
Finance Committee

HB 1210

Brief Description: Strengthening funding for oil spill programs in Washington by increasing revenue to the oil spill prevention account.

Sponsors: Representatives Farrell, Fitzgibbon, Frame, McBride, Macri, Doglio, Ormsby, Hudgins and Pollet; by request of Department of Ecology.

Brief Summary of Bill

- Increases the Oil Spill Administration Tax rate from \$0.04/42-gallon barrel of petroleum product to \$0.065/barrel
- Eliminates the contingency to suspend Oil Spill Administration Tax collection based on the balances of the Oil Spill Prevention Account and the Oil Spill Administration Account.

Hearing Date: 1/24/17

Staff: Richelle Geiger (786-7139).

Background:

Crude oil and petroleum products transported into Washington by ship, barge, and railroad tank car and are off-loaded at an in-state terminal are subject to the Oil Spill Administration Tax (administration tax) and the Oil Spill Response Tax (response tax). The taxes are imposed on the person who owns the crude oil or petroleum products when the crude oil or petroleum products are received at the terminal. The tax only applies to the first receipt and not subsequent receipts of the same oil or petroleum products. Credits are allowed against taxes imposed on oil that is initially received in Washington and subsequently exported from the state, if the crude oil is used as a component or ingredient in a manufacturing process, or not used as fuel.

The administration tax is 4 cents per 42-gallon barrel and is deposited in the Oil Spill Prevention Account (prevention account). The prevention account is dedicated to fund oil spill prevention,

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response, and restoration programs, primarily in the Office of Marine Safety and the Departments of Ecology and Fish and Wildlife.

The response tax is 1 cent per 42-gallon barrel and is deposited in the Oil Spill Response Account (response account). The Response Account receipts are used for the costs associated with the response to spills, and the imminent threat of spills, of crude oil or petroleum products into state waters and costs associated with the use of emergency response towing vessel.

If, at the first day of any month, the balance of the response account is greater than 9 million dollars and the balance of the prevention account is greater than the unexpended appropriation for the current biennium, collection of the administration tax is suspended on the first day of the next calendar month until the beginning of the following biennium. However, the tax must not be suspended during the last six months of the biennium.

Summary of Bill:

The administration tax rate is increased from from \$0.04/barrel to \$0.065/barrel. Additionally, the contingency to suspend administration tax collection based on the balances of the prevention account and the response account is eliminated.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1,2017.