

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the General Government Appropriations Committee

BILL: CS/CS/SB 2018

INTRODUCER: Contaminated Petroleum Site/Financial Assistance

SUBJECT: General Government Appropriations Committee, Judiciary Committee, Senator Posey, and others

DATE: April 22, 2008 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Branning	Kiger	EP	Fav/1 amendment
2.	Daniell	Maclure	JU	Fav/CS
3.	Kynoch	DeLoach	GA	Fav/CS
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

The bill provides that a contaminated petroleum site acquired by the *current owner* prior to July 1, 1990, which has ceased operating as a petroleum storage or retail business prior to January 1, 1985, is eligible for financial cleanup assistance. Further, the bill clarifies that a transfer of property to a spouse, a surviving spouse in trust or free of trust, or a revocable trust created for the benefit of the settler does not disqualify the site from participating in the program.

The bill makes a number of changes to the brownfields program. Specifically, it:

- Provides definitions relating to the costs of solid waste removal at brownfield sites.
- Provides that certain owners who acquired a contaminated site are eligible for financial assistance for site rehabilitation, notwithstanding that the site may have been transferred to a spouse as part of a trust or similar method of transferring real property.
- Clarifies the tax credit for the costs of solid waste removal at brownfield sites.
- Provides an additional tax credit for rehabilitation costs that result in the construction and operation of a health care facility or health care provider on a brownfield site.

- Revises the procedures for applying for a tax credit and provides additional limitations on the amount of credits claimed.
- Revises the provisions relating to the administration of the brownfield program at the local level.
- Deletes the requirement that professional engineers and geologists must maintain certain liability insurance.
- Deletes the requirement that contractors maintain certain liability insurance. Provides for the evaluation of the health effects of brownfield site rehabilitation.
- Provides that the Brownfield Areas Loan Guarantee Program may guarantee 75 percent of a loan for the construction and operation of a new health care facility or health care provider.
- Revises the membership of the Brownfield Areas Loan Guarantee Council to include the State Surgeon General.

This bill substantially amends the following sections of the Florida Statutes: 220.1845, 376.30715, 376.30781, 376.77, 376.79, 376.80, 376.82, 376.83, 376.86, and 163.3221.

II. Present Situation:

Legislation to regulate underground petroleum storage tanks began upon recognition that 90 percent of the state's drinking water comes from Florida's groundwater, which was at risk of becoming contaminated.¹ In 1983, the Legislature passed the Water Quality Assurance Act in response to petroleum contamination from a leaking underground petroleum storage tank in Marion County.² The law provided, in part, for required cleanup of petroleum discharges, but by 1985 the Department of Environmental Regulation³ realized that an incentive program was needed to accelerate the cleanup process.⁴

The Legislature enacted the State Underground Petroleum Environmental Response Act of 1986 (SUPER Act) to address the problems of pollution from leaking underground petroleum storage systems.⁵ As an incentive to report and clean up contamination from leaking petroleum storage systems, the SUPER Act established the Early Detection Incentive Program (EDI).⁶ The EDI program allowed owners or operators of contaminated sites to clean up the sites themselves using private contractors and their own funds and then be reimbursed from the state's Inland Protection Trust Fund,⁷ or have their sites listed on the state's priority cleanup list and wait for the state to clean up the sites.⁸

¹ Bureau of Petroleum Storage Sys., Div. of Waste Mgmt., Dep't of Environmental Protection, *Petroleum Contamination Cleanup and Discharge Prevention Programs*, 1 (August 2006), available at http://www.dep.state.fl.us/waste/quick_topics/publications/pss/pcp/geninfo/2006Program_August.pdf (last visited April 4, 2008).

² *Id.*

³ Currently, the Department of Environmental Protection administers the underground storage tank program.

⁴ Bureau of Petroleum Storage Sys., *supra* note 1, at 1.

⁵ Comm. Environmental Preservation, *Underground Petroleum Storage Tank Cleanup Program*, 2 (Interim Project Report 2005-153) (Nov. 2004).

