



HB 2131 Oil train Risk Management

Testimony for the House Committee on Energy and Environment – Gerritt Rosenthal 3.13.2017

On behalf of Tax Fairness Oregon, I would like to offer this testimony in support of HB 2131 regarding the preparation for and response to oil spills.

As an environmental consultant for over 40 years in the Northwest involved in many oil and hazardous material evaluations and cleanups, this bill is a common sense approach to a very serious problem. I will address some of the technical elements first and the tax implications second.

The bill contains important provisions in that it identifies “high hazard” train routes associated with transport of petroleum materials. In light of the Mosier incident, and cognizant of the fact that small jurisdictions simply do not have the resources to plan for or respond to such incident, the bill contains provisions for a transporter spill incident response plan, for training of local responders, and for establishing an assessment to pay for such eventualities. In addition, the proof of financial liability is something that is common when working with materials that have potential to seriously affect human health or the environment. The level of financial responsibility is significant but not a particular burden. For discussion purposes, a 100-car rail train, each car containing 35,000 gallons, is equivalent to approximately 64,000 barrels, and would require a financial responsibility on the order of \$640,000,000. According to Wikinvest, the 2009 market capitalization of Union Pacific, the primary carrier through the Columbia Gorge on the Oregon side, was over \$89 Bn.

Some rectification is in order when considering a related bill, HB 3344, when it comes to the definition of high hazard routes: both bills focus on the proximity to navigable waters of the state but HB3344 specifically includes inland watersheds. Inland watersheds are not specifically noted in the HB 2131 definition.

One other point is that HB2131 calculates potential hazard liability using a figure of \$10,000 per barrel, whereas HB 3344 uses a figure of \$16,800.

Our point is simple. This bill addresses an unmet need that is particularly critical in the Columbia Gorge. It is not overly burdensome on the carrier and provides critical resources for the local responders, none of whom, including the City of Portland, are prepared, either by training, equipment, or materials, to respond adequately to a major incident.

From the TFO standpoint, we recognize the value these businesses provide to the state. However, if a major incident were to occur the state simply does not have the resources to respond adequately without severe budget implications. It is entirely fair and economically appropriate that the materials carrier carry a significant share of both the preparation and the response burden.

Finally, I want to stress a truth we all know from medical treatment. And that is that emergency response is much more costly in the long run than preparedness and prevention. Only the carriers of these materials have the resources to adequately help our communities prepare and only they have the available resources to respond quickly.

We strongly urge passage of HB 2131 and recommend that the language of HB 2131 and HB3344 be “trued up”.

We read the bills and follow the money