

HOUSE BILL NO. 709

INTRODUCED BY C. HARRIS

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS RELATING TO REMEDIAL ACTION UPON
5 RELEASE OF HAZARDOUS SUBSTANCE; AUTHORIZING THE SUBMITTAL OF CLAIMS FOR PRIVATE
6 RESPONSE COSTS TO THE DEPARTMENT OF ENVIRONMENTAL QUALITY; AUTHORIZING THE
7 DEPARTMENT TO RECOVER PRIVATE RESPONSE COSTS FROM LIABLE PERSONS AND TO
8 REIMBURSE THE PRIVATE CLAIMANTS; PROVIDING LIABILITY FOR PRIVATE RESPONSE COSTS;
9 AUTHORIZING THE DEPARTMENT TO ISSUE ORDERS TO LIABLE PERSONS FOR THE REIMBURSEMENT
10 OF PRIVATE RESPONSE COSTS; ESTABLISHING CLAIM CERTIFICATION PROCEDURES; PROVIDING
11 FOR A PRIVATE RIGHT OF ACTION TO RECOVER COSTS FROM LIABLE PERSONS; AMENDING
12 SECTIONS 75-10-701, 75-10-704, 75-10-711, 75-10-715, 75-10-718, 75-10-719, 75-10-720, 75-10-722, AND
13 75-10-724, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

14

15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16

17 **Section 1.** Section 75-10-701, MCA, is amended to read:18 **"75-10-701. Definitions.** As used in this part, unless the context requires otherwise, the following
19 definitions apply:

20 (1) "Department" means the department of environmental quality provided for in 2-15-3501.

21 (2) "Director" means the director of the department.

22 (3) "Environment" means any surface water, ground water, drinking water supply, land surface or
23 subsurface strata, or ambient air within the state of Montana or under the jurisdiction of the state of Montana.

24 (4) (a) "Facility" means:

25 (i) any building, structure, installation, equipment, pipe or pipeline (including any pipe into a sewer or
26 publicly owned treatment works), well, pit, pond, lagoon, impoundment, ditch, landfill, storage container, motor
27 vehicle, rolling stock, or aircraft; or28 (ii) any site or area where a hazardous or deleterious substance has been deposited, stored, disposed
29 of, placed, or otherwise come to be located.

30 (b) The term does not include any consumer product in consumer use.

1 (5) (a) "Fiduciary" means a trustee, executor, administrator, personal representative, custodian,
2 conservator, guardian, or receiver acting or holding property for the exclusive benefit of another person.

3 (b) The term does not include:

4 ~~(a)~~(i) a person who has previously owned or operated the property in a nonfiduciary capacity; or

5 ~~(b)~~(ii) a person acting as fiduciary with respect to a trust or other fiduciary estate that has no objectively
6 reasonable or substantial purpose apart from avoidance of or limitation of liability under this part.

7 (c) For the purposes of 75-10-715(9), the term does not include the state, a state agency, or a political
8 subdivision of the state acting as trustee of natural resources within the state of Montana.

9 (6) "Foreclosure" means acquisition of title to property through foreclosure, purchase at foreclosure sale,
10 assignment or acquisition of title in lieu of foreclosure, repossession in the case of a lease financing transaction,
11 or acquisition of a right to title or other agreement in full or partial settlement of a loan obligation.

12 (7) "Fund" means the environmental quality protection fund established in 75-10-704.

13 (8) "Hazardous or deleterious substance" means a substance that because of its quantity,
14 concentration, or physical, chemical, or infectious characteristics may pose an imminent and substantial threat
15 to public health, safety, or welfare or the environment and is:

16 (a) a substance that is defined as a hazardous substance by section 101(14) of the federal
17 Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), 42 U.S.C.
18 9601(14), as amended;

19 (b) a substance identified by the administrator of the United States environmental protection agency
20 as a hazardous substance pursuant to section 102 of CERCLA, 42 U.S.C. 9602, as amended;

21 (c) a substance that is defined as a hazardous waste pursuant to section 1004(5) of the Resource
22 Conservation and Recovery Act of 1976, 42 U.S.C. 6903(5), as amended, including a substance listed or
23 identified in 40 CFR 261; or

24 (d) any petroleum product.

25 (9) "Household" means single and multiple residences, hotels and motels, bunkhouses, ranger stations,
26 crew quarters, campgrounds, picnic grounds, day-use recreational areas, or similar structures or areas.

27 (10) "Household refuse" means garbage, trash, and sanitary wastes in septic tanks that are derived from
28 a household.

29 (11) "Institutional control" means a restriction on the use of real property that mitigates the risk posed
30 to public health, safety, and welfare and the environment. Institutional controls include but are not limited to:

1 (a) deed restrictions;
2 (b) easements;
3 (c) reservations;
4 (d) covenants, either restrictive or affirmative; and
5 (e) other mechanisms or physical restrictions for controlling present and future land use, including
6 controlled ground water areas, that are placed upon real property to mitigate the risk to public health, safety, and
7 welfare and the environment.

8 (12) "Natural resources" means land, fish, wildlife, biota, air, surface water, ground water, drinking water
9 supplies, and any other resources within the state of Montana owned, managed, held in trust, or otherwise
10 controlled by or appertaining to the state of Montana or a political subdivision of the state.

11 (13) "Orphan share" means the percentage share of remedial action costs for a facility that is
12 attributable, under the procedures in 75-10-742 through 75-10-752, to identified but bankrupt or defunct persons
13 who are not an affiliate of any viable person, unless affiliated by stock ownership.

14 (14) "Orphan share fund" means the fund for the orphan share account established in 75-10-743.

15 (15) (a) "Owns or operates" means owning, leasing, operating, managing activities at, or exercising
16 control over the operation of a facility.

17 (b) The term does not include holding the indicia of ownership of a facility primarily to protect a security
18 interest in the facility or other location unless the holder has participated in the management of the facility. The
19 term does not apply to the state or a local government that acquired ownership or control through bankruptcy,
20 tax delinquency, abandonment, lien foreclosure, or other circumstances in which the government acquires title
21 by virtue of its function as sovereign, unless the state or local government has caused or contributed to the
22 release or threatened release of a hazardous or deleterious substance from the facility. The term also does not
23 include the owner or operator of the Milltown dam licensed under part 1 of the Federal Power Act (FERC license
24 No. 2543-004) if a hazardous or deleterious substance has been released into the environment upstream of the
25 dam and has subsequently come to be located in the reservoir created by the dam, unless the owner or operator
26 is a person who would otherwise be liable for a release or threatened release under 75-10-715(1).

