

## Change measure of oil spill taxes from volumetric to a percentage of value

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### Description

This proposal would:

- Combine the oil spill response tax and oil spill administration tax into a single tax based on the *wholesale value* of crude oil and petroleum products *rather than on volume*.
  - a) Impose a tax rate of five percent (based on wholesale value);  
**or**
  - b) Impose a tax rate of seven-tenths of one percent (based on wholesale value).
- Deposit a percentage of tax receipts to the oil spill response account and the oil spill prevention account. These accounts fund oil spill cleanup and prevention and preparedness programs administered by the Department of Ecology (DOE).
- Deposit the remainder of the tax receipts into the general fund.

*Note: This proposal has not been shared with DOE.*

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### Current Law

Chapter 82.23B RCW currently imposes a) an oil spill response tax (one cent per 42-gallon barrel) and b) an oil spill administration tax (four cents per 42-gallon barrel). These taxes are imposed on the privilege of receiving crude oil and petroleum products at a marine terminal in this state.

*The oil spill response tax:*

- Proceeds are deposited into the oil spill response account to fund the state's response to oil spills for which cleanup costs exceed \$50,000.
- The tax is suspended when the fund balance in the oil spill response account exceeds nine million dollars.
- The tax is re-imposed when the fund balance in the account is eight million dollars or less.
- The tax was suspended on April 1, 2013.

*The oil spill administration tax:* Proceeds are deposited to the oil spill prevention account to fund the state's oil spill prevention and preparedness programs.

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## Change measure of oil spill taxes from volumetric to a percentage of value Continued

**Revenue Impact**

General Fund Impacts (\$ millions):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
20	\$ -	\$ 151.5	\$ 151.5	\$ 173.9	\$ 180.1	\$ 354.1
20	\$ -	\$ 18.7	\$ 18.7	\$ 21.5	\$ 22.5	\$ 44.0

Notes:

- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

**Expenditure Impact**

#	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
31a	\$ 11,500	\$ -	\$ 11,500	\$ -	\$ -	\$ -
31b	\$ 3,000	\$ -	\$ 3,000	\$ -	\$ -	\$ -