

Senate Bill No. 445

Passed the Senate August 29, 2014

Secretary of the Senate

Passed the Assembly August 26, 2014

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 25299.32, 25299.43, 25299.50, 25299.50.2, 25299.50.3, 25299.50.4, 25299.51, 25299.51.2, 25299.57, 25299.58, 25299.59, 25299.70, 25299.78, 25299.81, 25299.94, 25299.101, 25299.104, 25299.105, 25299.106, and 25299.107 of, to add Sections 25292.05, 25299.50.6, 25299.51.3, 25299.51.4, 25299.71, 25299.80, 25299.80.5, 25299.80.6, and 25299.82 to, and to add and repeal Section 25299.50.7 of, the Health and Safety Code, relating to hazardous substances, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL’S DIGEST

SB 445, Hill. Underground storage tanks: hazardous substances: petroleum: groundwater and surface water contamination.

(1) Existing law provides for the regulation of underground storage tanks by the State Water Resources Control Board. Existing law requires underground storage tanks that are used to store hazardous substances and that are installed after January 1, 1984, to meet certain requirements, including that the primary containment be product tight and that the tank’s secondary containment meet specified standards. However, in lieu of these generally applied requirements, existing law authorizes underground storage tanks for motor vehicle fuels installed before January 1, 1997, to be designed and constructed in accordance with alternative requirements. Existing law imposes various monitoring, inspection, replacement, and upgrading requirements on underground storage tanks installed on or before January 1, 1984, and used for the storage of hazardous substances.

This bill would require the owners or operators of these 2 types of underground storage tanks to permanently close them by December 31, 2025, and would authorize the board to adopt regulations to require the owner or operator to permanently close such an underground storage tank before December 31, 2025, if the underground storage tank poses a high threat to water quality or public health.

(2) Under existing law, the Barry Keene Underground Storage Tank Cleanup Trust Fund Act of 1989 (the act), portions of which are repealed on January 1, 2016, every owner of an underground storage tank is required to pay a storage fee for each gallon of petroleum placed in the tank. The fees are required to be deposited in the Underground Storage Tank Cleanup Fund and the State Water Resources Control Board is authorized to expend the moneys in the fund, upon appropriation by the Legislature, for various purposes, including the payment of claims to aid owners and operators of petroleum underground storage tanks who take corrective action to clean up unauthorized releases from those tanks, up to \$1,500,000 per occurrence for corrective actions undertaken by the board, a California regional water quality board, or a local agency, the cleanup and oversight of unauthorized releases at abandoned tank sites, and grants to small businesses to retrofit certain hazardous substance underground storage tanks. Existing law also specifies that certain associated rights, obligations, and authorities that apply prior to the January 1, 2016, repeal date do not terminate until the moneys in the fund are exhausted. Existing law establishes, until January 1, 2016, the School District Account in the Underground Storage Tank Cleanup Fund for the payment of claims filed by a school district that takes corrective action to clean up an unauthorized release from a petroleum underground storage tank.

This bill would extend the operation of those portions of the act and the School District Account until January 1, 2026. By extending the operation of the act, the bill would impose a state-mandated local program by continuing the operation of certain crimes regarding the furnishing of information under penalty of perjury. The bill would require the board, until January 1, 2026, to establish the Expedited Claim Pilot Project to investigate and implement methods to improve claim processing procedures to reduce the overall cost for site cleanup and time to reach closure. The bill would, until January 1, 2026, establish the Expedited Claim Account in the Underground Storage Tank Cleanup Fund and would, upon appropriation by the Legislature, require the moneys in the account be expended for the implementation of the pilot program. The bill would, for the 2015–16 fiscal year, transfer \$100,000,000 from the Underground Storage Tank Cleanup Fund to the Expedited Claim Account. The bill would require the board,

in collaboration with specified entities, to conduct a study to determine the cost-effectiveness and feasibility of issuing bonds to satisfy obligations against the Underground Storage Tank Cleanup Fund and to post a report on the study, by March 1, 2018, on the board's Internet Web site.

The bill would, as of the first day of the first calendar quarter commencing more than 90 days after the effective date of the bill, require payment of an additional \$0.006 per gallon of petroleum stored in an underground storage tank until January 1, 2026. The bill would require \$0.003 of that \$0.006 to be expended only for transfer to the School District Account, for transfer to the Petroleum Underground Storage Tank Financing Account, as specified below, or for transfer to the Site Cleanup Subaccount, which the bill would establish in the State Treasury. The board would be authorized to expend the funds from that subaccount, upon appropriation by the Legislature, to pay for reasonable and necessary expenditures that the board, a regional board, or a local agency incurs to identify the source of surface or groundwater contamination, or to remediate, or to provide grants to remediate, the harm or threat of harm to human health, safety, and the environment caused by existing or threatened surface or groundwater contamination, as specified. The bill would require the board to specify the information to be included in a grant application and would authorize the board to adopt procedures to implement the grant program.

The bill would decrease the amount that the board may pay from the Underground Storage Tank Cleanup Fund for corrective action costs to \$1,000,000 per occurrence.

(3) Existing law establishes the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund in the State Treasury, and authorizes the board to expend the moneys in the fund, upon appropriation by the Legislature, for the costs of response actions to remediate the harm caused by a petroleum contamination from an underground storage tank that meets specified requirements, including that the site meets the conditions of a brownfield, as defined.

This bill would delete the requirement for the expenditure of funds from this fund that the site meet the conditions for a brownfield and would make other conforming changes. The bill would limit the amount of the grants the board may issue from

that fund for an occurrence to \$1,500,000 for applications filed before December 31, 2014, and \$1,000,000 for applications filed after that date.

(4) Existing law authorizes the board to pay claims from the Underground Storage Tank Cleanup Fund of up to \$1,500,000 per occurrence, as defined, to aid owners and operators of petroleum underground storage tanks who take corrective action to clean up unauthorized releases from those tanks. The board is also required to pay a claim of up to \$3,000 for regulatory technical assistance. Existing law requires the board to pay a claim for the costs of corrective action to a person who owns property on which is located a release from a petroleum underground storage tank that has been the subject of a corrective action, and for which additional corrective action is required because of additionally discovered contamination from the previous release, if the person who carried out the earlier and completed corrective action was eligible for, and applied for, reimbursement pursuant to specified provisions, only to the extent that the amount of reimbursement for the earlier corrective action did not exceed the amount of \$1,500,000. Existing law prohibits the board from reimbursing a claim for corrective action costs that is received by the board more than 365 days after the date of issuance of a closure letter or after the issuance or activation of a letter of commitment, except as specified.

This bill would decrease the maximum amount the board is authorized to pay for those corrective action claims filed on or after January 1, 2015, to \$1,000,000 and would increase the limit for regulatory technical assistance to \$5,000, plus the amount for submission of documents using an approved electronic data system. The bill would require the board to pay a claim for the costs of corrective action to a person who owns property on which is located a release from a petroleum underground storage tank that has been removed if the site has been the subject of a corrective action, additional corrective action is required because of additionally discovered contamination from the previous release, the person who owns the property meets specified requirements and is required to perform corrective action pursuant to those provisions because of additionally discovered contamination, and the person who carried out the earlier and completed corrective action did not apply for reimbursement, as prescribed. The bill would authorize the board to reimburse a claim for corrective

action costs that is received by the board more than 2 years after the date the cost was incurred or more than 2 years after the date of issuance or activation of a letter of commitment, in certain circumstances, as specified.

(5) Existing law specifies that the costs incurred and payable from the fund for corrective action and other expenses are to be recovered by the Attorney General, upon the request of the board, from the owner or operator of the underground storage tank or from any other responsible party.

This bill would instead authorize the board to recover those costs.

(6) Existing law requires the board to post on its Internet Web site the results of any program audit or fiscal audit within 90 days after its completion.

The bill would require the board, by December 31, 2019, and at least once every 5 years thereafter, to commission an independent program audit and fiscal audit of the fund. The bill would require the audit to include a review of projected expenses and revenue for the 5 years subsequent to the date of the audit and proposals for the appropriate amount of the petroleum storage fee for that 5-year period.

The bill would require the board, by June 1, 2016, to conduct an analysis on whether the priority ranking criteria for the payment of claims to small businesses should be revised and to post the results on the board's Internet Web site within 90 days after completing the analysis.

(7) The act requires an owner or operator of an underground storage tank to furnish, under penalty of perjury, any information on fees, financial responsibility, unauthorized releases, or corrective action as a local agency, regional board, or the state board may require.

The bill would subject to a civil penalty a person who fails or refuses to furnish that information or furnishes false information. The bill would authorize the executive director of the board to permanently disqualify a person convicted of making a false statement to the board, or found civilly liable for specified conduct relating to any claim, from receiving any moneys from the fund, if the executive director makes one of a specified set of findings with regard to claimants, contractors, or consultants. The bill would also impose a civil penalty upon a person that makes a

misrepresentation in a claim submitted to the fund. The bill would require the Attorney General, upon the request of the board, to bring an action in superior court to impose these civil penalties and would authorize the executive director of the board to impose these civil penalties administratively.

The bill would also provide that a person who knowingly makes or causes to be made a false statement, material misrepresentation, or false certification in support of a claim is punishable by a criminal fine or imprisonment, or by both that fine and imprisonment. By creating a new crime, the bill would impose a state-mandated local program.

The bill would authorize the board to review the imposition of civil penalties by the executive director in a specified manner.

The bill would require that these fines and civil penalties be deposited into the fund. The bill would authorize the board to expend the moneys in the fund, upon appropriation, to pay for the expenditures of the board associated with investigation and enforcement under the act. The bill would also make conforming changes with regard to this enforcement.

The bill would also make conforming changes with regard to the amounts deposited in the fund, the purposes for which the money in the fund would be expended, and the continued existence, after the repeal of portions of the act on January 1, 2026, of certain authority in the act to take specified legal actions. The bill would prohibit the board from accepting claim applications for reimbursement for corrective action costs or compensation of 3rd parties that are submitted to the fund after January 1, 2025, unless the board makes a specified finding, and would prohibit the board from accepting requests for reimbursement for those purposes after July 1, 2025.

(8) Existing law requires owners and operators of underground storage tanks systems containing hazardous substances to maintain evidence of financial responsibility. Existing law also requires petroleum underground storage tanks to establish and maintain specified evidence of financial responsibility for taking corrective action and compensating 3rd parties for bodily injury and property damage arising from operating the tank, except that certain owners or operators eligible for payment of a claim from the fund are deemed in compliance with those financial responsibility requirements.

This bill would allow all claimants to use the fund to establish and maintain evidence of financial responsibility for purposes of the requirements imposed upon petroleum underground storage tanks but would prohibit, on and after January 1, 2025, an owner or operator of a tank for which a permit is in effect from using the fund as a mechanism to demonstrate compliance with certain financial responsibility requirements and specified federal statutory requirements.

(9) Existing law, until January 1, 2022, requires the board to conduct a loan program to assist small businesses to upgrade, replace, or remove tanks used for the purpose of storing petroleum to meet applicable local, state, or federal standards and to conduct a grant program to assist small businesses to comply with certain requirements imposed on those tanks with regard to specified testing and containment systems and enhanced leak detection. Existing law provides that the maximum amount that the board may grant an applicant is \$50,000. Existing law transfers specified funds from the Underground Storage Tank Cleanup Fund to the Petroleum Underground Storage Tank Financing Account and appropriates those funds for the purpose of making those grants and loans.

