

Chapter 14

Oil Spill Tax

82.23B.030 - Secondary transportation

Description Successive receipt or transportation of crude oil or petroleum products is exempt from the oil spill tax after the initial receipt of the same products at a marine or bulk terminal from a:

- Vessel or barge;
- Rail tank car; or
- Pipeline.

Purpose This exemption restricts the tax to the initial off-loading of crude oil or petroleum products in Washington.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions For this exemption to be applicable, oil would have to be off-loaded in Washington from a vessel, rail tank car, or pipeline, then reloaded onto another vessel, rail tank car, or pipeline, before being off-loaded a second time in the state. It is assumed this scenario does not happen.

Data Sources None

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1991
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2017

82.23B.040 - Exported petroleum products

Description Taxpayers may claim a credit against oil spill tax paid on crude oil or petroleum products subsequently exported or sold for export from the state.

Purpose Allows the tax to apply only to products consumed within the state.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$4.103	\$4.103	\$4.103	\$4.103
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$3.761	\$4.103	\$4.103
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Growth rate mirrors the zero growth rate reflected in the Department of Revenue's March 2019 non-general fund forecast for oil spill tax collections.
- 11 months of cash collections in Fiscal Year 2021 due to July 1, 2020, effective date.

Data Sources

- Department of Revenue tax return data
- Department of Revenue's March 2019 non-general fund forecast

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1991
Primary Beneficiaries:	Exporters of crude oil or petroleum products that were off-loaded in this state
Taxpayer Count:	10
Program Inconsistency:	Since crude oil or petroleum that is shipped through the state for export is no less likely to spill than similar products that remain in the state, this credit could be considered as being inconsistent with the oil spill prevention and response program
JLARC Review:	Not reviewed by JLARC

82.23B.045 - Nonfuel uses of crude oil petroleum products

Description Taxpayers may claim a credit against oil spill tax paid on crude oil or petroleum products:

- Not used as fuel; or
- Used as a component or ingredient in a manufacturing process.

Purpose Ensures the tax applies only to crude oil or petroleum used as fuel.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.491	\$0.491	\$0.491	\$0.491
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.450	\$0.491	\$0.491
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Growth rate mirrors the zero growth rate reflected in the Department of Revenue's March 2019 Non-General Fund forecast for oil spill tax collections.
- 11 months of cash collections in Fiscal Year 2021 due to July 1, 2020, effective date.

Data Sources

- Department of Revenue tax return data
- Department of Revenue's March 2019 non-general fund forecast

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1991
Primary Beneficiaries:	Petroleum refiners
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2017