

Oil Spill Prevention Account (OSPA) – Options for Revenue Shortfall Fix

1. **Permanent State Toxics Account appropriation**
Provide a permanent State Toxics Control Account (STCA) appropriation to the Spills Program to cover revenue shortfall and restore funding to 05-07 biennium.
2. **Include an Oil Spill Appropriation from a new Storm Water Bill**
Include a direct appropriation to the Spills Program from the new Storm Water Account, if the bill is re-introduced & passed in the 2011 Legislative session.
3. **One-time State Toxics Account appropriation**
Provide a one-time STCA appropriation to the Spills Program next session to cover the 2011-2013 biennium OSPA revenue shortfall. During the intervening period, fee options below would be worked with stakeholders and one would be introduced in the 2012 or 2013 Legislative session to provide a permanent revenue fix to restore funding to 05-07 biennium.
4. **Establish a new Oil Transfer Fee**
Assess a per gallon oil transfer fee at the point of transfer on all oil transfers done by all currently regulated entities. The fee would replace the barrel tax and set an amount that would generate enough revenue for Ecology oil spill prevention and preparedness activities.
5. **Establish a new Oil Handling Fee**
Require cargo ships, passenger ships, oil tank vessels, certain large oil handling facilities, and oil pipelines to pay a scaled Oil Handling Fee. Ships would pay an average fee of \$600 when they call at a Washington port and facilities and pipelines would pay an annual fee of about \$10,000 for Ecology's contingency plan, oil spill drill, and inspection services. This fee would generate approximately \$4 million a biennium and cover the current 09-11 appropriation level.
6. **Increase the Oil Spill Administration Tax (Barrel Tax) and Eliminate Barrel Tax Loopholes.**
Increase barrel tax from 4 cents to 6 cents, apply the tax to all petroleum products imported into the state by pipeline and eliminate tax credit on fuel delivered to ships & aircraft. This would generate approximately \$4.8 million per biennium.
Pipelines: Currently there are 3 major pipelines that pose a serious risk but are exempt from the Barrel Tax. This portion of the fee would generate about \$2.4 million per biennium if the tax was raised to 6 cents. At the current tax rate of 4 cents per barrel this option would generate about \$1.6 million per biennium.
Fuel Tax Credits: WAC 458-20-260 provides for a Barrel Tax credit on products delivered to ships & aircrafts as fuel. Eliminating this "tax loophole" would generate about \$2.4 million per biennium if the tax was raised to 6 cents. At the current tax rate of 4 cents per barrel this option would generate about \$1.6 million per biennium.
7. **Increase the Oil Spill Administration Tax (Barrel Tax).**
This tax has not been adjusted since 1995. It is a volume based commodity tax, unaffected by the price of oil, and does not adjust to compensate for state inflation costs. Increasing the tax from 4 cents to 6.5 cents would cover the current 09-11 appropriation level.
8. **No Revenue Fix - Reduce expenditures to match revenue.**
The current biennial revenue for the OSPA is about \$7 million. The 07-09 budget was \$14 million (77FTE*). The 09-11 budget is \$11.5 million (70 FTE*). If there is no revenue fix and the budget was reduced to match the revenue, then the program would be reduced to 54 FTE*. The reduction would be taken mainly in prevention and preparedness activities. * Note: This is the total program FTE which includes response staff which is funded by State Toxics Account.

