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HOUSE BILL 1691

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State of Washington

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By Representatives Gregerson, Lekanoff, Fitzgibbon, Ramel, Sells, Bateman, Duerr, Valdez, Davis, Fey, Macri, Peterson, Senn, Simmons, Pollet, and Kloba

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1 AN ACT Relating to financial responsibility requirements related  
2 to oil spills; amending RCW 88.40.011, 88.40.025, 88.40.030, and  
3 88.40.040; reenacting and amending RCW 88.40.020; adding a new  
4 section to chapter 88.40 RCW; and prescribing penalties.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 88.40.011 and 2020 c 20 s 1489 are each amended to  
7 read as follows:

8 The definitions in this section apply throughout this chapter  
9 unless the context clearly requires otherwise.

10 (1) "Barge" means a vessel that is not self-propelled.

11 (2) "Bulk" means material that is stored or transported in a  
12 loose, unpackaged liquid, powder, or granular form capable of being  
13 conveyed by a pipe, bucket, chute, or belt system.

14 (3) "Cargo vessel" means a self-propelled ship in commerce, other  
15 than a tank vessel, fishing vessel, or a passenger vessel, of three  
16 hundred or more gross tons.

17 (4) "Covered vessel" means a tank vessel, cargo vessel, or  
18 passenger vessel.

19 (5) "Department" means the department of ecology.

20 (6) "Director" means the director of the department of ecology.

1 (7) (a) "Facility" means any structure, group of structures,  
2 equipment, pipeline, or device, other than a vessel, located on or  
3 near the navigable waters of the state that transfers oil in bulk to  
4 or from any vessel with an oil carrying capacity over two hundred  
5 fifty barrels or pipeline, that is used for producing, storing,  
6 handling, transferring, processing, or transporting oil in bulk.

7 (b) A facility does not include any: (i) Railroad car, motor  
8 vehicle, or other rolling stock while transporting oil over the  
9 highways or rail lines of this state; (ii) retail motor vehicle motor  
10 fuel outlet; (iii) facility that is operated as part of an exempt  
11 agricultural activity as provided in RCW 82.04.330; (iv) underground  
12 storage tank regulated by the department or a local government under  
13 chapter 70A.355 RCW; or (v) marine fuel outlet that does not dispense  
14 more than three thousand gallons of fuel to a ship that is not a  
15 covered vessel, in a single transaction.

16 (8) "Fishing vessel" means a self-propelled commercial vessel of  
17 three hundred or more gross tons that is used for catching or  
18 processing fish.

19 (9) "Gross tons" means tonnage as determined by the United States  
20 coast guard under 33 C.F.R. section 138.30.

21 (10) "Hazardous substances" means any substance listed as of  
22 March 1, 2003, in Table 302.4 of 40 C.F.R. Part 302 adopted under  
23 section 102(a) of the federal comprehensive environmental response,  
24 compensation, and liability act of 1980, as amended by P.L. 99-499.  
25 The following are not hazardous substances for purposes of this  
26 chapter:

27 (a) Wastes listed as F001 through F028 in Table 302.4; and

28 (b) Wastes listed as K001 through K136 in Table 302.4.

29 (11) "Navigable waters of the state" means those waters of the  
30 state, and their adjoining shorelines, that are subject to the ebb  
31 and flow of the tide and/or are presently used, have been used in the  
32 past, or may be susceptible for use to transport intrastate,  
33 interstate, or foreign commerce.

34 (12) "Offshore facility" means any facility located in, on, or  
35 under any of the navigable waters of the state, but does not include  
36 a facility any part of which is located in, on, or under any land of  
37 the state, other than submerged land.

38 (13) "Oil" or "oils" means oil of any kind that is liquid at  
39 twenty-five degrees Celsius and one atmosphere of pressure and any  
40 fractionation thereof, including, but not limited to, crude oil,

1 bitumen, synthetic crude oil, natural gas well condensate, petroleum,  
2 gasoline, fuel oil, diesel oil, biological oils and blends, oil  
3 sludge, oil refuse, and oil mixed with wastes other than dredged  
4 spoil. Oil does not include any substance listed as of March 1, 2003,  
5 in Table 302.4 of 40 C.F.R. Part 302 adopted under section 102(a) of  
6 the federal comprehensive environmental response, compensation, and  
7 liability act of 1980, as amended by P.L. 99-499.

8 (14) "Onshore facility" means any facility any part of which is  
9 located in, on, or under any land of the state, other than submerged  
10 land, that because of its location, could reasonably be expected to  
11 cause substantial harm to the environment by discharging oil into or  
12 on the navigable waters of the state or the adjoining shorelines.