27 (16) "Person" means an individual, trust, firm, joint-stock company, joint venture, consortium, commercial
28 entity, partnership, association, corporation, commission, state or state agency, political subdivision of the state,
29 interstate body, or the federal government, including a federal agency.

30 (17) "Petroleum product" includes gasoline, crude oil (except for crude oil at production facilities subject

1 to regulation under Title 82), fuel oil, diesel oil or fuel, lubricating oil, oil sludge or refuse, and any other
2 petroleum-related product or waste or fraction of the product or waste that is liquid at standard conditions of
3 temperature and pressure (60 degrees F and 14.7 pounds per square inch absolute).

4 (18) "Private response costs" means only those reasonable, noninsured, out-of-pocket expenses
5 incurred by an individual or small business to replace contaminated water supplies or to prevent exposure to
6 contaminated air.

7 ~~(18)~~(19) "Reasonably anticipated future uses" means likely future land or resource uses that take into
8 consideration:

9 (a) local land and resource use regulations, ordinances, restrictions, or covenants;

10 (b) historical and anticipated uses of the facility;

11 (c) patterns of development in the immediate area; and

12 (d) relevant indications of anticipated land use from the owner of the facility and local planning officials.

13 ~~(19)~~(20) "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging,
14 injecting, escaping, leaching, dumping, or disposing of a hazardous or deleterious substance directly into the
15 environment (including the abandonment or discarding of barrels, containers, and other closed receptacles
16 containing any hazardous or deleterious substance), but excludes releases confined to the indoor workplace
17 environment, the use of pesticides as defined in 80-8-102(30) when they are applied in accordance with
18 approved federal and state labels, and the use of commercial fertilizers, as defined in 80-10-101(2), when
19 applied as part of accepted agricultural practice.

20 ~~(20)~~(21) "Remedial action" includes all notification, investigation, administration, monitoring, cleanup,
21 restoration, mitigation, abatement, removal, replacement, acquisition, enforcement, legal action, health studies,
22 feasibility studies, and other actions necessary or appropriate to respond to a release or threatened release.

23 ~~(24)~~(22) "Remedial action contract" means a written contract or agreement entered into by a remedial
24 action contractor with the state, or with a potentially liable person acting pursuant to an order or request issued
25 by the department, the United States, or any federal agency, to provide a remedial action with respect to a
26 release or threatened release of a hazardous or deleterious substance.

27 ~~(22)~~(23) "Remedial action contractor" means:

28 (a) any person who enters into and is carrying out a remedial action contract; or

29 (b) any person who is retained or hired by a person described in subsection ~~(22)~~(a) ~~(23)~~(a) to provide
30 services relating to a remedial action.

1 ~~(23)~~(24) "Remedial action costs" means reasonable costs that are attributable to or associated with a
2 remedial action at a facility, including but not limited to the costs of administration, investigation, legal or
3 enforcement activities, contracts, feasibility studies, or health studies."
4

5 **Section 2.** Section 75-10-704, MCA, is amended to read:

6 **"75-10-704. Environmental quality protection fund.** (1) There is in the state special revenue fund an
7 environmental quality protection fund to be administered as a revolving fund by the department. The department
8 is authorized to expend amounts from the fund necessary to carry out the purposes of this part.

9 (2) The fund may be used by the department only to carry out the provisions of this part, ~~and~~ for
10 remedial actions taken by the department, and for the reimbursement of private response costs that are
11 recovered pursuant to this part in response to a release of hazardous or deleterious substances.

12 (3) The department shall:

13 (a) except as provided in subsection (7), establish and implement a system, including the preparation
14 of a priority list, for prioritizing sites for remedial action based on potential effects on human health and the
15 environment; and

16 (b) investigate, negotiate, and take legal action, as appropriate, to identify liable persons, to obtain the
17 participation and financial contribution of liable persons for the remedial action, to achieve remedial action, ~~and~~
18 to recover costs and damages incurred by the state, and to seek recovery of private response costs certified
19 pursuant to [section 5].

20 (4) There must be deposited in the fund:

21 (a) all penalties, forfeited financial assurance, natural resource damages, ~~and~~ remedial action costs,
22 and private response costs recovered pursuant to 75-10-715 and 75-10-722;

23 (b) all administrative penalties assessed pursuant to 75-10-714 and all civil penalties assessed pursuant
24 to 75-10-711(5);

25 (c) funds appropriated to the fund by the legislature;

26 (d) funds received from the interest income of the resource indemnity trust fund pursuant to 15-38-202;

27 (e) funds received from the interest income of the fund;

28 (f) funds received from settlements pursuant to 75-10-719(7); and

29 (g) funds received from the interest paid pursuant to 75-10-722.

30 (5) Whenever a legislative appropriation is insufficient to carry out the provisions of this part and

1 additional money remains in the fund, the department shall seek additional authority to spend money from the
2 fund through the budget amendment process provided for in Title 17, chapter 7, part 4.

3 (6) Whenever the amount of money in the fund is insufficient to carry out remedial action, the
4 department may apply to the governor for a grant from the environmental contingency account established
5 pursuant to 75-1-1101.

6 (7) (a) There is established a state special revenue account for all funds donated or granted from private
7 parties to remediate a specific release at a specific facility. There must be deposited into the account the interest
8 income earned on the account. A person is not liable under 75-10-715 solely as a result of contributing to this
9 account.

10 (b) Funds donated or granted for a specific project pursuant to this subsection (7) must be accumulated
11 in the fund until the balance of the donated or granted funds is sufficient, as determined by the department, to
12 remediate the facility pursuant to the requirements of 75-10-721 for which the funds are donated.

13 (c) If the balance of the fund created in this subsection (7), as determined by the department pursuant
14 to the requirements of 75-10-721, is not sufficient to remediate the facility within 1 year from the date of the initial
15 contribution, all donated or granted funds, including any interest on those donated or granted funds, must be
16 returned to the grantor.

