

HOUSE BILL REPORT

HB 1162

As Reported By House Committee On:

Agriculture & Ecology
Appropriations

Title: An act relating to the collection of hazardous waste generation fees.

Brief Description: Changing collection of hazardous waste fees.

Sponsors: Representatives Schoesler and Mastin; by request of Department of Ecology and Department of Revenue.

Brief History:

Committee Activity:

Agriculture & Ecology: 1/23/95, 2/15/95 [DPS];

Appropriations: 3/2/95, 3/3/95 [DP2S(w/o sub AG)].

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Chandler, Chairman; Koster, Vice Chairman; McMorris, Vice Chairman; Mastin, Ranking Minority Member; Chappell, Assistant Ranking Minority Member; Boldt; Clements; Delvin; R. Fisher; Honeyford; Johnson; Kremen; Poulsen; Regala; Robertson; Rust and Schoesler.

Staff: Rick Anderson (786-7114).

Background: Legislation enacted in 1990 created a fee of \$35 assessed on known and potential generators of hazardous wastes. Funds from the fee are used by the Department of Ecology for technical assistance to waste generators and for grants to local governments. "Known generators" are those who generate 220 pounds or more of dangerous or hazardous waste per month. "Potential generators" are those whose primary business activities are identified by the Department of Ecology as likely to generate any quantity of hazardous waste.

Legislation enacted in 1994 suspended the \$35 dollar fee assessed to potential generators for one year due to taxpayer confusion and controversy about who is subject to the fee. The Department of Ecology convened a task force during the 1994 interim for the purpose of simplifying the administration of the fee. The task force recommended two options for addressing potential generators. The task force's

preferred recommendation was to assess the fee only to known generators and to make up the resultant shortfall by charging multiple facilities individually and seeking additional funding from a portion of a one percent tax on hazardous substances. The second option recommended modifying the category of potential generators to include those businesses that are the most likely to generate waste.

The Department of Ecology estimates that the \$35 dollar fee on potential generators would generate a total of one million dollars during the 1995-97 biennium.

The Department of Revenue collects the annual fee which is due on July 1 of each year. The Department of Revenue enforces late payment of fees. The Department is authorized to assess a five percent penalty (\$1.75) if the fee is not paid within 30 days, 10 percent if not paid within 60 days, and 20 percent if not paid within 90 days.

Potential generators are exempt from the fee if the value of products, gross proceeds of sales, or gross income is less than \$12,000 per year.

Summary of Substitute Bill: Potential generators are not required to pay the \$35 dollar fee. Known generators that meet specified small business thresholds are exempt from the \$35 fee. The Department of Ecology is to collect the fee from known generators and may not delegate collection responsibilities or establish a new collection schedule. Ecology must contract with private businesses, where practicable, to provide compliance education.

The Department of Ecology is authorized to enforce late payments with a maximum penalty of one percent per month. The Office of Financial management can waive the fee.

One million dollars is appropriated from the state toxics control account to provide technical assistance.

Substitute Bill Compared to Original Bill: The original bill made administrative changes to the collection of the \$35 hazardous fee. The substitute bill adds provisions eliminating the fee on potential generators and making an appropriation from the state toxics control account. The substitute bill also allows known generators to use the small business exemption, and directs Ecology to contract with private businesses to provide compliance education.

Appropriation: \$1 million from the State Toxics Control Account.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: The \$35 dollar fee partially funds a program that provides technical assistance to generators of hazardous waste. The technical assistance has been especially helpful to small businesses. The Department of Ecology, not the Department of Revenue, is the appropriate entity to collect the \$35 dollar fee.

Testimony Against: None.

Testified: Representative Mark Schoesler (prime sponsor); Ryan Spiller, Department of Revenue (pro); Megan White, Department of Ecology (pro); and Tony Reinhardt, Independent Business Association (pro).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Agriculture & Ecology. Signed by 24 members: Representatives Silver, Chairman; Clements, Vice Chairman; Huff, Vice Chairman; Pelesky, Vice Chairman; Basich; Beeksmas; Brumsickle; Carlson; Chappell; Cooke; Crouse; G. Fisher; Foreman; Grant; Hargrove; Hickel; Lambert; Lisk; McMorris; Poulsen; Reams; Sehlin; Sheahan and Talcott.

Minority Report: Do not pass. Signed by 6 members: Representatives Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Jacobsen; Rust; Thibaudeau and Wolfe.

Staff: Nancy Stevenson (786-7137).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Agriculture & Ecology: A technical correction is made clarifying that known generators are allowed to use the small business exemption. The appropriation of \$1 million from the State Toxics Control Account is removed from the bill.

Appropriation: None.

Fiscal Note: Not Requested.

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

Testimony For: The bill originally made a technical change on who collects the \$35 fee. Many complaints were received from small businesses having to pay the fee. Potential generators could not be defined. It seems more appropriate to fund

technical assistance efforts from the State Toxics Control Account since this fund source is for prevention programs.

Testimony Against: None.

Testified: Representative Mark Schoesler, prime sponsor; and Representative Gary Chandler, Chairman, Committee on Agriculture & Ecology.