13 (15)(a) "Owner or operator" means (i) in the case of a vessel,  
14 any person owning, operating, or chartering by demise, the vessel;  
15 (ii) in the case of an onshore or offshore facility, any person  
16 owning or operating the facility; and (iii) in the case of an  
17 abandoned vessel or onshore or offshore facility, the person who  
18 owned or operated the vessel or facility immediately before its  
19 abandonment.

20 (b) "Operator" does not include any person who owns the land  
21 underlying a facility if the person is not involved in the operations  
22 of the facility.

23 (16) "Passenger vessel" means a ship of three hundred or more  
24 gross tons with a fuel capacity of at least six thousand gallons  
25 carrying passengers for compensation.

26 (17) "Ship" means any boat, ship, vessel, barge, or other  
27 floating craft of any kind.

28 (18) "Spill" means an unauthorized discharge of oil into the  
29 waters of the state.

30 (19) "Tank vessel" means a ship that is constructed or adapted to  
31 carry, or that carries, oil in bulk as cargo or cargo residue, and  
32 that:

33 (a) Operates on the waters of the state; or

34 (b) Transfers oil in a port or place subject to the jurisdiction  
35 of this state.

36 (20) "Waters of the state" includes lakes, rivers, ponds,  
37 streams, inland waters, underground water, salt waters, estuaries,  
38 tidal flats, beaches and lands adjoining the seacoast of the state,  
39 sewers, and all other surface waters and watercourses within the  
40 jurisdiction of the state of Washington.

1        (21) "Certificate of financial responsibility" means an official  
2 written acknowledgment issued by the director or the director's  
3 designee that an owner or operator of a covered vessel or facility,  
4 or the owner of the oil, has demonstrated to the satisfaction of the  
5 director or the director's designee that the relevant entity has the  
6 financial ability to pay for costs and damages caused by an oil  
7 spill.

8        **Sec. 2.** RCW 88.40.020 and 2003 c 91 s 3 and 2003 c 56 s 3 are  
9 each reenacted and amended to read as follows:

10        (1) (~~Any~~) The owner or operator of any barge that transports  
11 hazardous substances in bulk as cargo, using any port or place in the  
12 state of Washington or the navigable waters of the state shall  
13 (~~establish evidence of~~) demonstrate financial responsibility in the  
14 amount of the greater of (~~five million dollars~~) \$5,000,000, or  
15 (~~three hundred dollars~~) \$300 per gross ton of such vessel.

16        (2) (a) Except as provided in (b) or (c) of this subsection, the  
17 owner or operator of a tank vessel that carries oil as cargo in bulk  
18 shall demonstrate financial responsibility to pay at least (~~five~~  
19 ~~hundred million dollars. The amount of financial responsibility~~  
20 ~~required under this subsection is one billion dollars~~)  
21 \$1,000,000,000 after January 1, 2004.

22        (b) The director by rule may establish a lesser standard of  
23 financial responsibility for tank vessels of (~~three hundred~~) 300  
24 gross tons or less. The standard shall set the level of financial  
25 responsibility based on the quantity of cargo the tank vessel is  
26 capable of carrying. The director shall not set the standard for tank  
27 vessels of (~~three hundred~~) 300 gross tons or less below that  
28 required under federal law.

29        (c) The owner or operator of a tank vessel who is a member of an  
30 international protection and indemnity mutual organization and is  
31 covered for oil pollution risks up to the amounts required under this  
32 section is not required to demonstrate financial responsibility under  
33 this chapter. The director may require the owner or operator of a  
34 tank vessel to prove membership in such an organization.

35        (3) (a) (~~A~~) The owner or operator of a cargo vessel or passenger  
36 vessel that carries oil as fuel shall demonstrate financial  
37 responsibility to pay at least (~~three hundred million dollars~~)  
38 \$300,000,000. However, the owner or operator of a passenger vessel  
39 that transports passengers and vehicles between Washington state and

1 a foreign country shall demonstrate financial responsibility to pay  
2 the greater of at least (~~six hundred dollars~~) \$600 per gross ton or  
3 (~~five hundred thousand dollars~~) \$500,000.

4 (b) The owner or operator of a cargo vessel or passenger vessel  
5 who is a member of an international protection and indemnity mutual  
6 organization and is covered for oil pollution risks up to the amounts  
7 required under this section is not required to demonstrate financial  
8 responsibility under this chapter. The director may require the owner  
9 or operator of a cargo vessel or passenger vessel to prove membership  
10 in such an organization.

