

# SENATE BILL REPORT

## SB 5425

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As of February 9, 2017

**Title:** An act relating to strengthening funding for oil spill programs in Washington by increasing revenue to the oil spill prevention account.

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

**Sponsors:** Senators Carlyle, Rolfes, McCoy, Chase, Frockt, Ranker, Keiser, Hunt, Kuderer and Saldaña; by request of Department of Ecology.

**Brief History:**

**Committee Activity:** Energy, Environment & Telecommunications: 1/31/17.

<p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Raises the oil spill administration tax from \$0.04 to \$0.065 per barrel.</li></ul>
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### SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

**Staff:** Jan Odano (786-7486)

**Background:** The Legislature enacted oil spill prevention and response measures in 1990 to promote the safety of marine transportation and protect state waters from oil spills. The Director of the Department of Ecology has the primary authority to oversee prevention, abatement, response, containment, and clean-up efforts for oil spills in state waters. The oil spill program requires oil spill prevention plans, contingency response plans, and documentation of financial responsibility for vessels and facilities that may discharge oil into navigable waters.

Current law provides for an Oil Spill Administration Tax and an Oil Spill Response Tax. The Oil Spill Administration Tax is \$0.04 tax on each 42-gallon barrel. The receipts from the Oil Spill Administration Account are deposited into the Oil Spill Prevention Account. This account funds oil spill prevention program activities such as contingency and prevention plan review and approval, oil spill drills, notifications regarding oil movement through the state, and restoration programs as well as administrative and collection costs.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Oil Spill Response Tax is \$0.01 per barrel tax. The receipts from the Oil Spill Response Tax are deposited into the Oil Spill Response Account. The tax is imposed when the tax has been suspended and the previous calendar quarter balance is less than \$8 million. The tax is suspended when the previous account quarterly balance is more than \$9 million. This account funds the state response to those oil spills with clean-up costs in excess of \$50,000.

When the Oil Spill Response Account is greater than \$9 million and the quarterly balance of the Oil Spill Administration Account exceeds unexpended appropriation for the biennium during the first six months of the biennium, the Oil Spill Administration Tax is suspended the next calendar month until the beginning of the next biennium. Ecology must recommend to the Legislature an adjustment to the Oil Spill Administration Tax rate if the tax is suspended for more than two biennia.

**Summary of Bill:** The Oil Spill Administration Tax is raised to \$0.065 per barrel. The provisions for suspending the Oil Spill Administration Tax are eliminated.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: There is a \$4 million shortfall. This affects oil spill prevention and planning. Preparedness goals are directed by the Legislature. The state has one of the lowest spill volumes in the nation due to prevention and preparedness activities. The funding fix is not for new work but to maintain the low spill rate we have. The tax rate has not been increased since 1991. More oil is arriving via pipelines and are exempt from the tax. This results in lower revenue despite the environmental and economic risk posed. The risks posed are enormous. This would give Ecology the capacity it needs to address those risks. Fish and wildlife are very susceptible to oil spills. An oil spill could disrupt geoduck and recreational and commercial shellfish operations. The oil spill prevention plan helps to develop geographic response plans and work on drills with the oil industry. It helps to deal with wildlife and compensate property owners. The full funding of the Oil Spill Administration Account allows for emergency management planning and response plans.

CON: This would be a 60 percent increase in the barrel tax. Washington has one of the best programs in the country. The program has been funded by the barrel tax funded by the petroleum industry. But, spills come from other sources. There is no alignment with the sources of funding and risks. Only 3.1 percent of the spills are related to the oil industry. Road or vehicle-related, non-petroleum industry facility is a maritime related—non-tank vessels—account for the majority of the incidents.

**Persons Testifying:** PRO: Jason Marquiss, Emergency Management Division, Washington Military Department; Bruce Wishart, Puget Soundkeeper/Sierra Club; Andy Carlson, WA Dept. of Fish and Wildlife; Penny Dalton, Washington Sea Grant; Dale Jensen, Department

of Ecology; Michal Rechner, WA DNR; Jeff Parsons, Puget Sound Partnership; G. Chad Bowechop, Makah Tribal Council.

CON: Greg Hanon, Western States Petroleum Association.

**Persons Signed In To Testify But Not Testifying:** No one.