⁶ *Id.*

⁷ The Inland Protection Trust Fund was created in 1986 to pay for the expedited cleanup of petroleum contaminated sites. The Inland Protection Trust Fund is a "non-lapsing revolving trust fund with revenues generated from an excise tax per barrel of petroleum products currently produced or imported into the State." Bureau of Petroleum Storage Sys., *supra* note 1, at 1.

⁸ *Id.* at 12.

The EDI program's eligibility ended on December 31, 1988; however the state recognized that there was a continuing need to provide financial assistance for the cleanup of sites that had abandoned or out-of-service petroleum storage systems.⁹ To address this continuing need, the Abandoned Tank Restoration Program was established in 1990 to provide financial assistance for cleanup of these sites.¹⁰ Sites accepted into this program were eligible for reimbursement of cleanup costs after satisfying certain criteria.

Comprehensive legislation was passed in 1996 that moved the program from a reimbursement program to a prior-approval program, which is the program that exists today. Among other things, the legislation created a new cost-sharing amnesty program called the Petroleum Cleanup Participation Program and provided for another cost-sharing program to allow sites to be cleaned up out of priority order to facilitate real property transactions or public works projects.¹¹

In 2005, the Legislature created the Innocent Victim Petroleum Storage System Restoration Program (program)¹² for property owners with contaminated sites that were acquired prior to July 1, 1990. To be eligible for cleanup, the site must have ceased operating as a petroleum storage or retail business prior to January 1, 1985.¹³ According to the Department of Environmental Protection, the term "acquired" is not defined in ch. 376, F.S., which has caused debate in understanding the eligibility requirements of the program.¹⁴ Specifically:

The debate has arisen when an owner of a contaminated property has, after July 1, 1990, transferred the property into a revocable trust or inherited the property as a surviving spouse. [The department] has determined that moving the property into a revocable trust or a surviving spouse inheriting the property does constitute a change in ownership.¹⁵

As of February 2008, there are 17,789 eligible petroleum facilities in the petroleum cleanup program.¹⁶

In 1995, the U.S. Environmental Protection Agency (EPA) initiated a program to empower states, communities, and other stakeholders in economic redevelopment to work together in a timely manner to prevent, assess, safely clean up, and reuse brownfields. Florida followed suit in 1997 and enacted the Brownfields Redevelopment Act to provide incentives for the private sector to redevelop abandoned or underused real property, the development of which was complicated by real or perceived environmental contamination.

⁹ See Comm. on Environmental Preservation, *supra* note 5, at 2.

¹⁰ Bureau of Petroleum Storage Sys., *supra* note 1, at 12.

¹¹ Comm. on Environmental Preservation, *supra* note 5, at 3.

¹² See ch. 2005-71, s. 28, and ch. 2005-180, s. 4, Laws of Fla.

¹³ Section 376.30715, F.S.

¹⁴ Dep't of Environmental Protection, *Draft Bill Analysis for SB 2018 as amended on March 19, 2008*, 2 (2008).

¹⁵ *Id.*

¹⁶ Bureau of Petroleum Storage Sys., *Monthly Summary Report for Petroleum Cleanup and Compliance and Enforcement of Petroleum Storage and Distribution Systems*, 4 (March 13, 2008), available at http://www.dep.state.fl.us/waste/quick_topics/publications/pss/pcp/monthly_summary/MonthlySummaryReport02-2008.pdf (last visited April 4, 2008).

The federal brownfields program was significantly expanded on January 11, 2002, when President Bush signed into law the Small Business Relief and Liability and Brownfields Revitalization Act, also known as the “Brownfields Amendments.” The main purpose of this new law was to create incentives for the redevelopment of brownfield properties and Superfund sites and provide grants to assess or cleanup a brownfields property.

The Florida Brownfield Redevelopment Act, consisting of ss. 376.77-376.85, F.S., provides legislative intent, a brownfield area designation process, environmental cleanup criteria, program eligibility and liability protections; and economic and financial incentives. Furthermore, s. 376.86, F.S., provides for a Brownfield Areas Loan Guarantee Program, and ss. 376.87 and 376.875, F.S., provide for brownfield property ownership clearance assistance and the creation of the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund.

