
**Financial Institutions &
Insurance Committee**

HB 2678

Brief Description: Reauthorizing the pollution liability insurance agency.

Sponsors: Representatives Kagi, Kretz, B. Sullivan and Ericks; by request of Pollution Liability Insurance Agency.

Brief Summary of Bill

- Removes expiration provisions related to the Pollution Liability Insurance Agency making the program permanent.
- Repeals ongoing evaluation and legislative recommendation requirements.

Hearing Date: 1/24/06

Staff: Jon Hedegard (786-7127).

Background:

The Pollution Liability Insurance Agency's (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. 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. Funding comes from two sources: (1) a pollution liability fee imposed on dealers making sales of heating oil to a homeowner or a consumer which is deposited into the Heating Oil Pollution Liability Trust Account (HOPLT Account); and (2) an excise tax on the wholesale value of petroleum which is deposited into the Pollution Liability Trust Account (PLT 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 PLT Account. If, on the other hand, there is a residue in the HOPLT Account at the end of the calendar year, it is to be transferred to the PLT Account.

The Director of the PLIA (Director) is required to evaluate the effects of the program on the private market for liability insurance for owners and operators of underground storage tanks. The Director is required to make recommendations to the legislature concerning continuance of the program.

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

Summary of Bill:

The June 1, 2007, expiration date for the PLIA is repealed. The PLIA and its programs are made permanent. The expiration date for the excise tax used to fund the PLT Account is repealed. The interest generated by the PLT Account will remain in the PLT Account rather than being transferred to the state General Fund.

The ongoing requirements that the Director evaluate the effects of the program on the private market for liability insurance and make recommendations to the legislature concerning continuance of the program are repealed.

Appropriation: None.

Fiscal Note: Requested on January 20, 2006.

Effective Date: The bill takes effect in 90 days, except for section 5 which takes effect on July 1, 2006.