

## ASSEMBLY THIRD READING

AB 3039 (Quirk)

As Amended May 4, 2020

Majority vote

**SUMMARY:**

Extends, until January 1, 2026, the Replacing, Removing, or Upgrading Underground Storage Tanks (RUST) program, which provides loans and grants to assist small businesses with complying with state and federal standards for underground storage tanks (USTs). Expands RUST grant eligibility to certain applicants who are not in compliance with water quality or air quality requirements. Provides the State Water Resources Control Board (State Water Board) with authority to help prevent fraud in the RUST program and help recover monetary losses to the RUST program due to fraud.

**COMMENTS:**

*UST program:* The purpose of the UST program, administered by the State Water Board, is to protect public health and safety and the environment from releases of petroleum and other hazardous substances from USTs. An (UST) is defined by law as "any one or combination of tanks, including pipes connected thereto, that is used for the storage of hazardous substances and that is substantially or totally beneath the surface of the ground" (certain exceptions apply). Existing law requires single-walled USTs to be removed by December 31, 2025.

*UST Cleanup Fund Program:* The Barry Keene Underground Storage Tank Cleanup Fund Act of 1989 created the UST Cleanup Fund Program to help owners and operators of petroleum USTs satisfy federal and state financial responsibility requirements. The UST Cleanup Fund Program is available to assist petroleum UST owners and operators with the costs of cleaning up contaminated soil and groundwater caused by leakage from petroleum USTs. The UST Cleanup Fund Program receives funding from fees paid by UST owners for every gallon of fuel that is placed into a UST. The UST Cleanup Fund Program has been a critical resource for small, medium, and large businesses and individuals for both cleaning up immediate impacts of UST releases, and preventing significant migration of petroleum products in groundwater and soil.

UST owners and operators who have leaking USTs are required to pay for the costs of soil and groundwater contamination that results from the leak. Under the UST Cleanup Fund Program, the owners and operators submit claims to the State Water Board for reimbursement of the costs of cleanup, and the State Water Board reimburses them for their cleanup costs.

*RUST Program:* RUST grants and loans are available to assist small business UST owners and operators to come into compliance with UST regulatory requirements by removing, replacing, or upgrading USTs. Loans and grants are available through the RUST program to assist small businesses to remove single-walled USTs and to replace them with double-walled USTs. Typical eligible costs are for removing and replacing single-walled USTs and/or piping with double-walled USTs and/or piping. UST upgrades including installing containment sumps, under-dispenser containment boxes/pans, and electronic monitoring systems, and conducting enhanced leak detection tests.

Under current law, the RUST program sunsets on January 1, 2022; however, the requirement to remove single-walled UST is not until December 31, 2025.

AB 3039 extends the RUST program until January 1, 2026, which mirrors the UST Cleanup Fund Program; expands RUST grant eligibility to certain applicants who are not in compliance with water quality or air quality requirements; provides the State Water Board with authority to help prevent fraud in the RUST program and help recover monetary losses to the RUST program due to fraud; and, makes minor and technical changes to the RUST program for efficiency and clarification purposes.

**According to the Author:**

In order to protect public health and safety and the environment, USTs are regulated by the State Water Board. Existing law requires single-walled USTs to be removed no later than December 31, 2025. Given the expense of removing these USTs, the state created the RUST program to provide grants and loans to small businesses to assist them with complying with UST laws and regulations. The RUST program is scheduled to sunset on January 1, 2022; however, that is three years before the statutory requirement to replace single-walled USTs. Therefore, AB 3039 extends the sunset of the RUST program until January 1, 2026, allowing a continuation of assistance for small businesses to comply with UST laws and regulations.

**Arguments in Support:**

According to the Metropolitan Water District of Southern California, "The UST Cleanup Fund is an important funding mechanism to fix or replace leaky underground storage tanks. In our region, thanks to the program, numerous leaky underground storage tanks were remediated to prevent MTBE and other gasoline additives from contaminating groundwater supplies. [AB 3039] would continue efforts to protect groundwater basins designated as public drinking water supplies from pollutants that can leak from old storage tanks. For these reasons, Metropolitan supports AB 3039."

**Arguments in Opposition:**

None on file.

**FISCAL COMMENTS:**

According to the Assembly Appropriations Committee enactment of this bill would lead to minor, if any additional costs to the State Water Resources Control Board associated with the additional authority in the bill, likely offset by the recovery of monetary losses from fraud within the RUST program.

**VOTES:**

**ASM ENVIRONMENTAL SAFETY AND TOXIC MATERIALS: 9-0-0**

**YES:** Melendez, Arambula, Bauer-Kahan, Cristina Garcia, Bloom, Mathis, Muratsuchi, Obernolte, Holden

**ASM APPROPRIATIONS: 18-0-0**

**YES:** Gonzalez, Bigelow, Bauer-Kahan, Bloom, Bonta, Calderon, Carrillo, Chau, Megan Dahle, Diep, Eggman, Fong, Gabriel, Eduardo Garcia, Petrie-Norris, McCarty, Robert Rivas, Voepel

**UPDATED:**

VERSION: May 4, 2020

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