17 (d) If the balance for a specific project is determined by the department to be sufficient to remediate the
18 facility pursuant to the requirements of 75-10-721, the department shall give that site high priority for remedial
19 action, using the funds donated under this subsection (7).

20 (e) This subsection (7) is not intended to delay, to interfere with, or to diminish the authority or actions
21 of the department to investigate, negotiate, and take legal action, as appropriate, to identify liable persons, to
22 obtain the participation and financial contribution of liable persons for the remedial action, to achieve remedial
23 action, and to recover costs and damages incurred by the state.

24 (f) The department shall expend the funds in a manner that maximizes the application of the funds to
25 physically remediating the specific release.

26 (8) (a) A person may donate in-kind services to remediate a specific release at a specific facility
27 pursuant to subsection (7). A person who donates in-kind services is not liable under 75-10-715 solely as a result
28 of the contribution of in-kind services.

29 (b) A person who donates in-kind services with respect to remediating a specific release at a specific
30 facility is not liable under this part to any person for injuries, costs, damages, expenses, or other liability that

1 results from the release or threatened release, including but not limited to claims for indemnification or
2 contribution and claims by third parties for death, personal injury, illness, loss of or damage to property, or
3 economic loss.

4 (c) Immunity from liability, pursuant to subsection (8)(b), does not apply in the case of a release that is
5 caused by conduct of the entity providing in-kind services that is negligent or grossly negligent or that constitutes
6 intentional misconduct.

7 (d) When a person is liable under 75-10-715 for costs or damages incurred as a result of a release or
8 threatened release of a hazardous or deleterious substance, the person may not avoid that liability or
9 responsibility under 75-10-711 by subsequent donations of money or in-kind services under the provisions of
10 subsection (7) and this subsection (8).

11 (e) Any donated in-kind services that are employed as part of a remedial action pursuant to this
12 subsection (8) must be approved by the department as appropriate remedial action."

13

14 **Section 3.** Section 75-10-711, MCA, is amended to read:

15 **"75-10-711. Remedial action -- orders -- penalties -- judicial proceedings.** (1) The department may
16 take remedial action whenever:

17 (a) there has been a release or there is a substantial threat of a release into the environment that may
18 present an imminent and substantial endangerment to the public health, welfare, or safety or the environment;
19 and

20 (b) none of the persons who are liable or potentially liable under 75-10-715(1) and who have been given
21 the opportunity by letter to properly and expeditiously perform the appropriate remedial action will properly and
22 expeditiously perform the appropriate remedial action. Any person liable under 75-10-715(1) shall take
23 immediate action to contain, remove, and abate the release.

24 (2) Whenever the department is authorized to act pursuant to subsection (1) or has reason to believe
25 that a release has occurred or is about to occur, the department may undertake remedial action in the form of
26 any investigation, monitoring, survey, testing, or other information gathering as authorized by 75-10-707 that is
27 necessary and appropriate to identify the existence, nature, origin, and extent of the release or the threat of
28 release and the extent and imminence of the danger to the public health, safety, or welfare or the environment.

29 (3) Except as provided in 75-10-712, the department is authorized to draw upon the fund to take action
30 under subsection (1) if it has made diligent good faith efforts to determine the identity of the person or persons

1 liable for the release or threatened release and:

2 (a) is unable to determine the identity of the liable person or persons in a manner consistent with the
3 need to take timely remedial action; or

4 (b) a person or persons determined by the department to be liable or potentially liable under
5 75-10-715(1) have been informed in writing of the department's determination and have been requested by the
6 department to take appropriate remedial action but are unable or unwilling to take action in a timely manner; and

7 (c) the written notice informs the person of the nature of the known or suspected contamination and that
8 if subsequently found liable pursuant to 75-10-715(1), the person may be required to reimburse the fund for the
9 state's remedial action costs or to reimburse any private response costs certified pursuant to [section 5] and may
10 be subject to penalties pursuant to this part.

11 (4) Whenever the department is authorized to act pursuant to subsection (1), it may issue to any person
12 liable under 75-10-715(1) cease and desist, remedial, or other orders as may be necessary or appropriate to
13 protect the public health, safety, or welfare or the environment, including orders for the reimbursement of private
14 response costs.

15 (5) (a) A person who violates or fails or refuses to comply with an order issued under 75-10-707 or this
16 section may, in an action brought to enforce the order, be assessed a civil penalty of not more than \$10,000 for
17 each day in which a violation occurs or a failure or refusal to comply continues. In determining the amount of
18 any penalty assessed, the court may take into account:

19 (i) the nature, circumstances, extent, and gravity of the noncompliance;

20 (ii) with respect to the person liable under 75-10-715(1):

21 (A) the person's ability to pay;

22 (B) any prior history of violations;

23 (C) the degree of culpability; and

24 (D) the economic benefit or savings, if any, resulting from the noncompliance; and

25 (iii) any other matters as justice may require.

26 (b) Civil penalties collected under subsection (5)(a) must be deposited into the environmental quality
27 protection fund established in 75-10-704.

28 (6) A court has jurisdiction to review an order issued under 75-10-707 or this section only in the
29 following actions:

30 (a) an action under 75-10-715 to recover remedial action costs, private response costs certified

1 pursuant to [section 5], or penalties or for contribution;

2 (b) an action to enforce an order issued under 75-10-707 or this section;

3 (c) an action to recover a civil penalty for violation of or failure to comply with an order issued under
4 75-10-707 or this section; ~~or~~

5 (d) an action by a person to whom an order has been issued to determine the validity of the order, only
6 if the person has been in compliance and continues in compliance with the order pending a decision of the court;

7 or

8 (e) an action to determine the validity of the portion of an order directing the person to pay private
9 response costs.

10 (7) In considering objections raised in a judicial action regarding orders issued under this part, the court
11 shall uphold and enforce an order issued by the department unless the objecting party can demonstrate, on the
12 administrative record, that the department's decision to issue the order was arbitrary and capricious or otherwise
13 not in accordance with law.

14 (8) Instead of issuing a notification or an order under this section, the department may bring an action
15 for legal or equitable relief in the district court of the county where the release or threatened release occurred
16 or in the first judicial district as may be necessary to abate any imminent and substantial endangerment to the
17 public health, safety, or welfare or the environment resulting from the release or threatened release.

18 (9) The department may take remedial action pursuant to subsection (1) at a site that is regulated under
19 the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, Public Law
20 96-510, if the department determines that remedial action is necessary to carry out the purposes of this part."