Legislative intent—As provided in s. 376.78, F.S., the Legislature declared that the reduction of public health and environmental hazards on existing commercial and industrial sites is vital to their use and reuse as sources of employment. There should be incentives to encourage voluntary cleanup.

Designation and administration—Designation of a brownfield area must come from the local government through the passage of a local resolution. Once a brownfield area has been designated, the local government must notify the Department of Environmental Protection (DEP) and attach a map or a detailed legal description of the brownfield area. The designation of a brownfield area may be initiated in one of two ways:

- By a local government to encourage redevelopment of an area of specific interest to the community.
- By an individual with a redevelopment plan in mind.

In determining the area to be designated, the local government must consider:

- Whether the brownfield area warrants economic development and has a reasonable potential for such activities;
- Whether the proposed area to be designated represents a reasonable focused approach and is not overly large in geographic coverage;
- Whether the area has potential to interest the private sector in participating in rehabilitation; and
- Whether the area contains sites or parts of sites suitable for limited recreational open space, cultural, or historical preservation purposes.¹⁷

A local government shall designate a brownfield area if:

- The person who owns or controls a potential brownfield site is requesting the designation and has agreed to rehabilitate the site.

¹⁷ s. 376.80(2), F.S.

- The redevelopment and rehabilitation of the proposed brownfield site will result in economic productivity of the area and will create at least 10 new permanent jobs at the brownfield site.¹⁸
- The redevelopment of the proposed brownfield site is consistent with the local comprehensive plan and is a permissible use under the applicable local land development regulations.
- Notice has been provided to neighbors and nearby residents of the proposed area to be designated.
- The person proposing the area for designation has provided reasonable assurance that there are sufficient financial resources to implement and complete the rehabilitation agreement and redevelopment plan.

The designation of a brownfield area and the identification of a person responsible for brownfield site rehabilitation simply entitle the identified person to negotiate a brownfield site rehabilitation agreement with the DEP or an approved local program. The person responsible for rehabilitation must enter into a brownfield site rehabilitation agreement with the DEP or an approved local program to be eligible for certain benefits associated with the brownfields redevelopment program.

As of March 10, 2008, there were 170 designated brownfield areas in Florida.

Cleanup criteria—Risk-based corrective-action principles apply, to the maximum extent feasible, to the cleanup activities on a brownfield site within a designated brownfield area. These principles are designed to achieve protection of human health and safety and the environment in a cost-effective manner by taking into account natural attenuation, individual site characteristics, and the use of engineering and institutional controls.

Eligibility and liability protection—A person who has not caused or contributed to the contamination of a brownfield site on or after July 1, 1997, is eligible to participate in the brownfield program. Certain specified sites are not eligible for the program. Those sites include brownfield sites that are subject to an ongoing formal judicial or administrative enforcement action or corrective action pursuant to federal authority, or sites that have obtained or are required to obtain a hazardous waste operation, storage, or disposal facility permit, unless specifically exempted by a memorandum of agreement with the EPA.

After July 1, 1997, petroleum and drycleaning contamination sites in a brownfield area cannot receive both funding assistance for the cleanup of the discharge that is available under the underground storage tank cleanup program or the drycleaning cleanup program and any state assistance available under s. 288.107, F.S., relating to brownfield redevelopment bonus refunds.

If a state or local government has involuntarily acquired a contaminated site within a brownfield area, it is not liable for implementing site rehabilitation corrective actions, unless the state or local government has caused or contributed to a release of contaminants at the brownfield site. Also, nonprofit conservation organizations, acting for the public interest, which purchase

¹⁸ As specified in s. 376.80(2)(b), F.S., the 10 new permanent jobs may be full- or part-time and cannot be associated with the rehabilitation agreement or redevelopment project demolition or construction activities.

contaminated sites and which did not contribute to the release of contamination on the site also warrant protection from liability.

