(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

ENERGY/OIL & GAS. Changes the oil spill contingency fee both in amount and application and removes limitation on expenditures from the Oil Spill Contingency Fund

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DIGEST

Present law provides for a means of financing oil spill response activities by the state of Louisiana by the imposition of a fee of 4 cents per barrel of crude oil transferred to or from a vessel to a marine terminal within the state which is deposited in the Oil Spill Contingency Fund along with penalties, judgments, reimbursements, charges, and federal funds related to the Oil Spill Contingency Fund. The balance in the fund cannot exceed $30 million except during a declared state of emergency or disaster caused by an unauthorized discharge of oil.

The fee is levied when:

1. The balance in the fund is less than $5 million.

2. An unauthorized discharge in excess of 100,000 gallons has occurred.

3. When expenditures from the fund for damages and removal costs are expected to deplete the fund by more than 50% of the balance of the fund.

Present law provides that the 4 cent fee is to be collected until such time as the balance in the fund equals $7 million and that when the $7 million balance is reached the fee is no longer collected. However, the amount of money in the fund is not limited during a declared state of emergency or disaster caused by an unauthorized discharge of oil.

Proposed law levies the fee at 1/4th cent at all times on the owner of the oil and requires it to be collected by the operators of refineries where crude oil is received for storage or processing. Authorizes the refinery operator to keep one and one-half percent of the fees due during each quarter, provided that the amount due was not delinquent. "Refinery" is defined as a facility located within Louisiana where crude oil is converted into a finished or higher grade product.

Proposed law provides that the fee is to be levied at ½ cent until the fund balance reaches $7 million:

1. If the oil spill coordinator certifies to the secretary of the Department of Revenue (DOR) a written finding that the balance in the fund is less than $5 million dollars and that an unauthorized discharge of oil in excess of 100,000 gallons has occurred within the previous 12 months as certified by the oil spill coordinator.

2. If the coordinator certifies in writing to the secretary of DOR that the balance in the fund is less than $5 million due to expenditures from the fund for:

    a. Removal costs related to abatement and containment of actual or threatened unauthorized discharges of oil incidental to unauthorized discharges of hazardous substances.

    b. Removal costs and damages related to actual or threatened unauthorized discharges of oil as provided in this Chapter.

    c. Operating costs and contracts for response and prevention exclusive of administrative and personnel costs of the office of the coordinator, provided that during a declared state of emergency or disaster, more than $600,000 may be expended upon approval of the commissioner of administration and the Joint Legislative Committee on the Budget.

Proposed law removes the $30 million limit on the fund and the provision which authorizes its removal during a declared state of emergency or disaster caused by an unauthorized discharge of oil.

Present law further authorizes the monies to be spent for an inventory by July 1, 2001, of natural resources damages in an amount not to exceed $5,550,000. Proposed law removes this provision.

Present law provides that funds paid to the oil spill coordinator as cost recoveries from responsible parties, the Oil Spill Contingency Fund, or the federal Oil Spill Liability Trust Fund shall not be used for administrative or operating purposes. Proposed law removes this provision.

Notwithstanding any other provision of law, proposed law requires the one-half cent per barrel fee to be levied until December 31, 2015.

Proposed law requires the Oil Spill Interagency Council to study the Oil Spill Contingency Fund and its uses, revenues, and expenditures, with specified issues enumerated, and report its findings and recommendations to the House committees on Appropriations and Natural Resources and the Senate committees on Finance and Natural Resources no later than January 31, 2014.

Sections 4 and 5 shall become effective upon signature of the governor or lapse of time for gubernatorial action. Sections 1, 2, and 3 shall become effective on July 1, 2014.

(Amends R.S. 30:2483(E), 2484, and 2485; adds R.S. 30:2454(32); repeals R.S. 30:2486 and 2487)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Adds effective date of Jan. 1, 2014.

House Floor Amendments to the engrossed bill.

1. Changes the effective date from Jan. 1, 2014, to upon final judgement or settlement of the Multi-District Litigation 2170 arising from the Deepwater Horizon oil spill that began on April 30, 2010; or deposit of the RESTORE Act penalties assessed or levied under the federal Water Pollution Control Act; or July 1, 2014, whichever occurs first.

2. Makes technical changes.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Changes one of the triggers increasing the fee from the state treasurer certifying an expectation that expenditures from the fund will deplete the fund by more than 50% of the balance to the state treasurer certifying the types of expenditures from the fund as set forth in the paragraphs designated as 2(a), (b), and (c) in the digest.

2. Deletes the provision requiring the discharge triggering the increase in the fee to have occurred within the previous 30 days.

3. Changes the timing of one of the two alternate effectiveness conditions.

<u>Committee Amendments Proposed by Senate Committee on Finance to the reengrossed bill</u>

1. Specifies that the 1/4 cent fee shall be levied on the <u>owner</u> of the oil.

2. Authorizes the refinery collecting the 1/4 cent fee to keep one and one-half percent of the fee due each quarter.

3. Certifications to trigger the ½ cent fee shall be made by the coordinator instead of the treasurer.

4. The trigger to levy the ½ cent fee due to an oil spill was changed <u>from</u> one occurring within the past 30 days <u>to</u> one occurring within the previous 12 months.

5. Authorizes increased administrative and personnel costs of the office of the coordinator during a declared state of emergency or disaster under certain conditions.

6. Notwithstanding any other provision of law, requires the one-half cent per barrel fee to be levied until December 31, 2015.

7. Requires the Oil Spill Interagency Council to study the Oil Spill Contingency Fund and its uses, revenues, and expenditures and report its findings and recommendations to legislative committees by January 31, 2014.

8. Makes changes to the effectiveness conditions.

Prepared by Linda Nugent.