21

22 **Section 4.** Section 75-10-715, MCA, is amended to read:

23 **"75-10-715. Liability -- reimbursement and penalties -- proceedings -- defenses and exclusions.**

24 (1) Except as provided in 70-30-323 and 75-10-742 through 75-10-752, notwithstanding any other provision of
25 law, and subject only to the defenses set forth in subsection (5) and the exclusions set forth in subsection (7),
26 the following persons are jointly and severally liable for a release or threatened release of a hazardous or
27 deleterious substance from a facility:

28 (a) a person who owns or operates a facility where a hazardous or deleterious substance was disposed
29 of;

30 (b) a person who at the time of disposal of a hazardous or deleterious substance owned or operated

1 a facility where the hazardous or deleterious substance was disposed of;

2 (c) a person who generated, possessed, or was otherwise responsible for a hazardous or deleterious
3 substance and who, by contract, agreement, or otherwise, arranged for disposal or treatment of the substance
4 or arranged with a transporter for transport of the substance for disposal or treatment; and

5 (d) a person who accepts or has accepted a hazardous or deleterious substance for transport to a
6 disposal or treatment facility.

7 (2) A person identified in subsection (1) is liable for the following costs:

8 (a) all remedial action costs incurred by the state; ~~and~~

9 (b) all private response costs certified pursuant to [section 5]; and

10 ~~(b)(c)~~ damages for injury to, destruction of, or loss of natural resources caused by the release or
11 threatened release, including the reasonable technical and legal costs of assessing and enforcing a claim for
12 the injury, destruction, or loss resulting from the release, unless the impaired natural resources were specifically
13 identified as an irreversible and irretrievable commitment of natural resources in an approved final state or
14 federal environmental impact statement or other comparable approved final environmental analysis for a project
15 or facility that was the subject of a governmental permit or license and the project or facility was being operated
16 within the terms of its permit or license.

17 (3) If the person liable under subsection (1) fails, without sufficient cause, to comply with a department
18 order issued pursuant to 75-10-711(4) or to properly provide remedial action upon notification by the department
19 pursuant to 75-10-711(3), the person may be liable for penalties in an amount not to exceed two times the
20 amount of any costs incurred by the state pursuant to this section.

21 (4) The department may initiate civil proceedings in district court to recover remedial action costs,
22 private response costs, natural resource damages, or penalties under subsections (1), (2), and (3). Proceedings
23 to recover costs and penalties must be conducted in accordance with 75-10-722. Venue for any action to
24 recover costs, damages, or penalties lies in the county where the release occurred or where the person liable
25 under subsection (1) resides or has its principal place of business or in the district court of the first judicial district.

26 (5) A person has a defense and is not liable under subsections (1), (2), and (3) if the person can
27 establish by a preponderance of the evidence that:

28 (a) the department failed to provide notice to the person claiming the defense when required by
29 75-10-711. Establishment of this defense only prohibits the department from collecting those costs incurred or
30 encumbered by the department prior to providing notice to the person and does not provide the person a

1 defense to any other liability.

2 (b) the release did not emanate from any vessel, vehicle, or facility to which the person contributed any
3 hazardous or deleterious substance or over which the person had any ownership, authority, or control and was
4 not caused by any action or omission of the person;

5 (c) the release or threatened release occurred solely as a result of:

6 (i) an act or omission of a third party other than either an employee or agent of the person; or

7 (ii) an act or omission of a third party other than one whose act or omission occurs in connection with
8 a contractual relationship, existing directly or indirectly, with the person, if the person establishes by a
9 preponderance of the evidence that the person:

10 (A) exercised due care with respect to the hazardous or deleterious substance concerned, taking into
11 consideration the characteristics of the hazardous or deleterious substance in light of all relevant facts and
12 circumstances; and

13 (B) took precautions against foreseeable acts or omissions of a third party and the consequences that
14 could foreseeably result from those acts or omissions;

15 (d) the release or threatened release occurred solely as the result of an act of God or an act of war;

16 (e) the release or threatened release was from a facility for which a permit had been issued by the
17 department, the hazardous or deleterious substance was specifically identified in the permit, and the release was
18 within the limits allowed in the permit;

19 (f) in the case of assessment of penalties under subsection (3), factors beyond the control of the person
20 prevented the person from taking timely remedial action; or

21 (g) the person transported only household refuse, unless that person knew or reasonably should have
22 known that the hazardous or deleterious substance was present in the refuse.

23 (6) (a) For the purpose of subsection (5)(c)(ii), the term "contractual relationship" includes but is not
24 limited to land contracts, deeds, or other instruments transferring title or possession, unless the real property
25 on which the facility is located was acquired by the person after the disposal or placement of the hazardous or
26 deleterious substance on, in, or at the facility and one or more of the following circumstances is also established
27 by the person by a preponderance of the evidence:

28 (i) At the time the person acquired the facility, the person did not know and had no reason to know that
29 a hazardous or deleterious substance that is the subject of the release or threatened release was disposed of
30 on, in, or at the facility.

1 (ii) The person is a governmental entity that acquired the facility by escheat, lien foreclosure, or through
2 any other involuntary transfer or acquisition or through the exercise of eminent domain authority by purchase
3 or condemnation pursuant to Title 70, chapter 30.

4 (iii) The person acquired the facility by inheritance or bequest.

5 (b) In addition to establishing one or more of the circumstances in subsection (6)(a)(i) through (6)(a)(iii),
6 the person shall establish that the person has satisfied the requirements of subsection (5)(c)(i) or (5)(c)(ii).

7 (c) To establish that the person had no reason to know, as provided in subsection (6)(a)(i), the person
8 must have undertaken, at the time of acquisition, all appropriate inquiry into the previous ownership and uses
9 of the property consistent with good commercial or customary practice in an effort to minimize liability. For
10 purposes of assessing this inquiry, the following must be taken into account:

11 (i) any specialized knowledge or experience on the part of the person;

12 (ii) the relationship of the purchase price to the value of the property if uncontaminated;

13 (iii) commonly known or reasonably ascertainable information about the property;

14 (iv) the obviousness of the presence or the likely presence of contamination on the property; and

15 (v) the ability to detect the contamination by appropriate inspection.

