



WA Hidden Gas Taxes

Vote NO HB 3181 and SB 6851

10 MYTHS REGARDING HB 3181 / SB 6851

- MYTH:** This legislation addresses the critical environmental problem of stormwater management.
- FACT:** This proposal is much more about closing the general fund budget gap than about any environmental action. For at least the first three years, two-thirds of the revenue generated goes not to any environmental program but directly into the general fund. Given the legislature's history of raiding voter-approved environmental accounts, how realistic is it to think that the money will ever leave the general fund?
- MYTH:** This tax increase is the only way to generate enough money for local governments to complete their stormwater upgrade projects.
- FACT:** The existing Model Toxics Control Act (MTCA) generates more than enough money to support these projects. The legislature has raided these accounts for a total of \$180 million over the last two years, with another \$80 million targeted this session. Those figures dwarf the \$70 million that HB 3181 / SB 6851 generate for stormwater-related projects and activities. Simply using the existing funds as voters had intended would provide enough money to do the job.
- MYTH:** The existing (MTCA) tax has not increased since its inception.
- FACT:** MTCA tax collections have grown steadily and significantly over time. According to the Department of Revenue, the tax generated \$23 million at its inception in 1989. In 2009, it generated \$127 million. That's a 452 percent increase!
- MYTH:** This tax hike will barely be felt at the pump.
- FACT:** The state Department of Revenue estimates that the effect of the tax increase proposed in HB 3181/SB 6851 "works out to be about 3 cents per gallon of gasoline." (DOR Memo February 5, 2010). With Washington motorists already paying one of the highest gas taxes in the nation, the increase will be felt.
- MYTH:** This is a "painless" tax increase because the tax will be paid by big oil companies.
- FACT:** This tax increase will be felt in large measure in higher consumer prices or lost jobs or both. And the MTCA tax impacts many other products, including fertilizers and pesticides that are crucial to the health of our agricultural industry, as well as many home and garden products.

MYTH: Petroleum products are far and away the most serious source of stormwater contamination.

FACT: The fact is that we don't know the answer to that question yet. The Department of Ecology is still analyzing stormwater impacts. Ecology has already acknowledged that its earlier estimates of stormwater run-off were overstated by 67 percent and that its estimates of petroleum impacts within that total were overstated by 40 percent. Phase 3 of their analysis updates their figures and will include an examination of the toxicity of various contaminants. This is critical because the real impact of various substances goes far beyond their volume. A teaspoon of mercury, for instance, has a much different – and more significant – impact than a teaspoon of oil. Until Ecology's analysis is complete, we won't have the data needed to determine what the more serious contaminants are.

MYTH: This proposal will create thousands upon thousands of jobs.

FACT: While the minority share of the taxes collected may go to projects that create some short-term construction opportunities, the total cost of the tax will be a job killer. Washington's refineries are already responsible for providing 20,000 permanent, family-wage jobs, include some 5000 direct skilled labor jobs at the refineries, paying an average of more than \$100,000 per year. Some of those would be at risk because of this proposal. Using MTCA money as originally intended would help create construction jobs without imperiling existing jobs.

MYTH: Washington's refineries won't be impacted by this \$250 million tax increase.

FACT: Four U.S. refineries have closed in the last year and analysts predict another 20 worldwide closures by year's end. This legislation could be the tipping point in the profitability and continued operations of Washington's refineries. At the very least, the increased costs are likely to constrain job opportunities and reduce investment in facilities upgrades that would improve the safety, reliability and environmental controls at the refineries.

MYTH: Washington's refineries will never leave.

FACT: That's what previous legislatures said about the timber industry, aluminum industry and aerospace industry. We can't risk losing any more of Washington's dwindling manufacturing base.

MYTH: This proposal is necessary to ensure that Washington's refineries pay their "fair share" in taxes.

FACT: A recent Washington Research Council study found that a Washington's refineries paid more than \$182 million in taxes in 2007. Washington's refineries already pay 83 percent of the existing MTCA tax, along with business taxes such as B&O, property, payroll and various excise taxes on gasoline and diesel. In fact, a typical Washington refinery already pays twice as much in taxes as a similar refinery located in cash-strapped California.