

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
- Phillips – Ferndale
- Shell – Anacortes
- Tesoro – Anacortes
- U.S. Oil - Tacoma

Good Jobs and Good Benefits for Washington State

Petroleum refining is responsible for providing nearly 2,000 direct jobs, paying an average wage of more than \$120,000, nearly two-and-a-half times the statewide average wage. Because of these high wages, the fact that the refineries also utilize more than 2,900 well-paid contractors and the capital intensity of their operations, refineries have an employment multiplier of 13.23. This means that petroleum refining is responsible for more than 26,000 jobs in Washington State that pay good wages and provide good benefits to workers and their families. As a result, each direct refining job generates nearly \$894,700 in state personal income, which adds up to more than \$1.7 billion in total economic impact for the State of Washington.



Washington's five oil refineries are committed to building new facilities to produce cleaner-burning fuels. For example, between 2004 and 2008 refineries spent an estimated \$1.3 billion on capital 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.

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An Important Source of State and Local Revenue

In 2011 Washington’s refineries paid \$261.5 million in state and local taxes that helped pay for transportation, law enforcement, education, environmental and other government services in Washington.



Retail sales and use tax	\$ 5.3
Business and occupation tax	105.1
Property tax	19.6
Unemployment compensation tax (state only)	1.2
Hazardous substance tax	106.9
Oil spill tax	15.8
Motor vehicle fuel tax	7.0
Other	0.6
Total	\$261.5

Source: Washington Research Council

In addition refiners paid another \$4.4 million in regulatory fees (air permit fees, wastewater discharge fees, building permits and other fees).

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 relative taxes paid by a hypothetical 160,000 barrel-per-day refinery in Washington and in California.

	<u>Washington</u>	<u>California</u>
Corporate Profits Tax		\$ 4.1
Business & Occupation Tax	\$ 30.9	
Hazardous Substance Tax	\$ 36.2	
Property Tax	\$ 6.1	\$ 8.8
Sales & Use Tax	\$ 1.7	\$ 1.7
Oil Spill Tax	<u>\$ 1.5</u>	<u>\$ 2.9</u>
	\$ 76.4	\$ 17.5

Source: Washington Research Council

Source for information: Washington Research Council's August 2012 Economic Profile