parties. The total reimbursement may not exceed the limit set forth in subdivision 3.

[For text of subd 2, see M.S.1992]

Subd. 3. **Reimbursements; subrogation; appropriation.** (a) The board shall reimburse a responsible person who is eligible under subdivision 2 from the account for 90 percent of the total reimbursable costs on the first \$250,000 and 75 percent on any remaining costs in excess of \$250,000 on a site.

Not more than \$1,000,000 may be reimbursed for costs associated with a single release, regardless of the number of persons eligible for reimbursement, and not more than \$2,000,000 may be reimbursed for costs associated with a single tank facility.

(b) A reimbursement may not be made from the account under this subdivision until the board has determined that the costs for which reimbursement is requested were actually incurred and were reasonable.

(c) A reimbursement may not be made from the account under this subdivision in response to either an initial or supplemental application for costs incurred after June 4, 1987, that are payable under an applicable insurance policy, except that if the board finds that the responsible person has made reasonable efforts to collect from an insurer and failed, the board shall reimburse the responsible person under this subdivision.

(d) If the board reimburses a responsible person for costs for which the responsible person has petroleum tank leakage or spill insurance coverage, the board is subrogated

to the rights of the responsible person with respect to that insurance coverage, to the extent of the reimbursement by the board. The board may request the attorney general to bring an action in district court against the insurer to enforce the board's subrogation rights. Acceptance by a responsible person of reimbursement constitutes an assignment by the responsible person to the board of any rights of the responsible person with respect to any insurance coverage applicable to the costs that are reimbursed. Notwithstanding this paragraph, the board may instead request a return of the reimbursement under subdivision 5 and may employ against the responsible party the remedies provided in that subdivision, except where the board has knowingly provided reimbursement because the responsible person was denied coverage by the insurer.

(e) Money in the account is appropriated to the board to make reimbursements under this section. A reimbursement to a state agency must be credited to the appropriation account or accounts from which the reimbursed costs were paid.

(f) The board shall reduce the amount of reimbursement to be made under this section if it finds that the responsible person has not complied with a provision of this chapter, a rule or order issued under this chapter, or one or more of the following requirements:

(1) at the time of the release the tank was in substantial compliance with state and federal rules and regulations applicable to the tank, including rules or regulations relating to financial responsibility;

(2) the agency was given notice of the release as required by section 115.061;

(3) the responsible person, to the extent possible, fully cooperated with the agency in responding to the release; and

(4) if the responsible person is an operator, the person exercised due care with regard to operation of the tank, including maintaining inventory control procedures.

(g) The reimbursement shall be reduced as much as 100 percent for failure by the responsible person to comply with the requirements in paragraph (f), clauses (1) to (4). In determining the amount of the reimbursement reduction, the board shall consider:

(1) the likely environmental impact of the noncompliance;

(2) whether the noncompliance was negligent, knowing, or willful;

(3) the deterrent effect of the award reduction on other tank owners and operators; and

(4) the amount of reimbursement reduction recommended by the commissioner.

(h) A person may assign the right to receive reimbursement to each lender who advanced funds to pay the costs of the corrective action or to each contractor or consultant who provided corrective action services. An assignment must be made by filing with the board a document, in a form prescribed by the board, indicating the identity of the responsible person, the identity of the assignee, the dollar amount of the assignment, and the location of the corrective action. An assignment signed by the responsible person is valid unless terminated by filing a termination with the board, in a form prescribed by the board, which must include the written concurrence of the assignee. The board shall maintain an index of assignments filed under this paragraph. The board shall pay the reimbursement to the responsible person and to one or more assignees by a multiparty check. The board has no liability to a responsible person for a payment under an assignment meeting the requirements of this paragraph.

Subd. 3a. Eligibility of other persons. Notwithstanding the provisions of subdivisions 1 to 3, the board shall provide full reimbursement to a person who has taken corrective action if the board or commissioner of commerce determines that:

(1) the person took the corrective action in response to a request or order of the commissioner made under this chapter;

(2) the commissioner has determined that the person was not a responsible person under section 115C.02; and

(3) the costs for which reimbursement is requested were actually incurred and were reasonable.

