
**Community Development, Housing &
Tribal Affairs Committee**

HB 1868

Brief Description: Investing in water infrastructure on tribal lands to protect the environment by imposing a tax on oil shipped into Washington via pipeline.

Sponsors: Representatives Peterson, Doglio, Lytton, Farrell, Gregerson, Fitzgibbon, Stonier, Appleton, Stanford, Robinson, Ortiz-Self, Macri, Pollet, Tharinger and Ormsby.

Brief Summary of Bill

- Authorizes the state excises taxes on oil transportation to be collected on oil transported to a state terminal by pipeline.
- Creates a new account to fund water pollution projects in tribal areas from the tax revenue collected on oil transported by pipeline.

Hearing Date: 2/14/17

Staff: Sean Flynn (786-7124).

Background:

The state imposes two separate excise taxes on the transportation of crude oil or petroleum (collectively oil) into the state. The tax originally applied only to oil transported through a marine terminal on a ship or barge, however in 2015, the tax was expanded to include oil transported to a state terminal by rail car.

The tax revenue from the excise taxes collected on oil transportation is used to fund the state's oil spill prevention and response programs. Specifically, a tax of 1 cent per 42 gallons (barrel) of oil is collected and distributed to a special account to fund the state's response to an oil spill. That tax rate is capped once account revenues reach \$9 million. An additional tax of 4 cents per barrel is collected and distributed to a special account to fund oil spill prevention and restoration programs operated by the Department of Ecology, as well as related administrative costs.

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.

Summary of Bill:

The state excise taxes on oil transportation include oil received at a state terminal from any interstate or intrastate oil pipeline. The taxes are applied at the same rates as for oil transported to a maritime or rail terminal.

The 1 cent per barrel tax is distributed to the oil response account. The 4 cent per barrel tax is distributed to a new account established to fund projects benefitting waters within the jurisdiction of a tribe, or at a location where tribal fishing rights are recognized. The funding must be used for to provide grants or loans for contracting or replacing water pollution control facilities or managing nonpoint source of pollution activities. Tribal entities have a priority in receiving grants and loans through this account.

Appropriation: None.

Fiscal Note: Available.

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