This bill would expand the purposes for which the board may issue those grants and loans to include the upgrade, removal, or replacement of those tanks to meet specified requirements with regard to the permanent closure of underground storage tanks and would increase the maximum amount that the board may grant an applicant to \$70,000, thereby making an appropriation. The bill would also authorize the board to make a grant of up to \$140,000 for the removal and replacement of tanks located at a fueling station that meets specified requirements. The bill would authorize the board to waive certain permitting and other requirements for a grant applicant that is ineligible for a loan pursuant to the program and will remove a tank without replacing it.

(10) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(11) The bill would incorporate changes to Sections 25299.50 and 25299.51 of the Health and Safety Code proposed by SB 1458, which would become operative if both bills amend those code sections and this bill is enacted after SB 1458, in which case those provisions, as amended by SB 1458, would become operative when that bill becomes operative.

(12) This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 25292.05 is added to the Health and Safety Code, to read:

25292.05. (a) On or before December 31, 2025, the owner or operator of an underground storage tank shall permanently close that underground storage tank in accordance with Section 25298 and the regulations adopted pursuant to that section, if the underground storage tank meets either of the following conditions:

(1) The underground storage tank is designed and constructed in accordance with paragraph (7) of subdivision (a) of Section 25291 and does not meet the requirements of paragraphs (1) to (6), inclusive, of subdivision (a) of Section 25291.

(2) The underground storage tank was installed on or before January 1, 1984, and does not meet the requirements of paragraphs (1) to (6), inclusive, of subdivision (a) of Section 25291.

(b) Notwithstanding subdivision (a), the board may adopt regulations to require the owner or operator of an underground storage tank to permanently close that underground storage tank before December 31, 2025, in accordance with Section 25298 and the regulations adopted pursuant to that section, if the underground storage tank meets the conditions specified in either paragraph (1) or (2) of subdivision (a) and the underground storage tank poses a high threat to water quality or public health. The board shall consult with stakeholders before adopting regulations pursuant to this subdivision.

SEC. 2. Section 25299.32 of the Health and Safety Code is amended to read:

25299.32. (a) Except as provided in subdivision (f), a claimant who meets any of the following requirements may use the fund to establish and maintain evidence of financial responsibility:

(1) A claimant who meets the qualifications of paragraph (1) of subdivision (b) of Section 25299.52 shall be deemed in compliance with Section 25299.31 if the claimant is eligible for reimbursement from the fund pursuant to Section 25299.54, subdivision (d) of Section 25299.57, and subdivision (b) of Section 25299.58.

(2) If a claimant meets the qualifications of paragraph (2) or (3) of subdivision (b) of Section 25299.52, the level of financial responsibility required to be obtained pursuant to Section 25299.31 shall be at least five thousand dollars (\$5,000) for each occurrence and at least five thousand dollars (\$5,000) annual aggregate coverage for taking corrective action.

(3) If a claimant meets the qualifications of paragraph (4) of subdivision (b) of Section 25299.52, the level of financial responsibility required to be obtained pursuant to Section 25299.31 shall be at least ten thousand dollars (\$10,000) for each occurrence, and at least ten thousand dollars (\$10,000) annual aggregate coverage for taking corrective action.

(b) The level of financial responsibility required to be obtained pursuant to Section 25299.31 for each occurrence for bodily injury and property damage shall be in the amount specified by the board in the regulations adopted pursuant to Section 25299.77.

(c) The level of financial responsibility required to be obtained pursuant to Section 25299.31 shall be in the amount specified by the board for annual aggregate coverage for both corrective action and bodily injury and property damage.

(d) The board may periodically increase the minimum level of financial responsibility specified in subdivision (a) upon its determination that private insurance is available and affordable.

(e) The changes made to this section by Chapter 1191 of the Statutes of 1994 shall apply to all claimants with claims, or portions of claims, for corrective action at sites that have not been completed, and for which reimbursement by the fund has not been fully paid by the board.

(f) (1) On and after January 1, 2025, an owner or operator of a tank for which a permit that is issued pursuant to Section 25284 is in effect shall not use the fund as a mechanism to demonstrate

compliance with the financial responsibility requirements of Sections 25292.2 and 25299.31 and with the federal act.

(2) On or before December 31, 2024, an owner or operator who previously used the fund as a mechanism to demonstrate compliance with financial responsibility requirements shall submit, to the local agency that issued the permit for the operation of the tank pursuant to Section 25284, evidence of the alternative financial responsibility mechanism that will be used, on and after January 1, 2025, to comply with Sections 25292.2 and 25299.31 and with the federal act.

SEC. 3. Section 25299.43 of the Health and Safety Code is amended to read:

25299.43. (a) To implement the changes to this chapter made by Chapter 1191 of the Statutes of 1994, and consistent with Section 25299.40, effective January 1, 1995, every owner subject to Section 25299.41 shall pay a storage fee of one mill (\$.001) for each gallon of petroleum placed in an underground storage tank that the person owns, in addition to the fee required by Section 25299.41.

(b) On and after January 1, 1996, the storage fee imposed under subdivision (a) shall be increased by two mills (\$.002) for each gallon of petroleum placed in an underground storage tank.

(c) On and after January 1, 1997, the storage fee increased under subdivision (b) shall be increased by an additional three mills (\$.003) for each gallon of petroleum placed in an underground storage tank.

(d) On and after January 1, 2005, the storage fee increased under subdivision (c) shall be increased by an additional one mill (\$.001) for each gallon of petroleum placed in an underground storage tank.

(e) On and after January 1, 2006, the storage fee increased under subdivision (d) shall be increased by an additional one mill (\$.001) for each gallon of petroleum placed in an underground storage tank.

(f) On and after January 1, 2010, the storage fee increased under subdivision (e) shall be increased by an additional six mills (\$.006) for each gallon of petroleum placed in an underground storage tank. The increase provided for in this subdivision shall be effective until January 1, 2014, at which time, the fee shall revert back to the fee pursuant to subdivision (e).

(g) (1) On and after the first day of the first calendar quarter commencing more than 90 days after the effective date of the act adding this paragraph, the storage fee increased under subdivision (e) shall be increased by an additional six mills (\$0.006) for each gallon of petroleum placed in an underground storage tank. The increase provided for in this subdivision shall be effective until January 1, 2026, at which time the increase provided for in this section shall not be operative.

(2) Three mills (\$0.003) of the six mills (\$0.006) for each gallon of petroleum placed in an underground storage tank collected pursuant to this subdivision shall be available for expenditure by the board only for purposes provided in subdivision (o) of Section 25299.51.

(3) The board shall annually provide an informational presentation at a board meeting, with the opportunity for public comment, before determining how the funds collected pursuant to this subdivision will be allocated among the purposes provided in subdivision (o) of Section 25299.51.

(h) The fee imposed under this section shall be paid to the State Board of Equalization under Part 26 (commencing with Section 50101) of Division 2 of the Revenue and Taxation Code in the same manner as, and consistent with, the fees imposed under Section 25299.41.

(i) The State Board of Equalization shall amend the regulations adopted under Section 25299.41 to carry out this section.

SEC. 4. Section 25299.50 of the Health and Safety Code is amended to read:

25299.50. (a) The Underground Storage Tank Cleanup Fund is hereby created in the State Treasury. The money in the fund may be expended by the board, upon appropriation by the Legislature, for purposes of this chapter. From time to time, the board may modify existing accounts or create accounts in the fund or other funds administered by the board, which the board determines are appropriate or necessary for proper administration of this chapter.

(b) All of the following amounts shall be deposited in the fund:

(1) Money appropriated by the Legislature for deposit in the fund.

(2) The fees, interest, and penalties collected pursuant to Article 5 (commencing with Section 25299.40).

(3) Notwithstanding Section 16475 of the Government Code, any interest earned upon the money deposited in the fund.

(4) Any money recovered by the fund pursuant to Section 25299.70.

(5) Any civil and criminal penalties collected by the board or regional board pursuant to Section 25299.76, 25299.78, 25299.80, or 25299.80.5.

(6) Money recovered as compensation for expenditures associated with investigations or enforcement actions pursuant to subdivision (j) or (n) of Section 25299.51.

(7) Money recovered to correct a previously overpaid expenditure issued pursuant to this chapter.

(c) Notwithstanding subdivision (a), any funds appropriated by the Legislature in the annual Budget Act for payment of a claim for the costs of a corrective action in response to an unauthorized release, that are encumbered for expenditure for a corrective action pursuant to a letter of credit issued by the board pursuant to subdivision (e) of Section 25299.57, but are subsequently not expended for that corrective action claim, may be reallocated by the board for payment of other claims for corrective action pursuant to Section 25299.57.

SEC. 5. Section 25299.50 of the Health and Safety Code is amended to read:

25299.50. (a) The Underground Storage Tank Cleanup Fund is hereby created in the State Treasury. The money in the fund may be expended by the board, upon appropriation by the Legislature, for purposes of this chapter. From time to time, the board may modify existing accounts or create accounts in the fund or other funds administered by the board, which the board determines are appropriate or necessary for proper administration of this chapter.

(b) All of the following amounts shall be deposited in the fund:

(1) Money appropriated by the Legislature for deposit in the fund.

(2) The fees, interest, and penalties collected pursuant to Article 5 (commencing with Section 25299.40).

(3) Notwithstanding Section 16475 of the Government Code, any interest earned upon the money deposited in the fund.

(4) Any money recovered by the fund pursuant to Section 25299.70.

(5) Any civil or criminal penalties collected by the board or regional board pursuant to Section 25299.76, 25299.78, 25299.80, or 25299.80.5.

(6) Money recovered as compensation for expenditures associated with investigations or enforcement actions pursuant to subdivision (j) or (n) of Section 25299.51.

(7) Money recovered to correct a previously overpaid expenditure issued pursuant to this chapter.

(c) Notwithstanding subdivision (a), any funds appropriated by the Legislature in the annual Budget Act for payment of a claim for the costs of a corrective action in response to an unauthorized release, that are encumbered for expenditure for a corrective action pursuant to a letter of credit issued by the board pursuant to subdivision (e) of Section 25299.57, but are subsequently not expended for that corrective action claim, may be reallocated by the board for payment of other claims for corrective action pursuant to Section 25299.57.

SEC. 6. Section 25299.50.2 of the Health and Safety Code is amended to read:

25299.50.2. (a) The Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund is hereby established in the State Treasury.

(b) (1) Except as provided in paragraph (2), the sum of ten million dollars (\$10,000,000) is hereby transferred, for each of the 2008–09, 2009–10, and 2010–11 fiscal years, from the Underground Storage Tank Cleanup Fund to the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund.

(2) Available federal moneys may be deposited in the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund. The amount transferred pursuant to paragraph (1) in a fiscal year shall be reduced by the amount of federal moneys deposited in the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund in that fiscal year.

(c) The board may expend the moneys in the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund, upon appropriation by the Legislature, for the costs of response actions to remediate the harm caused by petroleum contamination at a site that meets all of the following conditions:

(1) The petroleum contamination is the principal source of contamination at the site.

(2) The source of the petroleum contamination is, or was, an underground storage tank.

(3) A financially responsible party has not been identified to pay for remediation at the site.

(4) If the expenditure includes federal moneys deposited in the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund, the expenditure at the site is consistent with all applicable requirements for expenditure of the federal moneys.

(d) Any funds in the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund that are not expended in the 2009–10, 2010–11, or 2011–12 fiscal years shall remain in the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund until they are encumbered.