16 (d) (i) Subsections (5)(b) and (5)(c) or this subsection (6) may not diminish the liability of a previous
17 owner or operator of the facility who would otherwise be liable under this part.

18 (ii) Notwithstanding this subsection (6), if the previous owner or operator obtained actual knowledge of
19 the release or threatened release of a hazardous or deleterious substance at the facility when the person owned
20 the real property and then subsequently transferred ownership of the property to another person without
21 disclosing the knowledge, the previous owner is liable under subsections (1), (2), and (3) and a defense under
22 subsection (5)(b) or (5)(c) is not available to that person.

23 (e) This subsection (6) does not affect the liability under this part of a person who, by any act or
24 omission, caused or contributed to the release or threatened release of a hazardous or deleterious substance
25 that is the subject of the action relating to the facility.

26 (7) A person has an exclusion and is not liable under this section if:

27 (a) the person generated or disposed of only household refuse, unless the person knew or reasonably
28 should have known that the hazardous or deleterious substance was present in the refuse;

29 (b) the person owns or operates real property where hazardous or deleterious substances have come
30 to be located solely as a result of subsurface migration in an aquifer from a source or sources outside the

1 person's property, provided that the following conditions are met:

2 (i) the owner or operator did not cause, contribute to, or exacerbate the release or threatened release
3 of any hazardous or deleterious substances through any act or omission. The failure to take affirmative steps
4 to mitigate or address contamination that has migrated from a source outside the owner's or operator's property
5 does not, in the absence of exceptional circumstances, constitute an omission by the owner or operator.

6 (ii) the person who caused, contributed to, or exacerbated the release or threatened release of any
7 hazardous or deleterious substance is not and was not an agent or employee of the owner or operator and is
8 not or was not in a direct or indirect contractual relationship with the owner or operator, unless the department
9 provides a written determination that an existing or proposed contractual relationship is an insufficient basis to
10 establish liability under this section;

11 (iii) there is no other basis of liability under subsection (1) for the owner or operator for the release or
12 threatened release of a hazardous or deleterious substance; and

13 (iv) the owner or operator cooperates with the department and all persons conducting
14 department-approved remedial actions on the property, including granting access and complying with and
15 implementing all required institutional controls;

16 (c) the person owns or occupies real property of 20 acres or less for residential purposes, provided that
17 the following conditions are met:

18 (i) the person did not cause, contribute to, or exacerbate the release or threatened release of any
19 hazardous or deleterious substance through any act or omission;

20 (ii) the person uses or allows the use of the real property for residential purposes. This exclusion does
21 not apply to any person who acquires or develops real property for commercial use or any use other than
22 residential use.

23 (iii) at the time the person purchased or occupied the real property, there were no visible indications of
24 contamination on the surface of the real property;

25 (iv) the person cooperates with the department and all persons conducting department-approved
26 remedial actions on the property, including granting access and complying with and implementing all required
27 institutional controls; and

28 (v) there is no other basis of liability under subsection (1) for the owner or occupier for the release or
29 threatened release of a hazardous or deleterious substance.

30 (8) A person is liable under this section if the department provides substantial credible evidence that

1 the person fails to satisfy any element of each exclusion in subsections (7)(a) through (7)(c).

2 (9) The liability of a fiduciary under the provisions of this part for a release or a threatened release of
3 a hazardous or deleterious substance from a facility held in a fiduciary capacity may not exceed the assets held
4 in the fiduciary capacity that are available to indemnify the fiduciary unless the fiduciary is liable under this part
5 independent of the person's ownership or actions taken in a fiduciary capacity.

6 (10) A person who holds indicia of ownership in a facility primarily to protect a security interest is not
7 liable under subsections (1)(a) and (1)(b) for having participated in the management of a facility within the
8 meaning of 75-10-701(15)(b) because of any one or any combination of the following:

9 (a) holding an interest in real or personal property when the interest is being held as security for
10 payment or performance of an obligation, including but not limited to a mortgage, deed of trust, lien, security
11 interest, assignment, pledge, or other right or encumbrance against real or personal property that is furnished
12 by the owner to ensure repayment of a financial obligation;

13 (b) requiring or conducting financial or environmental assessments of a facility or a portion of a facility,
14 making financing conditional upon environmental compliance, or providing environmental information or reports;

15 (c) monitoring the operations conducted at a facility or providing access to a facility to the department
16 or its agents or to remedial action contractors;

17 (d) having the mere capacity or unexercised right to influence a facility's management of hazardous or
18 deleterious substances;

19 (e) giving advice, information, guidance, or direction concerning the administrative and financial
20 aspects, as opposed to day-to-day operational aspects, of a borrower's operations;

21 (f) providing general information concerning federal, state, or local laws governing the transportation,
22 storage, treatment, and disposal of hazardous or deleterious substances and concerning the hiring of remedial
23 action contractors;

24 (g) engaging in financial workouts, restructuring, or refinancing of a borrower's obligations;

25 (h) collecting rent, maintaining utility services, securing a facility from unauthorized entry, or undertaking
26 other activities to protect or preserve the value of the security interest in a facility;

27 (i) extending or denying credit to a person owning or in lawful possession of a facility;

28 (j) in an emergency, requiring or undertaking activities to prevent exposure of persons to hazardous or
29 deleterious substances or to contain a release;

30 (k) requiring or conducting remedial action in response to a release or threatened release if prior notice

1 is given to the department and the department approves of the remedial action; or

2 (l) taking title to a facility by foreclosure, provided that the holder of indicia of ownership, from the time
3 the holder acquires title, undertakes to sell, re-lease property held pursuant to a lease financing transaction
4 (whether by a new lease financing transaction or substitution of the lessee), or otherwise divest itself of the
5 property in a reasonably expeditious manner, using whatever commercially reasonable means are relevant or
6 appropriate with respect to the facility and taking all facts and circumstances into consideration and provided
7 that the holder does not:

8 (i) outbid or refuse a bid for fair consideration for the property or outbid or refuse a bid that would
9 effectively compensate the holder for the amount secured by the facility;

10 (ii) worsen the contamination at the facility;

11 (iii) incur liability under subsection (1)(c) or (1)(d) by arranging for disposal of or transporting hazardous
12 or deleterious substances; or

13 (iv) engage in conduct described in subsection (11).

