

SENATE BILL REPORT

SB 5501

As of February 5, 2017

Title: An act relating to imposing a surtax on the possession of hazardous substances.

Brief Description: Concerning imposing a surtax on the possession of hazardous substances.

Sponsors: Senators Carlyle, Rolfes, Frockt, Lias, Chase and Hunt; by request of Department of Ecology.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 2/07/17.

Brief Summary of Bill

- Imposes a surtax of 0.14 percent on the Hazardous Substance Tax (HST) beginning July 1, 2017, and ending June 30, 2019.
- Imposes a surtax of 0.03 percent on the HST beginning July 1, 2019.
- Suspends the surtax when the HST collections reach \$160 million.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Staff: Jan Odano (786-7486)

Background: The tax imposed on hazardous substances was initiated in the late 1980s, first by the Legislature, and then by Initiative 97.

The tax base of the Hazardous Substance Tax (HST) created by the Model Toxics Control Act (MTCA) is the wholesale value of substances defined as hazardous. The HST is imposed on the first possession in Washington of: petroleum products under the federal Comprehensive Environmental Response, Compensation, and Liability Act; pesticides registered under the Federal Insecticide, Fungicide, and Rodenticide Act; and substances designated by rule by the Department of Ecology to present a threat to human health or the environment.

The tax rate is 0.7 percent multiplied by the wholesale value of the product. The proceeds, up to \$140 million per fiscal year, are deposited into two accounts: 56 percent to the State

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Toxics Control account; and 44 percent to the Local Toxics Control account. Any overage is deposited into the Environmental Legacy Stewardship account. The purpose of MTCA is to raise sufficient funds to clean up all hazardous waste sites and to prevent the creation of future hazards due to improper disposal of toxic wastes into the state's land and waters.

Summary of Bill: Beginning July 1, 2017, through June 30, 2019, a surtax is added to the HST of 0.14 percent.

Beginning July 1, 2019, a surtax is added to the HST of 0.03 percent. The Department of Revenue (Revenue) may suspend the 0.03 percent surtax when it determines by May 1st that the total aggregate of HST collections and the surtax equals or exceeds \$160 million for the current fiscal year. The suspension of the surtax takes effect on the first of the month, at least 30 days after the determination is made. The surtax is imposed again on the first day of the next fiscal year.

Revenue must provide notice on its website as soon as practicable that the surtax has been suspended.

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 on July 1, 2017.