

HOUSE BILL REPORT

E2SHB 2053

As Passed House:

March 9, 2007

Title: An act relating to improving the availability of motor vehicle fuel in the event of an electric power outage or interruption in electric service.

Brief Description: Providing for improved availability of motor vehicle fuel during power outages or interruptions in electrical service.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Goodman, Springer, O'Brien, Dunshee, Eddy, Blake, Lovick, Upthegrove, Green, Simpson and Hurst).

Brief History:

Committee Activity:

Public Safety & Emergency Preparedness: 2/14/07, 2/26/07 [DPS];

Finance: 3/5/07 [DP2S(w/o sub PSEP)].

Floor Activity:

Passed House: 3/9/07, 96-1.

Brief Summary of Engrossed Second Substitute Bill

- Allows a business and occupation tax credit of 50 percent or \$50,000, whichever is less, for the cost of purchase of an alternative power generation device for a gasoline service station.

HOUSE COMMITTEE ON PUBLIC SAFETY & EMERGENCY PREPAREDNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 4 members: Representatives O'Brien, Chair; Hurst, Vice Chair; Goodman and Lovick.

Minority Report: Do not pass. Signed by 3 members: Representatives Pearson, Ranking Minority Member; Ross, Assistant Ranking Minority Member and Ahern.

Staff: Alison Hellberg (786-7152).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON FINANCE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Public Safety & Emergency Preparedness. Signed by 5 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Ericks, McIntire and Santos.

Minority Report: Do not pass. Signed by 4 members: Representatives Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway and Roach.

Staff: Rick Peterson (786-7150).

Background:

Availability of motor fuel is often extremely limited during a prolonged electrical power outage. During the 2004 and 2005 hurricane seasons, Florida experienced severe shortages of motor fuel and emergency supplies. In an effort to improve that state's disaster preparedness, Florida enacted the "Disaster Motor Fuel Supplier Program." This program allows motor fuel retail outlets to participate in a network of emergency responders to provide fuel supplies and services to government, medical, critical infrastructure and other responders, as well as the general public in a disaster.

Washington's main business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without deduction for the costs of doing business. Revenues are deposited in the State General Fund. There are several exemptions for specific types of business activities and certain deductions and credits permitted under the B&O tax statutes.

Summary of Engrossed Second Substitute Bill:

A credit is created for use against any B&O tax due for gasoline service stations or persons selling motor vehicle or special fuel that purchase an alternative power generation device. An alternative power generation device is a device capable of providing electrical power for gasoline service station pumps during periods when regular electrical power is lost. The credit is equal to the lesser of 50 percent of the cost of the alternative power generation device or \$50,000. The credit expires on June 30, 2011.

Appropriation: None.

Fiscal Note: Fiscal note for second substitute bill requested on March 6, 2007.

Effective Date: The bill takes effect August 1, 2007.

Staff Summary of Public Testimony: (Public Safety & Emergency Preparedness)

(In support) The power outages this past fall in the 45th Legislative District left many people without any access to motor fuel. People were frightened and didn't know how far they would be able to go. This bill mandates that gas stations be able to function in the event of an emergency, but gives owners some help by including a tax credit.

(Opposed) There is enough warning of storms to give people time to prepare. This is really an issue of changing human behavior. The situation in Washington is much different from that of Florida. Typically this state has power back within 24 - 48 hours. There are also problems with lack of food and shelter during disasters - if lawmakers want to address emergency preparedness they should do so globally. It is unfair to just target one type of business.

Staff Summary of Public Testimony: (Finance)

(In support) None.

(Opposed) The fiscal impact of this proposal is detrimental to fuel stations, especially in areas without a high volume of traffic. The bill requires service station operators to incur many new expenses, including \$60,000 for the hookup and upgrade of the station and \$40,000 for the generator. The storm that resulted in support for this legislation created a temporary emergency situation and most stations were operating again within hours or days, and therefore the storm does not render this legislation necessary. Moreover, a storm of this magnitude happens only once every few decades. More appropriate legislation would provide an incentive for gas stations to incorporate these new measures rather than mandate them to do so.

Persons Testifying: (Public Safety & Emergency Preparedness) (In support) Representative Goodman, prime sponsor.

(Opposed) Greg Hanon, Western States Petroleum Association.

Persons Testifying: (Finance) (Opposed) Greg Hanon, Western States Petroleum Association; and Charlie Brown, Washington Oil Marketers Association.

Persons Signed In To Testify But Not Testifying: (Public Safety & Emergency Preparedness) None.

Persons Signed In To Testify But Not Testifying: (Finance) None.