## S. 965

To amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to provide relief to local taxpayers, municipalities, and small businesses regarding the cleanup of hazardous substances, and for other purposes.

### IN THE SENATE OF THE UNITED STATES

MAY 13 (legislative day, APRIL 19), 1993

Mr. Lautenberg (for himself, Mr. Mitchell, Mrs. Boxer, Mrs. Feinstein, Mr. Kennedy, Mr. Kerry, Mr. Kohl, Mr. Sarbanes, Mr. Simon, and Mr. Wellstone) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

## A BILL

To amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to provide relief to local taxpayers, municipalities, and small businesses regarding the cleanup of hazardous substances, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Toxic Cleanup Equity
- 5 Act of 1993".

#### SEC. 2. FINDINGS.

- 2 Consistent with the policies under the Comprehensive
- 3 Environmental Response, Compensation, and Liability Act
- 4 of 1980 (CERCLA) (42 U.S.C. 9601 et seq.), the Con-
- 5 gress finds that—
- 6 (1) the polluter should pay for cleanup, and
- 7 cleanups must fully protect human health and the
- 8 environment;
- 9 (2) municipalities have traditionally performed
- the public service of helping their citizens dispose of
- ordinary garbage and sewage, and have at times
- been required to perform this function under State
- 13 law;
- 14 (3) municipalities did not operate their waste
- disposal services for the purpose of receiving a
- 16 profit;
- 17 (4) many municipal landfills used to dispose of
- garbage and sewage sludge also have been used to
- dispose of industrial hazardous waste, which has
- contaminated the sites and created the need for
- 21 Superfund cleanups;
- 22 (5) the vast majority of the hazardous sub-
- stances that are causing threats to human health
- and the environment at Superfund sites were pro-
- duced by non-municipal operations;

- 1 (6) third-party contribution suits based on the 2 generation or transportation of municipal solid waste 3 and sewage sludge distort the intent of CERCLA 4 and drain the precious resources of municipalities, 5 small businesses, and nonprofit associations;
  - (7) many of the Nation's local governments are facing a financial crisis, and their ability to provide essential public services is being threatened;
  - (8) municipalities are facing expensive mandates imposed by the Federal and State governments, including some related to environmental protection; and
  - (9) municipalities that own Superfund sites bear a double burden: their citizens live near the sites and these local governments may be forced to cut back on important public health and safety services to help pay for the cleanup.

# 18 SEC. 3. MUNICIPALITIES, MUNICIPAL SOLID WASTE, AND 19 SEWAGE SLUDGE.

- 20 (a) Section 101 of the Comprehensive Environmental 21 Response, Compensation, and Liability Act of 1980 (42
- $22\,$  U.S.C. 9601) is amended by adding the following new
- 23 paragraphs at the end thereof:
- 24 "(39) The term 'municipal solid waste' means 25 all waste materials generated by households, includ-

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ing single and multiple residences, and hotels and motels. The term also includes waste materials generated by commercial, institutional, and industrial sources (A) when such waste materials are essentially the same as waste normally generated by households, or (B) when such waste materials were collected and disposed of with other municipal solid waste or sewage sludge and, regardless of when generated, would be considered conditionally exempt small quantity generator waste under section 3001(d) of the Solid Waste Disposal Act (42 U.S.C. 6921(d)). Examples of municipal solid waste include food and yard waste, paper, clothing, appliances, consumer product packaging, disposable diapers, office supplies, cosmetics, glass and metal food containers, school science laboratory waste, and household hazardous waste (such as painting, cleaning, gardening, and automotive supplies). For the purposes of this Act, the term 'municipal solid waste' does not include combustion ash generated by resource recovery facilities or municipal incinerators, or waste from manufacturing or processing (including pollution control) operations not essentially the same as waste normally generated by households.

- 1 "(40) The term 'sewage sludge' refers to any 2 solid, semisolid, or liquid residue removed during the 3 treatment of municipal waste water, domestic sew-4 age, or other waste waters at or by a publicly-owned 5 treatment works.
- "(41) The term 'municipality' means any politi-6 cal subdivision of a State and may include cities, 7 8 counties, villages, towns, townships, boroughs, par-9 ishes, schools, school districts, sanitation districts, water districts, and other local governmental enti-10 11 ties. The term also includes any natural person act-12 ing in his or her official capacity as an official, employee, or agent of a municipality.". 13
- 14 (b) Section 113 of the Comprehensive Environmental 15 Response, Compensation, and Liability Act of 1980 (42 16 U.S.C. 9613) is amended by adding the following new sub-17 sections at the end thereof:
- "(m) Contribution Actions for Generators

