

FINAL BILL REPORT

2SHB 1488

C 346 L 07

Synopsis as Enacted

Brief Description: Enhancing the state's oil spill response program.

Sponsors: By House Committee on Finance (originally sponsored by Representatives B. Sullivan, Upthegrove, Appleton, Dunshee, Hunt, Dickerson, VanDeWege, Campbell, Kessler, Eickmeyer, McCoy, Chase, Green, Sells, Kenney, Ericks, Roberts, Lantz, Goodman, Wood, Kagi, Moeller and Rolfes).

House Committee on Agriculture & Natural Resources

House Committee on Finance

Senate Committee on Water, Energy & Telecommunications

Senate Committee on Ways & Means

Background:

Current Oil Spill Funding Structure.

Many of the oil spill-related duties of the Department of Ecology (Department) are funded through two taxes on the receipt of crude oil at a marine terminal. The Oil Spill Response Tax (Response Tax) is levied at the rate of 1 cent per barrel, and the Oil Spill Administration Tax (Administration Tax) is levied at the rate of 4 cents per barrel. There is a credit available against these taxes for petroleum products that are subsequently exported from the state once they are received.

The Response Tax and the Administration Tax are deposited in separate accounts, which both fund various activities by the Department. The 4 cent Administration Tax is deposited into the Oil Spill Prevention Account (Prevention Account). Money in the Prevention Account may be used by the Department for activities related to the prevention of oil spills, including vessel plan reviews and public outreach.

The 1 cent Response Tax is deposited into the Oil Spill Response Account (Response Account). Money in the Response Account is used to pay for the costs associated with responding to spills of crude oil. If at any time the Response Account has a balance greater than \$9 million, the Department of Revenue suspends the collection of the Response Tax.

Rescue Tug.

Until the end of Fiscal Year 2007, 16.60 percent of certain motor vehicle certification fees is dedicated to a Vessel Response Account. Money in the Vessel Response Account is used by the Department to fund the placement of a rescue tug near the mouth of the Strait of Juan de Fuca. After the end of Fiscal Year 2007, the portion of the vehicle certification fees reserved

to fund a rescue tug lapses into an account managed by the Department of Transportation for road construction.

Summary:

The Legislature finds that there is a need for a comprehensive assessment of the sources of oil spill risks and potential funding mechanisms that allows all sources of risk to contribute to the funding. The Legislature also finds that the federal government should ensure that a year-round response tug is stationed at the west entrance of the Strait of Juan de Fuca. The Department is directed to request the federal government to require or fund a rescue tug at the west entrance to the Strait of Juan de Fuca and to seek reimbursement from the federal government for state costs in the effort.

The Joint Legislative Audit and Review Committee is directed to examine the funding mechanisms for the state's oil spill prevention and response programs by September 1, 2008. The study must compare oil spill risks with the sources of funding for oil spill prevention and response. Elements of the study must include a review of existing oil spill risk evaluation models, a review of empirical data related to oil spills, and options to allocate the state's costs in oil spill prevention and response to the major risk sectors.

Votes on Final Passage:

House	66	29	
Senate	49	0	(Senate amended)
House	81	14	(House concurred)

Effective: July 22, 2007