

SENATE BILL REPORT

SSB 6286

As Passed Senate, February 12, 2004

Title: An act relating to heating oil tank liability protection.

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

Sponsors: Senate Committee on Natural Resources, Energy & Water (originally sponsored by Senator Morton).

Brief History:

Committee Activity: Natural Resources, Energy & Water: 1/30/04, 2/4/04 [DPS].
Passed Senate: 2/12/04, 49-0.

SENATE COMMITTEE ON NATURAL RESOURCES, ENERGY & WATER

Majority Report: That Substitute Senate Bill No. 6286 be substituted therefor, and the substitute bill do pass.

Signed by Senators Morton, Chair; Hewitt, Vice Chair; Doumit, Fraser, Hale, Hargrove and Oke.

Staff: Genevieve Pisarski (786-7488)

Background: In recent years, a significant increase in the number of claims filed under the state's heating oil tank insurance program has been reported by the Pollution Liability Insurance Agency (PLIA). The amount of claim payments significantly exceeds the amount contributed to the heating oil insurance trust account from the existing fee of six tenths of one cent (.006 cents) per gallon of heating oil purchased within the state. As provided by law, the difference is being paid out of the state's pollution liability insurance trust account, which is funded mainly by the Petroleum Products Tax of fifty one-hundredths of 1 percent (.5 percent) on the wholesale value of petroleum, when first introduced into the state, and which was initially created to provide pollution liability insurance for regulated petroleum underground storage tanks. As a result, PLIA and representatives of the commercial petroleum and home heating oil industries are engaged in efforts to address funding and management of the state's pollution liability insurance programs for petroleum underground storage tanks and home heating oil tanks.

Summary of Bill: The pollution liability insurance fee for heating oil is set at one and two-tenths (.012) cents per gallon. Coverage of \$60,000 per occurrence for heating oil tanks is specified as being up to that amount of coverage.

An advisory committee of stakeholders must be created by the director of the Pollution Liability Insurance Agency to advise on all aspects of program operations and fees and on pollution prevention. The membership of the committee is specified and includes representatives of the commercial petroleum and home heating oil industries and insured owners of home heating oil tanks. The director must monitor agency expenditures, ensure

responsible financial stewardship, study if appropriate user fees are necessary to supplement program funding, and develop recommendations for legislation to authorize such fees.

Funds in the heating oil pollution liability trust account that must be transferred to the pollution liability insurance program trust account must be transferred at the end of the calendar year and are to be in excess of those needed for the next January's administrative costs.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Section 3 of the bill takes effect on July 1, 2004.

Testimony For: Industry and the agency both support this approach to addressing the increasing number of home heating oil tank clean-ups.

Testimony Against: None.

Testified: Lea N. Gaskill, Pacific NW Oil Heat Council (pro); Roger Dovel, Pollution Liability Ins. Agency (pro); Greg Hanon, Western States Petroleum Assn. (pro).

House Amendment(s): Liquefiable gases like butane, ethane, and propane are removed from the petroleum products that are taxed for the purpose of funding pollution liability insurance programs.