

# FINAL BILL REPORT

## ESHB 2096

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C 449 L 97

Synopsis as Enacted

**Brief Description:** Consolidating the state's oil spill prevention program.

**Sponsors:** By House Committee on Agriculture & Ecology (originally sponsored by Representatives Chandler and K. Schmidt).

**House Committee on Agriculture & Ecology**  
**House Committee on Appropriations**  
**Senate Committee on Agriculture & Environment**  
**Senate Committee on Ways & Means**

**Background:** In 1991, the Legislature enacted comprehensive oil spill prevention and response legislation. The 1991 legislation imposed two new taxes on the privilege of receiving crude oil or petroleum products at a marine terminal. The oil spill response tax is levied at a rate equal to 2 cents for each barrel. The oil spill administration tax is levied at a rate of 3 cents per barrel. A barrel— equals 42 gallons of crude oil or petroleum product. The tax is not applicable to oil or other petroleum products that are subsequently exported. The administrative account is used for administrative expenses incurred in carrying out the oil spill prevention, planning, and some response activities. The response account is used for state agency costs in responding to spills where the expense is expected to exceed \$50 thousand. Both accounts are subject to appropriation.

The oil spill response tax is suspended if the response account exceeds \$25 million. Once suspended, the tax cannot be reimposed until the account drops below \$15 million. The oil spill administration tax is also suspended if the response account exceeds \$25 million and the administration account has a fund balance that is greater than the unspent appropriation remaining in the account. Funds from the oil spill administration account must be transferred to the oil spill response account if there is a fund balance in the administration account at the end of each biennium. To date, the administration account has not had a fund balance at the end of the biennium.

The 1991 legislation created the Office of Marine Safety (OMS). The administrator of the office is appointed by the Governor. The office has responsibility for regulating oil tankers and other vessels for the purpose of preventing oil spills. The Department of Ecology (DOE) has authority for land-based oil facilities and spill response. The 1991 legislation included a provision that transfers the OMS into the DOE as of July 1, 1997.

The 1991 legislation required three state agencies to report on using tax credits to encourage the marine oil transportation industry to use certain technology and practices to reduce the risk of oil spills. The study was submitted to the Legislature in 1993.

**Summary:** Legislative intent is established that the director of the Department of Ecology (DOE) is to consolidate all oil spill prevention, planning, and response activities of the two agencies into one division within the department, that the division be managed by a single administrator with assistant director status, that prevention activities be managed as a separate program within the division, and that the division be sufficiently funded. All employees of the Office of Marine Safety (OMS) are transferred to the DOE. All civil service employees transferred to the DOE are to perform the same duties as performed with the OMS.

The rates of the barrel taxes are changed. Four cents per barrel is deposited into the administration account and 1 cent per barrel into the response account. The 1 cent tax is suspended when the response account exceeds \$10 million and is reimposed when the account falls below \$9 million. The provision allowing suspension of the 4 cents per barrel administration tax is made consistent with the \$10 million limit on the response account. Any fund balance in the oil spill administration account at the end of a biennium remains in the account. Dated language regarding the tax credit study is deleted.

An oil spill prevention and response advisory committee is created within the department. The committee consists of legislators and representatives of the marine transportation industry, pilots, the fishing industry, the shellfish industry, an environmental organization, and the department. By, December 1, 1998, the committee shall submit a report to the legislature evaluating the merger of the OMS into the DOE.

**Votes on Final Passage:**

House 77 21  
Senate 45 2 (Senate amended)  
House 97 0 (House concurred)

**Effective:** July 1, 1997