14 (11) The protection from liability provided in subsections (9) and (10) is not available to a fiduciary or
15 to a person holding indicia of ownership primarily to protect a security interest if the fiduciary or person through
16 affirmative conduct:

17 (a) causes or contributes to a release of hazardous or deleterious substances from the facility;

18 (b) allows others to cause or contribute to a release of hazardous or deleterious substances; or

19 (c) in the case of a person holding indicia of ownership primarily to protect a security interest, actually
20 participates in the management of a facility by:

21 (i) exercising decisionmaking control over environmental compliance; or

22 (ii) exercising control at a level comparable to that of a manager of the enterprise with responsibility for
23 day-to-day decisionmaking either with respect to environmental compliance or substantially all of the operational,
24 as opposed to financial or administrative, aspects of the facility."

25

26 **NEW SECTION. Section 5. Private response costs -- submission of claims -- department**
27 **determinations.** (1) A person who is an individual or a small business, as defined in 33-27-103, may submit
28 claims for private response costs to the department. The department shall include claims that it certifies pursuant
29 to subsection (2) in any complaint or order initiated under this part against any person liable under 75-10-715.

30 (2) The department shall certify those costs that it determines to be reasonable and actual expenditures

1 that were incurred by the claimant as the result of a release of a hazardous or deleterious substance. Examples
2 of expenditures may include but are not limited to the following:

- 3 (a) provision of temporary potable water supplies;
- 4 (b) installation and operation of water treatment equipment;
- 5 (c) replacement of contaminated wells and pumps;
- 6 (d) connection to a public water supply;
- 7 (e) installation of impervious barriers to isolate environments;
- 8 (f) provision and operation of venting or air pressure devices; and
- 9 (g) any additional mandatory or preventative private response costs incurred by the individual or small
10 business that would not have been necessary except for the release.

11 (3) Failure of a person to submit a claim for a cost pursuant to subsection (1) or a determination by the
12 department not to certify a cost does not bar the person from filing an action pursuant to 75-10-724, and
13 evidence of failure to submit a cost or the department's determination not to certify a cost is not admissible in
14 evidence in an action brought pursuant to 75-10-724. A claimant's sole judicial remedy under this part for
15 reimbursement of a cost that the department determines not to certify is an action pursuant to 75-10-724.

16 (4) Claims must be dated, signed by the claimant, certified that they were noninsured, out-of-pocket
17 expenses paid by the claimant, and specific as to the service provided and the cost of the service obtained.

18 (5) The department may accept claims for private response costs until the date it files an action or
19 issues an order to recover state remedial action costs from a person liable under 75-10-715.

20 (6) Prior to filing a cost recovery action under this part, the department shall publish once a week for
21 3 consecutive weeks in a newspaper of general circulation in the county where all or a portion of the release is
22 located a notice of the deadline for submitting private response costs for review and inclusion in the department's
23 cost recovery action.

24
25 **NEW SECTION. Section 6. Private response costs -- prohibitions.** (1) A person may not file a claim
26 for private response costs against the orphan share under the procedures in 75-10-742 through 75-10-752 or
27 against the orphan share fund or account established in 75-10-743.

28 (2) A person may not seek recovery of private response costs that have been paid by a third-party
29 provider, by an insurer, through a settlement arrangement, as the result of any action taken under 75-10-724,
30 or by any other means.

1 (3) The department may not seek cost recovery of private response costs that have been previously
2 paid or that will be paid by persons other than the claimant.

3 (4) The state is not financially liable for reimbursing any portion of a private response claim. A
4 reimbursement of private response costs by the department under 75-10-722 may only be made from those
5 costs recovered, if any, by the department from a person liable under 75-10-715 in an action on behalf of the
6 claimant. If less than full cost recovery is obtained, then reimbursements for the state's remedial action costs,
7 including interest, attorney fees, legal costs, and certified private response costs, if any, including interest, must
8 be apportioned in equal percentages. The department is not required to reimburse more than the amount of the
9 certified private response costs, including interest.

10 (5) A person who is liable or potentially liable under 75-10-715 may not submit a claim or receive
11 reimbursement for private response costs under [section 5].

12 (6) A person may not recover costs for the same claim more than once under any provision of law.

13 (7) The department may not reimburse more than \$25,000 in private response costs to each household
14 or business affected by the release.

15

16 **Section 7.** Section 75-10-718, MCA, is amended to read:

17 **"75-10-718. Liability of remedial action contractor.** (1) A person who is a remedial action contractor
18 with respect to a release or threatened release of a hazardous or deleterious substance is not liable under this
19 part to any person for injuries, costs, damages, expenses, or other liability that results from the release or
20 threatened release, including but not limited to claims for indemnification or contribution and claims by third
21 parties for death, personal injury, illness, loss or damage to property, or economic loss.

22 (2) Immunity from liability, pursuant to subsection (1), does not apply in the case of a release that is
23 caused by conduct of the remedial action contractor that is negligent or grossly negligent or that constitutes
24 intentional misconduct.

25 (3) This section does not affect the liability of a person under a warranty under federal, state, or common
26 law or the liability to an employee of an employer who is a remedial action contractor under any provision of law,
27 including any provision of a law relating to workers' compensation.

28 (4) A state agency or state employee or an employee of a political subdivision who provides services
29 relating to remedial action while acting within the scope of the entity's or individual's authority as a governmental
30 agency or employee has the same exemption from liability as is provided to the remedial action contractor under

1 this section.

2 (5) The defense provided by 75-10-715(5)(c) is not available to a person liable under 75-10-715(1) with
3 respect to remedial action costs, private response costs, or damages caused by an act or omission of a remedial
4 action contractor.

5 (6) Except as provided in subsections (4) and (5), this section does not affect the liability under this part
6 of a person other than a remedial action contractor.

7 (7) This section does not affect the plaintiff's burden of establishing liability under this part.

8 (8) This section does not minimize the liability, lessen the standard of liability, or otherwise shield from
9 liability a potentially liable person under 75-10-715 or section 107 of CERCLA for costs or damages incurred as
10 a result of a release or threatened release of a hazardous or deleterious substance."
11

12 **Section 8.** Section 75-10-719, MCA, is amended to read:

13 **"75-10-719. Settlement -- bar to contribution liability.** (1) A person who has resolved that person's
14 liability to the state arising under 75-10-715 or section 107(a)(1) through (a)(4) of CERCLA, 42 U.S.C. 9607(a)(1)
15 through (a)(4), in an administrative or judicially approved settlement is not liable for claims for contribution
16 regarding matters addressed in the settlement. The settlement does not discharge any of the other potentially
17 liable persons unless its terms provide a discharge. The terms of the settlement may reduce the potential liability
18 of the other potentially liable persons by the amount of the settlement.

