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Hazardous chemical bill wrong solution for Washington's general-fund problems

The Seattle Times editorial board supports tax increases for cleaning up Puget Sound when the economy recovers and in a way that doesn't harm state manufacturers. Proposals in the state Legislature would hurt Washington jobs.

THE proposed state tax increase on hazardous chemicals is an idea that sounds better than it is. The proposal, in House Bill 3181 and Senate Bill 6851, comes with unacceptable economic risks.

Raising the tax from 0.7 percent to 2 percent is supposed to help clean up polluted stormwater. This is important, and requires tax revenue. To the extent that pollution comes from drips and residue from vehicles, some kind of fuel tax makes sense. This is mostly a fuel tax — about 4 cents a gallon on gasoline and diesel.

Such a tax, however, shouldn't put refineries here at a competitive disadvantage. This tax does. It is a tax on products sold or manufactured here. Don Sorensen, manager of the Tesoro refinery at Anacortes, says 40 percent of his sales are out of state. In the Oregon market, for example, the California suppliers — and tankers from China — do not pay that tax.

Tesoro does. It owns no oil fields. It is only a refiner, which is a thin-profit business most times, and in the past year, a no-profit business. Raising the tax threatens to limit its market to Washington only.

"This is an attack on our livelihood," said Joe Solomon, president of United Steelworkers Local 12-591, representing Tesoro and Shell refinery workers.

Tesoro supports 360 employees and 150 contractors. In order to protect these jobs, the hazardous-materials tax should exempt local manufacturers' out-of-state sales.

Secondly, if some kind of tax is passed, all the money should go to clean up the state's waters. For the past two years, revenue from the current tax — \$260 million — has been swept into the general fund. Instead of redirecting this money to water quality, legislators propose to raise the tax and put large amounts of the new money (69 percent, falling to 36 percent) into the general fund over the next five years.

This is why the bill is being offered now. It is about helping to bail out the state budget.

Finally, this is a bad time for tax increases. Wait till the economy recovers, write a bill in a way that protects work in Washington, and spend all the money on cleanup.