(e) Notwithstanding Section 16304.1 of the Government Code, a disbursement in liquidation of an encumbrance may be made before or during the four years following the last day the appropriation is available for encumbrance.

(f) (1) If the board determines that an applicant who filed a grant application on or before December 31, 2014, is eligible for a grant pursuant to this section, the board shall not issue more than one million five hundred thousand dollars (\$1,500,000) in grants from the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund for the occurrence for which the applicant applied.

(2) If the board determines that an applicant who filed a grant application after December 31, 2014, is eligible for a grant pursuant to this section, the board may not issue more than one million dollars (\$1,000,000) in grants from the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund for the occurrence for which the applicant applied.

(3) The board shall include the amount of any grants awarded by the board from the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Subaccount pursuant to former Section 25299.50.2, as that section read on December 31, 2007, toward the total amount available per occurrence for grants awarded from the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund pursuant to this section.

SEC. 7. Section 25299.50.3 of the Health and Safety Code is amended to read:

25299.50.3. (a) For purposes of this section, “school district” means a school district as defined in Section 80 of the Education Code, or a county office of education.

(b) The School District Account is hereby created in the Underground Storage Tank Cleanup Fund, for expenditure by the board to pay a claim filed by a district that is a school district and has a priority based on paragraph (2), (3), or (4) of subdivision (b) of Section 25299.52. Notwithstanding Section 25299.52, in the 2009–10, 2010–11, and 2011–12 fiscal years, the board shall pay a claim filed by a district that is a school district and has a priority based on paragraph (4) of subdivision (b) of Section 25299.52 only from funds appropriated from the School District Account.

(c) (1) The sum of ten million dollars (\$10,000,000) per year shall be transferred, in the 2009–10, 2010–11, and 2011–12 fiscal years, from the Underground Storage Tank Cleanup Fund to the School District Account, for expenditure, upon appropriation by the Legislature, for the payment of claims filed by a district that is a school district with a priority based on paragraph (2), (3), or (4) of subdivision (b) of Section 25299.52. The ten million dollars (\$10,000,000) shall be transferred to the School District Account prior to allocating the remaining available funds to each priority ranking in paragraphs (1), (2), (3), and (4) of subdivision (b) of Section 25299.52.

(2) The board shall consult with the Department of Toxic Substances Control in allocating the funds transferred to the School District Account.

(3) The board shall pay claims from a school district with a priority based on paragraph (4) of subdivision (b) of Section 25299.52 from the School District Account in the order of the date of the filing of the claim application to the Underground Storage Tank Cleanup Fund. In each of the fiscal years identified in subdivision (b), if the board estimates that money will be available in the School District Account after the board has allocated funding for all submitted claims from school districts with a priority based on paragraph (4) of subdivision (b) of Section 25299.52, School District Account funds may be used to fund school district claims with a priority based on paragraph (2) or (3) of subdivision (b) of Section 25299.52.

(d) (1) Funds in the School District Account that are not expended in a fiscal year shall remain in the School District

Account. Funds remaining in the School District Account on January 1, 2026, shall be transferred to the Underground Storage Tank Cleanup Fund.

(2) Notwithstanding Section 16304.1 of the Government Code, the board shall encumber the funds appropriated pursuant to this section within three years of the appropriation and the board may make a disbursement in liquidation of an encumbrance before or during the three years following the last day the appropriation is available for encumbrance.

(e) The board shall include information on the expenditure of the funds transferred to the School District Account, as well as the amount of all claims filed by districts that are school districts and the amount of reimbursements made to districts that are school districts from the Underground Storage Tank Cleanup Fund, in its annual report, and shall, in consultation with the Department of Toxic Substances Control, estimate the amount of funds needed to reimburse anticipated future claims by districts that are school districts. The board shall provide a copy of this report to the State Allocation Board and the State Department of Education.

(f) This section does not affect the priority of a district that is a school district and has a priority based on paragraph (2) or (3) of subdivision (b) of Section 25299.52.

(g) The board shall waive the requirements of paragraph (4) of subdivision (d) of Section 25299.57 for a claim that is reimbursed from the School District Account pursuant to this section, if the superintendent of the school district receiving the reimbursement certifies to the board that petroleum was not delivered on or after January 1, 2003, to the tank that is the subject of the claim or that the tank was removed before January 1, 2003.

(h) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2026, deletes or extends that date.

SEC. 8. Section 25299.50.4 of the Health and Safety Code is amended to read:

25299.50.4. (a) It is the intent of the Legislature that the board and the Department of Toxic Substances Control, using information gathered and reported pursuant to subdivision (e) of Section 25299.50.3, propose changes to Section 25299.50.3 that may be necessary to ensure that adequate funds are available to reimburse anticipated future claims by districts that are school districts and

have a priority based on paragraph (4) of subdivision (b) of Section 25299.52.

(b) This section shall remain in effect only until July 1, 2018, and as of that date is repealed, unless a later enacted statute, that is enacted before July 1, 2018, deletes or extends that date.

SEC. 9. Section 25299.50.6 is added to the Health and Safety Code, to read:

25299.50.6. (a) The Site Cleanup Subaccount is hereby established in the State Treasury. Moneys shall be deposited in the subaccount pursuant to subdivision (m) of Section 25299.51.

(b) The board may expend the funds in the Site Cleanup Subaccount, upon appropriation by the Legislature, for the following purposes:

(1) To pay for reasonable and necessary expenditures that the board, a regional board, or a local agency incurs to identify the source of surface or groundwater contamination.

(2) To pay for reasonable and necessary expenditures that the board, a regional board, or a local agency incurs to remediate the harm or threat of harm to human health, safety, and the environment caused by existing or threatened surface or groundwater contamination. The board shall consider the following factors when approving expenditures for specific locations:

(A) The degree to which human health, safety, and the environment are threatened by contamination at the location.

(B) Whether the location is located in a small or financially disadvantaged community.

(C) The cost and potential environmental benefit of the investigation or cleanup.

(D) Whether there are other potential sources of funding for the investigation or cleanup.

(E) Any other information the board identifies as necessary for consideration.

(3) To issue grants pursuant to this section for the reasonable and necessary costs of actions to remediate the harm or threat of harm to human health, safety, and the environment caused by existing or threatened surface or groundwater contamination at a location that meets both of the following conditions:

(A) The board, a regional board, or local agency requires the responsible parties to undertake or contract for investigation or cleanup, pursuant to an oral or written order, directive, notification,

or approval issued pursuant to Section 25296.10, or pursuant to a cleanup and abatement order issued under Section 13304 of the Water Code. The board may waive this requirement if the board finds that it is infeasible for an order to be issued before initiation of remediation.

(B) The responsible parties lack sufficient financial resources to pay for the required response actions.

(4) For payments to the Attorney General by the board pursuant to subdivision (g).

(c) At least annually, the board shall review grant applications and adopt a list of applicants to be awarded grants pursuant to paragraph (3) of subdivision (b). In addition to the conditions specified in paragraph (3) of subdivision (b), the board shall consider all of the following factors when awarding grants:

(1) The degree to which human health, safety, and the environment are threatened by surface water or groundwater contamination at the location.

(2) Whether the location is located in a small or financially disadvantaged community.

(3) The cost and potential environmental benefit of the investigation or cleanup.

(4) Whether there are other potential sources of funding for the investigation or cleanup.

(5) Any other information the board identifies as necessary for consideration.

(d) (1) The board shall specify the information that shall be included in a grant application, consistent with this section, including, but not limited to, a provision requiring the applicant to make a sworn verification of the information in the application to the best of the applicant's knowledge.

(2) The board may adopt procedures to implement this section.

(3) The board shall post any procedures or information requirements adopted pursuant to this section on its Internet Web site.

(e) (1) The recipient of grant moneys shall expend those funds only for the reasonable costs necessary to protect human health, safety, and the environment, incurred on or after the effective date of the act adding this section.

(2) The board shall not issue a grant for any costs for which the applicant has been, or will be, paid by another source.

(3) The board may terminate a grant and may bar the applicant from receiving any future grants from the Site Cleanup Subaccount if the board finds that the applicant has made a misrepresentation or false claim.

(f) (1) Any funds in the Site Cleanup Subaccount that are not expended in a fiscal year shall remain in the subaccount until they are encumbered.

(2) Notwithstanding Section 16304.1 of the Government Code, the board shall encumber the funds appropriated pursuant to this section within three years of the appropriation and the board may make a disbursement in liquidation of an encumbrance before or during the three years following the last day the appropriation is available for encumbrance.

(3) Notwithstanding Section 16475 of the Government Code, any interest earned upon the money in the Site Cleanup Subaccount shall be deposited in the Site Cleanup Subaccount.

(g) The Attorney General may recover the actual, reasonable costs of investigation or cleanup undertaken pursuant to this section in a civil action, upon request from the board, from any responsible party. All money recovered by the Attorney General pursuant to this section shall be deposited in the Site Cleanup Subaccount.

SEC. 10. Section 25299.50.7 is added to the Health and Safety Code, to read:

25299.50.7. (a) The Expedited Claim Account is hereby created in the Underground Storage Tank Cleanup Fund for expenditure by the board to pay claims that have been selected to participate in the pilot project established by this section.

(b) The sum of one hundred million dollars (\$100,000,000) shall be transferred in the 2015–16 fiscal year from the Underground Storage Tank Cleanup Fund to the Expedited Claim Account for expenditure, upon appropriation by the Legislature, for the payment of claims pursuant to this section. Claims shall be paid from the Expedited Claim Account until moneys in the account are exhausted.

(c) Funds in the Expedited Claim Account that are not expended in a fiscal year shall remain in the Expedited Claim Account. Funds remaining in the Expedited Claim Account on January 1, 2026, shall be transferred to the Underground Storage Tank Cleanup Fund.

(d) The board shall, with stakeholder input, establish the Expedited Claim Pilot Project to reduce the overall cost for site cleanup and the time to reach closure by increasing coordination with the responsible party, consultant, regulator, and the fund and by using multiyear budgets.

(1) The board shall, with stakeholder input, investigate potential methods for reducing the overall cost for site cleanup and the time to reach closure including, but not limited to, establishment of multiyear funding for claims, increased collaboration between fund staff, regulatory staff, and claimants and their contractors, establishment of project milestones and cost estimates, and establishment of reimbursement submission schedules.

(2) The board shall solicit fund claims from all priority rankings for participation in the pilot project to implement potential improvement methods. The board shall select a limited number of claims to participate in the project.

(3) The board shall develop criteria for the selection of claims to participate in the pilot project and, at a minimum, shall consider the threat to human health, safety, or the environment caused by contamination at the site that is the subject of the claim, the priority ranking assigned to the claim pursuant to Section 25299.52, and the progress of cleanup at the site that is the subject of the claim.

(4) The development of criteria and procedures pursuant to this subdivision shall not be considered as regulations subject to, and shall be exempt from, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) The board shall include information on the expenditure of funds transferred to the Expedited Claim Account, as well as the amount of all claims filed by claimants participating in the Expedited Claim Pilot Project and the amount of reimbursements made to claimants in the pilot project, in its annual report.

(f) On or before January 1, 2018, the board shall prepare a report analyzing the effectiveness and efficiency of the Expedited Claim Pilot Project in expediting the funding of claims and completions of site cleanups. The board, in consultation with stakeholders, shall work to develop metrics to forecast long-term demand on the fund and shall include this information in the report. This report shall be posted on the board's Internet Web site, and updated periodically.