  19 and Transporters of Municipal Solid Waste and
  20 Sewage Sludge.—No municipality or other person shall
  21 be liable to any person other than the President for claims
  22 of contribution under this section or for other response
  23 costs, penalties, or damages under this Act for the genera24 tion, transportation, or arrangement for the transpor-

- 1 tation, treatment, or disposal of municipal solid waste or
- 2 sewage sludge.
- 3 "(n) CONTRIBUTION ACTIONS FOR MUNICIPAL OWN-
- 4 ERS AND OPERATORS.—No eligible municipality as de-
- 5 fined in section 122(p) shall be liable to any person other
- 6 than the President for claims of contribution under this
- 7 section or for other response costs, penalties, or damages
- 8 under this Act for the ownership or operation of a facility
- 9 to the extent that the municipality is an eligible municipal-
- 10 ity under section 122(p)(1).
- 11 "(0) PUBLIC RIGHT-OF-WAY.—In no event shall a
- 12 municipality incur liability under this Act for the acts of
- 13 owning or maintaining a public right-of-way over which
- 14 hazardous substances are transported, or of granting a
- 15 business license to a private party for the transportation,
- 16 treatment, or disposal of municipal solid waste or sewage
- 17 sludge. For the purposes of this subsection, 'public right-
- 18 of-way' includes, but is not limited to, roads, streets, flood
- 19 control channels, or other public transportation routes,
- 20 and pipelines used as a conduit for sewage or other liquid
- 21 or semiliquid discharges.".
- (c) Section 122 of the Comprehensive Environmental
- 23 Response, Compensation, and Liability Act of 1980 (42
- 24 U.S.C. 9622) is amended by adding the following new sub-
- 25 sections at the end thereof:

1 "(n) Settlement Procedures for Generators

2 AND TRANSPORTERS OF MUNICIPAL SOLID WASTE OR

3 SEWAGE SLUDGE.—

"(1) ELIGIBLE PERSONS.—The term 'eligible person' under this subsection means any person against whom an administrative or judicial action is brought, or to whom notice is given of potential liability under this Act, for the generation, transportation, or arrangement for the transportation, treatment, or disposal of municipal solid waste or sewage sludge. An eligible person who may be liable under paragraph (1) or (2) of section 107(a) or for substances other than municipal solid waste or sewage sludge is covered by this subsection to the extent that the person is liable for the generation, transportation, or arrangement for the transportation, treatment, or disposal of municipal solid waste or sewage sludge.

"(2) NEGOTIATION OF SETTLEMENTS; MORATO-RIUM.—Eligible persons under this subsection may offer to settle their potential liability with the President by stating in writing their ability and willingness to settle their potential liability in accordance with this subsection. Upon receipt of such good faith offer to settle, no further administrative or judicial

action shall be taken against the eligible person, unless the President determines that the eligible person's offer or position during negotiations is not in good faith or otherwise not in accordance with this subsection or that the matters addressed include liability not related to the generation, transportation, or arrangement for the transportation, treatment, or disposal of municipal solid waste or sewage sludge. Nothing in this subsection shall limit or modify the President's authority under section 104(e).

- "(3) Timing.—Eligible persons may tender offers under this subsection within 180 days after receiving a notice of potential liability or becoming subject to administrative or judicial action, or within 180 days after a record of decision is issued for the portion of the response action that is the subject of the person's settlement offer, whichever is later. If the President notifies an eligible person that he or she may be a potentially responsible party, no further administrative or judicial action may be taken by any party for 120 days against such person.
- "(4) EXPEDITED FINAL SETTLEMENT.—The President shall make a good faith effort to reach final settlements as promptly as possible under this subsection, and such settlements shall—

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cation when the basis of liability arises from sewage sludge generated 36 months after the date of enactment of this subsection or thereafter; and

- "(F) be reached even in the event that an eligible person may be liable under paragraph (1) or (2) of section 107(a) or for substances other than municipal solid waste or sewage sludge.
- "(5) COVENANT NOT TO SUE.—The President may provide a covenant not to sue with respect to the facility concerned to any person who has entered into a settlement under this subsection unless such a covenant would be inconsistent with the public interest as determined under subsection (f).
- "(6) EFFECT OF AGREEMENT.—A person that has resolved his or her liability to the United States under this subsection shall not be liable for claims of contribution or for other response costs, penalties, or damages under this Act regarding matters addressed in the settlement. Such settlement does not discharge any of the other potentially responsible parties unless the terms of the settlement so provide, but the settlement reduces the potential liability of the other parties by the amount of the settlement.

