
**Financial Institutions &
Insurance Committee**

HB 1821

Brief Description: Modifying the heating oil pollution liability protection act.

Sponsors: Representative Kagi.

Brief Summary of Bill

- Provides for automatic coverage in the heating oil tank insurance program for customers of special fuels dealers required to pay the pollution liability fee.

Hearing Date: 2/15/05

Staff: Cece Clynch (786-7168).

Background:

The Pollution Liability Insurance Agency (PLIA) mission is to make pollution liability insurance available and affordable to the owners and operators of *heating oil tanks* and *underground storage tanks* by offering reinsurance services to the insurance industry. A *heating oil tank* is a tank for space heating of a home or working space. By contrast, an *underground storage tank* is a commercial tank or a combination of tanks used to store an accumulation of petroleum.

The PLIA and its programs do not receive state general funds. Rather, funding comes from two sources: (1) a pollution liability fee imposed on dealers making sales of heating oil to a homeowner or other consumer which is deposited into the Heating Oil Pollution Liability Trust Account; and (2) an excise tax on the wholesale value of petroleum which is deposited into the Pollution Liability Trust Account. If the costs and claims of the heating oil tank program exceed the amount contributed to that account, the law provides that the difference is to be paid out of the Pollution Liability Trust Account. If, on the other hand, there is a residue in the Heating Oil Pollution Liability Trust Account at the end of the calendar year, it is to be transferred to the Pollution Liability Trust Account.

Currently, an owner of a heating oil tank *elects* coverage. An owner of a heating oil tank which has had a prior release, spill, or leak is eligible for coverage under the heating oil tank program if the owner *elects* coverage and has a plan for proceeding with corrective action. If the owner later files a claim with the insurer, the owner has the burden of proving that the claim is not related to the prior release or spill.

The above programs and the PLIA are scheduled to expire on June 1, 2007.

Summary of Bill:

All owners and operators who are customers of a special fuels dealer required to pay the pollution liability fee are *automatically* covered by the heating oil tank insurance program. If there has been a prior release or spill, the owner or operator must still have a plan for proceeding with corrective action and, if the owner later makes a claim, the owner still has the burden of proving that the claim is not related to the prior release.

These changes will expire on June 1, 2007 along with the two programs and the PLIA.

Appropriation: None.

Fiscal Note: Requested on February 10, 2005.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.