(g) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2026, deletes or extends that date.

SEC. 11. Section 25299.51 of the Health and Safety Code is amended to read:

25299.51. The board may expend the money in the fund for all the following purposes:

(a) In addition to the purposes specified in subdivisions (c), (d), and (e), for the costs of implementing this chapter and for implementing Section 25296.10 for a tank that is subject to this chapter.

(b) To pay for the administrative costs of the State Board of Equalization in collecting the fee imposed by Article 5 (commencing with Section 25299.40).

(c) To pay for the reasonable and necessary costs of corrective action pursuant to Section 25299.36, up to one million dollars (\$1,000,000) per occurrence. The Legislature may appropriate the money in the fund for expenditure by the board, without regard to fiscal year, for prompt action in response to any unauthorized release.

(d) To pay for the costs of an agreement for the abatement of, and oversight of the abatement of, an unauthorized release of hazardous substances from underground storage tanks, by a local agency, as authorized by Section 25297.1 or by any other provision of law, except that, for the purpose of expenditure of these funds, only underground storage tanks, as defined in Section 25299.24, shall be the subject of the agreement.

(e) To pay for the costs of cleanup and oversight of unauthorized releases at abandoned tank sites. The board shall not expend more than 25 percent of the total amount of money collected and deposited in the fund annually for the purposes of this subdivision and subdivision (h).

(f) To pay claims pursuant to Section 25299.57.

(g) To pay, upon order of the Controller, for refunds pursuant to Part 26 (commencing with Section 50101) of Division 2 of the Revenue and Taxation Code.

(h) To pay for the reasonable and necessary costs of corrective action pursuant to subdivision (f) of Section 25296.10, in response to an unauthorized release from an underground storage tank subject to this chapter.

(i) To pay claims pursuant to Section 25299.58.

(j) To pay for expenditures by the board associated with discovering violations of, and enforcing, or assisting in the enforcement of, the requirements of Chapter 6.7 (commencing with Section 25280) with regard to petroleum underground storage tanks.

(k) For transfer to the Petroleum Underground Storage Tank Financing Account, for purposes of Chapter 6.76 (commencing with Section 25299.100).

(l) Upon repeal of Chapter 6.76 (commencing with Section 25299.100), to pay for expenditures authorized by subdivision (b) of Section 25299.117 as that section reads as of December 31, 2021.

(m) For transfer to the Site Cleanup Subaccount to pay for expenditures by the board pursuant to Section 25299.50.6, including costs for regulatory oversight of sites funded pursuant to that section.

(n) To pay for reasonable and necessary expenditures by the board associated with discovering violations of and enforcing, or assisting in the enforcement of, the requirements of this chapter, including actions relating to the submission of false information to the fund.

(o) (1) For transfer to the School District Account to pay for expenditures by the board pursuant to Section 25299.50.3 or for transfer pursuant to subdivision (k) or (m).

(2) This subdivision shall apply only to the moneys collected pursuant to paragraph (2) of subdivision (g) of Section 25299.43.

SEC. 12. Section 25299.51 of the Health and Safety Code is amended to read:

25299.51. The board may expend the moneys in the Underground Storage Tank Cleanup Fund, created under subdivision (a) of Section 25299.50, for all the following purposes:

(a) In addition to the purposes specified in subdivisions (c), (d), and (e), for the costs of implementing this chapter and for implementing Section 25296.10 for a tank that is subject to this chapter.

(b) To pay for the administrative costs of the State Board of Equalization in collecting the fee imposed by Article 5 (commencing with Section 25299.40).

(c) To pay for the reasonable and necessary costs of corrective action pursuant to Section 25299.36, up to one million dollars (\$1,000,000) per occurrence. The Legislature may appropriate the money in the fund for expenditure by the board, without regard to fiscal year, for prompt action in response to any unauthorized release.

(d) To pay for the costs of an agreement for the abatement of, and oversight of the abatement of, an unauthorized release of hazardous substances from underground storage tanks, by a local agency, as authorized by Section 25297.1 or by any other provision of law, except that, for the purpose of expenditure of these funds, only underground storage tanks, as defined in Section 25299.24, shall be the subject of the agreement.

(e) To pay for the costs of cleanup and oversight of unauthorized releases at abandoned tank sites. The board shall not expend more than 25 percent of the total amount of money collected and deposited in the fund annually for the purposes of this subdivision and subdivision (h).

(f) To pay claims pursuant to Section 25299.57.

(g) To pay, upon order of the Controller, for refunds pursuant to Part 26 (commencing with Section 50101) of Division 2 of the Revenue and Taxation Code.

(h) To pay for the reasonable and necessary costs of corrective action pursuant to subdivision (f) of Section 25296.10, in response to an unauthorized release from an underground storage tank subject to this chapter.

(i) To pay claims pursuant to Section 25299.58.

(j) To pay for expenditures by the board associated with discovering violations of, and enforcing, or assisting in the enforcement of, the requirements of Chapter 6.7 (commencing with Section 25280) with regard to petroleum underground storage tanks.

(k) For transfer to the Petroleum Underground Storage Tank Financing Account, for purposes of Chapter 6.76 (commencing with Section 25299.100).

(l) Upon repeal of Chapter 6.76 (commencing with Section 25299.100), to pay for expenditures authorized by subdivision (b) of Section 25299.117 as that section reads as of December 31, 2021, immediately preceding its repeal.

(m) For transfer to the Site Cleanup Subaccount to pay for expenditures by the board pursuant to Section 25299.50.6, including costs for regulatory oversight of sites funded pursuant to that section.

(n) To pay for reasonable and necessary expenditures by the board associated with discovering violations of and enforcing, or assisting in the enforcement of, the requirements of this chapter, including actions relating to the submission of false information to the fund.

(o) (1) For transfer to the School District Account to pay for expenditures by the board pursuant to Section 25299.50.3 or for transfer pursuant to subdivision (k) or (m).

(2) This subdivision shall apply only to the moneys collected pursuant to paragraph (2) of subdivision (g) of Section 25299.43.

SEC. 13. Section 25299.51.2 of the Health and Safety Code is amended to read:

25299.51.2. (a) On or before December 31, 2019, and at least once every five years thereafter, the board shall commission an independent program audit and a fiscal audit of the fund by an independent auditor.

(b) Within 90 days of the completion of the independent program audit or fiscal audit of the fund, the board shall post the results of the program audit or fiscal audit on the board's Internet Web site.

(c) The audit shall include a review of projected expenses and revenue for the five years subsequent to the date of the audit and shall include proposals for the appropriate amount of the fee under Section 25299.43 for that five-year period. When establishing and analyzing those proposals, the auditor may consult with appropriate agencies, including the board, the State Energy Resources Conservation and Development Commission, the State Board of Equalization, and any other entity that may provide information or analysis pertinent to implementing this subdivision.

SEC. 14. Section 25299.51.3 is added to the Health and Safety Code, to read:

25299.51.3. (a) The board shall conduct a study to determine the cost-effectiveness and the feasibility of issuing bonds to satisfy the obligations against the fund existing on the effective date of this section. The proceeds from the bonds would be used to expedite the payment of active claims and those claims on the priority list awaiting reimbursement. At a minimum, the study

shall include participants from the board, the Department of Finance, the Treasurer's office, the California Infrastructure and Economic Development Bank, and fund stakeholders, including claimant and industry representatives.

(b) The board shall, on or before March 1, 2018, post a report of the study conducted pursuant to this section on the board's Internet Web site.

SEC. 15. Section 25299.51.4 is added to the Health and Safety Code, to read:

25299.51.4. (a) On or before June 1, 2016, the board shall conduct an analysis of whether the ranking criteria for the payment of claims pursuant to Sections 25299.57 and 25299.58, with regard to owners and operators of tanks that are small businesses, as specified in subparagraph (A) of paragraph (2) of subdivision (b) of Section 25299.52, should be revised to better achieve the goal of ranking claims based on the claimant's ability to pay for cleanup. The board shall consider, but is not limited to consideration of, all of the following factors in its analysis:

(1) Whether single location revenues or other factors should be considered rather than aggregate affiliate income.

(2) Whether gallons of fuel throughput should be considered rather than aggregate affiliate income.

(3) Whether other factors should be considered to ensure equitable qualification under subparagraph (A) of paragraph (2) of subdivision (b) of Section 25299.52.

(b) The board shall consult with stakeholders of the Underground Storage Tank Cleanup Fund, including claimant and industry representatives, when preparing the analysis required by this section.

(c) The board shall coordinate with the State Board of Equalization and the State Energy Resources Conservation and Development Commission to obtain data collected by these agencies that would be relevant to the conduct of the analysis required by this section.

(d) Within 90 days after completing the analysis required by this section, the board shall post the results on the board's Internet Web site.

SEC. 16. Section 25299.57 of the Health and Safety Code is amended to read:

25299.57. (a) (1) If the board makes the determination specified in subdivision (d) for a claim filed on or before December 31, 2014, the board may only pay for the costs of a corrective action that exceed the level of financial responsibility required to be obtained pursuant to Section 25299.32, but not more than one million five hundred thousand dollars (\$1,500,000) for each occurrence.

(2) If the board makes the determination specified in subdivision (d) for a claim filed on or after January 1, 2015, the board may only pay for the costs of a corrective action that exceed the level of financial responsibility required to be obtained pursuant to Section 25299.32, but not more than one million dollars (\$1,000,000) for each occurrence.

(3) In the case of an owner or operator who, as of January 1, 1988, was required to perform corrective action, who initiated that corrective action in accordance with Division 7 (commencing with Section 13000) of the Water Code or Chapter 6.7 (commencing with Section 25280), and who is undertaking the corrective action in compliance with waste discharge requirements or other orders issued pursuant to Division 7 (commencing with Section 13000) of the Water Code or Chapter 6.7 (commencing with Section 25280), the owner or operator may apply to the board for satisfaction of a claim filed pursuant to this article.

(4) The board shall notify claimants applying for satisfaction of claims from the fund of eligibility for reimbursement in a prompt and timely manner and that a letter of credit or commitment that will obligate funds for reimbursement shall follow the notice of eligibility as soon thereafter as possible.

(b) (1) For claims eligible for reimbursement pursuant to subdivision (c) of Section 25299.55, the claimant shall submit the actual cost of corrective action to the board, which shall either approve or disapprove the costs incurred as reasonable and necessary. At least 15 days before the board proposes to disapprove the reimbursement of corrective action costs that have been incurred on the grounds that the costs were unreasonable or unnecessary, the board shall issue a notice advising the claimant and the lead agency of the proposed disallowance, to allow review and comment.

(2) The board shall not reject any actual costs of corrective action in a claim solely on the basis that the invoices submitted

fail to sufficiently detail the actual costs incurred, if all of the following apply:

(A) Auxiliary documentation is provided that documents to the board's satisfaction that the invoice is for necessary corrective action work.

(B) The costs of corrective action work in the claim are reasonably commensurate with similar corrective action work performed during the same time period covered by the invoice for which reimbursement is sought.

(C) The invoices include a brief description of the work performed, the date that the work was performed, the vendor, and the amount.

(c) (1) For claims eligible for prepayment pursuant to subdivision (c) of Section 25299.55, the claimant shall submit the estimated cost of the corrective action to the board, which shall approve or disapprove the reasonableness of the cost estimate.

