

The Economic Contribution of Washington State's Petroleum Refining Industry



Reliably Supplying Fuels to the Northwest

Washington's five refineries supply gasoline for automobiles, clean diesel for trucks, fuel for the ferry and shipping fleet, and jet fuel for airplanes that is vitally important for the everyday lives of everyone in the state. These products also are vital to the companies and state and local governments that supply jobs and vital services to the state.

- BP- Cherry Point
- ConocoPhillips – Ferndale
- Shell – Anacortes
- Tesoro – Anacortes
- U.S. Oil and Refining - Tacoma



Good Jobs and Good Benefits for Washington State

Petroleum refining is responsible for providing nearly 30,000 jobs in Washington State that pay good wages and provide good benefits to workers and their families. Each direct refining job generates more than \$831,400 in state personal income, which adds up to more than \$1.7 billion in total economic impact for the State of Washington.

Many of these workers are employed as contractors – many in Whatcom and Skagit counties -- to help build new facilities to produce cleaner-burning fuels. For example, between 2004 and 2008 refineries anticipated spending more than \$1.3 billion on capitol repair and replacement including \$592 million (45% of total) on retrofitting plants to produce cleaner burning fuels and to conform with new environmental and safety regulations.

An Important Source of State and Local Revenue

In 2009 Washington's refineries contributed \$206.1 million in state and local taxes that helped pay for transportation, law enforcement, education, environmental and other government services in Washington.

Taxes Paid by Refiners in 2009 (million of dollars)

Retail sales and use tax	6.4
Business and occupation tax	71.4
Property tax	22.3
Unemployment compensation tax (state only)	0.8
Industrial insurance premium	0.5
Hazardous substance tax	80.4
Oil spill tax	3.7
Motor vehicle fuel tax	0.7
Other	3.5
Total	206.1

Source: Washington Research Council



In addition refineries paid another \$4.0 million in regulatory fees (air permit fees, wastewater discharge fees, et cetera).

Because of Washington's unique tax structure, a Washington refinery's state and local tax burden is more than four times the state and local tax burden of a comparable refinery in California.

The chart at right illustrates the taxes on a hypothetical 160,000 barrel-per-day refinery in Washington and in California.

Taxes on a 160,000 Barrels Per Day Refinery (2008) (millions of dollars)

	<u>Washington</u>	<u>California</u>
Corporate Profits Tax		\$ 4.4
Business & Occupation Tax	\$ 30.9	
Hazardous Substance Tax	\$ 36.2	
Property Tax	\$ 6.0	\$ 9.5
Sales & Use Tax	\$ 1.7	\$ 1.7
Oil Spill Tax	\$ 1.5	\$ 2.9
	<u>\$ 76.3</u>	<u>\$ 18.5</u>

Source: Washington Research Council

Source for information: Washington Research Council's August 2010 Economic Profile