11 (4) ((A)) The owner or operator of a fishing vessel while on the  
12 navigable waters of the state must demonstrate financial  
13 responsibility in the following amounts: (a) For a fishing vessel  
14 carrying predominantly nonpersistent product, (~~one hundred thirty-~~  
15 ~~three dollars and forty cents~~) \$133.40 per incident, for each barrel  
16 of total oil storage capacity, persistent and nonpersistent product,  
17 on the vessel or (~~one million three hundred thirty-four thousand~~  
18 ~~dollars~~) \$1,334,000, whichever is greater; or (b) for a fishing  
19 vessel carrying predominantly persistent product, (~~four hundred~~  
20 ~~dollars and twenty cents~~) \$400.20 per incident, for each barrel of  
21 total oil storage capacity, persistent product and nonpersistent  
22 product, on the vessel or (~~six million six hundred seventy thousand~~  
23 ~~dollars~~) \$6,670,000, whichever is greater.

24 (5) (~~The documentation of financial responsibility shall~~  
25 ~~demonstrate the ability of the document holder to meet state and~~  
26 ~~federal financial liability requirements for the actual costs for~~  
27 ~~removal of oil spills, for natural resource damages, and for~~  
28 ~~necessary expenses.~~) In order to demonstrate financial  
29 responsibility as required under this section, the owner or operator  
30 of a vessel must obtain a certificate of financial responsibility  
31 from the department, except as provided in RCW 88.40.040. The  
32 certificate of financial responsibility is conclusive evidence that  
33 the person or entity holding the certificate is the party responsible  
34 for the specified vessel, facility, or oil for purposes of  
35 determining liability under this chapter.

36 (6) ((This)) The requirements of this section ((shall)) do not  
37 apply to a covered vessel owned or operated by the federal government  
38 or by a state or local government.

39 (7) The department may by rule update the hazardous substances  
40 subject to the requirements of this section to maintain consistency

1 with any changes to federal regulations adopted after 2003 to the  
2 hazardous substances identified under section 102(a) of the federal  
3 comprehensive environmental response, compensation, and liability act  
4 of 1980.

5 **Sec. 3.** RCW 88.40.025 and 1991 c 200 s 704 are each amended to  
6 read as follows:

7 An onshore or offshore facility shall demonstrate financial  
8 responsibility in an amount determined by the department as necessary  
9 to compensate the state and affected federally recognized Indian  
10 tribes, counties, and cities for damages that might occur during a  
11 reasonable worst case spill of oil from that facility into the  
12 navigable waters of the state. The department shall ~~((consider such~~  
13 ~~matters as the amount of oil that could be spilled into the navigable~~  
14 ~~waters from the facility, the cost of cleaning up the spilled oil,~~  
15 ~~the frequency of operations at the facility, the damages that could~~  
16 ~~result from the spill and the commercial availability and~~  
17 ~~affordability of financial responsibility. This section shall)) adopt  
18 by rule an amount that will be calculated by multiplying the  
19 reasonable per barrel cleanup and damage cost of the spilled oil,  
20 times the worst case spill volume, as measured in barrels, calculated  
21 in the applicant's oil spill contingency plan approved under chapter  
22 90.56 RCW. The requirements of this section do not apply to an  
23 onshore or offshore facility owned or operated by the federal  
24 government or by the state or local government.~~

25 **Sec. 4.** RCW 88.40.030 and 2000 c 69 s 32 are each amended to  
26 read as follows:

27 ~~((Financial responsibility required by this chapter may be~~  
28 ~~established by any one of, or a combination of, the following methods~~  
29 ~~acceptable to the department of ecology: (1) Evidence of insurance;~~  
30 ~~(2) surety bonds; (3) qualification as a self-insurer; or (4) other~~  
31 ~~evidence of financial responsibility. Any bond filed shall be issued~~  
32 ~~by a bonding company authorized to do business in the United States.~~  
33 ~~Documentation of such financial responsibility shall)) (1) The owner  
34 or operator of a vessel or facility that is required to demonstrate  
35 financial responsibility under this chapter may establish financial  
36 assurance by any one of, or a combination of, the following methods  
37 acceptable to the department:~~

38 (a) Evidence of insurance;