(2) If the claim is for reimbursement of costs incurred pursuant to a performance-based contract, Article 6.5 (commencing with Section 25299.64) shall apply to that claim.

(d) Except as provided in subdivision (j), a claim specified in subdivision (a) may be paid if the board makes all of the following findings:

(1) There has been an unauthorized release of petroleum into the environment from an underground storage tank.

(2) The claimant is required to undertake or contract for corrective action pursuant to Section 25296.10, under the federal act, or under Section 6973 of Title 42 of the United States Code, or, as of January 1, 1988, the claimant has initiated corrective action in accordance with Division 7 (commencing with Section 13000) of the Water Code.

(3) The claimant has complied with Section 25299.31.

(4) (A) Except as provided in subparagraphs (B), (C), and (F), the claimant has complied with the permit requirements of Chapter 6.7 (commencing with Section 25280). A claimant shall obtain a permit required by subdivision (a) of Section 25284 for the underground storage tank that is the subject of the claim when the claimant becomes subject to subdivision (a) of Section 25284 or when the applicable local agency begins issuing permits pursuant to subdivision (a) of Section 25284, whichever occurs later. For the purpose of this subparagraph, a claimant shall demonstrate

compliance with the permit requirements of Chapter 6.7 (commencing with Section 25280) by submitting copies of the required permits or other documentation that demonstrate compliance to the satisfaction of the board.

(B) A claimant who acquires real property on which an underground storage tank is situated and, despite the exercise of reasonable diligence, was unaware of the existence of the underground storage tank when the real property was acquired, has obtained a permit required by subdivision (a) of Section 25284 for the underground storage tank that is the subject of the claim within a reasonable period, not to exceed one year, from when the claimant should have become aware of the existence of the underground storage tank, or when the applicable local agency began issuing permits pursuant to Section 25284, whichever occurs later.

(C) All claimants who file their claim on or after January 1, 2008, and who do not obtain a permit required by subdivision (a) of Section 25284 in accordance with subparagraph (A) or (B) may seek a waiver of the requirement to obtain a permit. The board shall waive the provisions of subparagraphs (A) and (B) as a condition for payment from the fund if the board finds all of the following:

(i) The claimant was unaware of the permit requirement, and upon becoming aware of the permit requirement, the claimant complies with either subdivision (a) of Section 25284 or Section 25298 and the regulations adopted to implement those sections within a reasonable period, not to exceed one year, from when the claimant became aware of the permit requirement.

(ii) Prior to submittal of the application to the fund, the claimant has complied with Section 25299.31 and has obtained and paid for all permits currently required by this paragraph.

(iii) Prior to submittal of the application to the fund, the claimant has paid all fees, interest, and penalties imposed pursuant to Article 5 (commencing with Section 25299.40) of this chapter and Part 26 (commencing with Section 50101) of Division 2 of the Revenue and Taxation Code for the underground storage tank that is the subject of the claim.

(D) (i) A claimant exempted pursuant to subparagraph (C) and who has complied, on or before December 22, 1998, either with subdivision (a) of Section 25284 or Section 25298 and the

regulations adopted to implement those sections, shall obtain a level of financial responsibility twice as great as the amount that the claimant is otherwise required to obtain pursuant to subdivision (a) of Section 25299.32, but not less than ten thousand dollars (\$10,000). All other claimants exempted pursuant to subparagraph (C) shall obtain a level of financial responsibility that is four times as great as the amount that the claimant is otherwise required to obtain pursuant to subdivision (a) of Section 25299.32, but not less than twenty thousand dollars (\$20,000).

(ii) The board may waive the requirements of clause (i) if the claimant can demonstrate that the conditions specified in clauses (i) to (iii), inclusive, of subparagraph (C) were satisfied prior to the causing of any contamination. That demonstration may be made through a certification issued by the permitting agency based on a site evaluation and tank tests at the time of permit application or in any other manner acceptable to the board.

(E) All claimants who file a claim before January 1, 2008, and who are not eligible for a waiver of the permit requirements pursuant to applicable statutes or regulations in effect on the date of the filing of the claim may resubmit a new claim pursuant to subparagraph (C) on or after January 1, 2008. The board shall rank all claims resubmitted pursuant to subparagraph (C) lower than all claims filed before January 1, 2008, within their respective priority classes specified in subdivision (b) of Section 25299.52.

(F) The board shall waive the provisions of subparagraph (A) as a condition for payment from the fund for a claimant who filed his or her claim on or after January 1, 2008, and before July 1, 2009, but is not eligible for a waiver of the permit requirement pursuant to the regulations adopted by the board in effect on the date of the filing of the claim, and who did not obtain or apply for a permit required by subdivision (a) of Section 25284, if the board finds all of the following:

(i) The claim is filed pursuant to paragraph (2) of subdivision (h) of Section 25299.54 and the claim otherwise satisfies the eligibility requirements of that paragraph.

(ii) The claimant became the owner or de facto owner of an underground storage tank prior to December 22, 1998.

(iii) The claimant did not, and does not, operate the underground storage tank.

(iv) Within three years after becoming the owner or de facto owner of the underground storage tank but not after December 22, 1998, the claimant caused the underground storage tank to be removed and closed in accordance with applicable law, and commenced no later than December 22, 1998, to perform corrective action pursuant to Section 25296.10 of this code or pursuant to Division 7 (commencing with Section 13000) of the Water Code.

(G) The board shall rank all claims submitted pursuant to subparagraph (F) in their respective priority classes specified in subdivision (b) of Section 25299.52 in the order in which the claims are received by the board, but subsequent to any claim filed on a previous date in each of those priority classes.

(H) For purposes of clauses (ii) and (iv) of subparagraph (F), “de facto owner of an underground storage tank” means a person who purchases or otherwise acquires real property, as defined in subparagraph (D) of paragraph (5) of subdivision (h) of Section 25299.54, and has actual possession of, and control over, an underground storage tank that has been abandoned by its previous owner.

(5) The board has approved either the costs incurred for the corrective action pursuant to subdivision (b) or the estimated costs for corrective action pursuant to subdivision (c).

(6) (A) The claimant has paid all fees, interest, and penalties imposed pursuant to Article 5 (commencing with Section 25299.40) and Part 26 (commencing with Section 50101) of Division 2 of the Revenue and Taxation Code, for the underground storage tank that is the subject of the claim.

(B) The board may accept a claimant’s statement certifying to the best of the claimant’s knowledge that payment was made to the State Board of Equalization to demonstrate satisfaction of the requirements of subparagraph (A) if both of the following apply:

(1) Records maintained by the State Board of Equalization show that fees and, if applicable, interest and penalties, have been paid by the claimant for the period corresponding to the claimant’s ownership or operation of the tank that is the subject of the claim.

(2) The State Board of Equalization and the claimant are not able to document that the payments received by the State Board of Equalization were or were not specifically related to the tank that is the subject of the claim.

(e) The board shall provide the claimant, whose cost estimate has been approved, a letter of commitment authorizing payment of the costs from the fund.

(f) The claimant may submit a request for partial payment to cover the costs of corrective action performed in stages, as approved by the board.

(g) (1) A claimant who submits a claim for payment to the board shall submit multiple bids for prospective costs as prescribed in regulations adopted by the board pursuant to Section 25299.77.

(2) A claimant who submits a claim to the board for the payment of professional engineering and geologic work shall submit multiple proposals and fee estimates, as required by the regulations adopted by the board pursuant to Section 25299.77. The claimant's selection of the provider of these services is not required to be based on the lowest estimated fee, if the fee estimate conforms with the range of acceptable costs established by the board.

(3) A claimant who submits a claim for payment to the board for remediation construction contracting work shall submit multiple bids, as required in the regulations adopted by the board pursuant to Section 25299.77.

(4) Paragraphs (1), (2), and (3) do not apply to a tank owned or operated by a public agency if the prospective costs are for private professional services within the meaning of Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code and those services are procured in accordance with the requirements of that chapter.

(h) The board shall provide, upon the request of a claimant, assistance to the claimant in the selection of contractors retained by the claimant to conduct reimbursable work related to corrective actions. The board shall develop a summary of expected costs for common corrective actions. This summary of expected costs may be used by claimants as a guide in the selection and supervision of consultants and contractors.

(i) (1) To the extent funding is available, the board shall pay, within 60 days from the date of receipt of an invoice of expenditures, all costs specified in the work plan developed pursuant to Section 25296.10, and all costs that are otherwise necessary to comply with an order issued by a local, state, or federal agency.

(2) If corrective action costs, third-party compensation costs, or regulatory technical assistance costs submitted by a claimant are approved for reimbursement by the board but funding is not available for payment to the claimant at the time of approval, the board shall reimburse carrying costs incurred by the claimant after November 7, 2008, but before June 30, 2010, subject to all of the following limitations:

(A) The reimbursement for carrying costs shall not exceed the carrying costs actually incurred by the claimant from the date the corrective action costs, third-party compensation costs, or regulatory technical assistance costs are approved for payment by the board until the date that a check for the reimbursement request is issued by the Controller.

(B) The reimbursement for carrying costs shall not exceed an amount equivalent to a maximum annual percentage rate of 7 percent as applied to the amount approved for reimbursement and for the period calculated pursuant to subparagraph (A).

(C) The board shall not reimburse carrying costs that amount to less than one hundred dollars (\$100) per reimbursement request.

(D) The board shall not reimburse carrying costs that exceed 9 percent of the total amount of costs approved for the reimbursement to which the carrying costs apply.

(E) A claimant may submit a request for reimbursement of carrying costs after receipt of fund reimbursement for the corrective action costs, third-party compensation costs, or regulatory technical assistance costs to which the carrying costs apply. Additional carrying costs associated with a reimbursement request for carrying costs submitted pursuant to this paragraph are not eligible for payment.

(F) This paragraph does not apply to tank owners or operators that are not described in paragraph (1), (2), or (3) of subdivision (b) of Section 25299.52.

(3) For the purposes of paragraph (2), “carrying cost” means the interest expense incurred by a claimant to acquire money to pay costs approved for reimbursement by the board but for which reimbursement is delayed because funds are unavailable.

(j) (1) The board shall pay a claim of not more than five thousand dollars (\$5,000) per occurrence for regulatory technical assistance to an owner or operator who is otherwise eligible for reimbursement under this chapter, except that reasonable and

necessary regulatory technical assistance costs associated with the electronic submission of documents to the fund using an electronic data system approved by the board shall not be subject to this limit.

(2) For the purposes of this subdivision, regulatory technical assistance is limited to assistance from a person, other than the claimant, in the preparation and submission of a claim to the fund. Regulatory technical assistance does not include assistance in connection with proceedings under Section 25296.40, 25299.39.2, or 25299.56 or any action in court.

(k) (1) Notwithstanding any other provision of this section, the board shall pay a claim pursuant to paragraph (2) or (3) for the costs of corrective action to a person who owns property on which is located a release from a petroleum underground storage tank that has been removed, if the site has been the subject of a completed corrective action, and for which additional corrective action is required because of additionally discovered contamination from the previous release.

(2) (A) The board shall pay a claim pursuant to this paragraph if the person who carried out the earlier and completed corrective action was eligible for, and applied for, reimbursement pursuant to subdivision (b).

(B) Reimbursement for additional corrective action shall be available only to the extent that the amount of reimbursement for the earlier corrective action did not exceed the amount of reimbursement authorized by subdivision (a).

