

Regular Session, 2013  
HOUSE BILL NO. 636

# ACT No. 394

BY REPRESENTATIVE DANAHAHAY

1 AN ACT

2 To amend and reenact R.S. 30:2483(E), 2484, and 2485, to enact R.S. 30:2454(32), and to  
3 repeal R.S. 30:2486 and 2487, relative to the Oil Spill Contingency Fund; to provide  
4 for the fees levied to supply monies to such fund; to provide relative to uses for the  
5 fund; to remove limitations on the fund; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 30:2483(E), 2484, 2485 are hereby amended and reenacted and R.S.  
8 30:2454(32) is hereby enacted to read as follows:

9 §2454. Definitions

10 \* \* \*

11 (32) "Refinery" means a facility located within the state of Louisiana where  
12 crude oil is converted into a finished or higher grade product.

13 \* \* \*

14 §2483. Oil Spill Contingency Fund

15 \* \* \*

16 E. After compliance with the requirements of Article VII, Section 9(B) of  
17 the Constitution of Louisiana relative to the Bond Security and Redemption Fund,  
18 and prior to monies being placed in the state general fund, an amount equal to that  
19 deposited, as required in Subsection D ~~hereof~~ of this Section, and monies  
20 appropriated by the legislature shall be credited to a special fund hereby created in  
21 the state treasury to be known as the "Oil Spill Contingency Fund". The monies in  
22 this fund shall be used solely as provided in this ~~Section Part~~ and only in the amounts  
23 appropriated by the legislature. All unexpended and unencumbered monies in this  
24 fund at the end of the fiscal year shall remain in the fund. The monies in this fund

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 shall be invested by the state treasurer in the same manner as monies in the state  
 2 general fund, and interest earned on the investment of these monies shall remain in  
 3 the fund. ~~Except as otherwise provided in this Section, the balance of the fund shall~~  
 4 ~~not exceed thirty million dollars, exclusive of all fees, other than all fees collected~~  
 5 ~~pursuant to R.S. 30:2485 and 2486, penalties, judgments, reimbursements, charges,~~  
 6 ~~interest, and federal funds collected pursuant to the provisions of this Chapter. As~~  
 7 ~~authorized by Article VII, Section 10.7(C) of the Constitution of Louisiana, the~~  
 8 ~~amount of monies in the fund shall not be limited to thirty million dollars during a~~  
 9 ~~declared state of emergency or disaster caused by an unauthorized discharge of oil.~~  
 10 §2484. Uses of fund

11 A. Money in the fund may be disbursed for the following purposes and no  
 12 others:

13 (1) Administrative and personnel expenses of the office of the coordinator,  
 14 excluding those of the oil spill technical assistance program, ~~not to exceed six~~  
 15 ~~hundred thousand dollars in any fiscal year; except that during a declared state of~~  
 16 ~~emergency or disaster caused by an unauthorized discharge of oil, more than six~~  
 17 ~~hundred thousand dollars in a fiscal year may be disbursed from the fund after~~  
 18 ~~approval of the commissioner of administration and the Joint Legislative Committee~~  
 19 ~~on the Budget.~~

20 (2) Removal costs related to abatement and containment of actual or  
 21 threatened unauthorized discharges of oil incidental to unauthorized discharges of  
 22 hazardous substances.

23 (3) Removal costs and damages related to actual or threatened unauthorized  
 24 discharges of oil as provided in this Chapter.

25 (4) Protection, assessment, restoration, rehabilitation, or replacement of or  
 26 mitigation of damage to natural resources damaged by an unauthorized discharge of  
 27 oil as provided in this Chapter.

28 (5) Grants, with the approval of the interagency council, for interagency  
 29 contracts as provided in R.S. 30:2495, ~~not to exceed seven hundred fifty thousand~~  
 30 ~~dollars in any fiscal year. Of the total amount of grants awarded in any fiscal year,~~

1           ~~one hundred thousand dollars shall be made available for~~ including grants  
2           specifically for the purposes of research, testing, and development of discharge and  
3           blowout prevention and training using full scale well service training.

4           (6) ~~Beginning in Fiscal Year 96-97 and each fiscal year thereafter until~~  
5           Fiscal Year 1999-2000, the monies expended from the fund for the The Oil Spill  
6           Technical Assistance Program established in R.S. 30:2480(C)(4) ~~shall be increased~~  
7           by one hundred thousand dollars each fiscal year whereupon funding for the Oil Spill  
8           Technical Assistance Program shall reach five hundred thousand dollars during  
9           Fiscal Year 2000-2001.

10          (7) Operating costs and contracts for response and prevention as provided  
11          in this Chapter, ~~excluding operating costs and contracts where indicated of the oil~~  
12          spill technical assistance program, not to exceed six hundred thousand dollars in any  
13          fiscal year; except that during a declared state of emergency or disaster caused by an  
14          unauthorized discharge of oil, more than six hundred thousand dollars in a fiscal year  
15          may be disbursed from the fund after approval of the commissioner of administration  
16          and the Joint Legislative Committee on the Budget.

17          (8) Other costs and damages authorized by this Chapter.

18          (9) B. Any state agency or political subdivision seeking an appropriation  
19          from the fund or proposing expenditures utilizing money from the fund must notify  
20          the coordinator in writing before submitting the appropriation request to the  
21          legislature.

22          (10) ~~An inventory under R.S. 30:2480, to be completed by July 1, 2001, in~~  
23          an amount not to exceed five million five hundred fifty thousand dollars in total.