1       (b) Surety bonds;  
2       (c) Guaranty;  
3       (d) Letter of credit;  
4       (e) Certificates of deposit;  
5       (f) Protection and indemnity club membership;  
6       (g) A certificate evidencing compliance with the requirements of  
7 another state's financial responsibility requirements or federal  
8 financial responsibility requirements if the state or federal  
9 government requires a level of financial responsibility the same as  
10 or greater than that required under this chapter; or  
11       (h) Other evidence of financial responsibility deemed acceptable  
12 by the department.  
13       (2) In addition to the options provided in subsection (1) of this  
14 section, the owner or operator of a vessel may demonstrate financial  
15 responsibility under this chapter through qualification as a self-  
16 insurer.  
17       (3) Upon determining that the owner or operator of a vessel or  
18 facility has adequately demonstrated financial responsibility to the  
19 department, the department must issue a certificate of financial  
20 responsibility to the owner or operator of the vessel or facility.  
21       (4) Any bond filed with the department to demonstrate financial  
22 responsibility under this chapter must be issued by a bonding company  
23 authorized to do business in the United States.  
24       (5) A certificate of financial responsibility must be kept on any  
25 covered vessel and filed with the department at least ((twenty-four))  
26 24 hours before entry of the vessel into the navigable waters of the  
27 state. ((A)) The owner or operator of a covered vessel must notify  
28 the department but is not required to file ((documentation of)) a  
29 certificate of financial responsibility ((twenty-four)) 24 hours  
30 before entry of the vessel into the navigable waters of the state, if  
31 the vessel has filed documentation of financial responsibility with  
32 the federal government, and the level of financial responsibility  
33 required by the federal government is the same as or exceeds state  
34 requirements. ((The owner or operator of the vessel may file with the  
35 department a certificate evidencing compliance with the requirements  
36 of another state's or federal financial responsibility requirements  
37 if the state or federal government requires a level of financial  
38 responsibility the same as or greater than that required under this  
39 chapter.))

1 (6) A certificate of financial responsibility issued by the  
2 department under this chapter or otherwise used for compliance with  
3 this chapter may not have a term greater than one year.

4 **Sec. 5.** RCW 88.40.040 and 2003 c 56 s 4 are each amended to read  
5 as follows:

6 (1) ~~((It is unlawful for any vessel required to have financial~~  
7 ~~responsibility under this chapter to enter or operate on Washington~~  
8 ~~waters without meeting the requirements of this chapter or rules~~  
9 ~~adopted under this chapter, except)) The owner or operator of a  
10 vessel is not required to demonstrate financial responsibility under  
11 this chapter prior to using any port or place in Washington or state  
12 waters when necessary to avoid injury to the vessel's crew or  
13 passengers. Any vessel owner or operator that does not meet the  
14 financial responsibility requirements of this chapter and any rules  
15 prescribed thereunder or the federal oil pollution act of 1990 shall  
16 be reported by the department to the United States coast guard.~~

17 (2) ~~((The department shall enforce section 1016 of the federal~~  
18 ~~oil pollution act of 1990 as authorized by section 1019 of the~~  
19 ~~federal act.)) (a) Upon notification of an oil spill or discharge or  
20 other potential liability by the owner or operator of a vessel or  
21 facility that holds a certificate of financial responsibility, the  
22 director must reevaluate the validity of the certificate of financial  
23 responsibility under this chapter. The director may suspend or revoke  
24 a certificate of financial responsibility if the director determines  
25 that, because of a spill, discharge, or other action or potential  
26 liability, the holder of the certificate is likely to no longer have  
27 the financial resources to both pay damages for the oil spill or  
28 discharge or other action or potential liability and have resources  
29 remaining available in an amount sufficient to meet the requirements  
30 of this chapter.~~

31 (b) If a person holds a certificate of financial responsibility  
32 for more than one covered vessel or facility and a spill or spills  
33 occur from one or more of those vessels or facilities for which the  
34 director determines that the owner or operator may be liable for  
35 damages in an amount exceeding five percent of the financial  
36 resources reflected by the certificate, the certificate is  
37 immediately rendered inapplicable to any vessel or facility not  
38 associated with the spill.



1       (c) Upon a determination by the director under (b) of this  
2 subsection that a certificate has been rendered inapplicable to a  
3 vessel or facility as a result of a spill, the owner or operator of a  
4 facility or vessel required to obtain a certificate of financial  
5 responsibility under this chapter may receive a new certificate of  
6 financial responsibility from the director upon a demonstration to  
7 the satisfaction of the director the amount of financial ability  
8 required pursuant to this chapter, as well as the financial ability  
9 to pay all reasonably estimated anticipated damages that arise or  
10 have arisen from the spill or spills that have occurred.

11       (3) An owner or operator of more than one vessel subject to the  
12 requirements of this chapter, more than one facility subject to the  
13 requirements of this chapter, or more than one vessel and facility  
14 subject to the requirements of this chapter, is only required to  
15 obtain a single certificate of financial responsibility that applies  
16 to all of the owner's or operator's vessels and facilities. The  
17 department must base the terms of such a certificate upon the vessel  
18 or facility that represents the greatest financial risk in the event  
19 of a spill.

20       NEW SECTION. Sec. 6. A new section is added to chapter 88.40  
21 RCW to read as follows:

22       Violations of the requirements of this chapter are subject to  
23 criminal penalties as provided in RCW 90.56.300 and civil penalties  
24 as provided in RCW 90.56.310.

25       NEW SECTION. Sec. 7. If any provision of this act or its  
26 application to any person or circumstance is held invalid, the  
27 remainder of the act or the application of the provision to other  
28 persons or circumstances is not affected.

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