

SENATE BILL REPORT

SB 6202

As Passed Senate, February 10, 2004

Title: An act relating to excluding liquefiable gases from the petroleum products tax.

Brief Description: Excluding liquefiable gases from the petroleum products tax.

Sponsors: Senators Honeyford and Prentice.

Brief History:

Committee Activity: Natural Resources, Energy & Water: 1/23/04, 1/28/04 [DP].
Passed Senate: 2/10/04, 49-0.

SENATE COMMITTEE ON NATURAL RESOURCES, ENERGY & WATER

Majority Report: Do pass.

Signed by Senators Morton, Chair; Hewitt, Vice Chair; Doumit, Fraser, Honeyford, Oke and Regala.

Staff: Richard Rodger (786-7461)

Background: In 1989, the Legislature created the Pollution Liability Insurance Agency (PLIA). The Legislature created PLIA in response to the requirements of the Environmental Protection Agency that owners and operators of petroleum underground storage tanks demonstrate financial responsibility for the cleanup of contamination resulting from spills or releases of petroleum.

The PLIA underground storage tank program provides reinsurance to commercial insurance companies, which in turn provide pollution liability insurance to underground storage tank owners in Washington.

The PLIA is funded through a tax on the first possession of petroleum products in the state. The products include such items as lubricating oil, gasoline, aviation fuel, kerosene, diesel motor fuel, fuel oil, liquefied or liquefiable gases, and other products derived from the refining of crude oil. Liquefiable gases include butane, ethane, and propane. Because of the nature of these gases, no claims are made to PLIA for the clean up of the containers that hold the gases.

Summary of Bill: Liquefiable gases are excluded from the petroleum products tax that funds the Pollution Liability Insurance Agency.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The owners liquefiable gases currently pay a tax that helps support the clean up of underground storage tanks through the Pollution Liability Insurance Agency (PLIA).

The gases do not contribute any pollution that requires clean up and the owners of the gas containers have never applied for or used any of the PLIA funds. The other contributors to the PLIA account do not object if liquefiable gases are exempt from paying the tax to PLIA.

Testimony Against: None.

Testified: Mel Sorensen, Bob Labrouse, Northwest Propane Gas Association (pro); Roger Dovel, Executive Director, PLIA (pro).