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H.B. 168*
133rd General Assembly

Bill Analysis

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Version: As Reported by House Civil Justice

Primary Sponsor: Rep. Arndt

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SUMMARY

- Establishes an affirmative defense that allows a bona fide prospective purchaser (BFPP), if certain factors are met, to claim immunity from liability to the state for the state's performance of investigational and remedial activities to address a release or threatened release of a hazardous substance from the BFPP's facility.
- Specifies that a BFPP is a purchaser of a facility where hazardous substances were disposed before the purchaser acquired it who can demonstrate specific factors relating to that facility.
- Makes conforming changes to the law governing the Voluntary Action Program consistent with the affirmative defense established by the bill.

DETAILED ANALYSIS

Overview

Generally, when there is a release or threatened release of a hazardous substance at a facility, the state can investigate and conduct remedial activities to remedy the release or threatened release. The state can then impose response costs for the response action, and may recover those costs in a civil action against a responsible party.

The bill specifies that a bona fide prospective purchaser (BFPP) of a facility (previously contaminated by a hazardous substance) who can demonstrate certain factors relating to that facility, is immune from liability to the state in a civil action. This immunity is limited in scope to the costs incurred by the state for the state's performance of investigational and remedial

* This analysis was prepared before the report of the House Civil Justice Committee appeared in the House Journal. Note that the legislative history may be incomplete.

activities to address the release or threatened release of a hazardous substance from the facility. This type of immunity is not available under current Ohio law.¹

Immunity for BFPPs is available at the federal level under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and is somewhat broader than the bill in its scope. The federal immunity extends to all response costs in a federal civil action, regardless of whether the party bringing the action is the federal government or a private citizen.²

BFPP immunity: federal

Under CERCLA, a “BFPP” is a person who acquires ownership of a facility (any property where a hazardous substance was disposed) after January 11, 2002, and that establishes several factors relating to that facility. These factors include all of the following:

1. All disposal of hazardous substances at the facility occurred before the person acquired it;
2. The person made all appropriate inquiries into previous ownership and uses of the facility in accordance with generally accepted good commercial and customary standards and practices in accordance with federal law;
3. The person provides all legally required notices for the discovery or release of any hazardous substances at the facility;
4. The person exercises appropriate care with respect to any hazardous substances at the facility by taking reasonable steps to:
 - Stop any continuing release;
 - Prevent any threatened future release; and
 - Prevent or limit human, environmental, or natural resource exposure to any previously released hazardous substance.
5. The person provides full cooperation, assistance, and access to those authorized to conduct response actions or natural resource restorations;
6. The person is in compliance with any land use restrictions established or relied on in connection with the response action at the facility;
7. The person does not impede any institutional control employed at the facility in connection with the response action;
8. The person complies with any request for information or administrative subpoena issued by the President; and

¹ R.C. 3746.122(B).

² See, e.g., *Saline River Props., LLC v. Johnson Controls, Inc.*, 823 F. Supp.2d 670 (2011) (in which a facility owner claiming BFPP immunity sued a previous facility owner).

9. The person is not either of the following:
 - Potentially liable, or affiliated with any other person that is potentially liable, for response costs at the facility through any direct or indirect familial relationship, or, any contractual, corporate, or financial relationship (other than the relationship created for conveyance of title for the facility); or
 - The result of a reorganization of a business entity that was potentially liable for the facility.³

If a person can establish all of these factors in court by a preponderance of the evidence, the person is considered a BFPP and is immune from liability for response costs for a release or threatened release of hazardous substances based solely on the person's status as owner or operator of the facility.⁴ As mentioned above, response costs generally include any costs incurred to remedy a release or threatened release of a hazardous substance to insure that the substance does not migrate and cause danger to public health, welfare, or the environment. To maintain BFPP immunity under CERCLA, the BFPP has an ongoing obligation not to impede the performance of a response action or natural resource restoration.⁵

BFPP immunity: the bill

The bill establishes an affirmative defense that allows a person to claim immunity from liability in a civil action **brought by the state** (but not by a private citizen) for performance of the state's investigational and remedial activities to address a release or threatened release of hazardous substances from the person's facility if all of the following apply:

1. The person demonstrates that the person is a BFPP of the facility;
2. The state's cause of action rests upon the person's status as an owner or operator of the facility; and
3. The person does not impede a response action or a natural resource restoration at the facility.⁶

The bill adopts the same definition of BFPP and facility as in CERCLA.⁷ Thus, the person must also demonstrate all of the factors necessary to be considered a BFPP under that definition by a preponderance of the evidence.

Additionally, the bill makes conforming changes to the law governing the Voluntary Action Program (VAP) consistent with the establishment of the affirmative defense.⁸ In general,

³ 42 U.S.C. § 9601(40).

⁴ 42 U.S.C. § 9607(r).

⁵ 42 U.S.C. § 9607(r).

⁶ R.C. 3746.122(B).

⁷ R.C. 3746.122(A).

⁸ R.C. 3746.122(C) and R.C. 3746.02(A)(5).

the VAP is a program under which a person assumes responsibility for cleaning a property contaminated by hazardous substances in exchange for a release from liability from the state.⁹

HISTORY

Action	Date
Introduced	03-26-19
Reported, H. Civil Justice	---

H0168-RH-133/ts

⁹ See R.C. Chapter 3746.