Lenders are afforded certain liability protections to encourage financing of real property in brownfield areas. Essentially, the same liability protections apply to lenders if they have not caused or contributed to a release of a contaminant at the brownfield site.

Economic and financial incentives—Since the Brownfields Redevelopment Act was envisioned to emphasize economic redevelopment, local governments were expected to play a significant role in the process. As a result, state and local governments are encouraged to offer redevelopment incentives which may include financial, regulatory, and technical assistance.

Other economic and financial incentives available to brownfield sites are tax refunds for qualified target industries located in a brownfield area, brownfield redevelopment bonus refunds, and partial voluntary cleanup tax credits.

The tax refunds available as a qualified target industry may be for corporate income taxes, insurance premium taxes, sales and use taxes, emergency excise taxes, documentary stamp taxes, and ad valorem taxes.

The brownfield redevelopment bonus refunds of \$2,500 are available to any qualified target industry business for each new Florida job created in a brownfield area which is claimed on the qualified target industry's annual refund claim. Section 288.107, F.S., provides the minimum criteria for participation in the brownfield redevelopment bonus refund program.

According to information reported by the Governor's Office of Tourism, Trade, and Economic Development (OTTED) to the DEP in January 2006, the cumulative totals for new job creation and capital investment attributable to the Brownfields Redevelopment Program from inception includes 8,595 new direct jobs, 7,264 new indirect jobs, and \$883,713,993 of capital investment in designated brownfield investment. The OTTED has reported that for CY 2007 the following projections were made:

- New jobs: 1,165.
- Indirect jobs: 1,265.
- Capital investment: \$129,050,000.

Voluntary cleanup tax credit—One of the financial incentives that is getting increased attention as the brownfield program matures and gains in popularity, is the voluntary cleanup tax credit or VCTC. This is a tax credit available for site rehabilitation conducted at eligible drycleaning sites and brownfield sites in designated brownfield areas. To be eligible, the responsible party must execute a Brownfield Site Rehabilitation Agreement with the DEP.

The VCTC can apply toward corporate income taxes. The following is a summary of the available credits under the VCTC program.

Tax Credit Type	Application Frequency	Maximum Credit for Costs Incurred after 6/30/06	
Site Rehabilitation	Annually	50 %	\$500,000
No Further Action	Once	25%	\$500,000
Affordable Housing	Once	25%	\$500,000
Solid Waste (Removal, Transport & Disposal	Once	50%	\$500,000

As an inducement to complete the voluntary cleanup, the tax credit applicant may claim an additional 25 per cent of the total cleanup costs, not to exceed \$500,000 in the final year of cleanup. The tax credits may be transferred once to another entity in whole or in units of not less than 25 percent of the remaining credit.

As an inducement to encourage the construction of affordable housing, an applicant for the tax credit may claim an additional 25 percent of the total eligible site rehabilitation costs, not to exceed \$500,000.

Brownfield Areas Loan Guarantee Program—The Brownfield Areas Loan Guarantee Program was created in 1998. A Brownfield Areas Loan Guarantee Council was created to review, approve, or deny certain partnership agreements with local governments, financial institutions, and others associated with the redevelopment of brownfields for limited guarantees of loans or loss reserves. A loan guarantee may only be for a period of not more than 5 years.

The limited state loan guarantee applies to 50 percent of the primary lender’s loans for redevelopment projects in brownfield areas. If the redevelopment project is for affordable housing in a brownfield area, the loan guarantee applies to 75 percent of the primary lender’s loan. The loan guarantee holds until permanent financing is acquired or until the project is sold. Section 376.86, F.S., provides that no more than \$5 million of the balance of the Inland Protection Trust Fund in any fiscal year may be at risk at any time on loan guarantees or as loan loss reserves.

To date, the loan guarantee provisions have been used only one time. That project involved a shopping center and an out-parcel in a Clearwater brownfield area. The loan guarantee mechanism worked as it was designed to do. With the loan guarantee, the developer has more financial flexibility because the initial cash flow is not as great.

