

Proposed Legislation

The problem

In 2013, the Washington Legislature significantly changed the funding provisions for the Model Toxics Control Act (MTCA), (2013 2nd sp.s.c 1). The Hazardous Substance Tax revenues to the two original MTCA accounts – the Local Toxics Control Account (LTCA) and the State Toxics Control Account (STCA) – were capped at \$140 million per year. A new third MTCA account was also created, the Environmental Legacy Stewardship Account (ELSA), funded by the remaining Hazardous Substance Tax revenues above the cap.

The problem is that these new funding provisions did not include a periodic adjustment for inflation to the \$140 million cap. Without an inflation adjustment, the purchasing power of the State and Local Toxic Control Accounts will decline. Inflation will erode core funding not only for cleanup, but also for state and local government programs that protect the environment and people, especially children, from threats posed by toxic chemicals.

The solution

The solution is to apply a fiscal growth factor to this cap on the State and Local Toxics Accounts, so that funding for cleanup, prevention, and hazardous waste management work is adjusted for inflation over time. This was the top recommendation from the October 1, 2013, Office of Financial Management report to the Legislature: *State Toxics Control and Environmental Legacy Stewardship Accounts Budgeting*.

Ecology's proposal

Ecology proposes to amend RCW 70.105D.070(2)(b), Toxics control accounts, to add the underlined sentence:

(b) The limit on distributions of moneys collected under RCW 82.21.030 to the state and local toxics control accounts for the fiscal year beginning July 1, 2013, is one hundred forty million dollars.

MORE INFORMATION

A citizens' initiative that voters passed in November 1988 created the Model Toxics Control Act (MTCA). This act governs the cleanup of contaminated sites in Washington. It also established a tax on hazardous chemicals such as petroleum products, pesticides, and other chemicals.

The revenues generated by this tax have historically been deposited into two accounts – the State Toxics Control Account and the Local Toxics Control Account.

Money in these accounts not only help fund cleanup, but also fund state and local government programs that protect the environment and people, especially children, from threats posed by toxic chemicals.

Contact

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Focus on Fiscal Growth Factor for Toxics Funds

Beginning July 1, 2015, and each year thereafter, this limit will be increased by a percentage rate equal to the fiscal growth factor as defined in RCW 43.135.025 (7) and as determined the previous November for that previous fiscal year by either the state expenditure limit committee or the attorney general pursuant to RCW 43.135.025(6).

How it will work

Each fiscal year, the Department of Revenue will recalculate the distributions of Hazardous Substance Tax revenues to the State and Local Toxics Control Accounts and to the Environmental Legacy Stewardship Account by applying the prior year's fiscal growth factor to the prior year's limit.

How it will benefit Washington

Stable, predictable, inflation-adjusted funding for the State and Local Toxics Accounts is important for Washington to efficiently continue to prevent and reduce toxic threats, and to protect and restore Puget Sound. A clean and restored environment, and healthy fish and wildlife depend heavily on these MTCA accounts. This proposal will help us to manage MTCA funds and projects effectively and efficiently in the future.

More information

Ecology's website for the Washington Legislature: www.ecy.wa.gov/legislature.html