

CHAPTER 1J

PROCESSING OF DAMAGE CLAIMS PURSUANT TO THE SPILL COMPENSATION AND CONTROL ACT

Authority

N.J.S.A. 58:10-23.11 et seq. and 13:1D-9.

Source and Effective Date

R.2003 d.327, effective August 4, 2003.
See: 35 N.J.R. 543(a), 35 N.J.R. 3611(a).

Chapter Expiration Date

Chapter 1J, Processing of Damage Claims Pursuant to the Spill Compensation and Control Act, expires on August 4, 2008.

Chapter Historical Note

Chapter 1J, Processing of Damage Claims Pursuant to the Spill Compensation and Control Act, was adopted as R.1993 d.2, effective January 4, 1993. See: 24 N.J.R. 1255(a), 25 N.J.R. 68(a).

Pursuant to Executive Order No. 66(1978), Chapter 1J, Processing of Damage Claims Pursuant to the Spill Compensation and Control Act, was readopted as R.1998 d.67, effective December 23, 1997. See: 29 N.J.R. 4365(a), 29 N.J.R. 4594(a), 30 N.J.R. 336(b). Chapter 1J, Processing of Damage Claims Pursuant to the Spill Compensation and Control Act, expired on June 21, 2003.

Chapter 1J, Processing of Damage Claims Pursuant to the Spill Compensation and Control Act, was adopted as new rules by R.2003 d.327, effective August 4, 2003. See: Source and Effective Date.

Law Review and Journal Commentaries

How to Obtain Public Funds for Private Cleanup. Daniele Cervino. 139 N.J.L.J. No. 8, S8 (1995).

Spill Fund Claims Eligibility and Arbitration. Mark D. Oshinski, 154 N.J.L.J. 256 (1998).

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. GENERAL PROVISIONS

- 7:1J-1.1 Scope
- 7:1J-1.2 Construction and applicability
- 7:1J-1.3 Severability
- 7:1J-1.4 Definitions
- 7:1J-1.5 Delegation
- 7:1J-1.6 Signatures; certifications
- 7:1J-1.7 Notices and other communications
- 7:1J-1.8 Computation of time

SUBCHAPTER 2. CLAIMS GENERALLY

- 7:1J-2.1 Persons who may submit a claim
- 7:1J-2.2 Provisions applicable to all claims
- 7:1J-2.3 Burden of proof
- 7:1J-2.4 Damages actually incurred; mitigation
- 7:1J-2.5 Overlapping claims
- 7:1J-2.6 Waiver of damages not set forth in claim
- 7:1J-2.7 Claims by responsible parties or by owners or occupants of property from which discharge has emanated
- 7:1J-2.8 Administrative closure of claims

SUBCHAPTER 3. WATER SUPPLY SYSTEMS CLAIMS

- 7:1J-3.1 Eligibility of water supply systems claims for compensation
- 7:1J-3.2 Spill Fund Claims Area
- 7:1J-3.3 Most cost-effective environmentally sound alternative
- 7:1J-3.4 Reductions in costs eligible for compensation if alternative water supply actually constructed exceeds requirements for provision of adequate alternative water supply
- 7:1J-3.5 Other reductions in amount eligible for compensation from Fund
- 7:1J-3.6 Delineation of Spill Fund Claims Area (SFCA)
- 7:1J-3.7 Currently known extent of ground water pollution
- 7:1J-3.8 Most probable pollution migration zone
- 7:1J-3.9 Cost of obtaining estimate by Department consultant of amount eligible for compensation
- 7:1J-3.10 Sealing of well

SUBCHAPTER 4. PROPERTY VALUE DIMINUTION CLAIMS

- 7:1J-4.1 Extent of eligibility
- 7:1J-4.2 Requirements for eligibility
- 7:1J-4.3 Appraisal of subject property
- 7:1J-4.4 Valuation of claim
- 7:1J-4.5 Evidence of good faith sale
- 7:1J-4.6 Settlement based upon legal inability to sell the subject property
- 7:1J-4.7 Settlement when emergency relocation is necessary
- 7:1J-4.8 Contract for sale of property entered into before filing of claim
- 7:1J-4.9 Suspension of claims

SUBCHAPTER 5. EMERGENCY RESPONSE CLAIMS BY LOCAL UNITS

- 7:1J-5.1 Eligibility of emergency response claims for compensation
- 7:1J-5.2 Procedure for making emergency response claim
- 7:1J-5.3 Processing of emergency response claims
- 7:1J-5.4 Notice to potentially responsible parties
- 7:1J-5.5 Eligible costs

SUBCHAPTER 6. CLAIMS PROCEDURE

- 7:1J-6.1 Time for filing of claims
- 7:1J-6.2 Submission of claim
- 7:1J-6.3 Contents of claim
- 7:1J-6.4 Amendment of claim
- 7:1J-6.5 Consent to inspection
- 7:1J-6.6 Notice of Intent to Deny; Denial
- 7:1J-6.7 Communication with claimant or representative
- 7:1J-6.8 Relaxation of procedural requirements
- 7:1J-6.9 Remediation of discharge which is subject of claim

SUBCHAPTER 7. SETTLEMENT OF CLAIMS BETWEEN CLAIMANT AND POTENTIALLY RESPONSIBLE PARTIES

- 7:1J-7.1 Notice of claim to potentially responsible party
- 7:1J-7.2 Settlement negotiations
- 7:1J-7.3 Effect of settlement between claimant and potentially responsible party