[For text of subd 3b, see M.S.1992]

Subd. 3c. **Release at refineries and tank facilities not eligible for reimbursement.** Notwithstanding other provisions of subdivisions 1 to 3b, a reimbursement may not be made under this section for costs associated with a release:

- (1) from a tank located at a petroleum refinery; or
- (2) from a tank facility, including a pipeline terminal, with more than 1,000,000 gallons of total petroleum storage capacity at the tank facility.

Clause (2) does not apply to reimbursement for costs associated with a release from a tank facility owned or operated by a person engaged in the business of mining iron ore or taconite.

[For text of subds 3d to 8, see M.S.1992]

Subd. 9. **Insufficient funds.** The board may not approve an application for reimbursement if there are insufficient funds available to pay the reimbursement.

Subd. 10. **Delegation of board's powers.** The board may delegate to the commissioner of commerce its powers and duties under this section.

History: 1993 c 341 art 1 s 11-16

NOTE: Subdivision 9, as added by Laws 1993, chapter 341, article 1, section 15, is effective July 1, 1997. See Laws 1993, chapter 341, article 1, section 27.

115C.091 PHASE-IN PROCEDURE.

In approving applications for reimbursement under this chapter, the petroleum tank release compensation board shall ensure that:

- (1) the difference between the total amount of reimbursements approved by the board in fiscal year 1995 and the funds available to pay the reimbursements as of June 30, 1995, is at least 30 percent less than the difference between the total amount of reimbursements approved by the board as of June 30, 1993, and the funds available to pay the reimbursements as of that date; and
- (2) the difference between the total amount of reimbursements approved by the board in fiscal year 1996 and the funds available to pay the reimbursements as of June 30, 1996, is at least 70 percent less than the difference between the total amount of reimbursements approved by the board as of June 30, 1993, and the funds available to pay the reimbursements as of that date.

History: 1993 c 341 art 1 s 24

115C.11 CONSULTANTS AND CONTRACTORS; SANCTIONS.

Subdivision 1. **Registration.** (a) All consultants and contractors must register with the board in order to participate in the petroleum tank release cleanup program.

(b) The board must maintain a list of all registered consultants and a list of all registered contractors including an identification of the services offered.

(c) An applicant who applies for reimbursement must use a registered consultant and contractor in order to be eligible for reimbursement.

(d) The commissioner must inform any person who notifies the agency of a release under section 115.061 that the person must use a registered consultant or contractor to qualify for reimbursement and that a list of registered consultants and contractors is available from the board.

(e) Work performed by an unregistered consultant or contractor is ineligible for reimbursement.

(f) Work performed by a consultant or contractor prior to being removed from the registration list may be reimbursed by the board.

(g) If the information in an application for registration becomes inaccurate or incomplete in any material respect, the registered consultant or contractor must promptly file a corrected application with the board.

(h) Registration is effective on the date a complete application is received by the board. The board may reimburse the cost of work performed by an unregistered contractor if the contractor performed the work within 30 days of the effective date of registration.

[For text of subds 2 to 4, see M.S.1992]

History: 1993 c 341 art 1 s 17

115C.12 APPEAL OF REIMBURSEMENT DETERMINATION.

(a) A person may appeal to the board within 90 days after notice of a reimbursement determination made under section 115C.09 by submitting a written notice setting forth the specific basis for the appeal.

(b) The board shall consider the appeal within 90 days of the notice of appeal. The board shall notify the appealing party of the date of the meeting at which the appeal will be heard at least 30 days before the date of the meeting.

(c) The board's decision must be based on the written record and written arguments and submissions unless the board determines that oral argument is necessary to aid the board in its decision making. Any written submissions must be delivered to the board at least 15 days before the meeting at which the appeal will be heard. Any request for the presentation of oral argument must be in writing and submitted along with the notice of appeal.

History: 1993 c 341 art 1 s 18

115C.13 REPEALER.

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.10, 115C.11, and 115C.12, are repealed effective June 30, 2000.

History: 1993 c 341 art 1 s 26