

FINAL BILL REPORT

HB 1498

C 12 L 95
Synopsis as Enacted

Brief Description: Extending the expiration date for the pollution liability insurance program.

Sponsors: Representatives L. Thomas, Wolfe, Dyer, Dellwo, Huff, Tokuda, Basich, Kessler, Blanton, Beeksma, Mielke, Hatfield and Hymes.

House Committee on Financial Institutions & Insurance
Senate Committee on Financial Institutions & Housing

Background: In 1986, Congress enacted legislation to regulate underground storage tanks (USTs) containing petroleum products. The legislation directed the Environmental Protection Agency to develop a comprehensive regulatory program governing USTs, including providing standards for improving or upgrading USTs, correcting pollution from leaks from USTs, and obtaining liability insurance or an acceptable insurance substitute covering liability for clean-up and third-party damages.

After reviewing several proposals to assist owners of USTs in complying with federal financial responsibility regulations, the Legislature created a state pollution liability reinsurance program in 1989. The program provides insurance to insurance companies (reinsurance) that in turn provide insurance to UST owners and operators. The program is administered by the Pollution Liability Insurance Agency (PLIA).

The state reinsurance program's objective is to improve the availability and affordability of pollution liability insurance for owners of USTs by selling reinsurance at a price significantly below the private market price for similar reinsurance. This discount is passed onto owners and operators of USTs through reduced insurance premiums and increased availability of insurance.

To fund the program, the Legislature imposed a petroleum products tax of one half of one percent on the first possession of any petroleum product in the state. Proceeds from the tax are deposited into the Pollution Liability Insurance Program Trust Account to fund the reinsurance program. Collection of this tax must cease whenever the account balance exceeds \$15 million and collection may resume when the balance drops below \$7.5 million. The tax has not been collected since July 1992.

In 1991, the Legislature established the Underground Storage Tank Community Assistance Program (USTCAP) in PLIA to provide financial assistance to public and private owners and operators of USTs that have been certified by the governing body of the county, city, or town in which the USTs are located as meeting vital local government or public health and safety needs.

PLIA expires on June 1, 1995.

Summary: The Pollution Liability Insurance Agency (PLIA) is extended until June 1, 2001. PLIA must publish annually a financial report on the Pollution Liability Insurance Program Trust Account.

Votes on Final Passage:

House	98	0
Senate	45	0

Effective: April 12, 1995