"(7) DE MINIMIS SETTLEMENTS.—Nothing in this subsection shall alter or diminish a person's ability to reach a settlement with the President under subsection (g).

"(8) Judicial review.—Any judicial review of a settlement reached with the President under this subsection shall be limited to the administrative record. Otherwise applicable principles of administrative law shall govern whether any supplemental materials may be considered by the court. In considering objections raised to such a settlement, the court shall uphold the President's decision to enter into the settlement unless the objecting party can demonstrate, on the administrative record, that the decision was arbitrary, capricious, or otherwise not in accordance with law.

"(o) FUTURE DISPOSAL PRACTICES.—This subsection applies only to the generation, transportation, or arrangement for the transportation, treatment, or disposal of municipal solid waste or sewage sludge occurring 36 months after the date of enactment of this subsection or thereafter. Beginning at such time and with regard to such future municipal solid waste or sewage sludge, eligible persons who are municipalities or operators of publicly

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- owned treatment works may assert the provisions of subsection (n) only under the following circumstances:
  - "(1) If liability arises from municipal solid waste collected and disposed of 36 months or later after the date of enactment of this subsection and the eligible person is a municipality, a qualified household hazardous waste collection program must have been operating while such municipal solid waste was collected and disposed.
    - "(2) If liability arises from sewage sludge generated 36 months or later after the date of enactment of this subsection and the eligible person is an owner or operator of a publicly owned treatment works, a qualified publicly owned treatment works must have been operating while such sewage sludge was generated at such treatment works.
    - "(3) The term 'qualified household hazardous waste collection program' means a program that includes—
      - "(A) at least semiannual, well-publicized collections at conveniently located collection points with an intended goal of participation by ten percent of community households;
  - "(B) a public education program that identifies potentially hazardous household products,

safer substitutes (source reduction), and proper use and disposal of consumer products;

> "(C) efforts to collect hazardous waste from conditionally exempt small quantity generators under section 3001(d) of the Solid Waste Disposal Act (42 U.S.C. 6921(d)), with an intended goal of collecting wastes from 20 percent of such generators doing business within the jurisdiction of the municipality; and

> "(D) a comprehensive plan, which may include regional compacts or joint ventures, that outlines how the program will be accomplished.

- "(4) To satisfy the criterion of having a qualified household hazardous waste collection program in operation, a municipality may operate its own program or may certify that other persons are, jointly or individually, operating each of the elements of a qualified program which serves the municipality's jurisdiction, and such other persons may include, but are not limited to, private contractors and businesses, other municipalities, and States.
- "(5) A person that operates a 'qualified household hazardous waste collection program' and collects hazardous waste from conditionally exempt small quantity generators under section 3001(d) of

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- the Solid Waste Disposal Act (42 U.S.C. 6921(d)) must transport or arrange to transport such waste in accordance with the Solid Waste Disposal Act (42) U.S.C. 6901 et seq.) and must dispose of such waste at a hazardous waste treatment, storage, or disposal facility with a permit under section 3005 of the Solid Waste Disposal Act (42 U.S.C. 6925), but such person is otherwise deemed to be handling only household waste under the Solid Waste Disposal Act when the person operates a qualified household haz-ardous waste collection program.
  - "(6) Nothing in this Act is intended to prohibit a person from assessing fees to persons whose waste is accepted during household hazardous waste collections, or shall prohibit a person from refusing to accept waste that the person believes is being disposed of in violation of the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.).
  - "(7) The term 'qualified publicly owned treatment works' means a publicly owned treatment works that complies with section 405 of the Federal Water Pollution Control Act (33 U.S.C. 1345).
  - "(8) The President may determine that a household hazardous waste collection program or a publicly owned treatment works is not qualified

under this subsection. Minor instances of noncompliance do not render a household hazardous waste collection program or publicly owned treatment works unqualified under this subsection.

> "(9) If the President determines that a household hazardous waste collection program is not qualified, the provisions of subsection (n) shall not apply, but only with regard to the municipal solid waste disposed of during the period of disqualification.

> "(10) If a municipality or operator of a publicly owned treatment works is notified by the President or by a State with a program approved under section 402(b) of the Federal Water Pollution Control Act (33 U.S.C. 1342(b)) that the publicly owned treatment works of the municipality or operator is not in compliance with the requirements of paragraph (7), and if such noncompliance is not remedied within twelve months, the provisions of subsection (n) shall not apply, but only with regard to the sewage sludge generated or disposed of during the period of noncompliance.

