

HOUSE BILL REPORT

HB 2553

As Reported By House Committee On:
Environmental Affairs

Title: An act relating to oil spill response accounts.

Brief Description: Changing oil spill response accounts funds payments.

Sponsors: Representative Rust; by request of Department of Ecology and Office of Marine Safety.

Brief History:

Reported by House Committee on:
Environmental Affairs, February 3, 1994, DPS.

HOUSE COMMITTEE ON ENVIRONMENTAL AFFAIRS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Rust, Chair; Flemming, Vice Chair; Horn, Ranking Minority Member; Bray; Foreman; Holm; L. Johnson; J. Kohl; Linville; Roland and Sheahan.

Minority Report: Do not pass. Signed by 3 members: Representatives Van Luven; Edmondson and Hansen.

Staff: Harry Reinert (786-7110).

Background: In 1991, the Legislature enacted a comprehensive oil spill prevention and response measure. The legislation imposed a tax on oil imported into the state to cover the costs incurred by state agencies in implementing the program. The tax is three cents for each barrel of crude oil or refined product imported at a marine terminal. In addition, there is a two cents per barrel tax to establish a fund for response to spills. The two cent tax will continue to be collected until the response fund reaches \$25 million. The response fund may only be used when authorized by the director of the Department of Ecology to cover the costs incurred by state agencies in responding to an oil spill. The director may authorize expenditures from the account only when the total cost of response is likely to exceed \$50,000.

The 1993-95 budget appropriated almost \$9.7 million to state agencies from the oil spill administration account to pay

for oil spill prevention and response activities. Based on the revenue forecasts available at the time the budget was adopted, the account was estimated to have a balance of approximately \$300,000 at the end of the 1993-95 biennium. The November 1993 revenue forecast showed a decrease of 20 percent in forecast revenues for the biennium. Based on that November 1993 forecast, the current authorized appropriations will result in a \$1.8 million deficit in the account.

The Governor's proposed supplemental budget recommends reducing the appropriations to state agencies funded out of the oil spill administration account by a total of \$820,000. This represents cuts of slightly more than \$1 million and one program enhancement of \$220,000. The enhancement is for the Office of Marine Safety to establish a vessel inspection program on the Columbia River. The Governor's proposed budget will result in a deficit of \$954,000 in the oil spill administration account.

Summary of Substitute Bill: For the biennium ending June 30, 1995, the state treasurer may transfer money from the oil spill response account to the oil spill administration account to support appropriations made in the supplemental budget adopted by June 30, 1994.

Substitute Bill Compared to Original Bill: The original bill removed an existing limitation on the authority of the director of the Department of Ecology to pay state costs in responding to oil spills from the oil spill response account. This limitation is retained in the substitute. The original bill also lowered the cap on the oil spill response account to \$20 million, from the current \$25 million. The substitute leaves the cap at \$25 million. The original bill authorized transfers from the oil spill response account to the oil spill administration account on a continuing basis. The amount that could have been transferred was limited by the current authorized level and essential requirements level of expenditures established in the 1994 supplemental budget. The substitute authorizes only a one time transfer to support appropriations authorized in the supplemental budget.

Fiscal Note: Available.

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

Testimony For: Because of an error in the revenue forecast, the oil spill response account is over-appropriated. The Marine Oversight Board concluded in its study that current state programs are necessary for a strong oil spill

prevention and response program. This bill is a reasonable way to assure that current programs will continue to receive support.

Testimony Against: (original bill): Allowing continuing authority to transfer money from the oil spill response account will keep the Legislature from carefully examining which agencies should receive funding from the oil spill administration account. There may be programs which should not continue to receive funding, particularly if there is a shortage. A one time authorization will take care of the current shortfall and allow the Legislature to look at the alternatives before next session.

Witnesses: Peter Antolin, Office of Financial Management (pro); Greg Sorlie, Department of Ecology (pro); Barbara Herman, Office of Marine Safety (pro); Vern Lindskog, Western States Petroleum Association (con on original bill); Dick Ford Marine Oversight Board (undeclared); Fred Felleman, Washington Environmental Council (pro with comments); Jeff Parsons, National Audubon Society (pro); Ed Monary, Department of Fisheries (pro); and Naki Stevens, People for Puget Sound (pro).