

HOUSE BILL ANALYSIS

PSHB 2247

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

Brief Summary of Proposed Substitute Bill

- Allows State Treasurer to transfer \$1 million from the oil spill response account to the oil spill administration account.
- Decreases the cap on oil spill response account from \$10 million to \$8 million.
- Decreases the fund balance level for reimposing the oil spill response tax from \$9 million to \$7 million.
- Requires the Department of Ecology to convene a workgroup to provide recommendations for an oil spill risk management plan.

Background:

In 1991, the Legislature enacted a comprehensive oil spill prevention and response measure 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, there was a 2 cents per barrel tax 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, there were a number of changes 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 revenues to the account were estimated at \$9.3 million. 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.

Requires the Department of Ecology to convene a workgroup to provide recommendations for an oil spill risk management plan.

Appropriation: None.

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

Fiscal Note: Requested March 1, 1999.