(C) Reimbursement to a claimant on a reopened site pursuant to this paragraph shall occur when funds are available, and the reimbursement commitment shall be made ahead of any new letters of commitment to be issued, as of the date of the reopening of the claim, if funding has occurred on the original claim.

(D) If funding has not occurred on the original claim, funding shall occur at the time it would have occurred under the original claim.

(3) (A) The board may reimburse a claim pursuant to this paragraph if all of the following conditions are satisfied:

(i) The person who carried out the earlier and completed corrective action did not apply for reimbursement pursuant to subdivision (b).

(ii) The person who owns the property is required to perform corrective action because of additionally discovered contamination.

(iii) The person who owns the property is the owner or operator of an underground storage tank located on the property at the time of application to the fund.

(iv) The person who owns the property is in compliance with the requirements to pay the fee pursuant to Article 5 (commencing with Section 25299.40).

(v) The person who owns the property is in compliance with the requirements to obtain a permit pursuant to Chapter 6.7 (commencing with Section 25280).

(B) The board shall assign the person submitting a claim pursuant to this paragraph a priority ranking consistent with the categories described in Section 25299.52.

(C) The board shall limit reimbursement for a claim pursuant to this paragraph to the amounts described in Section 25299.59 and for the incurred corrective action costs that are necessary and reasonable.

(4) For purposes of this subdivision, a corrective action is completed when the local agency or regional board with jurisdiction over the site or the board issues a closure letter pursuant to subdivision (g) of Section 25296.10.

(l) (1) Except as provided in subdivision (m), claims for reimbursement of corrective action costs that are received by the board more than 365 days after the date of issuance of a closure letter issued pursuant to subdivision (g) of Section 25296.10 or after the issuance or activation of a letter of commitment, whichever occurs later, shall not be reimbursed unless either of the following applies:

(A) Claims for corrective action costs are submitted to the board pursuant to subdivision (k).

(B) The board finds that submission within the time period specified in this paragraph was beyond the claimant's reasonable control, ongoing work is required for closure that will result in submission of claims beyond that time period, or that under the circumstances of the particular case, it would be unreasonable or inequitable to impose the time period specified in this paragraph.

(2) This section does not limit or abrogate the rights of a claimant in disputing reimbursement determinations or suspension of claims.

(3) For cases that have been issued a closure letter pursuant to subdivision (g) of Section 25296.10 prior to January 1, 2012, the

board shall notify claimants of the 365-day filing deadline specified in paragraph (1) on or before March 31, 2012, or upon issuance of a letter of commitment, whichever occurs later.

(m) (1) The board shall not reimburse a claim for reimbursement of a corrective action cost that is received by the board more than two years after the date the cost was incurred or more than two years after the date of the issuance or activation of a letter of commitment, whichever occurs later, except under one or both of the following conditions:

(A) The board may reimburse a claim for a cost incurred before January 1, 2015, by a claimant that has an active letter of commitment on January 1, 2015, that was received by the board on or before December 31, 2015, or within two years of the date the cost was incurred, whichever occurs later.

(B) The executive director finds that submission within the time period specified in this subdivision was beyond the claimant's reasonable control or that, under the circumstances of the particular case, it would be unreasonable or inequitable to impose the time period specified in this subdivision.

(2) For the purposes of this subdivision, a cost is incurred on the date that the task to be paid for is completed.

SEC. 17. Section 25299.58 of the Health and Safety Code is amended to read:

25299.58. (a) Except as provided in subdivision (d), if the board makes the determination specified in subdivision (b), the board may reimburse only those costs that are related to the compensation of third parties for bodily injury and property damages and that exceed the level of financial responsibility required to be obtained pursuant to Section 25299.32, but not more than one million dollars (\$1,000,000) for each occurrence.

(b) A claim may be paid if the board makes all of the following findings:

(1) There has been an unauthorized release of petroleum into the environment from an underground storage tank.

(2) The claimant has been ordered to pay a settlement or final judgment for third-party bodily injury or property damage arising from operating an underground storage tank.

(3) The claimant has complied with Section 25299.31.

(4) (A) Except as provided in subparagraphs (B) and (C), the claimant has complied with the permit requirements of Chapter

6.7 (commencing with Section 25280). A claimant shall obtain a permit required by subdivision (a) of Section 25284 for the underground storage tank that is the subject of the claim when the claimant becomes subject to subdivision (a) of Section 25284 or when the applicable local agency begins issuing permits pursuant to subdivision (a) of Section 25284, whichever occurs later. For the purpose of this subparagraph, a claimant shall demonstrate compliance with the permit requirements of Chapter 6.7 (commencing with Section 25280) by submitting copies of the required permits or other documentation that demonstrates compliance to the satisfaction of the board.

(B) A claimant who acquires real property on which an underground storage tank is situated and, despite the exercise of reasonable diligence, was unaware of the existence of the underground storage tank when the real property was acquired, has obtained a permit required by subdivision (a) of Section 25284 for the underground storage tank that is the subject of the claim within a reasonable period, not to exceed one year, from when the claimant should have become aware of the existence of the underground storage tank, or when the applicable local agency began issuing permits pursuant to Section 25284, whichever occurs later.

(C) All claimants who file their claim on or after January 1, 2008, and who do not obtain a permit required by subdivision (a) of Section 25284 in accordance with subparagraph (A) or (B) may seek a waiver of the requirement to obtain a permit. The board shall waive the provisions of subparagraphs (A) and (B) as a condition for payment from the fund if the board finds all of the following:

(i) The claimant was unaware of the permit requirement, and upon becoming aware of the permit requirement, the claimant complies with subdivision (a) of Section 25284 or Section 25298 and the regulations adopted to implement those sections within a reasonable period, not to exceed one year, from when the claimant became aware of the permit requirement.

(ii) Prior to submittal of the application to the fund, the claimant has complied with Section 25299.31 and has obtained and paid for all permits currently required by this paragraph.

(iii) Prior to submittal of the application to the fund, the claimant has paid all fees, interest, and penalties imposed pursuant to Article

5 (commencing with Section 25299.40) of this chapter and Part 26 (commencing with Section 50101) of Division 2 of the Revenue and Taxation Code for the underground storage tank that is the subject of the claim.

(D) (i) A claimant who is exempted pursuant to subparagraph (C) and who has complied, on or before December 22, 1998, with subdivision (a) of Section 25284 or Section 25298 and the regulations adopted to implement those sections, shall obtain a level of financial responsibility in an amount twice as great as the amount that the claimant is otherwise required to obtain pursuant to subdivision (a) of Section 25299.32, but in no event less than ten thousand dollars (\$10,000). All other claimants exempted pursuant to subparagraph (C) shall obtain a level of financial responsibility that is four times as great as the amount that the claimant is otherwise required to obtain pursuant to subdivision (a) of Section 25299.32, but in no event less than twenty thousand dollars (\$20,000).

(ii) The board may waive the requirements of clause (i) if the claimant can demonstrate that the conditions specified in clauses (i) to (iii), inclusive, of subparagraph (C) were satisfied prior to any contamination having been caused. The demonstration may be made through a certification issued by the permitting agency based on a site evaluation and tank tests at the time of permit application or in any other manner as may be acceptable to the board.

(E) All claimants who file a claim before January 1, 2008, and who are not eligible for a waiver of the permit requirements pursuant to applicable statutes or regulations in effect on the date of the filing of the claim may resubmit a new claim pursuant to subparagraph (C) on or after January 1, 2008. The board shall rank all claims resubmitted pursuant to subparagraph (C) lower than all claims filed before January 1, 2008, within their respective priority classes specified in subdivision (b) of Section 25299.52.

(5) The claimant is required to undertake or contract for corrective action pursuant to Section 25296.10, under the federal act, or under Section 6973 of Title 42 of the United States Code, or, as of January 1, 1988, the claimant has initiated corrective action in accordance with Division 7 (commencing with Section 13000) of the Water Code or Chapter 6.7 (commencing with Section 25280).

(6) (A) The claimant has paid all fees, interest, and penalties imposed pursuant to Article 5 (commencing with Section 25299.40) of this chapter and Part 26 (commencing with Section 50101) of Division 2 of the Revenue and Taxation Code for the underground storage tank that is the subject of the claim.

(B) The board may accept a claimant's statement certifying to the best of the claimant's knowledge that payment was made to the State Board of Equalization to demonstrate satisfaction of the requirements of subparagraph (A) if both of the following apply:

(1) Records maintained by the State Board of Equalization show that fees and, if applicable, interest and penalties, have been paid by the claimant for the period corresponding to the claimant's ownership or operation of the tank that is the subject of the claim.

(2) The State Board of Equalization and the claimant are not able to document that the payments received by the State Board of Equalization were or were not specifically related to the tank that is the subject of the claim.

(c) A claimant may be reimbursed by the fund for compensation of third parties for only the following:

(1) Medical expenses.

(2) Actual lost wages or business income.

(3) Actual expenses for remedial action to remedy the effects of damage to the property of the third party caused by the unauthorized release of petroleum from an underground storage tank.

(4) The fair market value of the property rendered permanently unsuitable for use by the unauthorized release of petroleum from an underground storage tank.

(d) The board shall pay a claim submitted by a person eligible to submit a claim pursuant to subdivision (e) of Section 25299.54 for the costs related to the compensation of third parties for bodily injury and property damages that exceed the level of financial responsibility required to be obtained pursuant to paragraph (2) of subdivision (a) of Section 25299.32, but not more than one million dollars (\$1,000,000) for each occurrence.

SEC. 18. Section 25299.59 of the Health and Safety Code is amended to read:

25299.59. (a) If the board has paid out of the fund for any costs of corrective action, the board shall not pay any other claim out of the fund for the same costs.

(b) (1) Notwithstanding Sections 25299.57 and 25299.58, for a claim filed on or before December 31, 2014, the board shall not reimburse or authorize prepayment of any claim in an aggregate amount exceeding one million five hundred thousand dollars (\$1,500,000), less the minimum level of financial responsibility specified in Section 25299.32, for a claim arising from the same event or occurrence. If a claim exceeds one million dollars (\$1,000,000) for an occurrence, the board may only reimburse costs submitted pursuant to Section 25299.57 for those costs in excess of one million dollars (\$1,000,000).

(2) If a claim is filed on or after January 1, 2015, the board shall not reimburse or authorize prepayment of the claim in an aggregate amount exceeding one million dollars (\$1,000,000), less the minimum level of financial responsibility specified in Section 25299.32, for a claim arising from the same event or occurrence.

(c) The board may conduct an audit of any corrective action claim honored pursuant to this chapter. The claimant shall reimburse the state for any costs disallowed in the audit. A claimant shall preserve, and make available, upon request of the board or the board's designee, all records pertaining to the corrective action claim for a period of three years after the final payment is made to the claimant.

SEC. 19. Section 25299.70 of the Health and Safety Code is amended to read:

25299.70. (a) The board may recover any costs incurred and payable from the fund pursuant to subdivisions (c), (e), (h), and (n) of Section 25299.51 from the owner or operator of the underground storage tank which released the petroleum and which is the subject of those costs or from any other responsible party.

(b) The liability of an owner or operator shall be the full and total costs specified in subdivision (a) if the owner or operator has not complied with the requirements of Article 3 (commencing with Section 25299.30) or has violated Section 25296.10 or any corrective action order, directive, notification, or approval order issued pursuant to this chapter, Chapter 6.7 (commencing with Section 25280), or Division 7 (commencing with Section 13000) of the Water Code. The liability of a responsible party who is not an owner or operator shall be the full and total costs specified in subdivision (a).

