

February 27, 2025

House Committee On Emergency Management, General Government, and Veterans
900 Court St. NE
Salem, Oregon 97301

Subject: Support for House Bill 2949

Chair Tran, Vice-Chair Grayber, Vice-Chair Lewis, and Members of the Committee:

Thank you for the opportunity to share Multnomah County's support for HB 2949, and to urge you to consider going further – to legislate financial responsibility for bulk fuel terminals in line with neighboring states. This legislation is needed to protect Oregon's health, safety, and economy.

Multnomah County is home to bulk oil and liquid fuel terminals that account for 90% of the state's fuel supply, and 100% of the state's jet fuel supply. These fuels are necessary for the basic functioning of our economy and would be needed in the immediate aftermath of a major earthquake to power rescue equipment and generators. The region's earthquake risks are well-known and well-documented: there is an estimated 37% likelihood of a major seismic event in the next 50 years.

Unfortunately, these facilities are woefully unprepared for the impacts of a major earthquake and widespread fuel tank failure is expected in the event of a serious seismic event. The Critical Energy Infrastructure (CEI) Hub where most of these facilities are located is built on soils that geologists anticipate will be subject to liquefaction (when the water table rises during an earthquake and loosens soils making those soils act more like a liquid than a solid) and lateral spreading (when the soils will spread toward the Willamette River). Because the CEI Hub is so close to the Willamette River and the dense urban core in the City of Portland, the risk and impacts of an accident, spill, or major infrastructure failure is particularly concerning.

A 2020 study commissioned by the Multnomah County Office of Sustainability and the City of Portland Bureau of Emergency Management found that an earthquake at the CEI Hub would have catastrophic effects. The study findings reinforce the public concerns about the facilities in the hub:

- The study estimated that a CSZ earthquake would result in total potential releases from the materials stored in tanks at the CEI Hub ranging from 94.6

million to 193.7 million gallons. This is equivalent to the size of the spill at the BP Deepwater Horizon oil spill disaster in the Gulf of Mexico which was the country's largest oil spill to date.

- The study found that of the tanks for which year-built data was available the average tank was built in 1954, well before modern seismic standards had been established.
- The monetized costs could range up to \$2.6 billion and based on prior spills, total costs and damages would likely be many multiples of the monetized amount.
- Oil released from the tanks to the river would spread downstream to the mouth of the Columbia River.

The costs of cleanup are substantially externalized for the facilities in the hub. Bottom line: the costs of a spill are borne by the community instead of the private entity that profits from the sale of fuels.

The scale of an earthquake-induced failure at the CEI Hub has never been experienced in US history, let alone in the heart of a major US City, making comparisons difficult. Current laws cap liability for onshore facilities, and similarly federal trust funds are also capped. Seeking recovery of damages through the courts will be a protracted and difficult process that will result in only partial payments at best if history is to be a guide.

For these reasons, the study recommended the establishment of a financial recovery mechanism paid for by the facilities. This would help to ensure adequate funding is in place to compensate impacted parties and pay for cleanup costs. An analogous policy framework is already in place in Washington and can be easily replicated at the State level in Oregon.

Fortunately, the legislature has taken action to address the risk with the passage of HB 1567 (2022) and the establishment of the Fuel Tank Seismic Stability Program. The program requires large bulk fuel and liquid fuel storage facilities to evaluate and mitigate seismic risk. But, the process will take 10 years, and even when implemented residual risk will remain. Given the substantial risks posed by the facility, further action is warranted, particularly by insulating the public from the potential cost of cleanup associated with a spill or release from these facilities.

Multnomah County believes strongly in the principle of “polluter pays.” The entities that create the risk should be invested in, and prepared for the financial responsibility of

impacts – not depend on taxpayers to pick up the tab. While Multnomah County supports this bill and the continued attention to this issue, we strongly urge the legislature to go further – bypass additional study and move directly into action. Washington and California have implemented financial surety programs that Oregon can learn from. During the 2021-2022 legislative session, Washington lawmakers passed House Bill 1691, which established the Financial Responsibility for Oil Spills program administered by the Washington Department of Ecology. This legislation should serve as a blueprint for legislation in Oregon, providing consistency across state borders and helping safeguard Oregonians. With the threat of a major earthquake looming over the region, the time to act is now.

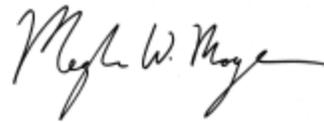
Thank you for considering our comments on HB 2949 and for your attention to this critical issue with major local and statewide impact.

Sincerely,

Multnomah County Board of Commissioners



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