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## **Oil tax proposals would be bad for county, citizens**

By KEN OPLINGER

Raising taxes to pay for stormwater clean-up projects is not the good deal for Whatcom residents that Coby Jansen and Perry Fizzano would have you believe in their "Northwest View" column of Jan. 28.

It would in fact be a bad deal. The tax proposals would unfairly burden a key local industry, put good local jobs at risk, impose a hidden gas tax on area motorists and all while having modest impact on the environment.

Fortunately, the Legislature seems to be backing off from their original, ill-conceived barrel tax proposal. The state Constitution requires taxes on gasoline and diesel to be used for road construction, and concerns about a legal challenge are slowing them down.

The bad news is that another scheme has emerged: HB 3181 and SB 6851 would nearly triple the state's hazardous materials tax (known as MTCA) from 0.7 percent to 2 percent. The impact would be even more deadly for our local economy. Where the barrel tax was estimated to cost \$128 million per year, this new proposal would cost \$224 million annually.

The Bellingham Chamber strongly supports maintaining and enhancing our environmental quality. Clean water, clean air and responsible land-use practices are attractive attributes in marketing Whatcom County to potential employers and visitors.

But environmental policy must be balanced and scientifically based. The Department of Ecology is scheduled to complete its analysis of stormwater contamination in June. The department has already acknowledged that their initial estimates of stormwater impact were too high by roughly two-thirds, and their estimate of petroleum's impact within that total was overstated by some 40 percent. Until their final report is available, we won't have the data needed to develop a responsible and equitable approach to stormwater clean-up.

While the scientific analysis is still underway, the economics of these tax proposals are all too clear.

The impact of these taxes would be far from "minimal." According to Department of Revenue estimates, the hazardous substance tax hike would impose another \$185 million in costs on the state's refineries, approximately doubling their current tax burden. A recent Washington Research Council study shows that a typical Washington refinery already pays about twice the taxes paid by a similar refinery in California.

Jansen and Fizzano's comparison of these costs to global oil company revenue is disingenuous. In today's global economy, capital - and the jobs that go with it - is portable. Facilities must remain economically viable on their own; even profitable companies can't afford to subsidize unprofitable operations for long.

Put simply, if we want to keep - and grow - high-paying, family wage jobs in Whatcom County, we can't afford to make operations significantly more expensive for these employers. Shouldn't the Boeing decision teach us not to take our economic future for granted?

We can't impose billions in additional costs over a decade on an industry, and not see it reflected in either higher consumer prices or lost employment, or both. In this case, the Department of Revenue estimates that each one percent of MTCA tax is the equivalent of 2.5 to 3.5 cents in higher prices at the pump. Washington motorists already pay one of the highest gas taxes in the nation, and any increase will be especially tough on low income families struggling with the recession.

One final sad fact: this huge tax increase could do very little for the environment. State budget woes are prompting legislators to raid existing environmental accounts to bail out the general fund.

The legislature already has diverted \$180 million from the MTCA account over the last two years, and this session the Governor is proposing sweeping another \$80 million to the general fund. Now environmental groups are trying to sell the MTCA tax increase by saying that two-thirds of the money generated could be diverted to the general fund from day one. So for each additional dollar that you and I end up paying, roughly 67 cents would go not to environmental clean-up but to the general fund.

Their approach is nothing more than a general fund tax hike being sold as environmental action.

And its impact on Whatcom County is substantial. The Port of Bellingham's annual report indicates that uncertainty surrounding MTCA funding is raising questions about planned dredging and clean-up projects.

The bottom line: this is a bad deal. The environmental impact of this proposal is very much in question, but the economic impacts are known, negative, and will be felt more severely here in Whatcom County than virtually anywhere else in the state.

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