23 "(p) Settlement Procedures for Municipal

24 Owners and Operators.—

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"(1) ELIGIBLE MUNICIPALITIES.—The term 'el-1 2 igible municipality' under this subsection means any 3 municipality against which an administrative or judi-4 cial action is brought, or to which notice is given of 5 potential liability, under paragraph (1) or (2) of section 107(a) with respect to a facility that does not 6 7 contain, by overall volume, predominantly wastes produced by municipal operations that are wastes 8 9 other than municipal solid waste or sewage sludge, 10 and which meets all of the following conditions: "(A) Before the date of enactment of this 11 subsection, the municipality owned or operated 12 13 the facility or an identifiable unit at such 14 facility. "(B) Such facility or identifiable unit at 15 16 such facility was or is subject to a response 17 action. 18 "(C) Such facility or identifiable unit at 19 such facility, with respect to which the munici-20 pality seeks to resolve its liability under this 21 subsection, does not receive any waste after the 22 date of enactment of this subsection.

A municipality that may be liable under paragraph

(3) or (4) of section 107(a) is covered by this sub-

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section to the extent that the municipality is eligible under this paragraph.

"(2) NEGOTIATION OF SETTLEMENTS; MORATO-RIUM.—Eligible municipalities under this subsection may offer to settle their potential liability with the President by stating in writing their ability and willingness to settle their potential liability in accordance with this subsection. Upon receipt of such good faith offer to settle, no further administrative or judicial action shall be taken against the eligible municipality, unless the President determines that the eligible municipality's offer or position during negotiations is not in good faith or otherwise not in accordance with this subsection. Nothing in this subsection shall limit or modify the President's authority under section 104(e).

"(3) Timing.—Eligible municipalities may tender offers under this subsection within 180 days after receiving a notice of potential liability or becoming subject to administrative or judicial action, or within 180 days after a record of decision is issued for the portion of the response action that is the subject of the municipality's settlement offer, whichever is later. If the President notifies an eligible municipality that it may be a potentially response

- sible party, no further administrative or judicial action may be taken by any party for 120 days against such municipality.
  - "(4) EXPEDITED FINAL SETTLEMENT.—The President shall make a good faith effort to reach final settlements as promptly as possible under this subsection, and such settlements shall conform to the following criteria:
    - "(A) Such settlements shall take into account the public interest factors normally considered by the President in formulating settlements under this Act.
    - "(B) The amount demanded in settlement shall not exceed the municipality's ability to pay. The municipality's 'ability to pay' shall be determined by the President through a consideration of factors, including but not limited to the following: (i) the ratio of debt service to operating revenues, other than obligated or encumbered revenues, (ii) the ratio of total funds, other than dedicated funds, to total expenses, (iii) the ratio of total revenues, other than obligated or encumbered revenues, to total expenses, (iv) the ratio of debt service to population, (v) the ratio of operating revenues, other

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than obligated or encumbered revenues, to population, (vi) the ratio of total expenses to population, (vii) the ratio of total funds, other than dedicated funds, to total revenues, (viii) the ratio of total funds, other than dedicated funds, to population, (ix) the impact of the settlement on essential services the municipality must provide, and (x) the feasibility of making delayed payments and payments over time.

"(C) A municipality shall not be deemed to possess the ability to pay to the extent that such payment would create a significant, demonstrable risk that the municipality will default on existing debt obligations, be forced into bankruptcy, be forced to dissolve, or be forced to make budgetary cutbacks that unduly impede the protection of public health and safety by the municipality. Municipal activities that protect 'public health and safety' include all operations that can protect the environment, human and animal health, and public safety, including but not limited to environmental protection and restoration, police and fire protection, hospitals and medical services, human services, and water, sewage, and solid waste services. Such

municipal activities do not include operations that are primarily intended to provide recreational activities or aesthetic civic improvements.

"(D) A municipality shall not be deemed to possess the ability to pay to the extent that the President determines that raising the funds for such payment would violate legal requirements or limitations of general applicability concerning the assumption and maintenance of municipal fiscal obligations: *Provided*, That for the purposes of this subparagraph, a legal requirement or limitation of general applicability means a legislative enactment that governs a municipality's financial affairs generally and that is not limited to the payment of claims for costs or damages under this Act.

