FINAL BILL REPORT
ESSB 5993

C 422 L 19
Synopsis as Enacted

Brief Description: Reforming the financial structure of the model toxics control program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Frockt, Billig, Liias and Hunt).

Senate Committee on Ways & Means
House Committee on Finance

Background: The state Model Toxics Control Act (MTCA) is administered by the Department of Ecology to ensure that the vast majority of sites at which hazardous substances were released are cleaned up. MTCA is funded by the hazardous substance tax (HST), a 0.7 percent tax on the wholesale value of hazardous substances; cost recovery from remedial actions; mixed waste fees; and to a lesser extent fines, penalties, and other charges. Approximately 95 percent of the revenue derives from the HST on petroleum products. The State Toxic Control Account (SCTA) receives 56 percent of the revenue obtained from the HST; the Local Toxic Control Account (LTCA) receives 44 percent. Once $140 million of the HST is distributed to STCA and LTCA in a year, the remainder is deposited into the Environmental Legacy Stewardship Account (ELSA). One percent of the monies collected by the HST must be allocated for public participation grants.

Summary: The HST is changed from a value-based tax on petroleum products to a volumetric tax. The rate is $1.09 per 42-gallon barrel. The tax rate for non-petroleum products is not changed. LTCA, STCA, and ELSA are repealed and replaced with the Model Toxics Control Operating Account, the Model Toxics Control Capital Account, and the Model Toxics Control Stormwater Account. Revenue from the HST is allocated to these accounts as follows: 60 percent to the operating account, 25 percent to the capital account and 15 percent to the stormwater account. Fifty-million per biennium is deposited in the Motor Vehicle Fund to be used exclusively for transportation stormwater programs; this remains in place until transportation revenue increases by $2 billion attributable to an additive transportation funding act. The Department of Revenue must compile a list of petroleum products that are not easily measured on a per barrel basis. Petroleum products on this list are subject to the 0.7 percent tax on the wholesale value. Beginning July 1, 2020, and each July 1st thereafter, the volumetric portion of the HST is adjusted by the implicit price deflator for nonresidential construction.

The operating account may only be spent in the operating budget to carry out administrative and service activities related to:

- hazardous waste planning;
- solid waste planning;
- hazardous waste clean-up;
- state matching funds required under federal law;
- financial assistance for local governments;
- reduction and recycling of household hazardous wastes;
- oil spill prevention and response;
- water and environmental health protection programs;
- air quality programs; or
- plastic or polystyrene foam clean-up.

The capital account may be spent only in the capital budget and be used for the improvement, rehabilitation, remediation, and cleanup of toxic sites.

The stormwater account must be allocated to carry out operating and capital directly related to stormwater projects. The bill enumerates the qualifying programs and projects in the respective budgets.

The Office of Financial Management and the Legislative Evaluation and Accountability Program are directed to modify budgeting and reporting systems to document MTCA account, appropriation, and project information.

It is the intent of the Legislature to not transfer MTCA accounts to the near general funds in the operating budget in the 2019-21 fiscal biennium.

Votes on Final Passage:

Senate	27	22
House	50	48

Effective: July 1, 2019