WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

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Originally Published June 9, 2000—Reissued April 2002

Petroleum Products Tax Extended to June 1, 2001

The petroleum products tax and related programs were scheduled to expire on June 1, 2001. Substitute House Bill 2590 (Chapter 16, laws of 2000) extends the programs and tax to June 1, 2007. The tax is imposed on the first possession of petroleum products in Washington. The rate of the tax is 0.5% and is based on the wholesale value of the product. Washington Administrative Code (WAC) 458-20-252 discusses this tax in detail.

In 1989, the Legislature created the Pollution Liability Insurance Agency (PLIA) in response to the Environmental Protection Agency's requirement that owners and operators of petroleum underground storage tanks demonstrate financial responsibility for the cleanup of contamination resulting from spills or releases of petroleum. The PLIA underground storage tank programs provide reinsurance to commercial insurance companies, which in turn provide pollution liability insurance to underground storage tank owners in Washington. This reinsurance program is meant to improve the availability and affordability of pollution liability insurance for owners and operators of underground storage tanks by selling reinsurance at a price significantly below the private market price for similar insurance. The discount is passed on to owners and operators of underground storage tanks through reduced insurance premiums and increased availability of insurance.

The tax will be suspended when the balance of the PLIA program fund exceeds $15,000,000. This provision of the law was not altered by the new legislation. The Combined Excise Tax Return will reflect when the suspension is in place.

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