



**PUBLIC
AFFAIRS**

**Comments from Western States Petroleum Association
Brian White, KP Public Affairs**

Item 4-1 - BOE 2015 Legislative Proposal – Special Taxes and Fees
January 21, 2015

Good morning Chair and members. My name is Brian White and I am here today representing the Western States Petroleum Association (WSPA). WSPA represents companies that account for the bulk of petroleum exploration, production, refining, transportation and marketing in the five western states of Arizona, California, Nevada, Oregon, and Washington. We would like to thank the Board of Equalization (BOE) and the staff for bringing this legislative proposal (Item 4-1) forward for your consideration.

WSPA members recognize that with the increased shipment of crude by various means, including by ship, rail, and pipeline, there has been an increased awareness by agencies and the industry about protection of natural resources and public safety concerns. WSPA shares these concerns and recognizes that California has one of the most robust and effective oil spill prevention and response programs in the world, which is administered by the Office of Spill Prevention and Response (OSPR). Because of this, WSPA has been engaged with the Brown Administration, the Legislature, BOE staff and local officials, to ensure that transportation of crude oil and petroleum products are delivered as safe as possible, and ensure adequate resources are in place to respond quickly to oil-transportation-related issues.

On the funding and implementation side, last year's budget trailer bill passed by the Legislature and signed by Governor Brown (SB 861, Chapter 35, Statutes of 2014), provided new funding for oil spill prevention and response efforts, particularly to address prevention activities in both marine and inland areas. The legislation expanded the existing 6.5 cent per barrel fee that was initially assessed only at marine terminals for marine activity, to now also include an assessment at refineries to address inland activity.

Since enactment of SB 861, WSPA has sought clarification about the payment of the fees to ensure the new inland fee will be appropriately spent, while also working on some unresolved policy issues to eliminate any duplicative requirements that may be required by other federal, state and local agencies. With respect to the expanded OSPR fee in SB 861, it's unclear whether feepayors would have to pay the fee twice - both at the marine terminal and at the refinery. Thus, this could result in a situation where a feepayor must pay a fee on the same product, in this case crude oil, regardless of whether the fee was already assessed on the product at a different location in the delivery process. BOE's draft legislative proposal seeks to clarify this confusion by ensuring the fee is paid only once - either at the marine terminal or at the refinery. WSPA members support the proposal as it is designed to ensure that the fee is imposed just once on crude oil delivered to marine terminals or refineries. In addition, the draft proposal would delete the requirement for pipelines to register under the program, thereby addressing concerns that pipelines shouldn't have to register for the program if they aren't subject to the fee. WSPA members support both concepts of the legislative proposal and look forward to working with the BOE in moving it forward through the legislative process.