24          ~~B. Funds paid to the office of the oil spill coordinator as cost recoveries from~~  
25          responsible parties, the Oil Spill Contingency Fund, or the federal Oil Spill Liability  
26          Trust Fund, shall not be included in the amounts provided for in Paragraphs (1) and  
27          (7) of Subsection A. ~~Such cost recoveries and other funds may be used to~~  
28          supplement the activities normally funded under those Paragraphs beyond the set  
29          limits provided therein.

1           §2485. Oil spill contingency fee

2                   A. There is hereby imposed a fee of one-quarter of one cent per barrel on  
3 every person owning crude oil received by a refinery for storage or processing. The  
4 person charged with the fee shall be the last owner of the crude oil prior to its  
5 transfer to the refinery or storage facility. ~~in a vessel at the time such crude oil is~~  
6 ~~transferred to or from a vessel at a marine terminal within the state of Louisiana.~~  
7 This fee ~~is~~ shall be in addition to all taxes or other fees levied on crude oil and the  
8 monies collected shall be placed in the Oil Spill Contingency Fund as provided in  
9 R.S. 30:2483.

10                   B. The operator of the ~~marine terminal~~ refinery shall collect the fee from the  
11 owner of the crude oil and remit the fee to the secretary. The fee shall be imposed  
12 only once on the same crude oil. The fee shall be paid quarterly by the last day of  
13 the month following the calendar quarter in which liability for the fee is incurred.  
14 ~~Fees collected during a quarter must be remitted to the state even if the fee is~~  
15 ~~suspended during that quarter.~~ For the expenses of collecting this fee, the operator  
16 of the refinery is authorized to withhold one and one-half percent of the fees  
17 collected due during each quarter provided that the amount due was not delinquent  
18 at the time of payment.

19                   C. Notwithstanding the provisions of Subsection A of this Section, the fee  
20 shall be levied at the rate of one-half cent per barrel if the coordinator certifies to the  
21 secretary of the Department of Revenue a written finding that the balance in the fund  
22 is less than five million dollars and that an unauthorized discharge of oil in excess  
23 of one hundred thousand gallons has occurred within the previous twelve months as  
24 certified by the coordinator. In addition, the fee shall be levied at the rate of one-half  
25 cent per barrel if the coordinator certifies in writing to the secretary of the  
26 Department of Revenue that the balance in the fund is less than five million dollars  
27 due to expenditures from the fund under the authority of R.S. 30:2484(A)(1) or (2)  
28 or (3) or (4) or (7) so long as the expenditures under the authority of R.S.  
29 30:2484(A)(1) and (7) are for costs and contracts exclusive of administrative costs  
30 of the office of the coordinator.

1                   D. In the event of a certification to the secretary under Subsection C of this  
2                   Section, the secretary shall collect the fee at the rate of one-half cent per barrel until  
3                   the balance in the fund reaches seven million dollars. The state treasurer shall certify  
4                   to the secretary the date on which the balance in the fund equals seven million  
5                   dollars. Upon such certification to the secretary, the fee shall revert to the standard  
6                   fee delineated in R.S. 30:2485(A).

7                   E. The fee levied by this Part shall be subject to the provisions of Chapter  
8                   18 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950. The  
9                   coordinator in conjunction with the secretary shall adopt rules for the collection and  
10                  administration of the fee provided for in this Section.

11                  Section 2. R.S. 30:2486 and 2487 are hereby repealed in their entirety.

12                  Section 3. Notwithstanding any other provision of law to the contrary, the fee levied  
13                  by the provisions of R.S. 30:2485 shall be levied at the rate of one-half cent per barrel until  
14                  December 31, 2015.

15                  Section 4. A. The Oil Spill Interagency Council, established in R.S. 30:2458, shall  
16                  conduct a study of the Oil Spill Contingency Fund, its uses, revenues, and expenditures. The  
17                  study shall include an assessment of the adequacy of the existing fee structure; identification  
18                  of entities that might have the potential to create an oil spill that are currently not paying into  
19                  the fund; an assessment of the levels of oil spill risk associated with various oil activities  
20                  including exploration, production, and transportation activities; consideration of any  
21                  disparity in the payment of fees that may exist; evaluation of the implications of an  
22                  automatic adjustment to the fee based on the consumer price index; an appraisal of the  
23                  future funding needs of the state of Louisiana to properly represent the state's interests  
24                  related to the Deepwater Horizon disaster; a review of oil spill funding mechanisms  
25                  employed by other countries, states, and political subdivisions; and an examination of other  
26                  relevant issues as determined by the council.

27                  B. Not later than January 31, 2014, the council, acting through the oil spill  
28                  coordinator, shall provide a report to the House Committee on Appropriations and the House  
29                  Committee on Natural Resources and Environment and the Senate Committee on Finance  
30                  and the Senate Committee on Natural Resources. The report shall include the council's

1 findings and recommendations for possible modifications to the fee structure and mechanism  
 2 of the Oil Spill Contingency Fund including recommendations for a fee mechanism and  
 3 structure that fairly balances oil spill risks and potential oil spill implications with fee  
 4 payments; a broad-based fee structure that includes payment by all potential sources of oil  
 5 spills affecting Louisiana; a funding mechanism that achieves fund solvency without drastic  
 6 fee increases beyond 2013 levels; consideration of an automatic fee adjustment for inflation;  
 7 and appropriate funding for authorized uses through the Deepwater Horizon disaster.

8 Section 5. The provisions of Sections 4 and 5 of this Act shall become effective  
 9 upon signature by the governor or lapse of time for gubernatorial action. The provisions of  
 10 Sections 1, 2, and 3 of this Act shall become effective on July 1, 2014.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_