Enterprise Florida, Inc. (EFI)—This is a public-private partnership responsible for leading Florida’s statewide economic development efforts. EFI was formed in July 1996, when Florida became the first state in the nation to replace its Commerce Department with a public-private organization that is responsible for economic development, international trade and statewide business markets. In 2006, EFI was directed to aggressively market brownfields.

III. Effect of Proposed Changes:

Section 1 amends s. 376.30715, F.S., relating to the Innocent Victim Petroleum Storage System Restoration Program. The bill provides that a contaminated site acquired by the *current owner* prior to July 1, 1990, which has ceased operating as a petroleum storage or retail business prior to January 1, 1985, is eligible for financial cleanup assistance.

The bill further clarifies that a transfer of property to a spouse, a surviving spouse in trust or free of trust, or a revocable trust created for the benefit of the settler does not disqualify the site from participating in the program.

Section 2 amends s. 220.1845, F.S., to provide that a tax credit applicant, or multiple tax credit applicants working jointly to clean up a single brownfield site, may claim costs to address solid waste removal under the contaminated site rehabilitation tax credit provisions. Multiple tax credit applicants shall be granted tax credits in the same proportion as their contribution to payment of solid waste removal costs. To receive the credit, the applicant must submit an affidavit stating that to the best of the applicant's knowledge after consultation with appropriate local government officials, the DEP, and available historical records, the brownfield site was never operated as a permitted solid waste disposal area or for monetary compensation. Tax credit applications claiming solid waste costs are not subject to the calendar-year limitation and January 31 annual application deadline. Only one solid waste removal tax credit application may be filed per brownfield site. Tax credit applicants may claim 50 percent of the cost for solid waste removal, not to exceed \$500,000, when the applicant has determined solid waste removal is completed for the brownfield site.

The following terms are defined: "monetary compensation"; "solid waste disposal area"; and "solid waste removal."

This section is further amended to provide that a tax credit applicant may claim an additional 25 percent of the total site rehabilitation costs, not to exceed \$500,000, if the applicant constructs a new health care facility or health care provider on the brownfield site.

Section 3 amends s. 376.30781, F.S., to clarify that tax credits are allowed for site rehabilitation or solid waste removal conducted during the calendar year in which the applicable voluntary cleanup agreement or brownfield site rehabilitation is executed, even if the site rehabilitation or solid waste removal is conducted prior to the execution of that agreement or designation.

The term "integral to site rehabilitation" is defined for purposes of this section.

A tax credit applicant, or multiple tax credit applicants working jointly to clean up a single brownfield site, may claim costs to address solid waste removal under the contaminated site rehabilitation tax credit provisions. Multiple tax credit applicants shall be granted tax credits in the same proportion as their contribution to payment of solid waste removal costs. To receive the credit, the applicant must submit an affidavit stating that to the best of the applicant's knowledge after consultation with appropriate local government officials, the DEP, and available historical records, the brownfield site was never operated as a permitted solid waste disposal area or for monetary compensation. Tax credit applications claiming solid waste costs are not subject to the

calendar-year limitation and January 31 annual application deadline. Only one solid waste removal tax credit application may be filed per brownfield site. Tax credit applicants may claim 50 percent of the cost for solid waste removal, not to exceed \$500,000, when the applicant has determined solid waste removal is completed for the brownfield site.

The following terms are defined: “monetary compensation”; “solid waste disposal area”; and “solid waste removal.”

In order to encourage the construction and operation of a new health care facility or a health care provider on a brownfield site, an applicant for a tax credit may claim an additional 25 percent of the total site rehabilitation costs, not to exceed \$500,000 if the applicant provides documentation indicating that the applicant has constructed a new health care facility or health care provider on the brownfield site.

For site rehabilitation tax credits, the applicant must have entered into a voluntary cleanup agreement with the DEP for a drycleaning-solvent-contaminated site or a brownfield site rehabilitation agreement, as applicable, and shall submit only one complete application per site for each calendar year’s site rehabilitation costs. Applications must be received by the Division of Waste Management by January 31 of the year following the calendar year for which site rehabilitation costs are being claimed.

