
DIGEST

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Danahay

HB No. 636

Abstract: Changes the oil spill contingency fee both in amount and in application and removes limitations on the expenditures from the fund.

Present law provides for a means of financing oil spill response activities by the state of Louisiana. Provides for a fee to be levied on crude oil transferred to or from a vessel at a marine terminal with the state. Provides for those monies to be placed in the Oil Spill Response Fund to be used to respond to oil spills in the state.

Proposed law defines "refinery" to mean a facility located within Louisiana where crude oil is converted into a finished or higher grade product.

Present law limits the balance of the Oil Spill Contingency Fund to \$30 million including all fees collected, penalties, judgments, reimbursements, charges, interest, and federal funds. Proposed law removes this ceiling on the fund.

Present law provides generally for the use of the monies in the fund. Authorizes the use for administrative and personnel not to exceed \$600,000. Authorizes the issuance of grants for research, testing and development of discharge and blowout prevention and training not to exceed \$750,000. Authorizes monies to be spent on the Oil Spill Technical Assistance Program. Authorizes operating costs and contract expenses for response and prevention not to exceed \$600,000 except during times of declared emergency when funds in excess of \$600,000 can be disbursed upon approval by the Joint Legislative Committee on the Budget.

Proposed law removes all of the above listed expenditure limits.

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.

Present law imposes a fee of 4 cents per barrel of crude oil transferred to or from a vessel to a marine terminal within the state. Provides that the fee is levied when the balance in the fund is less than \$5 million, when an unauthorized discharge in excess of 100,000 gallons has occurred, or 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. Provides that the 4 cent fee shall 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 shall no longer be collected.

Proposed law levies the fee at all times on the operator of a refinery where crude oil is received for storage or processing. The fee is 1/4 cent per barrel except when the fund balance is less than \$5 million or an authorized discharge in excess of 100,000 gallons has occurred, or expenditures from the fund are anticipated to deplete the fund by more than 50% of the balance of the fund. At that point, the fee shall be increased to 1/2 cent per barrel until the balance of the fund equals \$7 million. Upon such certification to the secretary, the fee shall revert to the standard fee provided for in proposed law.

Present law provides for a process by which it shall be determined whether or not the fee is to be levied based on the balance of the fund, when the fund balance reaches \$7 million, the fee is suspended and when the balance falls below \$5 million, the fee is reinstated. Proposed law removes this process.

Effective upon final judgment or settlement of the Multi-District Litigation 2179 arising from the Deepwater Horizon oil spill that began on April 20, 2010; or deposit into the Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States Act (RESTORE Act) Trust Fund penalties assessed or levied under the federal Water Pollution Control Act, 33 U.S.C 1231; or July 1, 2014, whichever occurs first.

(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.

Summary of Amendments Adopted by House

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.