

Focus on Washington's Voter-Approved Hazardous-Substance Tax

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This focus sheet provides an overview of the Hazardous Waste Substance Tax and how it is used to clean up and protect Washington's environment.

What is the Hazardous Substance Tax?

In 1988, the voters of Washington approved the state's Hazardous Substance Tax on petroleum products, pesticides, and some chemicals. The purpose of this tax is to collect funds to clean up all hazardous waste sites, prevent future hazards due to improper disposal of toxic wastes and promote cleanup and reuse of contaminated properties. The tax is collected by the State Department of Revenue.

The tax was a key component of the Model Toxics Control Act that resulted from the voter approved Initiative 97.

How is the tax calculated?

The tax, which has never been increased since its creation, is calculated at a rate equal to 7/10ths of one percent (0.70%) or \$7 per \$1,000 of the wholesale value of the hazardous substance.

Who pays the tax?

This tax is imposed on the first in-state possessor of the hazardous substance. There are currently 8,000 different hazardous substances subject to the tax; however, more than 85 percent of the revenue is related to petroleum products.

What is a hazardous substance?

Many substances are hazardous or toxic. However, not all substances thought to be hazardous are subject to the hazardous substance tax.

Under the 1988 initiative, hazardous substances are generally defined as petroleum products, pesticide products, and chemicals. Manufactured products, which may be environmentally detrimental, but not specifically hazardous, such as plastic containers, solid metals, and wood products or wood fibers, are not categorized as a hazardous substance.

MORE INFORMATION

Learn more about the Hazardous Substance Tax at the Department of Revenue's web site.

www.dor.wa.gov/content/findtaxesandrates/othertaxes/tax_hazard.aspx.

Read the Department of Ecology's Model Toxic Control Act Annual Report.

www.ecy.wa.gov/pubs/0709098.pdf.

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What Hazardous Substances are taxed?

There are four categories of taxed hazardous substances:

- Petroleum products.
- Substances included in the “Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980” (CERCLA) Examples include: acetone, hydrochloric acid, phosphoric acid, trisodium phosphate.
- Products registered under the “Federal Insecticide, Fungicide and Rodenticide Act” (FIFRA) Examples include: lawn and garden products including weed-and feed fertilizers, household and commercial disinfectants, mothproofing products, flea and tick dips rat poisons, wood preservatives, insecticides, disinfectants, fungicides, herbicides.
- Additional substances determined by the Director of Ecology by rule. At this time, Ecology has not added substances.

What is the Hazardous Substance Tax used for?

The law created two accounts in the state treasury:

1. State Toxics Control Account receives 47 percent of the revenue for state agencies to manage hazardous materials, prevent toxic threats, cleanup hazardous sites, prevent oil spills, and recycle solid wastes.
2. Local Toxics Control Account receives 53percent of the revenue for local community and port projects to cleanup hazardous sites, manage solid waste, and operate recycling and prevention programs.

How much revenue does the Hazardous Substance Tax generate?

Revenue from the Hazardous Substance Tax has been as low as \$23 million/year in 1989 to as high as \$130 million/year in 2008 when oil was at \$147/barrel. In 2010, oil prices are lower (around \$70-80/barrel) and revenue is forecast to be about \$120/year through 2013.

Have State and Local Toxic funds been used to help offset the State General Fund shortfall?

Since the economic downturn that began in 2008, \$262 million of State and Local Toxic Account funds have been or will be transferred to help out the State General Fund shortfall. This includes transfers of these funds from the 2007-09 biennium, 2009-11 enacted budget and 2010 Governor’s Proposed Supplemental budget. State bond funds were used to fund some capital projects previously funded by State and Local Toxic Accounts to offset in part the transfer of funds.