
**General Government Appropriations
Committee**

HB 3023

Brief Description: Consolidating the pollution liability insurance agency within the department of ecology.

Sponsors: Representatives Jacks, Chandler, Kretz, Hunt, Blake and Wallace; by request of Pollution Liability Insurance Agency and Department of Ecology.

Brief Summary of Bill

- Transfers the Pollution Liability Insurance Agency to the Department of Ecology.

Hearing Date: 2/4/10

Staff: Owen Rowe (786-7391).

Background:

In 1989, the Legislature created the Pollution Liability Insurance Agency (PLIA). The PLIA was established to meet the requirements of the United States Environmental Protection Agency for owners and operators of underground storage tanks (UST) to demonstrate financial responsibility for the clean-up of contamination from spills or releases of petroleum. In 1995, the duties of the PLIA were expanded to owners and operators of heating oil tanks. The PLIA offers insurance coverage for cleanup of contamination from active heating oil tanks that are registered in the program prior to contamination occurring.

The PLIA provides secondary insurance to insurance companies that insure owners and operators of UST and heating oil tanks. The objective of the PLIA is to improve the availability and affordability of pollution liability insurance for owners and operators of UST by selling reinsurance at a price significantly below the private market price for similar insurance. The discount is passed to owners and operators of UST through reduced insurance premiums and increased availability of insurance.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The PLIA also provides financial assistance to public and private owners and operators of UST that are certified as meeting vital local government public health and safety needs. Financial assistance may only be provided to owners and operators who demonstrate serious financial hardship. The financial assistance may be used only for clean-ups and upgrades after a clean-up plan is filed with the Department of Ecology (DOE).

The PLIA and its programs are funded through: a pollution liability fee imposed on dealers making sales of heating oil to a home owner or a consumer which is deposited into the Heating Oil Pollution Liability Trust Account; and an excise tax on the wholesale value of petroleum that is deposited into the Pollution Liability Insurance Program Trust Account.

PLIA and the Pollution Liability Insurance Program are set to expire on June 1, 2013.

Summary of Bill:

The PLIA, its duties, and the Pollution Liability Insurance Program are transferred to the Department of Ecology (DOE). The Director of the DOE is the Director of the PLIA or the Director's appointed representative. The Director of the DOE must appoint the administrative head of the Pollution Liability Insurance Program. The administrative head of the program and up to three other employees are exempt from the state civil service laws.

The contracts, obligations, rules, and businesses currently before the PLIA continue in effect and will be acted upon by the Pollution Liability Program as a part of the DOE. The Director of the Office of Financial Management (OFM) will make decisions when questions arise as to the transfer of personnel, funds, and tangible property used for the administration and implementation of the transferred duties and functions. In addition, the Director of OFM must certify apportionments of budgeted funds to affected agencies, the State Auditor, and State Treasurer, if necessary.

Certain decisions made by the DOE regarding the Heating Oil Pollution Liability Program, such as denial of eligibility for coverage, amount of payment allowed for corrective action and property damage, and third party claims are appealable to the Pollution Control Hearings Board within 30 days of the decision. An appeal that includes a penalty of \$15,000 or less may be heard as a short board appeal.

By September 1, 2011, the DOE must provide a report and recommendations for legislation to the Governor and Legislature about consolidation of the PLIA within the DOE. The report must also discuss needed statutory changes to make the consolidation more effective and efficient; organizational structure of the insurance program; the appeals process; information management; coordination of the insurance program, UST rule, and toxic cleanup program; and reauthorization of the Pollution Liability Insurance Program by July 1, 2013.

The Governor's proposed 2010 Supplemental Operating Budget includes the transfer of the PLIA to the DOE.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.