

FINAL BILL REPORT

ESHB 2247

C 7 L 99 E 1

Synopsis as Enacted

Brief Description: Reducing the account balance requirements necessary for the imposition of the oil spill response tax.

Sponsors: By House Committee on Appropriations (Originally sponsored by Representatives Cooper, Linville and Ruderman; by request of Office of Financial Management).

House Committee on Appropriations

Background:

In 1991, a comprehensive oil spill prevention and response measure was enacted to promote the safety of marine transportation in Washington. 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 was 3 cents for each barrel of crude oil or refined product imported at a marine terminal. In addition, a 2 cents per barrel tax was imposed to establish a fund for response to oil spills. If the fund balance in the oil spill response account reached \$25 million, the oil spill response tax would be suspended. The oil spill response tax would be reimposed if the fund balance fell below \$15 million.

In 1997, a number of changes were enacted to the oil spill prevention program. The distribution of the 5 cent tax on crude oil was changed. The oil spill administration tax was increased from 3 cents to 4 cents for each barrel of oil, and the oil spill response tax was decreased from 2 cents to 1 cent for each barrel of oil. The cap on the oil spill response tax was decreased from \$25 million to \$10 million. If the oil spill response account falls below \$9 million, the tax is reimposed. 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 1997-99 budget appropriated \$7.9 million to state agencies from the oil spill administration account to pay for oil spill prevention and response activities. The November 1998 revenue forecast estimates the account will receive \$7.3 million in revenue.

Summary:

The cap on the oil spill response account is lowered from \$10 million to \$8 million. Once that amount is exceeded, the tax is not reimposed until the balance in the account falls below \$7 million.

The State Treasurer is authorized to transfer a total of \$1 million from the response account to the administration account during the 1997-99 biennium and the 1999-01 biennium.

The Department of Ecology must convene a work group to provide recommendations for an oil spill risk management plan.

Votes on Final Passage:

First Special Session

House 96 0

Senate 45 0

Effective: June 7, 1999