Finance Committee

HB 3377

Brief Description: Funding the Neah Bay rescue tug.

Sponsors: Representatives Hunter, Linville, Green and Ormsby.

Brief Summary of Bill

- Provides funding for a rescue tugboat at Neah Bay from the Oil Spill Response Account.

Hearing Date: 2/27/08

Staff: Don Taylor (786-7388).

Background:

Neah Bay Emergency Response Tug

Since 1999, the Department of Ecology (DOE) has contracted for a rescue tugboat to be available on the Strait of Juan de Fuca from a base at Neah Bay, principally during the winter months. The purpose of the tug is to assist ships traversing the Strait which might become disabled and risk spilling oil in the event of a collision with another vessel or grounding of the ship. The current tug based at Neah Bay is the Gladiator - a 136 ft. ocean-going tug, owned and operated by Crowley Marine Services, Inc.

In a typical year, the number of vessels that enters the Strait includes:

- 4,604   cargo & passenger vessels;

- 617   oil tankers; and

- 2,718   oil barges.

The estimated total amount of crude oil and vessel fuel that moves through the Strait each year is approximately 15.1 billion gallons.

During the nine years of the program, the rescue tug has either stood by or actually assisted 39 ships which had become disabled or were experiencing reduced maneuvering or propulsion

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capability. The latest event was on February 8, 2008, when the Gladiator assisted a 918 ft. container ship - the APL Australia - which had lost its secondary hydraulic steering system prior to entering the Strait.

Funding for the rescue tug has come from appropriations from the State General Fund, the water quality account, the oil spill administration account (but not the response account), the transportation budget, and the Governor's emergency fund. In addition, the federal government and the US Navy have provided funding to operate the program.

Oil Spill Tax
The oil spill tax was enacted in 1991 to provide funding for prevention, response and restoration programs relating to oil spills in Washington waters. The tax applies to all crude oil or petroleum products that are off-loaded at a Washington marine terminal. The two-part tax rate consists of four cents per barrel which funds the oil spill administration account, plus one cent per barrel for the oil spill response account.

The one-cent response tax features a trigger that is conditional upon the amount of funds in the response account. If the tax was imposed during the prior calendar quarter and the fund balance is less than $9 million, then the one-cent tax remains in effect. If the tax was not imposed during the prior calendar quarter, and the fund balance is less than $8 million, then the one-cent tax shall be reimposed. The response tax was effective for the initial 10 years, but was in hiatus from the start of 2002 until April 2007, when the combined tax rate returned to the full five cents per barrel. The current balance in the Oil Spill Response Account is $2.9 million, as of the end of January 2008.

Summary of Bill:

An appropriation of $1.4 million is made from the Oil Spill Response Account for the remainder of the 2007-09 biennium to DOE for the emergency response tugboat at Neah Bay.

The bill also adjusts the fund balance requirements for the one-cent response tax trigger for the remainder of the 2007-09 biennium only:
- If the fund balance exceeds $7.5 million (instead of $9.0 million), then the tax will be turned off.
- Or, if the tax does get turned off, it would be reimposed when the fund balance drops below $6.5 million (instead of $8.0 million).

Appropriation: $1.4 million for the remainder of the 2007-09 biennium from the Oil Spill Response Account.

Fiscal Note: Requested on February 26, 2008.

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