

SENATE BILL REPORT

SB 5497

As Reported By Senate Committee On:
Ecology & Parks, February 28, 1995
Ways & Means, March 6, 1995

Title: An act relating to used oil recycling.

Brief Description: Assessing a fee and providing recycling incentive payments on automotive motor oil sold.

Sponsors: Senators McAuliffe, Fraser, Spanel, C. Anderson and Kohl.

Brief History:

Committee Activity: Ecology & Parks: 2/9/95, 2/28/95 [DPS].

Ways & Means: 3/2/95, 3/6/95 [DP2S].

SENATE COMMITTEE ON ECOLOGY & PARKS

Majority Report: That Substitute Senate Bill No. 5497 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Fraser, Chair; C. Anderson, Vice Chair; McAuliffe, Spanel and Swecker.

Staff: Gary Wilburn (786-7453)

Background: A 1990 study by the Washington Department of Ecology estimated that motor vehicle used oil comprises over half the moderate risk waste stream in Washington. It estimated that 60 percent of this oil reaches a used oil management system consisting of collection points, private haulers, and fuel or recycling markets. In 1989, an estimated 7.1 million gallons did not reach this system, with 1.8 million gallons placed in landfills and another 1.8 million dumped on the soil. A smaller, unquantified portion was dumped into storm sewers, contributing significantly to pollution of surface waters such as Puget Sound and other water bodies. Finally, an estimated 2.5 million gallons not reaching the management system was burned on-site in space heaters.

Commercial used oil collection services are available throughout the state, although often more expensive and less convenient in many outlying areas. Household generators of used motor oil must rely on a network of about 250 collection points, primarily service stations volunteering to accept "do-it-yourself" used oil. The Ecology study found that rerefining is the preferred market for used oil, because it minimizes environmental damage from the toxicants in the oil, and creates the highest value products possible from used oil. However, as of 1990, only 5 percent of the state's recovered used oil was currently rerefined.

Legislation in 1991 required local governments to include a used oil recycling element in its hazardous waste plan, including a local goal for household recycling and needed used oil collection sites. Persons selling large volumes of lubricating oil were required to post signs

regarding safe handling of used oil and how and where it may be recycled. Transporters of used oil were required to comply with minimum notification, invoicing, recordkeeping and reporting requirements developed by the Department of Ecology.

The markets for rerefined oil continue to be weak, and it is suggested that additional incentives are needed to strengthen the infrastructure for used oil collection and rerefining.

Summary of Substitute Bill: Legislative findings are made that it is in the best interest of the state to provide incentives for collection and rerefining of household used oil, and that oil manufacturers should be encouraged to form partnerships with others to enhance recycling. Further intent language is added that the primary purpose is to encourage oil collection and rerefining, and the generation of revenues to the state is incidental to this purpose.

Beginning July 1, 1996, a fee of five cents on each quart of automotive motor oil sold in the state at retail is imposed upon the manufacturer of the oil. Deductions are allowed by the manufacturer as follows: four cents per gallon for collection and legal disposal; seven cents per gallon of used oil submitted to a rerefinery for subsequent processing; and nine cents per gallon for sale of rerefined oil.

Beginning in 1997, manufacturers report amounts of oil sold that required a fee and forward fee receipts, less deductions, to the Department of Ecology. Manufacturers must keep accurate records and comply with minimum collection, transporting, storage and rerefining standards. The fee is not required when the department determines that the statewide collection rates for used motor oil reaches 80 percent.

The fees are deposited in the used oil recycling account which is created in the State Treasury. The account funds may be used for disposal of contaminated oil collected under a local program, for grants to local government and contracts with other entities for used oil collection and recycling, and for the department's implementation of the used oil program (no more than 10 percent of the account's expenditures).

Substitute Bill Compared to Original Bill: Added is language that the purpose of the act is to encourage collection and rerefining of used oil. The definition of existing law for "rerefining used oil" is replaced by a definition for "rerefined oil." Clarifying amendments are made to the definition of oil manufacturer and to the fee assessment and deduction provisions. The fee ceases when the statewide oil collection rate reaches 80 percent, rather than 90 percent, as in the original bill. No more than 10 percent of the funds in the used oil recycling account may be expended for the department's administrative costs.

Appropriation: None.

Fiscal Note: Requested on February 6, 1995.

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

Testimony For: It will provide an economic incentive for oil manufacturers to assist in strengthening the programs and infrastructure for used oil collection, transportation and rerefining.

Testimony Against: Existing programs for collection of household do-it-yourself used oil are adequate without a new fee.

Testified: Jan Glick, Lynda Williams, Elizabeth Schrag, Washington Citizens for Recycling (pro); Larry Stevens, Washington Automotive Wholesalers (con); Kathy Minsch, PSWQA (pro); Vern Lindskog, WSPA (pro).

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5497 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Finkbeiner, Fraser, Gaspard, Johnson, Long, Moyer, Pelz, Sheldon, Spanel, West, Winsley and Wojahn.

Staff: Susan Lucas (786-7711)

Second Substitute Bill Compared to Substitute Bill: The second substitute bill clarifies the definition of automotive motor oil to include only oil intended for direct sale to the public. Fees are reduced from 20 cents per gallon to 16 cents per gallon. Incentives are reduced to match the fee reduction. The fee is repealed on July 1, 2000. Reports are required by the Department of Ecology on December 1, 1998 and December 1, 1999.

Testimony For: The number of collection sites in the state needs to be increased to allow more used oil to be recycled. The program will bring jobs to the state in the refining industry. The program will assist in keeping the state's water clean without requiring a large expenditure of funds. Some suggestions to strengthen the program are to recognize voluntary recycling efforts and to put a sunset on the program at the year 1999.

Testimony Against: None.

Testified: Senator McAuliffe, prime sponsor; Elizabeth Schrag, WA Citizens for Recycling; Vern Lindskog, Western States Petroleum Association.