For solid waste removal tax credits, the applicant must have entered into a brownfield site rehabilitation agreement with the DEP. Solid waste removal tax credit applicants shall submit only one complete application agreement per brownfield site. Applications must be received by the Division of Waste Management subsequent to the completion of the solid waste removal.

Documents supporting the goods and services and associated costs being claimed for the tax credits must be submitted to the DEP. The documents must contain certain specified information. This documentation must be sufficient to demonstrate a link between the contractual records, the payment requests, and the payment records for the time period covered by the application. A certified public accountant’s report must be submitted and the certified public accountant must attest to the accuracy and validity of the costs incurred and paid during the period covered in the application by conducting an independent review of the data presented by the tax credit applicant.

If the scope of solid waste removal activities do not require oversight by a registered technical professional, the certification form is not required as part of the tax credit application.

Upon verification that the application for the tax credit is complete, the application shall secure a place in the first-come, first-served application line. If DEP determines that an application is incomplete, the applicant shall be notified in writing and shall have 30 days to correct any deficiencies. Tax credit applications may not be altered to claim additional costs during this time.

For costs to be eligible, the review must verify that the work claimed was integral to site rehabilitation or was for solid waste removal, that the work claimed was performed in the applicable timeframe, and that the costs claimed were properly documented. On or before May 1, DEP shall inform each eligible tax credit applicant, subject to the January 31 annual application

deadline, of their eligibility status and the amount of any credit due. The DEP shall provide each eligible tax credit applicant with a tax credit certificate that must be submitted with the applicant's tax return to the Department of Revenue to claim the tax credit or have the credit transferred pursuant to s. 220.1845(1)(g), F.S. The May 1 deadline for annual site rehabilitation tax credit certificate awards does not apply to any tax credit application for which DEP issued a notice of deficiency.

For applications for solid waste removal, a new health care facility or health care provider, or affordable housing tax credit, the DEP shall inform the applicant of the DEP's determination within 90 days after the application has been deemed complete. Tax refunds may not be paid on credits that exceed the amount of tax owed.

Tax credits are additive; however, the total tax credit award may not exceed 100 percent of the costs incurred and paid by the applicant.

A single brownfield site may receive tax credits for eligible site rehabilitation and eligible solid waste removal costs if the costs are claimed only once per site.

The bill specifies that costs incurred that are not considered integral to site rehabilitation include, but are not limited to, brownfield area designation costs and tax credit application preparation and submittal costs.

If the DEP notifies an applicant that any claimed costs are ineligible, those costs may not be allocated against the annual tax credit authorization, and any disputed costs may not delay the application processing or award for subsequent eligible tax credit applicants in the first-come, first-served application line. However, if the DEP subsequently agrees to award tax credits on an amount that was in dispute, it shall do so based upon the first-come, first-served application line determined by the applicant's original completeness date and time if there is any tax credit authorization available. If a tax credit applicant does not receive an award for the disputed costs due to an exhaustion of the annual tax credit authorization, such subsequent tax credit award shall be included in the same first-come, first-served order in next year's annual tax credit allocation, if any, based on the applicant's original completeness date and time.

Section 4 amends s. 376.77, F.S., to correct a cross reference.

Section 5 amends s. 376.79, F.S., to redefine "contaminated site," "engineering controls"; "institutional controls" and "site rehabilitation". It also corrects a cross reference.

Section 6 amends s. 376.80, F.S., to provide that if a local government proposes to designate a brownfield area outside certain areas, the local government must adopt the brownfield designation resolution and conduct public hearings. At least one of the required public hearings must be conducted as close as reasonably practicable to the area to be designated.

A brownfield site rehabilitation agreement must include certain specified information. The bill revises the requirements for a certification that must be included in such agreement.

The requirement that the rehabilitation contractor maintain certain liability insurance is deleted. Also, the requirement for professional engineers and geologists to carry certain liability insurance is deleted.