(c) The amount of costs determined pursuant to this section shall be recoverable in a civil action. This section does not deprive a party of any defense the party may have.

(d) All money recovered by the board pursuant to this section shall be deposited in the fund.

(e) The amount of the costs constitutes a lien on the affected property upon service of a copy of the notice of lien on the owner and upon the recordation of a notice of lien, if the notice identifies the property on which the condition was abated, the amount of the lien, and the owner of record of the property, in the office of the county recorder of the county in which the property is located. Upon recordation, the lien shall have the same force, effect, and priority as a judgment lien, except that it attaches only to the property posted and described in the notice of lien, and shall continue for 10 years from the time of the recording of the notice, unless sooner released or otherwise discharged. Not later than 45 days from the date of receipt of a notice of lien, the owner may petition the court for an order releasing the property from the lien or reducing the amount of the lien. In that court action, the governmental agency that incurred the cleanup costs shall establish that the costs were reasonable and necessary. The lien may be foreclosed by an action brought by the board for a money judgment.

SEC. 20. Section 25299.71 is added to the Health and Safety Code, to read:

25299.71. (a) (1) Except as provided in subdivisions (b) and (c), if a person is convicted under Section 25299.80.5 or is found to be civilly liable under Section 25299.78 or 25299.80, the executive director of the board may permanently disqualify that person from receiving any moneys from the fund. If the executive director of the board determines that the disqualified person is a contractor or consultant, a claimant shall not submit invoices to the fund for any work performed or directed by that person.

(2) For purposes of this section, “contractor or consultant” means a person whose professional services are engaged to perform work that is the subject of a claim specified in paragraph (2) of subdivision (d) of Section 25299.57.

(b) If the person convicted under Section 25299.80.5 or found to be civilly liable under Section 25299.78 or 25299.80 is a claimant, the executive director of the board may permanently disqualify the claimant from further participation in the fund, with

respect to only the fund claims that are the subject of that conviction under Section 25299.80.5 or that civil liability under Section 25299.78 or 25299.80, and only if the executive director makes a finding that the alleged violation is knowing, willful, or intentional.

(c) If the person convicted under Section 25299.80.5 or found to be civilly liable under Section 25299.78 or 25299.80 is a contractor or consultant, the executive director of the board may permanently disqualify the contractor or consultant from further participation in the fund, including participation in corrective action for fund claims that are not the subject of that conviction under Section 25299.80.5 or civil liability under Section 25299.78 or 25299.80, only if the executive director makes one of the following findings:

(1) The alleged violation is knowing, willful, or intentional.

(2) The contractor or consultant received a material economic benefit from the action that caused the violation.

(3) The alleged violation is chronic or the contractor or consultant is a recalcitrant violator, as determined pursuant to subdivision (g) of Section 13399 of the Water Code.

(d) In addition to the requirements of subdivisions (b) and (c), in determining the extent to which a person, including, but not limited to, a claimant, contractor, or consultant, convicted under Section 25299.80.5 or found to be civilly liable under Section 25299.78 or 25299.80 may be disqualified from receiving any money from the fund, including the extent to which the person may be reimbursed for pending or future claims from the fund, the executive director of the board, or the court, as the case may be, shall take into account the nature, circumstances, extent, and gravity of the violation, the person's ability to pay, any prior history of misrepresentations by the person to the board, or local agency, any economic benefits or savings that resulted or would have resulted from the false statement, and any other matters as justice may require.

SEC. 21. Section 25299.78 of the Health and Safety Code is amended to read:

25299.78. (a) To carry out the purposes of this chapter, any authorized representative of the local agency, regional board, or board shall have the authority specified in Section 25185, with respect to any place where underground storage tanks are located,

and in Section 25185.5, with respect to any real property which is within 2,000 feet of any place where underground storage tanks are located.

(b) An owner or operator shall furnish, under penalty of perjury, any information on fees imposed pursuant to Article 5 (commencing with Section 25299.40), financial responsibility, unauthorized releases, or corrective action as the local agency, regional board, or board may require.

(c) A person who fails or refuses to furnish information under subdivision (b) or furnishes false information to the fund is subject, in accordance with the requirements of subdivision (d), to civil liability of not more than ten thousand dollars (\$10,000) for each violation of this subdivision.

(d) (1) Except as provided in subdivision (2), a claimant shall not be liable under subdivision (c) unless one of the following is established by the court, if the action is brought pursuant to subdivision (e), or the executive director, if the action is brought pursuant to subdivision (f):

(A) The alleged violation is knowing, willful, or intentional.

(B) The claimant received a material economic benefit from the action which caused the alleged violation.

(C) The alleged violation is chronic or that the claimant is a recalcitrant violator, as determined pursuant to subdivision (g) of Section 13399 of the Water Code.

(2) If a claimant is in violation of subdivision (c), but does not meet any of the conditions specified in paragraph (1), the claimant may be held liable only if the board or an authorized representative of the board issues a notice to comply pursuant to Chapter 5.8 (commencing with Section 13399) of Division 7 of the Water Code before an action is taken pursuant to subdivision (e) or (f).

(e) The Attorney General, upon request of the board, shall bring an action in superior court to impose the civil liability specified in subdivision (c).

(f) The executive director of the board may impose the civil liability specified in subdivision (c) administratively in the same manner as the executive director of the board is authorized to impose civil liability pursuant to Article 2.5 (commencing with Section 13323) of Chapter 5 of Division 7 of the Water Code.

(g) In determining the amount of any civil liability imposed under this section, the executive director of the board, or the court,

as the case may be, shall take into account the nature, circumstances, extent, and gravity of the false statement or refusal or failure to furnish information, the person's ability to pay, any prior history by the person of misrepresentations to or noncooperation with the board or local agency, any economic benefits or savings that resulted or would have resulted from the false statement or refusal or failure to furnish information, and other matters as justice may require.

(h) Remedies under this section are in addition to, and do not supersede or limit, any other civil, administrative, or criminal remedies.

(i) All funds collected pursuant to this section shall be deposited into the fund.

SEC. 22. Section 25299.80 is added to the Health and Safety Code, to read:

25299.80. (a) A person who makes a misrepresentation in any claim, including, but not limited to, a record, report, certification, application, invoice, form, or other document that is submitted to the fund relating to a claim, is subject to civil liability of not more than five hundred thousand dollars (\$500,000) for each violation of this subdivision.

(b) Except as provided in subdivision (d), the Attorney General, upon request of the state board, shall bring an action in superior court to impose the civil liability specified in subdivision (a).

(c) Except as provided in subdivision (d), the executive director of the board may impose the civil liability specified in subdivision (a) administratively in the same manner as the executive director of the board is authorized to impose civil liability pursuant to Article 2.5 (commencing with Section 13323) of Chapter 5 of Division 7 of the Water Code.

(d) If the violation by a claimant of subdivision (a) is not knowing, willful, or intentional, the board or an authorized representative shall first issue a notice to comply pursuant to Chapter 5.8 (commencing with Section 13399) of Division 7 of the Water Code before an action may be taken pursuant to subdivision (b) or (c).

(e) In determining the amount of civil liability imposed under this section, the executive director of the board, or the court, as the case may be, shall take into account the nature, circumstance, extent, and gravity of the violation, the person's ability to pay, any

prior history of misrepresentations by the person to the board or local agency, any economic benefits or savings that resulted or would have resulted from the false statement, and other matters as justice may require.

(f) Remedies under this section are in addition to, and do not supersede or limit, any other civil, administrative, or criminal remedies.

(g) All money collected pursuant to this section shall be deposited into the fund.

(h) The board shall file a complaint with any applicable licensing board against any person licensed or otherwise regulated by that licensing board who is found to be liable under this section.

SEC. 23. Section 25299.80.5 is added to the Health and Safety Code, to read:

25299.80.5. (a) A person who knowingly makes or causes to be made any false statement, material misrepresentation, or false certification in support of any claim under this chapter, including, but not limited to, in an application, record, report, certification, plan, invoice, form, or other document that is submitted, filed, or required to be maintained under this chapter for purposes of a claim, shall, upon conviction, be punished by a fine of not more than ten thousand dollars (\$10,000), or by imprisonment in a county jail for not more than one year, or in the state prison for 16 months, two years, or three years, or by both that fine and imprisonment.

(b) The Attorney General, upon request of the board, may bring an action in superior court to impose the criminal penalty specified in subdivision (a).

(c) Remedies under this section are in addition to, and do not supersede or limit, any other civil or criminal remedies.

(d) All funds collected pursuant to this section shall be deposited into the fund.

(e) The board shall file a complaint with any applicable licensing board against any person licensed or otherwise regulated by that licensing board who is convicted under this section.

SEC. 24. Section 25299.80.6 is added to the Health and Safety Code, to read:

25299.80.6. An action by the executive director to impose civil liability under this chapter is subject to review by the board in the same manner as provided for the review by the State Water

Resources Control Board of actions of a regional board under Section 13320 of the Water Code.

SEC. 25. Section 25299.81 of the Health and Safety Code is amended to read:

25299.81. (a) Except as provided in subdivisions (b) and (c), this chapter shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2026, deletes or extends that date.

(b) Notwithstanding subdivision (a), Article 1 (commencing with Section 25299.10), Article 2 (commencing with Section 25299.11), and Article 4 (commencing with Section 25299.36) shall not be repealed and shall remain in effect on January 1, 2026.

(c) The repeal of certain portions of this chapter does not terminate any of the following rights, obligations, or authorities, or any provision necessary to carry out these rights and obligations:

(1) The filing and payment of claims against the fund, including the costs specified in subdivisions (c), (e), and (h) of Section 25299.51, claims filed under Section 25299.50.3, and claims for commingled plumes, as specified in Article 11 (commencing with Section 25299.90), until the moneys in the fund are exhausted. Upon exhaustion of the fund, any remaining claims shall be invalid.

(2) The repayment of loans, outstanding as of January 1, 2026, due and payable to the board.

(3) The recovery of moneys reimbursed to a claimant to which the claimant is not entitled, or the resolution of any cost recovery action.

(4) The collection of unpaid fees that are imposed pursuant to Article 5 (commencing with Section 25299.40), as that article read on December 31, 2025, or have become due before January 1, 2026, including any interest or penalties that accrue before, on, or after January 1, 2026, associated with those unpaid fees.

(5) (A) The filing of an application for funds from, and the making of payments from, the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund pursuant to Section 25299.50.2, any action for the recovery of moneys paid pursuant to Section 25299.50.2 to which the recipient is not entitled, and the resolution of that cost recovery action.

(B) Upon liquidation of funds in the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund, the obligation

to make a payment from the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund is terminated.

(6) (A) The payment of loans and grants, consistent with the terms of agreements that were effective prior to January 1, 2026, from the Underground Storage Tank Cleanup Fund, pursuant to this chapter or the Petroleum Underground Storage Tank Financing Account pursuant to Chapter 6.76 (commencing with Section 25299.100). Upon exhaustion of the Underground Storage Tank Cleanup Fund, any remaining claims for payment of grants or loans shall be invalid.

(B) The amount of money disbursed for grants and loans pursuant to Chapter 6.76 (commencing with Section 25299.100) shall not exceed the sum of the following:

(i) The amount that reverts to the Underground Storage Tank Cleanup Fund pursuant to Section 25299.111.

(ii) Amounts recovered through the repayment of loans granted pursuant to Chapter 6.76 (commencing with Section 25299.100).

