

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

January 26, 1999 LB 270

there were about 750,000 facilities in the United States operating nearly 2 million underground storage tanks, many of which either had experienced or were experiencing possible contamination problems. Many of these tanks and facilities were small, long-time businesses that operated old or unprotected bare steel tanks. Following that, Nebraska enacted rules and regulations regarding financial responsibility, and that's referred to as Title 159 of the Nebraska Administrative Code. And under Title 159, owners and operators of petroleum underground storage tanks that handle more than 120,000 gallons annually must demonstrate financial responsibility for remedial action and third party claims of at least a million dollars per occurrence. That would be the extent of their...of their liability. It came to pass with that requirement, and with the advent of the discovery of many leaks and the problems and expense of correcting those leaks, that insurance companies decided they no longer really wanted to have a part of insuring those kinds of facilities. There are still some today who have had leaks who are actually drawing on their policies that were in effect back in the eighties. But we were faced, in Nebraska, then, in the late eighties, with a problem of particularly small stations throughout the state who would be forced to close because they could not meet the financial responsibility requirements that were enacted at the federal level and at the state level because of the terrible risk that was involved. So the state enacted its own provisions to provide a backup financial responsibility fund, which is called the Petroleum Release Remedial Action Cash Fund, and that fund is utilized to reimburse tank owners for eligible and reasonable costs during cleanup after they meet a deductible, generally of \$25,000. And that allowed these stations to continue to operate while they were either in the process of cleanup or even before cleanup, but it met their financial responsibility requirement. We have had a deadline in the law most recently of June 30th of 1999, at which time the states...the state law would say that after that date, if you have...if you first report a release, you no longer have coverage under this fund. So after June 30th of 1999, if you were to continue to operate you would have to have private insurance. Recognizing this, last year the Legislature passed LB 1161. Among other things, LB 1161 said we want a report from the Department of Insurance of the state of Nebraska and from the Department of Environmental Quality as to the availability