



City of Long Beach
Working Together to Serve

Office of Gerrie Schipske
Councilwoman, Fifth District
Memorandum

R-18

Date: January 22, 2008
To: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
From: Councilwoman Gerrie Schipske, Fifth District (S)
Subject: AGENDA ITEM: Reinstatement of Bunker Fuel Tax

DISCUSSION

According to the State of California Legislative Analyst: The term "bunker fuel" refers to fuel that is used to propel ships.

Bunker fuel is made from the very end products of the oil refining process, A process, that separates lighter, cleaner, more commercially valuable liquids like gasoline and kerosene. Formulated from residues remaining from the primary distilling stages of the refining process bunker fuel is a black, viscous substance laden with heavy metals, sulfur and other polluting chemicals. In some parts of the world, the residues also are used for the manufacturing of asphalt, and in some cases, to produce petroleum coke used in blast furnaces for steel production. It's the dirtiest of fuels and it used mostly by the shipping industry.

The main advantage of bunker fuels to the shipping industry is that it is an inexpensive and cost-effective option for massive ship engines that burn fuels other engines can't use.

The health effects of bunker fuel are serious.

Tiny particles of pollution and chemicals released through ship exhaust were linked to the premature death of about 60,000 people with heart and lung ailments in 2002, according to an article published the November 2007 edition of Environmental Science & Technology, the journal of the American Chemical Society.

Further, if bunker fuel spills, it gums up beaches, marshes and other ecosystems. Animals take it for food or ingest it as they try to clean their coats, and the oil breaks through the waterproof fur or feathers that keep them dry, exposing them to hypothermia. Such a disaster occurred in San Francisco Bay last November.

James Winebrake, professor at the Rochester Institute of Technology notes that diesel sold for road use in the United States has about 15 parts of sulfur per million, while the average sulfur content of bunker fuel globally is about 27,000 parts per million.

For these reasons, I am asking that the City Council's State Legislation Committee recommend to the full City Council supporting state legislation to reinstate the sales and use tax on bunker fuel; designating that the tax will fund public health programs to care for patients of Long Beach suffering from respiratory illness; supporting the Port of Long Beach in imposing a "fuel pollution charge" on ships using bunker fuel and that such

HONORABLE MAYOR AND CITY COUNCIL
Reinstatement of Bunker Fuel Tax
Councilwoman Gerrie Schipske, Fifth District
January 22, 2008
Page 2

funds also go to local public health programs to care for residents suffering respiratory problems.

RECOMMENDATION

Refer this issue to the State Legislative Committee to consider recommending to the full City Council support for state legislation to reinstate the SUT on bunker fuel and to designate that tax for local public health programs to care for residents suffering respiratory illness; to request the Port of Long Beach to impose a "pollution impact charge" on any ship using bunker fuel and to designate that charge for public health programs to care for residents suffering respiratory illness.