

Existing law establishes the Oil Spill Contingency Fund (fund) and provides for the deposit and use of monies in the fund.

Prior law provided that the maximum fund balance was limited to \$30 million, and the expenditure of monies from the fund was limited to specific purposes, which included: up to \$600,000 per year for administrative and personnel expenses of the office of the oil spill coordinator; and up to \$750,000 per year for grants for state institutions of higher education, of which up to \$100,000 was required for use in the provision of grants for research, testing, training, and development of discharge and blowout prevention.

New law changes prior law by eliminating the limit on the fund balance; the specific dollar limits on amounts which may be expended for administrative and personnel expenses of the oil spill coordinator; and specific dollar limits on amounts which may be expended for grants.

New law eliminates obsolete provisions of prior law requiring the expenditure of up to \$5.5 million from the fund for an inventory of the state's natural resources by July 1, 2001.

Prior law provided that any monies paid to the oil spill coordinator from cost recoveries from responsible parties, the fund, or the federal Oil Spill Liability Trust Fund would be used to supplement the \$600,000 annual allocation which the agency received from the fund.

New law eliminates this provision.

Prior law provided a means of finance for state oil spill response activities by the imposition of a fee of either two or four cents per barrel of crude oil transferred to or from a vessel to a marine terminal within the state.

New law changes prior law by changing the amount of the fee from two or four cents to one-quarter or one-half cent. Further, new law changes prior law regarding the point of imposition of the fee per barrel of crude oil, which is changed from oil transferred to or from a vessel to a marine terminal to oil received by a refinery for storage or processing.

Prior law required that the fee be paid by the owner of the oil and collected by the operator of the marine terminal. New law requires the operator of the refinery to collect the fee. Existing law provides that the fee revenues are deposited into the fund.

Prior law required the levy of the fee at two cents per barrel until the fund balance reached \$7 million, at which time the levy would stop. Once the fund balance dropped below \$5 million, the levy of the two cent fee would recommence.

New law changes prior law by changing the amount of the fee from two cents to one-quarter cent per barrel, and by making the levy of the fee permanent. Further, new law provides that notwithstanding any other provision of new law, the fee shall be levied at one-half cent per barrel until Dec. 31, 2015.

Prior law provided for an increase in the amount of the fee under certain circumstances. The levy would increase from two cents to four cents per barrel if all of the following events occurred: the fund balance was less than \$5 million; an unauthorized discharge in excess of 100,000 gallons had occurred within the previous 30 days; and expenditures from the fund for damages and removal costs were expected to deplete the fund by more than 50% of the fund balance. Once imposed at four cents, the fee would be collected at that rate until the fund balance equaled \$7 million, at which time the levy would stop.

New law changes prior law with respect to the amount the fee, the period of time within which an unauthorized discharge could trigger an increase in the fee, the level of impact on the fund balance caused by certain expenditures which could trigger an increase in the fee, and the continued levy of the fee once the fund balance reaches \$7 million. New law provides, after Dec. 31, 2015, for an increase in the fee from one-quarter cent to one-half cent per barrel, if all of the following events occur: the fund balance is less than \$5 million; an unauthorized discharge in excess of 100,000 gallons has occurred during the previous 12 months; or certain expenditures from the fund have caused the fund balance to drop below

\$5 million. Once levied at one-half cent per barrel, the fee would be collected at that rate until the fund balance equaled \$7 million, at which time the levy would decrease to one-quarter cent.

New 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 to 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.

With the exception of provisions of new law requiring the study by the Oil Spill Contingency Interagency Council and consequent reporting to legislative committees which are effective June 18, 2013, all other provisions of new law are effective 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)