

HOUSE BILL REPORT

ESSB 6060

As Reported by House Committee On:
Finance

Title: An act relating to updating references for purposes of the hazardous substances tax for periods beginning July 1, 2002.

Brief Description: Updating references for purposes of the hazardous substance tax.

Sponsors: Senator Fraser; by request of Department of Revenue.

Brief History:

Committee Activity:

Finance: 2/27/02, 3/4/02 [DP].

<p>Brief Summary of Engrossed Substitute Bill</p> <ul style="list-style-type: none">· Updates references to federal acts under the Hazardous Substance Tax.
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HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 11 members: Representatives Gombosky, Chair; Berkey, Vice Chair; Cairnes, Ranking Minority Member; Conway, Morris, Nixon, Orcutt, Roach, Santos, Van Luven and Veloria.

Staff: Mark Matteson (786-7145).

Background:

Hazardous Substance Tax

Voters approved Initiative 97 (Model Toxics Control Act) in 1988, establishing the Hazardous Substances Tax. The tax is imposed on the first possession of a hazardous substance in this state. The tax rate is 0.7 percent of the wholesale value. Of the tax proceeds, 47.1 percent are deposited into the state toxics control account and 52.9 percent go into the local toxics control account.

Taxable hazardous substances include:

- (1) Hazardous substances under the Federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, or "Superfund") as of March 1, 1989;
- (2) petroleum products;
- (3) pesticides required to be registered under the Federal Insecticide, Fungicide and Rodenticide Act; and
- (4) any other substance that the state Department of Ecology determines by rule to cause a threat to human health or the environment.

Hazardous substances listed under CERCLA

CERCLA provides the Environmental Protection Agency (EPA) the authority to respond to emergencies involving certain hazardous substances. Hazardous substances are defined as those specifically designated as hazardous under CERCLA as well as certain substances designated under four other federal statutes. In all, more than 800 substances are included on the list. The list has been modified a number of times since 1989, in which new substances were added or existing substances deleted.

Releases of a hazardous substance listed under CERCLA into the environment in excess of a specified level must be reported to the EPA. The CERCLA list includes a footnote that indicates that, for the release of certain solid metals above a specified particulate size, no reporting is necessary.

While the Hazardous Substance Tax applies to those substances specifically listed under CERCLA, the state tax does not provide for the footnoted exception on the CERCLA list for certain large-particle metals.

Summary of Bill:

References to the federal acts are updated. Taxable hazardous substances under CERCLA are updated to reflect the hazardous substances under the act as of March 1, 2002. Excepted are non-compound metals in solid form in a particle larger than 100 micrometers in diameter. Taxable pesticides required to be registered are limited to those required to be registered as of August 3, 1996, the last date the act was amended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect July 1, 2002.

Testimony For: This bill makes changes to references to a list of definitions in federal

regulations which have changed since the underlying statute was enacted. Without changes to the tax code, a few people will be subject to the hazardous substance tax that should not otherwise be.

Testimony Against: None.

Testified: Senator Fraser, prime sponsor; Julie Sexton, Department of Revenue; and Anne Solwick, Department of Revenue.