

SENATE BILL REPORT

SB 5968

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, June 29, 2017

Title: An act relating to the funding of oil spill prevention and oil spill response.

Brief Description: Regarding the funding of oil spill prevention and oil spill response.

Sponsors: Senator Ericksen.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 6/29/17, 6/29/17 [DP, DNP, w/oRec].

Brief Summary of Bill

- Authorizes the Legislature to transfer up to \$3 million from the Oil Spill Response Account to the Oil Spill Prevention Account during the 2017-2019 biennium.
- Revises the fund balance for suspension of the Oil Spill Response Tax from \$9 million to \$6 million.
- Revises the fund balance for reinstating the Oil Spill Response Tax from \$8 million to \$5 million when the tax was not imposed the preceding calendar quarter.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; Brown, Honeyford and Short.

Minority Report: Do not pass.

Signed by Senators Carlyle, Ranking Minority Member; Ranker and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senator Hobbs.

Staff: Jan Odano (786-7486)

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.

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 of oil. The receipts from the Oil Spill Administration Tax 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.

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. 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 the Oil Spill Response Tax is suspended the next calendar month. The Oil Spill Response Tax is reestablished when it was not imposed during the preceding calendar quarter and the previous quarterly balance is less than \$8 million.

Summary of Bill: The Oil Spill Response Tax is suspended when the most recent quarterly balance is more than \$6 million. The Oil Spill Response Tax is reinstated when the quarterly balance is less than \$5 million and the tax was not imposed the preceding calendar quarter.

The Legislature is authorized during the 2017-2019 biennium to transfer up to \$3 million from the Oil Spill Response Account to the Oil Spill Prevention Account.

Appropriation: None.

Fiscal Note: Not requested.

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

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: CON: This fund is used for rapid response. It is important to have the resources so there is no delay activating state contracted resources. Sometimes the responsible party doesn't have the resources to pay and it is up to Department of Ecology to research all avenues to seek payment. It takes time and money up front to do this. Without the fund, Department of Ecology is not able to activate contractors to cleanup. Federal funds are sometimes delayed. Additionally, the federal tax is sunsetting this December, so there is no guarantee that funds will be available. There are additional potential risks from KinderMorgan pipeline. ESHB 1449 from 2015, transferred \$2.5 million

to address work required under the bill. Funding is needed to continue implementation and administration of these additional requirements.

Keep in mind this is not an account to deal with catastrophic events, per se, but an account to allow Department of Ecology to rapidly respond. It is important to contain an oil spill as soon as possible because it becomes more difficult to control as it thins out. Rapid cleanup is why this fund is necessary. If there were two to three spills over a couple of years, it would tap out the account. We support the transfer of funds to the prevention account.

OTHER: Responding to spills is expensive and we can't predict when they will occur or the costs to cleanup. Maintaining the revenue in the account will ensure adequate response and ensure the state's fish and wildlife resources are protected.

Persons Testifying: PRO: Senator Doug Ericksen, Prime Sponsor.

CON: Bruce Wishart, Puget Soundkeeper; Dale Jensen, Department of Ecology.

OTHER: Andy Carlson, Washington Department of Fish and Wildlife.

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