

HOUSE BILL REPORT

SB 6202

As Reported by House Committee On:
Technology, Telecommunications & Energy

Title: An act relating to excluding liquefiable gases from the petroleum products tax.

Brief Description: Excluding liquefiable gases from the petroleum products tax.

Sponsors: Senators Honeyford and Prentice.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 2/24/04, 2/27/04 [DP].

Brief Summary of Bill

- Excludes liquifiable gases from the petroleum products tax that funds the Pollution Liability Insurance Agency (PLIA) and its programs.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: Do pass. Signed by 16 members: Representatives Morris, Chair; Ruderman, Vice Chair; Sullivan, Vice Chair; Crouse, Ranking Minority Member; Nixon, Assistant Ranking Minority Member; Anderson, Blake, Bush, Delvin, Hudgins, Kirby, McMahan, Romero, Tom, Wallace and Wood.

Staff: Pam Madson (786-7166).

Background:

In 1989, the Legislature created the Pollution Liability Insurance Agency (PLIA). This action was in response to the requirements of the Environmental Protection Agency requiring that owners and operators of petroleum underground storage tanks (UST) demonstrate financial responsibility for the cleanup of contamination resulting from spills or releases of petroleum.

There are a variety of ways to demonstrate financial responsibility. Most small businesses and local government entities purchase pollution liability insurance to satisfy this requirement.

The PLIA makes pollution liability insurance available to the owners of USTs by serving as a reinsurer of insurance policies. As the reinsurer, PLIA assumes part of the risk for each petroleum release. This assumed risk allows the commercial insurance companies to reduce insurance premiums and make insurance available.

The PLIA is funded through an excise tax on the first possession of petroleum products in the state. This Petroleum Products Tax (PPT) is an excise tax of 0.5 percent on the wholesale value of the petroleum product. The products include such items as lubricating oil, gasoline, aviation fuel, kerosene, diesel motor fuel, fuel oil, liquefied or liquefiable gases, and other products derived from the refining of crude oil. Liquefiable gases include butane, ethane, and propane.

The PPT is only collected when the unrestricted cash balance in the Pollution Liability Trust Account falls below \$7.5 million. The tax is currently being collected and will continue until the balance reaches \$15 million which is estimated to occur sometime in 2004. The petroleum tax and the related programs are scheduled to expire on June 1, 2007.

Summary of Bill:

Liquefiable gases are excluded from the petroleum products tax that funds the Pollution Liability Insurance Agency and its programs.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The Pollution Liability Insurance Agency (PLIA) fund mainly deals with ground pollution from leaking petroleum tanks. All organizations that fund the PLIA and the PLIA staff agree that it is appropriate to exclude liquefiable gases from the tax. Liquefiable gases are not responsible for ground pollution and don't use the PLIA fund.

Testimony Against: None.

Persons Testifying: Senator Honeyford, prime sponsor; and Mel Sorenson and Dave Bransen, Northwest Propane Gas Association.

Persons Signed In To Testify But Not Testifying: None.