
**Insurance, Financial Services &
Consumer Protection Committee**

HB 1789

Brief Description: Minimizing threats to the environment caused by leaking home heating oil tanks.

Sponsors: Representatives Kagi, Priest, Hunter, Jarrett, Dunshee, Orcutt, Linville, Strow, Dickerson, McCoy, B. Sullivan, Lantz, Hunt, Chase, Rodne and Schual-Berke.

Brief Summary of Bill

- Requires the Pollution Liability Insurance Agency (PLIA) to identify design criteria for heating oil tanks that provide superior protection against future leaks than standard steel tank designs.
- Requires the PLIA to reimburse an owner or operator the difference in price between a standard steel heating tank and a tank that meets the PLIA design criteria. Reimbursement is only required if there has been an action to trigger coverage for an owner or operator that is participating in the PLIA program.

Hearing Date: 2/15/07

Staff: Jon Hedegard (786-7127).

Background:

The Washington State Pollution Liability Insurance Agency (PLIA) was created in 1989 to make pollution liability insurance available and affordable to the owners and operators of regulated underground petroleum storage tanks. An underground storage tank (UST) is a commercial tank or a combination of tanks used to store an accumulation of petroleum. In 1991, the PLIA was directed to provide grants to owners of USTs at remote and rural gas stations to upgrade their tanks. In 2005, the Legislature directed the PLIA to provide an additional one million dollars for these grants.

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.

In 1995, the PLIA's duties were expanded to include assisting owners and operators of heating oil 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. The PLIA offers this program to provide up to \$60,000 of insurance coverage for cleanup of contamination from active heating oil tanks that are registered in the program prior to the contamination occurring. There is no cost to the homeowner for this coverage.

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 Insurance Program Trust Account (PLT Account). The excise tax includes a "trigger" mechanism based on the amount of funds in the PLT Account. The tax will only be imposed for a succeeding calendar quarter if the tax was levied the prior quarter and the account balance is less than \$15 million. Most recently, the tax was effective from July 1, 2003, through June 30, 2004.

In 2006, the Legislature extended expiration dates associated with PLIA to July 1, 2013.

Summary of Bill:

The PLIA must identify design criteria for heating oil tanks that provide superior protection against future leaks than standard steel tank designs. The tank designs identified must include fiberglass construction or provide at least an equivalent level of protection against leaks as a standard fiberglass design.

The PLIA must reimburse an owner or operator the difference in price between a standard steel heating tank and the new tank if the owner or operator:

- is participating in the PLIA program;
- experienced an occurrence or remedial action; and
- chose, or was required to replace an existing tank at the time of the action with a new tank that satisfies the PLIA design standards.

Any new heating oil tank reimbursement provided under this section must be funded within the statutory sixty thousand dollars per occurrence coverage limit.

The provisions are prospective and apply only to individuals who file a claim with the PLIA on or after the effective date of the act.

Appropriation: None.

Fiscal Note: Available.

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