19 (2) If the state has obtained less than complete relief from a person who has resolved that person's
20 liability to the state in an administrative or judicially approved settlement, the state may bring an action against
21 any other person who has not resolved that person's liability.

22 (3) A person who has resolved, in whole or in part, that person's liability to the state for the release, ~~or~~
23 for remedial action costs, or for private response costs in an administrative or judicially approved settlement may
24 seek contribution from a person who is not party to a settlement referred to in subsection (1).

25 (4) Whenever practicable and in the public interest, as determined by the director of the department,
26 the department may, as promptly as possible, reach a final settlement with a potentially liable or liable person
27 under 75-10-715 in an administrative or civil action under 75-10-711 if the settlement involves only a minor
28 portion of the remedial action costs or private response costs at the facility concerned and, in the judgment of
29 the department, taking into account the toxicity of the hazardous or deleterious substances involved and the
30 person's contribution of hazardous or deleterious substances in relation to the total volume of hazardous or

1 deleterious substances at the facility, the conditions in any of the following subsections (4)(a) through (4)(d) are
2 met:

3 (a) the person is one whose liability is based solely on 75-10-715(1)(c) or (1)(d) and who presents
4 substantial credible evidence that the person contributed less than 0.002% of the total volume or less than 100
5 gallons or 200 pounds of materials containing hazardous or deleterious substances at a facility that received
6 hazardous or deleterious substances from multiple contributors. The department may not require the payment
7 of remedial action costs from this person.

8 (b) (i) the person is one whose liability is based solely on 75-10-715(1)(c) or (1)(d) and who presents
9 substantial credible evidence that the person arranged for disposal or treatment of less than 5% of the total
10 quantity of solid waste or hazardous or deleterious substances disposed of at a facility that received solid waste
11 or hazardous or deleterious substances from multiple contributors.

12 (ii) For the purposes of subsection (5)(a) and this subsection (4)(b) only, the term "solid waste" means:

13 (A) all putrescible and nonputrescible wastes, including garbage, rubbish, refuse, or ashes;

14 (B) sludge from sewage treatment plants, water supply plants, or air pollution control facilities;

15 (C) construction and demolition wastes;

16 (D) dead animals, including offal;

17 (E) discarded home and industrial appliances; and

18 (F) wood products or wood byproducts and inert materials.

19 (c) (i) the person:

20 (A) is the owner of the real property on or in which the facility is located;

21 (B) did not conduct or permit the generation, transportation, storage, treatment, or disposal of any
22 hazardous or deleterious substance at the facility; and

23 (C) did not contribute to the release or threat of release of a hazardous or deleterious substance at the
24 facility through any action or omission.

25 (ii) This subsection (4)(c) does not apply if the person purchased the real property with actual or
26 constructive knowledge that the property was used for the generation, transportation, storage, treatment, or
27 disposal of any hazardous or deleterious substance.

28 (d) the person presents substantial credible evidence that the person has a defense under
29 75-10-715(5).

30 (5) ~~When~~ Subject to the limit in [section 6(7)], when reaching a settlement under subsection (4)(b),

1 (4)(c), or (4)(d), the department may require the payment of remedial action costs and private response costs
2 not to exceed two times the person's reasonably projected liability for remedial action costs and private response
3 costs as determined by the department. Except as provided in subsection (6), the settlement must contain a
4 reservation of rights clause in the event that the department obtains new information showing that the settling
5 person no longer qualifies for a settlement because:

6 (a) the solid waste or hazardous or deleterious substances contributed by the person was of a greater
7 volume or toxicity than originally estimated; or

8 (b) the settlement was reached under subsection (4)(c) and, after settlement, the department finds that
9 the person had actual or constructive knowledge that the property was used for the generation, transportation,
10 storage, treatment, or disposal of any hazardous or deleterious substance.

11 (6) ~~A~~ Subject to the limit in [section 6(7)], a person who agrees to a liability settlement may avoid the
12 reservation of rights clause under subsection (5) by paying remedial action costs and private response costs in
13 the amount of four times the person's reasonably projected liability for remedial action costs and private
14 response costs as determined by the department.

15 (7) All funds received as a result of settlements under this section must be paid in the following order
16 of priority:

17 (a) to the department as reimbursement for its remedial action costs at the facility and as reimbursement
18 for private response costs certified pursuant to [section 5];

19 (b) to liable persons as reimbursement for remedial action costs at the facility. In the event of an
20 allocation under 75-10-742 through 75-10-752, the reimbursement must be in proportion to each liable person's
21 share of liability as determined under the provisions of 75-10-750 or 75-10-751;

22 (c) the remainder, if any:

23 (i) to the orphan share fund provided in 75-10-743 if the facility went through the allocation process
24 provided in 75-10-742 through 75-10-752; or

25 (ii) to the fund provided in 75-10-704 if the facility did not undergo the allocation process provided in
26 75-10-742 through 75-10-752.

27 (8) Any person who enters into a settlement under this section may not be subject to or assigned a
28 share in the allocation process provided in 75-10-742 through 75-10-752.

29 (9) As part of an administrative or judicially approved settlement agreement, the department may require
30 the liable person to provide financial assurance, in an amount determined by the department, to ensure the

1 long-term operation and maintenance of the remedial action site. The liable person shall provide the financial
2 assurance by any one method or combination of methods satisfactory to the department, including but not limited
3 to insurance, guarantee, performance or other surety bond, letter of credit, qualification as a self-insurer, or other
4 demonstration of financial capability."

5

6 **Section 9.** Section 75-10-720, MCA, is amended to read:

7 **"75-10-720. Condemnation -- creation of state lien.** (1) Whenever the department determines that
8 property upon which a release or threatened release of a hazardous or deleterious substance has occurred may
9 present an imminent and substantial endangerment to the public health, safety, or welfare or the environment,
10 the department may condemn the property for public use to mitigate the threat. The taking of the property must
11 be conducted in accordance with the procedure set forth in Title 70, chapter 30.