(iii) The resolution of any cost recovery action filed prior to January 1, 2026, or the initiation of an action or other collection process to recover defaulted loan moneys due to the board or to recover money paid to a grant or loan recipient pursuant to Chapter 6.76 (commencing with Section 25299.100) to which the recipient is not entitled.

(7) (A) The imposition and collection of civil liability pursuant to Article 7 (commencing with Section 25299.70), as that article read on December 31, 2025.

(B) Subparagraph (A) shall not be construed as extending or modifying any applicable statute of limitations.

(d) The board shall continuously post and update on its Internet Web site, but at a minimum, annually on or before September 30, information that describes the status of the fund and shall make recommendations, when appropriate, to improve the efficiency of the program.

SEC. 26. Section 25299.82 is added to the Health and Safety Code, to read:

25299.82. To ensure that the phase out of the Underground Storage Tank Cleanup Fund program, as provided in Section 25299.81, is achieved in an orderly manner that enables owners and operators to maintain continuous coverage for financial responsibility obligations required by Sections 25292.2 and

25299.31 and the federal act, the board shall take the following actions:

(a) The board shall not accept claim applications submitted to the fund pursuant to Section 25299.57 or 25299.58 after January 1, 2025, unless the board finds that the unauthorized release that is the subject of the claim was discovered before January 1, 2025, and the submission of a claim application by that date was beyond the claimant's reasonable control.

(b) The board shall not accept requests for reimbursements submitted to the fund pursuant to Section 25299.57 or 25299.58 after July 1, 2025.

SEC. 27. Section 25299.94 of the Health and Safety Code is amended to read:

25299.94. (a) (1) The board may pay the cost of corrective actions and third-party compensation claims that are submitted as part of a joint claim filed on or before December 31, 2014, and that exceed the amount specified in subdivision (b), but do not exceed an amount equal to one million five hundred thousand dollars (\$1,500,000) per occurrence, for which an owner or operator named in the joint claim is eligible for reimbursement under this chapter.

(2) If a claim from a contributing site exceeds one million dollars (\$1,000,000) for an occurrence, the board may only reimburse costs submitted pursuant to Section 25299.57 for those costs in excess of one million dollars (\$1,000,000).

(3) If a joint claim is filed on or after January 1, 2015, the board may pay the cost of corrective actions and third-party compensation claims that are submitted as part of a joint claim and that exceed the amount specified in subdivision (b), but do not exceed an amount equal to one million dollars (\$1,000,000) per occurrence, for which an owner or operator named in the joint claim is eligible for reimbursement under this chapter.

(b) For each joint claim, the board may only pay for the costs of corrective action and third-party compensation claims that exceed the aggregate of the levels of financial responsibility required pursuant to Section 25299.32 for each owner or operator named in the joint claim.

(c) The costs of corrective action determined eligible for reimbursement shall be paid before third-party compensation claims.

(d) Except as provided in paragraph (1) of subdivision (e), reimbursement for costs of corrective action is limited to costs incurred by the joint claimants after executing an agreement under paragraph (7) of subdivision (a) of Section 25299.93.

(e) Both of the following costs of corrective action incurred at a contributing site may be reimbursed in accordance with subdivision (f):

(1) Costs incurred by an owner or operator before executing an agreement described in paragraph (7) of subdivision (a) of Section 25299.93.

(2) Costs relating to unauthorized releases that do not contribute to the commingled plume, but which are included in the occurrence which is the subject of the joint claim.

(f) An owner or operator may seek reimbursement of costs described in subdivision (e) by doing either of the following:

(1) Including a payment request for those corrective action costs with the claim filed under this article.

(2) Filing a claim or maintaining an existing claim under Article 6 (commencing with Section 25299.50).

(g) Any reimbursement received pursuant to subdivision (f) and any amount excluded from the payment based on the amount of financial responsibility required to be maintained shall be applied toward the limitations prescribed in subdivision (a).

(h) The board shall not reimburse a claimant or joint claimant for any eligible costs for which the claimant or joint claimant has been, or will be, compensated by another party.

SEC. 28. Section 25299.101 of the Health and Safety Code is amended to read:

25299.101. (a) The board shall conduct a loan program pursuant to this chapter, to assist small businesses in upgrading, replacing, or removing tanks to meet applicable local, state, or federal standards. Loan funds may also be used for corrective actions, as defined in Section 25299.14.

(b) The board shall also conduct a grant program, pursuant to this chapter, to assist small businesses to upgrade, remove, or replace project tanks to comply with Section 25284.1, 25292.05, 25292.4, or 41954.

SEC. 29. Section 25299.104 of the Health and Safety Code is amended to read:

25299.104. (a) The minimum amount that the board may loan an applicant is ten thousand dollars (\$10,000), and the maximum amount that the board may loan an applicant is seven hundred fifty thousand dollars (\$750,000).

(b) The term of the loan shall be for a maximum of 20 years if secured by real property, and for 10 years if not secured by real property. The interest rate for loans shall be set at the rate equal to one-half of the most recent general obligation bond rate obtained by the office of the Treasurer at the time of the loan commitment.

(c) Loan funds may be used to finance up to 100 percent of the costs necessary to upgrade, remove, or replace project tanks, including corrective actions, to meet applicable local, state, or federal standards, including, but not limited to, any design, construction, monitoring, operation, or maintenance requirements adopted pursuant to Section 25284.1, 25292.05, 25292.4, or 41954.

(d) The board may charge a loan fee to loan applicants of up to 2 percent of the requested loan amount. The loan fee shall be deposited in the Petroleum Underground Storage Tank Financing Account.

(e) The inoperation or repeal of this chapter pursuant to Section 25299.117 shall not extinguish a loan obligation and shall not impair the deed of trust or other collateral made pursuant to this chapter or the authority of the state to pursue appropriate action for collection.

(f) Notwithstanding Section 16304.1 of the Government Code, the board shall encumber the funds appropriated pursuant to Section 25299.109 for purposes of this section within three years of the appropriation and the board may make a disbursement in liquidation of an encumbrance before or during the three years following the last day the appropriation is available for encumbrance.

SEC. 30. Section 25299.105 of the Health and Safety Code is amended to read:

25299.105. (a) The board shall make grant funds available from the Petroleum Underground Storage Tank Financing Account to eligible grant applicants who meet all of the following eligibility requirements:

(1) The grant applicant is a small business, pursuant to the following requirements:

(A) The grant applicant meets the conditions for a small business concern as defined in Section 632 of Title 15 of the United States Code, and in the federal regulations adopted to implement that section, as specified in Part 121 (commencing with Section 121.101) of Chapter I of Title 13 of the Code of Federal Regulations.

(B) The grant applicant employs fewer than 20 full-time and part-time employees, is independently owned and operated, and is not dominant in its field of operation.

(2) The principal office of the grant applicant is domiciled in the state and the officers of the grant applicant are domiciled in this state.

(3) All tanks owned and operated by the grant applicant are subject to compliance with Chapter 6.7 (commencing with Section 25280) and the regulations adopted pursuant to that chapter.

(4) The facility where the project tank is located has sold at retail less than 900,000 gallons of gasoline annually for each of the two years preceding the submission of the grant application. The number of gallons sold shall be based upon taxable sales figures provided to the State Board of Equalization for that facility.

(5) Except as provided in subdivision (b), the grant applicant owns or operates a tank that is in compliance with all of the following:

(A) Section 41954.

(B) Any of the following:

(i) Section 25290.1.

(ii) Section 25290.2.

(iii) Section 25291.

(iv) Subdivisions (d) and (e) of Section 25292.

(C) Any regulation implementing the applicable sections required for compliance with subparagraphs (A) and (B).

(6) The facility where the project tank is located was legally in business retailing gasoline after January 1, 1999.

(b) The board may grant a waiver from requirements of paragraph (5) of subdivision (a) if the board finds all of the following:

(1) The grant applicant owns or operates a project tank.

(2) The project tank will be removed and will not be replaced with another tank.

(3) The grant applicant does not meet the requirements to obtain a loan pursuant to this chapter.

(c) Grant funds may only be used to pay the costs necessary to upgrade, remove, or replace project tanks to comply with Section 25284.1, 25292.05, 25292.4, 25292.5, or 41954.

SEC. 31. Section 25299.106 of the Health and Safety Code is amended to read:

25299.106. A complete grant application shall include all of the following information:

(a) Evidence of eligibility.

(b) The board shall develop a standard list of documents required of all applicants, and may also request from individual applicants additional financial and legal documents not provided on this list.

(c) An explanation of the actions the applicant is required to take to comply with the requirements of Section 25284.1, 25292.05, 25292.4, 25292.5, or 41954.

(d) A detailed cost estimate of the actions that are required to be completed for the project tanks to comply with applicable local, state, or federal standards, if applicable.

(e) Any other information that the board determines to be necessary to include in an application form.

SEC. 32. Section 25299.107 of the Health and Safety Code is amended to read:

25299.107. (a) Except as provided in subdivision (e), the minimum amount that the board may grant an applicant is three thousand dollars (\$3,000), and the maximum amount that the board may grant an applicant is seventy thousand dollars (\$70,000).

(b) Grant funds may be used to finance up to 100 percent of the costs necessary to upgrade, remove, or replace project tanks to comply with Section 25284.1, 25292.05, 25292.4, 25292.5, or 41954.

(c) If the board received the applicant's grant application on or before April 1, 2009, grant funds may be used to reimburse up to 100 percent of the costs that the applicant incurred after the board received the grant application to comply with the Enhanced Vapor Recovery Phase II regulations.

(d) Except as provided in subdivision (e), a person or entity is not eligible to receive more than seventy thousand dollars (\$70,000) in grant funds pursuant to this chapter.

(e) (1) Notwithstanding subdivisions (a) and (d), if the project tank is located at a fueling station that is available for public use and there is no other fueling station available for public use within a radius of 15 miles from the fueling station, the board may make a grant in the maximum amount of one hundred forty thousand dollars (\$140,000) to assist the grant applicant to remove and replace tanks that are required to be permanently closed pursuant to Section 25292.05.

(2) Any grant issued pursuant to paragraph (1) shall not be included in the maximum amount that a person or entity may receive in grant funds pursuant to subdivision (d).

SEC. 33. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 34. Section 5 of this bill incorporates amendments to Section 25299.50 of the Health and Safety Code proposed by both this bill and Senate Bill 1458. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2015, but this bill becomes operative first, (2) each bill amends Section 25299.50 of the Health and Safety Code, and (3) this bill is enacted after Senate Bill 1458, in which case Section 25299.50 of the Health and Safety Code, as amended by Section 4 of this bill, shall remain operative only until the operative date of Senate Bill 1458, at which time Section 5 of this bill shall become operative.

SEC. 35. Section 12 of this bill incorporates amendments to Section 25299.51 of the Health and Safety Code proposed by both this bill and Senate Bill 1458. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2015, but this bill becomes operative first, (2) each bill amends Section 25299.51 of the Health and Safety Code, and (3) this bill is enacted after Senate Bill 1458, in which case Section 25299.51 of the Health and Safety Code, as amended by Section 11 of this bill, shall remain operative only until the operative date of Senate

Bill 1458, at which time Section 12 of this bill shall become operative.

SEC. 36. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to protect the health and safety of the people of the state from the dangers of surface water and groundwater contamination and protect the environment from hazardous substance releases, it is necessary that this act take effect immediately.

Approved _____, 2014

Governor