SUBCHAPTER 8. SETTLEMENT OF CLAIMS BETWEEN CLAIMANT AND FUND

- 7:1J-8.1 Request for payment upon failure to identify or settle with potentially responsible party
- 7:1J-8.2 Contest of validity or amount of claim
- 7:1J-8.3 Settlement offer by the administrator
- 7:1J-8.4 Action on administrator's settlement offer

SUBCHAPTER 9. BOARDS OF ARBITRATION

- 7:1J-9.1 Convening a board of arbitration
- 7:1J-9.2 Notice of arbitration
- 7:1J-9.3 Membership of Board
- 7:1J-9.4 Jurisdiction over all claims related to discharge
- 7:1J-9.5 Class actions
- 7:1J-9.6 Administrative conference, preliminary hearing, and mediation conference
- 7:1J-9.7 Discovery
- 7:1J-9.8 Prehearing requirements
- 7:1J-9.9 Conduct of hearing
- 7:1J-9.10 Consent to service of process
- 7:1J-9.11 Evidence
- 7:1J-9.12 Subpoenas; witnesses
- 7:1J-9.13 Inspections and investigations by the Board
- 7:1J-9.14 Submission of briefs
- 7:1J-9.15 Default
- 7:1J-9.16 Decisions of the board; award; payment of claim
- 7:1J-9.17 Waiver of hearing
- 7:1J-9.18 Variance from procedural requirements
- 7:1J-9.19 Extensions of time
- 7:1J-9.20 Expedited procedures
- 7:1J-9.21 Waiver of rules
- 7:1J-9.22 Interpretation and application of rules
- 7:1J-9.23 Copies of papers for judicial proceedings
- 7:1J-9.24 Exculpation of arbitrators

SUBCHAPTER 1. GENERAL PROVISIONS

7:1J-1.1 Scope

This chapter constitutes the rules of the Department concerning the processing of all claims under the Act for damages resulting from the discharge of a hazardous substance or a threatened discharge of a hazardous substance.

7:1J-1.2 Construction and applicability

(a) This chapter shall be construed liberally to permit the Department and the administrator to fulfill their statutory functions. This chapter shall be construed in conformity with, and not in derogation of, the Act.

(b) This chapter shall apply to the processing of all claims which have not been paid, settled or denied on or before the operative date of this chapter, notwithstanding the date upon which any such claim was filed with the Department.

Case Notes

Prior to adoption of statutory amendment to Spill Compensation and Control Act, transferee of property was not legally obligated to make diligent inquiry in advance of acceptance of transfer in order to be absolved from statutory responsibility for environmental cleanup costs, and to extent that administrative regulations were inconsistent with Spill Act as it existed prior to that amendment, they were inoperative as to transfers made prior to amendment's effective date. *Marsh v. New Jersey Spill Compensation Fund and Environmental Claims Admin.*, 286 N.J.Super. 620, 670 A.2d 67 (A.D.1996).

Spill Compensation and Control Act strict liability provision only applies to prospective spills, except for Department of Environmental Protection cleanup and removal costs; discharge defined. *Atlantic City Municipal Utilities Authority v. Hunt*, 210 N.J.Super. 76, 509 A.2d 225 (App.Div.1986).

Remedy under Spill Compensation Fund requires evidence that discharge of hazardous materials occurred after effective date of Spill Compensation and Control Act. *Bayonne Industries, Inc. v. Spill Compensation Fund*, 96 N.J.A.R.2d (EPE) 365.

Spill Compensation Fund is not liable for damages resulting from spill that occurred prior to Spill Act's effective date. *Herz v. Environmental Claims Administration*, 96 N.J.A.R.2d (EPE) 71.

7:1J-1.3 Severability

If any subchapter, section, subsection, provision, clause, or portion of this chapter, or the application thereof to any person, is adjudged unconstitutional or invalid by a court of competent jurisdiction, such judgment shall be confined in its operation to the subchapter, section, subsection, provision, clause, portion, or application directly involved in the controversy in which such judgment shall have been rendered and it shall not affect or impair the remainder of this chapter or the application thereof.

7:1J-1.4 Definitions

The following words and terms, when used in this chapter, shall have the following meanings:

“Act” means the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq.

“Administrator” means the chief executive of the Fund.

“Affected area” means, with respect to a water supply system claim, the area within or outside the Spill Fund Claims Area for which the Department has determined, pursuant to the Safe Drinking Water regulations set forth at N.J.A.C. 7:10, that the existing source of potable water is unsuitable for human consumption due to a discharge.

“Applicable contaminant standard” means, for any particular hazardous substance, the maximum contaminant level for that hazardous substance (if any) established under N.J.A.C. 7:10 and 40 CFR Part 141. If no maximum contaminant level has been established for a particular hazardous substance under those regulations, “applicable contaminant standard” means the “applicable remediation standard” as defined under N.J.A.C. 7:26E.

“Board” means a Board of Arbitration convened by the administrator pursuant to N.J.A.C. 7:1J-9.1.

“Claim” means a claim for damages filed with the Department for recovery from the Fund. The claim includes all documents submitted under this chapter in support of the claim, including without limitation any amendments thereto under N.J.A.C. 7:1J-6.4.

“Claimant” means the person filing a claim.