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IN WAKE OF BP DISASTER, ENVIRONMENT CHAIRMAN MOVES TO UPDATE 34-YEAR-OLD OIL SPILL LAW

Committee Clears Measure To Raise Spill Liability Cap, Hold Companies Responsible For Up To \$1 Billion in Damages

TRENTON - Calling the BP disaster a grim reminder of the potential damage caused by industrial mishaps, Senate Environment and Energy Committee Chairman Bob Smith today led the effort to update the state's decades-old oil spill laws to better ensure that polluters - not taxpayers - foot the bill in the event of an incident affecting New Jersey.

The panel approved legislation (S-2108) sponsored by Senator Smith to amend the state's Spill Compensation and Control Act, making the owner or operator of a major facility liable for up to \$1 billion in damages caused by the discharge of petroleum products or other hazardous substances. The current cap, which is \$50 million, was set with the law's enactment in 1976.

"While it's unlikely oil from the Gulf of Mexico will reach New Jersey's coastline, we don't want to take any chances. The BP catastrophe is an unfortunate reminder that the discharge of a hazardous substance can have a lasting affect on wildlife, the environment and, ultimately, can impact an entire region's way of life," said Senator Smith (D-Middlesex). "It also has demonstrated that it is impossible to predict how far-reaching an industrial disaster may become. No one expected that more than 85 days after the explosion in the Gulf, and numerous attempts to halt the leakage, oil would still be gushing into those waters."

Deepwater Horizon, a rig leased by BP, exploded on April 20 in the Gulf of Mexico, killing 11 workers and setting off an oil gusher that has resulted in the largest environmental disaster in US history. Experts say it would take a number of unlikely occurrences for oil to reach New Jersey. However, Smith said the state must be prepared in the event that takes place. Additionally, he said the existence of outdated spill compensation laws, which apply to a multitude of substance discharges, as well as the possibility that future drilling could take place off the East Coast, warrants an update to current law.

The panel today also increased the liability cap for an owner or operator of a vessel that discharges a hazardous substance, from \$1,200 per gross ton, to \$3,000 per gross ton. The vessel cap was last increased in 2005.

"With this bill, we will better ensure that polluters - not taxpayers - are held accountable for the damage they cause," said Senator Smith. "Raising the caps will also ensure that those who operate facilities or control vessels that pass through our state waters are more vigilant when it comes to safety and security."

A maximum limitation on liability for damages would not apply if the discharge was the result of gross negligence or willful misconduct tied to the owner, operator or person in charge of a vessel or facility. It also would not apply if a gross or willful violation of safety, construction, operating standards or regulations is found.

The measure was approved by a vote of 4-0. It now heads to the Senate President to decide when to post it for a full Senate vote.