

Repeal the current suspension threshold for the petroleum products tax and make it permanent

Description This proposal would:

- Repeal the \$15 million suspension threshold; and
- Make the tax permanent.

Current Law The petroleum products tax is imposed on the first person who possesses petroleum products in this state. Petroleum products generally include oil products refined from crude oil but do not include crude oil or liquefiable gases.

The petroleum products tax is used to make liability insurance available at an affordable price to owners of underground tanks used to store petroleum products.

Depending on the amount in the pollution liability insurance program trust account, the tax is imposed or suspended. The tax is suspended when the fund balance exceeds \$15 million and is re-imposed when the fund balance is less than or equal to \$7.5 million. The tax has been suspended since April 1, 2010.

The petroleum products tax has been imposed and suspended as follows:

Imposed	Suspended
July 1, 1989 – June 30, 1993	July 1, 1993 – June 30, 2003
July 1, 2003 – June 30, 2004	July 1, 2004 – June 30, 2009
July 1, 2009 – March 31, 2010	April 1, 2010 –

Unless extended by the Legislature, the tax will expire June 1, 2013. First enacted in 1989, the tax was scheduled to expire June 1, 1995. The Legislature has extended the tax three times in six year increments.

Continued on next page

Repeal the current suspension threshold for the petroleum products tax and make it permanent, Continued

Revenue Impact

General Fund impact (\$ in millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$59.9	\$59.9

Notes:

- All revenues during the estimated period are assumed to be delivered to the general fund because the tax is currently suspended.
- Estimates assume a July 1, 2012 effective date, representing 11 months of collections for FY 2013.
- Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.

Expenditure Impact

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
TBD	TBD	TBD