Legislative intent is provided regarding community health benefits in brownfield areas. Local governments are authorized and encouraged to evaluate the community health benefits and effects of brownfield site rehabilitation and redevelopment in connection with brownfield areas within their jurisdiction. The Department of Health is authorized and encouraged to assist local governments in their evaluation of the health benefits of brownfield site rehabilitation and redevelopment.

Section 7 amends s. 376.82, F.S., to correct cross references.

Section 8 amends s. 376.83, F.S., to correct cross references.

Section 9 amends s. 376.86, F.S., to provide that if the redevelopment project includes the construction and operation of a new health care facility or a health care provider by the applicant on a brownfield site and the applicant has obtained documentation of occupancy or the issuance of a license or certificate, the limited state loan guaranty applies to 75 percent of the primary lender's loan. The Brownfield Areas Loan Guarantee Council membership is revised to include the State Surgeon General of the Department of Health or the State Surgeon General's designee.

Section 10 amends s. 163.3221, F.S., to correct a cross reference.

Section 11 provides that the bill takes effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill will allow property owners who have been denied eligibility under the innocent victim restoration program because the property had been transferred to a spouse to now qualify for financial assistance under the program. It is not known how many properties would be added to the list to receive state financial restoration assistance. The Department of Environmental Protection has several cases involving trusts or inheritances pending that could be resolved by the provisions of this bill.¹⁹ It is anticipated that the actual number of properties that would qualify for state financial assistance would be very small.

The bill will allow an additional 25 percent tax credit for the construction and operation of a health care facility or a health care provider in a brownfield area. These additional opportunities to claim tax credits on cleanup activities on a brownfield site would encourage and entice a party to voluntarily cleanup such sites. However, the additional tax credits are still subject to the overall tax credit cap of \$2 million per year. The more one individual tax applicant qualifies for, the less there is for other tax applicants.

Also, certain solid waste removal activities on a brownfield site may be subject to a tax credit.

Overall, the additional incentives for voluntary cleanup of eligible brownfield and drycleaning-solvent contaminated sites could increase participation in the voluntary cleanup program. Those drycleaning-solvent contaminated sites that are cleaned up voluntarily could save the state the expense of using the funds in the Water Quality Assurance Trust Fund designated for the cleanup of such sites.

In addition, a loan guarantee of up to 75 percent of the primary lenders loan would be available for the construction and operation of a health care facility or a health care provider in a designated brownfield area.

C. Government Sector Impact:

Under the bill, additional properties would be added to the list of properties eligible for state financial assistance for cleanup and restoration from the Inland Protection Trust Fund within the Department of Environmental Protection. The average cost to clean up a site is approximately \$400,000.²⁰ The actual number of sites to be added to the list is expected to be minimal.

VI. Technical Deficiencies:

None.

¹⁹ Dep't of Environmental Protection, *supra* note 14, at 3.

²⁰ *Id.*

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS/CS by General Government Appropriations on April 22, 2008:**

The committee substitute:

- Provides definitions relating to the costs of solid waste removal at brownfield sites;
- Clarifies the tax credit for the costs of solid waste removal at brownfield sites;
- Provides an additional tax credit for rehabilitation costs that result in the construction and operation of a health care facility or health care provider on a brownfield site;
- Revises the procedures for applying for a tax credit and provides additional limitations on the amount of credits claimed;
- Revises the provisions relating to the administration of the brownfield program at the local level;
- Deletes the requirement that professional engineers and geologists must maintain certain liability insurance;
- Deletes the requirement that contractors maintain certain liability insurance. Provides for the evaluation of the health effects of brownfield site rehabilitation;
- Provides that the Brownfield Areas Loan Guarantee Program may guarantee 75 percent of a loan for the construction and operation of a new health care facility or health care provider; and
- Revises the membership of the Brownfield Areas Loan Guarantee Council to include the State Surgeon General.

CS by Judiciary on April 8, 2008:

The committee substitute corrects a cross-reference in the bill.

B. Amendments:

None.