

# SENATE BILL REPORT

## SB 5993

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As of March 27, 2019

**Title:** An act relating to reforming the financial structure of the model toxics control program.

**Brief Description:** Reforming the financial structure of the model toxics control program.

**Sponsors:** Senators Frockt, Billig, Liias and Hunt.

**Brief History:**

**Committee Activity:** Ways & Means: 3/27/19.

**Brief Summary of Bill**

- Changes the hazardous substance tax (HST) on petroleum products to a volumetric rate of \$2.52 per 42-gallon barrel.
- Replaces the existing Model Toxics Control Act (MTCA) accounts with operating, capital and stormwater accounts; HST revenue will be allocated 43 percent for operating, 43 percent for capital and 14 percent for stormwater.
- Adjusts the volumetric rate each year by a fiscal growth factor.
- Specifies qualifying operating budget programs and capital budget projects for each account.
- Requires the Governor's proposed and enacted budgets to be accompanied by a report documenting the MTCA expenditures.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Richard Ramsey (786-7412)

**Background:** The state MTCA is administered by the Department of Ecology to ensure that the vast majority of sites at which hazardous substances were released are cleaned up. MTCA is funded by the HST, a 0.7 percent tax on the wholesale value of hazardous substances; cost recovery from remedial actions; mixed waste fees; and to a lesser extent fines, penalties, and other charges. Approximately 95 percent of the revenue derives from the HST on petroleum products. The State Toxic Control Account (SCTA) receives 56 percent of

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the revenue obtained from the HST; the Local Toxic Control Account (LTCA) receives 44 percent. Once \$140 million of the HST is distributed to STCA and LTCA in a year, the remainder is deposited into the Environmental Legacy Stewardship Account (ELSA). One percent of the monies collected by the HST must be allocated for public participation grants.

**Summary of Bill:** The HST is changed from a value-based tax on petroleum products to a volumetric tax. The rate is \$2.52 per 42-gallon barrel. The tax rate for non-petroleum products is not changed. LTCA, STCA, and ELSA are repealed and replaced with the Model Toxics Control Operating Account, the Model Toxics Control Capital Account, and the Model Toxics Control Stormwater Account. Revenue from the HST is allocated to these accounts as follows: 43 percent to the operating account, 43 percent to the capital account and 14 percent to the stormwater account. The Department of Revenue must compile a list of petroleum products that are not easily measured on a per barrel basis. Petroleum products on this list are subject to the 0.7 percent tax on the wholesale value. Beginning July 1, 2020, and each July 1st thereafter, the volumetric portion of the HST is adjusted by the fiscal growth factor as most recently adjusted by the expenditure limit committee. The fiscal growth factor is the average growth in state personal income for the prior ten fiscal years.

The operating account may only be spent in the operating budget to carry out administrative and service activities related to:

- hazardous waste planning;
- solid waste planning;
- hazardous waste clean-up;
- state matching funds required under federal law;
- financial assistance for local governments;
- reduction and recycling of household hazardous wastes;
- oil spill prevention and response;
- water and environmental health protection programs;
- air quality programs; or
- plastic or polystyrene foam clean-up.

The capital account may be spent only in the capital budget and used for the improvement, rehabilitation, remediation, and cleanup of toxic sites.

The stormwater account must be allocated to carry out operating and capital directly related to stormwater projects. The bill enumerates the qualifying programs and projects in the respective budgets.

Budget proposals by the Governor and enacted budgets of the Legislature must include a summary document that provides the operating and capital budget expenditures funded by the HST revenues. The document must specify the expenditure by agency, and if possible, the program and must note transfer of the MTCA accounts to other accounts. The document must include detailed capital budget project lists of projects funded by the capital account that include the project recipient, project name, county, legislative district, the amount of the request for the project for the biennium and the projected ten-year need for the project delineated between the state funding and local government match. The capital project list must be transmitted electronically to all legislators and any other interested parties.

**Appropriation:** None.

**Fiscal Note:** Requested on March 25, 2019.

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

**Effective Date:** The bill takes effect on July 1, 2019.