12 (2) All costs, including private response costs, penalties, and natural resource damages for which a
13 person has been judicially determined to be liable to the state pursuant to 75-10-715 constitute a lien in favor
14 of the state upon all property and rights to the property that belong to the person.

15 (3) The lien imposed by this section arises at the time notice incorporating a description of the property
16 subject to the remedial action and an identification of the amount of costs, including private response costs
17 certified pursuant to [section 5], penalties, and natural resource damages is filed with the clerk and recorder of
18 the county in which the real property is located. A copy of the notice must be served by certified mail upon the
19 liable person.

20 (4) The costs, including private response costs, penalties, and natural resource damages constituting
21 the lien may be recovered in an action in the district court for the district in which the property is located or in
22 which the remedial action is occurring or has occurred. This section does not affect the right of the state or any
23 person to bring an action against a person to recover all costs, including private response costs, penalties, and
24 natural resource damages for which that person is liable under this part or any other provision of state or federal
25 law.

26 (5) The lien must continue until the liability for the costs and damages incurred as a result of the release
27 of a hazardous or deleterious substance is satisfied.

28 (6) If the department expends money from the fund for orphan share remedial action costs at a facility
29 or for a facility at which a reimbursed orphan share exists, the state has a lien upon the facility for the
30 unrecovered costs. The lien:

- 1 (a) may not exceed the increase in fair market value of the property attributable to the unfunded portion
2 of the remedial action at the time of a subsequent sale or other disposition of the property;
- 3 (b) arises at the time costs are first incurred:
- 4 (i) by the department with respect to a remedial action at the facility; or
5 (ii) by an individual or small business with respect to private response costs;
- 6 (c) must be filed according to subsection (3); and
- 7 (d) continues until the earlier of satisfaction of the lien or recovery of all remedial action costs incurred
8 at the facility and the recovery of all private response costs certified pursuant to [section 5].
- 9 (7) Payment of any liens under this section must be deposited in one of the two accounts from which
10 the remedial action costs originated, including the fund established in 75-10-704 or the orphan share fund
11 established in 75-10-743."

12

13 **Section 10.** Section 75-10-722, MCA, is amended to read:

14 **"75-10-722. Payment of state costs and penalties.** (1) The department shall keep a record of the
15 state's remedial action costs and a record of private response costs certified pursuant to [section 5].

16 (2) Based on ~~this record~~ these records, the department may require a person liable under 75-10-715
17 to pay the amount of the state's remedial action costs; including interest, the private response costs including
18 interest, and, if applicable, penalties under 75-10-715(3).

19 (3) If the state's remedial action costs, any private response costs certified pursuant to [section 5], and
20 penalties are not paid by the liable person to the department within 60 days after receipt of notice that the costs
21 and penalties are due, the department shall bring an action in the name of the state to recover the amount owed
22 plus reasonable legal expenses.

23 (4) If the department provides a notice that the state's remedial action costs and any private response
24 costs are due, the department shall assess and collect interest on the unpaid amount at the rate provided for
25 in 25-9-205:

26 (a) after 60 days of receipt of the notice if the notice covers costs incurred during a time period that is
27 one-quarter of a year or less;

28 (b) after 90 days of receipt of the notice if the notice covers costs incurred during a time period that is
29 more than one-quarter of a year and less than or equal to one-half of a year; and

30 (c) after 120 days of receipt of the notice if the notice covers costs incurred during a time period that

1 is more than one-half of a year.

2 (5) An action to recover remedial action costs, private response costs, and interest may be brought
3 under this section at any time after any ~~remedial action~~ costs and interest have been incurred, and the court may
4 enter a declaratory judgment on liability for ~~remedial action~~ the costs and interest that is binding on any
5 subsequent action or actions to recover further remedial action costs, private response costs, and interest. The
6 court may disallow costs or damages only if the person liable under 75-10-715 can show on the record that the
7 costs are not reasonable and are not consistent with this part. The court may disallow the associated interest
8 if it determines, based on the record, that the liable person can show that the costs are not reasonable.

9 (6) An initial action brought under 75-10-715(4) or a contribution action for costs incurred under this part
10 must be commenced within 6 years after initiation of physical onsite construction of the final permanent remedy.

11 (7) Remedial action costs, private response costs, interest, and any penalties recovered by the state
12 under 75-10-715 must be deposited into the environmental quality protection fund established in 75-10-704.

13 (8) Within 30 days of receipt by the department, private response costs and interest recovered by the
14 state must be paid to the person who submitted the claim for costs and interest to the department pursuant to
15 [section 5]."

16

17 **Section 11.** Section 75-10-724, MCA, is amended to read:

18 **"75-10-724. Private right of action.** (1) Any person who receives notice under 75-10-711, who is held
19 jointly and severally liable under 75-10-715, or who initiates a voluntary cleanup under the provisions of
20 75-10-730 through 75-10-738 may bring a private right of action, including a claim for contribution or declaratory
21 relief, against any other person who is liable or potentially liable under 75-10-715 for the recovery of remedial
22 action costs. In resolving contribution claims, the court shall allocate remedial action costs among the liable
23 persons based on the factors set out in 75-10-750.

24 (2) An individual or small business that has incurred private response costs may bring a private right
25 of action in district court to recover those costs including interest and legal costs incurred in bringing the action,
26 if the action is successful, from a person who is liable under 75-10-715.

27 (3) An individual or small business may not recover private response costs from both an action taken
28 pursuant to subsection (2) and from cost recovery efforts available elsewhere in this part.

29 (4) The court in any action brought to recover costs has the discretion to award attorney fees to the
30 prevailing or substantially prevailing party."

1

2 **NEW SECTION. Section 12. Codification instruction.** [Sections 5 and 6] are intended to be codified
3 as an integral part of Title 75, chapter 10, part 7, and the provisions of Title 75, chapter 10, part 7, apply to
4 [sections 5 and 6].

5

6 **NEW SECTION. Section 13. Severability.** If a part of [this act] is invalid, all valid parts that are
7 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
8 the part remains in effect in all valid applications that are severable from the invalid applications.

9

10 **NEW SECTION. Section 14. Effective date.** [This act] is effective on passage and approval.

11

- END -