

Lessons for WA from Recent Oil Refinery Closures

An issue brief for community leaders and policymakers. Read the full report at: sightline.org/PlanForWA.

Oil refineries are closing across the United States

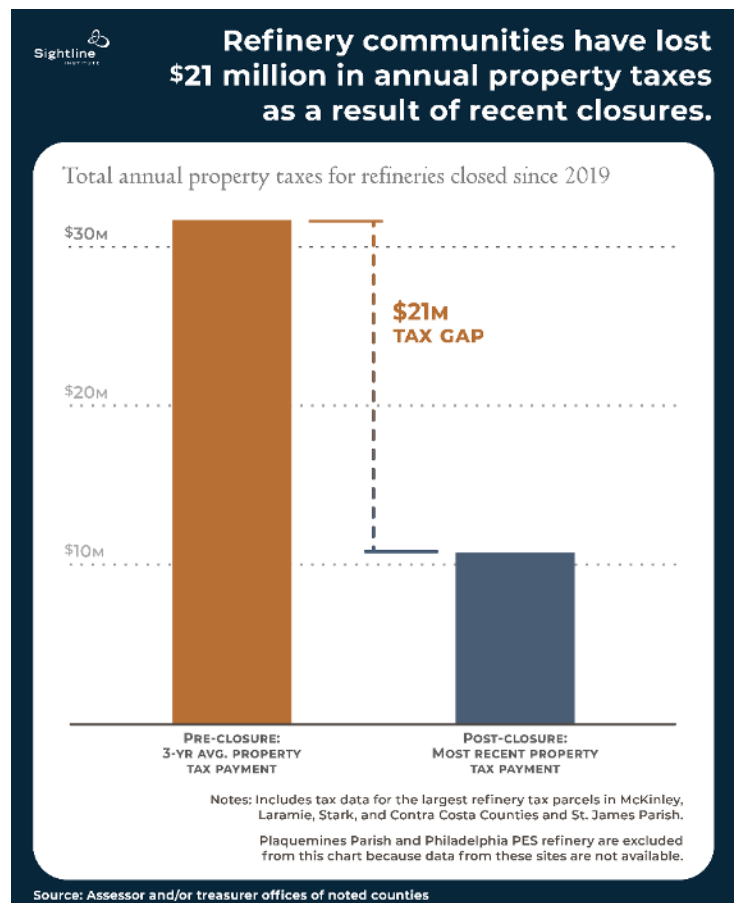
Since 2019 **seven oil refineries have closed** across the United States, almost all without warning. The closures occurred in diverse communities, from big cities like Philadelphia to small towns like Gallup, New Mexico. Oil companies have announced at least two additional US refinery closures within the coming year. More are certain to follow. Analysts expect oil demand to peak in the mid-2020s or mid-2030s and as many as **20 more oil refineries** to close across Asia, Europe, and North America in the next few years.

Communities abruptly lost jobs and tax revenue and sites remain polluted

Combined, the seven refineries' sudden closures led to the **loss of more than 3,400 high-paying jobs and \$21 million in forgone tax revenue annually** in the communities that hosted them. In many cases, communities lost their biggest employer and taxpayer virtually overnight.

The abrupt nature of almost all of the closures prevented nearby communities from weighing in on a transition plan. The companies that owned the refineries—HF Sinclair, Marathon Petroleum, Philadelphia Energy Solutions, Phillips 66, and Shell—made decisions about the refineries' future behind closed doors, following one of three paths:

- **“Idling” indefinitely or converting to storage facilities**, laying off almost all of their workers and forgoing environmental cleanup.
- **Converting to biofuels processing**, in most cases with a sliver of their former workforce and no environmental remediation.
- **Full redevelopment**, though with minimal community involvement and oversight.

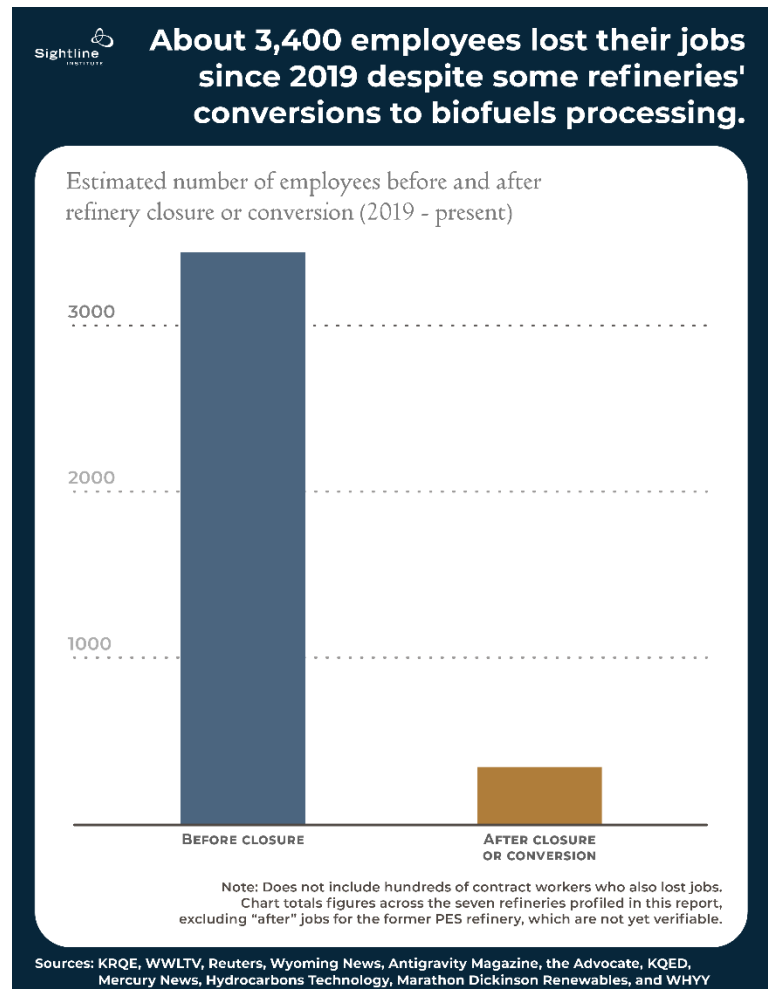


Washington has no plan for its five oil refineries

Washington state is home to five aging oil refineries, including ones owned by Marathon Petroleum, HF Sinclair, and Phillips 66, the same owners of several recently closed refineries. **More than 2,000 employees** work at Washington's five refineries, plus an additional **roughly 2,400 contractors** annually. The refineries together paid more than **\$24 million in local property taxes** in 2021.

In many ways, Washington is wholly unprepared should one of its refineries close overnight, lacking:

- A **community-led vision** for what the sites could or should become;
- A transition plan to **support laid-off workers** and **replace lost tax revenue**;
- Guardrails to **prevent refineries from lingering** for decades as oil terminals or export facilities, with minimal job or tax benefits and continued pollution; and
- Clarity on the likely **cost of cleanup** and guarantees that Washington taxpayers will not be on the hook for some or most of the bill.



Leaders can work with communities to plan ahead

Washington has a **unique opportunity to plan ahead** to avoid oil corporations' shocks to its own refinery-hosting towns and cities. Not to save a dying, polluting industry but to create a smoother path for the workers and communities by planning ahead now. Otherwise, the refinery owners and the whims of the volatile oil market may chart the state's future for it.

Downtown Anacortes, WA. Anacortes is home to the Marathon and HF Sinclair oil refineries.