"(E) If a municipality asserts that it has obligations under any applicable environmental law besides the municipality's potential liability under this Act, such municipality may create a list of the obligations and estimate the costs of complying with each obligation, and, if requested by the municipality, the President shall provide assistance with these tasks and shall

consider the total cost of these obligations in determining whether the municipality has an ability to pay.

- "(F) Once the appropriate settlement amount has been determined, the President shall permit an eligible municipality to provide appropriate in-kind services with regard to the response action in lieu of cash contributions and to be credited at market rates for such services.
- "(G) Notwithstanding the entry of consent decrees by the President with other potentially responsible parties, the provisions of this paragraph shall apply to the remaining allocation of response costs, penalties, and damages to eligible municipalities.
- "(5) EFFECT OF AGREEMENT.—An eligible municipality that has resolved its liability to the United States under this subsection shall not be liable for claims of contribution or for other response costs, penalties, or damages under this Act regarding matters addressed in the settlement. Such settlement does not discharge any of the other potentially responsible parties unless the terms of the settlement so provide, but the settlement reduces the potential

liability of the other parties by the amount of the settlement.

"(6) Consolidated settlements.—If a municipality is an eligible municipality under this subsection and an eligible person under subsection (n) with regard to the same facility, the President should attempt to reach a single, expeditious settlement with the municipality covering all liability that may be addressed by settlements under subsection (n) or (p).

"(7) Ongoing waste disposal; burden of proof.—If an eligible municipality receives waste after the date of enactment of this subsection at units adjacent to those units of the facility for which the municipality is eligible under paragraph (1), and if releases or threatened releases into the environment on or beneath the open units are threatened or occur, then the municipality shall bear the burden of proving that such releases are caused by the closed units in any judicial or administrative proceeding in which the municipality's liability is at issue under environmental law.

"(8) Judicial review of a settlement reached with the President under this subsection shall be limited to the administrative

- 1 record. Otherwise applicable principles of adminis-
- 2 trative law shall govern whether any supplemental
- 3 materials may be considered by the court. In consid-
- 4 ering objections raised to such a settlement, the
- 5 court shall uphold the President's decision to enter
- 6 into the settlement unless the objecting party can
- demonstrate, on the administrative record, that the
- 8 decision was arbitrary, capricious, or otherwise not
- 9 in accordance with law.".
- 10 (d) Section 122(g)(1)(A)(i) of the Comprehensive En-
- 11 vironmental Response, Compensation, and Liability Act of
- 12 1980 (42 U.S.C. 9622(g)(1)(A)(i)) is amended by adding
- 13 the following new sentence at the end thereof: "The
- 14 amount of hazardous substances in municipal solid waste
- 15 and sewage sludge shall refer to the quantity of hazardous
- 16 substances which are constituents within municipal solid
- 17 waste and sewage sludge, not the overall volume of munici-
- 18 pal solid waste and sewage sludge present at the facility.".
- 19 (e) Nothing in this section or the amendments made
- 20 by this section shall modify the meaning or interpretation
- 21 of the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.).
- 22 (f) Nothing in this section or the amendments made
- 23 by this section shall modify a State's ability under the
- 24 Comprehensive Environmental Response, Compensation,
- 25 and Liability Act of 1980 (42 U.S.C. 9601 et seq.) to

- 1 carry out actions authorized in such Act and to enter into
- 2 a contract or cooperative agreement with the President to
- 3 carry out such actions.
- 4 (g) The settlement procedures and bar on judicial
- 5 and administrative proceedings addressed in this section
- 6 and the amendments made by this section shall apply even
- 7 if any constituent component of municipal solid waste or
- 8 sewage sludge may be considered a hazardous substance
- 9 under the Comprehensive Environmental Response, Com-
- 10 pensation, and Liability Act of 1980 (42 U.S.C. 9601 et
- 11 seq.) when the constituent component exists apart from
- 12 municipal solid waste or sewage sludge.
- 13 (h) This section and the amendments made by this
- 14 section shall apply to each municipality and other person
- 15 against whom administrative or judicial action has been
- 16 commenced before the date of enactment of this Act, un-
- 17 less a final court judgment has been rendered against such
- 18 municipality or other person or final court approval of a
- 19 settlement agreement including such municipality or other
- 20 person as a party has been granted. If a final court judg-
- 21 ment has been rendered or court-approved settlement
- 22 agreement has been reached that does not resolve all con-
- 23 tested issues, this section and the amendments made by
- 24 this section shall apply to all contested issues not expressly
- 25 resolved by such court judgment or settlement agreement.

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